I. PROCEDURAL HISTORY

On January 26, 2017, Questar Gas Company ("Questar") filed an application ("Application") with the Public Service Commission ("PSC") in Docket No. 17-057-T01 proposing changes to Section 8.07, Calculation of Carrying Charge, of its Utah Natural Gas Tariff PSCU 400 ("Tariff"). On January 31, 2017, the PSC issued a Notice of Filing and Comment Period and, on February 14, 2017, the Division of Public Utilities ("DPU") filed comments. On February 22, 2017, Questar filed reply comments including amended Tariff sheets.¹

II. BACKGROUND

On April 29, 2015, the PSC issued an Order on Carrying Charges ("Carrying Charge Order") in Docket No. 14-057-32. The Carrying Charge Order approved a carrying charge interest rate of 4.51 percent, effective July 1, 2015 through February 29, 2016, for Questar Accounts 182.3, 182.4, 191.1, 191.8, 191.9 and 235.1. The PSC also approved updating the annual interest rates for these accounts on March 1 of each year using the average of the annual

¹ "Tariff sheets" refers to the clean and red-lined versions of Tariff Page 8-17.
Aaa and Baa Corporate Bond interest rates for the previous calendar year as published by the Federal Reserve Board of Governors.

On June 29, 2015, the PSC issued an order in Docket No. 15-057-T03\(^2\) approving revisions to Questar's Tariff reflecting the PSC's decisions in the Carrying Charge Order. These revisions included the addition of a new section — Section 8.07, Calculation of Carrying Charge — to Questar's Tariff. Section 8.07 identifies both the method of and timing for annually updating the carrying charge interest rate and the accounts to which the carrying charge applies. Most recently, in Docket No. 16-057-T01,\(^3\) the PSC approved a carrying charge interest rate of 4.45 percent, effective March 1, 2016.

**III. QUESTAR'S APPLICATION AND REPLY COMMENTS**

Questar seeks approval to update the annual carrying charge rate from 4.45 percent to 4.19 percent based on the 2016 calendar year average of the Aaa and Baa Corporate interest rates provided by Moody's Investors Service ("MIS"), effective March 1, 2017. Questar also proposes the following modifications to Tariff Section 8.07 going forward: 1) change the required filing date for the annual interest rate revision from February 1 to March 1; 2) change the effective date of the annual interest rate revision from March 1 to April 1; and 3) remove the language "as published by the Federal Reserve Board of Governors." Questar's proposed modifications to


\(^3\) In the Matter of Questar Gas Company's Proposed Tariff Revisions, Docket No. 16-057-T01, Tariff Approval Letter dated February 17, 2016.
Tariff Page 8-17 reflect these changes as well as the proposed updated interest rate of 4.19 percent and other administrative changes relating to the filing.

According to Questar, the Federal Reserve no longer publishes Aaa and Baa Corporate interest rates. After consultation with the DPU, Questar determined that interest rate information could be obtained from MIS or the Mergent Bond Record. Questar states that it used the average of the Aaa and Baa Corporate interest rates provided by MIS to determine its proposed 4.19 percent carrying charge interest rate. Going forward, it is Questar's intent to use published corporate interest rates from either MIS or the Mergent Bond Record to calculate the annual carrying charge rate. Furthermore, Questar is concerned that the data from these sources may not be available in time for a February 1 filing deadline and thus proposes altering the annual carrying charge interest rate filing date from February 1 to March 1 going forward.

Through its reply comments, Questar presents an amendment to its initial Tariff modification proposal. In addition to the proposed changes to Tariff Section 8.07 previously discussed, the amendment simply corrects Questar's inadvertent omission of the word "year" following the word "calendar" in the second sentence of Section 8.07 in its initial filing. Questar requests the PSC "approve the corrected attached Tariff sheets effective March 1, 2017."\(^4\)

IV. THE DPU'S COMMENTS

The DPU recommends that the PSC approve Questar's proposed Tariff modifications. The DPU summarized the Application and verified that Questar's proposed 4.19 percent carrying charge interest rate was the annual average of the 2016 Aaa and Baa Corporate interest rates as

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\(^4\) Questar February 22, 2017 Reply Comments at 2. The PSC notes that in this filing Questar requested an effective date of March 1, 2016. The effective date instead should be March 1, 2017.
published by MIS. In addition, the DPU concurs with Questar's proposal to change the annual filing date and effective date for interest rate revisions going forward, and that the language "as published by the Federal Reserve Board of Governors" should be removed from Section 8.07 of the Tariff.

V. DISCUSSION AND FINDINGS

Based on Questar's Application and reply comments as well as the DPU's comments and recommendation, we approve the carrying charge interest rate revision of 4.19 percent using interest rate data from MIS. The interest rates shall be applied to Questar Accounts 182.3, 182.4, 191.1, 191.8, 191.9, and 235.1, effective March 1, 2017. We also find Questar's proposal to change the carrying charge annual filing and effective dates going forward, the carrying charge calculation data sources, and other Tariff language to be just, reasonable, and in the public interest. Accordingly, we approve Questar's Application.

VI. ORDER

1. We approve a carrying charge interest rate of 4.19 percent to be applied to Questar Accounts 182.3, 182.4, 191.1, 191.8, 191.9, and 235.1, effective March 1, 2017.

2. We approve Questar's proposed changes to Tariff Section 8.07 on Page 8-17 as filed on February 22, 2017.
Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 20 days after the filing of the request, 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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.
CERTIFICATE OF SERVICE

I CERTIFY that on February 23, 2017, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

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_________________________________
Administrative Assistant