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PRESS RELEASE

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PSC Issues CO₂ Order Giving Questar Gas Customers Rate Relief

The Utah Public Service Commission today issued its order in the CO₂ Plant, Questar Gas Company case. The effect of this order will mean rate relief for Questar Gas customers in Utah in a method yet to be determined by the Commission in a separate docket. The order also denies the company's recovery of the costs of processing coal-seam gas produced near Price, Utah.

In the early 1990's, Questar Pipeline Company, an entity affiliated with Questar Gas Company, began transporting coal-seam gas from the Price area. This gas type was incompatible with Utah appliances and posed a danger to Questar Gas Company customers. Questar management built a gas processing plant to remove certain properties from the coal-seam gas and then developed the "Green Sticker Program" which encouraged customers to have their appliances adjusted to safely burn this new gas. As a result, Questar Gas Company requested and received a rate increase to cover most of the costs and expenses of the processing plant since 2000. As a result, to date, the company has collected approximately \$25 million.

The Commission's August 2000 order approved a stipulation to recover 68% of the costs of the plant, and that order was appealed to the Utah Supreme Court. The Court instructed the Commission that its concerns with customer safety did not relieve it from reviewing the evidence to determine if Questar Gas had met its burden of proof, to ensure the costs were prudent.

After reviewing the evidence and hearing arguments from all interested parties, the Commission determined that Questar Gas Company did not prove its actions constituted a prudent response to the introduction of the coal-seam gas into the Questar Gas distribution system.

"We recognize that gas quality and safety continues to be a concern and we anticipate further work to ensure customer safety," stated Commissioner Constance White. "We will determine if this relief will come to customers in the form of an excess payment, a credit, a refund, or in some other manner."

In a separate docket the Commission will conduct further proceedings to address the disposition of funds already paid by customers to process the coal-seam gas and to develop a long-term solution to assure compatibility of customer appliances with the natural gas delivered to them.

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