
In the Matter of the Application of UTAH)
GAS SERVICE COMPANY, a Corporation,))
for Authorization to Incorporate Changes in)
its Rates to Reflect Increases in the Cost of)
gas That Utah Gas Service Company)
Purchases From Others.)

DOCKET NO. 97-059-03

REPORT AND ORDER

ISSUED: February 6, 1998

SYNOPSIS

By this Order, the Public Service Commission of Utah approves the Application of Utah Gas Service Company to implement increases in rates due to increases in the cost of gas purchased from others.

Appearances:

Thomas M. Zarr	For	Utah Gas Service Company, Applicant
Laurie L. Noda Assistant Attorney General	"	Division of Public Utilities

By the Commission:

On September 8, 1997, Utah Gas Service Company ("Utah Gas" or "Applicant") filed a Request for Agency Action and application for authorization to increase its rates and charges. The increases are due to increases in prices charged by third-party gas suppliers.

A Report and Tentative Order and Notice of Hearing was issued by the Commission on October 23, 1997, and Applicant's increases in rates were permitted to become effective for gas sold on or after October 1, 1997, on a tentative basis and subject to hearing.

The application came on for hearing at 1:00 p.m. on November 20, 1997, before A. Robert Thurman, Administrative Law Judge, at the Commission's hearing room in Salt Lake City, Utah, pursuant to notice duly given by mail and by publication. Evidence was offered and received.

Based on the evidence, the Commission makes this Report containing the following Findings of Fact and Conclusions of Law, together with the Order based thereon.

FINDINGS OF FACT

1. Utah Gas is a public utility authorized to distribute gas in Daggett, Uintah, Grand, and San Juan Counties, Utah.
2. All customers of Applicant were notified of the application and hearing by Utah Gas by postcard mailed October 28, 1997. Certain industrial class and other large gas customers were notified by letter. No customers appeared at the

hearing, but the Commission received one letter commenting on the application.

3. Applicant estimates that it will sell 10,417,523 therms of gas in the next 12 months. The prices paid by Applicant for gas have increased pursuant to general market conditions for gas, changes from gas suppliers and recently negotiated short-term contracts. The changes from the various suppliers are numerous, and reference is made to the detailed changes listed in the application, which are incorporated here.

4. Based on the volumes of gas estimated to be purchased from the respective gas supply sources of Applicant, the total gas cost from all sources will become \$3,192,860. The total annualized cost of gas presently incorporated in Applicant's rates is \$2,735,516, leaving a difference of \$457,344 reflecting the changes in gas costs from different supply sources. Based upon annual sales of 10,417,523 therms, the annual increase in gas costs per therm amounts to 4.3901 cents per therm.

5. Applicant has proposed that the effect of the cost increase of 4.3901 cents per therm be spread among all its rate classifications based on a uniform commodity distribution to each of its rates. The Commission finds that Applicant's proposed procedure is in the public interest and consistent with prior treatment of such adjustments by the Commission. The evidence shows that the effect on the average residential customer will be an annual increase of \$33.41, or a percentage increase of 6.95%. Industrial and other rates will likewise be increased by 4.3901 cents per therm. To the extent that Applicant's actual purchases differ from projections, the difference will become an entry in Applicant's Gas Balancing Account and be reviewed by this Commission at a later time.

6. The increases in rates are based on the evidence, are cost-justified and are just and reasonable.

7. The Findings of Fact, Conclusions of Law and Tentative Order of this Commission in this matter under date of October 23, 1997 are found to be accurate and supported by the evidence and, accordingly, the Findings of Fact, Conclusions of Law and Tentative Order of October 23, 1997 are hereby confirmed.

8. The Division of Public Utilities reviewed the underlying data submitted by Applicant and did not oppose the application.

Based upon the foregoing Findings of Fact, the Commission makes the following:

CONCLUSIONS OF LAW

1. This case may be appropriately considered pursuant to the provisions of Section 54-7-12, Utah Code Annotated, 1953, as amended, other applicable statutes, and under the Rules of Practice and Procedure of this Commission.

2. The Commission concludes that Applicant has incurred increases in gas costs from its various gas suppliers as set out in the application and in the foregoing Findings and has also made the appropriate and necessary adjustments to its rates. The corresponding increases in Applicant's tariff rates to its customers are cost-justified, necessary to preserve Applicant's financial integrity, necessary to insure a reliable and consistent utility service, are just and reasonable, and the increases in Applicant's tariff rates should be approved and allowed in accordance with the foregoing Findings of Fact. The Report and Tentative Order in this matter and the tariffs filed by Applicant for gas sold on or after October 1, 1997 should be made final.

3. The uniform commodity method of allocating adjustments among all of Applicant's rate classifications as heretofore approved by this Commission in previous gas fuel cost cases is consistent with the public interest and should be utilized in this case.

Based upon the foregoing Findings of Fact and Conclusions of Law, the Commission enters the following:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, That:

1. The Report and Tentative Order in this matter under date of October 23, 1997, is hereby adopted and confirmed, and that Tentative Order is made final, and the application in this matter is approved.
2. The tariff rates and charges heretofore filed by Utah Gas Service Company with this Commission pursuant to said Tentative Order are hereby ratified, affirmed, and are made final and effective as the rates and charges of said Company until further order of the Commission.
3. This Order is effective upon the date of its issuance.
4. Pursuant to the Utah Administrative Procedures Act, the Commission issues the following notice that any party aggrieved by the Commission's Order may apply to the Commission for rehearing of the Commission's Order pursuant to Sections 54-7-15 and 63-46b-13, Utah Code. Any petitions for rehearing must be filed with the Commission within twenty (20) days after the issuance of this Report and Order.

DATED at Salt Lake City, Utah, this 6th day of February, 1998.

/s/ A. Robert Thurman
Administrative Law Judge

Approved and Confirmed this 6th day of February, 1998, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary