

APPLICATION OF QUESTAR GAS) Docket No. 14-057-27
COMPANY TO CHANGE THE)
INFRASTRUCTURE RATE)
ADJUSTMENT) APPLICATION

All communications with respect to
these documents should be served upon:

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APPLICATION
AND
EXHIBITS

November 3, 2014

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| APPLICATION OF QUESTAR GAS |) | Docket No. 14-057-27 |
| COMPANY TO CHANGE THE |) | |
| INFRASTRUCTURE RATE |) | APPLICATION |
| ADJUSTMENT |) | |

Questar Gas Company (Questar Gas or the Company) respectfully submits this application to the Utah Public Service Commission (Commission) and thereby seeks approval to change the Infrastructure Rate Adjustment to the distribution non-gas cost portions of its Utah GS, FS, IS, TS, FT-1, MT, and NGV natural gas rate schedules, pursuant to section 2.07 of the Company's Utah Natural Gas Tariff No. 400 (Tariff).

If the Commission grants this Application, a typical GS residential customer using 80 decatherms per year will see an increase in their yearly bills of \$3.44 (or 0.46%). The Company proposes to implement this request by charging the new rates effective December 1, 2014.

In support of this application, Questar Gas states:

1. Questar Gas' Operations. Questar Gas, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Commission, and the Company's charges and general conditions for natural gas service in Utah are set forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in the Preston, Idaho area. Under the terms of an agreement between the Commission and the Idaho Public Utilities Commission, the rates for these Idaho customers are determined by the Utah Commission. Volumes for these customers have been included in the Utah volumes.

2. Settlement Stipulation Order. On page 8 of the Report and Order dated February 21, 2014 in Docket No. 13-057-05, the Commission authorized Questar Gas to

continue the infrastructure tracker pilot program (“Program”) with a provision to defer tracking of infrastructure replacement costs until \$84 million of infrastructure investment had been reached. The Company has exceeded \$84 million in completed infrastructure replacement investment as of October 31, 2014. This filing is made under §2.07 of the Tariff, which sets forth procedures for recovering costs associated with replacing aging infrastructure.

3. Test Year. The test year for this application is the 12 months ending November 2015.

4. Calculation of Revenue Requirement. Exhibit 1.1, pages 1 through 3 show the total amount closed to investment and in service from January 2013 through October 2014 for each of the infrastructure replacement projects. Lines 1 through 43 show the investment in each of the infrastructure replacement projects. Lines 1 through 38 are high pressure projects, and lines 39 through 43 are intermediate high pressure projects. Lines 44-52 show the amounts retired from investment. Line 57 shows, by month, the cumulative plant balance of high pressure and intermediate high pressure plant. Line 58 shows the same cumulative plant balance less the \$84 million that must be spent before applying for cost recovery of tracker related investment/costs. Exhibit 1.1, page 4, shows a calculation of the revenue requirement. Page 4, line 1, shows the net investment closed through October 2014. Pursuant to paragraph 25 of the Settlement Stipulation in Docket No. 13-057-05, \$84 million is removed on line 2 because that amount is already included in rates. Lines 4 through 10 show the accumulated depreciation, accumulated deferred income tax, net replacement infrastructure, allowed pre-tax return, net depreciation expense, and net taxes other than income tax. The total amount to be included in rates is \$4,323,499 as shown in line 11.

5. Cost of Service. Exhibit 1.2 shows the allocation of the revenue requirement to each class. Section 2.07 of the Company’s Tariff states that “the Surcharge will be assigned to each rate class based on the Commission-approved total

pro rata share of the DNG tariff revenue ordered in the most recent general rate case.” Column A shows the current Commission ordered Distribution Non-Gas Revenue Requirement by class. Column B shows the percent of the total revenue requirement by class. Column C shows the total revenue to be collected from each class.

6. Rate Design. Exhibit 1.3 shows the rate design for each class. Section 2.07 of the Company’s Tariff states that “the Surcharge assigned to each class will be collected based on a percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.” Column F shows the projected volumetric revenue for each class using current base DNG rates and volumes for the 12 months ending November 2015 test year. Column G shows the amount of infrastructure replacement tracker revenue that needs to be collected from each class. Column H shows the percentage change to each block and demand charge since the approved continuation of the tracker adjustment in Docket No. 13-057-05. Column I shows the proposed rates for each rate schedule.

7. Change in Typical Customer’s Bill. The annualized change in rates calculated in this application results in a \$3.44 or a 0.46% increase for a typical GS residential customer using 80 decatherms per year as shown in Exhibit 1.4.

8. Legislative and Proposed Tariff Sheets. Exhibit 1.5 shows the proposed Tariff rate schedules that reflect the calculation of the infrastructure rate adjustment as explained in paragraphs 4 through 6.

9. Final tariff Sheet. In addition to this infrastructure rate adjustment, the Company is also concurrently filing an application for Questar Gas to change the Energy Efficiency rate in Docket No. 14-057-26. The Company is asking that these applications be made effective December 1, 2014. Exhibit 1.6 shows the proposed GS rate schedule that reflects the final tariff sheets that would be effective if the Commission approved both applications.

10. Exhibits. Questar Gas submits the following exhibits in support of its request to include the infrastructure rate adjustment:

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| Exhibit 1.1 | QGC Infrastructure Replacement Project Summary & Calculation of Revenue Requirement |
| Exhibit 1.2 | Cost of Service Allocation |
| Exhibit 1.3 | Rate Calculation |
| Exhibit 1.4 | Effect on GS Typical Customer |
| Exhibit 1.5 | Legislative and Proposed Tariff Sheets for Infrastructure Rate Adjustment Only |
| Exhibit 1.6 | Proposed GS Rate Schedule for EE Amortization and Infrastructure Rate Adjustment Changes |

WHEREFORE, Questar Gas respectfully requests that the Commission, in accordance with the Report and Order approving the Settlement Stipulation in Docket No. 13-057-05 and the Company's Tariff:

1. Enter an order authorizing Questar Gas to increase rates and charges applicable to its Utah natural gas service that reflect an adjustment to the rate classes as more fully set forth in this Application.

2. Authorize Questar Gas to implement the revised rates effective December 1, 2014.

DATED this 3rd day of November 2014.

Respectfully submitted,

QUESTAR GAS COMPANY

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LEGISLATIVE AND PROPOSED RATE SCHEDULES

Exhibit 1.5
P.S.C. Utah No. 400
Affecting All Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: November 3, 2014
To Become Effective: December 1, 2014

QUESTAR GAS COMPANY
333 South State Street
P. O. Box 45433
Salt Lake City, Utah 84145-0360

COMBINED LEGISLATIVE AND PROPOSED GS RATE SCHEDULE

P.S.C. Utah No. 400
Affecting All Firm Sales Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: November 3, 2014
To Become Effective: December 1, 2014
Energy Efficiency, Infrastructure Replacement Tracker