

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of )  
Questar Gas Company for a General )  
Increase in Rates and Charges )

DOCKET NO. 99-057-20

ORDER ON REQUEST FOR CLARIFICATION

ISSUED: October 19, 2000

By The Commission:

On August 31, 2000, the Intermountain Municipal Gas Agency (IMGA) filed its Request for Clarification of Public Service Commission Order (August 11, 2000 Report and Order). First, IMGA asks the Commission to allow the June 5, 2000 Allocation and Rate Design Stipulation, accepted and incorporated into the August 11, 2000 Report and Order, to apply to the Municipal Transportation (MT) tariff. Second, IMGA asks for the lower administrative charge of \$3000 addressed in the Report and Order to apply to IMGA members served by Questar Gas Company under the Industrial Transportation (IT) Rate Schedule. Third, IMGA asks the Commission to permit review of the MT tariff in other than general rate proceedings.

On September 11, 2000, QGC filed its Response of Questar Gas Company to Requests For Reconsideration and Clarification, opposing the IMGA requests. IMGA filed its Reply to the QGC Response on September 21, 2000.

APPLICATION OF THE ALLOCATION AND RATE DESIGN STIPULATION

On page 54 of the Report and Order, the Commission acknowledges the IMGA request for the Allocation and Rate Design Stipulation to apply to the MT tariff, but renders no decision. The page 54 statement, however, incorrectly characterizes the QGC position as lack of opposition to the request. In fact, QGC does oppose it.

IMGA believes the 5 percent variance in applying imbalance penalties to industrial transportation customers should also apply to MT customers. QGC's unchallenged testimony is that the 5 percent variance should not apply to MT customers because such customers are given daily notice of the amount of gas that must be delivered. If the daily directive is followed, no penalty arises. The municipal customer also differs from industrial transportation customers in that the municipality serves residential and small commercial customers. This core service, states the Company, gives the MT schedule a character similar to GS service, which experiences its highest demand at the time of the QGC system peak. The load of an industrial transportation customer is more constant, and can be interrupted at times of system peak. QGC asserts a higher obligation to serve MT customers than other transportation customers.

We will not extend the terms of the Allocation and Rate Design Stipulation to the MT Rate Schedule. The reasons advanced by the Company for not doing so are both unchallenged and convincing. The IMGA request is denied.

We correct a typographical error which occurs in the last line of the third full paragraph on page 57 of the August 11, 2000 Report and Order. As both QGC and IMGA note, the reference there to the QPC pipeline should be to the QGC pipeline.

ADMINISTRATIVE CHARGES

In the third full paragraph on page 57 of the August 11, 2000 Report and Order the Commission concludes that a lower administrative charge should apply to IMGA members if service is taken at other points on the QPC (read QGC) pipeline than that point at which IMGA, as a single voice and single contact for scheduling and transportation issues, takes service on behalf of members. IMGA wants the lower administrative charge also to apply to members taking service on the IT tariff. QGC opposes this request and informs us that the page 57 paragraph wrongly states its position.

The Company does not agree, and did not agree during the original proceeding, that the lower charge should apply to IMGAs taking MT service at other points of delivery.

We correct the Report and Order with respect to the QGC position. The September 11, 2000 QGC Response, by reference to the record, gives the reasons for the Company's opposition to application of the lower administrative charge to IMGAs. QGC's position is, first, that no additional administrative charge should apply to members taking service downstream from the point where QGC delivers gas to an IMGAs member because, as explained on the record, all scheduling and balancing for the MT service will occur at that point on the QGC system. QGC therefore agrees that only one administrative fee need be assessed for MT volumes downstream of that point. The specific example cited concerns service for Hildale and border communities served downstream from the Hildale line, which connects with the QGC system at Hurricane. This service requires but one meter at the interconnect point, and that is where the scheduling and balancing will occur. Second, separate administration and a separate fee also should apply, argues QGC, for MT service not taken at the same meter. As is now apparent to us, the Company did not agree that all members represented by IMGAs could be aggregated and assessed one administrative charge plus discounted charges for separate delivery points. Rather, the Company states, the full administrative charge should be assessed because daily nominations, billing, telemetering of customer delivery points, and daily tracking and balancing of nominations and usage must occur at each separate meter. It follows on the basis of cost causation, the Company states, that the full administrative charge should be assessed at separately metered delivery points.

IMGAs do not address these points, and instead relies on its legal status as an interlocal agency as an argument for lower administrative charges for separate delivery points. We accept the rationale developed by QGC and on this basis revise the conclusion stated on page 57 of the August 11, 2000 Report and Order. We conclude that, for service taken by IMGAs at a single service delivery point where all scheduling and balancing occurs, a single, full administrative fee will apply. For IMGAs members taking service downstream from this point, no additional administrative fee will apply. For members taking service at separately metered delivery points, the full administrative fee will apply.

With respect to the IMGAs request to be charged the lower administrative fee for members taking separately metered industrial service under the IT Rate Schedule, the Company responds that such usage requires separate administration and therefore, on cost-causation grounds, a separate administration fee must apply. To do as IMGAs asks, the Company continues, would be discriminatory since the lower administrative fee would not be available to industrial customers that are members of a consortium. This being the case, we find no valid regulatory basis upon which to grant the IMGAs request to permit assessment of lower administrative fees for municipal members taking service under the IT Rate Schedule. Accordingly, the IMGAs request is denied.

#### REVIEW OF THE MT TARIFF

IMGAs asks, as a clarification of the Report and Order, the Commission to state that "the stipulated MT tariff will continue to have no precedential effect until it is properly considered in a general rate proceeding or other special rate proceeding. . . ." IMGAs does not want the review limited to general rate proceedings alone, as these may be infrequent. QGC regards this request as "superfluous" since the "standards" for tariff review are "well established by the Public Utility Code and the Utah Administrative Code and cannot be altered by a 'clarification' of the August 11 Order." We conclude the Company is correct and therefore need not grant the specific IMGAs request. Wherefore, we issue this Clarification Order.

#### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- Our August 11, 2000 Report and Order is modified to reflect the decisions made herein.
- The June 5, 2000 Allocation and Rate Design Stipulation does not apply to the MT tariff.
- The position of QGC with respect to the application of lower administrative charges to multiple delivery points was misstated in the August 11, 2000 Report and Order and is hereby corrected in the manner stated above.
- Lower administrative charges do not apply to IMGAs members taking service under the IT Rate Schedule.
- IMGAs or other interested parties may file for review of the MT tariff in any manner permitted by Utah law.

This Order constitutes final agency action clarifying the applicability of certain provisions reached in the August 11, 2000 Report and Order. Judicial review of this Order may be sought pursuant to the Utah Administrative Procedures Act (U.C.A. §§63-46b-1 et seq.).

DATED at Salt Lake City, Utah, this 19th day of October, 2000.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary