



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Carolyn Roll, Utility Analyst

Date: November 18, 2013

Subject: Questar Gas, Docket Nos. 13-057-16 (Conservation Enabling Tariff), and 13-057-17 (Infrastructure Rate Adjustment). The Division recommends that the Commission approve the Company's applications as filed in Docket Nos. 13-057-16 and 17.

RECOMMEND APPROVAL:

After a preliminary review of the applications, the Division recommends the Commission's approval on both the applications' requested rate changes, effective December 1, 2013, with the approval of the rates in Docket Nos. 13-057-16 and 17 on an interim basis until the appropriate audits can be completed.

ISSUE:

On November 1, 2013, Questar Gas Company (QGC) filed the two applications identified above with the Public Service Commission (PSC). On November 4, 2013, the Commission issued to the Division of Public Utilities action requests in the above docketed matters. On November 7, 2013, a scheduling conference was held; parties agreed that comments would be due November 19, 2013. This is the Division's response in accordance with that scheduling order.

Docket No. 13-057-16 is a request to amortize the September 2013 Conservation Enabling Tariff (CET) credit balance of \$1,443,547 (under-collection) in Account 191.9 and adjust the CET component in Block 1 and 2 of the GS class distribution non-gas (DNG) rate. If approved, compared to the current CET amortization rate component in the GS Rate class DNG rate, a typical GS residential customer will see an approximate \$1.20 increase in their annual bill.

Docket No. 13-057-17 requests PSC permission to update the infrastructure rate adjustment mechanism component of the DNG rates in their GS, FS, IS, TS, FT-1, MT and NGV rate schedules of their Utah Natural Gas Tariff PSCU 400. If approved, a typical GS residential customer will see an approximate \$2.33 increase in their annual bill.

If both applications are approved a typical GS residential customer will see a combined net increase in their annual bill of approximately \$3.53 or 0.50%. The applications request that the rate changes become effective on December 1, 2013.

DISCUSSION OF APPLICATIONS:

DOCKET NO. 13-057-16 - CONSERVATION ENABLING TARIFF (CET)

The rate changes requested in Docket No. 13-057-16 affect only the CET component of the distribution natural gas (DNG) rates of the GS rate class. In this docket, the Company is requesting to amortize an under-collected balance of \$1,443,547 in the CET deferral account, which is the balance in Account 191.9 as of September 30, 2013. The Company has been in an under collected position July, August and September 2013. The current under collection has been caused by a decrease in usage per customer over the last couple of years.

Rate Details

The CET amortization rates reflected in the GS Rate Class tariff sheets filed with this application have changed for both blocks 1 and 2 of the summer and winter rates. The incremental increase in the GS DNG Block 1 rate is \$0.0137 /Dth (rounded) for the summer rate and \$0.0162 /Dth (rounded) for the winter rate as shown in QGC Exhibit 1.2.

Effect on a typical GS Customer

If approved by the PSC, a typical GS rate class customer will see an increase in their annual bill of approximately \$1.20 or 0.17%.

DOCKET NO. 13-057-17 - INFRASTRUCTURE RATE ADJUSTMENT

This application requests Commission permission to update the infrastructure rate adjustment component of the DNG rates in their GS, FS, IS, TS, FT-1, MT and NGV rate schedules of their Utah Natural Gas Tariff PSCU 400.

The Division reviewed the tariff sheets attached as Exhibit 1.5 as well as the exhibits showing the calculations, filed with the PSC on November 1, 2013. The Division agrees with the methodology used by the Company, as shown in Exhibits 1.1 through Exhibits 1.4 of the filing, to support their request to increase the current infrastructure rate adjustment component of the DNG rates of all rate schedules in their Utah Natural Gas Tariff.

QGC Exhibit 1.1, page 6, shows a 13 month average (November 2014) gross plant balance of \$191.89 million. QGC Exhibit 1.1, page 7 details the calculation of the cumulative \$22.26 million¹ additional revenue requirement necessary for the increase of \$191.89 million in plant additions. The \$22.26 million cumulative revenue requirement is an increase of \$2.76 million from what is currently being collected in rates.²

QGC Exhibit 1.2 details the spread of the \$22.26 million in additional revenue requirement to the rate classes based on the same spread of the revenue requirement ordered in QGC last rate case in Docket No. 09-057-16.

QGC Exhibit 1.3 details the new infrastructure rate component calculation of the DNG rates for each rate schedule in order to collect the \$22.26 million revenue requirement. The Division has not reviewed the detailed invoices used by the Company in deriving the dollar amounts that qualify for inclusion in this filing and therefore recommends that the rates continue to be approved on an interim basis.

¹ Additional from the amount included in rates from the previous general rate case.

² Docket No. 13-057-11 Exhibit 1.1, p. 8, ln. 17.

Effect on a typical GS Customer

As shown in QGC Exhibit 1.4, the effect of this increase on a typical GS residential customer's annual gas bill is an increase of \$2.33 or 0.33%.

SUMMARY AND CONCLUSION

QGC Exhibit 1.5³ or QGC Exhibit 1.6⁴ combines the effect of both applications and shows that a typical GS rate class residential customer whose annual usage is 80/Dth will see a combined net increase in their annual bill of \$3.53 or 0.50% from the implementation of the rate changes requested in these two dockets.

The Division supports and recommends that the rate changes requested in Docket Nos. 13-057-16 and 17 be approved by the Commission. The proposed rates should be approved on an interim basis until the Division can complete an audit of the entries into the respective accounts. After the completion of the audits, the Division will issue memos to the Commission with its recommendations on making the requested rate changes in these dockets permanent.

Cc: Barrie McKay, Questar Gas Company
 Kelly Mendenhall, Questar Gas Company
 Michele Beck, Office of Consumer Services
 Maria Martinez, Division of Public Utilities
 Francine Giani, Department of Commerce

³ Docket No. 13-057-16.

⁴ Docket No. 13-057-17.