

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar)
Gas Company to Amortize the Energy) DOCKET NO. 11-057-15
Efficiency Deferred Account Balance and for)
Tariff Modification)
)
In the Matter of the Application of Questar) DOCKET NO. 11-057-16
Gas Company to Include the Infrastructure)
Rate Adjustment) REPORT AND ORDER
)

ISSUED: January 24, 2012

SYNOPSIS

The Commission approves two Questar Gas Company rate change applications. The net effect of these rate changes on a typical GS residential customer's annual bill is a decrease of \$0.61.

By The Commission:

The above-captioned matters are rate applications filed by Questar Gas Company ("Questar") on December 29, 2011. As described by Questar and analyzed by the Utah Division of Public Utilities ("Division"), these applications, if approved, will have the combined net effect of lowering the annual gas bill of a typical GS residential customer by approximately \$0.61. On January 19, 2012, a hearing was conducted to examine each application.

At the hearing, Questar witness Kelly Mendenhall summarized the applications and adopted the substance of each as his testimony. The Division is the only party in these dockets other than the applicant. Division Technical Consultant, Marlin H. Barrow, also testified at the hearing and sponsored two memoranda dated January 19, 2012, addressed to the Commission, presenting the Division's evaluations of the applications. He adopted the

applicable memorandum as his testimony in each docket and summarized each in oral testimony. The Division prepared these memoranda in response to the Commission's January 3, 2012 request for the Division's analysis and opinions concerning the applications. As stated in each memorandum, the Division recommends the Commission approve the rate changes requested in both applications, effective February 1, 2012, on an interim basis, pending completion of the Division's audits. The uncontested evidence supporting each application is briefly summarized, below.

Docket No. 11-057-15

In Docket No. 11-057-15, Questar requests a decrease in the current amortization rate for the GS rate class's Energy Efficiency programs, from \$0.44/Dth (rounded) to \$0.41/Dth (rounded). The Division projects the new rate will fully amortize the Energy Efficiency deferred account balance in Account 182.4 by May 2014, while allowing for additional annual expenditures of \$28 million per year. The Division recommends the Commission approve the new rate. Doing so will decrease the annual gas bill of a typical GS residential customer using 80 decatherms per year by \$2.59.

The Division also recommends the Commission approve a change to Section 2.09 of Questar's Utah Natural Gas Tariff. Currently, this tariff requires Questar to make an Amortization of Accrual filing at least semi-annually. Questar asks that the Commission replace the phrase "No less frequently than semi-annually..." with the phrase "At least annually..." in Section 2.09. The Division supports this change, stating it will avoid unnecessary filings, while providing Questar the flexibility to file more frequently than annually when appropriate.

Based on the foregoing uncontested facts, the Commission finds the proposed decrease in the amortization rate for Energy Efficiency programs to be just and reasonable, subject to the results of the Division's audit. The Commission also finds the proposed change in tariff language to be reasonable.

Docket No. 11-057-16

This docket examines Questar's application to update the infrastructure rate adjustment component of the DNG rates in its GS, FS, IS, TS, FT-1, MT and NGV rate schedules of Utah Natural Gas Tariff PSCU 400. This application is made under § 2.07 of the tariff, which describes procedures for recovering costs associated with replacing aging infrastructure. Questar's evidence shows cumulative additions in its feeder line replacement projects generate additional revenue requirement of \$8.7 million. According to the Division, the \$8.7 million cumulative revenue requirement is an increase of \$2.2 million over what is currently being collected in rates. Subject to the results of its audit, the Division believes it is reasonable for Questar's infrastructure rate component to be increased to reflect the higher revenue requirement. Therefore, the Division recommends the Commission approve, on an interim basis, Questar's revised filed tariff sheets which incorporate the higher revenue requirement. The effect of the rate adjustments proposed in this application on the annual bill of a typical GS residential customer using 80 decatherms per year is an increase of \$1.98.

Based on the foregoing uncontested facts, the Commission finds the rate changes proposed in this application to be just and reasonable, subject to the results of the Division's audit.

ORDER

Based on the applications, the recommendations of the Division, and the testimony presented at the hearing, the Commission hereby approves both applications on an interim basis, pending the final outcomes of the Division's audits. The rate changes and the change in the Section 2.09 tariff language are effective February 1, 2012.

DATED at Salt Lake City, Utah, this 24th day of January, 2012.

/s/ David R. Clark
Presiding Officer

Approved and Confirmed this 24th day of January, 2012, 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/ Gary L. Widerburg
Commission Secretary
D#213994

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 24th day of January, 2012, a true and correct copy of the foregoing REPORT AND ORDER, was served upon the following as indicated below:

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Flr.
Salt Lake City, Utah 84111

Office of Consumer Services
160 East 300 South, 2nd Flr.
Salt Lake City, Utah 84111

By U.S. Mail

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Administrative Assistant