

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)
QUESTAR GAS COMPANY for)
Emergency Authority to Implement a)
Natural Gas Sales Agreement)

DOCKET NO. 01-057-01
ORDER AUTHORIZING NATURAL
SALES AGREEMENT

ISSUED: February 7, 2001

By The Commission:

1. On January 31, 2001, Questar Gas Company (QGC or the Company) requested that the Commission issue emergency authorization under Utah Code Ann § 54-4-1 and Rule 746-110 of the Rules of the Utah Public Service Commission. In its Application, QGC requested that the Commission authorize implementation of a Natural Gas Sales Agreement (Agreement) between QGC and PacifiCorp.
2. Under the Agreement, QGC would provide market-priced natural gas to PacifiCorp to operate the Gadsby generation plant, but only when such natural gas supplies would not be required to serve QGC's firm sales customers. In its Application, QGC advises that any natural gas provided to Gadsby would be subject to first-call by QGC to serve its firm sales customers if required.
3. Under the Application, PacifiCorp would pay QGC not only the commodity cost of the natural gas received based on spot market indicators, but also a demand charge of \$0.10 per day based on a 40,000 decatherm demand. The Company states that such demand charge, as well any proceeds from sales of natural gas under the Agreement, would flow through the Company's 191 account. The Agreement will not adversely impact the average cost of gas for Utah customers.
4. In its Application, QGC emphasizes that sales, under the Agreement, would be in the public interest by providing emergency natural gas for the Gadsby generation plant when such gas supplies are not needed by QGC's firm-sales customers. QGC submits that the sales will benefit the electricity customers of PacifiCorp served in Utah without adversely impacting natural gas sales customers.
5. The Utah Division of Public Utilities (DPU) recommends that the contract be approved, and the Committee of Consumer Services (Committee) takes no position. As such, the Company requests that the Application be considered informally, without a hearing, and that an emergency order be issued as soon as possible by the Commission.
6. Based on the Application, the Agreement submitted, as well as the affidavit of Alan K. Allred, the Commission makes the following:

FINDINGS AND CONCLUSIONS

1. The Natural Gas Sales Agreement will provide market-priced gas to PacifiCorp, and will also require payment of a demand charge that will accrue to the Company's 191 account.
2. Sales under the Agreement will only be provided if such natural gas supplies are not required to serve firm-sales customers of QGC.
3. Provisions of natural gas, under the Agreement, will allow the Gadsby plant to continue operation, thus the electricity customers of PacifiCorp will benefit.
4. The DPU recommends approval of this Agreement.

5. Based on the evidence submitted, the Commission believes that the Natural Gas Sales Agreement is in the public interest, but remains open for subsequent review.

The Commission now makes the following:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. Pursuant to Rule R746-110, the Natural Gas Sales Agreement between Questar Gas Company and PacifiCorp is approved on an informal basis effective February 1, 2001.

DATED at Salt Lake City, Utah, this 7th day of February, 2001.

/s/ Stephen F. Meham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary