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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
Eric Orton, Utility Analyst

Date: May 29, 2015

Subject: Action Request Response regarding Docket 15-057-T02.

In the Matter of the Application of Questar Gas Company for Authority to File a Change in its Existing Tariff

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) accept the revised tariff sheets as submitted by Questar Gas Company (Company) on May 14, 2015 and make them available for public inspection.

BACKGROUND

On May 14, 2015 the Company submitted its request for the Commission to approve two proposed changes in its Tariff; Sections 8.01 Gas Management and 9.01 Applications for and Initiation of Gas Service, requesting that they both become effective July 1, 2015.

Also on May 14, the Commission issued a Notice of Filing and Comment Period stating that

“Any interested party may submit comments on Questar’s proposed tariff revisions on or before Friday, May 29, 2015, and reply comments may be submitted on or before Friday, June 5, 2015.” On the same day the Commission issued its Action Request to the Division directing it to investigate the Company’s May 14, 2015 tariff filing making the response due the same day that comments are due. Therefore, this is the Division’s response to the Commission’s Action Request as well as its initial comments.

ISSUE

The use of automated meter reading is inconsistent with current tariff provisions requiring customers to read, record and submit usage information to the Company. (Section 8.01 – Gas Measurement) Accordingly, the Company is proposing to remove this section from the tariff. Similarly, denying service to a person that has a delinquent account over four years old is inconsistent with Commission rule R746-200-4(G)(2). Current tariff language effectively allows the Company to deny service to customers regardless of the age of the outstanding debt. (Section 9.01 – Applications for and Initiation of Gas Service) As such the Company proposes to alter the relevant subsection of its tariff sheets to deny service to only those customers whose debt is less than four years old. The Company will continue its efforts to collect on debts older than four years but will not deny those customers service.

DISCUSSION

Section 8.01 – Gas Measurement

This section, among other things, addresses meter reading. The current tariff states that if the Company is not able to read the meter, it will leave a postcard for the customer to fill out and return. Automated meter reading and current Company policies, made this provision and practice obsolete. Currently, if for some reason the automatic meter read is unsuccessful, the Company will send someone to read the meter. If a meter read is not obtained in the applicable billing cycle, the customer’s usage will be estimated and billed accordingly. Given the use of this technology

and the correlating procedures, there is no need for a customer to attempt to read a meter, record it on a post card and drop it in the mail. Therefore, the Company proposes to remove this provision from the tariff.

Section 9.01 – Applications for and Initiation of Gas Service

Section of 9.01 of this Tariff states that the Company will deny service to an applicant who has not paid or made arrangements to pay an outstanding balance from a prior account. As specified, the Company would deny service to an applicant regardless of the age of the bad debt. Utah Admin. Code R746-200-4(G)(2), prohibits utilities from transferring unpaid balances from past accounts to current accounts when the debt is older than four (4) years. As such, the Company is not in the practice of transferring unpaid account indebtedness to new accounts where the indebtedness is older than four years. The Commission has not addressed whether this provision's language about "current accounts" applies to newly-created accounts. This is where the rule and practice may not correlate.

The practice of denying service for any unpaid accounts has aided in managing costs to other customers and has motivated delinquent customers to pay past due accounts. Therefore, with this change, it is expected that bad debt expense will increase by about 50% on an annual basis. "The Company estimates that eliminating the requirement to pay old accounts in full before service is initiated will reduce these collected write-offs by about half, or approximately \$225,000. In 2014, the Company's overall bad debt was \$1.7 million or 0.18%. The \$225,000 increase in bad debt would have raised the 2014 bad debt to \$1.9 million or 0.20%."

CONCLUSION

The Division believes that all tariff sheets should accurately reflect current Company policy and Commission rules. The Company proposed these changes to more accurately reflect the Company's current meter reading practices and to clearly comply with Commission rules regarding aged delinquent accounts. Given that, the Division has investigated and reviewed the

Company's amended tariff sheets as filed, and finds they accurately reflect the changes mentioned above. Therefore, the Division recommends that the Commission accept the revised tariff sheets, and make them available for public inspection.

CC:

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