In the Matter Of:

In RE: QGC - Pass-Through and Adjustment to Imbalance Charge

HEARING- DOCKET NO. 17-057-07, 08

May 31, 2017

Job Number: 393424

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	Docket No. 17-057-07
In the Matter of the Application of Questar Gas Company for an Adjustment to the Daily Transportation Imbalance Charge	Docket No. 17-057-08

HEARING PROCEEDINGS

TAKEN AT: Utah Public Service Commission
4th Floor
160 East 300 South
Salt Lake City, Utah

DATE: Wednesday, May 31, 2017

TIME: 9:00 a.m.

REPORTER: Mary R. Honigman, R.P.R.

Job No. 393424

APPEARANCES

ADMINISTRATIVE LAW JUDGE:
Melanie Reif

FOR THE DIVISION OF PUBLIC UTILITIES:
Patricia E. Schmid
160 East 300 South, Fifth Floor
Salt Lake City, Utah 84114

FOR QUESTAR GAS COMPANY:
Jenniffer Nelson Clark
333 South State Street
Salt Lake City, Utah 84145

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PROCEEDINGS

JUDGE REIF: Good morning, everyone. I'm Melanie Reif, the administrative law judge and counsel for the Public Service Commission. This is the date and time for the interim rates hearing in Dockets 17-057-07 and 17-057-08. These dockets are entitled, "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," and the second docket is entitled, "In the Matter of the Application of Questar Gas Company for an Adjustment to the Daily Transportation Imbalance Charge." Let's begin by taking appearances, please.

MS. CLARK: Jenniffer Nelson Clark, appearing on behalf of the Company, and I have with me as witnesses Austin Summers and Jordan Stephenson.

JUDGE REIF: Okay. Thank you.

MS. SCHMID: Patricia E. Schmid with the Attorney General's office, representing the Division of Public Utilities. And with me as the Division's witness is Douglas Wheelwright.

JUDGE REIF: Thank you. And welcome, everyone. Ms. Clark, would you like to go ahead?

MS. CLARK: Yes. Thank you. We have

just two housekeeping issues. The first is -- I'm sure you're aware -- yesterday, the Commission approved the tariff that was updated to reflect the Company's new name, and the tariff sheets filed in these dockets reflect the old name. So I wanted to alert you and also the parties that we're going to need to remedy that, and our suggestion would be that we simply file advice letters -- provided that these dockets are approved -- submit advice letters with the updated headings on the tariff sheets later today if that meets with your approval and the other parties agree.

The second issue is one that we discussed before you arrived. When we filed these dockets, we filed concurrently a peak-hour docket charging transportation customers for peak-hour services and, again, as we all know, that docket is on a little longer schedule than this one. And so the combined tariff sheets that Mr. Stephenson will testify about today are inapplicable. We have tariff sheets that are specific only to the Transportation Imbalance Charge that we will be addressing today. We will not be addressing those combined sheets today, and Mr. Stephenson is prepared to address that in his summary on the

record for you, but I wanted you to be aware of that as well. So those are the two matters we wanted to raise.

JUDGE REIF: Okay. That sounds great. And with respect to the testimony, that makes sense to me. I don't see any problem with that. And is the Division in agreement with what Questar is proposing?

MS. SCHMID: Yes, the Division is in agreement.

JUDGE REIF: Great. All right. Ms. Clark, would you like to proceed?

MS. CLARK: Yes, I would. Questar Gas is here with two dockets before you, and I presume we're taking them in succession?

JUDGE REIF: Yes, we will. We'll start with the 07 docket first.

MS. CLARK: Then the Company would call Mr. Austin Summers.

AUSTIN SUMMERS,

having been first duly sworn to tell the truth, was examined and testified as follows:

BY MS. CLARK:

Q. Mr. Summers, would you please state your full name and business address for the record?

A. My name is Austin Summers, and my business address is 333 South State Street.

Q. Could you please state your title and identify whom you represent?

A. My title is Supervisor of Regulatory Affairs, and I am representing Dominion Energy Utah.

Q. And were the Application and its attachments prepared by you or under your supervision?

A. Yes.

Q. And would you adopt them as your testimony today?

A. Yes.

MS. CLARK: The Company would move for the admission of the Application and attached Exhibits 1.1 through 1.10.

JUDGE REIF: Any objection?

MS. SCHMID: No objection.

JUDGE REIF: They're admitted.

MS. CLARK: Thank you.

BY MS. CLARK:

Q. Mr. Summers, would you please summarize the relief the Company requests in this docket?

A. Yes. In this Pass-through Docket, No. 17-057-07, Dominion Energy Utah respectfully asks

the Utah Public Service Commission for approval of $563,658,078 in Utah gas cost coverage. This represents an overall increase of $12,841,000. The components of the increase are: first, an increase of $5,729,000 in commodity costs, and second, an increase of $7,112,000 in supplier non-gas costs. This request includes an amortization of the commodity portion of the actual March 2017 over-collected 191 account balance of $5,419,069 by a 4.894 cents per decatherm credit.

The Company is also requesting an amortization of under-collected SNG costs. The SNG balance is slightly under-collected from expected levels at the end of March by $4,714,987, which leads to the debt amortization charges shown on Exhibit 1.6, page 3. The cost of purchased gas was developed using forecasted gas prices from both PIRA Energy Group and Cambridge Energy Research Associates. If this application is approved, a typical Utah GS customer using 80 decatherms per year would see an increase of $9.25 for a total annual increase of about 1.36 percent.

These rates are just, reasonable, and in the public interest, and therefore we request the rates proposed in commodity and SNG rates be allowed

to go into effect June 1, 2017. That concludes my summary.

MS. CLARK: Mr. Summers is available for questions.

JUDGE REIF: Any questions for Mr. Summers?

MS. SCHMID: Nothing from the Division.

JUDGE REIF: I do not have any questions for you. Ms. Clark, did you wish to present a second witness?

MS. CLARK: No. Mr. Stephenson is here to testify to the 08 docket.

JUDGE REIF: And just for clarification, your desire is for an effective date of June 1st on this Interim Rate Application?

MS. CLARK: It is.

JUDGE REIF: Thank you. All right. Ms. Schmid, would you like to call a witness?

MS. SCHMID: Yes. The Division would like to call Mr. Douglas Wheelwright as its witness. May he please be sworn?

DOUGLAS D. WHEELWRIGHT,

having been first duly sworn to tell the truth, was examined and testified as follows:

BY MS. SCHMID:

Q. Good morning. Could you please state your full name, title, and business address for the record?

A. My name is Douglas D. Wheelwright. I'm a technical consultant with the Division of Public Utilities. My address is 160 East 300 South in Salt Lake.

Q. In connection with your employment at the Division, have you participated in Docket No. 17-057-07?

A. Yes, I have.

Q. Did you prepare or cause to be prepared under your direction the Division of Public Utilities comments filed May 23, 2017 that addressed both Dockets 17-057-07 and 17-057-08?

A. Yes, I did.

Q. Do you have any changes or corrections to those comments?

A. Yes. There are two corrections to the memo that was filed. On page 2, the bold heading in the second full paragraph reads "Docket 16-05-705," but should be Docket 17-057-07. And, similarly, on page 9, the bold heading in the last paragraph reads "Docket 16-057-06," and should be Docket 17-057-08.

Those are the changes.

Q. After incorporating those changes, do you adopt the Division's memorandum dated May 23rd, 2017 as your testimony insofar as it addresses Docket No. 17-057-07?

A. Yes.

Q. Do you have a summary to provide?

A. Yes, I do.

Q. Please proceed.

A. Thank you. Docket No. 17-057-07, known as the 191 Pass-through Application, asked for Commission approval for an increase of $5.7 million in the commodity component and a $7.1 million increase in a supplier non-gas component of the natural gas rates for a net increase of $12.8 million. The primary reason for the increase in the commodity cost is due to the reduction in the amortization of the previously over-collected balance in the 191 account. The majority of the over-collection has now been credited to customers, and the amortization is being reduced in this filing. The reduction in the credit to customers for the over-collection results in an increase in the commodity costs for the test period.

The increase in the supplier non-gas

portion of the rate is due to an increase in the cost for transportation services and the inclusion of additional costs for proposed natural gas storage in the Ryckman facility. Transportation contracts with Kern River were recently renegotiated and a new peak-hour transportation contract has been included in this filing. It is anticipated that the peak-hour contract will be discussed in greater detail in Docket 17-057-09.

For the test year, it is anticipated that approximately 57 percent of the total gas requirement will be satisfied from Wexpro cost of service gas production, and 43 percent will be purchased through existing and future contracts along with spot market purchase transactions. If this docket is approved, a typical GS customer will see an increase in their annual bill of $9.25 or an increase of 1.36 percent.

The Division recommends that the proposed rate be approved on an interim basis until a full audit of the 191 account can be completed. That concludes my summary.

Q. Mr. Wheelwright, is it your testimony on behalf of the Division, then, that, if accepted, the proposed rate changes will result in just,

reasonable rates that are in the public interest --

A. Yes.

Q. -- on an interim basis? Yes.

MS. SCHMID: With that, the Division would like to move for the admission of its memorandum dated May 23rd, 2017 addressing Dockets 17-057-07 and 17-057-08.

JUDGE REIF: Thank you. Any objection?

MS. CLARK: No objection.

JUDGE REIF: It's admitted.

MS. SCHMID: Thank you. Mr. Wheelwright is now available for questions.

JUDGE REIF: Thank you. Any questions, Ms. Clark?

MS. CLARK: The Company does not have any questions.

JUDGE REIF: Mr. Wheelwright, just one question of clarification for you, please. You emphasized the change that a typical GS customer will experience as a result of this rate change. Just for clarification, that is on an annual basis, correct?

THE WITNESS: That's correct.

JUDGE REIF: Thank you. That's all I

have for you. Ms. Schmid, do you have anything further?

MS. SCHMID: Nothing further from the Division.

JUDGE REIF: Okay. Ms. Clark.

MS. CLARK: With respect to Docket 17-057-08, the Company calls Jordan Stephenson.

JUDGE REIF: Just for clarification, we are finished with Docket 07 and we're going to move on to Docket 08 now. This is the Daily Transportation Imbalance Charge, and, Mr. Stephenson, I'll go ahead and swear you in.

JORDAN STEPHENSON,

having been first duly sworn to tell the truth, was examined and testified as follows:

BY MS. CLARK:

Q. Mr. Stephenson, will you please state your full name and address for the record?

A. Yes. Jordan Stephenson, 333 South State, Salt Lake City.

Q. Can you please state your title and identify who you represent?

A. I am the Senior Regulatory Affairs Analyst representing Dominion Energy Utah.

Q. Mr. Stephenson, did you prepare the

Application and attached exhibits, or were they prepared under your direction?

A. Yes.

Q. And do you adopt them as your testimony today?

A. Yes.

MS. CLARK: The Company would move for the admission of the Application in 17-057-08 with the attached Exhibits 1.1 through 1.3.

JUDGE REIF: Any objection?

MS. SCHMID: No objection.

JUDGE REIF: They are admitted.

MS. CLARK: Thank you.

BY MS. CLARK:

Q. Mr. Stephenson, would you please summarize the relief the Company seeks today?

A. Yes. In this docket, the Company seeks to update the Daily Transportation Imbalance Charge using the historical data for the 12 months ended March 31st, 2017. This update is done pursuant to paragraph 4J of the Utah Public Service Commission order dated November 9, 2015 in Docket 14-057-31.

Based on the most recent historical data, the Company is proposing to slightly increase the rate from the 8.1 cents to 8.5 cents per decatherm.

This will be assessed to daily imbalances outside of a 5 percent tolerance. The Company is proposing that this rate be made effective June 1, 2017. The Company also notes that Exhibit 1.3 of the filed Application provided combined tariff sheets for the convenience of the Commission that included both the Transportation Imbalance Charge in this docket, as well as a peak-hour charge proposed in Docket 17-057-09. The peak demand charge is not being considered in today's hearing unless Exhibit 1.3 is no longer relevant to this proceeding. If approved, the tariff sheets shown in Exhibit 1.2 would take effect.

And this concludes my summary.

MS. CLARK: Mr. Stephenson is available for further questions.

JUDGE REIF: Any questions?

MS. SCHMID: No questions.

JUDGE REIF: Mr. Stephenson, I think this question might be better directed at your counsel, but my question is inasmuch as the Exhibit 1.3 doesn't pertain to this docket addressing the Daily Transportation Imbalance Charge, do you wish to withdraw that exhibit from your application?

MS. CLARK: I think we would like to

keep the Application comprehensive. Mr. Stephenson, I think, wants to recognize, however, that the only relief the Company requests today would be the approval of this Application and those tariff sheets shown in Exhibit, I believe, 1.2.

JUDGE REIF: Okay.

MS. CLARK: The third exhibit is really for the Commission's convenience.

JUDGE REIF: Okay. All right. Very good. Thank you. Anything further, Ms. Clark?

MS. CLARK: No, nothing further.

JUDGE REIF: Ms. Schmid.

MS. SCHMID: The Division would like to call Mr. Douglas Wheelwright as its witness in this docket. Could he please be sworn in this docket?

JUDGE REIF: Mr. Wheelwright, you are already sworn, so with that in mind, please proceed.

BY MS. SCHMID:

Q. Mr. Wheelwright, in your -- in connection with your employment representing the Division of Public Utilities, did you prepare or cause to be prepared the Division's memorandum dated May 23, 2017 addressing both the prior Dockets 17-057-07 and this Docket 17-057-08?

A. Yes, I did.

Q. In the previous docket, you made two corrections to titles changing 16-057-05 to 17-057-07 on page 2 of the memorandum and then later in the memorandum changing Docket No. 16-05-706 to 17-057-08 on page 9; is that correct?

A. That's correct.

Q. With those changes, do you adopt the Division's memorandum as your testimony in this docket?

A. Yes, I do.

MS. SCHMID: Just to be safe, the Division would like to request that the Division's memorandum previously discussed be admitted in this docket as well.

JUDGE REIF: Any objection?

MS. CLARK: No objection.

JUDGE REIF: It's admitted.

BY MS. SCHMID:

Q. Mr. Wheelwright, do you have a summary?

A. Yes, I do.

Q. Please proceed.

A. Thank you. Docket No. 17-057-08, where the Transportation Imbalance Charge was established to charge transportation customers for the supplier

non-gas services that are being used on the Company's gas distribution system, the calculation of this rate is based on the methodology approved in Docket 14-057-31 and is to be adjusted with each pass-through application and in the next general rate case.

The proposed change represents an increase from 8.125 cents per decatherm to 8.457 cents per decatherm and is calculated based on the actual volumes for the 12 months ending March 2017. This rate applies to transportation customers that are taking service under MT, TS, and FT-1 rate schedules and any amount collected under this rate is credited to the GS customers through the 191 account. This rate applies only if the customer's daily nomination is outside the plus or minus 5 percent tolerance limit.

Transportation customers can minimize and possibly avoid this charge through accurate daily nominations. This imbalance charge has only been in place since February 2016, and it does appear that nominations for many customers have become more accurate since this rate was imposed.

The Division recommends the proposed rate be approved on an interim basis until a full audit

of the 191 account can be completed. That concludes my summary.

Q. So, Mr. Wheelwright, it is your testimony on behalf of the Division that on an interim basis, if approved, the changes to the Daily Transportation Imbalance Charge will result in just and reasonable rates that are in the public interest?

A. Yes.

MS. SCHMID: Thank you. That concludes Mr. Wheelwright's testimony and there is nothing further from the Division, but he's available for questions.

JUDGE REIF: Thank you. Ms. Clark, any questions?

MS. CLARK: The Company has no questions.

JUDGE REIF: Mr. Wheelwright, just to clarify what you have stated in your written report, it is your recommendation that the effective date of the interim rates take effect June 1st, 2017, which is the date the Company is requesting; is that correct?

THE WITNESS: That's correct.

JUDGE REIF: Thank you. No further questions. Ms. Schmid, do you have anything

further?

MS. SCHMID: Nothing further.

JUDGE REIF: Ms. Clark?

MS. CLARK: Nothing further. Thank you.

(A brief recess was taken.)

JUDGE REIF: We're back on the record and prepared to make a ruling, a bench ruling, concerning the request for a bench ruling in both of these dockets, and the Commission makes the following bench ruling: Based on the Application, the recommendations of the Division, and the testimony presented at today's hearing, the Commission approves the rates in Docket numbers 17-057-07 and 17-057-08 on an interim basis effective June 1, 2017 pending the completion and review of audits by the Division.

Pertaining to the non-substantive request to file an advice letter addressing the tariffs, we look forward to receiving that at your convenience. That concludes this hearing, and have a very nice rest of your day.

(The proceedings concluded at 9:25 a.m.)

REPORTER'S CERTIFICATE

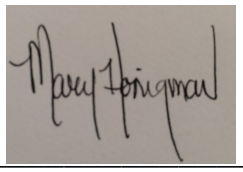
STATE OF UTAH)

COUNTY OF SUMMIT)

I, Mary R. Honigman, a Registered Professional Reporter, hereby certify:

THAT the foregoing proceedings were taken before me at the time and place set forth in the caption hereof; that the witness was placed under oath to tell the truth, the whole truth, and nothing but the truth; that the proceedings were taken down by me in shorthand and thereafter my notes were transcribed through computer-aided transcription; and the foregoing transcript constitutes a full, true, and accurate record of such testimony adduced and oral proceedings had, and of the whole thereof.

I have subscribed my name on this 2nd day of June, 2017.



Mary R. Honigman
Registered Professional Reporter