Docket No. 13-057-05: In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and to Make Tariff Modifications

August 13, 2013, Technical Conference on Questar Gas Company's 2013 General Rate Case and Associated Model 9:00 a.m., Room 401 Heber M. Wells Building

List of Discussion Topics

I. General

A. Questar Gas Company General Rate Case Model: Description of model, adjustments, and questions from parties.

II. Division of Public Utility Questions

A. Are removal costs considered in the Company's rate base projections? If so, where are they in the model or exhibits? Are the "dismantling" costs (QGC Exhibit 3.5) the same as removal costs?
B. Please explain what the "reserve variance" and "clearance" line items are in the "108_11 Projection" tab in the Company's model. These line items are also in QGC Exhibit 3.15 lines 75, 141, 142.
C. Please confirm that columns (b) and (c) in QGC Exhibit 3.8 are dollars spent, and NOT necessarily dollars placed in service.
D. Does the Company forecast or budget based on dollars placed in service or just dollars spent?
E. How does the depreciation expense calculation (avg plant x rate) in QGC Exhibit 3.15 compare to how depreciation expense is actually calculated on the Company's books?
F. How were the forecasted retirement values in QGC Exhibit 3.5 determined?
G. It appears there are approximately $83 million in 2013 capital additions that are projects under $1 million. Do these projects have specific work breakdown structure (WBS) identifiers or are they "blanket" type projects?
H. It appears there are approximately $123.5 million in 2014 capital additions that are projects under $1 million. Do these projects have specific work breakdown structure (WBS) identifiers or are they "blanket" type projects?
I. Are the capital increase dollars shown in the "101_106 Projection" tab for 2013 and 2014 related to dollars spent or dollars placed into service?
J. Did Questar conduct any recent analysis of the role of demand and of throughput in the cost of feeder mains? If not, why not?
K. Did Questar review costs in the Distribution Plant Factor study by GS residential and GS non-residential customers?
    a. If so, what were the findings?
    b. If not it did not review whether there were any cost differences between residential and non-residential customer, why not?
L. Did Questar examine what would be involved in breaking up the GS class into residential and non-residential customers?
    a. If so, what were the findings?
    b. If not, why not?
M. Please explain all reasons Questar decided not to break the GS class into residential and non-residential customers.
N. In determining the length of main attributed to a meter in the Distribution Plant Factor Study, please explain the rationale for dividing the length of main by the number of service taps and not the number of meters connected to the service taps.

O. Please explain how the Distribution Plant Factor study accounts for the cost of service lines servicing more than one meter.
P. Did the Company review and analyze whether there are larger customers in the Distribution Plant Factor analysis that were sole users on more than 1000 feet of small diameter IHP main?
Q. Please discuss the assumptions behind Questar's cost curve development methodology and why Questar believes they are reasonable, such as:
    a. Constant $/Dth for demand costs for each customer class, i.e. constant load factor.
    b. Similarity of the relationship between Customer Cost/Customer and Dth/Customer as exists between rate classes as within rate classes.
R. Please provide an update as suggested in the testimony of Mr. Curtis as to the terms of the $150 million private placement note scheduled to be issued in December 2013. The rate case assumes a 30 year maturity with a rate of 4.8% in the narrative but 4.5% in the model.
S. Please provide an update for the $50 million private placement note scheduled to be issued in 2014. The rate case assumes a 10 year maturity and a rate of 4.5%.
T. If the updated rate information is different than what is represented in the current model, please explain where changes should be made to the existing model.

III. Summit Energy Questions

A. Why does Questar Gas Company ("QGC") seeking to eliminate all competition in the small commercial/industrial sector while other utilities throughout the country are continuing to deregulate their systems and give their businesses the ability to manage the cost of their natural gas? Why is QGC going the opposite direction now and specifically targeting the TS rate schedule?
B. It is understood QGC received a larger than average amount of rate transfers from the retail GS rate to the wholesale TS rate in 2013, each requiring individual attention from QGC to perform the transfer. Why not assess a one-time fee for all transfers (as used by other utilities) rather than impact the entire customer base?
C. Businesses need reliable and predictable costs for their utilities. Being able to hedge their gas costs with their natural gas supplier helps them manage their business. QGC making a dramatic change to the TS rate will be a shock to businesses that paid to install equipment in order to have access to a natural gas supplier other than QGC.
D. QGC assigns a significant amount of administrative costs to the TS rate. It is our understanding that much of this cost is a result of QGC sending an employee to meet with each customer changing to the TS rate to inform them of the differences in the service. This is a one-time visit for a one-time rate change and not an annual event requiring a rate adjustment. Additionally, QGC does not procure, store, transport, nominate, trade or balance delivered quantities for TS rate businesses. Please explain the reasoning to propose a retail rate profile for the TS rate when the FS rate proposed is a sharp decrease for usage tiered above 2,000 dth per month. Does this not make the FS rate much more competitive over TS for supply services provided without an administrative fee? What role does the recent Wexpro acquisition have in this decision making?
E. The current administrative fee of $4,500 annually for the TS rate is a huge hurdle for many of the small businesses to access the TS rate. The new rate structure will be an additional obstacle that will prevent many businesses from controlling their natural gas costs in a deregulated manner. What costs changed for QGC that justifies such a dramatic increase in such costs to small businesses?
F. Please provide/explain the QGC study of anticipated impact to the Utah public education and government usage sectors currently on the TS rate where QGC proposes to deliver a triple digit percentage rate increase within their tier of usage.
G. Questar Exhibit 3.37 addressing a change to QGC tariff section 5.01 to add language to the "Applicability" paragraph would allow QGC unlimited discretion to require third party natural gas TS rate suppliers to change delivery points to QGC. In these rare events, would it not better serve firm TS rate payers by having all IT and IS service discontinued prior to requiring any delivery point changes?

H. Please explain QGC's motivation to indiscriminately halt service to interruptible consumers. How does this benefit Utah consumers?

IV. Commission Staff Discussion Topics

A. Explanation of the transfer of telecom resources: QGC Exhibit 3.0, Page 11.
B. Explanation of the treatment of Integrity Management Costs: QGC Exhibit 3.0, Pages 16 - 18.
C. Interruption Testing: QGC Exhibit 1.0, page 17. Please explain the Company's process for determining the timing and length of the interruption test.
D. Interruptible Sales Service Commodity Changes: QGC Exhibit 1.0, page 19. If approved, is it the Company's intent to include these customers in the commodity portion of the 191 account filing?
E. NGV Revenues: Please discuss whether federal rebates are included in the 2012 NGV DNG booked revenue of $5,758,713. Please explain how the Company developed its NGV revenue forecast in the "Revenue" tab.
F. Explanation of the development of the Energy Efficiency adjustment: QGC Exhibit 3.0, Pages 18 – 19, "Energy Efficiency Services Adj" Tab, "Adjustments Tab," etc.
G. Customer Service Chart: QGC Exhibit 1.3, Data Tab. Please explain the decrease in the employee count between 2010 and 2011.
H. "RB Forecast" Tab: Please explain the changes in Account 381.2 (Meters and Meter Installation) for Utah in September and December of 2012 from the previous month's level.
I. "Reserve Accrual" Tab: Please explain the legal payments (type and amount) for years 2010 through 2013.