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-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH –

APPLICATION OF QUESTAR GAS TO)	Docket No. 16-057-11
AMORTIZE THE DEMAND SIDE)	
MANAGEMENT DEFERRED)	SUBMISSION OF UPDATED
ACCOUNT BALANCE)	EXHIBIT 1.3
)	

Questar Gas Company (Questar Gas or the Company) respectfully submits the attached Exhibit 1.3U as an update to the Application in this matter.

On September 29, 2016, the Company filed an Application in this docket requesting that the Utah Public Service Commission (Commission) enter an order authorizing Questar Gas to change the Energy Efficiency (EE) amortization rates and charges applicable to its Utah natural gas service territory. On October 5, 2016, the Commission issued a Notice to Parties Concerning Upcoming Scheduling Conference in which the Commission observed that the proposed amortization rate of \$0.19385 was not the result of dividing the projected amortization amount of \$23,721,856 by the test period volumes. The Commission directed the Company to come to the Scheduling Conference prepared to discuss the apparent discrepancy.

In response to the Commission’s October 5th Notice, the Company reviewed the Application and accompanying exhibits and determined Exhibit 1.3 to the Application was inaccurate because it did not correctly reflect the rate proposed in the Application. The Company noted, in the Application, that it seeks to adjust the amortization rate in order to “allow the Company to collect the necessary revenue through a lower

amortization rate while at the same time minimizing interest expense.” Application at page 3, Exhibit 1.3U correctly illustrates how the proposed rate will accomplish this goal.

For the last two years, the EE rate has been maintained at \$0.24341. Historically, the Company has filed once per year in the fall to change the amortization rate. The EE costs are fairly stable during the year, while the amortization volumes are high in the winter and low in the summer. If the Company were to continue to apply the current rate of \$0.24341/Dth, there would be wide swings in the amortization balance. The red line in QGC Exhibit 1.3U page 1 projects the EE account balance if the \$0.24341/Dth rate were maintained during the test period for the 12 months ended October 2017. As the red line in the chart shows, the balance would be in an over-collected position for the majority of the test period and the Company would incur interest expense of about \$111,000 during the test period.

The Company plans to file applications adjusting the EE deferred account amortization twice per year going forward: once in the fall and once in the spring. Filing the EE amortization on a semi-annual basis will provide two opportunities each year to review the balances and make adjustments to the rates based upon participation and usage in order to keep the balance in account 182.4 nearer to \$0.

The green line on page 1 of Exhibit 1.3U shows the projected EE balance assuming the proposed rate of \$0.19385/Dth becomes effective November 1, 2016 and is then reset to \$0.24341/Dth in the spring pass through filing effective June 1, 2017. The sum of lines 4 through 15 on page 2, column D, shows the projected interest income and expense is expected to be \$0 if the proposed rate is approved.

Based upon the foregoing, Questar Gas respectfully submits Supplemental and Updated Exhibit 1.3U and requests that the Commission include said exhibit in this docket.

DATED this 7th day of October, 2016.

Respectfully submitted,

QUESTAR GAS COMPANY

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CERTIFICATE OF SERVICE

I hereby certify that on October 5, 2016, a true and correct copy of the foregoing
SUBMISSION OF UPDATED EXHIBIT 1.3U was served upon the following by
electronic mail:

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