**BEFORE THE UTAH PUBLIC SERVICE COMMISSION**

---

| | | |
|---|---|---|
| In the Matter of the Investigation and the Consolidation of Dockets of the Formal Complaints Against Questar Gas Company Relating to Back-Billing | ) ) ) ) | Docket No. 08-057-11 |

---

**Comments of Salt Lake Community Action Program**
**September 9, 2008**

---

## Introduction

Salt Lake Community Action Program is grateful for the opportunity to submit comments regarding the Questar Gas Company (QGC) Transponder and Back-Billing issues. Without revisiting the details of the July 18th Report from the Division of Public Utilities (Division or DPU), we find that we agree with many of its conclusions. However, we wish to raise some questions and concerns and provide recommendations in a few specific areas.

Salt Lake Community Action Program (SLCAP) is an organization that represents low income customers. While most of the customers who were determined to have been under billed in this investigation are either large residential or commercial customers and thus not likely to be low income customers, there are still several issues of interest to these customers and many other customers that are on fixed incomes and / or who have moderate incomes. However, it should be noted that the basic principles remain the same for all customers.

## Questions and Concerns

One of the issues of paramount concern in this case is the ultimate question of who should bear the cost for billing issues associated with Transponder pre-divide errors in the new automated meter reading system. Currently, most of the costs associated with the under billing have already been paid by all customers through the 191 Balancing Account and the

Conservation Enabling Tariff (CET) with the exception of a relatively small amount (about 11%) that was uncollected in Distribution Non-Gas (DNG) costs prior to the imposition of the CET and thus borne by Questar Gas.

The DPU concluded that according to tariffs and legal precedent that the customers who were under billed should be back-billed for a period of 6 months and that the remaining under collections be somehow shared between the Company and other customers. If one were to accept that the 6 month back-billing is correct, then the bottom line question is who should pay the difference between the gas that was consumed and the amount that was under billed. Normally, it would be the customers who incurred the cost who would be responsible. In this case, the DPU has determined that for purposes of this case, the transponder should be viewed as part of the meter and as a slow reading meter, thus allowing for back-billing from under billed customers for a period of 6 months.

Because of questions of prudence articulated in the Divisions's report, we believe that it is preferable for the Company to pay for the costs of the under billing. However, if the Commission were to determine that back billing for six months is appropriate, there are still some concerns and questions that arise.

First, it does not seem to be appropriate for the rest of the customers to pay the costs of the gas of those who did use the gas due to the incorrect pre-divide settings of the transponders.

Second, there are some cases, as described in the DPU's Report on p. 70, Footnote 34, where the Company says that there are a number of individual cases that cannot be back billed given that the customers who were under billed have either died or moved. Thus, there is a recognition that some of the previously under billed customers cannot pay a back billed amount even for a 6 month period. If those people, albeit a limited number, cannot pay, then who should pay the costs of those customers?

Third, there may be similar issues even with those customers who can be back-billed. As

an example, in at least one case of which we are aware, a customer had been under billed by a significant amount for rental housing units that are customarily rented to low income households. Many low income families move quite frequently, especially those who are in rental housing. Thus it is likely that many of the renters who took service during the time of the under billing may no longer live in the rental units. We question whether it is fair that other customers who have moved are not responsible to pay the under billing while a landlord whose tenants may also have moved should be responsible for their usage which he is unlikely to be able to collect. It is possible that a similar scenario could also hold true for other residential rental units or even a commercial establishment where the tenant is no longer there to help pay for the back billing.

**Recommendations**

In general, we would prefer that customers not be back billed due to the discussion of the issues regarding prudence in the time frame of discovering the problem in the new system.We recommend that the Company be required to be responsible for most of the costs due to the issue of prudence. Surely, the Company should be responsible for those under billed costs that:

1. occurred prior to the 24 month time period as they would not under any circumstances be allowed to collect that amount from customers;
2. were from other parties who moved or who no longer receive service from the Company; and
3. those individual cases that exhibit unique and /or challenging circumstances.

Furthermore, if the Commission were to agree with the DPU that back billing for 6 months is appropriate, we agree with the DPU that customers should have a longer time to pay the money back than the amount of time equal to the back billing. Rather than being restricted to double that time, or 12 months, we suggest that the details be worked out on a case by case basis. Some customers may prefer to make the payment in a lump sum, while for others, even paying the money over a 12 month period could be onerous.

In addition, we would urge that the Commission take into consideration some of the circumstances of the individual customers who may be back billed and allow customers to challenge the back billing to the PSC on an individual basis.

Fairness dictates that if an action were deemed to be imprudent in some measure, that

there be a cost to that action. Consequently, we believe that the Company should be responsible for those costs. We do not take issue with the Company installing the new meters or transponders but it should be responsible for doing so in a way that ensures that a new system work properly. In particular, with a regulated monopoly, especially one that has the ability to collect revenues from a 191 balancing account and to be made whole for customers' fixed costs through a decoupling mechanism such as the CET, it is imperative that it not be allowed to be financially indifferent when it will be compensated in any event. This is certainly not to say that the Company should be punished – just that it needs to remain vigilant in the future to its actions regardless of who is responsible for the dollars.

Finally, the DPU states that customers should be indifferent as to whether any dollars that are deemed to be the responsibility of the Company be credited to the 191 Account or the CET. While the amount may be small relative to other accounting entries, the CET is a pilot program that is still in the process of being evaluated. Thus, if possible, it would be best to credit any dollars from the Company to the appropriate accounts so that the CET may be properly evaluated

Again, we appreciate the opportunity to provide comments in this case.

**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing Comments of Salt Lake Community Action Program in Docket No. 08-057-11 was mailed electronically this 9th day of September, 2008 to the following:

Colleen Larkin Bell
Jenniffer Byde
Barrie L. McKay
Questar Gas Company
180 East 100 South
P.O. Box 45360
Salt Lake City, UT 84145-3604
colleen.bell@questar.com
jenniffer.byde@questar.com
barrie.mckay@questar.com

Michael Ginsberg
Patricia Schmid
Assistant Attorneys General
160 East 300 South, 5th Floor
Salt Lake City, UT 84111
mginsberg@utah.gov
pschmid@utah.gov

Philip Powlick
William Powell
Dennis Miller
Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, UT 84111
philippowlick@utah.go
wpowell@utah.gov
dennismiller@utah.gov

Paul Proctor
Assistant Attorney General
160 East 300 South, 5th Floor
Salt Lake City, UT 84111
pproctor@utah.gov
Michele Beck
Eric Orton
Committee of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111
mbeck@utah.gov
eorton@utah.gov

Roger J. Ball
Utah Ratepayers Association
1375 Vintry Lane
Salt Lake City, UT 84121
ura@utahratepayers.org

Respectfully,

_____

Betsy Wolf
Salt Lake Community Action Program