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**Division of
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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip J. Powlick, Director
Energy Section
Marlin H. Barrow, Technical Consultant
Carolyn Roll, Utility Analyst
Artie Powell, Manager

Date: June 13, 2008

Subject: Questar Gas Amortization of CET Tariff, Docket No. 08-057-16.

ISSUE:

Questar Gas Company (QGC) filed on June 6, 2008 an application with the Public Service Commission (PSC) to amortize the CET balance and adjust the CET component of the GS-1 DNG Block1 and Block 2 rate class and the CET component of the GSS DNG rate class, effective July 1, 2008. The requested amount to amortize is \$366,145. If approved by the PSC, a typical residential customer, assuming a usage of 80 decatherms per year, will see an average decrease in their annual bill of \$3.07¹ or a 0.47% decrease.

¹ Company's application states a decrease in annual bill of \$3.04 or (0.46%). In verifying numbers, the Division did not use rounding statements in formula calculations whereas the Company model did.



RECOMMEND APPROVAL:

The Division has reviewed the revised tariff sheets for the GS-1 and GSS rate classes with this filing. The Division has verified that the revised DNG rates will amortize the \$366,000 based on the projected sales volumes and recommends to the Commission that they approve the revised tariff sheets on an interim basis.

DISCUSSION:

The Division has reviewed the entries into the 191.9 account to verify the under collected balance of \$366,000 as of April 2008. The sales volumes used to calculate the amortization rate are the same sales volumes used in the 191 pass-through application in Docket No. 08-057-15 which is also before the Commission. The methodology used to calculate the rate is the same that was used in Docket No. 07-057-10 to amortize the previous \$3,498,000 request. The reduced rate reflects an incremental decrease request of \$3,132,000 from the previous filing. In reviewing the tariff sheets, the Division notes that the GS-1 and GSS tariff sheets filed with this filing only reflect the changes of the CET rate to the current base rates which include the current DSM amortization rate component.

The Division requests the rate decrease be granted on an interim basis until the Division can complete an audit of the entries into the CET 191 sub account. After the completion of that audit, the Division will issue a memo to the Commission with its recommendation on making the revised rate permanent.

Stipulation Cap Review: The Commission's order in Docket No. 05-057-T01 changed the measure of accrual and cap limits from total GS revenues to GS DNG revenues. The 12-month Utah Jurisdictional GS DNG revenue, through April 2008 is approximately \$216,455,000.² The 12 month rolling CET accrual limit is 5% of this amount which is

² CET Report included with QGC April Greyback monthly report filed with the Division.

approximately \$10,823,000. Total actual year-to-date CET accrual from November 2007 through April 2008, is \$(2,834,000). The rolling 12-month amortization limit through April 2008 is approximately \$5,411,000. The amount to be amortized, per this request, is \$366,000. The April 2008 12-month total amount actually amortized is approximately \$2,797,000. The amounts deferred into the CET account, the amount requested for amortization, and the total amount amortized all fall well within these guidelines.

Rate Details: The incremental decrease in the GS-1 DNG Block 1 rate is \$(0.03395)/Dth for the summer rate and \$(0.04031)/Dth for the winter rate. The GS-1 Block 2 rate decrease is \$(0.01260)/Dth for the summer and \$(0.01674)/Dth for the winter. If the Commission approves this filing, the decrease will adjust the total summer GS-1 DNG Block 1 rate to \$1.64549/Dth and the winter Block 1 rate to \$1.96463/Dth (excludes the DSM rate component). This will decrease a typical GS-1 customer's annual bill by \$3.07 exclusive of the 191 gas cost pass-through and DSM amortization rate increases.³

The following table shows the net effect of this CET filing on the base DNG rates for the GS-1 Block 1 rates and GSS rate schedules which exclude the current DSM rate component.⁴

GS-1	BASE DNG		CET		TOTAL DNG	
	Summer	Winter	Summer	Winter	Summer	Winter
Current	1.65073	1.95993	0.03791	0.04501	1.68864	2.00494
Filed	1.65073	1.95993	0.00396	0.0047	1.65469	1.96463
Inc (Dec)	0	0	-0.03395	-0.04031	-0.03395	-0.04031
GSS						
Current	3.73844	3.84905	0.08586	0.0884	3.8243	3.93745
Filed	3.73844	3.84905	0.00897	0.00924	3.74741	3.85829
Inc (Dec)	0	0	-0.07689	-0.07916	-0.07689	-0.07916

³ Assumes annual usage of 80 Dth which is served from GS-1 block 1 rates.

⁴ Tariff sheets filed with application include current DSM rate component of \$0.02526/Dth for GS-1 rates but was inadvertently left out of GSS proposed DNG Total Rate.

The Division will prepare a summary of all rate changes requested to go into effect on July 1, 2008 when the memo on the pending pass-through request in Docket No. 08-057-15 is prepared.

Cc: Barrie McKay, Questar Gas Company
 Michele Beck, Committee of Consumer Services
 Rea Petersen, Division of Public Utilities
 Francine Giani, Department of Commerce