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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF QUESTAR GAS)	
COMPANY'S PETITION TO CLARIFY ITS)	CASE NO. QST-G-15-01
SERVICE TERRITORY BOUNDARIES)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

The Staff of the Idaho Public Utilities Commission comments as follows on Questar Gas Company's Application.

BACKGROUND

On June 22, 2015, Questar Gas Company petitioned the Commission for an Order clarifying that its certificated service area boundaries include all of Franklin County, Idaho. Questar's Petition explains that, in 1990, Questar's predecessor, Mountain Fuel Supply Company, applied to the Commission for an Order allowing Mountain Fuel Supply to provide "natural gas service to communities in Franklin County, the town of Franklin, the city of Preston, and other communities in the vicinity of the proposed extension where service is determined to be economically feasible." Petition at 1-2. Questar explains that the Commission ultimately granted Mountain Fuel Company's request and issued Certificate No. 315, which requires Mountain Fuel Company and its successors to provide natural gas service "in the southeast Idaho County of Franklin and the Franklin County cities of Franklin and Preston. . . ." *Id.* at 2, quoting

Order No. 23282 at 6, and Certificate No. 315. Mountain Fuel Company and its successor, Questar, have served the cities of Preston and Franklin since that time. *Id.* at 1-2.

Questar's Petition states that entities in Dayton, another city in Franklin County, have recently approached Questar about providing natural gas service in the Dayton area. Questar believes Certificate No. 315 authorizes it to serve all of Franklin County, including the city of Dayton. However, Questar would like the Commission to issue an Order clarifying that fact. *Id.* at 2-3.

STAFF ANALYSIS

Staff reviewed the Company's Petition and exhibits, Commission Order No. 23282, and Certificate No. 315. Staff also reviewed the First Amendment to Certificate No. 315, Case No. QST-G-01-1, which changed the name of the certificate holder from Mountain Fuel Supply Company to Questar Gas Company. Staff notes that, besides changing the certificate holder's name, the amended Certificate refers to the service area as the "southeastern portion of Franklin County" rather than the "Southeast Idaho county of Franklin," as specified in the original Certificate. Staff is unclear why the First Amendment to Certificate No. 315 changed the service area description; the case ostensibly involved only a name change. However, because both the original Certificate No. 315 and the First Amendment to Certificate No. 315 specifically reference Order No. 23282, which describes the service area as "the southeast Idaho County of Franklin" (*Id.* at 6), Staff suspects the change in the service area description may have been inadvertent.

Staff believes the service area is accurately described in Order No. 23282 and original Certificate No. 315 and includes all of Franklin County. However, because both Certificate No. 315 and the First Amendment to Certificate No. 315 reference the cities of Franklin and Preston, and because the First Amended Certificate No. 315 introduces some ambiguity into the service area description, Staff recommends that the Commission issue a Second Amendment to Certificate No. 315 that clarifies the service territory boundaries as requested by Questar. References to the Southeastern portion of Franklin County and the cities of Franklin and Preston should be deleted.

As stated in Order No. 23282:

As previously represented by the Commission in its letter to FERC, construction and extension of facilities into the proposed service area will enable Mountain Fuel to serve what is, to date, an unsatisfied market demand for natural gas sales and transportation. As represented by Mountain Fuel, natural gas service is not now rendered in the proposed service area. We therefore find that operation of the proposed distribution system will not compete or interfere with any other person rendering natural gas service or with the operation of any other natural gas public utility.

Here, Questar is not seeking to expand its original service territory but merely to clarify that the original territory includes all of Franklin County. Staff continues to believe that allowing Questar to serve all of Franklin County will not conflict with any other utility providing natural gas service in Idaho.

In the Petition, Questar stated that: "Recently, entities in Dayton, Idaho, a community in Franklin County, have approached Questar Gas seeking extension of natural gas service to the area." Consistent with the Commission Order No. 23282, Staff believes the availability of natural gas significantly enhances the economy of southeastern Idaho. Questar has advised Staff that any service supplied to Dayton would be done under tariff line extension provisions 9.03 (MAIN EXTENSIONS – COMPANY INSTALLED) and 9.04 (SERVICE LINE EXTENSIONS – COMPANY INSTALLED) described in Questar Gas Company's Utah Natural Gas Tariff PSCU 400. Staff reviewed the tariff provisions and determined that using the line extension provisions would not impact existing Idaho Questar customers. Nevertheless, if Questar and the city of Dayton pursue implementation of gas service, Staff requests copies of all documentation filed with the Utah Public Service Commission (Utah) for the permitting, construction and operation of the system also be filed with the Idaho Commission. Further, if there are requested or anticipated future line extensions that do not fit under the extension tariff, a cost/benefit study and recovery mechanism (i.e., surcharge) must be provided to the Idaho Commission.

STAFF CONCLUSION AND RECOMMENDATION

Staff recommends the Commission find it is in the public interest to modify the Certificate to clearly specify all of Franklin County as the service area. References to the Southeastern portion of Franklin County, and the cities of Franklin and Preston should be

omitted. The proposed modification supports Questar providing services throughout Franklin County and recognizes the city of Dayton's recent inquiries about service in the city. If Questar and the city of Dayton pursue implementation of gas service, Staff requests copies of all documentation filed with Utah for the permitting, construction and operation of the system also be filed with the Idaho Commission. Staff also recommends that if Questar extends service into an area such that a surcharge rate filing is required with Utah, that the same information filed with Utah be filed with the Commission. This would include (but not be limited to) the calculation of the surcharge, the underlying workpapers documenting the components of the surcharge calculation, and the cost-benefit analysis demonstrating the feasibility of the service.

Respectfully submitted this 28th day of July 2015.



Karl T. Klein
Deputy Attorney General

Technical Staff: Patricia Harms
Matt Elam
Kevin Keyt

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 28TH DAY OF JULY 2015,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN
CASE NO. QST-G-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID,
TO THE FOLLOWING:

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