

In the Matter of the Application of)
QUESTAR GAS COMPANY for Approval)
of Terms of Gas Service to Customers in)
Cedar Fort)

DOCKET NO. 99-057-05

REPORT AND ORDER

ISSUED: May 6, 1999

SYNOPSIS

The Commission, for good cause shown, grants Mountain Fuel's application for approval of an extension area charge for application to customers of Cedar Fort.

By The Commission:

PROCEDURAL HISTORY

On March 17, 1999, Questar Gas Company filed its application for approval of an extension area charge (EAC) for customers in the community of Cedar Fort, Utah. Mountain Fuel requested informal adjudication and expeditious treatment of its application. The Administrative Law Judge, having been fully advised the premises, enters the following recommend Report, containing proposed Findings of Fact, Conclusions of Law, and the Order based thereon.

FINDINGS OF FACT

1. Questar Gas Company ("Questar"), a Utah corporation, is a public utility engaged in the distribution of natural gas to customers in the states of Utah, Wyoming, and Idaho. Its

Utah public utility activities are regulated by this Commission and conducted in accordance with Title 54 of the Utah Code Annotated and Tariff PSC Utah No. 300, which tariff this Commission has approved. A copy of the Company's Articles of Incorporation are on file with the Commission.

2. The residents and businesses of Cedar Fort desire that Questar bring natural gas to their community.

3. Questar's total project costs of constructing a natural gas transmission line and distribution facilities required to bring natural gas to Cedar Fort are estimated to be approximately \$773,000; under Questar's normal extension rules, this would require an up-front payment of \$673,000. Under Questar's current EAC tariff provisions, and using the projected capital costs with the results of the actual sign-up, the required EAC for residential customers in Cedar Fort would be \$30.00 for a projected 15-year period. The EAC for commercial customers in Cedar Fort would be \$30.00, plus \$3.1304 per decatherm for usage in excess of 45 Dth per month. For the 15-year life of the EAC, Questar would recover approximately \$397,000, leaving a deficit of \$276,000.

4. Under Questar's EAC provisions, in new service extension areas where the non-refundable payment cannot otherwise be collected, the Company offers customers, at its option, a monthly EAC in lieu of the non-refundable payment. The EAC is an estimate calculated to provide sufficient revenue to recoup the total non-refundable payment that would otherwise be collected in a new service extension area and the allowed return over the duration of the

repayment term. The EAC may be used in conjunction with regular (GS-1) or extension tariff

(GSS) rates.

5. Questar's analysis and proposed rates are submitted in compliance with HB 180, enacting a new § 54-3-8.1, UCA 1953, as amended. Under the provisions of that statute, a gas corporation is authorized to extend service, and this Commission is authorized to approve such service, to a previously-unserved area, without recovering the full up-front costs of such extension, if: 1) the extension cannot be economically provided under existing extension provisions; 2) charges in the extension area, on a per-customer basis will at least equal charges to existing customers; 3) any increase in over-all rates occasioned by the extension, taken together with increases occasioned by previously approved applications, will not exceed 1/5% as measured by rates in effect on July 1, 1998; and 5) no such extension plant investment will exceed one per-cent of the net book value of the utility's existing plant. Questar's proposed tariff changes meet these criteria and must, accordingly, be deemed just and reasonable.

6. Questar has sent a copy of its application to all interested persons, which persons include representatives of the Division of Public Utilities, the Committee of Consumer Services, and the Mayor of Cedar Fort. Questar represents that its application would not likely be contested or opposed by any persons affected by the application.

7. The Division of Public Utilities, by memorandum dated April 20, 1999, asserted that the proposed rates meet the criteria of HB 180 and recommended that the EAC for Cedar Fort be approved as requested.

8. The Commission notes that Questar's application does not request an increase or decrease in rates but merely seeks application of its currently tariffed EAC provisions to

customers in a new service territory, and that the application is uncontested.

9. We find Questar's proposal just and reasonable and in the public interest of extending natural gas service to outlying areas in the state of Utah.

FINDINGS AND CONCLUSIONS

1. The Commission has proper jurisdiction over the applicant and the subject matter of the application.

2. Questar has shown that its EAC for Cedar Fort is a just and reasonable charge. The Commission finds that the EAC will effectively bring natural gas service to the citizens of Cedar Fort, which might not otherwise be economically feasible.

3. The Commission grants Questar's application under Utah Code Annotated § 63-46(b)-5 and Commission Rule 746-110-1, which allows for matters unlikely to be opposed or contested to be adjudicated informally and allows the Commission, for good cause shown, to enter a final order without a formal hearing.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that QUESTAR GAS COMPANY's application of an extension area charge for Cedar Fort is granted. Any interested person may file a protest to this order within 20 days of the issuance date. If the Commission finds such protest to be meritorious, the Commission will suspend this order pending further proceedings. Absent meritorious protest, this order shall become final 20 days from the date of issuance without further action.

DATED at Salt Lake City, Utah, this 6th day of May, 1999.

/s/ A. Robert Thurman
Administrative Law Judge

Approved and Confirmed this 6th day of May, 1999, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary