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**Division of
Public Utilities**
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Governor

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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
Doug Wheelwright, Utility Analyst
Artie Powell, Manager

Date: October 16, 2008

Subject: Questar Gas Amortization of CET Tariff, Docket No. 08-057-24.

ISSUE:

Questar Gas Company (QGC) filed on October 2, 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 November 1, 2008. The requested amount to amortize is \$435,495 which is the balance in Account 191.9 as of August 2008. If approved by the PSC, a typical residential customer, assuming a usage of 80 decatherms per year, will see an average increase in their annual bill of \$0.07 or a 0.01% increase.

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 \$435,495 based on the projected sales volumes for the GS-1 and GSS rate classes and



recommends to the Commission that they approve the revised tariff sheets on an interim basis.

DISCUSSION:

The Division has verified the amount of \$435,495 is the balance showing in Account 191.9 as of August 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. 08-057-23 which is also before the Commission. The increased rate reflects an incremental increase request of \$69,350 from the previous filing. The tariff sheets filed with this application reflect the tariffs that would be effective exclusive of the applications filed in Docket Nos. 08-057-23 and 08-057-25.

The Division requests the rate increase be granted on an interim basis until the Division can complete an audit of the entries into the CET 191.9 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 August 2008 is approximately \$217,477,000.¹ The 12 month rolling CET accrual limit is 5% of this amount which is approximately \$10,874,000. Total actual year-to-date CET accrual from November 2007 through August 2008, is a credit of \$(2,406,000). The rolling 12-month amortization limit is 2.5% and is approximately \$5,437,000 through August 2008. The amount to be amortized, per this request, is \$435,495. The August 2008 12-month total amount actually amortized is approximately \$3,166,000. The amounts deferred into the CET account, the amount requested for amortization, and the total amount amortized all fall well within these guidelines.

¹ CET Report included with QGC August Greyback monthly report filed with the Division.

Rate Details: As shown in the attached Exhibit 1 Line 34, the incremental increase in the GS-1 DNG Block 1 rate is \$0.00079/Dth for the summer rate and \$0.00094/Dth for the winter rate. The GS-1 Block 2 rate increase is \$0.00029/Dth for the summer and \$0.00039/Dth for the winter. If the Commission approves this filing, this will increase a typical GS-1 customer's annual bill by \$0.07 (Line 56) exclusive of the 191 gas cost pass-through and DSM amortization rate increases pending before the Commission.²

The Division will prepare a summary of all rate changes requested to go into effect on November 1, 2008 in Docket Nos. 08-057-23, 24, 25.

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

² Assumes annual usage of 80 Dth which is served from GS-1 block 1 rates.