

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application  
Of Questar Gas Company for Authority  
To File a Change in its Existing  
Tariff.

Docket No. 12-057-19

~~~~~  
HEARING AND PROCEDURAL ORDER  
ADMINISTRATIVE LAW JUDGE REIF

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TAKEN AT: Heber M. Wells Building  
160 East 300 South  
Salt Lake City, Utah  
  
DATE: January 25, 2013  
  
TIME: 9:00 a.m.  
  
REPORTED BY Kellie Peterson, RPR

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APPEARANCES

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INDEX

Witness	Page
Kelly Mendenhall	
Examination by Ms Clark	5
Examination by Administrative Law Judge Reif	8
Doug Wheelwright	
Examination by Mr. Jetter	18

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Hearing & Procedural Order

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January 25, 2013

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## PROCEEDINGS

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ADMINISTRATIVE LAW JUDGE REIF: We will be

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on the record. Good morning, everyone. I am Melanie Reif,

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Administrative Law Judge for the Utah Public Service

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Commission. This morning, we are hearing docket 12-057-19

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which is scheduled for notice of hearing and procedural order.

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In particular, this matter is before the Commission

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on an application filed by Questar on December 6, 2012. The

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application proposes to make a number of changes to its tariff;

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in particular, the FS Rate Schedule in section 2.03; section 501,

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the transportation condition service; and section 507, also the

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transportation service, the TS Rate Schedule.

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Could we start by making appearances, please?

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MS. CLARK: Jenniffer Clark on behalf of Questar

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Gas, and I have Mr. Kelly Mendenhall here to offer testimony.

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ADMINISTRATIVE LAW JUDGE REIF: Thank you.

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MR. JETTER: Justin Jetter for the Division of

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Public Utilities, and with me is Doug Wheelwright with the

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Division of Public Utilities.

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ADMINISTRATIVE LAW JUDGE REIF: All right,

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thank you very much.

24

Ms. Clark, would you like to begin this morning?

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MS. CLARK: Yes. Mr. Mendenhall is here to offer

1 foundation and then a summary. I don't know if you would like  
2 to swear him.

3 ADMINISTRATIVE LAW JUDGE REIF: Yes, I would  
4 like to swear him in, thank you.

5 Kelly Mendenhall, called as a witness and having  
6 been duly sworn, was examined and testified as follows:

7 EXAMINATION

8 BY-MS.CLARK:

9 Q. Can you please state your name and business  
10 address?

11 A. Yes, I'm Kelly B. Mendenhall and my business is  
12 333 South State, Salt Lake City, Utah.

13 Q. What position do you hold with Questar Gas?

14 A. I am the director of regulatory affairs.

15 Q. Did you oversee the preparation of the application  
16 in this matter?

17 A. Yes.

18 Q. Okay. Can you summarize the relief the company  
19 seeks?

20 A. Sure. In Docket 12-057-19, the application of  
21 Questar Gas Company for--the application of Questar Gas  
22 Company for authority to file a change in an existing tariff, the  
23 company is proposing to make three changes. One change is  
24 section 2.03 deferred sales rate; one change is section 5.01  
25 transportation condition and service, and one change to section

1 5.07 transportation rate schedule. I would like to briefly  
2 summarize each of the proposed changes.

3 In section 2.03 deferred sales rate schedule, the  
4 company is proposing to use a three-year average to calculate  
5 the low factor. The company is proposing this change to help  
6 mitigate the affect of whether on an actual usage caused by  
7 using a single year load factor. The company believes a  
8 three-year calculation better represents a customer's load factor  
9 over time.

10 On January 4th, the Division filed an action request  
11 response related to this docket and proposed to make an  
12 additional change to the firm sales rate schedule. The Division  
13 is proposing to further clarify the firm qualification language, so  
14 the customers who fall below a load factor of 35 percent will be  
15 moved from the firm sales rate and customers who fall below a  
16 load factor greater than 35 percent but less than 40 percent will  
17 be given a one-year grace period. The company is in support of  
18 this proposal as it creates clear qualification language for the  
19 customer and for the company.

20 In section 5.01, conditions of service for  
21 transportation service, the company proposes to add language  
22 to more specifically set planning dates for customers who are  
23 seeking to become transportation customers. These dates have  
24 been added in response to feedback from customers and will  
25 help facilitate the planning process for the company and for

1 customers.

2 In section 5.07 the transportation rate schedule,  
3 the company is proposing to add TS class provision No. 9. This  
4 provision requires that customers have a meter that is large  
5 enough to receive telemetry. This will help meet the company's  
6 measurements needs.

7 As the planning dates in the transportation tariff  
8 schedule are time sensitive, the company asks that the  
9 Commission approve these tariff changes as expeditiously as  
10 possible.

11 MS. CLARK: Mr. Mendenhall is available for  
12 cross-examination.

13 ADMINISTRATIVE LAW JUDGE REIF: Thank you.  
14 Mr. Jetter, do you have any questions?

15 MR. JETTER: I have no questions.

16 ADMINISTRATIVE LAW JUDGE REIF: Okay, thank  
17 you.

18 EXAMINATION

19 BY-ADMINISTRATIVE LAW JUDGE REIF:

20 Q. Mr. Mendenhall, I do have a few questions for you.  
21 First let me make clear that the Commission takes notice of the  
22 application that's been filed, and we also received, on January  
23 8th, a letter from Questar, which we also take notice of. And  
24 are you familiar with a letter that was filed on the 8th, that was  
25 filed by--actually, it was filed by Ms. Clark?

1 A. Yes, I am familiar with that letter.

2 Q. Okay. And the letter, as I understand it, is in  
3 response to what the Division filed; is that your understanding  
4 as well?

5 A. Correct.

6 Q. And the Division, which we will be getting into in  
7 just a moment or two, filed its response on January 4th and  
8 made a number of suggested changes, which the Commission is  
9 under the understanding that Questar also agrees with; is that  
10 correct?

11 A. That is correct.

12 Q. Okay. And just for clarification--  
13 (Microphone malfunctions.)

14 ADMINISTRATIVE LAW JUDGE REIF: Hopefully  
15 that doesn't happen again.

16 Q. Mr. Mendenhall, getting back to what I was going  
17 over, just to briefly summarize, so the Division has requested  
18 some wording changes in the sections that you're focusing on,  
19 and if I understand what was filed on the 8th, Questar  
20 completely agrees with all of that; is that correct?

21 A. That's correct.

22 Q. Okay. One bit of clarification that I would need,  
23 and this would be based on what was filed from the Division, in  
24 the section 2.03 provision, and actually, this language is also  
25 cited in the Commission's notice, where it starts with the



1 average daily usage divided by peak winter days, and then  
2 there's an open parenthesis there.

3 A. Yes, I see where you're at.

4 Q. My question is, that parenthesis either is there  
5 mistakenly or there is no close parenthesis to designate where  
6 the end of that parenthetical statement is supposed to be. Do  
7 you --

8 A. Oh, okay, yes.

9 Q. Do you know where that should be?

10 A. Yes. So it would--basically, that sentence is  
11 describing how the average daily use is calculated, so where the  
12 parenthesis begins, it says, "Begin average daily usage is equal  
13 to the last three years of annual usage divided by 1,095," and I  
14 believe you could probably end the parenthesis there. Actually,  
15 you probably need to go on because it talks about peak winter  
16 day, too, so peak winter day is defined in section 11 of the  
17 tariff. That is where you would end the parenthesis right there  
18 after tariff.

19 Q. Okay. When the Division makes their presentation,  
20 I will make sure they are in agreement that that also makes  
21 sense to them since they propose the change as well.

22 A. Okay.

23 Q. Have the rate payers been notified of this change?

24 A. Yes. Our account management group has  
25 anticipated--well, we have been working with our account

1 management group, and they basically represent the larger  
2 industrial customers, as well as these firm sales customers.  
3 And so they have sent out, I believe it was probably the end of  
4 December, beginning of January, kind of a memo outlining this,  
5 these proposed changes.

6 And then they have also been in communication  
7 with customers, telling them where we are at in the process.  
8 You know, when the Division issued their memo, they let them  
9 know that the Division had supported our proposed changes and  
10 made some additional changes, as well as the fact that we were  
11 going to have this hearing today. So most of the customers  
12 should be aware.

13 As far as the firm sale customers go, you know,  
14 we're making some changes to the way that their rate will be  
15 calculated, and so we anticipate we will be sending out letters to  
16 any customers who would be affected by this, assuming it got  
17 accepted.

18 Q. Okay. And how many customers, do you how many  
19 customers are currently under the rate plan for that?

20 A. The firm sales?

21 Q. Yes.

22 A. I believe it's just over 600.

23 Q. And how many do you think will be affected by the  
24 change?

25 A. If you read in the Division's memo, I believe that's

1 the most recent analysis that we did, and that was as of  
2 October, 2012, I believe. Let's see if we look at the--in fact,  
3 let's just turn to the memo. If you go to page 3, so there were--  
4 we did an analysis for the Division, there were 507 customers  
5 who had three years worth of data. So when I said we're a little  
6 bit over 600, that means there's, you know, an additional 100  
7 and change that only have one year of data or two years of  
8 data. So I'm assuming those customers are unchanged because  
9 we don't have three years of data for them.

10 The 507 that we do have the three years of data  
11 for, if we accept the company's position in addition to the  
12 Division's recommendations, we would have 446 customers left  
13 on that schedule. So we would have about 61 customers who  
14 would be removed from the firm sales rate schedule.

15 Q. And when I originally asked you how many  
16 customers were on the rate schedule that may be potentially  
17 affected, you indicated that there were 600, what is the  
18 difference between the 600 and the 500?

19 A. So when we did the analysis, we were looking at  
20 what a customer who was getting their load factor calculated on  
21 one year, the impact that would have on them, versus three  
22 years, and we only had 507 customers who had three years of  
23 data. So, you know, assuming we have 650 firm sales  
24 customers, the other 150 customers have either only been on  
25 the rate--yes, they have only been on the rate schedule for less

1 than three years, so we weren't able do that analysis with them.

2 Q. Okay. And I know I'm repeating myself a little bit  
3 but have the 600 customers, or at least the ones that you are  
4 looking at for purposes of data, the 500 or so, have they  
5 received notice, actual notice that this is pending before the  
6 Commission and that they have an opportunity to respond?  
7 There was some mention that certain customers have been  
8 notified of the hearing.

9 A. Yes, and I don't know that they have, they have  
10 been explicitly told, you know, that they had the opportunity to  
11 come and speak if they had any concerns. I would point out that  
12 the firm sales schedule is a lower rate than the general service  
13 schedule. So anyone who is disqualified under the firm sale  
14 schedule will go onto the general sales schedule. And so with  
15 the proposal that we are making, actually, we're--it will allow  
16 more customers to stay on the firm sales schedule.

17 Now in the Division memo, they made mention that  
18 there would be seven customers who would have benefitted  
19 under the old calculation that will probably be disqualified, and  
20 to answer your question, I don't believe we contacted those  
21 seven customers and told them that we were making this  
22 change.

23 Q. Okay, all right. Thank you. One other bit of  
24 clarification I wanted to just be sure to get on the record is in  
25 Questar's application, the section 5.07 TS Rate Schedule, those

1 numbers were updated in the Division's submission; is it  
2 Questar's position that the numbers that have been submitted by  
3 the Division are the numbers that Questar now adopt as the  
4 correct number?

5 A. Yes, that's correct. So just maybe to explain what  
6 happened, when we made this filing, it was before another tariff  
7 filing that we had in progress, and so at the time we made the  
8 filing, the rates were correct, but since then, the rates have  
9 changed, so the Division wanted to simply update the tariff  
10 sheet to reflect the current rates that were in effect. So, yes,  
11 the company agrees with those, those changes.

12 Q. Okay. And can you help me understand what, I  
13 think the terminology was tele --

14 A. Telemetry?

15 Q. Yes.

16 A. Yes. So as part of being a transportation customer,  
17 in order for Questar Gas to manage its system because Questar  
18 Gas is not providing the gas to that customer, the customer is  
19 responsible to go out and procure their own gas and then have it  
20 delivered to a point within Questar Gas's system, and then  
21 Questar moves it from that point, from point A to point B on its  
22 system.

23 So in order to manage and make sure that the  
24 customer is using what they delivered, we have what is called  
25 telemetry. And, basically, it's a little digital meter that goes on

1 to the customer's meter. It's electronic and it allows the  
2 company to take daily reads via either a regular phone line or a  
3 cell line, so that the company can manage and make sure that  
4 the customer is not, you know, nominating 100 decatherms and  
5 then using 200 decatherms. If that happens, then basically the  
6 customer is shortening all of the sales customers.

7 So in order to manage their system, the company  
8 requires every transportation customer to have this telemetry on  
9 their meter so we can manage their system and monitor them.

10 Q. Okay, thank you for their clarification. I appreciate  
11 it.

12 A. Uh-huh.

13 Q. I do have one other question. This is really a  
14 procedural issue that perhaps we can address at the very end,  
15 but since it's Questar's opportunity to respond now, I will raise it  
16 now, and if you would like to address it now, that's fine.  
17 The application requests an effective date of January 21, 2013.  
18 We are now a few days after that and I wanted to ask you to  
19 address that, in light of the fact that we are having a hearing,  
20 whether there would be an amended request to the Commission  
21 on the requested effective date.

22 MS. CLARK: I can speak to that, if that's all right  
23 with you.

24 ADMINISTRATIVE LAW JUDGE REIF: Yes, please.

25 MS. CLARK: And so if you look at the proposed

1 changes of 5.01 conditions of service, it sets forth a schedule  
2 for customers to follow each year. And as Mr. Mendenhall  
3 testified, Questar Gas developed that at the request of some  
4 customers who wanted more clarity.

5 And so Questar would, I guess, amend its request  
6 now for an expeditious and reasonable period of time, keeping  
7 those dates in mind. And understanding that I think the first of  
8 those dates is a February 15th date. That is a date by which we  
9 expect the customers to just give us confirmed notice that they  
10 intend to change schedules. So it would not be a contracting  
11 date, but that's--we would like to have these implemented this  
12 year.

13 ADMINISTRATIVE LAW JUDGE REIF: Okay. Let's  
14 come back to this issue after we hear from the Division, and I  
15 think I have a followup question for you but I would like to let  
16 the Division make their presentation first.

17 MS. CLARK: Thank you.

18 ADMINISTRATIVE LAW JUDGE REIF: Thank you.  
19 Mr. Jetter?

20 MR. JETTER: I think the Division would like to  
21 start by swearing in our witness, Doug Wheelwright.

22 DOUG WHEELWRIGHT, called as a witness and  
23 having been duly sworn, was examined and testified as follows:

24 EXAMINATION

25 BY-MR.JETTER:

1 Q. Mr. Wheelwright, can you start by just giving your  
2 name and occupation for the record.

3 A. My name is Douglas Wheelwright. I am a utility  
4 analyst for the Division of Public Utilities.

5 Q. And have you prepared a statement today?

6 A. Yes, I have.

7 Q. Please go ahead and provide it.

8 A. In docket 12-057-19, Questar Gas was requested  
9 three changes to its existing tariff. The Division has reviewed  
10 the proposed change in section 5.01 and concurs that the  
11 change does establish a better description of exactly what  
12 customers must do to qualify for this rate schedule and when  
13 the required--when the requirements must be completed.

14 The proposed change in section 5.07 as  
15 requirement 9 which defines the type of meter the customer  
16 must have in order to receive this service. The proposed change  
17 in section 2.03 is a modification of the calculation used to  
18 determine a customer's load factor and is used to determine  
19 which customers should remain on the FS Rate Schedule. The  
20 proposed change will include three years of usage data  
21 compared to the current one-year average and will help  
22 minimize year-to-year fluctuations.

23 The Division suggested, and the company agreed to  
24 establish in the tariff, a one-year grace period where the  
25 customer's three-year average may drop as low as 35 percent



1 before being switched to the GS Rate Schedule.

2 The Division recommend the Commission approve  
3 the change in section 5.01 conditions of service as filed on  
4 December 6, 2012, and the tariff sheet, section 5.07 TS Rate  
5 Schedule and 2.03 FS Rate Schedule as filed with the Division  
6 memo.

7 Q. Thank you. With respect to the exhibit with some  
8 slightly changed language that the Division presented along with  
9 its January 4, 2013 memo filed with the Commission, if we look  
10 on the front page of this, down under the heading of FS  
11 classification provisions, as we discussed earlier in this hearing,  
12 there is a missing end of a parenthesis set. Do you believe that  
13 it would be appropriate to add an end parenthesis after the word  
14 "Tariff"?

15 A. Yes, I do.

16 Q. With that change, do you believe that the language  
17 included therein, if accepted by the Commission, would result in  
18 just and reasonable rates to the various consumers that will be  
19 affected by the three changes proposed in this docket?

20 A. Yes, I do.

21 Q. And do you believe that acceptance by the  
22 Commission would be in the public interest?

23 A. Yes, I do.

24 Q. In addition, you may have heard that there was a  
25 requested date of implementation that I believe has passed, if

1 these are approved by the Commission within, let's say, a  
2 reasonable time from today, giving sufficient time for the  
3 customers to meet the February 15th date which is the first date  
4 in the initial service agreement timeline, do you believe that  
5 would remain in the public interest?

6 A. Yes, I do.

7 Q. Thank you.

8 ADMINISTRATIVE LAW JUDGE REIF: Thank you,  
9 Mr. Jetter. Thank you, Mr. Wheelwright. I don't have any  
10 additional questions for Mr. Wheelwright. I think at this time I  
11 would like to come back to the question that Mr. Jetter left off  
12 with, which is the issue of the effective date. Today is the 25th  
13 of January, so we are just a few days off of the proposed  
14 effective rate. Would there be any objection to making the rates  
15 effective today if the Commission so chose to do so?

16 MR. JETTER: The Division would support that.

17 MS. CLARK: Questar would support that, as well.

18 ADMINISTRATIVE LAW JUDGE REIF: Okay, very  
19 good. I would like to take a five-minute recess. Are there any  
20 questions before we do that?

21 MS. CLARK: No, thank you.

22 ADMINISTRATIVE LAW JUDGE REIF: All right,  
23 thank you.

24 (A recess was taken.)

25 ADMINISTRATIVE LAW JUDGE REIF: We will be

1 back on the record. Is there anyone here from the public who  
2 wishes to speak on this matter? Is there anyone here who has  
3 any objection to the application that is pending before the  
4 Commission? Hearing no objection, the Commission approves  
5 the application as amended as specified by the parties today  
6 and makes it effective--makes the changes effective January 25,  
7 2013, so that will be the date of today's hearing. Any  
8 questions?

9 MS. CLARK: No questions, thank you.

10 ADMINISTRATIVE LAW JUDGE REIF: Okay, thank  
11 you everyone. This hearing is adjourned.

12 (The hearing was concluded at 9:30 a.m.)

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REPORTER'S CERTIFICATE

State of Utah )

)

County of Salt Lake )

I, Kellie Peterson, Certified Shorthand Reporter,  
Registered Professional Reporter, and Notary Public for the  
State of Utah, do hereby certify:

THAT the foregoing proceedings were taken before  
me at the time and place set forth herein; that the witness was  
duly sworn to tell the truth, the whole truth, and nothing but the  
truth; and that the proceedings were taken down by me in  
shorthand and thereafter transcribed into typewriting under my  
direction and supervision;

THAT the foregoing pages contain a true and  
correct transcription of my said shorthand notes so taken.

IN WITNESS WHEREOF, I have subscribed my  
name and affixed my seal this 15th day of January, 2013.

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Kellie Peterson, RPR