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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Joint Application of	)	
Questar Gas Company, the Division of	)	<b>COMMENTS OF UTAH</b>
Public Utilities and Utah Clean Energy, for	)	<b>INDUSTRIAL GAS USERS</b>
the Approval of a Conservation Enabling	)	
Tariff Adjustment Option and Accounting	)	
Orders	)	Docket No. 05-057-T01
	)	

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Pursuant to Utah Administrative Code R746-100-5, the Utah Industrial Gas Users (“IGU”), a consortium of gas transportation and/or sales customers, hereby submit these Comments in response to the Joint Application of Questar Gas Company (“Questar” or “Company”), the Division of Public Utilities (“Division” or “DPU”), and Utah Clean Energy, for the Approval of a Conservation Enabling Tariff Adjustment Option and Accounting Orders (“Joint Application”).

Because the proposed Conservation Enabling Tariff (“CET”) pertains primarily to GS-1 customers, the rates that the IGU pay are not directly affected by the CET. For that reason, the IGU do not expect to file testimony in this proceeding. At the same time, the Commission’s decision on the Joint Application may have broader impact on customers of other service classes, especially with regard to price adjustments resulting from conservation, and the methodology used in setting the Company’s rates. Accordingly, the IGU offer the following comments.

The CET proposes to set rates on a “revenue per customer” factor. Starting at 2005 year-end data, the Company proposes to calculate monthly DNG revenue requirement as the product of the revenue-per-customer number times the actual numbers of customers on the system. Any surplus or shortage would be booked into a balancing count to be “trued up” by amortizing the difference over a 12-month period. The effect is to completely decouple the Company’s distribution non-gas revenues from sales.

The IGU does not necessarily oppose the Commission encouraging Questar to engage in demand side management. At the same time, the proposed CET may not be the best mechanism to achieve that result. As proposed, the CET does not make a sufficient connection between decoupling and lost volumes due to demand side management. The CET, for example, would allow decoupling for lost volumes resulting from high commodity prices or other events unrelated to DSM.

The proposed CET also may have an unintended consequence of penalizing customers who invest in DSM. Because the DNG revenue requirement would be re-allocated over the number of customers on the system, customers could end up paying more per decatherm than they would have paid had they not invested in DSM. The source of the dilemma, of course, is a rate structure that recovers fixed costs through a volumetric charge.

On Tuesday, January 31, 2006, the Committee of Consumer Services (“CCS”) submitted to the Commission a request for an order setting a schedule for a more thorough investigation into the “scope and impact” of the proposed CET. The IGU agrees that the Commission should allow further investigation, and would encourage the parties to investigate also the extent to

which Questar might employ a pricing method that recovers a greater portion of fixed costs on fixed charges.

Finally, to the extent the Commission is inclined to allow decoupling in the present docket, the IGU request that the Commission state clearly that the CET is a pilot program only and not a precedent for broader application of similar measures to other customer classes or utilities. In offering these comments, the IGU reserves its right to take any position it deems necessary in this or any future proceeding.

### **CONCLUSION**

The IGU have no objection to the Commission allowing Questar's proposed \$10.2 million reduction to go into effect immediately pending investigation of the remaining issues involved in the CET. The IGU believe, however, that a closer look at the CET itself is warranted, and recommend that the Commission allow the parties to more fully investigate the basis for this proposed tariff before it is allowed to go into effect.

DATED this 2<sup>nd</sup> day of February, 2006

/s/ William J. Evans

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 2<sup>nd</sup> day of February, 2006, I caused to be emailed a true and correct copy of the foregoing **COMMENTS OF UTAH INDUSTRIAL GAS USERS**, to:

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