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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY TO INCREASE DISTRIBUTION NON-GAS RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 07-057-13 PETITION OF QUESTAR GAS FOR RECONSIDERATION, REVIEW OR REHEARING AND CLARIFICATION OF REPORT AND ORDER ON COST OF SERVICE AND RATE DESIGN
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Questar Gas Company (“Questar Gas” or the “Company”), pursuant to Utah Code Annotated §§ 54-7-15 and 63G-4-301 and Utah Administrative Code R746-100-11.F, respectfully requests the Commission to reconsider, review or rehear and to clarify the Commission’s Report and Order on Cost of Service and Rate Design (“Order”) issued December 22, 2008. Questar Gas seeks reconsideration, review or rehearing of the Order with respect to three issues:

First, the GS rates established by the Commission in Appendix A to the Order are not designed to recover the revenue requirement (“Revenue Requirement”) found just and reasonable by the Commission in its Report and Order on Revenue Requirement (“Revenue Requirement Order”). This is shown by a comparison of the Revenue Requirement in Exhibit 1 and the calculation of “Final Spread of Revenue Requirement” resulting from the Order, which is shown in Table 3 on page 43 of the Order.

Second, the Order requires “the NGV schedule to reflect the price of natural gas, exclusive of the Wexpro resource.” Order at 41. This portion of the Order is addressing the commodity portion of the natural gas vehicle (“NGV”) rate. The commodity portion of the NGV rate was not at issue in this case and this decision is not based on substantial evidence.

Third, the Order requires the Company “to increase the rates associated with CNG to full cost of service on July 1, 2009.” *Id.* The Company has no objection to and, in fact, supports the Commission’s decision to eliminate 50 percent of the cost-of-service shortfall in NGV rates. However, the further decision to eliminate the entire shortfall by July 1, 2009 is not based on substantial evidence and is inconsistent with the decision to proceed in Docket No. 08-057-21 with a broader policy inquiry into the issues associated with NGV service. Order at 42.

If the Order is corrected to address all errors raised in this petition, the correct GS rates shown in Exhibit 3, page 3 are: Winter 1st Block - \$2.25341; Winter 2nd Block - \$0.93555; Summer 1st Block - \$1.89791; Summer 2nd Block - \$0.70455.

Questar Gas also seeks clarification of the Order to make clear that implementation of the rates set in the Order will not be made earlier than March 1, 2009, or the first day of the month commencing at least 20 days following the Commission’s issuance of its final order on this petition. The Company will be replacing its current billing system with a new version of the

Customer Care and Billing System (CC&B). Installation, testing, and validation will be completed by March 1, 2009. This upgrade to the CC&B was previously scheduled.

BACKGROUND

Questar Gas filed its application for an increase in rates and charges on December 19, 2007. The application included extensive direct testimony in support of the Company's case, including testimony of four witnesses on issues related to cost of service, rate spread and rate design ("Cost of Service"). On December 27, 2007, the Commission issued a scheduling order bifurcating the case into two phases, Revenue Requirement and Cost of Service. The Commission issued its Order on Test Period on February 14, 2008. The Company was required to update some aspects of its Cost of Service testimony based on the change in Revenue Requirement resulting from the change in test period ordered by the Commission. The Company filed this updated testimony on April 1, 2008.

The Commission issued its Revenue Requirement Order on June 27, 2008. In the Revenue Requirement Order, the Commission found an overall rate of return on rate base of 8.41 percent just and reasonable. Revenue Requirement Order at 7. The Commission also approved the Revenue Requirement Stipulation ("Stipulation") of the parties with regard to all other aspects of Revenue Requirement. The Stipulation, filed on May 16, 2008, consisted of adjustments to the Company's rate base and expenses as filed with its updated testimony. As shown on Exhibit 1, column D, with these adjustments, the Revenue Requirement for Distribution Non-Gas ("DNG") revenues found just and reasonable by the Commission was \$245,130,438.

In Docket No. 05-057-T01, the Commission approved a three-year pilot program for a full decoupling mechanism known as the Conservation Enabling Tariff (CET). This mechanism allows the Company to recover only its Commission-approved revenue per customer. The CET

compares the revenue collected from basic service fees and volumetric rates billed to individual GS customers (“Delivered Revenue”) to the Commission-allowed revenue that is calculated by multiplying the actual customers by the allowed revenue per customer (“Booked Revenue”). The difference between the Delivered Revenue and the Booked Revenue is the amount that the Company is allowed to accrue in the CET balancing account. Annual accruals are capped by 5% of DNG revenue. The Booked Revenue is the revenue the Company is allowed to collect from the GS class. This is the revenue that the Company is required to report on its financial statements. This is the revenue the Company used in Phase I of this case to determine the expected revenue deficiency for the GS class.

The Commission ordered that a rate change to implement the increase in Revenue Requirement ordered in the Revenue Requirement Order be made on a uniform percentage increase in accordance with the Stipulation effective August 15, 2008. Revenue Requirement Order at 22. On July 10, 2008, the Commission sent a letter to Questar Gas (“Letter”) instructing the Company to implement the August 15, 2008 rate change for the GS customer class in a manner that created an \$11.2 million shortfall in Delivered Revenue. A copy of the Letter is attached as Attachment 1. (However, in the Revenue Requirement Order the Commission allowed an \$11.9 million increase to Booked Revenue.) The Letter stated that “[o]ur adoption of the parties’ May 2008 Revenue Requirement Stipulation and the revenue requirement increase from our June R & O are intended to affect the Conservation Enabling Tariff (CET) in a limited way at this stage of these proceedings.” Although the Company disagreed with the Commission’s direction in the Letter, it complied with it relying on the Commission’s statement, that “[t]he subsequent completion of Phase II of Docket No. 07-057-13 will determine what further rate changes need to be implemented to specific rate schedules.”

The Revenue Requirement Order required a further updating of the Company's Cost of Service position consistent with the Revenue Requirement found just and reasonable by the Commission. The Company filed an updated Cost of Service model based on the ordered Revenue Requirement on July 25, 2008. Other parties filed their Cost of Service testimony on August 18, 2008. The Company and other parties filed rebuttal testimony on September 22, 2008 and surrebuttal testimony on October 7, 2008. Hearings were held on Cost of Service issues October 13 through 15, 2008. The Commission issued the Order on December 22, 2008.

ARGUMENT

I. THE DECISION NOT TO ALLOW GS RATES TO BE INCREASED TO A LEVEL NECESSARY TO RECOVER THE FULL REVENUE REQUIREMENT RESULTS IN RATES THAT ARE NOT JUST AND REASONABLE AND IMPROPERLY RELIED ON EXTRA-RECORD EVIDENCE WITHOUT NOTICE TO THE PARTIES.

The purpose of a general rate case for Questar Gas is to set rates that are designed to recover the DNG costs found just and reasonable by the Commission. In the Revenue Requirement Order, the Commission determined that the Company's DNG revenue requirement was \$245,130,438 as shown in Exhibit 1, column D, line 3. This was based on approval of the Stipulation in the Revenue Requirement Order (column B) and the 10% Return on Equity ("ROE") (column C) which results in an 8.41% overall rate of return on rate base. Revenue Requirement Order at 7, 17. The Stipulation of the parties settled all remaining revenue requirement issues through specification of agreed adjustments to the Company's Revenue Requirement exhibit filed April 1, 2008. Regarding the Stipulation, the Commission said:

The Commission concludes that its terms are just and reasonable and it is just and reasonable in result and in the public interest. We conclude the Stipulation provides revenues sufficient to cover all prudent costs of DNG service including those associated with new facilities to provide safe,

reliable and reasonably-priced service to Utah customers. Based upon the foregoing, the Commission approves the Stipulation.

Id. at 21.

Adjusting the expenses and rate base for the Commission-approved 10% ROE and the Stipulation reductions results in a rate base of \$730,214,247, as shown in column D, line 53 of Exhibit 1. The rate of return on rate base of 8.41% multiplied by \$730,214,247 equals approved net operating income of \$61,376,035 (column D, line 31). Adding the approved operating expenses of \$189,728,502 to this amount results in a total approved operating revenue of \$251,104,537 (column D, line 8). Subtracting Other Revenue of \$5,974,099 from the approved operating revenue leaves a DNG Revenue Requirement of \$245,130,438 (column D, line 3).

Once the total Revenue Requirement is determined and the class cost responsibility has been assigned, two tasks remain. First, the Commission must establish volumetric rates that allow the Company a reasonable opportunity to collect the Commission-approved Revenue Requirement. Second, the Commission must establish an allowed revenue per customer that, when multiplied by the number of customers, will also equal the Commission-approved Revenue Requirement. These calculations are independent calculations. If done correctly, they will result in the same total revenue. However, under the Order, they do not.

A. Commission-ordered volumetric rates are not just and reasonable.

In the Commission's Revenue Requirement Order, as clarified by the Commission's Letter, the Company was directed to adjust the allowed GS DNG revenue per customer and rates for the other affected classes by an equal percentage change. Exhibit 2, column A shows the resulting revenue using the allowed GS DNG revenue per customer and the Commission-approved rates for all of the other classes. The total revenue is \$245,130,438 (column A, line 12) which equals the Commission-approved Revenue Requirement.

Exhibit 2, column B shows the resulting revenue using the percentage-changed GS volumetric rates (calculated to comply with the Letter) and the Commission-approved rates for all other classes. The total revenue is \$233,911,851 (column B, line 12) which does not equal the Commission-approved Revenue Requirement. The Company was aware that these percentage-changed volumetric rates did not collect the Commission-approved Revenue Requirement, but believed that the deficiency would be corrected in Phase II of this proceeding. As mentioned above, the Letter provided that “[t]he subsequent completion of Phase II of Docket No. 07-057-13 will determine what further rate changes need to be implemented to specific rate schedules”

Column C of Exhibit 2 shows the volumetric rates for all customer classes as ordered by the Commission in the Order. The total revenue is \$233,911,664 (column C, line 12) which does not equal the Commission-approved Revenue Requirement.

The justification for not ordering rates that allow the Company a reasonable opportunity to collect the Commission-approved Revenue Requirement is shown by the Commission’s statement that “[t]he purpose of a rate case is to establish new tariff rates sufficient to enable the Company to recover the *difference* in revenue requirement and what the Company is collecting from customers at current tariff rates” Order at 61(emphasis added). On the contrary, the purpose of a rate case is to set just and reasonable rates that allow the Company an opportunity to collect its Commission-approved revenue to achieve its allowed ROE. When the Commission sets rates that will only allow the Company to recover a revenue amount of \$233,911,664 and not the Commission-approved Revenue Requirement of \$245,130,438 (a difference of \$11,218,774), the rates set are no longer just and reasonable and they are confiscatory.

The Utah Supreme Court has likewise concluded that rates cannot be set at “confiscatory” levels. *Stewart v. Utah Public Serv. Comm’n*, 885 P.2d 759, 767 (Utah 1994) (citing *Federal Power Comm’n v. Hope Natural Gas*, 320 U.S. 591, 603 (1944) for the proposition that rates are “confiscatory” if they do not include “the cost of debt service and a return on equity capital sufficient to attract investors, given the nature of the investment.”).

The Commission may have assumed that operation of the CET would recover the full Revenue Requirement allocated to GS customers regardless of the volumetric rates it set for the class. This could be true if there were no limits on accruals and amortizations of accruals under the CET. It is manifestly not true given the limits on accruals and amortizations the Commission has adopted in approving the CET. The Commission has set volumetric rates that under-collect the Commission-approved revenue requirement by approximately \$11.2 million. Coupled with an annual CET accrual cap of approximately \$11,000,000- results in unjust and unreasonable rates.

B. There was no record evidence to support this decision.

The Commission bases its decision on two erroneous assertions. First, the Commission believes the Company projected an end-of-year CET balance of \$11.2 million. The Order provides “we decline to increase GS-1 rates to recover the Company’s projected imbalance of \$11.2 million in this DNG rate case.” Order at 60. The Company did not provide any evidence about a projected end-of-year CET balance, nor did any other party. However, the Commission has laid the ground-work for a self-fulfilling prophecy. By setting rates that knowingly under-recover revenue by \$11.2 million, after 12 months, the CET balance will be near \$11.2 million effectively negating the CET.

Second, the Commission further attempts to justify its decision by comparing the alleged Company-provided CET year-end balance of \$11.2 million (which it characterizes as a

“forecasting error”) to the actual CET balance as of the end of October 2008. *Id.* However, there is no evidence on the record regarding the actual balance as of the end of October 2008 nor could there be since the hearings were concluded on October 15, 2008.

Although the Commission may use its expertise in interpreting and considering facts in the record, it may not utilize information not in the record in making decisions without informing the parties that it intends to do so and giving them an opportunity to respond to the information. *See Utah Code Ann. § 63G-4-403(4)(g)* (findings must be based on substantial evidence); *Mountain States Legal Foundation v. Utah Public Service Comm’n*, 636 P.2d 1047, 1051-1052 (Utah 1981) (“Commission expertise alone is not an adequate basis upon which ultimate findings as to reasonableness of rates and classifications of customers may be based. . . . Ultimate findings as to reasonableness and discrimination must be sustained if there are adequate subordinate findings to support them, *and there is substantial evidence to support the findings.*”) (emphasis added). Parties must have notice of the issues under consideration and an opportunity to be heard on them. *Mullane v. Central Hanover Bank*, 339 U.S. 306, 314 (1950) (“An elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.”). This cannot take place if the Commission makes a decision based on extra-record evidence without prior notice to the parties and an opportunity to be heard.

C. Base rates should be adjusted in a general rate case.

When the CET was approved as a pilot program in Docket No. 05-057-T01, all parties understood that GS rates would be adjusted during a general rate case to be held during the course of the pilot program. In fact, the Commission required as a condition to continuation of the pilot program, that the Company commence a general rate case not later than March 1, 2008,

“during this Pilot Program period, to ensure rates are just and reasonable.” Order, Docket No. 05-057-T01 (Utah PSC Nov. 5, 2007) at 13. This is that case.

For these reasons, the Commission should modify the Order approving the final spread of revenue requirement as shown in Exhibit 2, column D. The GS rates corrected for only this error are: Winter 1st Block - \$2.25103; Winter 2nd Block - \$0.93456; Summer 1st Block - \$1.89591; Summer 2nd Block - \$0.70381. The derivation of these rates is shown in Exhibit 3, page 1.

II. THE DECISION TO EXCLUDE WEXPRO GAS FROM THE COMMODITY PORTION OF THE NGV RATE IS IMPROPER BECAUSE THOSE RATES ARE NOT AT ISSUE IN THIS CASE AND PARTIES HAD NO NOTICE THAT THIS WOULD BE AN ISSUE IN THIS CASE.

As discussed above, the purpose of this case is to set just and reasonable rates to recover the Company’s DNG costs found prudent by the Commission. The commodity portion of rates related to gas costs are dealt with through Account 191, the Gas Balancing Account. Those rates are adjusted based upon periodic filings reflecting the actual costs of gas acquired by the Company. Accordingly, the Company’s application and direct testimony did not address the commodity portion of the NGV rate.

No other party addressed this issue in direct or rebuttal testimony except that in his rebuttal testimony dated September 22, 2008, Roger Ball made the following statement: “Every molecule of NGV gas should come at market, not Wexpro, prices, and the rate should be set accordingly.” RJB Exhibit 7.0 at 14.¹ This passing reference, while referring to Wexpro prices, does not clearly request that the Commission adjust the commodity portion of the NGV rate in this case. Therefore, because it was not clear that the passing reference to a new issue in

¹ In addition, Mr. Ball’s testimony ignores the fact that many operators of NGVs fill their vehicles with natural gas purchased for commercial or residential purposes at their places of business or homes, not from NGV filling stations. At this time, it is not possible to determine how natural gas is being used beyond the meter.

rebuttal testimony was even making a recommendation on a change in the commodity rate and because the commodity rate was not at issue in the case, no party addressed Mr. Ball's passing reference in surrebuttal testimony. Thus, the issue was not properly before the Commission, and, even if it had been, there was no substantial evidence upon which the Commission could make a finding that the commodity portion of the NGV rate should be adjusted in this case.

Due process requires that a party have notice of the issues to be addressed and an opportunity to be heard on them. *Mullane v. Central Hanover Bank*, 339 U.S. at 314.² Because the issue of the commodity portion of the NGV rate is not at issue in a general rate case and because no party raised any issue regarding the commodity portion of the NGV rate in the application or direct testimony in this matter, no party had notice that the issue would be addressed or had a reasonable opportunity to be heard on the issue. Thus, it is a denial of due process for the Commission to rule on the issue in the Order.

In addition, as discussed in the Order, the Commission has established Docket No. 08-057-21 to consider broad policy issues associated with NGVs. Order at 35, n. 12, and 42. It is inconsistent with the policy consideration in that case to order a change in the commodity portion of the NGV rate in this case without any substantial evidence being presented on the issue. The commodity rate approved in docket 08-057-23 should remain in place. The Commission should vacate this decision and defer any decision on this issue until it is properly

² See also *Shaw v. Valdez*, 819 F.2d 965, 970 (10th Cir. 1987) (court explained, in unemployment compensation case, that party "was entitled, as a matter of right, to know in advance all of the factual and legal issues that would be presented at the hearing"); *Spanish Oaks, Inc. v. Hy-Vee, Inc.*, 655 N.W.2d 390, 404 (Neb. 2003) ("While we recognize that judicial efficiency might be promoted if courts were to, sua sponte, determine questions raised by the facts but not presented in the pleadings, that efficiency would come at the expense of due process."); *Southeast Recycling v. Cottongim*, 639 So.2d 155, 157 (Fla.App. 1994) ("Due process concerns preclude a ruling on matters which have not been placed at issue, since the parties are entitled to notice so that they may fairly present their case.").

considered after notice that it is an issue either in a 191 Account pass-through case or in Docket No. 08-057-21.

III. THE DECISION TO ELIMINATE THE ENTIRE COST OF SERVICE DEFICIENCY IN NGV RATES IS NOT SUPPORTED BY SUBSTANTIAL EVIDENCE, IS INCONSISTENT WITH THE PROCEEDINGS IN DOCKET NO. 08-057-21, AND MAY FORECLOSE OPTIONS CONTRARY TO THE PUBLIC INTEREST.

All parties that performed cost of service studies in this case agreed that the NGV rate was likely significantly below cost of service and recommended an increase in the rate to eliminate 50 percent of the shortfall. Order at 35. The only party to recommend complete elimination of the shortfall in this case was Mr. Ball. In brief testimony devoid of analysis, Mr. Ball offered his opinion as an individual residential customer that:

There is no point encouraging either the competitive commercial development of NGV filling pumps or stations, or the individual investment in compressors, by continuing the use of a subsidised NGV rate. Far better to send a realistic price signal based on full cost now, and allow the infrastructure to develop in a sensible open-market fashion.

Moreover, natural gas for vehicles is a recent innovation. While environmentally beneficial, there is no case for those who use gas for long-established purposes such as space and water heating on the GS1 rate schedule subsidising this relatively novel use. Every molecule of NGV gas should come at market, not Wexpro, prices, and the rate should be set accordingly.

The Commission should not again indulge QGC's monopoly ambitions, as it did in approving GSS and EAC rates, by approving any subsidy from payers of other rates to be applied to the NGV rate.

RJB Exhibit 7.0 at 14. When this testimony is compared with the testimony of witnesses Robinson, Barrow and Dismukes, each of whom performed analysis of Cost of Service in general and the NGV rate in particular and recommended that the rate be increased to recover 50 percent of the cost-of-service shortfall in this case, it is apparent that Mr. Ball's testimony is not substantial evidence on which the Commission could base a finding.

Governor Huntsman's Energy Advisor, Dianne Nielson, testified during the public witness portion of the hearing, that the Commission should increase the rate "by no more than 50 percent of cost of service at this time. Furthermore, she supports the opportunity provided by the Commission to consider services associated with NGV as well as other natural gas, fuel, and vehicle factors, in Docket No. 08-057-21, prior to additional changes in the NGV rate." Order at 37.

Equally importantly, as previously noted, Docket No. 08-057-21 has been established by the Commission to consider the broad public policy issues associated with NGV service. Mr. Barrow recommended that the Commission defer further decisions on elimination of inter-class subsidies pending a much broader policy discussion in this other docket. Order at 35. It is inconsistent with the Commission's decision (mentioned in the Order) to go forward in that docket but foreclose options by prematurely deciding to eliminate the balance of the cost of service shortfall on July 1, 2009. The Commission may reach the same decision in Docket No. 08-057-21 or it may be persuaded by a thorough exploration of the issue to preserve some level of subsidy in the public interest. Whatever the decision, it need not be made until the Commission has thoroughly considered the issues.

Based on the foregoing, the Commission should vacate its decision to increase the NGV rate to full cost of service on July 1, 2009, and should defer any further decision on this issue pending completion of Docket No. 08-057-21.

In calculating the portion of the Revenue Requirement produced by NGV rates, the Commission used the higher rate for six months and the lower rate for six months. This overstates that portion of the Revenue Requirement to be collected from NGV rates and, thus, understates the GS rates because they are based on the total Revenue Requirement less the

portion of the Revenue Requirement to be collected from all other rates. The correct derivation of the NGV rate contribution to the total DNG Revenue Requirement is based only on the rate increase ordered effective immediately in this case, the NGV rate of \$4.49031 per decatherm. Based on this correction, the derivation of the correct GS rates is shown on Exhibit 3, page 2. Assuming the Order is corrected only to address this error, the correct GS-1 rates are: Winter 1st Block - \$2.10431; Winter 2nd Block - \$0.87364; Summer 1st Block - \$1.77234; Summer 2nd Block - \$0.65793.

IV. CORRECTION OF ALL ERRORS.

The effect of correction of the error discussed in part I and correction of the error discussed in part III, above is shown in Exhibit 3, page 3. The GS rates correcting both errors are: Winter 1st Block - \$2.25341; Winter 2nd Block - \$0.93555; Summer 1st Block - \$1.89791; Summer 2nd Block - \$0.70455. These are the rates that should be ordered by the Commission on reconsideration, review and rehearing.

V. THE ORDER SHOULD BE CLARIFIED TO NOTE THAT THE EARLIEST THE RATES COULD BE IMPLEMENTED IS MARCH 1, 2009, OR 20 DAYS FOLLOWING ISSUANCE OF THE COMMISSION'S FINAL ORDER ON THIS PETITION.

Questar Gas is unable to implement the rate changes provided in the Order earlier than March 1, 2009. The Company had previously scheduled upgrades of the CC&B to take place in January and February 2009. Following the Revenue Requirement Order, the Company implemented equal across-the-board increases to all rate classes in accordance with the Commission's direction on August 15, 2008. Although it was assumed at the time that the rates ultimately set in the Order would differ from these uniform increases, it was deemed reasonable by the Commission and the parties to take the necessary time to complete the Cost of Service portion of the case in an orderly manner prior to adjusting the rates of individual customer

classes. Thus, the rates as changed by the Revenue Requirement Order have been in effect for over five months. Allowing these rates to remain in effect until March 1, 2009 is necessary and reasonable.

In addition, the Company should not be required to implement the rate changes while this petition is under consideration. If the Commission grants this petition and corrects the rates as urged in the petition, it makes sense for the rate changes to be implemented only once to avoid unnecessary customer confusion. The Company is currently collecting less than the Revenue Requirement determined to be just and reasonable in the Revenue Requirement Order. While some customers' rates will be reduced as a result of the Order, others will be increased. Therefore, customers in general will not be prejudiced by implementation of the rate changes provided in the Order, after the Commission resolves the issues in this petition.

CONCLUSION

Based on the foregoing, Questar Gas respectfully requests that the Commission grant reconsideration, review or rehearing of the Order and (1) increase the GS-1 volumetric rates to the amounts set forth above and in Exhibit 3, page 1 to provide the Company a reasonable opportunity to recover the Revenue Requirement found just and reasonable in the Revenue Requirement Order; (2) vacate the portion of the Order excluding Wexpro gas from the determination of the commodity portion of the NGV rate and defer any decision on this issue until a full record and substantial evidence is presented on it in an appropriate proceeding ; (3) vacate the portion of the Order requiring an increase in NGV rates to full cost of service on July 1, 2009, defer any decision on this issue until a full record and substantial evidence is presented on it in an appropriate proceeding, and adjust the GS volumetric rates to the amounts set forth above and in Exhibit 3, page 2 to provide the Company a reasonable opportunity to recover the Revenue Requirement found just and reasonable in the Revenue Requirement Order.

In sum, the effect of the corrections the Commission should make will be to adjust GS volumetric rates to the following levels: Winter 1st Block - \$2.25341; Winter 2nd Block - \$0.93555; Summer 1st Block - \$1.89791; Summer 2nd Block - \$0.70455 as shown on Exhibit 3, page 3.

Questar Gas is prepared to provide clarification and evidence on any of the foregoing issues in a technical conference or rehearing if deemed helpful by the Commission.

The Commission should also clarify the Order to provide that the rates ordered by the Commission should be implemented no earlier than March 1, 2009 or 20 days following issuance of the Commission's final order on this petition.

RESPECTFULLY SUBMITTED: January 20, 2009.

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing **PETITION OF QUESTAR GAS FOR RECONSIDERATION, REVIEW OR REHEARING AND CLARIFICATION OF REPORT AND ORDER ON COST OF SERVICE AND RATE**

DESIGN was served upon the following persons by email on January 20, 2009:

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