

Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

October 9, 2013

RE: Questar Gas Company Rate Increase Case – Docket No. 13-057-05

Based on the following Questar TS rate increase analysis, Dunford desires to intervene.

Please help me see if I correctly understand Questar's proposed TS rate structure and goal to correctly charge TS customers what they cause in the system. I assumed that five TS rate companies are located contiguously next to Dunford Bakers, which I understand is 28 miles from the city gate servicing Dunford and that it is 355 miles from the gas fields to the city gate and that the pipeline cost of transporting gas to the city gate is \$.17832 per Dth, regardless of volume. One of the five contiguous TS customers uses 10,000 Dths per year, one 20,000 (Dunford is closest to this level), one 200,000, one 2,000,000, and one 20,000,000 Dths.

Are my calculations correct (see attachment), excluding any demand charges, that:

1. the total proposed Questar costs/charges per Dth, respectively, would be about \$1.55, \$0.97, \$0.35, \$0.21, and \$0.11 and the current charges would be about \$0.74, \$0.48, \$0.24, \$0.16, and \$0.07, respectively?
2. under the current rate structure, Questar Gas costs per mile to deliver gas to its largest customers from the city gate are about 5 times the costs of pipeline delivery to the city gate and that under the proposed TS rate structure that multiple in costs would jump to about 8 times as much cost per mile?
3. the multiple per transported mile costs noted in paragraph 2 above under the proposed TS rate structure would be about 110, 69, 25, 15, and 8, respectively, and under the current rate structure are about 53, 34, 17, 11, and 5, respectively?

If my calculations are correct:

1. How can Questar Gas transport charges per mile be so much higher than pipeline transport charges? Are all TS customers being overcharged now and will that overcharge be even greater if the proposed rate increases are implemented?
2. How can Questar justify the huge differential in costs per dekatherm to smaller TS customers?
3. If a small TS customer were to stop ordering gas, would Questar costs decrease by the amount of the proposed charges to that customer?
4. If Dunford charged its largest customers \$1 per donut and were to apply the same methodology Questar is proposing, it would charge large customers about \$2 each, smaller customers, \$3 per donut, even smaller customers (similar in size to Dunford) \$9, and the smallest customers about \$14 per donut. How could that be justified and fair? Wouldn't that be unconscionable?
5. How can Questar justify assessing firm demand charges in addition to the above rates when TS suppliers provide under firm contracts? Isn't that double charging for supplying the same gas? Isn't Questar simply transporting gas under TS?

Wouldn't the fairest Questar Gas TS rate structure be to continue to charge the annual \$4,500 administrative charge to differentiate between sizes of customer and then add a uniform rate charge to all TS customers irrespective of volume as is done for pipeline transport charges to the city gate? Wouldn't retaining the current TS rate structure be more fair to smaller TS customers than the new proposed rates?

Please contact me if you have questions.

Dale Hatch, CFO