

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar)
Gas Company to Increase Distribution) DOCKET NO. 09-057-16
Non-Gas Rates and Charges and Make Tariff) ORDER ON INFRASTRUCTURE
Modifications) TRACKER PILOT PROGRAM
) EVALUATION PLAN
)

ISSUED: March 11, 2013

By The Commission:

In the June 3, 2010, Report and Order issued in this docket the Commission approved a Settlement Stipulation (“Stipulation”) which provided for the implementation of an Infrastructure Rate Adjustment Tracker (“Infrastructure Tracker”) as a 3-year pilot program. The Infrastructure Tracker enables Questar Gas Company (“Company”) to track and recover, through a surcharge, costs directly associated with the replacement of existing feeder lines and to periodically file for approval to adjust the surcharge. This approved pilot program is identified in Section 2.07, “Infrastructure Rate Adjustment Tracker,” of the Company’s Utah Natural Gas Tariff PSCU 400 (“Tariff”). Section 2.07 specifies all items included in the Infrastructure Tracker are subject to regulatory audit consistent with the audit procedures contained in Section 2.06, “Gas Balancing Account Adjustment Provision,” of the Tariff. In the Stipulation the parties agreed, for the purposes of settlement, the Company will file a general rate case at least every three years while the Infrastructure Tracker is in effect. Pursuant to the Stipulation, the Company’s next general rate case (“2013 GRC”) will be filed no later than July 2013.

On September 10, 2012, in preparation for the 2013 GRC, the Commission issued an action request to the Utah Division of Public Utilities (“Division”) requesting the Division to prepare and file by December 15, 2012, its proposed plan (“Plan”) for evaluating the

Infrastructure Tracker pilot program. The Commission requested that the Plan should: 1) explain, among other things, how the Division will assess whether the Infrastructure Tracker is equitable for both the utility and ratepayers; 2) examine the Infrastructure Tracker's impact on the Company's rate of return during the pilot period; and 3) be designed to identify unintended consequences or adverse affects which have, or could have, occurred as a result of isolating infrastructure investment for rate recovery ("Action Request"). On December 14, 2012, the Division filed a memorandum responding to the Action Request.

In its memorandum the Division refers to the Action Request, the Stipulation and the audit procedures in Section 2.06. The Division indicates its audit of the Infrastructure Tracker will be completed by March 31, 2013, and that its financial audit will include: 1) an examination of the actual costs compared to the budgeted amounts and a review of any reasons or explanation for deviations from the budget; 2) a review of the recorded transactions for mathematical accuracy; and 3) a review of the costs for each feeder line project to see that the charges have been correctly allocated to the specified projects. The Division will also complete a review of the impact of the Infrastructure Tracker on the Company's rate of return.

As part of the Company's 2013 GRC the Commission will consider whether the Infrastructure Tracker pilot program should continue as currently implemented or whether modifications to the pilot program may be necessary to ensure it is as effective as possible. In addition to providing the results of the audit and responses to the Action Request, it would be beneficial if the Division's evaluation would also identify the advantages, disadvantages, and effectiveness of the Infrastructure Tracker and include any other information the Division determines necessary for assessment of the pilot program. Therefore the Commission would like

the Division to provide a report filed by June 1, 2013, addressing the foregoing information as well as the following issues related to the Infrastructure Tracker since its inception through the 2013 heating season:

- 1) An evaluation of actual decatherms sold and associated revenues vs. estimated decatherms sold and associated revenues used in setting the Infrastructure Tracker rate adjustment and whether deviations from estimates have favored ratepayers or shareholders.
- 2) For non-transportation rate schedules, an evaluation of whether the Company has used the same natural gas volume estimates in setting the Infrastructure Rate Adjustment as it has used in setting the 191 Gas Balancing Account commodity rate. If it has not, please provide a discussion of the reasonableness of this practice.
- 3) A comparison of the efficiency and use of the Infrastructure Tracker surcharge versus a balancing account.
- 4) An evaluation of whether the Infrastructure Tracker budget annual adjustment using the Global Insight Distribution Steel Main Inflation Index is achieving its intent.
- 5) Identification of when the prudence of the Company's investments covered under the Infrastructure tracker will be reviewed and evaluated.
- 6) Recommended clarifications or modification to Section 2.07 of the Company's Tariff.

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The foregoing information is summarized in Appendix A – Infrastructure Tracker Pilot Program Evaluation Plan attached to this Order.

DATED at Salt Lake City, Utah this 11th day of March, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#242493

APPENDIX A

**INFRASTRUCTURE TRACKER PILOT PROGRAM
EVALUATION PLAN**

- I. Results of the Division's financial audit
- II. Review and discussion of the impact of the Infrastructure Tracker on Questar Gas Company's ("Company") rate of return
- III. Assessment of whether the Infrastructure Tracker as implemented has been equitable for both the Company and ratepayers
- IV. Identification of unintended consequences or adverse affects which have, or could have, occurred as a result of isolating infrastructure investment for rate recovery
- V. An evaluation of actual decatherms sold and associated revenues vs. estimated decatherms sold and associated revenues from the Infrastructure Tracker rate adjustment mechanism and whether deviations from estimates have favored ratepayers or shareholders.
- VI. For non-transportation rate schedules, an evaluation of whether the Company has used the same natural gas volume estimates in setting the Infrastructure Rate Adjustment as it has used in setting the 191 Gas Balancing Account commodity rate. If it has not, please provide a discussion of the reasonableness of this practice.
- VII. A comparison of the efficiency and use of the Infrastructure Tracker surcharge versus a balancing account.
- VIII. An evaluation of whether the Infrastructure Tracker budget annual adjustment using the Global Insight Distribution Steel Main Inflation Index is achieving its intent.
- IX. Identification of when the prudence of the Company's investments covered under the Infrastructure tracker will be reviewed and evaluated.
- X. Recommended clarifications or modification to Section 2.07 of the Company's Tariff.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of March, 2013, a true and correct copy of the foregoing was served upon the following as indicated below:

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