

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Pass-Through)
Application of Questar Gas Company for an) DOCKET NO. 10-057-09
Adjustment in Rates and Changes for Natural)
Gas Service in Utah)
)
In the Matter of the Application of Questar) DOCKET NO. 10-057-10
Gas Company to Amortize the Conservation)
Enabling Tariff Balancing Account)
)
In the Matter of the Application of Questar) DOCKET NO. 10-057-11
Gas Company to Amortize the Demand Side)
Management Deferred Account Balance) REPORT AND ORDER
)

ISSUED: July 28, 2010

By The Commission:

This matter is before the Commission on the following applications:

1. the Pass-Through Application of Questar Gas Company (Questar) for an Adjustment in Rates and Changes for Natural Gas Service in Utah;
2. the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account;
3. the Application of Questar Gas Company to Amortize the Demand Side Management Deferred Account Balance

The administrative law judge of the Commission conducted a hearing on these three matters on July 22, 2010, beginning with Docket No. 10-057-09, with the remaining two dockets heard together. Jennifer Nelson was counsel for Questar. Testifying on behalf of Questar were John Kennedy and Kelly Mendenhall. Patricia Schmid, attorney general's office, represented the Division of Public Utilities (Division). Marlin Barrow testified for the Division.

No one opposed the granting of the above-referenced applications.

The Division submitted its recommendation on July 12, 2010, with a corrected recommendation submitted after the hearing. The Division's recommendation gave an analysis of the three applications and recommended the Commission approve the rate changes in the three applications on an interim basis until the Division could complete its audit of the entries into the respective accounts associated with these applications. After its audits, the Division stated it would issue recommendations regarding making the rate increases permanent.

The individual applications and Division recommendations contain details of the applications and the Commission does not restate those details here, but only summarizes the nature of each application.

Docket No. 10-057-09

Questar asks for approval to increase both the supplier non-gas cost and the commodity rate components of its Utah natural gas rates in order to pass-through an expected total increase in gas costs of \$48,323,000. The commodity portion of the increase is \$44,951,000 and the supplier non-gas (SNG) portion is \$3,372,000, for projected gas costs from August 2010 through July 2011.

Questar proposes to increase the commodity rate from about \$4.17/Dth to about \$4.24/Dth resulting in a \$7,173,000 increase in the base commodity gas costs for firm sales customers. Adding to this increase is an increase in the 191 account amortization rate—an increase from about \$0.00/Dth to about \$0.37/Dth. The amortization rate increase produces an increase of \$37,778,000 for firm sales customers, and added to the \$7,173,000 increase in market

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rates, equals the \$44,951,000 in commodity gas costs. The SNG base rates also increase by 3.51%, further increasing SNG costs by \$3,372,000.

The net effect to the typical GS customer, using 80 decatherms annually, is an annual increase of \$37.48.

Docket No. 10-057-10

Questar requests it be permitted to amortize the May 2010 Conservation Enabling Tariff (CET) credit balance over-collection of \$3,471,074 in account 191.9 and adjust the CET component in Block 1 and 2 of the GS class distribution non-gas rates (DNG). The typical GS customer who uses 80 decatherms will see a \$5.06 decrease in their annual bill.

The Division verified the amount of \$3,741,000 as the credit balance showing in Account 191.9 as of May 31, 2010, from Questar's financial statements.

The CET amortization rates reflected in the GS tariff sheets filed with the application have changed for Blocks 1 and 2 of the summer and winter rates. The Division stated that the incremental decrease in the GS DNG Block 1 rate is about \$.06/Dth for the summer rate and about \$.07/Dth for the winter rate.

Docket No. 10-057-11

This application requests a decrease in the demand side management (DSM) amortization rate to amortize the \$36,000,000 DSM budget for 2010. The Division noted the actual May 2010 DSM balance is \$33,420,000. The Division noted that as of May 31, 2010, 41.8% of the \$36,000,000 budget had been spent. The Division also stated that on June 30, 2010, it notified the Commission that the ThermWise Appliance and ThermWise Builder

programs have reached 55% of their budgeted amounts. The Division stated that it was reasonable to base the amortization rate on the 2010 *budget* rather than the *actual balance* in the DSM account, as in the past, because of this percentage.

The Division noted that the typical GS customer using 80 decatherms annually will see a decrease in their annual bill of \$5.98. The sales volumes used to calculate the DSM amortization rate are the same used in the 191 pass-through application in Docket No. 10-057-09. This application provides for a decrease from about \$.45/Dth to \$.038/Dth, a net decrease of about \$.07/Dth.

Combined Effects

The Division stated that the combined effects of all three applications are a net increase on the rates of GS class summer and winter rates. Specifically, the Division states there will be a net increase of \$25.81 annually for the typical GS class customer.

The Commission finds that the evidence before it shows the granting of the applications is just and reasonable and in the public interest. There is no opposition to the granting of the applications. The applications should be granted in the interim, until the Division has time to perform their audit.

ORDER

1. Questar's applications in Docket Nos. 10-057-09, 10-057-10, and 10-057-11 are granted in the interim, and the changes reflected in the applications shall become effective August 1, 2010;

2. Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of Sections 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 28th day of July, 2010

/s/ Ruben H. Arredondo
Administrative Law Judge

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Approved and confirmed this 28th day of July, 2010, as the Report and Order of
the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

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G#67748 Docket No. 10-057-10
G#67749 Docket No. 10-057-11