

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar)
Gas Company to Amortize the Conservation) DOCKET NO. 07-057-03
Enabling Tariff)
) INTERIM ORDER
) APPROVING RATE CHANGES
)

ISSUED: June 29, 2007

SYNOPSIS

The Commission approves an increase in rates, on an interim basis, for the amortization of the Conservation Enabling Tariff (CET) balance identified in Questar Gas Company's May 4, 2007, Application. The rate change may be made effective July 1, 2007, and represents an annual increase of \$1.92 for the average GS-1 customer using 80 decatherms a year.

By The Commission:

On May 4, 2007, Questar Gas Company (Questar or Company) submitted its Application to amortize the 191.9 Account balance, ending March 2007, arising under the Conservation Enabling Tariff, or CET, previously authorized in Docket No. 05-057-T01. The Application identifies an under-collected balance of \$844,035, proposes to use the same rate calculation methodology used in setting rates in Docket 06-057-10, and proposes the use of the same gas sales volumes used by Questar in calculating rates in Docket 07-057-02. Questar attached to the Application proposed tariff sheets that reflect resulting GS-1 and GSS rates should the Application be granted. Effectively, GS-1 rates would increase \$0.02442/Dth for block #1 and \$0.01002/Dth for block #2 for winter rates and \$0.02271/Dth for block #1 and \$0.00891/Dth for block #2 summer rates; GSS rates increase \$0.04902/Dth for winter and

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\$0.04841/Dth for summer. For a typical residential GS-1 customer, using 80 decatherms, or Dths, per year, this reflects an average annual increase of \$1.92 or 0.27% increase.

On May 29, 2007, the Division of Public Utilities (Division) filed a Memorandum regarding the Application and proposed rate change. The Commission issued notice of a hearing on the Application for June 25, 2007. At the June 25, 2007, hearing, Questar appeared through counsel Collen Larkin Bell, the Division appeared through Assistant Attorney General Michael Ginsberg, and the Committee of Consumer Services (Committee) appeared through Assistant Attorney General Paul Proctor; no other appearances were made. Questar presented testimony through its witness Barry McKay and the Division presented testimony through its witness Marlin Barrow; each providing evidence in support of granting the Application and approving the rate change requested.

The Division requests that the rate change be approved on an interim basis, as it had not fully completed its audit of the account and supporting documentation, but anticipated that it ultimately would not recommend any adjustments. We find that the evidence establishes that there is an under-collected balance of \$844,035 and that the proposed rates follow the rate design methodology utilized in approving the CET and setting rates in Docket No. 05-057-T01.

Although the GSS rate calculation follows the GS-1 and GSS rate relationship and calculations utilized in past rate settings, the Division opines that an alternative rate design for the GSS rates might be appropriate. However, the Division concludes that the rate design proposed through the Application can be approved and the Division will address alternative rate design proposals in future dockets. The Committee, through Mr. Proctor, asks the Commission to

consider the resultant rate change for GSS rates, obtained from the rate design utilized in the Application, but the Committee does not present evidence supporting an alternative rate design. Questar supports the rates proposed in the Application. We conclude that the GS-1 and GSS rates proposed may be approved as just and reasonable. They are consistent with past rate designs and provide a reasonable amortization of the 191.9 Account balance, addressed in the Application, consistent with the CET. The resulting rates are nearly identical to the rates which were deemed just and reasonable prior to the implementation of the CET. In incorporating the rate design used in the Application and approving the resulting rates in our order issued herein, we do not preclude any future consideration of an alternative rate design to calculate other rate changes that may arise from the CET's operation. We decline to utilize a different rate design at this time because the issue has not been fully settled, potential interested parties did not receive notice the issue would be raised in this docket, and we believe we lack an adequate record to use an alternative.

Although the Application requested that the rate change be effective June 1, 2007, at the hearing, Questar requested it be allowed to implement rate changes effective July 1, 2007. No objection was made to the amended effective date. We conclude that the rate changes approved herein may be made effective on July 1, 2007.

Wherefore, based upon the evidence presented and our findings and conclusions made herein, we enter the ORDER whereby we:

1. Grant the amortization requested Application and the rate changes requested therein.

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2. The rate changes requested and reflected in the proposed tariff sheets are approved on an interim basis and may be implemented with an effective date of July 1, 2007.

Pursuant to Utah Code 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah this 29th day of June, 2007.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

G#53788