

APPLICATION OF QUESTAR GAS ) Docket No. 16-057-16  
COMPANY TO CHANGE THE )  
INFRASTRUCTURE RATE ) APPLICATION  
ADJUSTMENT )

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

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APPLICATION  
AND  
EXHIBITS

November 1, 2016

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|----------------------------|---|----------------------|
| APPLICATION OF QUESTAR GAS | ) | Docket No. 16-057-16 |
| COMPANY TO CHANGE THE      | ) |                      |
| INFRASTRUCTURE RATE        | ) | APPLICATION          |
| ADJUSTMENT                 | ) |                      |

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Questar Gas Company (Questar Gas or the Company) respectfully submits this Application to the Utah Public Service Commission (Commission) and thereby seeks to modify the Infrastructure Rate Adjustment to the Distribution Non-Gas (DNG) cost portions of its Utah GS, FS, IS, TS, FT-1, MT, and NGV natural gas rate schedules, pursuant to section 2.07 of the Company's Utah Natural Gas Tariff No. 400 (Tariff).

If the Commission grants this Application, a typical GS residential customer using 80 decatherms per year will see an increase in their yearly bills of \$1.70 (or 0.25%). The Company proposes to implement this request by charging the new rates effective December 1, 2016.

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 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 the Preston, Idaho area. 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. Settlement Stipulation Order. On page 8 of the Report and Order dated February 21, 2014 in Docket No. 13-057-05, the Commission authorized Questar Gas to

continue the infrastructure tracker pilot program (“Program”) and §2.07 of the Tariff sets forth procedures for recovering costs associated with replacing aging infrastructure.

3. Test Year. The test year for this Application is the 12 months ending November 2017.

4. Calculation of Revenue Requirement. Exhibit 1.1, pages 1 through 6 show the total amount closed to investment and in service from November 2015 through October 2016 for each of the infrastructure replacement projects. Lines 1 through 62 show the investment in each high pressure infrastructure project, and lines 63 through 75 show the investment in each intermediate high pressure project. Lines 76-91 show the amounts retired from investment. Line 95 shows, by month, the cumulative plant balance of high pressure and intermediate high pressure plant. Line 96 shows the same cumulative plant balance less the \$84 million<sup>1</sup> threshold set forth in Docket No. 13-057-05 before applying for cost recovery of tracker related investment/costs.

a) Exhibit 1.1, page 7, shows a calculation of the revenue requirement. Page 7, line 1, shows the net investment closed through October 2016. Pursuant to paragraph 25 of the Settlement Stipulation in Docket No. 13-057-05, \$84 million is removed on line 2 because that amount was already included in rates. Lines 4 through 10 show the accumulated depreciation, accumulated deferred income tax, net replacement infrastructure, allowed pre-tax return, net depreciation expense, and net taxes other than income tax.

b) Line 12 reduces the revenue requirement to account for bonus depreciation rates provided in the 2015 PATH Act as discussed in the Company’s revised Motion to Modify and Replace Tariff Schedules in Docket No. 15-057-17 filed on January 4, 2016. The original amount of this credit was \$432,038. From February 1, 2016 through

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<sup>1</sup> In the Company’s last general rate case, Docket No. 13-057-05, the Commission approved the Partial Settlement Stipulation in which the parties agreed that the Company would defer “tracking of infrastructure costs until \$84 million of infrastructure investment is reached.” Report and Order dated February 1, 2014, Docket No. 13-057-05, p. 8, ¶ 2.g.

November 30, 2016, \$293,786 (or 68%) of this credit will have been amortized, resulting in a remaining credit of \$137,985 to take effect December 1, 2016.

d) Line 13 shows the final adjusted revenue requirement of \$19,413,381, an increase of \$2,245,686 over the previous infrastructure rate-adjustment filing as shown on line 15. The amount shown on line 13 will be collected from each rate schedule according to the currently allowed cost-of-service and rate design calculations as discussed below.

5. Cost of Service. Exhibit 1.2 shows the allocation of the revenue requirement to each class. Section 2.07 of the Tariff states that “the Surcharge will be assigned to each rate class based on the Commission-approved total pro rata share of the DNG tariff revenue ordered in the most recent general rate case.” Column A shows the DNG revenue requirement by class ordered by the Commission in Docket No. 13-057-19. Column B shows the percent of the total revenue requirement by class and column C shows the total infrastructure replacement revenue to be collected from each class.

6. Rate Design. Exhibit 1.3 shows the rate design for the Infrastructure Rate Adjustment surcharge component of the DNG rates. Section 2.07 of the Company’s Tariff states that “the Surcharge assigned to each class will be collected based on a percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.” Column F shows the projected volumetric revenue for each class using base DNG rates and volumes for the 12 months ending November 2017 test year. Column G shows the amount of infrastructure replacement tracker revenue that needs to be collected from each class. Column H shows the percentage change to each block and demand charge since the approved continuation of the tracker adjustment in Docket No. 13-057-05. Column I shows the proposed rates for each rate schedule.

7. Change in Typical Customer’s Bill. The annualized change in rates calculated in this Application results in an increase of \$1.70 per year (or 0.25%), as shown in Exhibit 1.4.

8. Legislative and Proposed Tariff Sheets. Exhibit 1.5 shows the proposed Tariff rate schedules that reflect the updated infrastructure rate adjustment as explained in paragraphs 4 through 6.

9. Exhibits. Questar Gas submits the following exhibits in support of its request to include the infrastructure rate adjustment:

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|-------------|---|
| Exhibit 1.1 | QGC Infrastructure Replacement Project Summary & Calculation of Revenue Requirement |
| Exhibit 1.2 | Cost of Service Allocation  |
| Exhibit 1.3 | Rate Calculation – Infrastructure Rate Adjustment                                   |
| Exhibit 1.4 | Effect on GS Typical Customer   |
| Exhibit 1.5 | Legislative and Proposed Tariff Sheets  |

WHEREFORE, Questar Gas respectfully requests that the Commission, in accordance with the Report and Order approving the Settlement Stipulation in Docket No. 13-057-05 and the Company's Tariff:

1. Enter an order authorizing Questar Gas to change rates and charges applicable to its Utah natural gas service that reflect an adjustment to the rates for each class as more fully set forth in this Application.

2. Authorize Questar Gas to implement the revised rates effective December 1, 2016.

DATED this 1st day of November 2016.

Respectfully submitted,

QUESTAR GAS COMPANY

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LEGISLATIVE AND PROPOSED RATE SCHEDULES

Exhibit 1.5  
P.S.C. Utah No. 400  
Affecting All Rate Schedules  
and Classes of Service in  
Questar Gas Company's  
Utah Service Area

Date Issued: November 1, 2016  
To Become Effective: December 1, 2016

