

**ORAL TESTIMONY OF  
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Good afternoon, Chairman Bennet, Ranking Member Cornyn, and members of the Subcommittee. I am Ron Jibson, President and CEO of Questar, and I am pleased to appear before you today. Questar Corporation is an integrated natural gas company that develops, produces and delivers clean energy in the heart of the Rockies. Questar Corporation has three major lines of business: retail gas distribution, interstate gas transportation and gas production, which are conducted through its three principal subsidiaries – Questar Gas, Questar Pipeline and Wexpro.

I am here also on behalf of the American Gas Association (AGA). AGA represents more than 200 local energy companies delivering clean natural gas throughout the United States.

I'd like to begin by thanking the committee for holding today's hearing, because it is critical that Congress remains current on the dynamic discussion regarding natural gas brought about by the shale gas revolution. The new abundance of natural gas reserves in our country has fundamentally shifted our energy landscape. A decade ago, it seemed inevitable that the United States would become a major importer of natural gas. Instead, today, we are the world's leading producer of natural gas with well over a hundred years supply of natural gas right here at home.

We have made great strides in "turning down the curve" of petroleum imports through increased domestic petroleum production and landmark fuel economy standards for light-duty vehicles. But energy security means more than reducing our petroleum imports below the fifty percent mark. In past decades, we have successfully reduced – or virtually eliminated – petroleum use in other sectors, such as electrical generation and home heating. Yet, our transportation sector depends on petroleum for 94 percent of its primary energy.

Our singular dependence on oil for transportation fuel makes us vulnerable to economic and national security risks. Every American recession over the past four decades has been preceded by – or occurred concurrently with – an oil price spike, including the most recent recession. Our armed forces expend enormous financial and human resources ensuring that oil transit routes remain open and that critical infrastructure is protected. Our relations with foreign governments are too often influenced by our need to minimize disruptions to the flow of oil.

The path that we are on is not sustainable, and it is not smart. A smart path forward includes diversifying our transportation energy mix and seeking to displace high cost imports with lower cost domestic alternatives. Greater use of natural gas as a transportation fuel delivers on both of these objectives.

And while natural gas provides 24 percent of the primary energy used to drive our economy, only 0.1 percent of transportation energy is supplied by natural gas. Natural gas has tremendous potential for the transportation sector, and many nations are ahead of the United States in

grasping this opportunity. There are over eighteen million natural gas vehicles (NGVs) in use worldwide today, up from just four million a decade ago. Yet only about 150,000 vehicles – less than one percent of the global total – are on U.S. roadways.

There is good news – and that is that the market is recognizing that switching from gasoline or diesel to natural gas can mean significant cost savings. Major fleet operators like Waste Management, UPS, Verizon, Ryder and others are switching to natural gas vehicles because the business case is there. But good policy choices can support the adoption of natural gas vehicles by leveling the playing field with other fuels. Currently, liquefied natural gas (LNG) is taxed at a higher rate than the diesel fuel it competes with, working against NGV adoption in the heavy truck market. Resetting the tax rate so that it is applied on an energy-content basis is a common sense measure that would remove an artificial barrier from the market. The alternative fuel tax credit should also be reset to apply on an energy-content basis for natural gas fuels like LNG and compressed natural gas (CNG), and for all alternative fuels. I'm told that consideration is being given to address these issues in

the context of a “tax extenders” bill during this Congress. I would urge this Committee to act in favor of the enactment of such legislation.

Weight restrictions on trucks using natural gas also work against NGV adoption in the heavy truck market because of the weight of storage tanks and the lower energy density of the fuel compared with diesel. To comply with federal highway weight restrictions, NGV operators must compensate with smaller payloads. Allowing an adjustment for these vehicles would remove an unfairly imposed market disadvantage.

As this market continues to grow, natural gas utilities will play a key role in supplying the fueling infrastructure needed to support these vehicles. The gas utilities in our membership maintain over two million miles of natural gas distribution pipelines nationwide. This distribution network means that we can place compressed natural gas fueling stations around the country without the need to truck in fuel. Currently, there are over 1,400 CNG stations in the United States, and many of these are owned and operated by gas utilities.

Natural gas utilities, like Questar, can help greatly in building a national fueling infrastructure for natural gas vehicles. Working with their regulators, a number of natural gas distribution companies are exploring innovative approaches to participation in this market.

Research to develop affordable, reliable home refueling for natural gas vehicles could greatly expand the appeal of natural gas vehicles to residential consumers. The MOVE program at the Department of Energy's ARPA-E has supported this kind of work for the past three years, and that work should continue. As that technology matures, companies like Questar will be involved in ensuring the safe and reliable operation of home refueling appliances, just as we ensure safe and reliable natural gas service to homes and businesses today.

The attractive price of natural gas is creating momentum in the market that is translating into growth in our fueling infrastructure for natural gas vehicles. Since 2008, the number of CNG stations has grown by over 11 percent each year, and LNG stations have grown significantly as well. This sustained growth has occurred even as we

have weathered the worst economic recession our nation has seen in decades.

While oil prices have declined in recent weeks, we must remember that oil prices are – and will continue to be – volatile. Our domestic abundance of natural gas – and the fact that unlike petroleum, its price is not set on a global market – means that we are likely to see low and stable prices for natural gas for many years to come. The consulting firm IHS CERA concluded in a study released earlier this year, *Fueling the Future*, that even under aggressive demand scenarios, the price of natural gas is likely to stay within an envelope of \$4 to \$6 per mmBtu through the year 2035.

To stay on the smart path forward, we need policies that help us sustain the momentum we are seeing in the adoption of natural gas vehicles and fueling infrastructure. The most important component of this is maintaining a level playing field that allows natural gas vehicles to compete fairly in the market.

Developing the market for natural gas vehicles enhances our energy security, our competitiveness and encourages the expansion of transportation fueling infrastructure and technologic advances. We at Questar urge the Congress, and the Administration, to ensure that we set policies that set us on the path to capture these benefits to our nation.