- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Formal Complaint of Carole Hanson against Questar Gas Company	)))))	DOCKET NO. 10-057-04 ORDER OF DISMISSAL

ISSUED: June 30, 2010

By The Commission:

This matter is before the Commission on Carole Hanson's formal complaint against Questar Gas Company.

BACKGROUND

The type of Agreement at issue here was designed to remedy a common challenge rental property owners faced when leasing to tenants: ensuring gas service remains during gaps in service between the time a previous tenant discontinues service and when a new tenant commences service. The Agreements provide that when there is a gap in service, Questar notifies the owner if the tenant's service is terminated, and allows the owner to obtain service in his name if desired. Questar transfers the service in the owner's name until a new tenant requests service. The Agreements do not ensure the owner serves as a guarantor for unpaid tenant bills—that is, the owner is not liable for unpaid bills of the tenant under the Agreement. It is only liable for the times when no tenant holds service and the service is placed in the owners' name. If the tenants take service continually (i.e. there is no gap), then the owner never takes service in his name. If there is a gap, however, the owner is billed until a new tenant requests service.
The Agreement remains in effect until the owner cancels in writing. The Agreements do not have to be signed each time a tenant enters, but remains in force until cancelled.

On or about July 1, 2002, Ms. Hanson signed a landlord agreement (Agreement) for gas services at 550 East 200 North in Richfield, Utah (Property). From July 9, 2002 to February 17, 2004, three different tenants at Ms. Hanson's property held service in their names. The Agreement's terms were never activated because the new account holder was the person terminating the service in the name of the previous one. In February 2004, since the account holder discontinued service, and as no new account holder requested service, service was transferred into Ms. Hanson's name per the terms of the Agreement. Then on March 5, 2004, service in Ms. Hanson's name was terminated when another account holder called to request service in his name. When he cancelled service in April 2005, the service reverted back to Ms. Hanson's name. Ms. Hanson sold her Property sometime in May 2005. On May 9, 2005, a new account holder requested service, and that service was then transferred five more times to different account holders, never reverting back into Ms. Hanson's name until January 2010. In January 2010, the service reverted back to Ms. Hanson's name when the account holder terminated service and no new account holder requested service. From July 2002 until January 2010, Ms. Hanson never called to notify the Company she had sold the Property nor called to cancel the Agreement.

Ms. Hanson was subsequently billed for service from January 21, 2010 through February 15, 2010 in the amount of $33.80. Ms. Hanson called the Company stating that she no longer owned the Property and was not responsible for the outstanding bill. The Company representative notified Ms. Hanson that the Agreement on file, which she had entered into, held her responsible for the bill. The Agreement states that the terms of the Agreement would

"continue until cancelled by Property Owner or [Questar]. Property Owner must notify [Questar] of any sale of the property that would affect this agreement." The Agreement also stated that in between tenants, she would "continue to be billed and responsible for service."

Previous to February 2010, Ms. Hanson never called to notify the Company she had sold the Property nor called to cancel the Agreement. She does not dispute this. There is also no dispute that she sold the Property in about May 2005. According to Ms. Hanson, she sold it to a couple, who in turn sold it to another owner who is apparently the person not willing to pay the outstanding balance.

The Division of Public Utilities (Division) submitted its recommendation and recommended the Commission dismiss Ms. Hanson's complaint. It did not find the Company violated any statute, Commission Rule, or tariff provision.

ANALYSIS

The Commission previously commented on the validity of these types of Agreements. In *In the Matter of the Formal Complaint of Stephen Justesen against Questar Gas Company, Docket No. 09-057-17*, the Commission found that these types of agreement may appear to seem burdensome to the landlord that forgets to cancel then later has to pay a charge under the long-forgotten Agreement. However, these Agreements "strike[] an appropriate balance between competing interests," *Id. at p.11*, i.e. those of landlords, tenants, and ratepayers in general. *Id.* The Commission found that if there is *prima facie*, unrebutted evidence that a party entered into an Agreement, and if the terms of the Agreement require the party to notify the Company of termination of the agreement, and if the party did not terminate the Agreement as

required (or if there is not sufficient evidence showing proper termination), then the Commission will uphold the terms of the agreement.

Here, Ms. Hanson does not dispute that she entered into the Agreement. She admits she did not cancel it in writing per its own terms. She does not dispute she failed to notify the Company that she sold the property. Her concern with paying a bill incurred about five years after she sold her property is understandable. However, she also received the benefit of her bargain during the time she owned the property. The service reverted into her name in between tenants, without her having to pay the reconnection fee. She also received the benefit of service to her property during the time she owned it.

Disputes can often arise between old tenant, new tenant, and landlord, as to who is responsible for interim usage between the time an old tenant ends and new tenant commences service. Agreements such as the one Ms. Hanson entered into, however, serve to minimize dispute and allocate risk to those who can most control it. In this case, it was Ms. Hanson who had the responsibility to monitor the use of the Agreement and the provision of gas service under its terms. She was ultimately responsible to inform the Company that she was terminating the Agreement or selling the property and no longer needed the Agreement.

The Company has stated previously, *see In the Matter of the Formal Complaint of Stephen Justesen against Questar Gas Company, Docket No. 09-057-17*, that "as of December 2, 2009, the Company had record of 42,695 active Landlord Agreements involving service at 136,086 separate locations" and "some landlords have

hundreds of Landlord Agreements on file." The Commission does not think it proper to make the Company monitor the land records for each of its over 40,000 landlord customers. It would not only be burdensome, but likely add significant costs to other ratepayers who should not be made to bear the costs of an Agreement or Agreements from which they receive no benefit. Although Ms. Hanson had some risk that she would forget to end the Agreement, as evidenced by this matter, she also received benefits from the Agreement, e.g. she avoided incurring the connection fee repeatedly, she was able to maintain service in between tenants, continue service to prevent damage to pipes in the winter, etc. In exchange for those benefits, she must be aware of the terms of the Agreement, e.g. pay the bills in a timely manner, notify the Company when she desires to terminate service, etc.

She has other remedies in a Court that are not available to her here. For example, if she knows who actually incurred the bill for the services, she may file a claim against the person, or cross-claim against the person who actually incurred the services and who has failed to pay. There may be other legal and equitable options available to her there as well. However, the Commission finds that the Company has violated no statute, Rule, or tariff here.

ORDER

Therefore, Ms. Hanson's complaint is dismissed with prejudice.

Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the

Commission within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 20 days after the filing of the request, 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 Sections 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 30th day of June, 2010.

/s/ Ruben H. Arredondo
Administrative Law Judge

Approved and confirmed this 30th day of June, 2010, as the Order of Dismissal of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#66963