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Attorneys for Questar Gas Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF A REQUEST FOR)	
AGENCY ACTION TO REVIEW THE)	Docket No. 14-057-32
CARRYING CHARGES APPLIED TO)	QUESTAR GAS COMPANY'S
VARIOUS QUESTAR GAS COMPANY)	COMMENTS
ACCOUNT BALANCES)	

Questar Gas Company (Questar Gas or Company) respectfully submits these Comments to the Memorandum issued by the Division of Public Utilities (Division) February 14, 2015 in the above-referenced docket.

I. BACKGROUND

On December 31, 2014 the Division submitted a Request for Agency Action for review of Questar Gas' carrying charges. On January 13, 2015, the Utah Public Service Commission (Commission) held a scheduling conference, and on January 14, 2015, the Commission issued a Scheduling Order. On January 26, 2015, the Commission held a technical conference wherein the Company provided a history of the carrying charge for various accounts. On February 24, 2014, the Division filed a memorandum recommending a

change to the way Questar Gas' carrying charges are calculated. The Commission asked for comments on the Division's initial recommendation by March 10, 2015.

II. DISCUSSION

The Company supports the Division's recommendation to update the carrying charges on an annual basis. This will allow the interest rate to be adjusted to reflect the market conditions at the time, and is similar to the theory used to set interest rates in the Company's other jurisdictions. The Division identifies six balancing accounts (Energy Efficiency, Pipeline and Distribution Integrity, Pass-Through Costs, Customer Deposits, Conservation Enabling Tariff, Energy Assistance Balancing account) and one charge (Extension Area Charge). The Company supports the recommendation to use the long term interest rates for all of the balancing accounts but recommends that any Extension Area Charges be calculated on a case-by-case basis, as approved by the Commission. Typically the Commission reviews the economics of these projects in detail, and the Company believes that the Commission could determine a discount rate based on some applicable interest rate during this review. It is important to note that the Company is not currently assessing any Extension Area Charges for any communities.

The Company agrees with the Division's observation that either the long term debt rate or short term debt rate could be reasonable choices for a carrying charge going forward. The Company is most concerned that, whatever rate the Commission chooses to apply, the same rate be applied to over-collected and under-collected balances. This has been the policy historically and the Division is not proposing to change this methodology. The use of a single interest rate that will either be paid by the Company or by the customer meets the fairness principle of rate design.

The Division has provided a thorough analysis to support its proposal to use long term debt rates as a proxy for the carrying charge. The Company supports the use of the average annual Aaa and Baa Corporate interest rates, as described by the Division in its memo, but would not be opposed to using the short term interest rate if the Commission prefers to do so.

The Company believes that applying a short term interest rate to calculate the carrying charge is reasonable. Most of these accounts are short term in nature. A short term rate could, arguably, better match the interest rate to the true nature of the account.

While the application of long-term and short-term debt rate each have merit, the Company is comfortable accepting the Division's proposal.

III. CONCLUSION

The Company requests that the Commission approve the proposed changes as filed by the Division with an effective date of July 1, 2015.

DATED this 10th day of March, 2015.

Respectfully submitted,

QUESTAR GAS COMPANY

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served upon the following by electronic mail on March 10, 2015:

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