

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

<p>In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services</p> <p>In the Matter of Questar Gas Company's Filing to Comply with the Commission Order Issued on November 9, 2015 in Docket No. 14-057-31, Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services</p>	<p><u>DOCKET NO. 14-057-31</u></p> <p><u>DOCKET NO. 15-057-T06</u></p> <p><u>ORDER</u></p>
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ISSUED: December 22, 2015

I. BACKGROUND AND PROCEDURAL HISTORY

This matter is before the Public Service Commission of Utah ("Commission") on Questar Gas Company's ("Questar") November 23, 2015 filing ("November Filing") of proposed modifications to Sections 5.01 Conditions of Service, 5.05 Firm Transportation Service Rate Schedule FT-1, 5.06 MT Rate Schedule, and 5.07 TS Rate Schedule of its Utah Natural Gas Tariff PSCU 400 ("Tariff"), with an effective date of February 1, 2016.¹ The November Filing was made pursuant to the Commission's November 9, 2015 Order in Docket No. 14-057-31 ("November Order") which directs Questar to: 1) implement an imbalance charge of \$0.08896 per decatherm to be applied to daily volumes outside of a 5 percent tolerance applicable to transportation customers taking service under the MT, TS, and FT-1 rate schedules ("Transportation Customers"); 2) file revised tariff sheets reflecting the Commission's decision

¹ These proposed modifications are on Tariff Pages 5-1, 5-2, 5-8, 5-9, 5-10, 5-11, 5-12 and 5-13.

within 14 days of the date of the November Order containing a proposed effective date; and 3) review Tariff Section 2.06 Gas Balancing Account Adjustment Provision and file necessary updates reflecting the decisions in the November Order by no later than one month prior to the filing of Questar's next 191 account pass-through application.

On November 25, 2015, the Commission issued a notice of filing and comment period requesting comments and reply comments on the November Filing by December 8 and December 15, 2015, respectively. On December 8, 2015, the Division of Public Utilities ("Division"), Nucor Steel – Utah, a Division of Nucor Corporation ("Nucor"), and Summit Energy, LLC ("Summit") filed comments. Nucor's comments include a request, in the alternative, for reconsideration. On December 15 and 16, 2015, Questar and the Division, respectively, filed reply comments.

II. NUCOR'S REQUEST FOR RECONSIDERATION

Nucor's December 8, 2015 comments include a request for reconsideration, in the alternative. Nucor's request provides no substantive basis for reconsideration. Accordingly, Nucor's request is denied.

III. COMMENTS

A. Division

The Division states it reviewed the revised Tariff sheets and concludes they accurately reflect the decisions in the November Order. The Division states it will monitor Questar's requirement to review Tariff Section 2.06 and will review any proposed changes to this section in a future filing. The Division recommends the Commission approve the Tariff sheets as filed.

B. Nucor

Nucor requests the Commission delay implementing Questar's proposed tariff changes until May 1, 2016, "to avoid instituting imbalance measures during the traditionally most difficult months of the year."² Nucor states it understands the concerns and expectations presented in the November Order. Nucor, however, maintains there are numerous variables that can interfere with natural gas supply during the winter months, many of them beyond the control of Transportation Customers, particularly those without experience with daily balancing. Nucor asserts imposing the daily balancing requirement for the first time in mid-winter is unnecessarily harsh, particularly if the winter months pose challenges to gas supply and capacity.

Nucor proposes that providing Transportation Customers with sufficient time to adjust their daily practices and an opportunity to learn best practices during any season but winter is the best way to implement the change. Nucor states it is authorized to represent that the Utah Association of Energy Users, US Magnesium, LLC, CIMA Energy Ltd., and Continuum Retail Energy Services, LLC, support its comments.

C. Summit

Summit requests the Commission require Questar to begin providing information pertaining to daily imbalances beginning on February 1, 2016, and to delay the effective date for the Tariff changes until May 1, 2016. Summit asserts this delay of three billing cycles will provide time to assess the new accounting processes and for Transportation Customers to adjust

² Nucor's Comments on Questar Gas Company's Compliance Filing Dated November 23, 2015, Alternatively Nucor's Request for Reconsideration (Docket Nos. 14-057-31 and 15-057-T06, December 8, 2015).

their methods of calculating and monitoring usage and to implement systems to more timely respond to the daily amounts being used.

In addition, Summit maintains these additional billing cycles will assure that both Questar and the Transportation Customer are acquiring the same volume recordings and that any discrepancies can be resolved before actual imbalance charges are assessed. Finally, Summit asserts that some Transportation Customers need time to acquire and install updated equipment to more accurately monitor daily usage in the event their current monitoring practices are inadequate. Summit believes its proposal will provide fairness and equity to Transportation Customers while achieving more accurate nominations.

Pertaining to small customer protection, Summit requests the Commission require Questar to include language in its Tariff addressing the Commission's decision in the November Order that rounding for billing purposes is reasonable.

IV. REPLY COMMENTS

A. Questar

Questar disagrees with Nucor's and Summit's proposals to delay implementation of the Tariff changes and Summit's request to implement tariff language pertaining to small customers. Questar asserts that none of Nucor's and Summit's arguments, *i.e.*, that Transportation Customers require additional time to adjust their practices, to install equipment, and to validate their gas measurement accuracy, warrant delay in implementing the imbalance charge.

Questar asserts Transportation Customers currently are able to make gas nominations that match usage within a five percent tolerance. Questar also notes the imbalance charge was first proposed by Questar on December 18, 2014, and the Commission's November Order was issued

on November 9, 2015. Questar argues Transportation Customers have had ample time to adjust nominations practices and evaluate and procure necessary equipment. Further, Questar contends the failure of Transportation Customers to prepare for the implementation of the imbalance charge should not result in continued access to Questar's No Notice Transportation ("NNT") balancing service without any charge.

Questar disagrees with Nucor's assertion that winter is more difficult for nomination purposes than summer. Questar asserts much of the Transportation Customers' usage is not temperature sensitive, as opposed to that of Questar's sales customers whose usage is very temperature sensitive. Finally, Questar is concerned that if the imbalance charge does not commence until May 1, 2016, little or no data will be available to evaluate the imbalance charge and its effectiveness during the general rate case which Questar is required to file by July 1, 2016.³

With respect to Summit's request to implement a tariff modification to address rounding, Questar states the November Order unequivocally requires Questar to round for billing purposes. Questar states it is currently designing the billing system and customer reports so that the imbalance charge will be calculated by rounding the decatherms outside of the tolerance to the nearest tenth. Therefore, Questar argues there is no need to reiterate that requirement in its Tariff.

³ See Docket No. 13-057-05, "In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications," February 21, 2014 Report and Order, Partial Settlement Stipulation, p. 12.

B. Division

The Division disagrees with Nucor's and Summit's proposal to extend Questar's proposed Tariff revisions effective date to May 1, 2016. The Division points out that Nucor's statement that harsh weather conditions can "wreak havoc with supply and capacity" is the exact problem Docket No. 14-057-31 is attempting to address, *i.e.*, inciting accurate nominations by Transportation Customers so that Questar's sales customers are not affected and requiring Transportation Customers to pay for their use of NNT Services. In addition, the Division asserts more accurate nominations will enable Questar to determine which customers may need to be curtailed or restricted in the event of a mid-winter event.

The Division is concerned that delaying implementation of the imbalance charge will result in less historic information available to evaluate during future general rate cases and 191 account proceedings. The Division points out that implementation of the imbalance charge and the requirement to improve nominations have been sufficiently reviewed or discussed by Questar, Transportation Customers, gas marketing companies and regulators since Questar's 2013 General Rate Case.⁴ The Division asserts further delay in implementation of the approved charge is not warranted or in the public interest and recommends the Commission approve the revised Tariff sheets as filed by Questar with an effective date of February 1, 2016.

V. DISCUSSION, FINDINGS, AND CONCLUSIONS

Based on our review of the November Filing, the revised Tariff sheets, and the comments filed in these dockets, we find the revised Tariff Sheets correctly reflect our decisions

⁴ See 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."

in Docket No. 14-057-31. For the reasons presented by Questar and the Division, we approve the revised Tariff Sheets, effective February 1, 2016. While we acknowledge Nucor's and Summit's timing concerns, t we are persuaded by Questar's and the Division's argument that Transportation Customers are benefiting from the NNT Services used by Questar to manage its system and paid for by Questar's sales customers. We are concerned that delaying implementation of the imbalance charge will result in less historic information available to evaluate during Questar's next general rate case and 191 account proceeding.

We find Summit's request for Questar to modify its Tariff to include language explaining how it will accommodate rounding is reasonable. We note that our November Order discussed the rounding issue generally. Questar's December 15th reply comments, however, identify its intent to calculate the imbalance charge by rounding the decatherms outside of tolerance to the nearest tenth. We support this level of accuracy as it addresses small customers' concerns by providing more exact billing. In recognition of these concerns, we find that additional Tariff language explaining the rounding method will increase transparency and may minimize future disputes. Therefore we direct Questar to propose new Tariff language identifying how rounding is implemented within 30 days of the date of this order.

VI. ORDER

Pursuant to these discussions, findings and conclusions, we order:

1. The revisions to Questar's Tariff Sections 5.01 Conditions of Service, 5.05 Firm Transportation Service Rate Schedule FT-1, 5.06 MT Rate Schedule, and 5.07 TS Rate Schedule of its Utah Natural Gas Tariff PSCU 400 are approved with an effective date of February 1, 2016.

2. Questar shall file new Tariff language identifying how rounding is implemented within 30 days of the date of this order.

DATED at Salt Lake City, Utah, this 22nd day of December, 2015.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#271116

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 20 days after the filing of the request, 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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 22nd day of December, 2015, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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