

Sam Primavera

UTAH PUBLIC SERVICE COMMISSION

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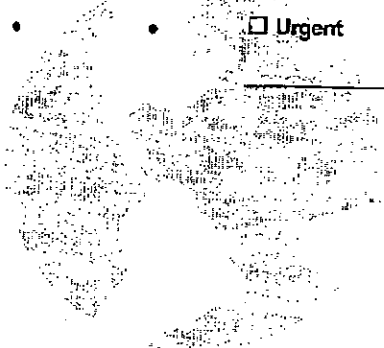
To: Public Service Commission Fax No: 801-530-6796

From: Sam Primavera Date: 10/27/2008

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CC: Governor of Utah John Huntsman
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Gentlemen

I read with dismay the decision made relative to the increased price of compressed natural gas (CNG) for vehicles. If I have read this correctly there are two points of decision and one merely informational.

The question, if I understand it correctly, is whether to consider CNG customers in the same light as residential natural gas customers. Or, more formally, is it appropriate to apply the benefits of Questar's Wexpro gas resource in the pricing of CNG. The decision of the UPSC was in the negative. There seem to be two reasons:

- 1) that the providing of CNG is not a "traditional utility service".
- 2) Because the service is not limited to Questar Gas Company customers

First I will approach the question of "traditional utility service". What is traditional is tautologically defined as of, "relating to, or being a tradition". Of somewhat more help are the synonyms: old, established, conventional, fixed, usual, transmitted, accustomed, customary, ancestral, long-established, unwritten, time-honored. All of these synonyms carry the meaning of a practice that has been in existence for some time. Since there is no other way for natural gas vehicles to obtain natural gas except from a natural gas utility (such as Questar), and since natural gas vehicles have always used compressed gas, the length of time that natural gas vehicles have been in existence would determine the ultimate "traditional" or "non-traditional" distinction.

Today, nearly nine million NGVs are in use throughout the world, with roughly 130,000 in use in the United States...

Actually, as far back as the 1930s, natural gas and manufactured gas were used in motor vehicles, though crude oil expansion after World War II drove its use down. But "natural gas vehicles never disappeared from the roads of America" (Ingersoll 1996).

Ingersoll, John G. 1996. *Natural Gas Vehicles*. Lilburn, GA: Fairmont Press, Inc.

This quote is instructional in several ways. It indicates that there were 130,000 CNG vehicles in use in 1996 and that their use dates back to the 1930's. Questar estimates the number of CNG vehicles in Utah at 6,000 and growing by several hundred a month. According to the New York Times article Surge in Natural Gas Has Utah Driving Cheaply August 29 2008. Thus,

traditionally, utility companies have been providing natural gas for vehicular use since the 1930's and according to Questar sources is currently providing such services to over 6,000 vehicles. Such a duration and quantity of use must qualify as a traditional use.

Even the use of traditional as a decision criterion is flawed. Nowhere in the effectuating statutes of the PSC is the word "traditional" found. The proper criterion for such decisions is "public interest". If recent history has taught us anything, we have learned that change is inevitable. Though Teviah in "Fiddler on the Roof" hailed "tradition" as his overriding rational, even he, when faced with the press of modern events, was forced to modify his perspectives and adopt new behaviors. If CNG can gain a significant foothold in transportation, the results could be revolutionary. Supplying CNG to vehicles could become a larger market than residential. Utah, with its unique supply, characteristics could show the way to the entire nation. Utah has already made a terrific start in that direction. All that is required is some well-informed, forward-looking leadership and this utopian scenario could become a reality. This recent PSC decision is as retrograde as any energy decision ever made.

The decision is also paradoxical in a couple of ways. First, the decision has no bearing on residential natural gas customers who install their own CNG compressors and thus supply CNG to their own cars. These customers would, presumably, be entitled to the Wexpro rate though their use could also be deemed non-traditional. In an oddly self contradictory statement the commission states in its decision:

"we do not find it appropriate to include the benefits of Questar's Wexpro gas resource in the pricing of this non-traditional utility service, especially since CNG is available to the general public and is not limited to Questar Gas Company customers."

However, the very act of purchasing CNG from Questar makes an individual a customer of Questar therefore the statement is nonsensical. Perhaps what the commission wanted to say was unless a person is a "residential" customer of Questar he is not a true customer. However, even this interpretation ignores the fact that the geographic placement of Questar CNG stations virtually insures the fact that substantially all CNG customers will in fact be residential customers. There is nothing in the record that I can find which justifies any other conclusion. So, the above rational is without factual or rational basis.

The commission also states

Second, we observe that during the pendency of this case the cost per gallon spread between gasoline and CNG fuel has dramatically decreased and that our decision brings the price of CNG close to that of regular gasoline...

The commission seems to be saying that they intend that the cost of CNG and gasoline be equivalent. But, CNG has several drawbacks relative to gasoline. It requires a large storage tank, and because of lower storage capacity, a consumer requires more frequent refuelings. Thus by making the price equivalent, the commission is insuring that CNG will be at a comparative disadvantage to gasoline and therefore will be less utilized. By this action the commission would ensure that a more polluting, foreign produced product would be used over a less polluting domestic product. Paradoxically this will reduce the market for Questar. Such a decision is in no

ones best interest.

Questar has ignored the fundamental basis upon which decisions are to be made in the PSC. Rate decisions are to be made based on the "public interest". The question should be phrased "Is it in the broadest public interest that CNG be delivered at the lowest possible price?" When the question is phrased in this manner, the answer is overwhelmingly in the affirmative.

The benefits to users and non-users of CNG are undeniable:

- 1) Octane > 120 allows high compression ratio in auto engines
- 2) Good lean combustion characteristics, clean burning for gasoline engines
 - a. Greatly-reduced emissions of non-methane HC and toxics
 - b. Reduced CO emissions esp. cold-start and maximum power
 - c. don't require or benefit from fuel enrichment for power, starting
 - d. Better emissions durability
 - e. *Potential* to reduce NOx emissions
 - f. Existing gasoline engines can be converted to natural
- 3) Extra benefits for diesel engines
 - a. Greatly reduce PM and most toxic emissions
 - b. Little tendency for PM emissions to increase with age and poor maintenance
 - c. *Potential* reduction in NOx emissions • 35-60% for lean-burn
 - d. 90+% for stoichiometric with three-way catalyst
- 4) Abundant resource
- 5) Domestic production
- 6) Negligible sulfur / toxic content
- 7) Less CO2 / unit of energy than gasoline or diesel

Among the pressing public issues upon which CNG use would have a positive effect are:

- 1) Wasatch front pollution
- 2) Energy independence
- 3) Energy diversification
- 4) Public health
- 5) Global warming

Just recently, multiple Utah counties have been cited by the Environmental Protection Agency for non-attainment of PM 2.5 levels. If Utah does not remedy these designations it faces the possibility of the loss of highway funds.

I cannot sufficiently stress the importance of maintaining Utah's momentum in pursuing CNG as an alternative energy source for transportation. I live on the west bench and I watch pollution levels creep up the valley towards me and my family. It will not require future generations to look back to see the foolishness of this decision. We need only breath the air tomorrow which will be filled with ever more pollutants. We need only watch our trade deficit increase as money flows into foreign coffers. We need only watch as temperatures creep up fueled by increased CO2. CNG is not the panacea of all of these ills. But it is a huge step in the right direction. This

decision needs to be reversed. Indeed the use of CNG needs to be encouraged in every possible way. The recent PSC ruling could not be more wrong.

Sincerely

A handwritten signature in black ink, appearing to read 'Sam Primavera', with a stylized flourish extending to the right.

Sam Primavera