



GARY HERBERT.
Governor
GREG BELL
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

To: **Public Service Commission**

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Marlin H. Barrow, Technical Consultant
Doug Wheelwright, Utility Analyst
Artie Powell, Manager

Date: January 4, 2013

Subject: Docket No. 12-057-19, Application of Questar Gas Company for Authority to File a Change in its Existing Tariff.

ISSUE:

On December 6, 2012, Questar Gas Company (Company) filed an Application for Authority to File a Change in its Existing Tariff in §2.03 FS Rate Schedule, §5.01 Conditions of Service ; Transportation Service and §5.07 TS Rate Schedule. On December 13, 2012, the Commission issued an Amended Action Request to the Division of Public Utilities (Division) to review the tariff filing for compliance. This is the Division response to that amended request.

RECOMMEND APPROVAL:

The Division recommends the Commission approve §5.01 Conditions of Service; Transportation Service as filed on December 6, 2012, and revised tariff sheets §5.07 TS Rate Schedule and §2.03 FS Rate Schedule which are attached as part of this Action Request response.

DISCUSSION:

§5.01 Conditions of Service; Transportation Service

The changes made in the Initial Service Agreement section provide a more definitive description and timeline in order for customers to qualify for this service. The Division has reviewed the language in this section and concur that it does establish a better description of exactly what customers must do to qualify for this rate schedule and when those requirements must be completed which provides more clarity for customers.

§5.07 TS Rate Schedule

The TS Classification Provisions section added a (9) provision that defines the type(s) of meter the customer must have, at the customer's expense, in order to receive this service. The Division requested the Company file a revised tariff sheet to show the correct Infrastructure Rate Adjustment tariff approved by the Commission on December 13, 2012 in Docket No. 12-057-15.

§2.03 FS Rate Schedule

In this rate schedule, the Company is requesting to make a change in the calculation of a customer's load factor which is required to remain on the rate schedule. Currently, one year's worth of usage is used to verify eligibility for the rate schedule. The Company is requesting to use three years of data in order to minimize year-to-year usage fluctuations.

As part of the review of the changes requested in this tariff, the Division asked the Company to provide an analysis of the effect this tariff change would have on current customers. That analysis revealed that as of October 2012, there were a total of 507 customers currently receiving service on the FS rate schedule. Of those 507 customers, 54 customers would be disqualified for continued service on this schedule under both the current requirement of using one year's worth of data or three years usage data, as requested in the filing. An additional 47 customers would be disqualified using the current analysis of one year's worth of data but would remain on the FS rate schedule by using three years of data. 399 customers would remain on the FS rate schedule regardless of the change while 7 customers would qualify under the current one year requirement

but not qualify using a three year average as proposed. Under a strict interpretation of the current tariff, of the 507 current customers, 406 would remain on the FS schedule under the current one year guideline. Under the proposed three year average methodology proposed in this filing, this number would increase to 446.

The Division learned that in actual practice, the Company does grant customers some leeway before switching a customer to the GS rate schedule. The Division understands that circumstances beyond a customer's control, such as a warmer than expected winter, can cause a customer's daily usage to fall below the requirement but the Division also feels it is important to enforce the requirements established by a tariff in order to qualify for that tariff. To that end, the Division suggested and the Company agreed to establish in the tariff a one year grace period where a customer's three year average may drop to as low as 35% before being switched to the GS rate schedule. If after that one year grace period, their three year average load factor isn't at 40% or higher they will be switched. Using this guideline, an additional 40 customers or a total of 486 customers would remain on the FS rate schedule.

New customers, who may not have three years of service to analyze can use a projection if they are a new customer or one or two years of existing usage in order to qualify.

If this proposed change is approved by the Commission, the Company plans on conducting this review in March and moving all FS customers whose three year average is below 35% to the GS rate schedule.

The Division recommends the Commission approve §5.01 Conditions of Service; Transportation Service as filed on December 6, 2012, and revised tariff sheets §5.07 TS Rate Schedule and §2.03 FS Rate Schedule which are attached, all with an effective date of January 21, 2013 and request that the Company issue an advice filing to all tariff holders of their Utah Natural Gas Tariff PSCU 400 notifying them of the changes.

Cc: Barrie McKay, Questar Gas Company
 Kelly Mendenhall, Questar Gas Company

Michele Beck, Office of Consumer Services

Eric Orton, Office of Consumer Services

Maria Martinez, DPU Customer Service