



State of Utah

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PRESS RELEASE

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CONTACT: JULIE ORCHARD

801-530-6713

“PSC Denies Stipulation on GSS Rates and EAC and Gives Guidance to the Parties”

The Utah Public Service Commission today issued its order regarding the higher rates Questar Gas Company charges for the extension of natural gas service to some rural communities. The Commission denied the request by Questar Gas, the Division of Public Utilities, the Committee of Consumer Services, and several affected rural communities to eliminate the charges to these rural communities. The parties had proposed to shift these charges to other natural gas customers. Chairman Ric Campbell states, "While we are personally sympathetic to the economic challenges faced by rural residents and businesses, the Commission is charged to ensure that rates are just and reasonable for all customers. The stipulation which was denied would have inappropriately increased rates for over 800,000 customers, while conferring a windfall for a selected group of customers."

The stipulation would also have treated existing expansion area customers differently than former or future rural expansion area customers. Existing customers would not have to pay their full share of expansion costs, while former expansion area customers paid their full amount and future customers would be required to pay their share in advance. The Commission found this would constitute inconsistent and unfair treatment of customers in similar situations.

The Commission held several hearings on the issue which highlighted the burden the higher charges impose on some rural customers either directly or through less economic development. The Commission offers several suggestions in its order for alleviating the burden of the higher charges.

“One possibility,” the Commission notes, “might be essentially ‘re-financing’ the unpaid balances of the estimated extension costs on a community by community basis and amortizing those balances over a longer period of time. This would have the two-fold effect of lessening the monthly burden of higher charges for households and reducing the difference in charges among communities, thus improving economic development opportunities. The denial of the stipulation does not leave the parties without other potential solutions to the challenges of higher rates in some rural communities.”

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