P.S.C.U. Docket No. 06-057-T04
Data Request No. 2.02
Requested by Division of Public Utilities
Date of QGC Response March 2, 2007

2.02 Please provide some examples, with explanations, of estimated accounting entries that will be made to the new GSS/EAC 191.8 account. Also please show examples of different customer growth scenarios and the effect those scenarios may have on the entries. Because their currently exists a CET tariff for the GS-1 rate class, please show how the above examples of GSS/EAC accounting entries would relate to the entries that are made to the CET 191.9 account which currently exists in Questar Gas's Tariff along with explanations of why those entries are made.

Answer: An overarching purpose of this response is to show that regardless of the future growth assumed in the GSS/EAC areas, the amount requested for amortization will always be equal to the difference between allowed and actual revenues. (The CET Entry). The attached spreadsheet, DPU 2.02 Attach.xls, shows examples of CET and GSS deferred account entries given different assumptions in two different scenarios. The assumptions, along with current number of customers and estimated revenues for the GS-1 and the GSS/EAC customers are shown in Columns A and B.

Scenario 1:

Columns C through F show the CET and GSS deferred account calculations assuming that there is no growth in customers in either rate class. These calculations also assume that the estimated decrease in revenues that result from the removal of the GSS and EAC rates is $1,552,267 (line 11, column B) as explained in the response to DPU Data Request No. 2.01. It is also assumed that the revenue from the other GSS customers remains static such that there is no CET entry related to these customers. As a result, the only change to the Company's revenues is the result of removing the GSS and EAC rates. As can be seen on Line14, Column F, the CET entry is the $1,552,267. This is a debit to account 191.9 as shown on Line 25, Column C. However, compliance with the GSS/EAC Stipulation requires an entry to the GSS Revenue Account of $1,552,267, shown on Line 21, Column F. This is accomplished by debiting the GSS Revenue Account 191.8, as shown on Line 26, Column E. The debit entry to the GSS revenue account also requires a credit to the CET account 191.9 in order not to double count these revenues. This entry is shown on Line 26, Column D. As a result of these entries, there is no change to the CET Account 191.9, as shown on Line 27, Column C, and a debit balance in the GSS Revenue Account 191.8 of $1,552,267 as shown on Line 27, Column E. Following the CET review this fall, any party may ask to amortize the balance to the GS-1 customers, as an increase to their bill, as shown on Line 30, Column D.

Scenario 2:

Columns G through J show the CET and GSS deferred account calculations assuming growth in customers in the GS-1 and GSS rate classes as assumed on Lines 22-23, Column B and also assuming a decline in the revenue per customer in these rate classes as assumed on Lines 26-27, Column B. Because of the 1% reduction, this calculation assumes that the average GS-1 revenue per customer is now $251.22 (Line 1, Column I) and the average GSS/EAC revenue per customer is $430.00 (Line 19, Column I). In this exaggerated scenario, the changes to the Company's revenues are the results of removing the GSS and EAC rates, growth in the number of GSS customers of 50% (Line 23, Column B), 3% growth in the GS-1 customers (Line 22, Column B), a decline in the GS-1 revenue per customer of 1% (Line 26, Column B) and a decline of 1% in the GSS/EAC revenue per customer (Line 27, Column B). As can be seen on Line14, Column J, the CET entry is the $3,785,903. This is a debit to the 191.9 account as shown on Line 25, Column G. The entry required for the GSS Revenue Account is now $2,328,401, shown on Line 21, Column J. This is also a debit, but to the GSS Revenue Account 191.8, as shown on Line 26, Column I. The debit entry to the GSS revenue account also requires a credit to the CET account 191.9 in order not to double count these revenues. This entry is shown on Line 26, Column H. As a result of these entries, the balance in the CET Account 191.9, as shown on Line 27, Column G is a debit balance of $1,424,483. The balance in the GSS Revenue Account 191.8 is $2,328,401 as shown on Line 27, Column I. The total of the net balances, $3,785,903, in these accounts will later be amortized to GS-1 customers, as an increase to their bill, as shown on Line 30, Column H. The amount to be amortized will always be equal to the net balance in the CET and GSS Revenue accounts as well as the amount calculated for the initial CET entry on Line 14, Column J.

The spreadsheet has been attached and different assumptions can be made in Column B by the parties to see the effect on the CET and GSS Revenue Account entries.

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