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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities

Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Carolyn Roll, Utility Analyst
Eric Orton, Utility Analyst

Date: January 15, 2015

Subject: Comments on Questar's motion regarding the impact of the Tax Increase Prevention Act of 2014 (HR 5771)

In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment Docket No. 14-057-27

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) approve the proposed new rates in the Infrastructure Rate Adjustment as requested by Questar Gas Company (Company) in this application. The requested rate changes will continue to be on an interim basis until a complete audit can be performed. The Division also recommends that the Commission accept the proposed tariff sheets for the Questar Gas Company Tariff 400.

BACKGROUND

On December 10, 2014, the Commission approved the updated tariff sheets and rate calculations submitted by the Company in this docket and made the rates effective December 1, 2014. In calculating these infrastructure replacement rates, the Company used its normal depreciation rates. However, on December 19, 2014, nine days following the Commission's acceptance, the Tax Increase Prevention Act of 2014 was signed into law.

On January 5, 2015 the Company filed its Motion to Modify and Replace Tariff Schedules for GS, FS, IS, TS, FT-1, MT and NGV rate classes proposing to implement the effects of the new law. On January 7, 2015 the Commission issued its Notice of Filing and Comment Period with comments due January 15, 2015. These are the Division's comments.

ISSUE

This filing is a request to decrease the infrastructure replacement rate currently charged to customers. As part of the rates approved by the Commission on December 10, 2014, the Commission also approved the infrastructure replacement depreciation rates used by the Company. However, on December 19, 2014, the depreciation tax law changed allowing for bonus depreciation. The result of this change, in this situation, is that it allowed for larger depreciation rates to be applied to the Company's infrastructure rate base than those that were already being used.

The Company proposes to implement the new depreciation rates and change the revenue requirement in this docket. If these rates are approved, the proposed change is a reduction in the overall rate base which, in turn, provide an accompanying revenue requirement reduction of \$218,444.

Effect on a typical GS Customer

If the filing is approved the typical GS customer will see a decrease in their annual rates of \$0.16 or 0.02%

DISCUSSION

The Company's application included three exhibits. Exhibit A provides the model where the calculations behind the new rates are available. The Division discussed the model with Company representatives, reviewed the calculations in the model and in the other exhibits, and found them to be accurate.

CONCLUSION

The Division recommends that the Commission approve the proposed new rates as filed by the Company and the accompanying tariff sheets on an interim basis until the Division can complete an audit at which time we will make a final recommendation to the Commission.

CC: Barrie McKay, Questar Gas Company
 Kelly Mendenhall, Questar Gas Company
 Michele Beck, Office of Consumer Services