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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of an Application of QUESTAR GAS COMPANY
to adjust rates for natural gas service
in Utah

PETITION OF THE COMMITTEE OF CONSUMER SERVICES FOR RECONSIDERATION

Docket No. 01-057-14 and
Docket No 98-057-12

Pursuant to Utah Admin. Code R746-100-11, *Rules of the Public Service Commission*, and Utah Code § 63-46b-13, the Committee of Consumer Services (“Committee”) petitions the Utah Public Service Commission (“Commission”) to review and reconsider that portion of its August 14, 2002 Order (“Order”) in the above-captioned matter addressing “Recovery of CO₂ Plant Expenses.”

CO₂ PLANT COSTS SHOULD NOT BE ALLOWED IN RATES

1. The Order allows Questar Gas Company (“Questar” or “Company”) to recover in rates \$3.76 million for CO₂ Plant expenses incurred from June 1, 1999 through August 10, 2000. The Order thus supplements the CO₂ Plant expense recovery granted the Company in the Commission’s August 11, 2000 Report and Order in Docket No. 99-057-20, which grant the Committee has appealed. That appeal is presently pending before the Utah Supreme Court.

2. The Commission acknowledged the Committee’s pending appeal noting:

We acknowledge the Committee’s dispute with and appeal of our conclusion that the terms [of the CO₂ Cost Stipulation] represent an appropriate resolution of Questar’s incurrence and recovery of CO₂ plant expenses. Until the Utah Supreme Court concludes that this resolution is in error, we will continue to

follow our prior determination. (Page 5, footnote 1.)

While this statement by the Commission indicates a readiness to conform its decision in these proceedings to whatever disposition the Utah Supreme Court ultimately makes of the issue of recovery in rates of CO₂ Plant expenses, the Committee believes the most effective means to preserve the common issues relating to recovery of CO₂ Plant expenses in rates in these and the Docket No. 99-057-20 proceedings is to pursue and perfect its appeal of that issue in these proceedings as well. We therefore petition the Commission to review and reconsider its findings and conclusions with respect to CO₂ Plant expenses in these proceedings.

3. At the remand hearing in this docket, the Committee summarized the evidence already in the record of these proceedings and addressed in its Utah Supreme Court appeal. [The Commission took official notice of the record of the original Docket 98-057-12 proceedings in Docket 99-057-20, and those earlier proceedings are thus part of the record on appeal.] That evidence clearly shows the CO₂ Plant and its associated costs were imposed on the public utility and its ratepayers by affiliate Questar Corporation companies to primarily serve and advance affiliate interests at the expense of the utility and its ratepayers. Questar Gas was therefore imprudent in agreeing to bear the costs of its affiliate's construction and operation of the CO₂ Plant. Moreover, under well-recognized accounting and economic principles of cost causation, the cost to remedy the problem caused by the appearance of low-BTU coal seam gas unwantedly appearing in the Company's distribution system should rest with the parties causing the problem – Questar Pipeline Company and the coal seam gas producers – and not with Questar Gas and its ratepayers, the parties suffering the untoward effects of the problem.

4. That evidence in the record in these remand proceedings compels a Commission ultimate finding that the Company's application for rate recovery of CO₂ Plant expenses through the 191 Account process must be denied on its merits on the grounds the expenses in question were imprudently incurred; hence not just and reasonable, and therefore not the responsibility of the Company's ratepayers.

**THE COMMISSION HAS MISSTATED THE TERMS OF THE
UTAH SUPREME COURT'S REMAND ORDER**

5. As a separate matter, the Committee further petitions the Commission to correct the statement on page 2 of its Order that says:

The Court concluded that we erred in denying the CO₂ plant expense recovery through the 191 Account process. (Page 2).

The Court did not fault the Commission for denying CO₂ Plant expenses recovery through the 191 Account process. It faulted the Commission's *reason* for denying such recovery; namely for subjecting these 191 balancing account proceedings to the provisions of the pass-through statute. The Court determined these balancing account proceedings to be a "rate changing mechanism" separate and independent from the "pass-through statute" procedures. It still left to the Commission the responsibility to decide "whether [CO₂ processing costs] are recoverable through account 191 on the merits" – that is, given the nature of those costs and the "procedures attendant to account 191" and "Questar's tariff."

6. There is nothing in the Court's remand which compels the Commission to allow Questar Gas recovery of CO₂ Plant processing costs. To the extent any recovery occurs it occurs as a result of the Commission's determination "on the merits" that such recovery is warranted. As discussed above, the Company's claim for CO₂ Plant expense recovery lacks merit, which the Committee trusts our appeal to the Utah Supreme Court will eventually confirm.

CONCLUSION

7. For the reasons stated above, the Committee petitions the Commission to review and reconsider its Order with respect to allowing Questar Gas to recover \$3.76MM in CO₂ Plant costs in customer rates for the period from June 1999 until August 10, 2000, and to further reconsider its referenced statement with regard to the Utah Supreme Court's remand order.

Dated this ___ day of September, 2002.

REED T. WARNICK
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Committee of Consumer Services

CERTIFICATE OF SERVICE

I hereby certify that a copy of the **PETITION OF THE COMMITTEE OF CONSUMER SERVICES FOR RECONSIDERATION** in Docket Numbers 98-057-12 and 01-057-14 were mailed or hand delivered on the _____ day of September, 2002 to the following:

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