

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application) Docket No.
of Questar Gas Company to Increase) 07-057-13
Distribution Non-Gas Rates and)
Charges and Make Tariff)
Modifications.)

TRANSCRIPT OF HEARING PROCEEDINGS
PUBLIC WITNESS PORTION

TAKEN AT: Public Service Commission
 160 East 300 South, Room 403
 Salt Lake City, Utah

DATE: October 16, 2008

TIME: 4:32 p.m.

REPORTED BY: Kelly L. Wilburn, CSR, RPR

(October 16, 2008 - Questar Gas - 07-057-13)

1 APPEARANCES

2 Commissioners:

3 Ted Boyer (Chairman)
4 Ric Campbell
5 Ron Allen

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7 For Questar Gas Company:

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24 ATTACHMENTS

25 Public Witness Information Sheets (two pages)
Public Witness Testimony by Sarah Wright
Public Witness Testimony Letter by Dianne Nielson
Public Witness Testimony Letter by Leonard Foster
Public Witness Testimony Letter by J. Arthur Cooper
Public Witness Testimony E-mail by Joel Webster

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1 Attorney General's office on behalf of the Division of
2 Public Utilities.

3 CHAIRMAN BOYER: Okay, thank you. I think
4 before we hear from Ms. Wright let me read into the
5 record the, these three letters. The first is from
6 Beaver City Corporation:

7 "Dear Chairman Boyer and
8 Commissioners Allen and Campbell,

9 "Thank you for giving the citizens
10 of Beaver the opportunity to voice an
11 opinion concerning the above-referenced
12 docket currently before you.

13 "Let the record show that the
14 citizens of Beaver support the proposal
15 to lower the interest rate calculated
16 into the GSS rate which Beaver residents
17 and businesses pay.

18 "When I learned that an interest
19 rate of 9.64 was -- percent was still
20 being figured into the GSS rate, I,
21 along with the members of the City
22 Council, were shocked.

23 "We all know that interest rates
24 available in the market for the past
25 several years have been significantly

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1 lower than that. Current money rates
2 quoted in the Monday October 13, 2008,
3 Wall Street Journal were 6.09 percent
4 for a 30-year mortgage, 5.90 percent for
5 a 15-year mortgage.

6 "Corporate borrowing rates in the
7 same edition of the Wall Street Journal
8 for well-managed companies such as
9 Questar ranged from 3.9 percent to not
10 quite 6 percent.

11 "Most people would look at the
12 current calculated rate of 9.64 and be
13 left without choice but to consider it
14 beyond usury.

15 "We have within our city boundaries
16 numerous people on fixed incomes, for
17 whom even a few pennies per month will
18 make a large difference in determining
19 whether they are able to make ends meet.

20 "Last week we experienced our first
21 cold snap of the season. Please join
22 with us and support the recalculation of
23 the implied interest rate to the much
24 more reasonable 6 percent.

25 "Thank you for your consideration.

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1 Regards, Leonard Foster, Mayor, Beaver
2 City."

3 The second letter is from Panguitch City
4 Mayor J. Arthur Cooper:

5 "Dear Chairman Boyer, Commissioners
6 Campbell and Allen,

7 "I am proud to have the opportunity
8 to write a letter of support for the
9 citizens of Panguitch -- Panguitch in
10 asking for your support for the Division
11 of Public Utilities' proposal to change
12 the expansion area analysis interest
13 rate from the current 9.64 percent to
14 the proposed rate of 6 percent.

15 "I am actually surprised this has
16 not been proposed before, as rates have
17 been much lower for some time. Rates
18 for consumer home loans are in the
19 6 percent range, and this only seems
20 fair for citizens of Rural Utah who pay
21 the extension rate.

22 "This will allow us to see the light
23 at the end of the tunnel for the \$30
24 surcharges each of the citizens of
25 Panguitch City pay who have Questar

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1 natural gas service to their homes and
2 businesses.

3 "It is my understanding the
4 6 percent rate will be in line with what
5 Questar pays customers with a deposit
6 and what is charged on delinquent
7 accounts.

8 "The citizens of Panguitch and other
9 rural communities have paid extra for a
10 long time. This small reduction in the
11 interest rate will have a positive
12 economic impact on our citizens over
13 time and we strongly support your
14 efforts to lower this rate to 6 percent.

15 "It is also my understanding all
16 agencies except one or two individuals
17 support this request. Let's get past
18 this and do what's right for the
19 citizens of Rural Utah.

20 "We were very disappointed when our
21 last request for relief from these
22 extension charges was denied in 1997.
23 This interest rate reduction is a step
24 in the right direction.

25 "Thanks for all the good work you

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1 do. Sincerely, J. Arthur Cooper, Mayor,
2 Panguitch City."

3 And then last we got an e-mail from Joel D.
4 Webster, Mayor of New Harmony Town. And it reads:

5 "The New Harmony Town council
6 continues to strongly support use of an
7 interest rate of 6 percent for the EAC
8 payoff analysis."

9 And that's a reading of all of the letters we
10 receive -- we've received today in this case. Now
11 let's turn to the public witness, Ms. Sara Wright.

12 MS. WRIGHT: Do I go right here?

13 CHAIRMAN BOYER: Right there would be great.
14 Ms. Wright, you have testified before us in the past.
15 Do you wish to give sworn testimony or unsworn?

16 MS. WRIGHT: Yes, please.

17 CHAIRMAN BOYER: Sworn?

18 MS. WRIGHT: Sworn.

19 (Ms. Wright was sworn.)

20 MS. WRIGHT: I have some prepared written
21 testimony that I'll read, but I will be happy to give
22 you a copy. Or multiple copies. Utah Clean Energy is
23 a nonprofit public interest group working to advance
24 energy efficiency and renewable energy in Utah as key
25 components of our energy future.

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1 And I appreciate the opportunity to provide
2 public comment on Questar's proposed changes to the
3 basic service fee in this rate case. It is Utah Clean
4 Energy's position that increasing the basic service
5 fee is not in the best interest of current and future
6 Questar Gas consumers.

7 I'll explain this. Utah has tremendous
8 potential for cost effective energy efficiency. And
9 we commend Questar on its successful ThermWise
10 program, which has in many cases exceeded projections.
11 And continues to transform the market and increase
12 awareness about energy efficient products and
13 practices.

14 Conservation, energy efficiency, and well
15 designed demand side management programs offer
16 least-cost reasonably-priced energy resources, while
17 providing tremendous co-benefits and reducing the
18 externalities associated with natural gas use.

19 Externalities include criteria pollutant
20 emissions, greenhouse gas emissions, public land
21 issues, and threats to national and regional energy
22 security. Utah is blessed with abundant natural gas
23 resources. However, as pipelines are developed,
24 Utah's natural gas market will be increasingly linked
25 to the natural and global market.

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1 While currently the vast majority of U.S.
2 natural gas imports come from Canada, the Energy
3 Information Administration, EIA, projects that this
4 fraction will begin to decline significantly within
5 the next decade, forcing the U.S. to rely more heavily
6 on expensive liquified natural gas resources from
7 overseas.

8 Please refer to Utah Clean Energy Surrebuttal
9 Testimony and exhibits in Docket 05-057-T01, dated
10 August 31, 2007, for more information on the EIA data
11 and global natural gas reserves.

12 Employing rate design to encourage
13 conservation and energy efficiency measures can help
14 provide the least-cost resource and the reliable
15 services and quality of life that ratepayers expect,
16 while conserving natural gas for future ratepayers and
17 society and reducing criteria pollutant and greenhouse
18 gas emissions.

19 Rate design can strongly influence customer
20 choices and energy consumption behaviors. Rate design
21 that includes more of the fixed costs in the
22 volumetric rate sends a greater signal to conserve.
23 And it improves the payback time for customer
24 investments and energy efficiency.

25 The consumer enabling tariff pilot currently

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1 in place allows Questar Gas to recoup it's approved
2 fixed costs through accounting true-ups, thus
3 eliminating the need for increased -- an increased
4 basic service fee.

5 With regard to decoupling, the Regulatory
6 Assistance Project states that in addition to severing
7 the link between a utility's revenues and their
8 volumetric sales, of equal importance is that it
9 allows for the retention of volumetric unit-based
10 pricing structures that reflect the long-term economic
11 costs of serving demand. And it preserves the linkage
12 between consumers' energy costs and their level of
13 consumption.

14 In the interest of sending strong price
15 signals for energy conservation and efficiency it is
16 the position of Utah Clean Energy that the basic
17 service fee should not be increased. And that
18 concludes my testimony. Thank you.

19 CHAIRMAN BOYER: Thank you Ms. Wright. Do
20 either of the attorneys in the room wish to cross
21 examine Ms. Wright? Ms. Bell?

22 MS. BELL: No, I have no questions.

23 CHAIRMAN BOYER: Ms. Schmid?

24 MS. SCHMID: No questions.

25 CHAIRMAN BOYER: Thank you very much for

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1 participating Ms. Wright.

2 MS. WRIGHT: Thank you.

3 CHAIRMAN BOYER: I notice that several other
4 individuals have entered the hearing room. And it
5 looks like some may wish to testify.

6 Okay. Kathy, I think Dr. Nielson beat you to
7 the punch and she wishes to testify.

8 Welcome Dr. Nielson. Do you wish to give
9 sworn testimony or unsworn testimony.

10 DR. NIELSON: Sworn.

11 (Dr. Nielson was sworn.)

12 DR. NIELSON: Mr. Chairman, commissioners.

13 CHAIRMAN BOYER: Ms. Nielson, would you state
14 your name for the record and who you are representing.

15 DR. NIELSON: Certainly, yes.

16 CHAIRMAN BOYER: Thank you.

17 DR. NIELSON: I'm Dianne Nielson. I'm the
18 Energy Advisor to Governor Huntsman for the State of
19 Utah. Mr. Chairman and Fellow Commissioners, I'm here
20 today and appreciate the opportunity to comment during
21 your public witness period specifically as it relates
22 to establishing a natural gas vehicle rate under the
23 cost of service portion of this docket.

24 The natural gas fuel for vehicles provides
25 significant benefits to vehicle users and to the

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1 general public in Utah. Utah ranks second in the
2 nation in terms of its fueling infrastructure for
3 compressed natural gas for those vehicles.

4 And the use of natural gas in fleets and in
5 personal vehicles within Utah represents an important
6 and growing sector of the transportation fuel and
7 vehicles market.

8 The use of natural gas vehicles also benefits
9 air quality, an important consideration in attaining
10 and maintaining natural ambient air quality standards.
11 The price of CNG, the availability of the fuel, and
12 the quality of the service from fueling stations are
13 critical factors in sustaining and expanding natural
14 gas vehicle use in Utah.

15 The Utah Division of Public Utilities has
16 recommended that the Commission increase the NGV rate
17 to 50 percent of the full cost of service under this
18 current docket, with the intent of moving to a full
19 cost of service rate in the next rate case.

20 The Committee of Consumer Services has
21 similarly supported a rate that would be half of the
22 full rate. Furthermore, this Commission has opened a
23 new docket, 08-057-21, to consider Questar Gas
24 Company's services associated with NGV's.

25 Based on the above considerations, I support

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1 the recommendations of the Division and the Committee,
2 and recommend that the NGV rate not be increased by
3 more than 50 percent at this time.

4 Furthermore, I support the opportunity
5 provide by the Commission to consider services
6 associated with NGV, as well as other natural gas,
7 fuel, and vehicle factors, prior to additional changes
8 in the NGV rate.

9 I thank you for this opportunity to provide
10 comment on this important matter. And I'd be happy to
11 answer questions.

12 CHAIRMAN BOYER: Thank you Dr. Nielson.

13 Ms. Bell, have you questions for Dr. --

14 MS. BELL: I have no questions.

15 CHAIRMAN BOYER: Ms. Schmid?

16 MS. SCHMID: No questions.

17 CHAIRMAN BOYER: Commissioner Allen?
18 Commissioner Campbell?

19 Dr. Nielson, just one question occurred to
20 me. And this is based on anecdotal information only.
21 Does the fact of the per-gallon equivalency of natural
22 gas tend to encourage more profligate driving among
23 those who have these vehicles, and thereby reducing
24 some of the benefit we -- some of the environmental
25 benefits we receive? Do you have any information or

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1 any thoughts on that?

2 DR. NIELSON: I don't think we have any data
3 to indicate that one way or the other. It certainly,
4 for a mile driven, provides a more efficient
5 less-polluting vehicle and, and fuel. And that, and
6 that's good.

7 But I don't think we have any indication one
8 way or another that it would either increase or tend
9 to decrease the amount of driving. Certainly as
10 prices are in the economy right now for fuels, whether
11 they're CNG, or gasoline, or diesel, and given other
12 economic factors, I think people are doing everything
13 they can to save. And that's a good message.

14 I think beyond that, certainly the Department
15 of Environmental Quality, through the Division of Air
16 Quality, has taken significant effort to encourage
17 people to use mass transit. To recognize that any use
18 of fossil fuels creates not only greenhouse gases but
19 produces criteria air pollutants, all of which we're
20 trying to reduce.

21 So whether it's a natural gas vehicle, or a
22 gasoline or diesel vehicle, or other fossil fuel, it
23 makes sense to, to minimize the use whenever possible
24 to attempt to maintain air quality. Not just on the
25 Wasatch Front, but throughout the state.

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1 CHAIRMAN BOYER: Okay. Thank you, Dr.
2 Nielson. Thanks very much for taking time to
3 participate with us.

4 DR. NIELSON: Thank you, and I've provided my
5 testimony in a letter also, if I might provide that to
6 the Commission.

7 CHAIRMAN BOYER: Absolutely. Love to have
8 that. If you would just hand it to Ms. Orchard.
9 Thank you.

10 Ms. VanDame, I cut you off there in
11 mid-stride. I apologize for that. You also have
12 testified in the past before the Commission.

13 MS. VANDAME: Yes, I have.

14 CHAIRMAN BOYER: Do you wish to give sworn
15 testimony or unsworn testimony?

16 MS. VANDAME: Unsworn testimony.

17 CHAIRMAN BOYER: Unsworn testimony? Very
18 well, thank you.

19 MS. VANDAME: My name is Kathy VanDame, and
20 I'm with the Wasatch Clean Air Coalition. And I'd
21 like to provide my testimony in two parts: One part
22 as a representative of the environment, and the other
23 as a consumer.

24 As a -- first of all, as a consumer I was on
25 the board of our condo association. We have a natural

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1 gas furnace that heats our pool in the summertime.
2 And with the current \$5 fee there's just about
3 break-even points on six months \$30, you know, that if
4 we discontinue the service we don't have to pay.

5 But if we pay \$5 all winter long, we're not
6 consuming anything at all, but that keeps going. And
7 it seems like with this, if there is a change in that
8 to \$8, we can maybe calculate.

9 And if the fee for disconnection and
10 reconnection doesn't change, maybe we can recover some
11 of that increased fee. Where we don't get any benefit
12 out of that because we don't heat our -- we close our
13 pool. We don't heat it in the winter.

14 And then as a person who represents air
15 quality, I high, high -- appreciate and admire the
16 foresight of this Commission and the stakeholder
17 workgroup that designed the tariff -- this
18 experimental tariff to -- I've forgotten the name of
19 it.

20 To --

21 CHAIRMAN BOYER: The CET? The Conservation
22 Enabling Tariff?

23 MS. VANDAME: Right, the Conservation
24 Enabling Tariff. So that Questar can recover their
25 approved fixed costs so that the price of consuming

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1 fuel is separated from -- so that they don't lose
2 income from there being less fuel consumed.

3 And I think that that is -- preserving, as
4 much as possible, that price signal so that
5 conservation is ensured will make the tariff more
6 efficacious. That if there's an increase in the, in
7 the monthly charge to \$8 at certain times of the year,
8 there will be a change in the price -- there will be a
9 slight change in the price of gas and it will dilute
10 that price signal.

11 And I think that was a very laboriously-
12 negotiated, long stakeholder. And I don't think that
13 there's any reason that they have additional costs
14 that should be covered. That's it.

15 CHAIRMAN BOYER: Thank you very much,
16 Ms. VanDame, for participating again. You may be
17 seated, or leave, or whatever is your pleasure.

18 MS. VANDAME: Oh, if I don't swear I don't
19 have to answer questions?

20 CHAIRMAN BOYER: You don't have to be cross
21 examined, no.

22 MS. VANDAME: I'll remember that.

23 CHAIRMAN BOYER: I should have explained that
24 to you at the beginning.

25 Mr. Orton, are there other members of the

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1 public who wish to be heard?

2 MR. ORTON: No one that signed up.

3 CHAIRMAN BOYER: Okay. Very well, we'll be
4 in recess then until the earlier of somebody else
5 appearing or 5 -- 5:30. I guess we held this open
6 until 5:30. Thank you all for coming.

7 (A recess was taken from 4:51 to 5:31 p.m.)

8 CHAIRMAN BOYER: That concludes this hearing.
9 Thanks for everyone's participation. An order will be
10 coming forthwith, at our earliest convenience.

11 (The hearing was recessed at 5:31 p.m.)

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C E R T I F I C A T E

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Registered Professional Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, numbered 1 through 19, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND AND OFFICIAL SEAL AT KEARNS, UTAH
THIS 25th DAY OF October, 2008.

Kelly L. Wilburn, CSR, RPR
My Commission Expires:
May 16, 2009

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