

APPLICATION OF QUESTAR GAS) Docket No. 15-057-17
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

October 30, 2015

APPLICATION OF QUESTAR GAS)	Docket No. 15-057-17
COMPANY TO CHANGE THE)	
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Questar Gas Company (Questar Gas or the Company) respectfully submits this application to the Utah Public Service Commission (Commission) and thereby seeks to modify the Infrastructure Rate Adjustment to the DNG 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 \$5.71 (or 0.82%). The Company proposes to implement this request by charging the new rates effective December 1, 2015.

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”). 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 2016.

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 2015 for each of the infrastructure replacement projects. Lines 1 through 47 show the investment in each high pressure infrastructure project, and lines 48 through 57 show the investment in each intermediate high pressure project. Lines 58-71 show the amounts retired from investment. Line 76 shows, by month, the cumulative plant balance of high pressure and intermediate high pressure plant. Line 77 shows the same cumulative plant balance less the \$84 million threshold before applying for cost recovery of tracker related investment/costs.

a) Exhibit 1.1, page 4, shows a calculation of the revenue requirement. Page 4, line 1, shows the net investment closed through October 2015. Pursuant to paragraph 25 of the Settlement Stipulation in Docket No. 13-057-05, \$84 million is removed on line 2 because that amount was 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.

b) Line 12 reduces the revenue requirement by \$32,772 due to bonus depreciation as discussed in the Company’s Motion to Modify and Replace Tariff Schedules in Docket No. 14-057-27 filed on January 5, 2015. The amount of \$32,772 represents the remaining credit since the original credit took effect in February 2015. Line 13 reduces the revenue requirement by \$440,200 for failure-to-interrupt penalties as

discussed in the Company's application to change the Infrastructure Rate Adjustment in Docket 13-057-13.

c) Line 14 reduces the amount of adjusted revenue requirement by \$278,004 for the amount of tracker revenue to be collected from the Lakeside I contract approved by the Commission in Docket No. 05-057-02 on May 24, 2005. Exhibit 1.2 shows the amount to be collected under the Lakeside I contract by month for the 12 months ending November 2016.

d) Line 15 shows the final adjusted revenue requirement of \$12,659,159, an increase of \$7,346,096 over the previous infrastructure rate-adjustment filing as shown on line 17. The amount shown on line 15 will be collected from each rate schedule according to the currently allowed cost-of-service and rate design calculations as discussed below.

5. Cost of Service. Exhibit 1.3 shows the allocation of the revenue requirement to each class. Section 2.07 of the 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 DNG revenue requirement by class ordered by the Commission in Docket Nos. 13-057-05 and 13-057-19. Column B shows the percent of the total revenue requirement by class and column C shows the total infrastructure replacement revenue to be collected from each class.

6. Rate Design. Exhibit 1.4 shows the rate design for the Infrastructure Rate Adjustment surcharge component of the DNG rates. 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 base DNG rates and volumes for the 12 months ending November 2016 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 an increase of \$5.71 per year (or 0.82%), as shown in Exhibit 1.5.

8. Legislative and Proposed Tariff Sheets. Exhibit 1.6 shows the proposed Tariff rate schedules that reflect the updated infrastructure rate adjustment as explained in paragraphs 4 through 6.

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

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

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 change rates and charges applicable to its Utah natural gas service that reflect an adjustment to the rates for each class as more fully set forth in this Application.

2. Authorize Questar Gas to implement the revised rates effective December 1, 2015.

DATED this 30th day of October 2015.

Respectfully submitted,

QUESTAR GAS COMPANY

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LEGISLATIVE AND PROPOSED RATE SCHEDULES

Exhibit 1.6
P.S.C. Utah No. 400
Affecting All Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: October 30, 2015
To Become Effective: December 1, 2015

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COMBINED LEGISLATIVE AND PROPOSED GS RATE SCHEDULE

Exhibit 1.7

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 2, 2015

To Become Effective: December 1, 2015

Energy Efficiency, Infrastructure Replacement Tracker