

StateofUtah
DepartmentofCommerce
DivisionofPublicUtilities
HeberM.WellsBuilding,4thFloor
160East300South/SMBBox146751
SaltLakeCity,Utah84114-6751

June27,2002

ViaElectronicFiling

MagalieSalas

FederalEnergyRegulatoryCommission
888FirstStreet,NE,
WashingtonD.C.20426

RE: StandardsofConductforTransmissionProviders
DocketNo.RM01-10-000

DearSecretarySalas:

OnDecember20,2001theUtahDivisionofPublicUtilities(UDPU)submitted commentsintheabovereferenceddocketconcerningtheNOPR.

WeareconcernedthattheFERCstaffhasmisunderstoodourpreviously submittedcomments.Thestaff'sanalysisdocumentprovidedwithitsApril25,2002 NoticeofStaffConference,mischaracterizesourcomments.ThecommentsofUtahare groupedwiththreeotherstatesasalegalchallengepursuanttoSection1oftheNGA. Nowhereinourcommentssdidweraisesuchalegalchallenge.

InUtah,QuestarGasCompanyistheonlynaturalgaslocaldistributioncompany. Itisaffiliatedwithandhasmanyoperationscombinedwithitsaffiliatednaturalgas pipeline,QuestarPipelineCompany.Westandbyourpreviouscomments,theconcerns wereraised,andourrecommendationthatthescopeoftheCommission'saffiliate regulationsnotbebroadenedtoincludeLDC'slikeQuestarGas.

Tobrieflyreviewourcomments:Weareconcernedthattheimpactoftherule,as proposed,willcauseinefficientuseoffacilities,reducedqualityofserviceandincreased coststoUtahcustomers.Theflexibilitygainedfromcommonoperationandcontrolof

various systems reduce the investment needed in both Questar Pipeline and Questar Gas facilities in order to provide the level of service currently provided to Questar Gas customers.

The increased plant costs associated with implementing the NOPR would raise rates for Utah customers. Similarly Utah customers would feel the rate impact of separating the gas control functions and hiring additional employees associated with supporting this and other combined functions. Additionally, our comments gave examples of how the coordination between Questar Gas and Questar Pipeline has benefitted the reliability and quality of service for Utah customers.

Conversely, we pointed out that there is no evidence that Questar Gas Company has or is able to exert the market power, the proposed rule making theoretically addresses.

We did discuss one affiliate problem that could be addressed. That is where affiliates have officers in common and the same individual is a decision maker in negotiating both sides of a contract. This situation gives us some concern.

We invite the Commission to review our originally filed comments which encourage the Commission to not apply the proposed regulation to LDC's like Questar Gas. Communications concerning our comments and this letter should continue to be sent to the following individuals:

Darrell S. Hanson, Technical Consultant
State of Utah
Division of Public Utilities
SM Box 146751
Salt Lake City, UT 84114-6751

Kent Walgren, Assistant Attorney General
160 East 300 South, 5th Floor
Salt Lake City, UT 84111

Respectfully submitted,

/s/ Darrell S. Hanson

Darrell S. Hanson, Technical Consultant
State of Utah
Division of Public Utilities