

P.S.C.U. Docket No. 07-057-13
Data Request No. 26.09
Requested by Committee of Consumer Services
Date of QGC Response June 26, 2008

CCS 26.09 Please provide all empirical analysis, studies and other documentation which support the current and proposed winter and summer rates and rate differentials. Please provide any associated documentation and provide all workpapers and calculations in electronic spreadsheet format with all links and formulas intact.

Answer: The calculation of the summer/winter differential is performed in the Sum-Wint tab of all versions the Company's excel rate case model.

An empirical analysis was developed to examine the efficiency of the Company's historical approach to recovery of demand related costs from individual customers with a variety of load factors. The summer/winter differential methodology proposed in this docket is based on the historical methodology.

The first step in the analysis was to develop a sample of customers stratified by load factor. The loads factor strata selected were 10-20%, 20-30%, 30-40%, 40-50% 50-60% and 60-70%. For each customer sampled, the quantity of gas delivered during the winter rate-effective period (November through March) and the gas delivered during the summer rate-effective period (April through October) was determined. An average ratio of winter use to summer use was calculated for each load factor strata.

The analysis is included in CCS 26.09 attach.xls. The spreadsheet has four sections. The first section shows the usage relationships for the sampled customers based on the average load factor of each strata and the average seasonal use, based on a customer with annual use of 100 Dth. (The annual usage could be any amount and the relationships would remain the same). The second section shows the average, by strata, of demand cost responsibility for a customer with annual use of 100 Dth. The third section shows the demand related revenue collection based on the Company's historical (and proposed) methodology. Also shown in this section is the difference from cost responsibility. The final section of the spreadsheet shows the demand related revenue collection based on a winter-only recovery of demand costs, along with the difference from cost responsibility.

Two graphs are included with the analysis. The first graph shows the annual demand cost for the average customer in each load factor strata and the revenue recovery under the Company's historical methodology and the winter-only methodology. The second graph displays the absolute difference from cost for the two rate design approaches.

An examination of the second graph shows that the Company's approach provides a closer matching of revenue to cost except for customers with a load factor of approximately 25%. For the customers with load factors that are near 25%, the two approaches produce similar results. The advantage of an approach for recovery of demand costs that exaggerates the collection of demand costs in the winter and returns the excess in the summer (the Company's historical approach) is better cost tracking over the range of customers that exist on a heterogeneous rate class.

Prepared by: Steven R. Bateson, Outside Consultant, Espial Consulting

	Usage Relationships			100 Dth/yr		COS Study		Company Methodology			Winter Only Recovery Methodology			
	Load Factor Mid-Point	Winter/Summer (b)	Peak Use (c)	Winter Use (d)	Summer Use (e)	COS Demand Allocation (f)	Winter Revenue (g)	Summer Revenue (h)	Total Revenue (i)	Difference (j)	Winter Revenue (k)	Summer Revenue (l)	Total Revenue (m)	Difference (n)
1	15%	8.68	1.83	89.67	10.33	\$ 38.46	\$ 38.65	\$ (1.91)	\$ 36.73	\$ (1.73)	\$ 32.15	\$ -	\$ 32.15	\$ (6.31)
2	25%	3.09	1.10	75.57	24.43	\$ 23.08	\$ 32.57	\$ (4.53)	\$ 28.04	\$ 4.96	\$ 27.09	\$ -	\$ 27.09	\$ 4.02
3	35%	1.61	0.78	61.70	38.30	\$ 16.48	\$ 26.59	\$ (7.10)	\$ 19.49	\$ 3.01	\$ 22.12	\$ -	\$ 22.12	\$ 5.64
4	45%	1.20	0.61	54.52	45.48	\$ 12.82	\$ 23.50	\$ (8.43)	\$ 15.07	\$ 2.25	\$ 19.55	\$ -	\$ 19.55	\$ 6.73
5	55%	1.04	0.50	51.00	49.00	\$ 10.49	\$ 21.98	\$ (9.08)	\$ 12.90	\$ 2.41	\$ 18.29	\$ -	\$ 18.29	\$ 7.80
6	65%	0.92	0.42	48.01	51.99	\$ 8.88	\$ 20.69	\$ (9.64)	\$ 11.06	\$ 2.18	\$ 17.22	\$ -	\$ 17.22	\$ 8.34

Notes to spreadsheet:

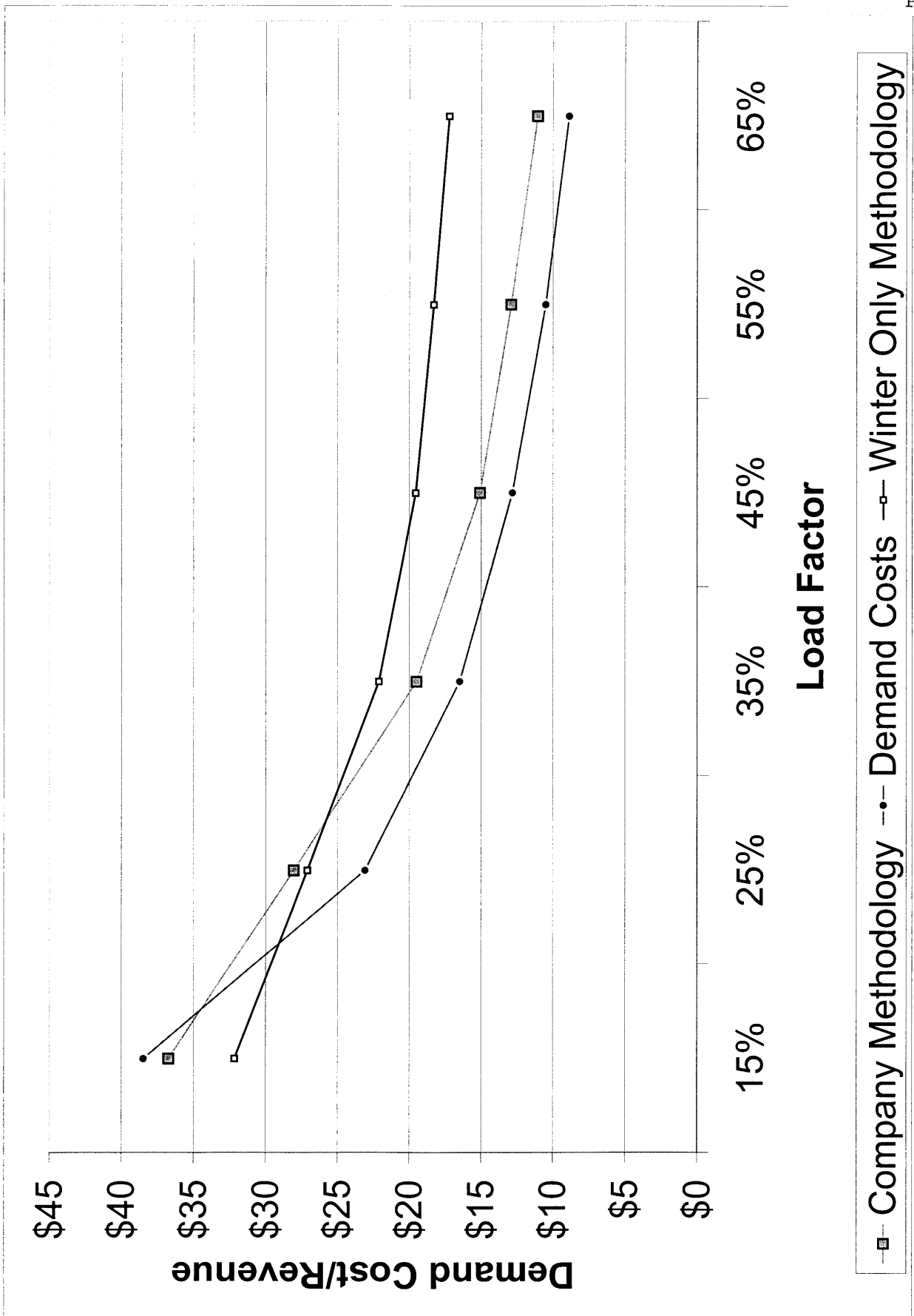
- Column (a) The midpoint of the load factor range +/- 5%.
- Column (b) Ratio of total winter use to total summer use for customers sampled in each load factor range (see Ratios Tab).
- Column (c) Peak day based on the midpoint load factor column (a) assuming 100 Dth annual usage. 100 Dth/365/Column (a).
- Column (d) Winter use based on 100 Dth annual use and the ratio of winter use to summer use. (100 Dth/(Column (b) + 1)) * Column (b).
- Column (e) Summer use based on 100 Dth annual use and the ratio of winter use to summer use. 100 Dth - Column (d).
- Column (f) Allocated Demand Cost. Column (c) * Demand Cost per Peak Day Dth, line 12 (e).
- Column (g) Column (d) * Company Winter Demand Recovery/Dth, line 15 (e).
- Column (h) Column (e) * Company Summer Demand Recovery/Dth, line 16 (e).
- Column (i) Column (g) + Column (h).
- Column (j) Column (i) - Column (f)
- Column (k) Column (d) * Winter Only Demand Recovery/Dth, line 18 (e).
- Column (l) Column (e) * Summer Demand Recovery (Winter Only Methodology)/Dth, line 19 (e).
- Column (m) Column (k) + Column (l).
- Column (n) Column (m) - Column (f)

COS & Rate Design Components

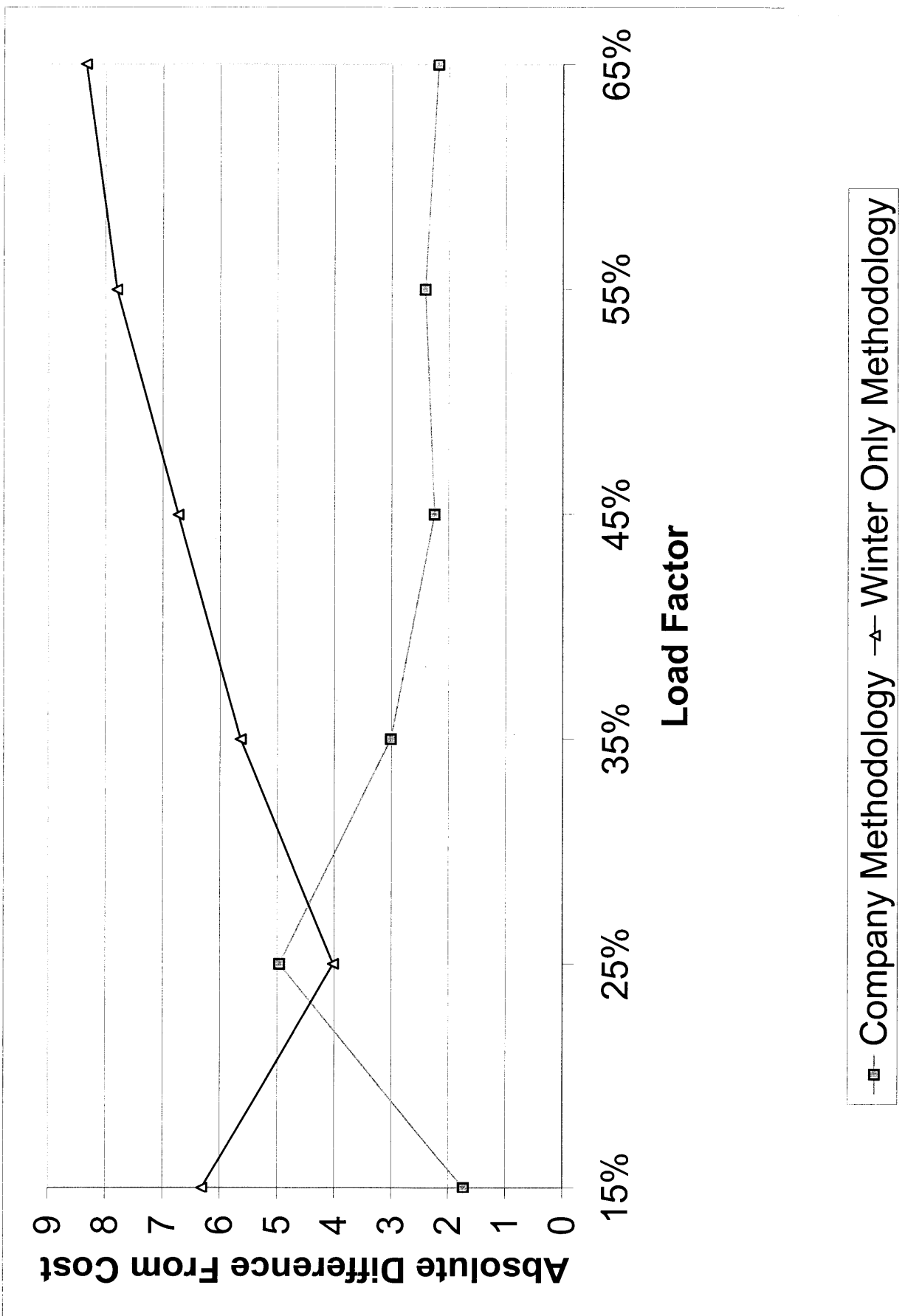
7	Total GS Glass Demand Costs	\$23,226,002	(e)
8	Total GS Commodity Sales	90,090,672	
9	Total GS Winter Sales	64,776,962	
10	Total GS Summer Sales	25,313,710	
11	Total GS Peak Day Responsibility	1,102,930	
12	Demand Cost per Peak Day Dth	\$ 21.06	
13	Demand Cost per Annual Dth	\$ 0.25781	
14	Demand Cost per Winter Dth	\$ 0.35855	
15	Company Winter Demand Recovery	\$ 0.43099	
16	Company Summer Demand Recovery	\$ (0.18537)	
17	Company S/W Differential	\$ 0.61636	
18	Winter Only Demand Recovery	\$ 0.35855	
19	Summer Demand Recovery (Wint. Only)	\$ -	
20	Winter Only S/W Differential	\$ 0.35855	

Notes to COS & Rate Design Components:

- Total GSR and GSC allocated Demand Costs from COS Study
- Total GSR and GSC Commodity Sales
- Winter GSR and GSC Commodity Sales
- Summer GSR and GSC Commodity Sales
- Total GS Peak Day Responsibility from COS Study
- Line 7 (e) / Line 11 (e)
- Line 7 (e) / Line 8 (e)
- Line 7 (e) / Line 9 (e)
- (Line 7 (e) - Line 17 (e) * Line 9 (e)) / Line 8 (e)
- Line 15 (e) - Line 17 (e)
- Line 13 (e) + Line 14 (e)
- Line 14 (e)
- Line 18 (e) - Line 20 (e)
- Line 14 (e)



—□— Company Methodology —●— Demand Costs —□— Winter Only Methodology



Questar Gas Company
Docket No. 07-057-13
QGC Exhibit 8.6R

2007

Company - Jurisdiction	BSF / Customer Charge			
	Residential		Small Commercial	
	Amount	Tariff Page	Amount	Tariff Page
Questar Gas				
Utah	\$5.00	2-2	\$5.00	2-2
Wyoming	\$8.70	7	\$8.70	7
AGL Resources				
Georgia (Atlanta Gas Light)	\$9.05	1.1	\$20.39	1.1
Tennessee (Chattanooga Gas)	\$12.00	1	\$29.00	10
Florida (Florida City Gas)	\$8.00	23	\$15.00	31
Maryland (Elkton Gas)	\$4.00	14	\$7.25	15
New Jersey (Elizabethtown)	\$7.55	II-1	\$16.15	II-5
Virginia (Virginia Natural Gas)	\$9.78	Sched 1	\$12.78	Sched 2
Atmos Energy Corp.				
Colorado	\$9.00	9	\$21.50	9
Georgia	\$7.00	3	\$12.00	5
Illinois	\$9.90	3	\$25.00	5
Iowa	\$7.95	1	\$13.00	5
Kansas	\$8.00	IV.	\$16.00	IV.
Kentucky	\$7.50	8	\$20.00	8
Louisiana	\$11.50	25	\$19.16	26
Trans Louisiana	\$11.00	25	\$11.00	26
Mississippi	\$6.95	301	\$11.27	305
Missouri	\$7.00	9	\$12.50	10
Tennessee	\$12.00	4	\$9.00	6
Texas Mid-Tex	\$10.10	13	\$18.81	14
Amarillo	\$9.50	6	\$15.00	8
West Texas	\$9.59	18	\$17.09	20
Lubbock	\$9.95	35	\$15.75	37
Virginia	\$6.60	5	\$14.50	7
Cascade Natural Gas Corp.				
Oregon	\$3.00	101	\$3.00	104
Washington	\$4.00	503	\$10.00	504
Energen				
Alabama (Alagasco)				
Laclede Gas Co.				
Missouri	\$12.00	1	\$15.75	3
New Jersey Natural Gas Co.				
New Jersey	\$6.60	31	\$15.10	36
Northwest Natural Gas Co.				
Oregon	\$6.00	2-1	\$8.00	3-3
Washington	\$5.00	1	\$10.50	1
Peoples Gas Light & Coke Co.				
Illinois	\$9.00	4	\$15.00	6
Piedmont Natural Gas Co.				
North Carolina	\$10.00	Website	\$22.00	Website
South Carolina	\$10.00	Website	\$22.00	Website
Tennessee	\$13.00	301	\$29.00	302
South Jersey Gas Co.				
New Jersey	\$7.76	6	\$18.73	10
Southwest Gas Corp.				
Arizona	\$9.70	11	\$25.00	12
California	\$5.00	6440-G	\$11.00	6441-G
Nevada - South	\$8.50	12	\$21.50	12
Nevada - North	\$8.50	16	\$24.00	17
Vectren Energy Delivery				
Indiana - North	\$11.00	10	\$15.00	12
Indiana - South	\$10.75	10	\$20.00	12
Ohio	\$7.00	10	\$10.00	12
Washington Gas Light Co.				
D.C.	\$7.85	2	\$10.50	10
Maryland	\$10.20	3	\$16.00	12
Virginia	\$11.00	3	\$17.00	11

Information based on a review of the then currently effective fixed charges for the companies listed.