

APPLICATION OF QUESTAR GAS)
COMPANY FOR AN) DOCKET No. 16-057-06
ADJUSTMENT TO THE)
DAILY TRANSPORTATION) APPLICATION
IMBALANCE CHARGE)

All communications with respect to
these documents should be served upon:

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APPLICATION
AND
EXHIBITS

May 2, 2016

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY FOR AN ADJUSTMENT TO THE DAILY TRANSPORTATION IMBALANCE CHARGE	Docket No. 16-057-06 APPLICATION FOR AN ADJUSTMENT TO THE DAILY TRANSPORTATION IMBALANCE CHARGE
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Questar Gas Company (Company) respectfully submits this Application for an adjustment to the Daily Transportation Imbalance Charge pursuant to paragraph IV.J. of the Utah Public Service Commission (Commission) Order dated November 9, 2015 in Docket No. 14-057-31 (Order) and §5.01 of the Company's Utah Natural Gas Tariff No. 400 (Tariff).

In support of this application, Questar Gas states:

1. Questar Gas' Operations. Questar Gas, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Commission, and the Company's rates, charges, and general conditions for natural gas service in Utah are set

forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in Franklin County, Idaho. Under the terms of an agreement between the Commission and the Idaho Public Utilities Commission, the rates for these Idaho customers are determined by the Utah Commission. Volumes for these customers have been included in the Utah volumes.

2. Background: On December 18, 2014, Questar filed an application with the Commission seeking approval of a new supplier non-gas (SNG) reimbursement charge. The new charge had two objectives: First, to charge transportation customers for the SNG services they used that were currently being paid for by sales customers, and second, to improve the accuracy of transportation customer nomination practices. In the Order dated November 9, 2015 in Docket No. 14-057-31, the Commission agreed that both of these objectives should be addressed and approved a supplier non-gas charge of \$0.08896 per dekatherm (Dth) applied to daily imbalance volumes outside of a 5 percent tolerance for transportation customers taking service under the MT, TS and FT-1 rate schedules. In the order the Commission stated that “This rate will be reviewed and evaluated in Questar’s upcoming 2016 general rate case as well as in future 191 account pass-through filings to determine if the Daily Transportation Imbalance Charge is achieving the intended objectives and whether changes should be implemented.” (Docket No. 14-057-31, paragraph IV.J., page 37). A 191 pass-through filing is being filed concurrently with this filing in Docket No. 16-057-06.

3. Updated rates: Exhibit 1.1 shows the calculation of the rate using the methodology approved in Docket No. 14-057-31, updated with volumes for the twelve months ended March, 2016. The rate is calculated as shown below:

(1) \$0.23963 (Volumetric rates X (2) 2,783,249 Dths (total net imbalance volumes)
(3) 8,508,613 Dths (Daily volumes outside of 5% tolerance)

Each component of the rate is discussed in further detail below:

Volumetric rates for service used

The Commission approved a charge to transportation customers for using the upstream services as approved by the Commission in Docket No. 14-057-31. Other than the Clay Basin Fuel Gas Reimbursement, the volumetric charges related to these services have not changed since the Commission originally approved them in Docket No. 14-057-31. A table comparing the rates approved by the Commission and the current rates is shown in Exhibit 1.1.

Total net imbalance volumes

As Exhibit 1.1 shows, the net imbalance volumes are 2,783,249 (column C, line 8). This number includes actual imbalance volumes for the twelve months ended March 2016. This is a decrease from the imbalance volumes of 3,333,731 Dth (Column B, line 8) approved by the Commission in Docket No. 14-057-31.

Daily volumes outside of 5% tolerance

As Exhibit 1.1 shows, the daily volumes outside of a 5% tolerance are 8,508,613 Dth (Column C, line 10) for the twelve months ended March 31, 2016.

The proposed rate of \$0.07839 per Dth (column C, line 11) is a reduction from the rate previously ordered by the Commission in Docket No. 14-057-31. This reduction is due to more accurate nominations resulting in a decreased usage of upstream no-notice and storage services by transportation customers. The Company began to assess transportation customers for the new Daily Transportation Imbalance Charge on February 1, 2016. The

data used to calculate the rate includes data from February and March 2016. As Exhibit 1.2 shows, the imbalances in February and March of 2016 were considerably (32%) lower than the imbalances for the same months in 2015, and 45% lower on a per customer basis.

As stated earlier, the objectives of the charge were to (1) charge transportation customers for the SNG services they use, and (2) to improve the accuracy of transportation customer nomination practices. These customers are paying for the services they use and are thereby achieving the first objective. Additionally, the Daily Transportation Imbalance Charge has clearly provided an economic incentive for customers to improve their daily nominations and as a result, these customers are using the services less.

4. Proposed Tariff Sheets. Exhibit 1.3 shows the proposed tariff sheets reflecting the changes in the Daily Transportation Imbalance Charge and changes to Tariff Sections 5.05, 5.06, and 5.07.

5. Exhibits. Questar Gas submits the following Exhibits in support of its request to update the Daily Transportation Imbalance Charge:

Exhibit 1.1 Calculation of updated Daily Transportation Imbalance Charge

Exhibit 1.2 February and March imbalance comparison

Exhibit 1.3 Legislative/Proposed Rate Schedules

WHEREFORE, Questar Gas respectfully requests the Commission, in accordance with the Order approving the updated Daily Transportation Imbalance Charge and the Company's Tariff:

1. Enter an order authorizing Questar Gas to implement rates and charges applicable to its Utah natural gas service that reflect an adjustment for each rate class, as more fully described in this application; and

2. Authorize Questar Gas to implement its rates effective June 1, 2016.

DATED this 2nd day of May, 2016.

Respectfully submitted,

QUESTAR GAS COMPANY

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LEGISLATIVE/PROPOSED RATE SCHEDULES

P.S.C. Utah No. 400
Affecting All Transportation Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: May 2, 2016
To Become Effective: June 1, 2016
Daily Transportation Imbalance Charge