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Division of Public Utilities

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To: Public Service Commission

From: Division of Public Utilities  
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Date: December 15, 2004

Subject: Questar Gas, Docket # 04-057-13, Account 191 Pass Through.

**ISSUE:**

Questar Gas Company (QGC) filed on December 9, 2004 with the Public Service Commission, their semi-annual gas cost pass-through filing. Because this filing results in only a small increase in gas costs, QGC is requesting a continuation of the current commodity and supplier non-gas cost rates that are currently in effect as of October 1, 2004.

**RECOMMEND APPROVAL:**

After a preliminary review of this application, the Division of Public Utilities (Division) recommends that the application be approved as filed and that the current commodity and supplier non-gas cost rates that are currently in effect as of October 1, 2004 remain in effect.

**DISCUSSION:**

This filing, based on expected sales, purchases, transportation, gathering, storage and royalties for the 12 months ending December 31, 2005, reflects a calculated increase of \$11,566,000 in commodity gas costs off set by an \$6,118,000 decrease in the supplier non-gas portion of the rates. Since the net results in less than a 1% overall increase, QGC is requesting that the current rates remain in effect.

The Division supports this recommendation due to the current high prices that exist in the gas markets and the uncertainty as to the duration of these high prices.

QGC also notes in this filing, as well as in Docket Nos. 03-057-10, 03-057-14 and 04-057-04, the continued desire to recover CO2 processing costs currently being incurred by QGC, since December 30, 2002, by citing an order issued by the Commission on October 20, 2004, which does not preclude QGC from seeking recovery of CO2 processing costs in other dockets. This is currently taking place in Docket 04-057-09. The estimated CO2 processing costs for this test period is \$7,500,000, none of which are included in the current rates.

The Division will continue to monitor the price of Rocky Mountain natural gas as compared to the prices in this filing as well as those contained in Docket 04-057-11 and will make appropriate recommendations to adjust rates if necessary.

Cc: Questar Gas Company  
Committee of Consumer Services  
Rea Petersen

