



JON HUNTSMAN Jr.
Governor
GARY HERBERT
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

To: Public Service Commission of Utah
Ted Boyer, Chair
Ric Campbell, Commissioner
Ron Allen, Commissioner

From: Utah Division of Public Utilities
Phil Powlick, Director
Artie Powell, Energy Section Manager
Doug Wheelwright, Utility Analyst

Date: October 7, 2008

Subject: Docket No. 08-057-23, Pass-Through application of Questar Gas Company for an adjustment in rates and charges for natural gas service in Utah.

RECOMMENDATION

The Division recommends that the Commission review the Pass-Through recommendation prior to December 1, 2008 deadline. The Division will complete the analysis of the rate request by October 16, 2008.

ISSUE

Questar has requested a pass-through rate decrease of \$62.9 million. The Company has identified and announced November 1, 2008 as the effective date of the rate change. The Commission's Action Request established a due date of

December 1, 2008. That date needs to be changed in order to meet the Company's desired implementation date.

DISCUSSION

On October 2, 2008, Questar submitted an application for an adjustment to the commodity and supplier non-gas cost portions of its Utah natural gas rates. The Questar Gas Company Utah Natural Gas Tariff PSCU 400 (Tariff), Section 2.10, provides for pass-through applications to be filed "no less frequently than semi-annually." The driving force behind the proposed price decrease in this filing is a forecasted decrease in purchased gas prices. The cause of this decrease is a significant drop in purchased gas costs since July 2008. Natural gas costs have been and are expected to continue to be volatile. The proposed decrease will go into effect November 1, 2008 and corresponds with the winter months rate schedule.

CC: Barry McKay, Questar Gas Company
Michele Beck, Committee for Consumer Service