



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah
From: Utah Committee of Consumer Services
Dan Gimble, Chief of Technical Staff
Copies To: Utah Division of Public Utilities
Artie Powell, Acting Energy Section Manager
Questar
Barrie McKay, Director of State Regulatory Affairs
Date: 22 December 2004
Subject: Questar Pass-Through Filing - Docket No 04-057-13

BACKGROUND

In its 9 December 2004 gas pass-through application, Questar indicated that the net change in gas commodity and supplier non-gas costs would result in a rate increase of less than 1%. Consequently, the Company requested that the pass-through rates remain at current levels.

ANALYSIS

The Committee has not completed its review of the application but has concerns with Section 7(d), Costs to Manage the Heat Content of Gas, especially the Company's statement that it seeks to recover CO₂ processing costs from 30 December 2002 forward.

The Commission is presently investigating gas quality issues in a series of technical conferences under Docket No 04-057-09. That investigation includes examining alternatives, including a continuation of CO₂ processing, to ensure that the gas supply meets gas quality requirements. The Committee's understanding is that, absent agreement among the parties on gas quality issues, QGC will have to file a specific request for agency action seeking rate recovery of CO₂ gas processing costs going forward (assuming a continuation of CO₂ processing is its proposed solution to gas quality issues) and provide persuasive evidence supporting its request.

RECOMMENDATION

The Committee recommends that Questar's application regarding pass-through rates be approved on an interim basis, but that the issue of continued recovery of CO₂ processing costs be noted as unresolved and a subject for future determination.