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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, Technical Consultant

Date: January 12, 2017

Subject: Action Request Response regarding Docket No. 16-057-T06.

In the Matter of the Application of Questar Gas Company to modify its Tariff to include Gas Quality Specifications and Provisions pertaining to Biomethane

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) accept the tariff sheets filed by Questar Gas Company (Company) on December 28, 2016 and make them effective on February 1, 2017 conditioned upon the Company providing a more complete record of evidence.

BACKGROUND

On December 28, 2016, the Company filed its application to include section 7.07 as a new part of its Utah tariff 400. In the Company's filing, Exhibit 1.1 is the proposed Section 7.07 of the Company's tariff which addresses both Gas Quality in general and Biomethane in particular. On

December 28, 2016, the Commission issued its Action Request directing the Division to perform an investigation. This Action Request Response is the result of the Division's investigation of those filed tariff sheets and initial comments regarding the comments submitted by Office of Consumer Services on January 11, 2017.

DISCUSSION

The Company states that it has been “approached, from time to time, by suppliers seeking to deliver natural gas” to its system. The proposed tariff change is for a new section in the Company's Utah Natural Gas Tariff No. 400 under section 7 entitled General Provisions. Within that section, the Company proposes to include a new addition titled 7.07 Gas Quality Tariff. A subset of that section deals specifically with biomethane. In the broad sense Biomethane is natural gas that is produced from the decomposition of organic material.

The Company's proposed tariff details gas interchangeability or gas quality requirements with a section dedicated to biomethane. According to this new tariff, all gas supplies delivered to the Company's system need to be provided by a FERC regulated interstate pipeline, or meet the specifications of this section.

The interchangeability range that the Company has chosen is tight by industry practice with a range variance of less than 3% from the central Wobbe of about 1345. The tight tolerance will help insulate the Company's end use customers from the possible negative results of any variances imposed on its system by the introduction of a new gas supply source. Likewise, the Company specifies 10 gas quality specifications that gas supplies need to meet in order to be acceptable to the Company.

In addition, the tariff language states that the Company “may elect to accept non-conforming” gas “in its sole discretion”. This would allow for the blending of small quantities of a new supply with gas already flowing in the Company's pipes. This blending process could nullify the effects of the new gas within the Company's system, should the situation of accepting non-conforming gas occur.

The tariff specifically addresses biomethane by providing a definition, the facilities that it requires to be in place before it may accept the gas, and some other requirements to help the Company determine if the new gas will be acceptable and allowed to enter its system. It will not accept gas derived from hazardous waste – which may be more a legal liability matter rather than an interchangeability matter. Finally the Company requires those who propose to introduce biomethane into its system pay for testing and monitoring the gas.

However, with all the specifications, definitions, facilities, chemicals, and technical terms introduced in this tariff the chance for misunderstanding is increased. Therefore, the Division recommends that the Commission schedule a Technical Conference where parties are free to ask the Company questions and get further details, information, and explanations regarding the specificities of this proposed tariff.

Finally, the request from the Office states, “The Office requests that the Commission suspend the Company’s proposed Tariff and hold a scheduling conference to set a new timeline for discovery requests and the filing of testimony and/or comments. If the Company desires that the approval of the proposed Tariff be fast tracked, the Office recommends that the Company host a technical conference in order to speed up the discovery process and supplement the record with supporting testimony at its earliest convenience. With the addition of these elements, the Office would be amenable to a quick timeline for review of the proposed new Tariff section.” The Division agrees with the Office that additional evidence is warranted, noting that a technical conference is a good way to accomplish that.

CONCLUSION

The Division recommends that the Company provide more information so a more complete record may be developed, allowing the Commission to approve the proposed Tariff sheets for section 7.07. Additionally, the Division does not oppose the request from the Office on the condition that the process is timely, not unnecessarily delaying the recommended implementation date.

CC: Maria Wright, Division of Public Utilities
Kelly Mendenhall, Questar Gas Company
Michele Beck, Office of Consumer Services