

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 16-057-16</u> <u>ORDER</u>
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ISSUED: January 11, 2017

On November 1, 2016, Questar Gas Company ("Questar") filed its application ("Application") seeking to modify the Infrastructure Rate Adjustment to the Distribution Non-Gas ("DNG") cost portions of its Utah GS, FS, IS, TS, FT-1, MT, and NGV rate schedules to be effective December 1, 2016. The Public Service Commission ("PSC") issued a bench order approving the Application on November 22, 2016, on an interim basis, pending the final results of the Division of Public Utilities' ("Division") audit. This order memorializes the bench ruling.

PROCEDURAL HISTORY

Questar filed its Application on November 1, 2016. In response to the PSC's Action Request, the Division filed comments on November 14, 2016. The PSC's designated presiding officer conducted a hearing on November 22, 2016 to consider the Application, during which witnesses for Questar and the Division offered testimony. While the Office of Consumer Services ("Office") did not file written comments or offer testimony in this docket, a representative from the Office was present at the hearing and represented the Office did not oppose the Application.

At the conclusion of the hearing, the PSC authorized the presiding officer to issue a bench order approving, on an interim basis, the rate changes Questar sought in the Application. This order memorializes that bench ruling.

BACKGROUND

In 2010, the PSC authorized Questar to establish the Infrastructure Tracker Pilot Program (Tracker).¹ In its 2013 general rate case order dated February 21, 2014,² the PSC authorized Questar to continue the Tracker but ordered that Questar defer increasing customers' rates until Questar had completed and placed into service \$84 million of infrastructure investment. In Docket No. 14-057-27,³ Questar reported \$114.949 million⁴ of infrastructure investment had been made, closed, and placed in service as of October 31, 2014. The investment in excess of \$84 million reflected a revenue requirement of \$4.105 million. In Docket No. 15-057-13,⁵ Questar stated that approximately \$128.293 million of infrastructure investment had been made, closed, and placed into service by August 31, 2015, reflecting a revenue requirement of \$5.313 million on the investment in excess of \$84 million. In Docket No. 16-057-13,⁶ Questar represented that approximately \$231.813 million of infrastructure investment had been made, closed, and placed into service by September 30, 2016, deriving a revenue requirement of \$17.168 million on the investment in excess of \$84 million.

¹ Docket No. 09-057-16, *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications* (Report and Order; June 3, 2010).

² Docket No. 13-057-05, *In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications* (Report and Order; February 21, 2014).

³ Docket No. 14-057-27, *In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment*.

⁴ All Infrastructure Investment totals are cumulative amounts. Revenue requirement calculations are based on a 12-month basis, unless otherwise indicated.

⁵ Docket No. 15-057-13, *In the Matter of the Application of Questar Gas Company to Change the Base Distribution Non-Gas Rate and the Infrastructure Rate Adjustment*.

⁶ Docket No. 16-057-13, *In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment*.

QUESTAR'S APPLICATION

In this Application, Questar represents that approximately \$248.756 million of infrastructure investment has been made, closed, and placed in service from January 2013 through October 2016, an increase of \$16.943 million since September 30, 2016. After applying various adjustments⁷ to this amount, Questar calculates a revenue requirement of \$19.413 million, or a revenue requirement increase of \$2.246 million since that approved in the last Infrastructure Rate Adjustment case in Docket No. 16-057-13.

Questar provided summary data to substantiate the amount of its infrastructure investments and provided calculations showing the amount of revenue required to compensate Questar for them. Questar also provided calculations illustrating how it had distributed the revenue requirement among its customer class schedules in accordance with the cost of service information approved in the PSC's June 6, 2014 Report and Order in Docket No. 13-057-19.⁸ Table 1 below presents a comparison of the Infrastructure Rate Adjustment rates approved in Docket No. 16-057-13 effective November 1, 2016, and those approved in this docket effective December 1, 2016.

THE DIVISION'S COMMENTS

The Division represents approval of Questar's application will cause a typical GS rate class customer's annual bill to increase \$1.70, or 0.25 percent. The Division believes Questar's request complies with the PSC's prior order to defer collecting infrastructure investment until

⁷ See Application, Exhibit 1.1 Calculation of Revenue Requirement at 7.

⁸ Docket No. 13-057-19, *In the Matter of the Application of Questar Gas Company for Authority to Change its Depreciation Rates*.

Questar had invested \$84 million. The Division noted the current filing represents one additional month of infrastructure investment since the last infrastructure filing in Docket No. 16-057-13. According to the Division, the reason Questar filed the current change in the Infrastructure Rate Adjustment so soon after the previous change was due to the timing of the recent merger of Dominion Resources and Questar Corporation. Questar chose to file the previous rate adjustment in September (instead of August as had been planned) to await the final outcome of the merger. The Division recommends the PSC approve the proposed infrastructure rates on an interim basis until the Division can complete an audit.

Table 1. Infrastructure Rate Adjustment Rates

Description	<u>Usage Blocks in Decatherms</u>	<u>Infrastructure Rate Adjustment Rates Effective November 1, 2016</u>	<u>Infrastructure Rate Adjustment Rates, Effective December 1, 2016</u>
GS General Service			
Winter 1st block	0 - 45	\$0.18287	\$0.20653
Winter 2nd block	all over 45	\$0.10504	\$0.11863
Summer 1st block	0 - 45	\$0.13440	\$0.15178
Summer 2nd block	all over 45	\$0.05656	\$0.06388
FS Firm Sales			
Winter 1st block	0 - 200	\$0.08322	\$0.09394
Winter 2nd block	201 - 2,000	\$0.05784	\$0.06529
Winter 3rd block	all over 2,000	\$0.03111	\$0.03512
Summer 1st block	0 - 200	\$0.05474	\$0.06179
Summer 2nd block	201 - 2,000	\$0.02935	\$0.03313
Summer 3rd block	all over 2,000	\$0.00263	\$0.00297
NGV Natural Gas Vehicles			
IS Interruptible Sales			
1st block	0 - 2,000	\$0.13558	\$0.14681
2nd block	2,001 - 20,000	\$0.02047	\$0.02217
3rd block	all over 20,000	\$0.01205	\$0.01305

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FT-1 Firm Transportation			
1st block	0 - 10,000	\$0.03514	\$0.03973
2nd block	10,001 - 112,500	\$0.03293	\$0.03723
3rd block	112,501 - 600,000	\$0.02312	\$0.02614
4th block	all over 600,000	\$0.00472	\$0.00533
Demand Charge	per decatherm	\$1.91532	\$2.16563
MT Municipal Transportation			
	all decatherms	\$0.05462	\$0.06174
TS Transportation Service			
1st block	0 - 200	\$0.03899	\$0.04550
2nd block	201 - 2,000	\$0.02549	\$0.02974
3rd block	2,001 - 100,000	\$0.01042	\$0.01216
4th block	all over 100,000	\$0.00386	\$0.00450
Demand Charge	per decatherm	\$1.37261	\$1.60184

ORDER

Based on Questar's Application, the accompanying exhibits, the recommendation of the Division and the testimony presented at hearing, and there being no opposition to the Application, we approve the Application on an interim basis, pending the final results of the Division's audit. The rate changes reflected in the tariff sheets Questar filed in Docket No. 16-057-16 on November 1, 2016, which incorporate the rate changes approved in this docket, are approved effective December 1, 2016.

DATED at Salt Lake City, Utah, January 11, 2017.

/s/ Michael J. Hammer
Presiding Officer

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Approved and Confirmed January 11, 2017, as the Order of the Public Service
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#291184

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on January 11, 2017, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

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