

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 16-057-09</u>
In the Matter of the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account	<u>DOCKET NO. 16-057-10</u>
In the Matter of the Application of Questar Gas Company to Amortize the Demand Side Management/Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 16-057-11</u>
In the Matter of the Application of Questar Gas Company for a Tariff Change and Adjustment to the Low Income Assistance/Energy Assistance Rate	<u>DOCKET NO. 16-057-12</u>
In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 16-057-13</u>
In the Matter of the Application of Questar Gas Company for an Adjustment to the Daily Imbalance Charge	<u>DOCKET NO. 16-057-14</u>
	<u>ORDER MEMORIALIZING BENCH RULING</u>

ISSUED: December 16, 2016

SYNOPSIS

The Commission approves six rate applications of Questar Gas Company as set forth below. The combined effect of these applications is to increase the annual bill of a typical GS residential customer by approximately \$0.41 or 0.06 percent.

The Commission approves the following applications on an interim basis, subject to audit, effective November 1, 2016:

- Pass-Through Application (Docket No. 16-057-09);
- Conservation Enabling Tariff Application (Docket No. 16-057-10);
- Demand Side Management/Energy Efficiency Application (Docket No. 16-057-11);

Infrastructure Rate Adjustment Application (Docket No. 16-057-13); and  
Adjustment to Daily Imbalance Charge Application (Docket No. 16-057-14).

Additionally, the Commission approves the Low Income Assistance/Energy Assistance Rate Application (Docket No. 16-057-12) effective November 1, 2016.

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BACKGROUND

Questar Gas Company (Questar) filed the above applications on September 29, 2016. Each application addressed separately below proposes discreet rate changes to be effective November 1, 2016.

On October 6, 2016, the Commission issued a Scheduling Order for these dockets. On October 25, 2016, the Division of Public Utilities (Division) filed comments in each docket, and the Office of Consumer Services (Office) filed comments in Docket Nos. 16-057-11 and 16-057-12. On October 7 and 25, 2016, Questar filed updated exhibits in Docket No. 16-057-11. No other party requested intervention or filed comments.

On October 31, 2016, the Commission's designated Presiding Officer conducted a hearing to consider the applications. Questar, the Division, and the Office participated. At the hearing, Questar committed to provide updated combined tariff sheets reflecting the rates that would go into effect if all of the dockets were approved. At the conclusion of the hearing, the Presiding Officer issued a bench ruling approving each application effective November 1, 2016. This order memorializes the bench ruling. The applications and supporting evidence are uncontested and are briefly summarized below.

DISCUSSION

**Docket No. 16-057-09: Pass-Through, 191 Account Application**

Questar’s Pass-Through, 191 Account Application proposes adjustments in rates and charges for natural gas service related to Questar’s Account 191.1 of the Uniform System of Accounts, Unrecovered Purchased Gas Costs (191 Account).<sup>1</sup> This application is based on projected Utah gas-related costs of \$555.194 million for the forecast test year ending October 31, 2017 (Test Year). This represents an overall increase of \$7.279 million, reflecting a projected \$7.432 million commodity cost increase and a projected \$0.153 million supplier non-gas (SNG) decrease.

*The Pass-Through, 191 Account Application Seeks an Approximate \$0.07 Increase per Decatherm in the Commodity Component of Rates.*

The Pass-Through, 191 Account Application proposes to increase Questar’s commodity rate from \$3.90 per decatherm (Dth) to \$3.97 per Dth. (Pass-Through, 191 Account Application, Ex. 1.6 at 1.) This commodity rate constitutes the sum of the “Base Gas Cost” rate and the “191 Amortization” rate, as shown below:

	<b>Current Commodity <u>Rate per Dth</u></b>	<b>Proposed Commodity <u>Rate per Dth</u></b>
Base Gas Cost	\$4.07582	\$4.20022
191 Amortization Rate	-\$0.17731	-\$0.23260
<b>Total Commodity Rate</b>	<b>\$3.89851</b>	<b>\$3.96762</b>

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<sup>1</sup> See Questar Gas Company Utah Natural Gas Tariff PSCU 400 at 2-1 to 2-9. As the Commission recognized in an earlier docket, “[t]he 191 Account’s purpose is to allow Questar to recover, on a dollar-for-dollar basis, the difference between projected gas costs and the actual costs Questar incurs to purchase gas. In addition to commodity gas costs, the 191 Account also tracks certain ‘supplier non-gas costs’ . . . which are costs associated with gathering, processing, transporting and storing gas.” Order Memorializing Bench Ruling at 2 (Docket No. 16-057-05).

(See *id.*) The increase in the Base Gas Cost rate reflects an increase in the forecast price of natural gas during the Test Year. The change in the 191 amortization rate reflects a change in the 191 Account amortization amount from -\$19.158 million in Docket No. 16-057-05 to -\$25.013 million as of August 2016 (See *id.*) Questar proposes to amortize the -\$25.013 million balance by establishing a credit amortization of -\$0.23260 per Dth. (See *id.* See also Pass-Through, 191 Account Application at 6-7, ¶ 11.)

*The Pass-Through, 191 Account Application Seeks a \$153,174 Decrease per Decatherm in the Total Revenue to be Collected in SNG Rates During the Test Year.*

Questar’s Total SNG Costs are the sum of the forecast SNG costs and the current 191 SNG Account Balance. In this case, the forecast SNG costs remained relatively unchanged at \$103.511 million, a slight decrease from \$103.622 million in Docket No. 16-057-05. Questar proposes maintaining a SNG amortization amount of \$3.898 million approved in Docket No. 16-057-05 in order to keep the SNG Account balance within the +/- \$20 million parameters described on page 7, paragraph 13(a) of the Application. Questar proposes changes to the SNG Base Rate and the SNG amortization rate as follows:

	<b><u>Current SNG Rate per Dth</u></b>	<b><u>Proposed SNG Rate per Dth</u></b>
<b>GS Rate Schedule</b>		
Summer Blocks 1 and 2 <sup>2</sup>		
SNG Base Rate	\$0.53715	\$0.53637
SNG Amortization Rate	<u>\$0.02023</u>	<u>\$0.02022</u>
Total	\$0.55738	\$0.55659
Winter Blocks 1 and 2		
SNG Base Rate	\$1.14407	\$1.14239
SNG Amortization Rate	<u>\$0.04308</u>	<u>\$0.04307</u>
Total	\$1.18715	\$1.18546

<sup>2</sup> The GS Block 1 rate is applicable to the first 45 Dth and Block 2 is applicable to usage greater than 45 Dth.

**FS Rate Schedule**

Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.53715	\$0.53637
SNG Amortization Rate	<u>\$0.02023</u>	<u>\$0.02022</u>
Total	\$0.55738	\$0.55659
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.14427	\$1.11264
SNG Amortization Rate	<u>\$0.01196</u>	<u>\$0.04194</u>
Total	\$1.15623	\$1.15458

**NGV Rate Schedule**

SNG Base Rate	\$0.82558	\$0.82437
SNG Amortization Rate	<u>\$0.03109</u>	<u>\$0.03108</u>
Total	\$0.85667	\$0.85545

**IS Rate Schedule**

SNG Base Rate	\$0.17880	\$0.17877
SNG Amortization Rate	<u>not applicable</u>	<u>not applicable</u>
Total	\$0.17880	\$0.17877

(See Pass-Through, 191 Account Application, Ex. 1.6 at 3.)

*The Division Supports the Pass-Through, 191 Account Application, Pending its Opportunity to Conduct an Audit, and No Party Opposed the Application.*

The Division testifies that the rates proposed in the Pass-Through, 191 Account Application are just, reasonable, and in the public interest, and recommends their approval on an interim basis effective November 1, 2016, subject to audit and review. The Division calculates a typical GS residential customer will realize an annual bill increase of \$5.40 or 0.79 percent, if this application is approved. No party provided comments or testimony opposing the application.

**Docket No. 16-057-10: Conservation Enabling Tariff Application**

This application affects Questar's Conservation Enabling Tariff (CET) amortization component of the Distribution Non-Gas (DNG) rate of the GS rate schedule. Typically, Questar

amortizes the current balance in the CET Deferral Account (Account 191.9). However, in this docket Questar proposes to set the CET amortization rate at \$0.00 per Dth for all usage blocks and leave the over-collected balance of \$1.149 million in place to offset future under-collections in the CET account due to lower usage per customer. Questar suggests this approach satisfies Paragraph 34 of the Settlement Stipulation approved in Docket No. 16-057-01.

*The Division Supports the Proposed Conservation Enabling Tariff Rates, Pending its Opportunity to Conduct an Audit, and No Party Opposed the Application.*

The Division testifies that the rates proposed in the CET Application are just, reasonable, and in the public interest, and recommends the Commission adopt them on an interim basis effective November 1, 2016, subject to the results of the Division's future audit. If approved, the Division calculates a typical GS customer will see an annual rate decrease of \$5.57 or 0.81 percent. No party filed comments or testimony opposing the application.

**Docket No. 16-057-11: Demand Side Management/Energy Efficiency Deferred Account**

**Application**

Through this application, as amended,<sup>3</sup> Questar proposes to decrease the DSM amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks from the \$0.24341 per Dth approved in Docket No. 15-057-18 to \$0.19054 per Dth. Questar's amortization rate reflects a 2017 Demand Side Management/Energy Efficiency (DSM/EE) budget of \$24.902 million (approximately \$2.0 million less than the 2016 DSM/EE budget), a Test Year DSM/EE amortization collection of \$20.551 million, and a Test Year net interest

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<sup>3</sup> As referenced above, Questar filed updated exhibits in this docket on October 7 and 25, 2016.

expense of \$0.00 (*see* Updated Exhibit 1.3u at 2, filed October 25, 2016). Questar maintains this “lower budget, combined with higher projected volumes for the 2016-2017 test period will allow [Questar] to collect the necessary revenue through a lower amortization rate while at the same time minimizing interest expense.” (*see* Demand Side Management/Energy Efficiency Deferred Account Application at 3, ¶ 3.)

*The Division and the Office Support the Application, and No Party Opposes.*

If approved, a typical GS customer will see an annual decrease of \$4.24 or 0.62 percent. The Division and the Office testified that the rates proposed in the DSM/EE Application, as modified during the October 31 hearing, are just, reasonable, and in the public interest. The Office further clarified that Questar’s updated exhibits satisfy the Office’s concerns raised in its filed comments. The Division recommends the Commission approve the requested rate change on an interim basis effective November 1, 2016, subject to audit and review.

**Docket No. 16-057-12: Low Income Assistance/Energy Assistance Rate Application**

In Docket No. 10-057-08, the Commission approved the Low Income Assistance/Energy Assistance Program (Program) affecting the energy assistance component of the DNG rates of the GS, FS, NGV, IS, FT-1, MT, and TS rate classes and established a \$1.5 million balancing account (Account 191.8) to provide bill credits to qualified low-income customers. In this application, Questar seeks an adjustment to Account 191.8 to ensure that the target funding level of \$1.5 million is maintained.

According to Questar, during the period ending July 2016, it under-collected \$0.007 million from customers on a cumulative basis since the beginning of the Program. This amount,

when added to the \$1.5 million allowable balance, yields a sum of \$1.507 million that will be collected from customers during the Test Year. Based on current rates and forecast Test Year volumes, Questar estimates it will collect \$1.529 million for the Energy Assistance Program. In order to achieve the required \$1.507 million revenue requirement, Questar requests a revenue decrease of \$0.022 million.

Questar reports that participation in the Program has declined since 2013, leading to a higher credit amount available to participants in the upcoming heating season. Accordingly, Questar proposes to increase the per-customer Program credit amount from \$61.50 to \$70.00.<sup>4</sup>

Utah Code Ann. § 54-7-13.6 provides that a surcharge may not be collected from customers currently participating in the Program, but shall be calculated as an equal percentage of revenues from all rate schedules not to exceed \$50.00 unless otherwise adjusted for inflation. Questar represents that its rate calculations satisfy these limitations.

*Both the Division and the Office Support the Low Income Assistance/Energy Rate, and No Party Opposed the Application.*

The Division supports Questar's Low Income Energy Assistance Application to change the annual credit from \$61.50 to \$70.00 and testifies that the rates proposed are just, reasonable, and in the public interest, and recommends approval effective November 1, 2016. Based on the information presented in the application, the Division calculates a typical GS residential customer will see an annual bill decrease of \$0.15 or 0.02 percent.

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<sup>4</sup> Questar calculates the \$70.00 credit by dividing \$1.793 million by 25,757 (the average number of actual participants from 2014 to 2016).



The Office supports Questar's proposed changes to the Low Income Assistance/Energy Rate and recommends the Commission approve the application as filed.

No party filed comments or testimony opposing the application.

**Docket No. 16-057-13: Infrastructure Rate Adjustment Application**

In this docket, Questar seeks to change the Infrastructure Rate Adjustment to include investment related to high-pressure and intermediate high-pressure infrastructure replacement projects that were in service as of September 29, 2016. Questar is requesting a \$6.264 million revenue increase from that approved in Docket No. 15-057-17, based on a total revenue requirement of \$17.600 million adjusted for \$0.432 million in over collections in October 2015 through January 2016.

*The Division Supports the Application, and No Party Opposed.*

The Division testifies that based on its review, the application appears compliant with the Commission's last general rate case order. Further, the Division testifies the rates are just, reasonable, and in the public interest. Based on the information presented in the application, the Division calculates a typical GS residential customer will see an annual bill increase of \$4.97 or 0.74 percent. Accordingly, the Division recommends approval of the application on an interim basis, effective November 1, 2016, subject to the Division's audit and final recommendation.

No party filed comments or testimony opposing the application.

**Docket No. 16-057-14: Daily Transportation Imbalance Charge Application**

The Commission approved a Daily Transportation Imbalance Charge in Docket No. 14-057-31.<sup>5</sup> The rate is applicable to transportation customers taking service under Questar's MT, TS and FT-1 rate schedules. Since February 2016, Questar has assessed this charge, which is required to be recalculated as part of the Pass-Through, 191 Account Application addressed above. In this application, Questar proposes to increase the Daily Transportation Imbalance charge from \$0.07955 to \$0.08125 per Dth for daily imbalance volumes outside of a 5-percent tolerance for transportation customers,<sup>6</sup> using historical data for the twelve months ending August 31, 2016.

*The Division Supports the Application, and No Party Opposed.*

The Division testifies that the current imbalance charge has only been in place since February 2016, and it does appear that the nominations of many customers have become more accurate since this rate was imposed. The Division recommends the proposed rate be approved on an interim basis, effective November 1, 2016, until it can complete its audit. The Division believes the requested changes are in the public interest and represent just and reasonable rates.

No party filed comments or testimony opposing the application.

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<sup>5</sup> See Order, issued November 9, 2015, *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* (Docket No. 14-057-31).

<sup>6</sup> Questar Tariff, Section 5, Transportation Service, defines "'Daily imbalance' . . . as the difference between the customer's nominated volumes, less fuel, and the actual usage on any given day."

**Summary of the Combined Effect of All the Applications, if Approved**

The combined effect of these applications is to increase the annual bill of a typical GS residential customer by approximately \$0.41 or 0.06 percent.

<b>Pass-Through Application:</b>	<b>\$5.40 increase or 0.79 percent.</b>
<b>Conservation Enabling Tariff Application:</b>	<b>\$5.57 decrease or 0.81 percent.</b>
<b>DSM/EE Deferred Application:</b>	<b>\$4.24 decrease or 0.62 percent.</b>
<b>Low Income Assistance/Energy Assistance:</b>	<b>\$0.15 decrease or 0.02 percent.</b>
<b>Infrastructure Rate Adjustment Application:</b>	<b><u>\$4.97 increase or 0.74 percent.</u></b>
	<b>\$0.41 increase or 0.06 percent.</b>

**FINDINGS, CONCLUSION, AND ORDER**

Based on Questar's applications and exhibits, the Division's and the Office's comments, and the testimony and evidence presented at hearing, the Commission finds the rates in Docket Nos. 16-057-09, 16-057-10, 16-057-11, 16-057-12, 16-057-13, and 16-057-14 are just, reasonable, and in the public interest. With respect to the DSM/EE Application, we note the Office's opposition to semi-annual DSM/EE filings. We also note that absent from the DSM/EE application is an explanation of how DSM/EE rates set to collect approximately \$20.551 million are sufficient to address Questar's annual DSM/EE budget of over \$24 million. We direct Questar to address these issues in its next DSM/EE filing.

Therefore, the Commission orders:

1. The rates proposed in Docket Nos. 16-057-09, 16-057-10, 16-057-11, 16-057-13, and 16-057-14, as amended and presented at the hearing, are approved on an interim basis

- effective November 1, 2016, pending the results of the Division's forthcoming audits.<sup>7</sup>
2. The rates proposed in Docket No. 16-057-12 are approved effective November 1, 2016.<sup>8</sup>
  3. Questar's request to file revised tariff sheets is granted.<sup>9</sup>
  4. Questar shall address the issues surrounding semi-annual DSM/EE filings and the DMS/EE budget and collections disparity in its next DSM/EE filing.

DATED at Salt Lake City, Utah, December 16, 2016.

/s/ Melanie A. Reif  
Presiding Officer

Approved and confirmed December 16, 2016, as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#290820

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<sup>7</sup> The Commission approved the proposed revised tariff sheets for these respective dockets on November 16, 2016. *See* Tariff Approval Letter, dated Nov. 16, 2016 (Docket No. 16-057-T05).

<sup>8</sup> *See id.*

<sup>9</sup> Questar filed its revised tariff sheets on October 31, 2016, and the Commission subsequently approved them on November 16, 2016. *See supra* nn.7-8.

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on December 16, 2016, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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