

January 15, 2009

UTAH PUBLIC  
SERVICE COMMISSION

Utah Public Service Commission  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84114

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Greetings:

Thank you so much for responding to my letter concerning natural gas for vehicles. I really appreciate your outline of the issues which cleared up several concerns I had. Several concerns still remain, however, which I would like to address.

Your letter mentioned that the *"Utah Legislature promotes the use of natural gas vehicles through tax incentives and could provide further incentives in the future."* That is true, however, the tax credit offered by Utah and the federal government can only be fully used by people in fairly high tax brackets – not your average person. And even then, the tax credits do not reduce the price of the vehicle or conversion to a comparable level as a regular gas vehicle. Over and above the tax credits, a substantial investment is required, which in most cases can never be fully recouped. And the Utah tax credit for 2009 was actually reduced from \$3,000 to 2,500, showing even less support.

Your next point was as follows: *"The evidence shows the NGV rate, which had been initially set some 18 years ago, is now substantially below the cost to provide NGV service. Maintaining this low rate would mean non-NGV customers of Questar would continue to unintentionally subsidize this service."* I agree that non-NGV customers of Questar are subsidizing the NGV rate. However, the non-NGV customers also have to breathe our polluted Utah air. All of them are welcome to buy NGV vehicles, however few are willing or able to make the investment, take advantage of the tax credits, and endure the hassle and inconvenience of driving one. Aren't we talking about the same concept as taxation? Collect from everyone to benefit everyone? Why shouldn't natural gas for vehicles be under that same umbrella? Don't all customers of Questar benefit from higher air quality?

Your letter also makes the following point: *"The Commission determined that a correction in this rate to reflect the actual cost of service was warranted."* I understand that there is a federal excise tax credit of 50 cents per gallon on natural gas. 32 cents goes to subsidize the pump price, 18 cents goes to Utah State for tax. That subsidy is supposed to stay in place until this coming October, at which time it may be renewed. Raising the NGV rate to \$1.43 will in essence raise the actual price paid for NGV gas to \$1.93 per gallon. And if the pump price is tied to a national index and allowed to increase even more, Questar will be receiving even more for NGV gas than they are receiving for non-NGV gas. Then who will be subsidizing whom? I say the only fair way is to charge both NGV and non-NGV customer the same rate. And as long as available, allow the federal excise tax credit to subsidize the NGV customers.

Even before I bought my Honda GX, I was willing to subsidize and even applauded those people who were helping my environment by owning natural gas vehicles. I would go as far as to say that if a movement started today to promote electric cars through an incentive subsidized by my Rocky Mountain Power electric bill, I would support it. Even though I'm not in a financial position or have the desire to tolerate the inconvenience of owning an electric car, I would benefit through cleaner air and less demand for foreign oil.

Concerning the infrastructure, many federal or private programs give loans, grants and credits to states and businesses for the purpose of expanding and improving environmentally progressive projects. Utah should aggressively seek funds from other sources to upgrade the equipment and services to eliminate the high cost of servicing the NGV customer. Or (tongue in cheek) have our legislators add a special-interest porkbarrel NGV project to some environmental bill up before congress!

I am not someone who is trying to get something for nothing or take advantage of a free ride. I truly feel that the advantages of continuing to subsidize natural gas for vehicles greatly outweigh the disadvantages. Billions are being spent around the world to clean up polluted environments and to force big business to clean up their polluting ways. Here in Utah we have a promising natural gas movement that is just beginning to grow and starting to make a difference in our air quality. It isn't costing billions, the current subsidy is very small and no one is complaining about it.

If this resolution is allowed to stand, natural gas usage will immediately begin to decrease. NGV vehicle ownership will begin to decrease. The pioneers in this movement who spent so much money, time, and endured so much inconvenience to make a difference will give up and go back to their polluting gas-guzzlers. If that happens, how much will it cost ALL of us in the future to clean up the polluted air that was allowed to keep getting worse? What drastic measure will need to be implemented then and how much more money will it cost to make a difference in the air quality? We will all look back, realize we made a huge mistake, and wish we would have kept the price low to encourage more natural gas vehicles on the road. Please don't let that happen!

Steve Wilcox