

In the Matter of the Application of QUESTAR)
GAS COMPANY for Approval of Terms of)
Gas Service to Customers in Oak City.)

DOCKET NO. 98-057-04

REPORT AND ORDER

ISSUED: June 17, 1998

SYNOPSIS

On May 5, 1998, Questar Gas Company (QGC or Company) filed an application requesting Commission approval of a specific Extension Area Charge (EAC) to extend natural gas service to customers in Oak City, in accordance with its New Service Extension Area Tariff § 7.01. The Commission finds that QGC has met the requirements established by its tariff and grants approval of its application for an EAC for Oak City, Utah.

By the Commission:

FINDINGS OF FACT

QGC is a public utility engaged in the distribution of natural gas to customers in the State of Utah. Its Utah public utility activities are regulated by this Commission and conducted in accordance with the Company's tariff which is on file with this Commission.

QGC applied to this Commission for approval of a specific EAC for customers in Oak City, Utah, in accordance with its New Service Extension Area Tariff § 7.01.

QGC projects that the cost of constructing a natural gas transmission line and distribution facilities required to bring natural gas to Oak City would be approximately \$707,000. Under QGC's New Service Extension Area Tariff, Section 7.01, using GS-1 rates, this project would require an up-front non-refundable payment of \$507,000.

QGC states that in 1998 it canvassed prospective customers in the Oak City area and found that approximately 81% desired to receive natural gas service and would agree to pay a \$20 EAC in conjunction with GS-1 rates.

Although residential customers were told that the EAC would be \$20 per month with GS-1 rates, and commercial customers were told \$20, plus \$2.087 per Dth for usage in excess of 45 Dth per month, the actual EAC should be \$30 with GS-1 rates for a projected 15-year period for residential customers and \$30, plus \$3.1365 per Dth for usage in excess of 45 Dth per month for commercial customers based on minimum system costs. However, there was internal confusion created because of various alternatives looked at by the Company in its efforts to develop economically viable proposals to bring natural gas to Oak City and, as a result, customers were signed up using the \$20 EAC. To resolve the difference between the \$20 EAC and the \$30 EAC, the Company proposes, in this instance only, that it be responsible for the per customer \$10 monthly difference until the present value of the EAC payments (i.e. Customer payment of \$20 plus Company responsibility of \$10) equals the required up-front payment of \$507,000. In order to avoid having all other QGC customers be responsible for the difference, the Company proposes to adjust DNG revenues in its results of operations report and any subsequent rate cases by the amount necessary to equal the amount that would have been paid by Oak City customers at the \$30 rate and the amount that would have been paid by commercial customers using over 45 Dth in a month.

To facilitate bringing natural gas to Oak City, QGC proposes adding Oak City to the EAC provision in its tariff Section 8.03. QGC proposes a monthly EAC of \$20 for both residential and commercial customers with an additional \$2.087

per decatherm charge for commercial customers for decatherm usage above 45 per month. QGC projects that these charges, including the difference for which the Company will be responsible, will apply for 15 years, which would recoup on a present value basis approximately \$507,000. When the present value of the EAC equals this amount, QGC will cease collecting the EAC for Oak City.

CONCLUSIONS OF LAW

Based on the Company's Application and its supporting documentation, the Commission concludes that the Application should be approved. We find that the proposed EAC for Oak City is just and reasonable and in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that Questar Gas Company's Application for Approval of an Extension Area Charge for Oak City, Utah, is approved.

DATED at Salt Lake City, Utah, this 17th day of June, 1998.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary