

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Questar )  
Gas Company's Proposed Tariff Pursuant to ) DOCKET NO. 14-057-13  
Utah Code Ann. § 58-55-308.1 ) REPORT AND ORDER  
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ISSUED: March 25, 2015

PROCEDURAL HISTORY

This matter was initiated before the Public Service Commission of Utah ("Commission") on Questar Gas Company's ("Questar") May 13, 2014, Notice of Intent to file an Application seeking approval of certain tariff changes relating to and necessitated by the Utah State Legislature's 2014 House Bill 171 ("HB 171"). HB 171 is codified in Utah Code Annotated ("UCA") § 58-55-308.1 and became effective on May 13, 2014. HB 171 enables qualifying installers ("Qualifying Installers") to install natural gas facilities. In addition, HB 171 identifies costs the Qualifying Installer or the gas corporation will be responsible for and the inspection, testing, and transfer of ownership requirements necessitated by the installation of natural gas facilities by Qualifying Installers. HB 171 defines a Qualifying Installer as a person who a gas corporation has approved to install natural gas facilities, is licensed under UCA Title 58, and is authorized to install natural gas facilities within the person's scope of practice as established by statute or administrative rule.

On June 20, 2014, Questar filed an application ("June 20 Application") requesting approval to modify its existing PSCU Tariff No. 400 ("Tariff") to comply with the provisions of HB 171. On June 24, 2014, the Commission issued a notice of scheduling conference to be conducted on July 16, 2014. On July 10, 2014, the Homebuilders Association of the State of

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Utah (“Utah Homebuilders”) filed a petition to intervene that was granted by the Commission on July 31, 2014. On July 16, 2014, the Commission issued a notice of status and scheduling conference to be held on September 11, 2014. On September 12, 2014, the Commission issued a notice of status and scheduling conference to be held on November 5, 2014. On November 6, 2014, the Commission issued a notice of status and scheduling conference to be held on December 8, 2014. On December 5, 2014, Questar filed a motion to cancel the December 8<sup>th</sup> status and scheduling conference that the Commission granted on the same day.

On February 27, 2015, Questar filed a motion to amend the Tariff language proposed in its June 20 Application (“February 27 Proposal”). Questar’s motion requests an effective date of April 1, 2015. On March 3, 2015, the Commission issued a notice of filing and comment period with comments due on March 23, 2015. On March 19, 2015, the Office of Consumer Services (“Office”) filed comments. On March 20, 2015, the Division of Public Utilities (“Division”) filed comments.

QUESTAR’S PROPOSAL

Questar’s February 27 Proposal requesting approval to modify its existing Tariff includes the following substantive changes: 1) Section 9.03: rename as “Main Extensions – Company Installed,” add a subsection on Applicability, delete the phrase “applicable taxes,” from the subsection on Main Extension Costs; 2) Section 9.04: rename as “Service Line Extensions – Company Installed,” add a subsection on Applicability which includes a modification to the calculation of cash contribution for the service line extension. In addition, the subsection on Service Line Costs is modified by adding “riser,” deleting “applicable taxes,” and adding

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language modifying the treatment of meter costs; 3) add a new Section 9.05 Main Extensions – and Service Lines – Installed by Builder/Developer-Retained Qualifying Installer with subsections addressing definitions, applicability, contract, liability, design and engineering, installation by Qualifying Installer, materials, betterment costs, inspection, testing, documents, interconnection, compliance with applicable law and Questar standards, rights-of-way/fee property/permits, conveyance, and ownership; 4) add a new Section 9.06 Qualifying Installer Requirements with subsections addressing definitions, applicability, qualifications, construction and inspection, materials, and denial or termination of qualifying installer status; and 5) renumbering other sections to accommodate the insertion of new Sections 9.05 and 9.06.

Questar asserts it has met with interested parties and that none of the parties to the docket oppose Questar’s proposal.

COMMENTS

The Division and the Office filed comments in support of Questar’s February 27 Proposal. The Division recommends the Commission approve the February 27 Proposal with an effective date of April 1, 2015. The Division states that Questar and the Utah Homebuilders have reached consensus on language that would be acceptable to both parties. In addition, the Division asserts the proposed Tariff language is consistent with the Commission’s February 21, 2014, Report and Order (“February 21 Order”) in Docket No. 13-057-05, “In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and to Make Tariff Modifications,” and is in compliance with UCA § 58-55-308.1.

The Division points out that in the February 21 Order the Commission approved changes to Questar's line extension policy as a pilot program through December 2016 and required the Division to conduct an annual evaluation of the pilot program. The Division states it will be providing a detailed report concerning the changes to the line extension policy by April 1, 2015.

The Office recommends the Commission approve Questar's February 27 Proposal. The Office states that Questar collaborated with the Office, Division and Utah Homebuilders in the development of the February 27 Proposal. The Office maintains the February 27 Proposal will bring Questar's Tariff into compliance with HB 171. In addition, the Office asserts that the requirements for Qualifying Installers are commensurate with the requirements for Questar's contractors already performing similar work.

The Office points out the February 27 proposal also contains changes to the determination of shared costs on which Questar's line extension policy is based. The Office states Questar "has asserted that the previous method of calculating shared costs was resulting in an imbalance to the costs apportioned to main extension and service line applicants. In order to facilitate a better apportionment of costs, the amended tariff language no longer attributes all costs associated with the meter and riser to the applicant. The amended language also removes what is denoted as 'applicable taxes' from the main extension costs paid by the applicant."<sup>1</sup> The Office does not oppose these changes as they will not impact general rates, but rather only how Questar will account for costs. The Office anticipates the issue of shared costs will be revisited during Questar's next general rate case.

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<sup>1</sup> Office of Consumer Service Comments, March 19, 2015, p. 2.

DISCUSSION, FINDINGS AND CONCLUSIONS

The Commission commends Questar and the parties for their work on this complicated issue. No party opposes Questar's February 27 Proposal, and the Division asserts it is in compliance with HB 171.

Questar's February 27 Proposal provides no background or documentation supporting its proposal to change how meter costs will be accounted for in Section 9.04 of the Tariff. We observe Questar's proposal is a departure from the Commission's February 21 Order addressing this issue. The Office provides insight into this proposed change by referencing Questar's assertion that the current policy of a 50-50 sharing of new customer costs between new and existing customers approved by the Commission in the February 21 Order is resulting in an imbalance. In addition, the Division states it is monitoring this issue and will provide an update shortly. Based on these comments and lack of opposition to this change we are persuaded that Questar's proposal to modify the treatment of meter costs in its service line extension policy is reasonable. For these reasons we approve Questar's February 27 proposal effective April 1, 2015.

ORDER

1. Questar's February 27, 2015, proposed changes to Tariff Sections 9.03, 9.04, 9.05, and 9.06 and other miscellaneous changes are approved with an effective date of April 1, 2015.

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2. Questar shall file finalized tariff sheets with corrected page numbers, Advice No., Section Revision No., and Effective Date in this docket within 14 days of the date of this order.

DATED at Salt Lake City, Utah, this 25<sup>th</sup> day of March, 2015.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#264899

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 25<sup>th</sup> day of March, 2015, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Colleen Larkin Bell ([colleen.bell@questar.com](mailto:colleen.bell@questar.com))  
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Administrative Assistant