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Attorney for Questar Gas Company

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH –

APPLICATION OF QUESTAR GAS TO)	Docket No. 16-057-11
AMORTIZE THE DEMAND SIDE)	
MANAGEMENT DEFERRED)	SUBMISSION OF UPDATED QGC
ACCOUNT BALANCE)	EXHIBITS 1.3U2, 1.4U,1.5U2 and 1.6U
)	

Questar Gas Company (Questar Gas or the Company) respectfully submits the attached QGC Exhibits 1.3U2, 1.4U, 1.5U2 and 1.6U as an update to the Application in this matter.

On September 29, 2016, the Company filed an Application in this docket requesting that the Utah Public Service Commission (Commission) enter an order authorizing Questar Gas to change the Energy Efficiency (EE) amortization rates and charges applicable to its Utah natural gas service territory. The Commission issued an Action Request on that same day, directing the Utah Division of Public Utilities (Division) to review the Application and make recommendations in this matter.

On October 6, 2016, the Company submitted an updated QGC Exhibit 1.3U, correcting certain errors and updating the Exhibit. On October 12, 2016, the Company submitted a corrected and updated QGC Exhibit 1.5U, to correct certain errors contained therein.

On October 13, 2016, the Public Service Commission issued a Supplemental Action Request to the Division seeking an evaluation of the \$600,000 adjustment made in cell H56 of QGC Exhibit 1.3U and an explanation of why the adjustment is necessary.

As a result of the Commission's October 13th Supplemental Action Request, the Company reviewed QGC Exhibit 1.3U and determined that the \$600,000 adjustment was made in error and was not necessary.

On October 24, 2016, the Company met with representatives of the Division and the Office of Consumer Services (Office) and discussed this error. During those meetings, the parties identified other items to update, change or clarify in QGC Exhibit 1.3U. As a result of those meetings, the Company made five adjustments to QGC Exhibit 1.3U resulting in a revised rate of \$0.19054. The Company respectfully submits the second update to QGC Exhibit 1.3 as the attached QGC Exhibit 1.3U2. Each individual adjustment is explained in more detail in the numbered paragraphs, below.

1. The Company removed the \$600,000 adjustment from cell H56.
2. The Company determined that the interest expense formula in column D lines 3 through 17 was incorrect. Specifically, that formula erroneously assessed a 4.45% rate when the Demand Side Management Deferred Account Balance was under-collected and a 2.76% rate when the balance was over-collected. The interest should be assessed at a rate of 2.76% during under collections and 4.45% during over collections. Attached QGC Exhibit 1.3U2 contains a corrected formula in column D lines 3 through 17.
3. The Office expressed concern with the Company's proposal to use a \$0.19385/Dth in the fall and increase to a \$0.24341/Dth rate in the spring in an effort to reduce interest expense to \$0 during the test period. The Office proposed that, as an alternative, interest expense could also be reduced to \$0 by using one rate through the entire test period, resulting in more stable rates. The Company

agrees to the Office's proposed change. The Company could still make a change to the rate in the spring if circumstances warranted, but for purposes of this filing, the projected numbers assume one rate throughout the test period.

4. The Company also updated the 2017 budgeted expenses to match the Company's most recent budget filing in Docket No. 16-057-15. The Company's original 2017 budget projection in Exhibit 1.3U was \$24,902,335 as shown in cell D1. The Company updated that number in QGC Exhibit 1.3U2 to reflect the actual, filed budget of \$25,101,962. QGC Exhibit 1.3U2, Column B, lines 6 through 17 reflects the updated budget numbers.
5. The Company also updated the October 2016 projected cost to reflect the actual October 2016 energy efficiency invoices. As a result, the amount in cell B3 has increased from \$1,211,810 to \$1,442,831.

The overall impact of these five adjustments reduces the proposed rate from \$0.19385 to \$0.19054. The incremental impact of each adjustment on the rate is shown in the table below:

Item No.	Adjustment	Incremental Change	Rate
	Original Proposal	N/A	\$0.19385
Item 1	\$600K Removal	\$0.00848	\$0.20233
Item 2	Interest Rate Correction	-\$0.01832	\$0.18401
Item 3	Seasonal Rate to One Rate	\$0.00221	\$0.18622
Item 4	Update 2017 Budget	\$0.00098	\$0.1872
Item 5	Update October Actual Costs	\$0.00334	\$0.19054

The Company has also attached QGC Exhibit 1.5U2, showing the impact on the typical GS customer if the Commission approves the rate of \$0.19054. The Company also attached updated proposed and legislative stand-alone and combined Tariff sheets, reflecting these updates as QGC Exhibit 1.4U and QGC Exhibit 1.6U.

Based upon the foregoing, Questar Gas respectfully submits Supplemental and Updated QGC Exhibits 1.3U2, 1.4U, 1.5U2, and 1.6U and requests that the Commission include these exhibits in the record in this Docket.

DATED this 25th day of October, 2016.

Respectfully submitted,

QUESTAR GAS COMPANY

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CERTIFICATE OF SERVICE

I hereby certify that on October 25, 2016, a true and correct copy of the foregoing
SUBMISSION OF UPDATED EXHIBITS 1.3U2, 1.4U, 1.5U2 AND 1.6U was served upon the
following by electronic mail:

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