



JON HUNTSMAN Jr.
Governor
GARY HERBERT
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission of Utah
Ted Boyer, Chair
Ric Campbell, Commissioner
Ron Allen, Commissioner

From: Utah Division of Public Utilities
Philip Powlick, Director
Artie Powell, Energy Section Manager

Date: April 21, 2008

Docket: Docket No. 08-057-11, In the Matter of the Consolidated Docket of Formal Complaints Against Questar Gas Company Relating to Back-Billing

Subject: **REVISED** - Proposed Scope of Investigation and Procedural Schedule

REVISED PROPOSED SCOPE OF INVESTIGATION

ISSUE

Based on discussion at the Procedural Conference held on April 17, 2008, in this matter, the Division of Public Utilities (“Division”) is revising its proposed Scope of Investigation.

BACKGROUND

On April 1, 2008, the Public Service Commission (“Commission”) issued an order consolidating formal complaints against Questar Gas Company (“QGC”) relating to back-billing. In that Order, the Commission charged the Division with carrying out an investigation into the related issues. The Order also scheduled a Procedural Conference for April 17, 2008. At the Procedural Conference, the Division of Public Utilities (“Division”) distributed a memorandum addressed to the Commission proposing a scope of investigation and schedule for the investigation. On behalf of the Ratepayers Association (“RPA”), Mr. Roger Ball also distributed an outline of some proposals relative to the scope and timing of the investigation. The Division also filed an electronic copy of its memorandum with the Commission on the morning of the Procedural Conference.

During the Procedural Conference, both the Division’s proposed schedule and the RPA’s scheduling issues were discussed with Judge Steve Goodwill, who presided at the Procedural Conference, and among the parties, primarily the Division, Committee of Consumer Services, and QGC. We are anticipating a scheduling order from Judge Goodwill based on that discussion.

Both the Division's proposed Scope of Investigation and RPA's Scoping Issues were also discussed during the Procedural Conference. Based on that discussion, the Division is revising its scope of investigation. The revisions are designated in **Bold Type** in the following outline.

PROPOSED SCOPE OF INVESTIGATION

1. Objective of Investigation
2. Definition of Problem
 - a. Outline of Investigation.
 - b. Description of why under or over-billing might occur.**
 - c. Identification of other Issues to be investigated (including those identified in the Committee's Memorandum to the Commission dated March 28, 2008.).
3. Investigation Scope and Procedures
 - a. Investigate back-billing resulting from apparent transponder errors or failures.
 - b. Outline Division Investigation
4. Questar Gas's Response to Complaints and Position on Specific Issues
 - a. History of Issues Covered by this Docket **Including**
 - (i) Installation Program – How, When, Where etc.**
 - (ii) How meters and transponders function together Potential problems**
 - (iii) How and when QGC became aware that consumption was being under-reported.**
 - (iv) A similar inquiry of possible over-billing.**
 - b. **Description of technology available and selected for metering and billing – before and after discovery of any problems.**

- c. Questar's Response to the Discovery of Transponder Errors
 - d. Questar Gas's Response to Complaints
 - e. Other Issues addressed by Questar Gas
5. Demographics of consumers affected.
- a. The number of residential customers affected.
 - (i) Number of customers with incorrect transponder reporting
 - (ii) Number of customers underbilled
 - (iii) Number of customers overbilled
 - (iv) Number of customers with outstanding charges.
 - (v) Number who have paid back amounts.
 - (vi) Number on equal billing
 - (vii) Geography
 - (viii) Other Demographic Factors
 - b. The number of commercial customers affected.
 - c. Any other group of customers affected.
6. Affect on Individual Customers
- a. Direct Effects
 - (i) Back-billing dollars by customer and customer group.
 - (ii) Compliance with relevant PSC rules and regulation
 - (iii) Customer billing disputes potentially related to transponder issues
 - (iv) Other
 - b. Indirect Effects
 - (i) Effects on efficiency choices.

- b. Associated Gas Costs in CET or 191 Accounts
 - (i) Past Treatment (before discovery of problem)
 - (ii) Future Treatment – Alternatives
10. Determine existing utility processes related to testing of new equipment, checks within the billing system, and risk controls.
- a. Commission Orders and Rules
 - b. Questar Gas' Procedures, Checks and Controls
 - (i) Procedures generally in place.
 - (ii) Procedures in place specifically for the transponder project.
 - (iii) Identification of how procedures did or did not allow QGC to identify problems.
 - c. Date QGC was aware of problems and the circumstances surrounding such knowledge.
11. Determine appropriate regulatory oversight regarding potential customer obligations under the circumstances. (Legal requirements and prudence review)
- a. Who should Pay
 - (i) Questar Gas
 - (ii) Back-billed Customers
 - (iii) All Customers
 - b. If Back-billed Customers Pay
 - (i) How far back should back-billing cover?
 - (ii) Do all ratepayers pay?
 - c. If Questar Gas Pays
 - (i) Above or Below the Line
 - d. If All Customers Pay

- (i) Justness and Reasonableness
- (ii) Consideration of Regulatory Principles

12. Commercial relationships between QGC and its suppliers of transponders and the contractors that installed the transponders.

- a. Investigation of the relationship and arrangements between QGC and its suppliers of transponders.**
- b. Investigation of the relationship and arrangements between QGC and its contracts that installed the transponders.**

13. Training, supervision, and management of meter reading program.

- a. Meter Readers**
- b. Customer Service (dealing with inquiries and disputes)**

14. Tariff Issues

- a. Should the Company be allowed to back-bill up to two years
- b. Other Tariff Issues (1 - repayment language; 2 - other)
- c. Other Considerations

15. Conclusions and Recommendations