

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Investigation
Required by S.B. 275 Energy Amendments,
Addressing Cleaner Air Through the
Enhanced Use of Alternative Fuel
Vehicles,

Docket No. 13-057-02

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PUBLIC HEARING  
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TAKEN AT: Senate Building
State Capitol Complex
Salt Lake City, UT

DATE: August 8, 2013

TIME: 1:00 p.m.

REPORTED BY: Kellie Peterson, RPR

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APPEARANCES

PUBLIC SERVICE COMMISSION:

Chairman Allen
Commissioner Clark
Commissioner LeVar

FOR THE DIVISION:

Justin Jetter, Esq.
Assistant Utah Attorney General

DIVISION OF PUBLIC UTILITIES
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FOR QUESTAR:

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FOR UTAH CLEAN ENERGY:

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ALSO APPEARING ON THE RECORD:
Tim Funk
Cathy Van Dame

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Public Hearing

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August 8, 2013

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PROCEEDINGS

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COMMISSIONER CLARK: Good afternoon, ladies

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and gentlemen, welcome. This is a hearing before the Public

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Service Commission of Utah in docket No. 13-057-02, in the

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matter of the investigation required by Senate Bill 275 energy

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amendments, addressing cleaner air through the enhanced use

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of alternative fuel vehicles.

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My name is commissioner David Clark, seated to

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my left is Chairman Ron Allen, the chair of the Public Service

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Commission, and to his left is Commissioner Thad LeVar, and

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we comprise the Public Service Commission. This is the time

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and place dually noticed for public testimony and statements in

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this docket. Yesterday, from about 9:00 a.m. until noon, we

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held a hearing in which various participants offered a testimony

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and statements and presentations, and today, we have

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scheduled time for members of the general public to address the

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subject matter of this docket.

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We have two members of the public who have

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signed in indicating a desire to speak. They are Mr. Tim Funk

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and Ms. Cathy Van Dame. I hope I am pronouncing those

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names correctly. Are there any others who are present that

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desire to speak before the Commission today?

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And I recognize Counsel present from a number of

1 the parties who participated yesterday. I want to begin by
2 taking appearances of Counsel in the event that one of the
3 participants desires to make a sworn statement, they will be
4 subject to cross-examination by Counsel for parties who are
5 present and so I think it would be appropriate if we identify
6 Counsel in the room who would anticipate participating in that
7 way.

8 So are there Counsel present who would intend to
9 cross-examine or, potentially? I recognize it depends on the
10 content of the testimony, but are there Counsel present who
11 potentially would intend to cross-examine? And if so, please
12 enter an appearance at this time.

13 MR. JETTER: Justin Jetter, for the Utah Public
14 Division of Utilities.

15 COMMISSIONER CLARK: Thank you. Any others?

16 MS. CLARK: Jenniffer Clark, on behalf of Questar
17 Gas Company.

18 COMMISSIONER CLARK: Thank you.

19 MS. HAYES: Sophie Hayes, on behalf of Utah
20 Clean Energy.

21 COMMISSIONER CLARK: Thank you. Any others?

22 All right. Mr. Funk, would you--you have the opportunity to
23 provide a sworn statement, in which case you will be subject to
24 cross-examination, or you can simply offer a statement to the
25 Commission without an oath.

1 MR. FUNK: I would like to be sworn, please.

2 COMMISSIONER CLARK: Would you please raise
3 your right hand?

4 TIMOTHY FUNK, called as a witness and having
5 been duly sworn, was examined and testified as follows:

6 COMMISSIONER CLARK: Please be seated and
7 please state your name and spell it for the record. And I notice
8 you have something in writing for us, okay. So this document is
9 entitled comments on S.B. 275 docket 13-057-02, Timothy Jay
10 Funk, consumer advocate, Crossroads Urban Center, dated
11 August 8, 2013, and we will place this in the docket.

12 MR. FUNK: Okay.

13 COMMISSIONER CLARK: And--

14 MR. FUNK: I think because you didn't hear this,
15 you haven't seen it before, that I should, I should go through it.
16 It won't take long and I think it's satisfying to the purpose of
17 ratemaking, or potential ratemaking.

18 COMMISSIONER CLARK: And, Mr. Funk, you are
19 the person who prepared the document?

20 MR. FUNK: Yes, I am. That is why my name is on
21 it.

22 COMMISSIONER CLARK: And you've adopted as
23 you sworn testimony--

24 MR. FUNK: Yes.

25 COMMISSIONER CLARK: --before the Commission?

1 MR. FUNK: Yes, yes, that's me.

2 COMMISSIONER CLARK: Thank you.

3 MR. FUNK: Right here. I am a consumer advocate
4 with Crossroads Urban Center. I work with the poor and have,
5 by and large, since the early and mid 1970's. I am a former
6 employee of the Office of Consumer Services, worked there for
7 five years in various aspects for the committee during the
8 directorship of Joe Ingles. I know utility regulation somewhat. I
9 am not, you know, an expert in any way, except for how the poor
10 suffer.

11 Senate Bill 275 representing a potential
12 across-the-board increase of customers of Questar Gas
13 Company, Utah's poor individuals and families can not afford to
14 pay more for anything. In Utah, the 2013 federal poverty
15 guideline for one person household is \$11,490; for two, it's
16 \$15,510; for three, it's \$19,530; and for four persons, it's
17 \$22,250 a year. The average household size in Utah is just
18 above three persons. I think it's 3.1, 3.17, something like that.

19 The Spotlight on Poverty reports a variety of figures
20 on Utah's poor. If you are wondering what the Spotlight on
21 Poverty is, is a national study and it goes state by state and
22 examines what the poverty in the State looks like, and it has a
23 mother lode of figures, facts, that you can look at. So if anyone
24 has any questions about what that is, they can go to the
25 internet, look up the spotlight on poverty, and find this

1 information and a lot more.

2 Here is a sample of what that survey say: The State
3 poverty rate, that means how many people are poor, is 13 and a
4 half percent. For children, it's 16 and a half percent. For
5 seniors, it nine percent, and women 14 percent. Percentage of
6 single parent households with related children living there in
7 poverty is 35 percent, and the extreme poverty rate is 5.6
8 percent. The number of poor working families is 32.3 percent;
9 that means people who go to work everyday. The number of low
10 wage jobs is 23.3 percent. The household experiencing food
11 insecurities, 14.6 percent, and the percentage of income--of
12 individuals without health insurance is 14 percent. The asset
13 poverty rate is 23.1 percent.

14 Households paying more than 30 percent of their
15 income for rent is--the number of households is 130,000
16 households. That is not the number of households that are
17 getting the federal subsidy. That is just people who, by that
18 definition, are paying more than the federal standard considered
19 sensible or economically feasible for rent, 300,000. And 19,433
20 households receive federal rental assistance, and there are
21 3,007 children on medicaid and chip, and almost 70,000 women
22 and children receive the Women, Infant and Children
23 supplemental nutrition program. The number of households on
24 HEAT, the low-income energy-assistance program in the State
25 last year, at the end of that program was 44,300. Those are

1 individuals who have up to lower--up to 150 percent of the
2 poverty rate quoted here.

3 The numbers show the poverty reaching Utah is
4 wide and vary. Eligibility for most programs, most of the
5 programs reported here is at, or above, the poverty line cited
6 above. While startling, the numbers shown don't indicate that
7 for the majority of poor individuals in households, they don't
8 participate in these programs. So you might say, well, there is a
9 potential rate increase here and what does it have to do with
10 those people. It has to do with the majority of the poor, not
11 people who are getting some assistance but the majority of
12 people who don't.

13 The national recession is being felt in Utah. It is
14 still being felt. Are things getting better or worse. If you are
15 poor and rely on federal programs, such as those mentioned,
16 chances are things are worse. For example, according to the
17 campaign for home energy assistance, for a Utah household
18 receiving HEAT in 2011, the benefit was \$510 on average. Last
19 year because of federal cuts, the figure was \$313, and it will
20 almost certainly be lower for the coming season.

21 To make matters even worse, the federal budget
22 sequestration, or however you want to say that dirty word,
23 dilemma is having an insidious impact on the poor. A national
24 study just released by the center, should be the Center for
25 Budget and Policy Priorities, show sequestration cuts from fiscal

1 year ending in September will mean almost 700 Utah families--
2 Utah households will not receive Section 8--receive the section
3 8 housing subsidy.

4 Public housing in the State will have lost \$4.5
5 million since 2010; the home program has lost 7.2 million;
6 community development, 11.5 million; and emergency and
7 emergency solution grants, which I, frankly, don't know what
8 those are, have lost \$300,000 since 2010. In Utah and across
9 the country, programs helping those with the greatest need,
10 Head-start, Meals on Wheels, WIC, and more, have been cut
11 across the board and probably will be again. What about
12 financial help for the poor.

13 In a meeting that we had with the Salt Lake area
14 mayor about the problems with 275, the budget dilemma with the
15 poor was presented to him. He indicated he was interested in
16 getting money to convert his vehicle fleet to natural gas. He
17 asked if some kind of rebate or credit program could be set up.
18 Our response was that such programs, especially at the State
19 and local levels, are usually inadequate, inefficient, expensive
20 to run, and are used by a minority of those eligible. In other
21 words, they don't work.

22 Finally, I would say that the poor are not the only
23 citizens in big trouble. The national family budget calculator
24 issued by the Economic Policy Institute show the income of the
25 family--the income of family needs to, quote, attain a secure but

1 honest living standards in the communities they live. Their
2 analysis considers the cost of housing, food, childcare,
3 transportation, healthcare, other necessities and taxes for the
4 household. They calculate the housing costs--the housing
5 budgets for 615 urban and rural communities across the State
6 and here in Utah.

7 The conclusion, and you can go look at the reports,
8 the large majority of families that are in Utah are still hurting
9 and will be for a long time. There couldn't be a worse time for
10 this potential rate increase or any rate increase. Our poor are
11 poor enough. The sequestration cuts are making it worse, and
12 S.B. 275 is proposed to take it away, would take away even
13 more from them. We can and must do better.

14 I have--I thought I should concentrate my
15 comments, the written comments, on poverty, but I also would
16 like to reiterate what has already been said by other witnesses,
17 and that is that 275 bill is anticompetitive. There are many
18 present and potential competitors in the alternative vehicle field
19 and this legislation gives an unfair advantage to natural gas.
20 Senate Bill 275 is disproportionate customer impacts. That is
21 what we just told you about. You have people who are in great
22 need. And if you want to go back and look at the last 50 years,
23 and I have worked 40 of those 50 years in poverty, we have
24 never seen the poor more poor than they are right now. So
25 don't increase the rates on them. That is what No. 2 is there.

1 Senate Bill 275 will have a negative impact on our
2 economic development. You have heard this over and again,
3 but the utility rates are low. That is attractive to business. Why
4 would we want to give that away by opening the door to
5 incremental increases. The way you read 275, if you are
6 reading it literally, is that you take that at \$5 million the first
7 year, and it can be raised to any level each year after that. And
8 a general rate increase, sure, but what kind of pressures are
9 you guys going to feel if you increase it just to start it.

10 And cost is a major factor for not using natural gas.
11 Natural gas has an advantage over its potential customers. In
12 the present rate case, the general rate case that Questar has
13 filed, the reported rate is about--for their natural gas, is
14 equivalent of about \$1.70, \$1.70 for natural gas. That is about
15 twice it is for gas and we can break apart what they are being
16 charged with what tax rates, but the cost is not the same natural
17 gas has that. And for compressed natural gas, the cost is about
18 \$1.50 right now says the same thing.

19 So those four points we wanted to make. I think
20 they have been made much more succinctly and ably by others
21 but that's that. So I'm done.

22 COMMISSIONER CLARK: Thank you, Mr. Funk. Is
23 there cross-examination? Thank you very much for your
24 statement.

25 Ms. Van Dame? Am I saying that correctly?

1 MS. VAN DAME: Actually, it's Van Dame.

2 COMMISSIONER CLARK: Van Dame. And do you
3 desire provide sworn testimony?

4 MS. VAN DAME: No, thank you. No, I don't
5 choose to be sworn; although if anyone has any questions after
6 I have spoken, I would be delighted to try and answer.

7 My name is Cathy Van Dame, and my primary
8 affiliation is with the Wasatch Clean Air Coalition. I am a
9 retired nurse and I am not purporting to speak for the air quality
10 board, but I have been a member--but I am currently a member
11 of the air quality board. I have been on for six years, and for
12 eight years previous the to that, I had monitored the air quality
13 board meetings because I anticipated being on the board.

14 I thank you very much for the openness that you
15 have brought to this procedure. I recognize the way that the
16 docket has been open to people who have commented late and
17 the publicity that has been given to this hearing, and I think that
18 that is a very good accomplishment for the Public Service
19 Commission, and I hope that more people understand better
20 how it is that the Commission works. And I don't purport--I don't
21 think that I know very well, but, anyway, this is--I am very
22 grateful for this opportunity.

23 I am also grateful for the opportunity that Senate
24 Bill 275 gave for you to actually consider air pollution and the
25 cost of reductions and those kinds of matters. I think that that's

1 a very important thing to bring to--under the kind of analysis
2 that the Division of Public Utilities and the Office of Consumer
3 Services, and the various other agencies and nonprofits that
4 have become involved, testify on these matters.

5 The first time that I was really aware of the
6 intersection between air quality and the Public Service
7 Regulation was back, I think, around 2002 when Gadsby and
8 then West Valley City were being considered, and I was just
9 absolutely appalled at the inability for the economic choices and
10 ratepayer choices that took place underneath of the Public
11 Service Commission, and the absolute isolation and the totally
12 separate way that the decisions were made and the Division of
13 Air Quality.

14 And as far as the way that the air shed works and
15 everything, air quality will give a license to do as much
16 emissions as won't hurt to the first applicant, so that there's not
17 any area where you think about, well, do you want to consume
18 all of the available space, for want of a better word. It isn't the
19 best word. But all of the available space for this particular
20 applicant right now and maybe, you know, later on you might
21 have a better choice.

22 And not to say that you guys are going to achieve--
23 that this is going to be able to achieve some sort of
24 cross-consideration of a more holistic consideration of impacts.
25 But it was just so frustrating to me that there was not any way,

1 any place where--any arena where these issues could be
2 addressed, where a public discussion could take place on the
3 choices that we make.

4 And at that time, it was Gadsby and West Valley
5 City, but those choices made that--maybe we couldn't have
6 different industries or maybe we've got a bad problem with our--
7 maybe we've got a bad problem with our PM 2.5 right now
8 because of those decisions that were made at that time.
9 Anyway, and there is no other commenters but us two so far, so
10 I don't feel like I am taking somebody else's time.

11 One of the other things that I noticed in watching
12 over the years is that the Division of Environmental Quality, all
13 of the agencies and, to an extent, the Public Service
14 Commission, in testimony before the legislature have a very
15 difficult time bringing forward actually the whole spectrum of
16 issues, or of impacts, because of very acute awareness of the
17 political climate.

18 I know that often, the testimony is trimmed to
19 provides a message that will receive a good, appreciative
20 hearing and doesn't represent the potential of having a budget
21 cut the next time that appropriations are made. There is the
22 perception that the legislature will punish an agency that
23 delivers an unpopular message, and air quality and its
24 intersection with development and recruitment of business is
25 one of the areas where there is a great deal of trepidation.

1 I wanted to mention that one of the--among the
2 things that have not been discussed that I think are aired
3 adequately, and I am not a technical person, I am a retired
4 nurse and a moderately intelligent person that has been paying
5 attention for a long--sometime and asking a lot of questions, but
6 as far as technical stuff and numbers, I am not very good, but a
7 number of people who are experts have agreed with me when I
8 have tested the hypothesis that as far as an internal combustion
9 engine, as compared to an electric vehicle, that on an emissions
10 basis, you are ahead to burn that natural gas, at Gadsby or
11 West Valley City, and power that car by electricity rather than
12 burning that gas in--on a small vehicle, burning that gas in an
13 individual passenger-size vehicle.

14 The comparison for large vehicles, especially if you
15 are talking about garbage trucks and that kind of stuff, it's a
16 different matter, but for passenger vehicles--but in Utah, I don't
17 even know where the arena is, and I could ask somebody, could
18 you please ask your experts to analyze this and provide us with
19 numbers. It just--you know, there just isn't the place where I
20 can ask that question and get an answer that is public.

21 And I've touched everything that is on my list.
22 Thank you very much.

23 COMMISSIONER CLARK: Thank you for your
24 statement, and I don't think there are questions. I don't see
25 anyone with their hand raised, so we appreciate your

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participation.

MS. VAN DAME: Thank you.

COMMISSIONER CLARK: Is there any other person that desires to address the Commission? Then we are adjourned. Thank you very much for your participation today.

(The hearing was concluded at 1:25 p.m.)

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REPORTER'S CERTIFICATE

State of Utah)
)
County of Salt Lake)

I hereby certify that the witness in the foregoing deposition was duly sworn to testify to the truth, the whole truth, and nothing but the truth in the within-entitled cause;

That said deposition was taken at the time and place herein named;

That the testimony of said witness was reported by me in stenotype and thereafter transcribed into typewritten form.

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the even thereof.

IN WITNESS WHEREOF, I set my hand this 13th day of August, 2013.

Kellie Peterson, RPR