

Michael Ginsberg (4516)
Patricia E. Schmid (4908)
Assistant Attorney Generals
Utah Division of Public Utilities
160 E 300 S, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857
(801) 366-0380
Attorneys for Utah Division of Public Utilities

Paul H. Proctor (#2657)
Reed T. Warnick (#3391)
Assistant Attorneys General
Utah Committee of Consumer Services
160 East 300 South
P.O. Box 140857
Salt Lake City, Utah 84114-0857
(801) 366-0353
Attorneys for Utah Committee of Consumer Services

Colleen Larkin Bell (5253)
C. Scott Brown (4802)
Questar Gas Company
180 East First South
P.O. Box 45360
Salt Lake City, Utah 84145
(801) 324-5172
(801) 324-3131 (fax)
Attorneys for Questar Gas Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

REGARDING THE APPLICATION TO REMOVE GSS AND EAC RATES FROM QUESTAR GAS COMPANY'S TARIFF	Docket No. 06-057-T04 GSS/EAC STIPULATION
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Pursuant to Utah Code Ann. § 54-7-1 (Supp. 2005) and Utah Administrative Code R746-100-10.F.5 (2005), Questar Gas Company (Questar Gas or the Company), the Utah Division of Public Utilities (Division), the Utah Committee of Consumer Services (Committee), and Robert Adams for the Beaver County Economic Development Corporation; Michael McCandless for

Emery County; Delynn Fielding for Carbon County; Jeff Edwards for Economic Development Corporation of Utah; Dr. Ray Terry for the Beaver County School District; Craig Val Davidson for Beaver Valley Hospital; Bill Johnson for Utah Small Cities, Inc.; Duane W. Moss for the Town of Cedar Fort; Gayle Bunker for Delta City; Barry L. Huntington for Panguitch City and Garfield County; Von J. Christiansen for Beaver County; Leo G. Kanell for Milford City; S. Lee Bracken for City of Enterprise; Leonard Foster for Beaver City; Ray J. Owens for the Town of Joseph; David L. Christensen for Fillmore City; (all of the foregoing collectively Stipulating Parties), submit this Stipulation to agree to a settlement of the issues raised in this docket.

PROCEDURAL BACKGROUND

1. Beaver County Memo. In March 2005, a memo was sent to the Commission from Beaver County that questioned the ability of rural communities to attract new industry into the area when communities with Expansion Area Rates (GSS) or Extension Area Charges (EAC) rates are compared to communities served under GS-1 rates. As a result of that memo, the Commission initiated an investigation into the GSS/EAC tariff issues. That investigation reviewed the history behind the GSS rates, as well as the process used to calculate the EAC charge. It also highlighted the fact that, due to a lag in the number of initial customers signing up, with the exception of Ogden Valley, the EAC term for most of the other communities would exceed the originally projected recovery time of 15 years. As the process was reviewed, an inconsistency was noted in the interest rate used in the calculation of the GSS and EAC rates. In order to help bring some consistency to the analysis, the EAC interest rates were adjusted to an after-tax rate in 2005 (Docket No. 05-057-13). This adjustment accelerated Ogden Valley's payoff from March 2008 to September 2005, as well as shortened the expected payoff time for most of the other EAC communities.

2. Task Force Meetings. The Commission issued an order in Docket 05-057-T01 to “Create a task force to address GSS expansion area rate premiums and EACs in the Company’s tariffs and develop new tariff language to address future system expansion requests” (Task Force). Four Task Force meetings were held. Ultimately, the Task Force report filed with the Commission on August 24, 2006 (Task Force Report), recommended that Questar Gas remove the GSS and EAC rates so that residential customers statewide pay the same rates. Additionally, with regard to the extension of natural gas service to areas not currently served, the report recommended that these areas acquire the necessary funding for the non-refundable portion of the contribution required to extend service from third-party resources. A copy of the Task Force Report and its attachments is attached to the application in this case as Exhibit 1.1.

3. Filed Memorandums. Also on August 24, 2006, the Committee filed a memorandum in this case recommending an additional technical conference. The Company on September 15, 2006, filed a reply memorandum.

4. Application. On October 6, 2006, the Company filed an application for a tariff change in Docket No. 06-057-T04 (Application) in accordance with Recommendation #4 of the Task Force Report. In the Application, the Company requested that the recommendations of the Task Force be adopted and filed proposed tariff sheets to implement those recommendations.

5. Testimony and Position Statements. On January 16, 2007, the following filed direct testimony in this docket: Marlin Barrow on behalf of the Division, Daniel Gimble for the Committee, Elizabeth Wolf on behalf of Salt Lake Community Action Program, Dr. Ray Terry for the Beaver County School District, Michael McCandless for Emery County, Craig Val Davidson for Beaver Valley Hospital, Delynn Fielding for Carbon County and Robert Adams for the Beaver County Economic Development Corporation. On January 29, 2007, Marlin Barrow

filed supplemental testimony. On February 2, 2007, the following filed rebuttal testimony: Daniel Gimble, Elizabeth Wolf and Gary Robinson on behalf of the Company. Position statements were also filed by the following cities, communities or organization: Cedar Fort, Enterprise, Milford, Garfield County and Economic Development Corporation of Utah.

6. Settlement Meetings. The supplemental and rebuttal filed testimonies of the Company, the Division and the Committee, show that these three parties recommended alternative positions in this case that were similar. In response to this, these parties met and held settlement discussions. Elizabeth Wolf also participated in at least one settlement discussion.

TERMS AND CONDITIONS

7. Settlement in Public Interest. Following extensive analysis, review and arms-length negotiations, and without waiver or acceptance of the claims, testimony or objections of any party, the Stipulating Parties have agreed to compromise and settle their differences with respect to the Application in this docket and to enter into this Stipulation. The Stipulating Parties agree that approval of this Stipulation is in the public interest and is consistent with just and reasonable rates.

8. Removal of GSS/EAC Rates. The Stipulating Parties agree with the Task Force Report Recommendation #1 that the GSS, IS-4, ITS and EAC rates should be removed from the Questar Gas Tariff and the customers in these areas be moved to the GS-1, I-4 and IT rate schedules respectively. The GSS, IS-4 and ITS rates can be found in Sections 2.03, 4.03 and 5.09, and the EAC rates are in Section 9.02 of the tariff.

9. New Service Extension Areas. The Stipulating Parties agree with the Task Force Report Recommendation #3 that the language in Section 9.02 of Questar Gas' current tariff that

discusses “Availability Of Service To New Service Extension Areas” (Pages 9-3 through 9-6) should be removed.

10. Financing Future Expansion Areas. The Stipulating Parties agree with the Task Force Report Recommendation #4 that the financing of the non-refundable contribution for any future expansion of QGC’s distribution system into areas currently not served by natural gas should be funded from third party sources before the expansion begins, and all other charges or required contributions in aid of construction should follow the established main and service line expansion policies included in Sections 9.03 and 9.04 of Questar Gas’ current tariff.

11. Accruals to GSS Revenue Account. The Stipulating Parties agree that the Company will accrue the estimated uncollected GSS and EAC revenues into Account 191.8 (GSS Revenue Account) as specified in the proposed tariff section 2.12.

12. Time Limit. The Stipulating Parties agree that the Company will cease accruing these revenues after a period of six years from the effective date of Section Revision No. 1 of proposed tariff section 2.12, unless they have been addressed through a Questar Gas general rate case.

13. Interest On Balances In The GSS Revenue Account. The Stipulating Parties agree that the Company will earn interest on any balance in the GSS Revenue Account as provided in proposed section 2.12.

14. GSS Revenue Account Amortization. After the 1-Year Review Period, as defined in the Settlement Stipulation in Docket No. 05-057-T01, or during a Questar Gas general rate case, whichever comes first, any party may request that the balance in the GSS Revenue Account be amortized and included in rates.

15. Audit and Review of GSS Revenue Account. The balance of uncollected revenue in the GSS Revenue Account is subject to audit and review.

16. Amortization Request. The Stipulating Parties agree that the Commission may approve a request to amortize the balance in the GSS Revenue Account outside a general rate case.

17. Accounting Order. The Stipulating Parties request that the Commission issue an accounting order establishing the GSS Revenue Account as requested by this Stipulation.

MISCELLANEOUS PROVISIONS

18. All negotiations related to this Stipulation are privileged and confidential and no party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any principle or practice of ratemaking, or the basis of an estoppel or waiver by any Party other than with respect to issues explicitly resolved by this Stipulation; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party to this Stipulation except a proceeding to enforce the approval or terms and conditions of this Stipulation. The Stipulating Parties believe that this Stipulation is in the public interest and that the rates, terms and conditions it provides for are just and reasonable.

19. The Company, Division and Committee each agree to present testimony of one or more witnesses to explain and support this Stipulation. Such witnesses will be available for examination.

20. The Stipulating Parties agree that if any other party, entity or individual challenges the approval of this Stipulation, requests rehearing of any approval of the Stipulation

or appeals the approval of this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation at the Commission.

21. In the event the Commission rejects any or all of this Stipulation, or imposes any additional material condition on approval of this Stipulation, each Stipulating Party reserves the right to withdraw from this Stipulation. If such a decision of the Commission is issued, any Stipulating Party contemplating withdrawing from this Stipulation shall notify the other Stipulating Parties to this Stipulation that it is contemplating withdrawing within five business days of the date such decision is issued. Upon receipt of such a notice, the Stipulating Parties agree to meet promptly and discuss the Commission decision and to attempt in good faith to reach a modified stipulation. If the Stipulating Parties reach impasse in their discussions, any Stipulating Party may withdraw from the Stipulation by providing written notice of withdrawal to the Commission and the Stipulating Parties within ten days of reaching impasse. In the event any Stipulating Party withdraws from this Stipulation, no Stipulating Party shall be bound or prejudiced by the terms of this Stipulation, and each Stipulating Party shall be entitled to undertake any steps it deems appropriate.

22. This Stipulation may be executed by facsimile and in one or more counterparts, each of which will be deemed to be an original of this Stipulation, and all of which when taken together, shall be deemed to constitute one and the same agreement.

RESPECTFULLY SUBMITTED: February ____, 2007.

C. Scott Brown
Colleen Larkin Bell
Questar Gas Company

Attorneys for Questar Gas Company

Michael Ginsberg
Patricia E. Schmid
Assistant Attorney Generals

*Attorneys for Utah Division of
Public Utilities*

Robert Adams

*Beaver County Economic
Development*

Michele Beck, Director

*Attorneys for Utah Committee of
Consumer Services*

Michael McCandless

Emery County

Delynn Fielding

Carbon County

Jeff Edwards

*Economic Development Corporation
of Utah*

Dr. Ray Terry

Beaver County School District

Craig Val Davidson

Beaver Valley Hospital

Bill Johnson

Utah Small Cities, Inc.

Duane W. Moss

Town of Cedar Fort

Gayle Bunker

Delta City

Barry L. Huntington

Panguitch City and Garfield County

Von J. Christiansen

Beaver County

Leo G. Kanell

Milford City

S. Lee Bracken

City of Enterprise

Leonard Foster

Beaver City

Ray J. Owens

Town of Joseph

David L. Christensen

Fillmore City