

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Pass-Through Application ) DOCKET NO. 08-057-15  
of Questar Gas Company for an Adjustment )  
in Rates and Charges for Natural Gas Service )  
in Utah )  
)  
In the Matter of the Application of Questar ) DOCKET NO. 08-057-16  
Gas Company to Amortize the Conservation )  
Enabling Tariff Balancing Account )  
)  
In the Matter of the Application of Questar ) DOCKET NO. 08-057-17  
Gas Company to Amortize the Demand Side )  
Management Deferred Account Balance )  
)  
INTERIM ORDER  
)  
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ISSUED: June 30, 2008

SYNOPSIS

In Docket No. 08-057-15, the Commission approves an increase in rates, on an interim basis, based on an annualized gas cost increase of \$195,000,000 as identified in Questar Gas Company's ("Questar's") June 6, 2008, 191 Account Application. The rate change may be made effective July 1, 2008, and represents an annual increase of \$149.39 for the average GS-1 customer using 80 decatherms a year.

In Docket No. 08-057-16, the Commission approves a decrease in rates, on an interim basis, for the amortization of the Conservation Enabling Tariff ("CET") balance identified in Questar's June 6, 2008, CET Application. The rate change may be made effective July 1, 2008, and represents an annual decrease of \$3.07 for the average GS-1 customer using 80 decatherms a year.

In Docket No. 08-057-17, the Commission approves an increase in rates, on an interim basis, for the amortization of the Demand Side Management ("DSM") balance identified in Questar's June 6, 2008, DSM Application. The rate change may be made effective July 1, 2008, and represents an annual increase of \$5.62 for the average GS-1 customer using 80 decatherms a year.

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By The Commission:

On June 6, 2008, in Docket No. 08-057-15, Questar Gas Company (“Questar”) filed a 191 Account Application in the above-entitled docket requesting an annualized gas cost increase of \$379,369,000 consisting of a commodity increase of \$365,801,000 and a supplier non-gas increase of \$13,568,000. Due to the magnitude of the increase and the uncertainty that currently exists in the natural gas markets, Questar requested the Commission implement the increase in two phases: (1) a \$195,000,000 increase effective July 1, 2008, and (2) a \$184,000,000 increase effective October 1, 2008. If approved, implementation of the first phase would increase the annual bill for a typical GS-1 residential customer using 80 decatherms (“Dths”) of gas per year by \$149.39, or 22.85%, effective July 1, 2008. Prior to October 1, 2008, Questar will make another gas cost pass through filing with updated information on prices, sales volumes and gas costs. This will allow phase two of the increase to be based on current information at that time.

Also on June 6, 2008, in Docket No. 08-057-16, Questar filed an Application to Amortize the Conservation Enabling Tariff Balancing Account (“CET Application”) seeking to amortize the 191.9 Account balance, ending April 2008, arising under the Conservation Enabling Tariff (“CET”) approved in Docket No. 05-057-T01, and to adjust the CET component of both the GS-1 distribution non-gas (“DNG”) Block 1 and Block 2 rate class and the GSS DNG rate class. The CET Application identifies an under-collected balance of \$366,145, or an incremental decrease of \$3,132,000 over the previous amortization request approved by the Commission in Docket No. 07-057-10. Questar proposes to use the same rate calculation

methodology used in setting rates in Docket 07-057-10. If approved, the incremental decrease in the GS-1 DNG Block 1 rate will be  $\$(0.03395)/\text{Dth}$  for the summer rate and  $\$(0.04031)/\text{Dth}$  for the winter rate. The GS-1 Block 2 rate decrease will be  $\$(0.01260)/\text{Dth}$  for the summer and  $\$(0.01674)/\text{Dth}$  for the winter. Therefore, the total summer GS-1 DNG Block 1 rate would be  $\$1.64549/\text{Dth}$  and the winter Block 1 rate would be  $\$1.96463/\text{Dth}$ , excluding the Demand Side Management (“DSM”) rate component. For a typical residential GS-1 customer, using 80 Dths per year, this reflects an average annual decrease of \$3.07, or 0.47%.

Finally, also on June 6, 2008, Questar filed an Application to Amortize the Demand Side Management Deferred Account Balance (“DSM Application”) seeking authorization to amortize DSM expenses. Questar proposes to amortize an April 2008 ending balance of \$8,703,854 by applying an increase to the amortization of \$0.07026 per Dth for GS-1 and GSS DNG rates. The annualized change in rates calculated in the DSM Application is a 0.86% increase, or \$5.62 per year for a typical GS-1 residential customer using 80 Dths per year.

On June 13, 2008, the Division of Public Utilities (“Division”) filed memoranda in Docket Nos. 08-057-16 and 08-057-17 recommending approval, effective July 1, 2008, of the proposed rates included in the CET Application and DSM Application, respectively, on an interim basis pending completion of a more detailed audit of Questar CET and DSM sub-accounts.

On June 23, 2008, the Division filed a memorandum in Docket No. 08-057-15 detailing its investigation of the 191 Application and recommending the proposed first phase increase be approved on an interim basis effective July 1, 2008, pending conclusion of the

Division's 2008 audit of the 191 Account. The Division expects Questar will file a new application in September 2008 with updated forecasts and other pertinent information in order to request approval of the second phase increase set forth above.

On June 30, 2008, hearing in the three subject dockets was held before the Administrative Law Judge. Questar appeared through counsel Colleen Larkin Bell, the Division appeared through Assistant Attorney General Patricia E. Schmid, and the Committee of Consumer Services appeared through Eric Orton; no other appearances were made. Questar presented testimony through its witness Gary Robinson and the Division presented testimony through its witness Marlin Barrow; each providing evidence in support of granting the respective applications and approving the rate change requested.

Having reviewed the record before the Commission and considered the testimony offered by the parties at hearing, the Administrative Law Judge finds said evidence establishes an adequate prima facie showing that approval of the proposed rate changes in each of the three subject dockets is justified on an interim basis pending completion of the Division's audits as discussed above. Therefore, the Administrative Law Judge recommends the Commission approve the interim use of the proposed rates effective July 1, 2008.

Wherefore, based upon the foregoing information, and for good cause appearing, the Administrative Law Judge enters the following proposed

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

- The proposed rate increase in an annualized amount of \$195,000,000

requested by Questar Gas Company in Docket No. 08-057-15, as reflected in the proposed tariff sheets, is approved on an interim basis and may be implemented with an effective date of July 1, 2008.

- The amortization and rate changes requested by Questar Gas Company in Docket No. 08-057-16, as reflected in the proposed tariff sheets, are approved on an interim basis and may be implemented with an effective date of July 1, 2008.

- The amortization and rate changes requested by Questar Gas Company in Docket No. 08-057-17, as reflected in the proposed tariff sheets, are approved on an interim basis and may be implemented with an effective date of July 1, 2008.

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 30<sup>th</sup> day of June, 2008.

/s/ Steven F. Goodwill  
Administrative Law Judge

DOCKET NOS. 08-057-15, 08-057-16 & 08-057-17

-6-

Approved and Confirmed this 30<sup>th</sup> day of June, 2008, as the Report and Order of  
the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard  
**Commission Secretary**

G#57978 Docket No. 08-057-15  
G#57979 Docket No. 08-057-16  
G#57980 Docket No. 08-057-17