UTAH COMMITTEE OF CONSUMER SERVICES

RESPONSE TO THE DIVISION OF PUBLIC UTILITIES' INVESTIGATION ON TRANSPONDER PRE-DIVIDE EXCEPTIONS AND BACK-BILLING ISSUES

Appendix A: Committee's Analysis and Concerns

Transponder Problem Types

Attachment 1 to Appendix A is a summary of the causes of the transponder problems as categorized by the Company but re-named in an easy-to-read format (Response to CCS DR 2.06)

Attachment 1 shows that about 40% of the transponder problems were caused by the installers hired by the Company; 40% of the transponder problems were caused by the manufacturer; and 20% falls into the unknown category.

This correlates with the Company's explanation that the two main causes of the transponder problems lie with the installers and the vendor (Slide 36 from the Technical Conference).

Therefore, the two main causes giving rise to the transponder problem/back-billing issue have been determined.

Inspection Time Frame

The business plan to install the transponders began in 1994 (QGC Technical Conference on 5/16/08 slide #9), and transponder installation began in earnest in 1998 and was largely completed at the end of 2005 (QGC Answer Background #2). Although there was an initial inspection before each transponder was installed by giving it a spin test to see if the meter was advancing (Response to Data Request DPU 1.02 and slide 24 of the presentation at the Technical Conference, and page 46 of the Divisions report), the systematic inspection of he transponders did not begin until in mid-2006 (some eight years later after the project's ramp-up began). This inspection process, known as the Meter Transponder Inspection Program (MTIP), is still ongoing and is expected to be completed by the end of 2009 (DPU 1.06). One customer's meter was under-recording for nearly six years before it was discovered (page 29 of the Divisions Report). This delay was "not a wise decision" according to the Division (Division Report, Page 47).

Therefore, Questar did not begin the MTIP until mid-2006, which is about eight years after transponder installation program was launched. Responsibility for

this extremely long delay in beginning the MTIP process to verify that customers' transponders were properly operating clearly lies with Questar Gas management.

Reliability of Inspection Numbers

Attachment #2 shows that as of March 25, 2008 the Company expects the MTIP to be completed by the end of 2009 and projected 330,000 inspections to be completed in 2008. (Response to DPU 1.06,). On April 30, 2008, the Company updated this projected inspection number for 2008 to 508,739 meters (Response to CCS 1.10). On July 22, 2008 the Company revised downward the projected inspections for 2008 to 339,307 meters (Response to CCS 2.02).

Attachment #3 shows that on a monthly basis, the projected inspections jump up significantly (about 2x) shortly after the date of the response to the data requests.

Attachment #4 shows that the projected inspection figure differs based on when the Company replied to data requests.

Attachment #5 shows that six 3.4 models have Pre-divide problems even though, (according to the Company) the VRT model is the only one that had a Pre-divide mechanism that needs to be set.

Thus, the reliability of these numbers appears to be at issue and needs to be closely monitored by the Commission.

Attention to Solutions.

Attachment #6 shows that in the time from the end of March to the first of May there were 194 more transponder problems reported. Nearly half of all new problems were placed in this "Undetermined (need to investigate)"category. There is no indication that any were 'investigated' and transferred to another account based on the results of some investigation.

Therefore, the 'Undetermined (need to investigate)' category may be a 'catch-all' for transponder problems, and the Company is not working aggressively to resolve these problems.