

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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| In the Matter of the Pass-Through |) | <u>DOCKET NO. 10-057-17</u> |
| Application 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 |) | <u>DOCKET NO. 10-057-18</u> |
| Gas Company to Amortize the Demand Side |) | |
| Management/Energy Efficiency Deferred |) | |
| Account Balance |) | |
| |) | |
| In the Matter of the Application of Questar |) | <u>DOCKET NO. 10-057-19</u> |
| Gas Company To Amortize the Conservation |) | |
| Enabling Tariff Balancing Account |) | |
| |) | |
| In the Matter of the Application of Questar |) | <u>DOCKET NO. 10-057-20</u> |
| Gas Company to Include the Infrastructure |) | |
| Rate Adjustment |) | |
| |) | |
| |) | <u>REPORT AND ORDER</u> |

ISSUED: December 28, 2010

By The Commission:

This matter is before the Commission on the four Questar Gas Company (“QGC”) applications named above and filed by QGC on November 30, 2010. On December 13, 2010, the Division of Public Utilities (“Division”) submitted its response, recommending the Commission approve the applications on an interim basis (with one minor adjustment) until the Division completes an audit of the entries into the accounts associated with the applications. The Division’s recommendations are based on its analysis of each of the applications, specifically addressing issues within each docket as follows:

- Docket No. 10-057-17 (191 Account, commodity and supplier non-gas (“SNG”) costs): 1) gas supply; 2) natural gas spot prices; 3) pricing hedges; 4) SNG costs; 5) 191 account rate details;

DOCKET NOS. 10-057-17, 10-057-18, 10-057-19 AND 10-057-20

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- Docket No. 10-057-18 (Energy Efficiency (“EE”) amortization): rate details.
- Docket No. 10-057-19 (Conservation enabling tariff (“CET”) amortization): rate details.
- Docket No. 10-057-20 (Infrastructure rate adjustment): four recommended changes to the revenue requirement calculation.

In summarizing the effect of approving each application, the Division states the following:

Docket No. 10-057-17 (191 Account Pass-Through) asks for [Commission] approval to decrease the commodity rate components of QGC’s Utah natural gas rates by \$11,579,000, while increasing the supplier non-gas cost by \$4,943,000 which nets to a decrease of \$6,636,000. Based on current gas cost rates in the GS Rate class, if approved, a typical GS residential customer will see a \$5.15 decrease in their annual bill.

Docket No. 10-057-18 is a request to maintain the current amortization rate set in Docket No. 10-057-15 for QGC’s EE programs which were established in Docket No. 05-057-T01. If approved, a typical GS residential customer will see no change in the current amortization rate or in their annual bill.

Docket No. 10-057-19 is a request to amortize the October 2010 CET credit balance of \$3,346,800 (over-collection) in Account 191.9 and adjust the CET component in Block 1 and 2 of the GS class distribution non-gas (DNG) rate. If approved, based on the current CET amortization rate component in the GS Rate class DNG rate, a typical GS residential customer will see a \$0.13 increase in their annual bill.

Docket No. 10-057-20 is a request to include an Infrastructure Rate Adjustment component to the distribution non-gas cost rates of its Utah GS, FS, IS, TS, FT-1, MT and NGV natural gas schedules as approved in the Settlement Stipulation in Docket No. 09-057-16. If approved, as modified by the Division and discussed below, a typical GS residential customer will see a \$2.78 increase in their annual bill.

If all four applications are approved, a typical GS customer will see a net decrease in their annual bill of \$2.24. All four applications request an effective date of January 1, 2011.

The Administrative Law Judge of the Commission conducted a duly-noticed hearing on the four applications on December 16, 2010. Jennifer Nelson appeared as counsel for QGC. John Kennedy and Kelly Mendenhall testified on behalf of QGC. Patricia Schmid and Felice Thorpe Moll appeared as counsel for the Division. Martin Barrow testified for the Division. Paul Proctor appeared as counsel for the Office. Dan Martinez testified for the Office. All of the witnesses supported approval of the applications, including the Division's calculation change (described below). No one lodged any objection to the interim approval of the applications pending the final Division audit. After a preliminary review of all four applications, the Division recommends that all rates be approved as filed for Docket Nos. 10-057-17, 18, 19.

As to Docket No.10-057-20, this is the first application filed by QGC since we approved an infrastructure tracking mechanism pilot program, as part of the settlement stipulation in Docket No. 09-057-16. In this application, the Company requests our approval of a surcharge to be applied to all rate schedules to allow QGC to begin earning on \$25,335,000 of replacement costs for sections of feeder lines now in service. The Division has reviewed the cost details provided in the application and believes the application should be approved, subject to four minor modifications to QGC's revenue requirement calculation. QGC supports the modifications. Together they increase the revenue requirement requested by QGC from \$3,123,623 to \$3,179,618, an increase of \$55,995. Incorporating this increase into the rates filed in Exhibit 1.3 of the infrastructure rate adjustment application increases the annual bill of a typical GS residential customer by \$2.78 (a 0.40% change), rather than the \$2.75 increase noted in the application. The cumulative \$2.24 annual bill decrease for a typical GS customer noted

above (which combines the effects of all four applications) includes the Division's modified calculations.

ORDER

Based on the recommendation of the Division, the testimony presented at the hearing, and the applications, the Commission hereby approves the four applications on an interim basis (with the minor undisputed modifications recommended by the Division), pending final Division audits. The rate changes are effective January 1, 2011.

Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 20 days after the filing of the request, 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 Sections 63G-4-401 and 63G-4-403 of the Utah Code and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 28th day of December, 2010.

/s/ Ruben H. Arredondo
Administrative Law Judge

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Approved and confirmed this 28th day of December, 2010, 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#70252 Docket No. 10-057-17
G#70253 Docket No. 10-057-18
G#70254 Docket No. 10-057-19
G#70255 Docket No. 10-057-20