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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Joint Application of Questar Gas Company,
the Division of Public Utilities, and Utah
Clean Energy, for the Approval of the
Conservation Enabling Tariff Adjustment
Option and Accounting Orders

Docket No. 05-057-T01

**PETITION TO INTERVENE AND POSITION STATEMENT
OF THE UTAH ASSOCIATION OF ENERGY USERS**

Pursuant to Utah Code Ann. § 63-46b-9 and Rule R746-100-7, the Utah Association of Energy Users (“UAE”) hereby petitions for leave to intervene in this docket and hereby provides its position statement. In support of this Petition and Position Statement, UAE states as follows:

Intervention

1. UAE is an organization consisting primarily of large energy consumers in the State of Utah. Most UAE members are gas transportation and/or sales customers of Questar Gas Company. Many UAE members have GS-1 accounts with Questar Gas Company, but most Utah natural gas requirements of UAE members are transported under Questar Gas Company transportation tariffs.

2. The legal rights and interests of UAE and its members may be substantially affected by this proceeding.

3. UAE's position statement is provided below. Uae seeks to intervene for purposes of protecting its interests and the interests of its members as they may appear.

4. Notices in this proceeding should be sent to the following:

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5. The interests of justice and the orderly and prompt conduct of this proceeding will not be materially impaired by allowing UAE to intervene. UAE will abide by any procedural schedules set in this matter.

Position Statement

UAE does not intend to file testimony relating to the Joint Application filed in this matter in connection with the scheduled February 3, 2006 hearing. However, UAE is submitting its views and positions on the Joint Application in this filing.

Decoupling Proposal. UAE cannot support the broad decoupling proposal suggested in the Joint Application and supporting testimony. While UAE recognizes value in providing appropriate incentives for utilities to pursue demand side management and energy efficiency programs (“DSM”), UAE is concerned that the general decoupling proposed here is not sufficiently targeted or limited to DSM. Rather, the proposal is for a broad decoupling of utility revenues from sales volumes for a very large class of customers. UAE has serious concerns about the potential for unintended consequences of any such decoupling mechanism, particularly with respect to the proper alignment of utility incentives, risks and returns.

UAE supports mechanisms targeted specifically at addressing and resolving potential DSM disincentives, such as those supported by the electric DSM advisory group, in which UAE has actively participated for several years. UAE supports an approach narrowly targeted at aligning DSM incentives without causing significant policy changes. Any workable solution must ensure the retention of appropriate utility incentives to manage risks and costs.

UAE recognizes that the proposed decoupling mechanism and tariff are offered as a pilot program and that the circumstances leading to the proposal are unique in this State to Questar Gas Company. Nevertheless, UAE generally opposes the decoupling of utility revenues and sales volumes and cannot support adoption of the broad decoupling proposal reflected in the Joint Application and testimony. To the extent the Commission elects nevertheless to approve a decoupling mechanism, UAE requests Commission confirmation that, as a pilot program responding to current and unique circumstances, Commission approval of the decoupling proposal would not set any precedent whatsoever for any other circumstances, customer groups or utilities.

Depreciation Methodology. UAE supports approval of the proposed change in depreciation methodology requested in the Joint Application. UAE has not analyzed the proposed

depreciation methodology in detail and it recognizes that a mid-cycle adjustment in depreciation methodology is somewhat unusual. Nevertheless, under the circumstances, UAE believes that the proposed depreciation methodology change has been adequately supported and should be approved, subject to the right of any interested party to continue to investigate this methodological change and to raise any concerns or issues in an appropriate rate proceeding. UAE reserves the right to take any position that it deems appropriate as to depreciation methodologies in any such future proceeding.

DNG Rate Decrease. UAE also supports a decrease in volumetric DNG costs. UAE understands that a significant part of the proposed rate decrease stems from the proposed change in depreciation methodology. In UAE's view, it is appropriate for a utility to promptly pass through to its customers a rate reduction caused by a significant change in circumstances or methodologies not anticipated at the time of the last rate case, such as a mid-cycle change in depreciation methodology. All parties should remain free to request other or additional proceedings as appropriate in relation to Questar Gas Company's earnings, rates or terms of service.

Other Issues. UAE takes no position on the other actions requested in the Joint Application (e.g., roll-in of GSS customers and service quality standards).

WHEREFORE, UAE requests leave to intervene in this proceeding to protect its interests as they may appear and submits its positions as reflected above for Commission consideration in this matter.

DATED this 31st day of January, 2006.

HATCH, JAMES & DODGE

Gary A. Dodge
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by U.S. mail this 31st day of January, 2006, to the following:

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