

In the Matter of the Application of UTAH)
GAS SERVICE COMPANY, CORP., for)
Authorization to Make Adjustments in its)
Gas Balancing Account and to Incorporate)
Changes in the Cost of Gas that Utah Gas)
Service Company Purchases from Others)

DOCKET NO. 99-059-01

REPORT AND ORDER

ISSUED: April 27, 1999

SYNOPSIS

By this Order, the Public Service Commission of Utah approves the application of Utah Gas Service Company to make adjustments in that company's Gas Balancing Account, together with related rate decrease adjustments, and also approves increases in rates due to projected increases in the cost of gas purchased from others, resulting in a combined net decrease in gas rates.

ISSUED: April 27, 1999

By The Commission:

On April 8, 1999, Utah Gas Service Company ("Utah Gas") filed an application for a net decrease to its rates and charges. The application reflects adjustments to Applicant's Gas Balancing Account and projections of future gas purchases. Utah Gas has filed documentary evidence and materials in support of its verified application.

The Commission, having considered the verified application and the documentary evidence and exhibits attached in support thereof, having reviewed the recommendation of the Division of Public Utilities, and having determined that this Commission has jurisdiction over the matter and that the application 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 has 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 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. Applicant estimates that it will sell 10,417,523 therms of gas in the next 12 months; that sales volume was stipulated in a recent rate case. Applicant proposes to amortize the balance in its Gas Balancing Account at February 28, 1999. When the account balance is divided by the therms estimated to be sold during the next twelve months, after allowance for the surcharge presently incorporated in rates, the result is to change the present surcharge from 9.2268 cents per therm to a new surcharge of 1.7832 cents per therm, or a net adjustment of (7.4436) cents per therm.
3. The Verified Application reflects several changes in gas costs from Applicant's various gas suppliers. The data regarding these various gas price changes is voluminous, and the application itself is therefore incorporated herein by this reference for that information. The changes in the cost of gas to Applicant for the period set out in the application

will result in an annualized gas cost of \$2,504,990 which is \$273,338 more than the total gas cost presently incorporated in rates. When the total gas cost increase in the amount of \$273,338 is divided by the number of therms estimated to be sold, the increase amounts to 2.6238 cents per therm.

4. The combined effect of the gas cost adjustments and balancing account surcharge adjustment will be a decrease of 4.8198 cents per therm to all rate levels, or an annualized rate decrease of \$502,102 to all customers. The "monthly fixed charge per customer" will remain unchanged. The effect on the average residential customer is a 7.14 percent decrease. Applicant proposes to distribute the decrease to its rates using the uniform commodity method. That method allocates an equal amount of the decrease to each therm to be sold and is consistent with the prior direction of this Commission in similar cases.

5. The Division of Public Utilities has reviewed the application and supporting documents submitted by Utah Gas and has recommended that the Commission approve the accounting for the Gas Balancing Account, the projected costs for gas purchases, and the related rate adjustments on an interim basis pending further review by the Division and process the application as an informal proceeding, subject to later protest and a possible hearing.

6. The proposed changes in rates are supported by the application and should be allowed to become effective upon the expiration of the period for protests set out in the Order below. The new rates of Applicant as proposed in the application are just and reasonable and supported by the application 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, Utah Code Annotated, 1953, 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 63-46b-4, UCA; 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 a hearing which are specified below.

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

3. The uniform commodity method of allocating adjustments among all of Applicant's rate classifications as heretofore approved by this Commission in similar cases is consistent with the public interest and should be utilized in this case.

4. Applicant should be directed to inform its customers by mail (billing stuffer) of the purpose of the application and the protest period described in the Order below. In the absence of timely and meritorious protest, the Order and the rates filed pursuant to said Order should become final without further authorization from the Commission at the expiration of the protest period.

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

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that this matter shall be processed as an informal proceeding pursuant to Section 63-46b-4, UCA; provision shall be made for protest by any interested parties in the manner specified below.

IT IS HEREBY ORDERED, that the application in this matter is approved, and Utah Gas Service Company is hereby authorized to file with this Commission new schedules of rates to be made in conformity with the Findings of Fact and Conclusions of Law above stated. The new schedules shall make reference to this Order as authority therefore.

IT IS FURTHER ORDERED, that Utah Gas Service Company shall notify each of its customers by mail (billing stuffer) of the purpose of the application, the opportunity to protest, and to whom. All protests shall be filed with the Commission and also Applicant's counsel not later than 30 days following the mailing of the notice by mail (billing stuffer) to Applicant's customers. Unless a written, timely, and meritorious protest is filed with the Commission on or before the expiration of the protest date, 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. The Presiding Officer of the Commission to whom protests or comments should be sent is Stephen F. Mecham, Chairman, Public Service Commission of Utah, P.O. Box 45585, 160 East 300 South, Salt Lake City, Utah 84145-0585, telephone (801) 530-6716. Any documents filed shall reference the above docket number and identify the sender and the sender's address. A copy of any such protest shall be mailed to Applicant's counsel at the address shown below.

IT IS FURTHER ORDERED, that this Order become effective on the date of its issuance.

Any party desiring to inspect the application and/or the Commission's Order may do so by contacting the Commission at its offices in the Heber M. Wells State Office Building, 160 East 300 South, P.O. Box 45585, Salt Lake City, Utah 84145-0585, or by contacting Applicant's attorney, Thomas M. Zarr, Suite 330, 139 East South Temple Street, Salt Lake City, Utah 84111-1169, telephone (801) 531-0441.

Any party aggrieved by this Order may file a written request for review and reconsideration within 20 days of the date hereof. Failure to do so constitutes a waiver of the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 27th day of April, 1999.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary