- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar Gas Company to File a General Rate Case	)	DOCKET NO. 07-057-13 ORDER STAYING AND VACATING PORTIONS OF DECEMBER 22, 2008, REPORT AND ORDER AND GRANTING REVIEW AND REHEARING

ISSUED: February 9, 2009

By The Commission:

We concluded this general rate case through issuance of a Report and Order, issued December 22, 2008, concluding Phase II of this case, wherein we resolved rate design disputes and set rates and charges for Questar Gas Company (QGC) to apply for utility service rendered to customers. Previously we had concluded Phase I, dealing with the costs of providing service, by a Report and Order issued June 27, 2008. Subsequent to our December 22, 2008, Report and Order, two parties, Mr. Roger Ball and QGC submitted requests for review or rehearing.

Mr. Ball requests reconsideration of our decisions regarding General Service South or GSS rates and Extension Area Charges or EAC rates. QGC seeks reconsideration of our decisions on three points. On one point, QGC argues the direction to price natural gas delivered as compressed natural gas (CNG) for fuel to natural gas fueled vehicles by excluding Wexpro natural gas is beyond the parameters of this case. On a second point, QGC argues reconsideration of the ordered two step increase in the price of CNG service for vehicles. On the third point, QGC claims the rates and charges set in our December 22, 2008, Report and Order are not just and reasonable as they fail to provide sufficient revenues. Additionally, QGC requests a stay of the December 22, 2009, Report and Order and any order affecting rates that may issue from the requests for review or reconsideration as the company is implementing a new billing system and will not be able to effect rate changes until completion of the upgrade. The Division of Public Utilities (DPU) filed a response to QGC's request. The DPU supports reconsideration of the two points regarding CNG. The DPU, however, argues against consideration of the third point, the reasonableness of revenues. The DPU argues QGC failed to provide sufficient evidence to support additional rate changes and operation of the Conservation Enabling Tariff, CET, provides QGC with a mechanism to ensure adequate revenues and their recovery by QGC. The DPU also agrees, reluctantly, that any rate changes may be postponed due to the current upgrading of the company's billing system. The Committee of Consumer Services (CCS) also responded to QGC's request. The CCS agrees with the contention the decision to exclude Wexpro commodity pricing effects in the pricing of CNG for vehicles is beyond the scope of this case, which is intended to deal only with distribution non-gas (DNG) costs of QGC. The CCS, however, supports the decision to increase the price of CNG used for vehicles to recover the DNG costs incurred in providing such service through the NGV schedule. The CCS specifically notes it does not address the other points of QGC's request.

Upon our consideration of the requests made and the responses filed, we conclude we will not reconsider our decisions relative to GSS and EAC rates. Relative to our decision to exclude Wexpro natural gas supplies in the ultimate pricing of CNG service and natural gas delivered for vehicle use, we agree with the arguments raised in the request and responses. This case deals with DNG expenses and rates for the recovery of DNG costs, not the pricing of the natural gas commodity itself. We will vacate that portion of our December 22, 2009, Report and Order dealing with the exclusion of Wexpro gas supplies from the pricing of CNG service. The recovery of commodity costs and the pricing of the commodity portion of CNG service for vehicles will be addressed in other cases where it is appropriate to consider such issues.

With respect to the rate to be set to assist in the recovery of DNG costs incurred by QGC, including the costs to provide CNG service for vehicles, we will grant review. For the purposes of this docket, we conclude the record is adequate to resolve the issue on reconsideration without additional evidence or argument from the parties. We will also grant reconsideration and rehearing on QGC's claim that the rates set in the December 22, 2009, Report and Order are insufficient. We will set a date for a scheduling conference in order to set a schedule through which we and the parties may proceed to resolve the contentions raised. We also conclude it appropriate to stay the effective date of the rates set in the December 22, 2008, Report and Order pending completion of QGC's billing system upgrade and pending issuance of any order given on reconsideration.

Wherefore, based upon the pleadings filed herein and our consideration of the arguments made, we issue this ORDER, wherein we:

1. Stay the effective date of the December 22, 2008, Report and Order, pending further order of the Commission.

2. Vacate the following language contained in the December 22, 2008, Report and Order, on pages 40 and 41 " We agree, especially since CNG sales are not a traditional utility service. Recognizing the value of CNG with respect to air

quality and energy security, and in order to provide proper market price signals to present and future owners of natural gas-fueled vehicles, we find it reasonable to adjust the NGV schedule to recover 50 percent of its cost of service as calculated by the Company. Also, we do not find it appropriate to include the benefits of Questar's Wexpro gas resource in the pricing of this non-traditional utility service, especially since CNG is available to the general public and is not limited to Questar Gas Company customers. Therefore, we require the NGV schedule to reflect the price of natural gas, exclusive of the Wexpro resource. This is the gasoline gallon equivalent of moving the price of CNG for vehicles from $.80 per gallon to $1.14 per gallon." and, on page 41, "We are compelled by the broader public interest, however, to completely eliminate the subsidy discovered in this rate case, which has kept the price of CNG artificially low at the expense of other ratepayers, sooner rather than later and direct the Company to increase the rates associated with CNG to full cost of service on July 1, 2009. This is the gasoline gallon equivalent of moving the price of CNG for vehicles to $1.43 per gallon in 6 months time." and the NGV Service rates contained in Appendix A.

3. Deny the request for reconsideration submitted by Mr. Roger Ball.

4. Grant review on the DNG rate for CNG service for vehicles.

5. Grant rehearing on the other rates and charges as discussed in this Order.

DATED at Salt Lake City, Utah, this 9th day of February, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#60664