PublicService Commission <psc@utah.gov>

Gas transportation rate increase proposal

1 message

Marv.Lyon@fmc-na.com <Marv.Lyon@fmc-na.com>   Fri, Oct 18, 2013 at 1:21 PM
To: psc@utah.gov
Cc: Steven.Marler@fmc-na.com, Bruce.Hawkins@fmc-na.com, Jim.Earl@fmc-na.com,
Stephanie.Gallegos@questar.com

Dear sirs,

I represent Fresenius Medical Care located in Ogden. We manufacturer
dialyzers and pharmaceutical solution used in the treatment of kidney
failure. We would like to express our concerns with the proposed changes
in transportation rules for natural gas.

We are extremely concerned, especially about the mandatory interruption
requirement for customers using interruptible gas. We have the capability
to interrupt much of our gas usage and have firm transport for the
remainder. We are willing to interrupt in an emergency, but object to a
forced interruption for the purpose of testing our interruption capability.
The following are our objections:

1. Our backup # 2 fuel oil is an expensive fuel. The added cost to our
plant is in excess of $35,000 additional for each day we would run with
backup fuel. We will also have an additional cost of well over $100,000 if
the other portions of the increase go through and adding this mandatory
interruption adds an additional significant cost increase for us.

2. Switching fuels causes significant operational problems. We backup fuel
oil capability and test and adjust each boiler for its use annually, but it
is rarely used and has different operating characteristics, which require
special attention when converting to its use. We would need to bring in
extra personnel for the 24 hour interruption period to fine tune boilers
and to make certain they do not flame out causing production interruptions
for us. Returning back to gas also requires additional effort and
attention to return to optimum operating conditions.

3. If all interruptible customer are forced to interrupt this will require
burning of large quantities of fuel oil. Burning fuel oil results in
significantly more pollution than the burning of natural gas. My plant
alone would have to burn 10,000 gallon of fuel oil in a 24 hour mandatory
interruption. Pollution is a serious problem for the Wasatch front. The
governor has recently discussed the critical need to reduce air pollution
in Utah. We have in our plant seen adverse affects of the pollution
increase. Our products are produced in clean rooms and we actually had to
increase the level of air filtration used to maintain our clean-room
standards because of increased pollution during the inversions last winter.
Pollution in the valley needs to be reduced. Implementing this rule will
increase pollution.

4. Due to the increased pollution with fuel oil, we have a maximum number
of hours the Department of Air Quality will allow use of our backup
systems. A mandatory interruption will reduce the time we are able to use
our backup fuel in the event of a real need for its use.

5. We understand there are issues with customers buying interruptible gas
without ability to interrupt, but feel there are other ways the problem can
be addressed. One suggestion would be an exemption for customers such as
ourselves with backup capability. We would be happy to provide
documentation of backup capability and of our annual backup fuel operation
testing, in order to obtain an exemption from mandatory interruption.

We would like to formally request that the mandatory interruption provision
of this proposed rate structure be rejected or at least modified to allow
an exemption for customers maintaining functional backup capability. We
would be willing meet or attend hearings to express our concerns formally
to the board if you will tell us when would be appropriate for us to
attend.   As an additional note, the significant increase in meter rental
for existing meters seems excessive and we would like to understand the
need and make certain that there is a justification for this large
increase.

Sincerely,
Marv Lyon
Plant Engineering Manager
Fresenius Medical Care
801-626-4507