

In the Matter of the Application of)
UTAH GAS SERVICE COMPANY,)
a Corporation, to Make its Annual)
Report for its Gas Balancing)
Account.)

DOCKET NO. 98-059-01

REPORT AND TENTATIVE
ORDER

ISSUED: October 5, 1998

SYNOPSIS

By this Order, the Public Service Commission of Utah approves the Report of Utah Gas Service Company on its Gas Balancing Account for the period March, 1997, through February 1998; no changes in rate levels are requested or authorized.

By the Commission:

On June 10, 1998, Utah Gas Service Company ("Utah Gas") filed an Application and Report to apprise the Commission of the present status of that utility's Gas Balancing Account and to project the cost of future gas purchases. Utah Gas has filed documentary evidence and materials in support of its verified filing.

The Commission, having considered the verified report and the documentary evidence and exhibits attached in support thereof, having reviewed the recommendations of the Division of Public Utilities ("Division") and having determined that this Commission has jurisdiction over the matter and that the filing may be considered pursuant to Sections 54-3-3 and 54-7-12 Utah Code Annotated, 1953, as amended, other applicable statutes, and the Rules of Practice and Procedure of this Commission, and finding that the Application and Report have been prima facie established, orders that this matter be converted to an informal proceeding, subject to the provisions for later protest and hearings as herein provided, and makes the following Findings of Fact, Conclusions of Law, and enters its Tentative Order based thereon.

FINDINGS OF FACT

1. Utah Gas is a public utility authorized to distribute gas in Daggett, Uintah, Grand and San Juan Counties, Utah.
2. Utah Gas estimates that it will sell 10,417,523 therms of gas in the next 12 months. Utah Gas proposes to amortize the balance in its Gas Balancing Account at February 28, 1998; a balance of \$807,801 was then in the account. When the account balance is divided by the therms estimated to be sold during the next twelve months, the result would be to decrease the present surcharge from 9.2268 cents per therm to a new surcharge of 7.7543 cents per therm, or a net negative adjustment of 1.4725 cents per therm.
3. The verified filing also reflects several changes in gas costs from Utah Gas' various gas suppliers. The data regarding these various gas price changes is voluminous, and the filing itself is therefore incorporated herein by this reference for that information. The changes in the cost of gas to Utah Gas for the period set out in the filing will result in an annualized gas cost of \$2,544,928 which is \$313,276 more than the total gas cost presently incorporated in rates.
4. When the total projected gas cost increase in the amount of \$313,276 is divided by the number of therms estimated to be sold, the increase amounts to 3.0072 cents per therm.
5. The combined effect of the gas cost increases and balancing account surcharge adjustment is an increase in rates of

1.5347 cents per therm to all rate levels, or an annualized rate increase of \$159,874 to all customers. Due to moderating influences on the Gas Balancing Account subsequent to the close of the reporting period, Utah Gas proposes to leave rates to its customers at present levels and to carry the present balance in its Gas Balancing Account forward, to be amortized at the same, presently authorized rate of amortization.

6. The Division of Public Utilities has reviewed the Application and Report and supporting documents submitted by Utah Gas and has recommended that the Commission approve the accounting for the Gas Balancing Account, the analysis of projected costs for future gas purchases, and the implementation of no rate adjustments at this time.

7. The proposals of Utah Gas in its Application and Report are supported by the documentation furnished and by the review conducted by the Division, and those proposals should be allowed to become effective upon the issuance of this Tentative Order. The rates of Utah Gas as proposed in the filing (with no change at this time) are just and reasonable and supported by the filing and documentary evidence.

Based upon the foregoing Findings of Fact, the Commission makes the following:

CONCLUSIONS OF LAW

1. This case may be appropriately considered pursuant to the provisions of Sections 54-3-3 and 54-7-12, UCA, as amended, other applicable statutes, and under the Rules of Practice and Procedure of this Commission and may be converted to an informal proceeding pursuant to Section 63-46b-5, UCA and Commission Rule R746-110; such conversion to an informal proceeding is in the public interest, and the rights of any party will be protected by the provisions for protest and hearings which are specified below.

2. The proposed rates filed by Utah Gas with the filing are just, reasonable and cost-justified for gas sold following the issuance of the Tentative Order. Approval of the proposed rates is in the public interest.

3. Utah Gas should be directed to publish the sum and substance of the Tentative Order in the manner specified below. In the absence of timely and meritorious protest, the Tentative Order should become final without further authorization from the Commission at the expiration of the protest period provided in the Tentative Order below.

Based upon the foregoing Findings of Fact and Conclusions of Law, the Commission enters the following:

TENTATIVE ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that this matter shall be processed as an informal proceeding pursuant to Section 63-46b-5, UCA and Commission Rule R746-110; provision shall be made for protest by any interested parties in the manner specified below.

IT IS FURTHER ORDERED, that the Report on the Gas Balancing Account of Utah Gas Service Company in this matter is approved, and Utah Gas Service Company is hereby authorized to continue its rate levels to customers presently on file with this Commission in conformity with the Findings of Fact and Conclusions of Law above stated.

IT IS FURTHER ORDERED, that Utah Gas Service Company shall publish the sum and substance of the Findings of Fact, Conclusions of Law, and this Order in a newspaper of general circulation within the State of Utah for at least two issues. Unless written, timely and meritorious protest is filed with the Commission within thirty (30) days of the last date of publication by any interested party, this Order and the rates filed pursuant to the Order shall become final and fully effective without further action by the Commission. In the event a protest is filed, the Commission, in its discretion, shall determine whether or not the matter shall be converted to a formal proceeding and whether or not a hearing shall be held upon the application. Any person aggrieved by this Order may file a protest, as above noted, within thirty (30) days of the last date of newspaper publication. Pursuant to the Utah Administrative Procedures Act, the Commission issues the following notice that any party aggrieved by the Commission's final Order and who has become a party in accordance with the preceding paragraph may apply to the Commission for rehearing of the Commission's Order pursuant to Sections 54-7-15 and 63-46b-13, Utah Code. Any petitions for rehearing must be filed with the Commission within twenty (20) days after the issuance of this Report and Order. Failure to do so will forfeit the right to

appeal to the Utah Supreme Court.

Any party desiring to inspect the filing and/or the Commission's Order may do so by contacting the Commission at its offices at Heber M. Wells State Office Building, 160 East 300 South, Salt Lake City, Utah, or by contacting Utah Gas' attorney, Thomas M. Zarr, Suite 330, 139 East South Temple Street, Salt Lake City, Utah, 84111-1169, telephone (801) 531-0441.

DATED at Salt Lake City, Utah, this 5th day of October, 1998.

/s/ Stephen F. Mecham, Chairman

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

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary