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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Joint Application of Questar Gas Company,
the Division of Public Utilities, and Utah
Clean Energy, for the Approval of the
Conservation Enabling Tariff Adjustment
Option and Accounting Orders

Docket No. 05-057-T01

**STIPULATION POSITION STATEMENT
OF THE UTAH ASSOCIATION OF ENERGY USERS**

The Utah Association of Energy Users (“UAE”) files this statement outlining its position on the Stipulation (“Stipulation”) submitted for approval in this docket on or about September 13, 2006, by Questar Gas Company (“Questar”), the Division of Public Utilities (“Division”) and the Committee of Consumer Services (“Committee”), among others. UAE has filed testimony of Kevin C. Higgins in this docket opposing the Joint Application filed by Questar, the Division and others. Mr. Higgins’ testimony explains most of the reasons and bases for UAE’s opposition. UAE has not changed its view on the Joint Application and does not support the Stipulation. Nevertheless, for reasons discussed in more detail below, UAE has elected not to oppose the Stipulation.

DSM. UAE has demonstrated a long-term commitment to supporting cost-effective energy efficiency and demand side management programs. UAE also supports the concept of creating proper incentives for utilities and customers, and aligning their interests where possible and appropriate. Regardless of whether or not the Stipulation is approved, UAE encourages the Commission to require Questar to pursue all cost-effective energy efficiency and demand side programs and to then take necessary steps to give the utility a reasonable opportunity to recover its costs and to earn a reasonable return on its investment.

Joint Application. UAE's objections to the Joint Application stem from a number of concerns. The most fundamental concern is over the prospect of unintended consequences. Indeed, the utility's current resistance to gas conservation measures is itself an unintended consequence of prior actions, including the fuel pass-through mechanism and heavy reliance on volumetric charges. UAE has serious concerns about the potential for unintended consequences of any type of revenue decoupling, particularly with respect to utility incentives, risks and returns. Moreover, the Joint Application supports a fundamental change in ratemaking philosophy and a significant transfer of risk to ratepayers, but it is being evaluated outside of a general rate case so there is no opportunity for the Commission to weigh reductions in risk in determining Questar's allowed return. UAE is also concerned over potential arguments that the Stipulation may serve as precedent for other utility revenue decoupling proposals.

Stipulation. Notwithstanding its serious concerns over the Joint Application, UAE has elected not to contest the Stipulation. While most UAE members have GS-1 accounts, most Utah natural gas requirements of UAE members are transported under transportation tariffs. The Committee, the primary ratepayer advocate for the majority of customers in the rate class directly affected, has elected to support the Stipulation. Simply stated, UAE is reluctant to oppose a

settlement supported by advocates for most of the customers directly affected. Moreover, UAE has received and is relying upon assurances from certain parties supporting the Stipulation that it will set no precedent for other utility revenue decoupling proposals, that they do not anticipate proposing or supporting revenue decoupling in any other context, and that plenary hearings will take place in 2007 at which policy and practical implications of the program will be fully vetted before the Commission following a short-term pilot program.

For the reasons explained above, UAE neither supports nor opposes the Stipulation. To the extent the Commission approves the Stipulation, however, UAE urges the Commission to confirm that the short-term pilot program being approved is in response to current and unique circumstances facing Questar and that it will not set precedent for any other circumstances, customer groups or utilities.

DATED this 22nd day of September, 2006.

HATCH, JAMES & DODGE

/s/ _____
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 22nd day of September, 2006, to the following:

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