To: Questar Gas GSS EAC Task Force
From: Marlin Barrow, Utility Analyst, Division of Public Utilities
Date: July 25, 2006
Subject: Minutes of Meeting held July 19, 2006

Location: Room 401 Heber Wells Building Salt Lake City, Utah
Time: 10:30 AM
Attending:
Questar Gas Company; Carl Galbraith, Brad Markus, Barrie McKay, Gary Robinson.
Committee of Consumer Services; Chris Keyser, Eric Orton.
Division of Public Utilities; Marlin Barrow, Mary Cleveland, Sam Liu, Artie Powell.
Salt Lake Community Action Program; Betsy Wolf.
Utah Counties Economic Development; Rob Adams (Beaver), Delynn Fielding (Carbon), Mike McCandless (Emery).

Purpose of Task Force: Develop best course of action to take concerning current GSS/EAC tariffs of QGC and develop new tariff language to deal with future expansion requests from communities desiring natural gas service.

Summary of Meeting:

The first item of business the task force discussed is developing a recommendation concerning the current GSS/EAC tariff situation.

The CCS met on July 18th and one of the items of discussion was the GSS/EAC tariff situation. The CCS was not able to make a recommendation at this time.

The DPU supports the rolling in of the GSS class of customers into the GS-1 rate schedule but is more cautious and uncertain with respect to the EAC class of customers because of not wanting to set a precedent for future potential customers to follow.

SLCAP expressed similar feelings to that of the DPU that the GSS customers have been paying for more than 10 years with the current remaining five now about to complete their 13th and 14th years and probably should be rolled in however, there is a concern about subsidizing the EAC because they did agree to a specific term of payments.

The group discussed the disparity of payment amounts between the GSS class of customer and the EAC class of customer. The GSS customers pay double the DNG rate for the gas used while the EAC customer pays a fixed monthly charge with a range of $16.50 to $30.00 a month, in addition to the DNG rate for the gas used. Over the course of time, the EAC customer pays substantially more for his gas service than the GSS class of customer does. The company pointed out that with respect to the two programs, there never has been anything consistent between the two.

The Company expressed the position that because of the inconsistencies that have existed between the two tariffs they would like to roll into the GS-1 schedule both the GSS and EAC schedules. For future customers the Company wants to take the position that those future customers provide the necessary funding required for expansion from whatever means are available to them before that expansion it is undertaken.

The concept of future expansion and the funding of those projects were discussed by the group. Not all areas of the state are served by Questar Gas or Rocky Mountain Power. Electrical coops and municipalities have their own systems and rate structures which are not necessarily regulated by the PSC.

QGC reviewed four legislative initiatives, which were handed out in the previous meeting by Mike McCandless, and expressed opinions on how well the concepts in those initiatives could be supported by QGC. The one caveat expressed by QGC is that they are not necessarily supporting any one initiative before the legislature, only that they can support the concepts behind the initiatives as a way to provide funds for future expansion and as a statement of policy for their tariff. The initiatives they expressed support for were (1) Industrial Assistance Fund and (3) Rural Enterprise Fund. There was concern over (2) Rural Utilities Infrastructure Investment Tax Credits because of the tax issues PacifiCorp is facing in Oregon and (4) Creation of an Disadvantaged Rural Communities Utilities Infrastructure Fund which is similar to the telephone industry USF fund. The issue with a USF type fund is that all ratepayers of all utilities and municipalities need to participate in this and not just the customers of QGC or Rocky Mountain Power. Currently the PSC doesn’t have the jurisdictional authority to order an assessment for coops and municipalities through rate surcharges. Because of this, the question of future expansion and how funds for future expansion should be assessed and disbursed is better suited to a more state wide solution which is beyond the scope of this particular task force. The task force felt that those discussions need to take place in conjunction with the electric utility and should morph into a group which has been meeting to discuss electrical infrastructure issues.

For the next meeting the task force will see if the CCS has a response to the proposed recommendation of this task force to roll in the current GSS/EAC revenue requirement into the GS-1 rates, an increase of about $0.19/Dth per month. The mechanism for doing this will be a separate tariff filing initiated by QGC. Also review the recommendation that QGC in that future tariff filing reflect the concept that future expansion needs to be addressed more as a state issue and not left up to QGC to decide who gets gas service by offering to be the source of funding for such projects.
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The meeting ended at 11:35 AM.

Next Meeting and Last Meeting: August 17, 2006
Location: Room 401, Heber Wells Building, Salt Lake City, Utah
Time: 10:00 AM-12:00 PM.
Assignments: CCS is to give the task force response to the position of rolling in the current GSS/EAC costs into the GS-1 rate. .