- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah	)	DOCKET NO. 13-057-07
In the Matter of the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account	)	DOCKET NO. 13-057-08
In the Matter of the Application of Questar Gas Company to Amortize the Energy Efficiency Deferred Account Balance	)	DOCKET NO. 13-057-09
In the Matter of the Application of Questar Gas Company for a Tariff Change and Adjustment to the Low Income Assistance/Energy Assistance Rate	)	DOCKET NO. 13-057-10
In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment	)	DOCKET NO. 13-057-11 ORDER CONFIRMING BENCH RULINGS

ISSUED: October 11, 2013

SYNOPSIS

The Commission approves five uncontested rate applications of Questar Gas Company, on an interim basis, pending the completion of audits by the Division of Public Utilities. The combined effect of these applications is to lower the annual bill of a typical GS residential customer using 80 decatherms by approximately $10.01, or 1.4 percent.

By The Commission:

The five above-captioned rate applications were filed by Questar Gas Company ("QGC") September 3, 2013. Each proposes discreet rate changes to be effective October 1, 2013. In response to the Commission's September 4, 2013, notice of filing, comment period and scheduling conference, on September 16, 2013, the Division of Public Utilities ("Division") filed an action request response with respect to all five dockets, and the Office of Consumer Services ("Office") filed comments with respect to Docket Nos. 13-057-09 and 13-057-10.

The Division's action request response recommends approval of the five applications as just, reasonable and in the public interest. The Division further indicates if all five applications are approved a typical GS residential customer will see a combined net decrease in their annual bill of approximately $10.01, or approximately 1.4 percent. The Office's comments recommend approval of the applications in Docket Nos. 13-057-09 and 13-057-10.

On September 25, 2013, the Commission's designated Presiding Officer conducted a duly-noticed hearing, at which each application was examined. At the hearing, QGC provided a summary of the applications. In addition, the Division summarized pertinent portions of its action request response and the Office adopted its comments as sworn testimony.

At the conclusion of the hearing, the Commission authorized the Presiding Officer to issue an order approving, on an interim basis, the rate changes requested in the five applications. This order memorializes that prior oral ruling. The evidence supporting each application is uncontested and is briefly summarized below.

DOCKET NO. 13-057-07

This application is based on projected Utah gas costs of $559,218,635 for the test year ending September 2014 ("Test Year"). The net commodity portion of this forecast results in a rate decrease of $37,162,000 and the net Supplier Non-Gas ("SNG") portion results in a $2,969,000 rate increase, for a total decrease of $34,193,000 in rates for firm and interruptible sales customers.

QGC's application in this docket forecasts a total Test Year Utah gas supply requirement of 119.166 million decatherms. QGC projects it will meet this requirement with 81,743,587 decatherms of Wexpro production (68.6 percent of the total) and 37,421,943 decatherms (the remaining 31.4 percent of the total) purchased from third parties. QGC forecasts Wexpro gas production costs[1] to be $4.13 per decatherm, which is a decrease of $0.43 per decatherm from QGC's last filing in Docket No. 13-057-03.

The total Wexpro gas production cost (i.e., the sum of net well head gas production costs and gas gathering costs) is forecast to be $4.35 per decatherm, which is a decrease of $0.45 per decatherm over QGC's last filing in Docket No. 13-057-03. As to purchases from third party producers, QGC projects a total average purchase cost of $3.97 per decatherm for the test year. The 13 month forecast of natural gas spot prices used as a basis for this projection reflects spot market prices decreasing from $4.47 per decatherm from the previous filing in Docket No. 13-057-03 to $3.61 per decatherm in this docket. The combined effect of the foregoing Wexpro and third party supply forecasts, including amortization of the 191 account balance and associated revenue forecasts, is a commodity rate decrease from $4.79 per decatherm to $4.43 per decatherm, resulting in a decrease in Test Year commodity gas costs of $37,162,000 for firm sales customers.

SNG costs are based on contractual rates for services such as gathering and processing the Wexpro gas from well heads to market hubs, transporting gas from market hubs to city gates, and storing gas for later withdrawal during winter months. QGC projects total SNG

[1] The "net well head Wexpro gas production cost" is calculated by subtracting revenues associated with Wexpro gas production from Wexpro gas production costs.

Test Year costs to be $96,204,739. At current rates, SNG test year revenue is forecast to be $93,234,881. Consequently, QGC's proposed Test Year rates to recover its Utah gas cost projection include a $2,969,858 (or 3.20 percent) increase in SNG costs.

The Division explains that on May 1, 2012, QGC filed a lawsuit against QEP Field Services Company ("QEP"). QGC believes certain QEP charges for gathering services exceed the amounts to which QEP is entitled under the System Wide Gathering Agreement ("SWGA"), effective September 1, 1993, pertaining to certain gas produced by Wexpro. QGC alleges breach of contract by QEP and is seeking an accounting and a declaratory judgment relating to SWGA charges.

QEP's SWGA charges are included in QGC's rates as part of its purchased gas costs in the 191 Account. Those costs are recovered through the SNG rate. Consistent with its litigation position, QGC's calculation of the SNG rate in this case is based on a lower gathering charge than the amount claimed by QEP. QGC has been paying a reduced gathering charge to QEP since June 2012. The Division notes this issue may not be resolved for some time and could have a significant impact on future rates. If the court rules in favor of QEP, QGC, and ultimately its ratepayers, could be required to pay a higher gathering charge from June 2012 forward. In response to questioning from the Presiding Officer at hearing, the Division affirmed its understanding that approval by the Commission of QGC's application in this docket should not be understood as any type of approval or judgment with respect to the future recovery of the disputed gathering charges. We concur with this understanding and make no judgment with respect to the disputed gathering charges in this order.

Based on the decreases in gas commodity and SNG costs described in QGC's application, typical GS residential customers using 80 decatherms will see a decrease of $26.60, equivalent to 3.71 percent, in their annual bill.

DOCKET NO. 13-057-08

This application affects only the Conservation Enabling Tariff ("CET") component of the distribution non-gas ("DNG") rates of the GS rate class. According to QGC, as of July 31, 2013, the CET deferral account (Account No. 191.9) has an under-collected balance of $114,165. The Company proposes to amortize this amount by adjusting the GS DNG rates.[2] The resulting increase for the GS DNG Block 1 rate is $0.02875 per decatherm (rounded) for the summer rate and $0.3413 per decatherm (rounded) for the winter rate. As a result of these changes, a typical GS rate class customer using 80 decatherms per year will see an increase in their annual bill of approximately $2.56 or 0.36 percent.

DOCKET NO. 13-057-09

In Docket No. 05-057-T01, the Commission authorized the Company to establish a deferred expense account (Account 182.4) to record the costs associated with the approved Energy Efficiency programs and market transformation initiative. On May 31, 2011, the Commission approved the rates suggested in Docket No. 11-057-04 which included a three year amortization of the existing balance in that account. In this docket, QGC proposes increasing the amortization amounts from $24.4 million to $37.7 million. The Division indicates that in the current budget year, the weatherization program has seen an increase in the participation level and has exceeded the projected budget amount. According to the Division, the recent increase is

[2] In the previous filing under Docket No. 12-057-09, QGC was amortizing an over-collected balance of $2,671,059.

due to enhanced marketing efforts by insulation contractors. The Division estimates that the proposed amortization rate satisfies the over-budget amount in the current year and will draw the account balance to zero by the spring of 2014. The typical GS rate class customer will see an increase in their annual bill of $10.94 per year or 1.53 percent. The proposed increase in the DSM amortization offsets approximately 41 percent of the decrease in the commodity cost identified in Docket No. 13-057-07.

The Office does not dispute the cumulative effect of rate changes in Docket Nos. 13-057-07, 09, 10 and 11 will result in an annual bill decrease for the typical residential customer, however, the Office asserts that each of these changes must be considered individually. The Office also indicates that although the Demand Side Management ("DSM") advisory group was presented information related to the increase in the weatherization program, it was not presented with rate impact information related to how this would affect the DSM tariff. As such, the Office recommends the Commission require the Company to include foreseeable rate change proposals and impacts in the agenda as items for discussion with the DSM advisory group prior to future DSM amortization filings. We agree with the Office that it is reasonable for members of the DSM advisory group to want to understand the rate impacts associated with DSM program changes which QGC presents and expect QGC will honor these desires in its presentations to the group.

DOCKET NO. 13-057-10

In Docket No. 10-057-08 the Commission approved the Low Income Assistance Program which established a $1.5 million balancing account to provide bill credits to qualified low income customers. The Division indicates that due to a $51,434 over-collection in prior years and a lower than anticipated participation during the last 12 months, this account has an excess balance of $456,360 as of July 2013.

To address this outstanding balance, and to reflect a decrease in the participation of interested parties in the program, QGC's application requests an increase in the credit amount that will be paid to qualifying participants from $41.00 to $61.50. The Division indicates the number of participants has been decreasing each year from 35,000 in year one to 29,000 in year three. The Division further indicates it is unclear if the improving economy or recent changes in the HEAT administration program have caused lower participation. The proposed credit assumes approximately 31,000 participants in the next 12 months.

QGC's rate calculations for the proposed low income assistance rates show a typical GS residential customer using 80 decatherms per year will receive a decrease in their annual bill of $0.08.

DOCKET NO. 13-057-11

The Commission authorized QGC to establish the Infrastructure Tracker Pilot Program ("Tracker") in Docket No. 09-057-16.[3] In this application, QGC requests to increase the current infrastructure rate adjustment component of the DNG rates of all rate schedules in its Utah Natural Gas Tariff. As of August 2013, the Tracker program had a cumulative plant balance of $168,858,810 and a calculated revenue requirement of $19,498,585, representing a $3,589,487 increase in revenue requirement from the previous filing. The effect of this increase

[3] See the June 3, 2010, Report and Order in Docket No. 09-057-16, *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications.*

on rates will raise the annual gas bill of a typical GS residential customer using 80 decatherms per year by about $3.05 or 0.43 percent.

ORDER

Based on the QGC applications, the recommendations of the Division and Office, and the testimony presented at the hearing, the Commission approves each of the five applications on an interim basis, pending the final results of the Division's audits. The rate changes and the change in the Low Income Assistance Program bill credit are effective October 1, 2013. Within seven days from today, QGC shall file for review and approval updated tariff pages reflecting the effects of this Order. In future requests for rate changes, we direct QGC to include with its application, a marked-up version of the proposed revised tariff sheet indicating deleted text by strike-through and additional text by underline. Each such rate change request shall also clearly indicate the overall requested increase or decrease in revenue requirement resulting from the rate change.

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

/s/ Jordan A. White
Presiding Officer

Approved and Confirmed this 11th day of October, 2013, as the Order of the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#247866

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 CERTIFY that on the 11th day of October, 2013, a true and correct copy of the foregoing ORDER CONFIRMING BENCH RULINGS was served upon the following as indicated below:

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