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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
Eric Orton, Utility Analyst

Date: March 8, 2016

Subject: Questar Gas Company's Request for Tariff Change 16-057-T03

In the Matter of the Application of Questar Gas Company's Request for Approval to Change Section 5.08 of its Tariff.

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) approve the tariff sheets filed by Questar Gas Company (Company) on February 29, 2016.

BACKGROUND

On February 29, 2016 the Company filed its request for approval of the tariff sheets with the Commission. That same day the Commission issued its Action Request directing "the Division to provide analysis, evaluation results, and the basis for conclusions and recommendations regarding the following" investigation. On March 1, 2016 the Commission issued a Notice of

Filing and Comment Period with initial comments due on March 15, 2016, and reply comments due March 22, 2016. This Action Request Response is the result of the Division's investigation, and is the Division's recommendation to the Commission as well as its initial comments.

ISSUE

The North American Energy Standards Board (NAESB) issued several comments to a Federal Energy Regulatory Commission (FERC) Notice of Proposed Rulemaking (NOPR) issued on March 20, 2014, regarding "Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities (Docket No. RM14-2-000)". NAESB submitted its final comments to the FERC on September 29, 2014.

On April 16, 2015 the FERC issued its order number 809. Contained within that order were revisions to the FERC's regulations related to the scheduling of natural gas transportation services, which resulted in the addition of one daily nomination cycle (from four to five cycles). As a result of this additional nomination cycle, the Company is proposing to alter the nominations portion of its tariff (section 5.08) to be in step with the new FERC rule.

Even with order 809 issued, the topic of daily nominations cycles has not likely reached its final conclusion and parties (including the FERC) are still discussing the coordination of the gas day nomination cycles with electric producers. Therefore, it is expected that there may be more changes in the future which may alter these cycles again. Based on these probable changes coming in the future, the Company chose to include more general language referencing the NAESB schedules rather than the current practice of repeating the NAESB daily nomination deadlines. Additionally, this more general language helps to simplify and avoid the frequent altering of the nominations section of the tariff (assuming that the FERC will alter it again). These NAESB standards are public record and available to any person who may want to use them or reference the Company's tariff section 5.08.

Based on the directive from the FERC, which ordered the interstate pipelines to implement the change by April 1, 2016, the Company chose to coordinate its tariff change with that of the interstate pipelines and thus chose to implement its nomination tariff change effective April 1,

2016 as well. The FERC stated that it “will require interstate natural gas pipelines to comply with the revised NAESB standards that we are incorporating by reference in this Final Rule beginning on April 1, 2016. We are requiring this implementation schedule to give the interstate natural gas pipelines subject to these standards adequate time to implement these changes.”

DISCUSSION

The Division has reviewed the revised tariff sheets attached to the Company’s filing and believes that they accurately portray the Company’s stated position. The Division also believes that the new language is generally beneficial to those nominating gas on the Company’s system and, in addition, it simplifies the tariff by referencing the NAESB standards rather than delineate specified nomination times as was previously the case.

CONCLUSION

The Division recommends that the Commission approve the proposed revised tariff sheets as filed by the Company.

CC: Maria Wright, Division of Public Utilities
Kelly Mendenhall, Questar Gas Company
Michele Beck, Office of Consumer Services