



State of Utah
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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Date: May 9, 2014

Re: **Corrected Model**

Docket No. 13-057-19, Settlement Stipulation, In the Matter of the Application of Questar Gas Company for Authority to Change its Depreciation Rates

RECOMMENDATION

The Division recommends that the Commission replace the settlement model filed, with the Settlement Stipulation in the referenced docket, on April 28, 2014, with the corrected model hereto attached. The corrected model addresses the issues raised by the Commission in its May 1, 2014 Action Request.

ISSUE

On April 28, 2014, Questar Gas Company (Company) filed a settlement stipulation (Stipulation) between the Division and the Company in Docket No. 13-057-19. On May 1, 2014, the Commission issued an Action Request to the Division requesting that it work with the Company to resolve several issues in the model attached to the Stipulation as "Settlement Exhibit 2 (Model).xls" (Exhibit 2). The Division's response, including the attached model, Corrected Settlement Exhibit 2, address the Commission's issues.

DISCUSSION

In its Action Request to the Division, the Commission raised three issues that it requests the Division work with the Company to investigate. First, the Commission notes that Exhibit 2 does not replicate the “Total Revenue Requirement,” Model Case 10, as ordered in Docket No. 13-057-19. Second, Exhibit 2 yields the same revenue deficiency for both the filed depreciation study, Model case 11, and the settlement depreciation study, Model case 12. The Commission notes that this issue may be the result of hard coded depreciation values in column W of Tab 108_111 Projection. Third, the Commission requests an explanation of the “Filed Depreciation Study: Utah Allocated Amount” identified on Line 2 of Exhibit 1.

Scenarios 10, 11, and 12 in the “Control Panel” tab of the Corrected Exhibit 2, see attached model, reflect the change in the revenue requirement shown in Settlement Stipulation Exhibit 1. Specifically, Model Case 10 replicates the Commission’s ordered Total Revenue Requirement; Model Case 11, the filed depreciation case, and Model Case 12, the settled depreciation case, yield different revenue requirement deficiencies. The Commission correctly identified the problem as some hard coded depreciation rates in the “108_111 Projection” tab of Exhibit 2. These are now programmed to change as the selected scenario changes. Also, the Optional Adjustment 30 “108 Product Adjustment” in Model Case 11 should be turned off and has been in the Corrected Exhibit 2.

The \$1,559,691 shown in Exhibit 1, Line 2 reflects the change in the revenue requirement associated with the new depreciation rates as originally filed by the Company. This change is shown in the model as the difference in the total revenue requirement between Model Case 10 (the depreciation rates as filed in the rate case, Docket No. 13-057-05) and Model Case 11 (the filed depreciation study rates in Docket No. 13-057-19).

CONCLUSION

The Corrected Exhibit 2 addresses the issues identified in the Commission’s Action Request. In particular, Corrected Exhibit 2 correctly calculates the deficiency and total revenue requirement

for the selected Model Case 10, 11, and 12. The Division recommends that the Corrected Exhibit 2 replace Exhibit 2 filed with the Settlement Stipulation.

CC Barry McKay, QGC
Kelly Mendenhall, QGC
Michele Beck, Office
Gary Dodge, UAE
Service List