



State of Utah
Department of
Commerce

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**Division of
Public Utilities**
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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 DSM Account Balance, Docket No. 08-057-25.

ISSUE:

Questar Gas Company (QGC) filed on October 2, 2008 an application with the Public Service Commission (PSC) to amortize the Demand Side Management deferred account balance and adjust the DNG rates for the GS-1 and GSS rate classes, effective November 1, 2008. The requested balance to amortize is \$13,881,565. If approved by the PSC, on a stand alone basis, a typical residential customer, assuming a usage of 80 decatherms per year, will see an average increase in their annual bill of \$4.57 or 0.56%.

RECOMMEND APPROVAL:

The Division has verified that the revised DNG rates will amortize the \$13,881,565 based on the projected sales volumes and recommends to the Commission they approve the revised tariff sheets on an interim basis as filed.



DISCUSSION:

The Division requests this rate increase be granted on an interim basis. The Division is currently engaged in an audit of DSM expenditures through April 2008. After the completion of that audit, the Division will issue a memo to Commission recommending whether or not the requested DSM amortization rate approved in Docket No. 08-057-17 should become permanent. The Division will continue to perform audits on the DSM accrual accounting entries on a going forward basis and report to the Commission any adjustments that may need to be made based on its findings.

This application's requested rate to amortize the \$13.9 million balance is \$0.15263/Dth. This rate is derived by dividing the requested \$13.9 million amount to amortize by total projected sales volumes of the GS-1 and GSS rate classes used a basis in the 191 pass-through application in Docket No. 08-057-23.

The Division is in the process of preparing a report that covers in more detail the DSM activity for the 2nd quarter of 2008. The DSM balance at the end of the 2nd quarter of 2008 was \$11.4 million. This request is for \$2.5 million more, which covers DSM expenditures for July and August.

As shown in Exhibit 1 Line 34, the incremental increase is \$0.05711/Dth for both the winter and summer rates GS-1 and GSS DNG rates. This will increase a typical GS-1 customer's annual bill by \$4.57/Dth or 0.56% (Line 56).

The Division will prepare a summary of all rate changes requested to go into effect on November 1, 2008 requested 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