



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT.
Governor
SPENCER J. COX
Lieutenant Governor

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, Technical Consultant

Date: May 1, 2017

Subject: Action Request Response regarding Docket No. 17-057-04.

In the Matter of Correspondence from Snow College Regarding Questar Gas.

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) take no action regarding the “surcharge and penalty” assessed to Snow College by Questar Gas Company (Company).

BACKGROUND

On April 5, 2017, Gary L. Carlston, President of Snow College, sent a letter to the Company copying the Commission, Division, a State Senator and three State Representatives. President Carlston states that Snow College is filing a “formal appeal” to the “surcharge and penalty on our Questar gas bill which occurred on Friday, January 6, 2017 and Saturday 7, 2017.” While the

letter does not specifically request Agency Action, the Division interprets the intent of the letter and the Commission's Action Request as such.

President Carlston makes three points in support of the appeal: 1) Snow College was not given sufficient communication "concerning our rate and the cost implications which could occur during an interruption situation"; 2) Snow College replied to the interruption notification 15 minutes afterwards telling the Company that its boiler "units were down and being repaired" and 3) the Company's 15% going forward penalty for not interrupting "seems very arbitrary and capricious and is certainly an unfair and anti-consumer friendly rate penalty."

On April 11, 2017, the Commission issued its Action Request directing the Division to investigate and provide any appropriate recommendation. This Action Request Response is the result of the Division's investigation.

DISCUSSION

On January 6 and January 7, 2017, weather conditions were colder than normal and the Company issued curtailment notices to 603 Interruptible customers, including Snow College. Snow College receives its service under an interruptible schedule and has acknowledged that it understood the implications of receiving service under that schedule in a document signed by Snow College representatives on November 30, 2016.

Over those two January days, a total of 286 of the 603 interruptible customers failed to interrupt thereby incurring the penalty outlined and approved in the current tariff. In addition to the penalty calculation, Section 3 of the Company's Utah Natural Gas Tariff No. 400 states that customers who fail to interrupt will be moved from the interruptible rate schedule to an available firm rate schedule for three years. Based on the information provided by the Company, the Division is satisfied that Snow College was, or should have been, aware of the requirements for interruptible service and the potential penalty for not interrupting. Snow College also received timely notice for this specific interruption.

As a regulated monopoly, the Company charges customers based on Commission approved tariff schedules. The Company cannot charge Snow College differently than other customers who have signed up for the same service under that particular tariff rate.

Snow College is requesting a “formal appeal” of the Company’s application of the provisions of the tariff. Even treating President Carlston’s letter as a formal complaint under Commission rules and practices, there appear to be no facts alleged that would justify the Company foregoing the fines and penalties it seeks. It appears the Company is enforcing the tariff as written. If Snow College desires changes to the tariff it takes service under, then representatives for Snow College would need to intervene in the Company’s next general rate case or take other appropriate action. However, good reasons exist for the survival and application of the complained-of provisions. Customers paying interruptible rates must be prepared to interrupt or pay the added costs of receiving firm service.

CONCLUSION

Although the Division is sympathetic of the difficulties faced by Snow College at the time of the interruption, the Company is not at liberty to waive the penalty nor provide the relief that Snow College is requesting. Additionally, the Division does not find any evidence that the Company has violated its tariff, Commission rule, or statute. Therefore, the Division recommends the Commission take no action in this matter.

CC: Gary L. Carlston, Snow College
Senator Ralph Okerlund
Representative Carl R. Albrecht
Representative Derrin R. Owens
Representative Merrill F. Nelson
President Craig C. Wagstaff, Questar Corporation
Maria Wright, Division of Public Utilities
Kelly Mendenhall, Questar Gas Company
Michele Beck, Office of Consumer Services

