

- 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

ORDER APPROVING TARIFF
MODIFICATIONS

ISSUED: February 12, 2013

SYNOPSIS

The Commission approves Questar Gas Company's proposed changes to its Utah Natural Gas Tariff PSCU 400 with the Division's modification and the Company's and Division's clarifications provided at hearing, effective January 25, 2013.

I. BACKGROUND

On December 6, 2012, Questar Gas Company ("Questar" or "Company") filed an application ("Application") for approval of changes to its Utah Natural Gas Tariff PSCU 400 ("Tariff") to be effective January 21, 2013. On December 11 and 13, 2012, the Commission issued an Action Request and an Amended Action Request, respectively, to the Division of Public Utilities ("Division") requesting evaluation of the proposed Tariff changes. On January 4, 2013, the Division filed a memorandum recommending approval of the Company's proposed Tariff modifications with changes. On January 14, 2013, the Commission issued a Notice of Hearing and Procedural Order for a hearing to be held in this matter on January 25, 2013. On January 15, 2013, the Company filed a letter in support of the Tariff modification proposed by the Division.

On January 9, 2013, the Commission received an e-mail from Alex Milne ("Mr. Milne"), a member of the general public requesting information pertaining to this matter to

which the Commission responded with a link to the docket on the Commission's website. On January 14, 2013, the Commission received another e-mail from Mr. Milne indicating interest in providing comments in the case to which the Commission responded by providing a link to the January 14th Notice of Hearing and Procedural Order on the Commission's website. The Commission received no further communication from Mr. Milne.

On January 25, 2013, a duly-noticed hearing was conducted by the Commission's Administrative Law Judge with participation by representatives of the Company and the Division. At the conclusion of the hearing, the Commission approved the Company's proposed changes to its Tariff with the Division's modification and the Company's and Division's clarifications provided at hearing, effective January 25, 2013. No one appeared at the hearing in opposition of the Application. This Order memorializes that oral ruling.

II. PROPOSED TARIFF CHANGES

Questar's Application requests changes to its existing Tariff Sections 2.03 FS Rate Schedule, 5.01 Conditions of Service, and 5.07 TS Rate Schedule, each of which has been evaluated by the Division. As discussed below, the Division recommends the Commission approve the Company's proposed changes to Section 5.01 Conditions of Service as filed in the Application. In addition, the Division recommends modifications to Section 2.03 FS Rate Schedule and Section 5.07 TS Rate Schedule as indicated in the revised Tariff sheets for these Sections attached to its January 4, 2013, memorandum. The Company's Application and the Division's proposed modification were unopposed.

1) 2.0 Firm Sales Service, Section 2.03 FS Rate Schedule Provision (1)

The Company seeks to provide clarification to Section 2.03 FS Rate Schedule Provision (1) which explains the calculation of the customer's load factor. The Company proposes to use three calendar years of data in the calculation of load in order to minimize the effects of year-to-year usage fluctuations. The Company indicates the current Tariff requires the actual or estimated average daily usage must be at least 40 percent of the peak winter day. The proposed change will require the average daily usage over the last three years to be 40 percent or greater. The Company explains the three-year average will help mitigate the effect of weather on actual usage and should help customers to calculate a load factor that is more reflective of usage over time.

The Division summarizes the Company is requesting changes in the calculation of a customer's load factor required to remain on the rate schedule. The Division indicates currently one year's worth of usage data is used to verify eligibility for the rate schedule and in its Application the Company is requesting to use three years of data in order to minimize year-to-year usage fluctuations.

Based upon data provided by the Company, the Division indicates as of October 2012, 507 customers were currently receiving service on the FS rate schedule. During its evaluation the Division learned that in actual practice, the Company does grant customers some leeway before switching a customer from the FS rate schedule to the GS rate schedule. The Division states it 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 it

also asserts it is important to enforce the eligibility requirements established by a tariff. Therefore, the Division recommends establishing in the Tariff a one-year grace period where a customer's three-year average may drop to as low as 35 percent before being switched to the GS rate schedule. As proposed, if after the one-year grace period, the customer's three-year average load factor does not meet the criteria of 40 percent or greater it will be switched from the FS to the GS Rate Schedule. The Company supports the Division's proposal.

The Division maintains, using a strict interpretation of the current Tariff's one-year guideline, of the 507 current FS customers, 406 would remain on the FS schedule. Under the proposed three-year average methodology, this number would increase to 446. Using the Division's proposed guideline, an additional 40 customers or a total of 486 customers would remain on the FS rate schedule. The Division clarifies that 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. The Division indicates if the proposed change is approved, it is the Company's intent to conduct a review in March and move all FS customers whose three-year average is below 35 percent to the GS rate schedule.

At hearing, the Company explained there are currently approximately 600 customers on the FS rate schedule and the 507 customers referenced by the Division represent those customers for which three years of data exist. If the proposed change as amended by the Division is approved, approximately 61 customers will be moved from the FS rate schedule to the GS rate schedule.

At hearing, both the Company and the Division agreed that an end parenthesis was missing from a phrase in the Division's proposal and clarified the following two sentences should be contained within parentheses: (Average daily usage is equal to the last 3 years of annual usage ÷ 1,095. Peak winter day is defined in Section 11 of this tariff.).

The Commission recognizes that over 50 customers will be transferred from the FS rate schedule to the GS Rate Schedule which will result in an increase in their rates. Based upon the Division's analysis, the Commission finds the Division's proposal, supported by the Company and clarified at hearing, provides a clear, fair way for clarifying applicability requirements for the TS rate schedule and is therefore in the public interest. The Division's modifications and clarification of the Company's proposal is hereby approved.

2) 5.0 Transportation Service, Section 5.01 Conditions of Service, Initial Service Agreement

The Company proposes to add language to Section 5.01 Conditions of Service of its Tariff clarifying the process a customer must complete in order to receive transportation service from the Company. Currently the Tariff requires an existing firm or interruptible sales service customer to provide the Company a written request for transportation service by March 1st in any given year, to be effective July 1st. The Company proposes adding specific dates for contracting, planning, and installation of telemetry. In addition, the Company proposes adding dates specifying when Questline¹ Access Agreements must be received. Questar maintains these dates are being proposed in response to feedback from customers and will make the planning

¹ Questline is Questar Gas Company's interactive electronic nominations/confirmations system.

process easier for both customers and the Company. At hearing, the Company indicated it had informed its transportation service customers of the proposed change.

The Division indicates it has reviewed the proposed changes to the language in the Initial Service Agreement paragraph of Section 5.0 and concurs the changes better describe exactly what customers must do to qualify for the transportation service rate schedule and when those requirements must be completed. The Division recommends approval of the Company's modifications to Section 5.01 Initial Service Agreement as filed.

The Commission concurs the proposed modifications to Section 5.01 of the Company's Tariff will make the planning process easier and more transparent for both customers and the Company and are therefore in the public interest. The Commission approves the changes as filed.

3) *5.0 Transportation Service, Section 5.07 TS Rate Schedule, New Provision 9*

The Company proposes to add a new Provision (9) to Section 5.07 of the Tariff pertaining to the TS Rate Schedule applicable to natural gas transportation customers. The proposed new provision requires customers to have a certain size meter, large enough so that natural gas volumes may be telemetered, in order to receive service under the TS rate schedule. The new provision specifies the type of meter required and that if a meter must be replaced it will be done at the customer's expense.

The Division recommends approval of the Company's proposed changes to Section 5.07. The Division explains Provision (9) defines the type of meter the customer must have, at the customer's expense, in order to receive this service. As part of its review, however,

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. The Division included this revised tariff sheet as an attachment to its January 4, 2013, memorandum.

The Commission concurs with the Company's proposal as it clarifies transportation schedule requirements and agrees a customer transferring to the TS rate schedule should be responsible for costs associated with the transfer. The Commission also concurs with the Division's recommendation pertaining to updating the TS Rate Schedule to reflect the most-recently approved infrastructure rate adjustment. The Commission finds the changes are in the public interest and approves the Company's proposal with the updated TS Rate Schedule.

VI. ORDER

Wherefore, pursuant to the discussion, findings and conclusions made herein, it is hereby ordered:

1. The Company's proposed changes to Sections 2.03, 5.01, 5.07 of its Tariff with the Division's modification and the Company's and Division's clarifications provided at hearing are hereby approved effective January 25, 2013.

DATED at Salt Lake City, Utah this 12th day of February, 2013.

/s/Melanie A. Reif
Administrative Law Judge

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Approved and confirmed this 12th day of February, 2013, as the Order Approving
Tariff Modifications of the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#241720

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 12th day of February, 2013, a true and correct copy of the foregoing Order Approving Tariff Modifications was served upon the following as indicated below:

By Electronic-Mail:

Colleen Larkin Bell (colleen.bell@questar.com)
Jenniffer Nelson Clark (jenniffer.clark@questar.com)
Questar Gas Company

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, Utah 84111

Administrative Assistant