

2014 Annual Report

for the Period July 1, 2013 through June 30, 2014



Public Service Commission of Utah

Electric

Natural Gas

Telecommunications

Water

STATE OF UTAH

Public Service Commission



Honorable Gary Herbert
Governor, State of Utah
Honorable Members of the Senate
Honorable Members of the House of Representatives

It is a pleasure to present to you the Annual Report for fiscal year 2014 of the Public Service Commission of Utah. This report has been prepared in accordance with Utah Code § 54-1-10, which requires the Commission to submit to you a report of its activities during the fiscal year ending June 30, 2014.

This annual report highlights the issues and activities the Commission has focused on during the year.

We look forward to your continued support as we serve the citizens of Utah.

Respectfully submitted,

Ron Allen, Commission Chairman

David Clark, Commissioner

Thad LeVar, Commissioner

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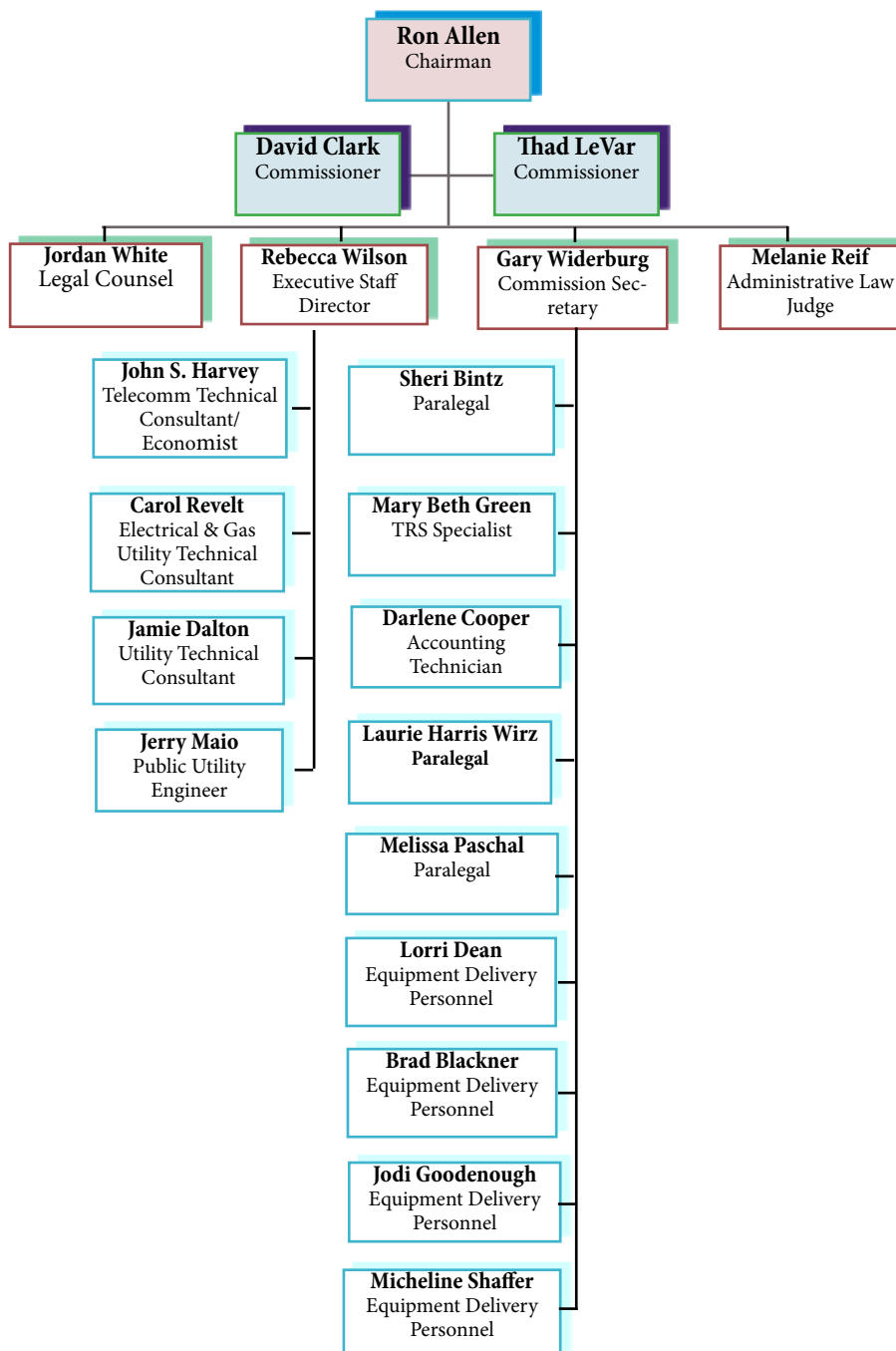


Personnel
June 30, 2014

Chairman	Ron Allen
Commissioner	David Clark
Commissioner	Thad LeVar
Commission Secretary	Gary Widerburg
Executive Staff Director	Rebecca Wilson
Legal Counsel	Jordan White
Administrative Law Judge	Melanie Reif
Telecommunications Technical Consultant/Economist	John Harvey
Utility Technical Consultant	Jamie Dalton
Electric and Gas Utility Technical Consultant	Carol Revelt
Public Utility Engineer	Jerry Maio
Paralegal	Sheri Bintz
TRS Specialist	Mary Beth Green
Accounting Technician	Darlene Cooper
Paralegal	Laurie Harris
Paralegal	Melissa Paschal
Equipment Delivery Personnel	Lorri Dean
Equipment Delivery Personnel	Brad Blackner
Equipment Delivery Personnel	Jodi Goodenough
Equipment Delivery Personnel	Micheline Shaffer

PSC Organization

June 30, 2014



COMMISSIONERS



Ron Allen - Chairman

Appointed as Chair: January 1, 2013

Ron was appointed to the Public Service Commission on March 18, 2005, and was reappointed on March 18, 2011 for an additional six-year term. Commissioner Allen was appointed as Chair on January 1, 2013. Prior to his appointment he served as a Utah State Senator representing Magna, West Valley and Stansbury Park. While in the Utah Senate he served as Minority Whip and on the Executive Appropriations and Executive Management Committees. Chairman Allen also served on the Utah Tax Review Commission and on the Privatization Review Board. In addition, he served on the Energy and Electric Utilities Committee for the National Conference of State Legislatures. Chairman Allen currently serves on the Gas Committee with the National Association of Regulatory Utility Commissioners.

Chairman Allen is formerly a self-employed business and technology consultant and has owned and operated several Utah businesses, making the list of Utah's 100 fastest growing firms several times. Chairman Allen has a B.S. degree in Accounting and an M.A. degree in Art History from the University of Utah.



David Clark

Appointed: January 1, 2013

David was appointed to the Public Service Commission of Utah by Governor Gary Herbert on January 1, 2013. At the time of his appointment, he had been serving as the Commission's legal counsel since 2010. David serves in a number of national and regional organizations related to public utility regulation, including: the Electricity Committee of the National Association of Regulatory Utility Commissioners (NARUC); the Member Representatives Committee of the North American Electric Reliability Corporation (NERC); the Member Advisory Committee of the Western Electric Coordinating Council (WECC); the Steering Committee of the Northern Tier Transmission Group (NTTG); and the Western Interconnection Regional Advisory Body (WIRAB).

During a 22 year legal career in California, David represented energy and telecommunications utilities in administrative hearings, and practiced corporate law for a public utility holding company, serving as manager of the company's Legal Division. He began his law practice as a member of the United States Navy Judge Advocate General's Corps.

More recently, David founded a financial services business in the banking sector, serving clients in the western United States. He also spent three years in full-time, volunteer church service. David's other community activities have included service on the boards of the San Diego Urban League, the Poway Center for the Performing Arts Foundation, the San Diego Cystic Fibrosis Foundation, and the San Diego Chapter of the J. Reuben Clark Law Society. David received his undergraduate and law degrees from Brigham Young University.



Thad LeVar

Appointed: January 1, 2013

Thad was appointed to a partial term on the Public Service Commission of Utah by Governor Gary Herbert on January 1, 2013, and was reappointed to a full term effective March 1, 2015. He had been with the Utah Department of Commerce since 2004, and at the time of his appointment he was the agency's deputy director. In that role Thad had oversight responsibilities related to both the Office of Consumer Services and the Division of Public Utilities, and twice served as interim director of the division. While working with the Department of Commerce Thad was appointed to be a member of the steering committee for Governor Herbert's 2011 Utah Business Regulation Review, a project that resulted in over 300 changes to Utah state government including streamlining and eliminating a significant number of rules and regulations.

Previously in his career Thad held jobs first as an administrative law judge, and then as division director, with the Division of Consumer Protection, an agency that investigates allegations of deceptive sales practices. He also worked as associate general counsel for the Utah Legislature, where his duties included serving as legal counsel for both the House and Senate committees on public utilities and technology. Before law school, Thad taught in secondary schools in Texas and Arkansas. He is a graduate of the J. Reuben Clark Law School at Brigham Young University.

HISTORY

O R I G I N S O F T H E P S C

Since its origin under the Public Utilities Act of 1917, the Commission has served the citizens of Utah through technical and economic regulation of the state's public utility companies. These privately owned but government regulated companies provide the telecommunications, electricity, natural gas, water, and sewer systems through which important services are delivered to Utah households and businesses.

Utility systems are key structural elements of Utah's economy. Collectively, all such structural elements, whether provided by public authorities or regulated private companies, are known as "infrastructure." Roads, railways, and other modes of transportation, and communications and other network-based services like electricity, natural gas, and water, facilitate the flow of goods and services between buyers and sellers, making this infrastructure a prerequisite for economic growth.

Utility companies are certificated monopolies. With recent exceptions, primarily in the telecommunications industry, each utility is the sole provider of utility service in a designated geographic area of the state called "certificated service territory."

Because there is no competition, federal and state law obligates the Commis-

sion to promote and protect the public interest by ensuring that public utility service is adequate in quality and reliability, and is available to everyone at just and reasonable prices. This is the Commission's goal. The prices, terms and conditions of utility service affect the quality of the state's infrastructure.

Organization of the Regulatory Function in Utah Today

Since 1983, when the legislature last reorganized Utah's public utility regulatory function, the Commission has been an independent entity with a small clerical, legal, and technical advisory staff. The Office of the Commission consists of a three-member commission, each commissioner appointed by the Governor to a six-year term, an administrative secretary and clerical staff, an executive staff director and technical staff, a legal counsel and paralegal staff, and an

administrative law judge. Currently the Commission employs sixteen full-time and four part-time employees.

The Division of Public Utilities, within the Utah Department of Commerce, performs public utility audits and investigations, helps resolve customer complaints, and enforces Commission Orders. Since its 1983 reorganization, the Division has been empowered to represent an impartially-determined, broad public interest before the Commission. The Division employs a Director and a clerical and technical staff of approximately thirty people and receives legal assistance from the Office of the Attorney General.

Utah's utility consumer advocate was first established as the Committee of Consumer Services in 1977 by the Utah Legislature. In 2009 the Utah Legislature reorganized the Committee into the Office of Consumer Services.

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The Office is staffed with five full-time professionals led by a Director who is appointed by the Governor, with the concurrence of the Committee and consent of the Senate, for a term of six years. The Director, on behalf of the Office, represents the interests of residential and small commercial consumers. The Committee of Consumer Services now exists as a nine-member layperson board as part of the Office to advise it regarding utility rate changes and other regulatory actions on residential, small commercial and irrigator customers and to help establish policy objectives.

How the Commission Works

As a regulatory decision-making body, the Commission exercises a delegated legislative power. Each regulatory decision is reached quasi-judicially – that is to say, the decision must be based on evidence of record gathered in open public hearings in docketed proceedings. All dockets are closely scheduled, but the due process rights of parties, carefully observed by the Commission,

govern their timing. In the course of a hearing, parties participating may include the subject public utility, the Division of Public Utilities, and the Office of Consumer Services. Parties present the sworn testimony and evidence of expert witnesses on matters at issue and witnesses are cross-examined by the attorneys assisting each party.

In cases where tens of millions of dollars may be at stake or important issues of regulatory policy arise, a number of other interveners representing interests as diverse as low income customers, environmental groups, and large industrial customers may also participate. They too will employ expert witnesses and attorneys. They become involved because regulatory decisions distribute outcomes as gains or losses to particular parties. Cases raise issues of law, economics, accounting, finance, engineering, and service quality.

Reaching decisions which balance the often-competing interests of con-

cerned parties in pursuit of outcomes which protect and promote the overall public interest is the Commission's task. These decisions, reviewed by the Utah Supreme Court, must be drawn directly from the evidentiary record created in open public hearings or filed on the public record.

During fiscal year 2014, 441 cases were opened and docketed and 362 orders were sent out. Of these, 141 were resolved by written Commission order, following hearing and deliberation on the evidentiary record. Many of the remaining cases were handled informally. The more involved cases, whether for regulatory policy or financial implications, are highlighted in the following discussions of electricity, natural gas, telecommunications, and water. In Fiscal Year 2014, the Public Service Commission regulated 176 utility companies to include gas, electric, telephone, water, sewer, and railways with gross intrastate revenues of \$3.0 billion.



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Public Service Commission of Utah Commissioners

<u>Years of Service</u>	<u>Name</u>	<u>Home Town</u>
1917-21	Henry H. Blood	Kaysville
1917-23	Joshua Greenwood	Nephi
1917-25	Warren Stoutner	Salt Lake City
1921-23	Abbot R. Heywood	Ogden
1923-37	Elmer E. Corfman	Salt Lake City
1923-37	Thomas E. McKay	Huntsville
1925-33	George F. McGonagle	Salt Lake City
1933-35	Thomas H. Humphreys	Logan
1935-37	Joseph S. Snow	St. George
1937-41	Ward C. Holbrook	Clearfield
1937-41	Otto A. Wiesley	Salt Lake City
1937-40	Walter K. Granger	Cedar City
1941-43	George S. Ballif	Provo
1941-49	Oscar W. Carlson	Salt Lake City
1941-51	Donald Hacking	Price
1943-52	W.R. McEntire	Huntsville
1949-73	Hal S. Bennett	Salt Lake City
1951-56	Stewart M. Hanson	Salt Lake City
1952-72	Donald Hacking	Price
1956-57	Rue L. Clegg	Salt Lake City
1957-63	Jesse R. Budge	Salt Lake City
1963-65	Raymond W. Gee	Salt Lake City
1965-67	D. Frank Wilkins	Salt Lake City
1967-69	Donald T. Adams	Monticello
1969-72	John T. Vernieu	Richfield
1972-75	Eugene S. Lambert	Salt Lake City
1972-76	Frank S. Warner	Ogden
1973-79	Olof E. Zundel	Brigham City
1975-76	James N. Kimball	Salt Lake City
1976-77	Joseph C. Folley	Ogden
1976-82	Milly O. Bernard	Salt Lake City
1977-80	Kenneth Rigtrup	Salt Lake City
1979-85	David R. Irvine	Bountiful
1980-89	Brent H. Cameron	Salt Lake City
1982-95	James M. Byrne	Salt Lake City
1985-92	Brian T. Stewart	Farmington
1989-91	Stephen F. Mecham	Salt Lake City
1991-95	Stephen C. Hewlett*	Salt Lake City
1992-2003	Stephen F. Mecham	Salt Lake City
1995-2005	Constance B. White	Salt Lake City
1995-2001	Clark D. Jones	Salt Lake City
2001-2012	Richard M. Campbell	Riverton
2003-2012	Theodore Boyer	Salt Lake City
2005-Present	Ronald Allen	Stansbury
2013-Present	David Clark	Draper
2013-Present	Thad LeVar	Tooele

*Commissioner Pro Tempore 1991 - 1992

Public Service Commission of Utah Secretaries

<u>Years of Service</u>	<u>Name</u>	<u>Home Town</u>
1917-23	Thomas E. Banning	Salt Lake City
1923-35	Frank L. Ostler	Salt Lake City
1935-36	Theodore E. Thain	Logan
1936-38	Wendell D. Larson	Salt Lake City
1938-40	J. Allan Crockett	Salt Lake City
1941-43	Charles A. Esser	Salt Lake City
1943-44	Theodore E. Thain	Logan
1945-48	Royal Whitlock	Gunnison
1949-49	C.J. Stringham	Salt Lake City
1949-56	Frank A. Yeamans	Salt Lake City
1956-59	C.R. Openshaw, Jr.	Salt Lake City
1959-60	Frank A. Yeamans	Salt Lake City
1960-70	C.R. Openshaw, Jr.	Salt Lake City
1970-71	Maurice P. Greffoz*	Salt Lake City
1971-72	Eugene S. Lambert	Salt Lake City
1972-77	Ronald E. Casper	Salt Lake City
1977-79	Victor N. Gibb	Orem
1979-81	David L. Stott	Salt Lake City
1981-83	Jean Mowrey	Salt Lake City
1983-86	Georgia Peterson	Salt Lake City
1986-91	Stephen C. Hewlett	Salt Lake City
1991-2011	Julie P. Orchard	Bountiful
2012-Present	Gary L. Widerburg	Ogden

*Acting Secretary





Electricity

ELECTRIC UTILITIES OVERVIEW

The principal electric utility regulated by the Commission is PacifiCorp, who does business in Utah as Rocky Mountain Power. PacifiCorp is an investor-owned utility serving approximately 800,000 residential, commercial, and industrial customers in Utah. PacifiCorp also serves retail customers in five other western states and wholesale customers throughout the west. PacifiCorp provides approximately 80 percent of the electricity to Utah homes and businesses. Other Utah customers are served either by municipal utilities, which are not regulated by the Commission, or by rural electric cooperatives or electric service districts, which are subject to minimal state regulation. Thus, most of the Commission's work in the electric industry arises from regulation of PacifiCorp.

Rate Changes

Under Utah Code Annotated § 54-4-4, the Commission is responsible for determining just and reasonable rates for PacifiCorp. Utah law enables the Commission to approve rate changes reflecting the outcome of a general rate case in which costs associated with the generation, transmission, and distribution of electricity are evaluated. In addition, the Commission has the authority to approve rate adjustments reflecting costs associated with the installation of major facilities in between general rate cases, the implementation of approved demand-side management and energy efficiency programs, energy balancing accounts, and the funding of low income assistance programs. In fiscal year 2014, the Commission approved four rate changes which resulted in an approximate 4.5 percent increase in the annual bill of a typical residential customer.

2012 General Rate Case Step 2 Rate Increase

On August 28, 2013, the Commission implemented a \$54 million increase of PacifiCorp's annual revenue requirement, representing the second step of a multi-year, uncontested settlement stipulation which the Commission approved as part of the 2012 General Rate Case. The increase became effective on September 1, 2013, and resulted in an approximate 3 percent residential rate increase.

Electric Energy Conservation



In 2003, the Commission approved Electric Service Schedule No. 193, the Demand Side Management ("DSM") Cost Adjustment, the funding source for cost effective energy efficiency and load management programs approved by the Commission and managed by PacifiCorp. In fiscal year 2014, PacifiCorp spent approximately \$76 million for thirteen energy efficiency and load management programs. These programs help reduce load and improve energy efficiency in new and existing homes and non-residential buildings and processes, encourage the purchase of energy-efficient appliances, and directly control air conditioners and irrigation pumps. During 2013, approximately 186 megawatts of power and approximately 264,000 megawatt hours of energy were saved through these programs.

On September 15, 2013, the Commission approved cancellation of the Electric Service Schedule No. 194 DSM Cost Adjustment Credit. PacifiCorp requested the cancellation of this schedule to fund improvements in the Air Conditioner Direct Load Control Program, also known as "Cool Keeper." Without these needed improvements, the Cool Keeper program would have experienced declines in program performance and cost effectiveness. This adjustment resulted in an approximate 0.7 percent increase in a typical residential customer's annual bill.

Energy Balancing Account

On October 29, 2013, the Commission approved a \$15 million rate increase to recover the January 2012 through December 2012, Energy Balancing Account deferred balance from customers, effective November 1, 2013. The increase, resulting from an uncontested settlement stipulation, will be recovered from customers over a two-year period, in the amount of \$7.5 million per year. This resulted in an approximate 0.23 percent increase in a residential customer's annual bill.

Renewable Energy Credit Balancing Account

On May 22, 2014, the Commission approved an interim rate increase to recover the Electric Service Schedule No. 98 REC Revenues Credit balancing account by an amount of approximately \$17 million, effective June 1, 2014. This rate change resulted in a 0.52 percent increase in a typical residential customer's bill.

Renewable Energy Qualifying Facility Avoided Costs

The Public Utility Regulatory Policies Act of 1978 ("PURPA") and the rules promulgated thereunder by the Federal Energy Regulatory Commission ("FERC") require electric utilities to purchase energy and capacity from qualifying facilities ("QFs") at the utility's avoided cost. These regulations serve as the foundation of PacifiCorp's obligation to purchase capacity and energy made available from QFs within its service territory. In August 2013, the Commission updated the avoided cost method used to determine indicative prices for power purchases for certain QF projects eligible to sell power to PacifiCorp under Electric Service Schedule No. 38 ("Schedule 38").

The Commission determined modifications to its avoided cost pricing method for eligible wind QFs under Schedule 38 were needed. This would ensure that the method continues to reflect changing avoided costs in light of changing conditions present in PacifiCorp's ongoing planning process. In its August 2013, Order on Phase II Issues, the Commission approved (1) an avoided cost pricing method for determining energy and capacity payments to renewable energy QFs served under Electric Service Schedule No. 38; (2) the disposition of Renewable Energy Credits produced by a renewable QF; and (3) capacity contribution values and applicable integration costs for solar and wind QFs.

2014 General Rate Case

In January 2014, PacifiCorp filed an application requesting authority to increase its retail rates in Utah by an amount of \$76.3 million, an approximate 4 percent increase in Utah revenues. The request was based on the forecast test period ending June 30, 2015, a thirteen month average rate base with a historical base period and a return on equity of 10 percent. Capital investment in new generation plants and transmission and distribution infrastructure were listed as the driving factors behind the proposed increase.

PacifiCorp requested approval to increase the residential customer charge from \$5 per month to \$8 per month and to increase the minimum bill from \$7 to \$15 per month. PacifiCorp also proposed a fixed monthly net metering facilities charge of \$4.25 per month for residential net metering customers in Electric Service Schedule No. 135, Net Metering Service.

On June 25, 2014, PacifiCorp filed a settlement stipulation ("Stipulation") that proposed a \$54.2 million increase in revenue requirement to be implemented in two steps over an approximate two-year period. The Stipulation includes a 7.57 percent rate of return on rate base, based in part on an allowed 9.8 percent rate of return on common equity. For residential customers taking single-phase service, the Stipulation increases the customer charge from \$5 to \$6 per month and the minimum bill from \$7 to \$8 per month. The remainder of the revenue increase assigned to residential customers is derived from an increase in the second tier of non-summer rates; all other residential rates remain unchanged. The impacts of the Step 1 and Step 2 increases and rate design changes to a residential customer using 700 kilowatt hours per month is approximately \$1.77 or 2.32 percent, and \$0.73 or 0.94 percent per month, respectively.

The parties to the Stipulation indicated the Stipulation addresses all revenue requirements and revenue spread at issue in the docket, but does not resolve PacifiCorp's proposed net metering facilities charge and rate design issues for residential customers.

On June 30, 2014, the Commission convened a hearing to examine the uncontested Stipulation. The written order containing the Commission's decision approving the Stipulation and addressing the net metering facilities charge was issued on August 29, 2014.

Planning for Least Cost and Reliable Power

The Commission requires PacifiCorp to file, on a biennial basis, an integrated resource plan (“IRP”) describing its plan to supply and manage growing demand for electricity in its six-state service territory for the next twenty years. During the intervening year, PacifiCorp files an update to its most recent IRP.

In September and October 2013, the Commission received comments on PacifiCorp’s 2013 IRP filed with the Commission on April 30, 2013. In January 2013, the Commission issued an order acknowledging the 2013 IRP and provided guidance to assist in the development of the next IRP.

In its 2013 IRP, PacifiCorp identified the need for supply additions and direct-control load management or energy efficiency programs ranging from 791 megawatts in 2013 to about 7,159 megawatts in 2032. By 2032, this consists of 4,163 megawatts of additional intermittent, intermediate, and base load power plant, 1,786 megawatts of direct-control load management or utility energy efficiency programs, and 650 to 1,472 megawatts of annual unspecified power purchases. The proportion of additional resources are 58 percent long-term generation plant (44 percent new gas plant or gas conversion from existing coal plants, 9 percent wind resource, 4 percent solar resource, and less than 1 percent combined heat and power and coal turbine upgrades), 25 percent direct-control load management or energy efficiency utility programs, and 17 percent unspecified annual power purchases. PacifiCorp assumes Segment D of the Energy Gateway transmission project is in service by December 31, 2019. Segment D provides additional transmission facilities between Windstar, Wyoming and Populus, Idaho. PacifiCorp’s plan includes the potential retirement of approximately 1,700 megawatts of capacity from existing coal plants.

In March 2014, PacifiCorp filed an update to its 2013 IRP (“2013 IRP Update”). The 2013 IRP Update describes resource planning and procurement activities that occurred subsequent to the filing of the 2013 IRP, including updated resource needs assessment, changes in the planned resource

portfolio, and updates to the 2013 IRP action plan.

The 2013 IRP Update projects declines in PacifiCorp’s coincident system peak load forecast relative to the 2013 IRP. The declines are driven by a reduced residential class load forecast due to increased energy efficiency and federal lighting standards.

With a reduced coincident system peak forecast, PacifiCorp argues the need for new resources is pushed further out in the planning horizon as compared to the 2013 IRP. The 2013 IRP Update also shows declines in forecasted natural gas and energy prices compared to those assumed in the 2013 IRP and the fall 2013 ten year business plan.

The updated resource portfolio continues to show that customer loads over the front ten years of the planning horizon will be met with unspecified annual power purchases and through energy efficiency. The Resource Needs Assessment contained in the 2013 IRP Update projects an average reduction in peak resource need of approximately 320 megawatts for the period 2014-2023.

As compared to the 2013 IRP, the changes in resource mix for the 2014-2023 planning period are minor. No significant new thermal resources are forecast to be added in the front ten years of the planning horizon. In addition, the resource portfolio shows a reduction in unspecified annual power purchases consistent with a reduced resource need. Consistent with the 2013 IRP, PacifiCorp continues to plan to meet its customers’ needs largely through acquisition of cost effective energy efficiency resources and unspecified annual power purchases over the next ten years. The IRP Update includes no changes to the 2013 IRP action plan.

Depreciation Rate Changes

In January 2013, PacifiCorp filed an application requesting a change in its depreciation rates effective January 1, 2014, for collection on or after September 1, 2014. Based on the proposed change in rates, PacifiCorp requested an increase in the Utah jurisdiction depreciation expense of approximately \$38.1 million (\$70.5 million including expense associated with the Carbon generating plant closure).



In September 2013, the Commission approved an uncontested settlement stipulation that modifies PacifiCorp's proposed depreciation rates. The approved depreciation rates increase PacifiCorp's Utah jurisdictional annual depreciation expense by \$10.3 million (\$31.1 million including early retirement of the Carbon generating plant). Pursuant to the stipulation's terms, PacifiCorp will file a new depreciation study by no later than September 2018.

Back-up Maintenance, and Supplementary Power Rate Change

In December 2013, PacifiCorp requested approval to revise Electric Service Schedule No. 31 for Back-Up, Maintenance, and Supplementary Power ("Schedule 31"). PacifiCorp proposed revisions to current rates and the method for calculating backup or standby service (Partial Requirements Service) based on cost causation principles. PacifiCorp's proposed changes require applicable customers with onsite generation to take such services under Schedule 31.

On June 30, 2014, the Commission held a hearing to consider an uncontested settlement stipulation regarding the changes to Schedule 31. Pursuant to PacifiCorp's request, the Commission issued a bench order at the conclusion of the hearing approving the stipulation.

Under the approved stipulation terms, all customers with onsite generation of 1,000 kW up to and including 15,000 kW, regardless of generation type, needing supplementary, backup, maintenance, or excess power service (other than for emergency supply during times of utility outages) are required to take the service under Schedule 31. All customers with onsite generation exceeding 15,000 kW needing supplementary, backup, maintenance, or excess power are served under a special contract to be negotiated by the relevant parties and approved by the Commission.

A monthly Backup Facilities Charge is calculated based on a portion of generation planning reserves, a portion of demand-related transmission costs, and distribution costs, where applicable. Demand-related generation and transmission costs not included in the monthly Backup Facilities Charge are included in a Daily Power Charge, such that a customer who uses backup power every day during a month pays essentially the same as a customer on the otherwise-applicable general service tariff.

PacifiCorp agrees to collect and maintain billing data for backup and maintenance service, and will attempt to collect and maintain outage data related to customers with on-site generation.



ELECTRIC TECHNICAL CONFERENCES

The Commission sponsored the following technical conferences during fiscal year 2014:

- August 14, 2013, Docket No. 11-035-200, Technical Conference addressed the proposed Stress Factor Study Plan filed with the Commission by PacifiCorp on July 1, 2013, pursuant to the stipulation reached in the above-referenced docket.
- August 27, 2013, Docket No. 13-2035-01, Technical Conference addressed non-confidential information contained in Volumes I and II of PacifiCorp's 2013 IRP.
- February 26, 2014, Docket No. 13-035-13 and Docket No. 13-035-T14, Technical Conference evaluated dynamic allocations and dynamic scalars and their effect on Energy Balancing Account costs allocated to Rocky Mountain Power's Utah customers. The Technical Conference was held pursuant to paragraph seven of the settlement stipulation approved in these dockets on October 29, 2013.
- May 30, 2014, Docket No. 13-035-70, Technical Conference allowed PacifiCorp to present its Service Quality Review Report and provided parties and the Commission an opportunity for questions and answers regarding the report.
- June 10, 2014, Docket No. 14-035-T02, Technical Conference allowed PacifiCorp to present the Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities, and allowed parties and the Commission an opportunity for questions and answers.
- June 25, 2014, Docket No. 14-035-T04, Technical Conference allowed PacifiCorp to present its proposed revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities, and allowed parties and the Commission an opportunity for questions.

ELECTRIC DOCKET S

General Cases

05-035-54

In the Matter of the Application of Mid-American Energy Holdings Company and PacifiCorp for an Order Authorizing MidAmerican Energy Holdings Company to Exercise Substantial Influence Over the Policies and Actions of PacifiCorp:

On February 27, 2014, the Commission issued an Order on Service Quality Reporting approving PacifiCorp's request to include various information provided in the Service Quality Review Report, including both PS 4 and CAIDI data.

09-035-36

In the Matter of the Application of Rocky Mountain Power for Approval of a Strategic Communications and Outreach Program for Demand Side Management:

In a May 5, 2014 Order, the Commission acknowledged PacifiCorp's Year Four Annual Report on the Strategic Communications and Outreach Program for Demand Side Management as meeting the general requirements and guidelines of the Commission's June 11, 2009, Order in this docket.

11-035-200

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Elec-

tric Service Schedules and Electric Service Regulations:

Based on ordering paragraph four of the Commission's September 19, 2012, Report and Order in this docket approving a multi-year, uncontested 2012 General Rate Case settlement stipulation, and given PacifiCorp's confirmation that the Mona-Oquirrh transmission line was energized and placed into service on May 17, 2013, the Commission, on August 28, 2013, approved the concomitant Step 2 rate increase as reflected in the tariff sheets filed by PacifiCorp, effective September 1, 2013.

Key:
Docket Number
Short Title
Status as of June 30, 2014

12-035-92

In the Matter of the Voluntary Request of Rocky Mountain Power for Approval of Resource Decision to Construct Selective Catalytic Reduction Systems on Jim Bridger Units 3 and 4:

On December 30, 2013 the Commission issued a Notice of Final Approved Projected Cost of Resource Decision, pursuant to the May 30, 2013, Order of Clarification in this docket.

12-035-100

In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts:

On August 16, 2013 the Commission issued an Order on Phase II Issues, approving an avoided cost method to determine indicative prices for power purchases from certain QF projects larger than three megawatts. The Commission further determined: (1) RECs shall be retained by QFs, unless provided for otherwise by a negotiated contract; and (2) the Proxy/PDDRR method is approved for determining avoided costs for all small power production QFs.

On September 23, 2013 the Commission issued an Order Denying Energy of Utah LLC's Petition for Review, Rehearing and Clarification.

13-035-02

In the Matter of the Application of Rocky Mountain Power for Authority to Change its Depreciation Rates Effective January 1, 2014:

On November 7, 2013 the Commission issued an Order Confirming Bench Ruling Ap-

proving Stipulation on Depreciation Rate Changes. In this Order, the Commission approved new depreciation rates, effective January 1, 2014. This Order also directed PacifiCorp to file a new depreciation study with the Commission no later than five years from September 11, 2013.

13-035-32 / 13-035-T14

In the Matter of the Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism/In the Matter of Rocky Mountain Ciation Rates Effective January 1, 2014:

In an October 29, 2013 Report and Order, the Commission approved an uncontested settlement stipulation and increased rates by \$15 million to recover the January 2012 through December 2012 EBA deferred balance from customers. The \$15 million increase will be recovered from customers over a two year period, in the amount of \$7.5 million per year. The settlement stipulation allocates approximately 30 percent of the revenue increase to residential customers and 70 percent of the revenue increase to commercial and industrial customers. The Commission also approved the revised tariff sheets reflecting the rate increases included in the approved settlement stipulation.

13-035-33

In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account:

In an August 27, 2013 Order Establishing Final Rates, the

Commission approved as final a revenue credit of \$3,263,532, previously approved on an interim basis in the Commission's May 29, 2013, Report and Order in this docket.

13-035-69

In the Matter of Rocky Mountain Power's Fossil Fuel Heat Rate Improvement Plan ("HRIP") for 2013:

In a July 11, 2013 Report and Order, the Commission directed PacifiCorp to address the concerns raised by the Division and Office in this docket when filing the 2014 HRIP. The Commission also directed PacifiCorp to convene a meeting with interested parties by February 1, 2014, to discuss the reporting requirements of this Order and to receive additional input on the format and content of the 2014 and future HRIPs.

13-035-71

In the Matter of Rocky Mountain Power's Demand-Side Management 2012 Annual Energy Efficiency and Peak Load Reduction Report:

In a September 11, 2013 Order, the Commission determined PacifiCorp's "Utah Energy Efficiency and Peak Reduction Annual Report January 1, 2012 - December 31, 2012" complied with the reporting guidelines ordered in Docket No. 09-035-27, subject to the filing of errata and supplemental information.

13-035-115 / 13-035-116

In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Blue Mountain Power Partners, LLC/In the Matter of the

Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Latigo Wind Park, LLC:

On October 3, 2013 the Commission issued an Order Approving Applications and Denying Intervention of Mrs. Corinne Roring. In this Order, the Commission approved the Power Purchase Agreement between PacifiCorp and Blue Mountain Power Partners, LLC and the Power Purchase Agreement between PacifiCorp and Latigo Wind Park, LLC and denied the Petition to Intervene of Mrs. Corinne Roring.

On November 25, 2013, the Commission issued an Order Granting Motions to File Over-Length Petitions and Denying Petitions for Review or Rehearing, which approved Ellis-Hall Consultants, LLC's ("EHC") motions to file over-length petitions and denied EHC's Petitions for Review or Rehearing.

On November 26, 2013, the Commission issued an Order Denying Requests for Agency Review and Rehearing requested by Mrs. Corinne Roring.



Key:
Docket Number
Short Title
Status as of June 30, 2014

13-035-117 / 13-035-117

In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Long Ridge Wind I, LLC and Long Ridge Wind II, LLC:

On October 3, 2013 the Commission issued an Order Confirming Bench Rulings Approving Qualifying Facility Contracts. In this Order, the Commission approved the Power Purchase Agreement between PacifiCorp and Long Ridge Wind I, LLC and the Power Purchase Agreement between PacifiCorp and Long Ridge Wind II, LLC.

13-035-130

In the Matter of Rocky Mountain Power's Semi-Annual Demand-Side Management (DSM) Forecast Reports:

In a September 27, 2013 Order, the Commission found that for PacifiCorp to be consistent with the Phase I Stipulation and Advice No. 09-08, PacifiCorp must file on a semi-annual basis, a Schedule 193 deferred account balance analysis by November 1 of each year and six months later which includes: (1) historical and projected monthly DSM expenditures, rate recovery and account balances; and (2) historical and projected monthly DSM expenditures by program, and Schedule 193 revenue and self-direction credits. PacifiCorp must annually file a forecast of DSM program expenditures by November 1 of each year which includes: (1) forecasted DSM expenditures for approved programs for the next calendar year; and (2) forecasted acquisition targets, in megawatts and megawatt-hours, of approved

programs for the next calendar year.

13-035-136

In the Matter of the Application of Rocky Mountain Power for Approval to Cancel Schedule 194:

In a September 13, 2013 Order, the Commission approved PacifiCorp's Application with an effective date of September 15, 2013, and found continuation of the Cool Keeper program, as approved in Docket No. 11-035-T03, was reasonable, in the public interest, and is a cost-effective resource for customers.

13-035-152 / 13-035-153 / 13-035-154

In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC (Smelter):

In a December 23, 2013 Order Confirming Bench Rulings Approving Qualifying Facility Contracts, the Commission approved the Power Purchase Agreements ("PPAs") between PacifiCorp and Kennecott Utah Copper LLC, ("Kennecott") for purchase of energy from Kennecott's cogeneration facilities associated with its smelter and refinery, and the PPA between PacifiCorp and Tesoro Refining and Marketing ("Tesoro") for purchase of energy from Tesoro's cogeneration facility.

13-035-160 / 13-035-161 / 13-035-162 / 13-035-163

In the Matter of the Application of Rocky Mountain Power for Approval of its Agreements for Electric Service to Additional Customers with Spring City, Eagle Mountain, Hurricane,

and Monroe, Utah:

On December 4, 2013 the Commission issued an Order Approving Customer Service Agreement, approving PacifiCorp's Agreements for Electrical Service to Additional Customers in the referenced locations.

13-035-169

In the Matter of the Application of Rocky Mountain Power for Approval of the Electric Service Agreement between PacifiCorp and Nucor Corporation:

The Commission's February 11, 2014 Order Confirming Bench Ruling Approving Electric Service Agreement approved the electric service agreement between PacifiCorp and Nucor Corporation.

13-035-183

In the Matter of Rocky Mountain Power's Annual Demand Side Management Deferred Account and Forecast Reporting:

The Commission, in its January 9, 2014 Order, acknowledged PacifiCorp's Report complies with the Commission's August 25, 2009 Order in Docket No. 09-035-T08, requiring PacifiCorp to provide the Commission and DSM Advisory Group a forecast of expenditures for approved DSM programs and acquisition targets in megawatts and megawatt-hours, for the next calendar year.

13-035-184

In the Matter of Rocky Mountain Power's Intent to File a General Rate Case on or about January 3, 2014:

On December 10, 2013 the Commission issued an Order Approving Test Period, finding

PacifiCorp's proposed test year meets relevant statutory requirements.

13-035-185 / 13-035-186

In the Matter of the Application of Rocky Mountain Power for Approval of its Agreements for Electric Service to Additional Customers with Springville City and Hurricane City, Utah:

On January 23, 2014 the Commission issued an Order Approving Customer Service Agreement, approving PacifiCorp's Agreements for Electrical Service to Additional Customers in the referenced locations.

13-035-197

In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Utah Red Hills Renewable Park, LLC:

In its March 20, 2014 Order Approving Application, the Commission approved the Power Purchase Agreement between PacifiCorp and Utah Red Hills Renewable Park, LLC.



Key:
Docket Number
Short Title
Status as of June 30, 2014

13-035-198

In the Matter of the Request of Rocky Mountain Power for Approval of its Fifth-Year Action Plan and Budget for the Strategic Communications and Outreach Plan for Demand Side Management:

The Commission, in its February 12, 2014 Order Approving Strategic Communications and Outreach Plan for Demand Side Management Programs, approved PacifiCorp's 2014 Strategic Communications and Outreach Plan for Demand Side Management Programs.

13-066-01

In the Matter of the Application of Dixie-Escalante Rural Electric Association, Inc. for Authority to Issue Securities in the Form of a Revolving Line of Credit Agreement:

On September 3, 2013, the Commission issued an Order approving Dixie-Escalante Rural Electric Association's request to issue securities.

13-2035-01

In the Matter of PacifiCorp's 2013 Integrated Resource Plan:

In its January 2, 2014 Report and Order, the Commission acknowledged PacifiCorp's 2013 Integrated Resource Plan ("IRP") as complying with Commission guidelines for IRP development and provided guidance to assist in the development of the next IRP.

13-2508-01 / 13-2508-02

In the Matter of the Name Change of Ticaboo Electric Improvement District to Ticaboo Utility Improvement District/ In the Matter of the Application of Ticaboo Utility Improvement District (FKA Ticaboo Electric

Improvement District) for Authority to Issue Securities and Enter into Contracts:

In an October 10, 2013 Order, the Commission approved Ticaboo's Motion and directed the matters in this docket be converted to informal adjudications.

14-031-01

In the Matter of the Application of Mt. Wheeler Power, Inc. for Authority to Issue Securities:

In a May 1, 2014 Order, the Commission approved Mt. Wheeler's Application and directed the matters in this docket be converted to informal adjudications.

14-035-18 / 14-035-19

In the Matter of the Application of Rocky Mountain Power for Approval of its Agreements for Electric Service with Helper City, and Monroe City, Utah:

On April 15, 2014, the Commission issued an Order Approving Customer Service Agreement, approving PacifiCorp's Agreements for Electrical Service to Additional Customers in the referenced locations.

14-035-24

In the Matter of the Formal Complaint of Ellis-Hall Consultants against PacifiCorp/Rocky Mountain Power:

The Commission's April 25, 2014 Order Approving Ellis-Hall Consultants, LLC's Motion for Leave to File Over-Length Reply Comments and Dismissing Complaint approved Ellis-Hall Consultants, LLC's ("EHC") Motion for Leave to File Over-Length Reply Comments and dismissed EHC's complaint.

On June 17, 2014, the Commission issued a Notice that Ellis-Hall Consultants, LLC's Petition for Review or Rehearing is Deemed Denied. In this Notice, the Commission did not grant EHC's Petition within twenty days of its filing. Therefore, EHC's Petition was deemed denied pursuant to Utah Code Ann. §§ 54-7-15(2)(c) and 63G-4-302(3)(b).

14-035-26

In the Matter of the Application of Rocky Mountain Power for Approval of a Pole Attachment Agreement between Rocky Mountain Power and Beehive Broadband, LLC:

In a May 7, 2014, Order Approving Pole Attachment Agreement, the Commission found approval of the Application to be just and reasonable, and in the public interest. The Commission therefore approved the Application.

14-035-40

In the Matter of Rocky Mountain Power's 2014 Avoided Cost Input Changes Quarterly Compliance Filing:

In its June 5, 2014 Order, the Commission determined that if PacifiCorp provides twenty year levelized prices in future quarterly avoided cost compliance updates based on monthly rather than annual data, it shall also provide the underlying worksheet, including formulas, showing the development of this twenty year levelized avoided cost. The Order also directed PacifiCorp to provide notation describing the meaning and difference of the levelized cost using annual and monthly values.

14-035-65

In the Matter of the Request of Rocky Mountain Power for a Limited Stay of Schedule 38, Qualifying Facility Procedures:

On June 23, 2014 the Commission issued an Order Denying Request for Limited Stay of Schedule 38, denying PacifiCorp's request for a limited stay of Schedule 38 Qualifying Facility Procedures.



Key:
Docket Number
Short Title
Status as of June 30, 2014

ELECTRIC Tariff Changes

13-035-T08

In the Matter of Rocky Mountain Power's Proposed Changes to Electric Service Regulation No. 3 to Indicate Customers are Responsible for Reasonable Court Costs, Attorneys Fees and/or Collection Agency Fees Incurred in the Collection of Unpaid Debt Following the Due Date of Their Closing Bill:

On August 2, 2013, the Commission issued an Order Approving the Proposed Tariff, directing PacifiCorp to assure that its first communication with a customer whose service has been terminated and whose billing is not paid by the due date includes a description of the maximum collection fee provided in Utah Code Ann. §§ 12-1-11(3)(a)-(b) and (4) (currently 40 percent of the unpaid balance), as well as a statement consistent with the Utah Code that such fee may be assessed in addition to applicable court costs and attorney fees.

13-035-T09

In the Matter of Rocky Mountain Power's Proposed Rate Changes to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities:

In a July 17, 2013, Order, the Commission approved the avoided cost rates contained in PacifiCorp's Amended Filing to change rates for Electric Service Schedule No. 37, dated June 24, 2013, with an effective date of July 29, 2013.

13-035-T12

In the Matter of Rocky Mountain Power's Proposed Changes to Regulation No. 4 "Supply and Use of Service" to Add Language Clarifying that Electric Vehicle (EV) Battery Charging Service is Not Considered Resale of Electricity:

The Commission's October 1, 2013, Order Approving Proposed Tariff Revisions, approved the proposed tariff sheets included in PacifiCorp's Advice No. 13-11, effective October 6, 2013.

13-035-T13

In the Matter of Rocky Mountain Power's Proposed Revisions to Regulation No. 12, "Line Extensions:"

In an October 1, 2013, Order Approving Proposed Tariff Revisions and Notice of Hearing Cancellation, the Commission approved the proposed tariff sheets included in PacifiCorp's Advice No. 13-12, effective October 10, 2013, and canceled the hearing previously noticed in the docket.

14-035-T01

In the Matter of Rocky Mountain Power's Proposed Changes to Electric Service Schedule 114 – Air Conditioner Direct Load Control Program (A/C-DLC) (Cool Keeper Program):

In an April 4, 2014 Order Approving Tariff Sheets with Modification, the Commission approved PacifiCorp's proposed tariff sheets for Electric Service Schedule No. 114 as modified by the Office's proposed language revisions to tariff sheet 114.4, with an effective date of April 6, 2014.

14-035-T04

In the Matter of Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities:

On June 5, 2014, the Commission issued an Order Setting Schedule and Suspending Tariff and Notices of Technical Conference and Hearing. With this Order, the schedule for this docket provided for a hearing beyond the 30 day tariff review period specified by Utah Admin. Code § R746-405-2.E.2. As such, pursuant to Utah Admin. Code § R746-405-2.E.4, the Commission suspended PacifiCorp's proposed tariff revisions pending further action by the Commission.

Key:
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Short Title
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ELECTRIC Utility Companies

**Operating in the State of Utah under the
jurisdiction of the Public Service Commission**

Bridger Valley Electric Association

40014 Business Loop I-80
PO Box 339
Mountain View, WY 82939-0399
Tel: (307) 786-2800
(800) 276-3481
Fax: (307) 786-4362
Web: www.bvea.net

Deseret Generation & Transmission Cooperative

10714 South Jordan GTWY, Ste 300
South Jordan, UT 84095-3921
Tel: (801) 619-6500
(800) 756-3428
Fax: (801) 619-6599
Web: www.deseretgt.com

Dixie Escalante Rural Electric

71 E Highway 56
HC 76 Box 95
Beryl, UT 84714-5197
Tel: (435) 439-5311
Fax: (435) 439-5352
Web: www.dixiepower.com

Empire Electric Association

801 N Broadway
PO Box Drawer K
Cortez, CO 81321-0676
Tel: (970) 565-4444
(800) 709-3726
Fax: (970) 564-4404
Web: www.empireelectric.org

Flowell Electric Association

495 N 3200 W
Fillmore, UT 84631
Tel: (435) 743-6214
Fax: (435) 743-5722

Garkane Energy

120 W 300 S
PO Box 465
Loa, UT 84747-0465
Tel: (435) 836-2795
(800) 747-5403
Fax: (435) 836-2497
Web: www.garkaneenergy.com

Moon Lake Electric Association

188 W 200 N
PO Box 278
Roosevelt, UT 84066-0278
Tel: (435) 722-5428
Fax: (435) 722-5433
Web: www.mleainc.com

MT Wheeler Power

1600 Great Basin BL
PO Box 151000
Ely, NV 89315
Tel: (775) 289-8981
(800) 977-6937
Fax: (775) 289-8987
Web: www.mwpower.net

PacifiCorp dba

Rocky Mountain Power

One Utah Center
201 S Main St, Ste 2300
Salt Lake City, UT 84140
Tel: (801) 220-2000
Fax: (801) 220-2798
Web: www.rockymtnpower.net

Raft River Rural Electric

250 N Main St
PO Box 617
Malta, ID 83342-0617
Tel: (208) 645-2211
(800) 342-7732
Fax: (208) 645-2300
Web: www.rrelectric.com

Ticaboo Utility Improvement District

Highway 276
Ticaboo, UT 84533
Tel: (435) 788-2115
Tel: (435) 788-2115

South Utah Valley Electric Service District

803 N 500 E
PO Box 349
Payson, UT 84651-0070
Tel: (801) 465-9273
Fax: (801) 465-4580
Web: www.sesdofutah.com

Wells Rural Electric Company

1451 Humboldt Ave
PO Box 365
Wells, NV 89835-0365
Tel: (775) 752-3328
Fax: (775) 752-3407
Web: www.wellsrec.com



Natural Gas

NATURAL GAS UTILITIES OVERVIEW

Questar Gas Company (Questar Gas) is the only natural gas utility regulated by the Utah Public Service Commission for rate making purposes. Questar Gas currently provides natural gas distribution services to over 900,000 customers in Utah and, unlike other natural gas utilities, owns or has access to natural gas production resources which provide about 60 percent of the gas supply for its firm service customers. Questar Gas also provides other natural-gas associated services such as the transportation of customer-acquired gas through its distribution system and the sale of compressed natural gas for use in natural gas vehicles (NGV).

Rate Changes

Under Utah Code Ann. § 54-4-4, the Commission is responsible for determining just and reasonable rates for Questar Gas. The Commission approves rate adjustments during general rate case proceedings when the costs associated with the distribution of natural gas are evaluated. The Commission also authorizes rate changes pertaining to the cost of natural gas and related gas gathering, storage, and transportation charges, energy efficiency and low income programs, and other approved rate mechanisms.

On July 1, 2013, Questar Gas filed an application for a 2013 general rate case (2013 GRC) requesting an increase in its authorized distribution non-gas revenue by approximately \$19 million to \$313 million. The increase reflected a proposed increase in the residential monthly basic service fee from \$5 to \$8 and a Natural Gas Vehicle rate reflecting the full cost to provide service to this class of customers. The application also requested approval to expand and make permanent Questar's Infrastructure Tracker Pilot Program, modify various elements of its tariff relating to interruptible customers and some transportation service customers, require interruption testing for interruptible service customers, and change its line extension policy and the natural gas pricing for interruptible customers.

In accordance with state law, on February 21, 2014, the Commission issued an order approving two settlement stipulations, both executed by several parties addressing Questar's revenue requirement, the rate design for the various classes of customers including a \$6.75 residential monthly basic service fee, and other tariff changes. The order also presented the Commission's decisions on several contested issues pertaining to rate of return on equity, modifications to Questar's line extension policy, and the price for natural gas for interruptible service customers. Specifically, the Commission approved an annual revenue increase for Questar Gas of \$7.6 million (2.6 percent increase) and an

annual revenue requirement of \$302 million, based on a rate of return on equity of 9.85 percent and an overall return on capital of 7.64 percent. The new rates became effective March 1, 2014.

At least twice annually, Questar Gas files a "pass-through" application to adjust its rates in order to recover the costs of producing its own gas and purchasing gas from others (collectively referred to in rates as the gas commodity rate element), and the costs associated with gas gathering, storage, and interstate transportation (collectively referred to in rates as the supplier-non gas, or SNG, rate element). Most recently, in May 2014, Questar Gas' pass-through filing reflected commodity and SNG costs of \$638 million, an increase of approximately \$83.8 million, to be collected in Questar's rates. This amount represents approximately 67 percent, or two-thirds of the cost of providing natural gas service to customers in Utah. The application was approved by the Commission on an interim basis effective June 1, 2014. When actual costs vary from those projected, the difference is maintained in a special balancing account and an appropriate rate adjustment is made in a pass-through rate proceeding. As of the end of fiscal year 2014, the pass-through balancing account reflected a balance of \$28.9 million owed to Questar Gas.

Since 2006, the Commission has approved the use of several other balancing accounts agreed to in settlement stipulations, each supported by a diverse group of parties. These balancing accounts track costs and revenues associated with the Conservation Enabling Tariff (CET), which allows Questar Gas to collect a fixed revenue-per-customer on a monthly basis in exchange for promoting customer energy efficiency programs, implementation of energy efficiency (EE) programs, and Questar's energy assistance program for qualified low income customers. Rate adjustments associated with these accounts are normally filed concurrent with pass-through proceedings. The CET and EE balancing account rate adjustments are only applicable to Questar Gas'

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General Service (GS) rate schedule, whereas those associated with the energy assistance program are applicable to all sales and transportation, as well as the natural gas vehicle rate schedules.

In addition to deciding Questar's 2013 GRC, during fiscal year 2013, the Commission approved several changes to Questar Gas' rates. The following information presents the date the new rates became effective, the Commission-approved revenue change, and, in parentheses, the associated percent change in a typical residential customer's annual bill. A typical residential customer is defined as one using 82 decatherms per year of natural gas.

On October 1, 2013, Questar implemented a \$14.5 million (1.31 percent) rate decrease reflecting the following elements: (1) \$34.2 million (3.71 percent) decrease for the gas pass-through balancing account; (2) \$2.8 million (0.38 percent) increase associated with the CET account balance; (3) \$13.3 million (1.59 percent) increase associated with the EE balancing account; (4) \$0.05 million (0.01 percent) decrease associated with the energy assistance program balancing account; and (5) \$3.6 million (0.44 percent) increase associated with the Infrastructure Tracker Pilot Program.

Effective December 1, 2013, a \$4.1 million (0.51 percent) rate increase reflecting the following elements was implemented: (1) \$1.3 million (0.18 percent) increase associated with the CET account balance; and (2) \$2.8 million (0.33 percent) increase associated with the Infrastructure Tracker Pilot Program.

As mentioned above, on June 1, 2014, Questar implemented a \$70.9 million (7.4 percent) rate increase reflecting the following elements: 1) \$83.8 million (9.0 percent) increase for the gas pass-through balancing account reflecting a projected increase in gas commodity costs offset by a slight decrease in SNG costs; and 2) \$12.9 million (1.6 percent) decrease for the CET balancing account.

Finally, on June 6, 2014, the Commission issued an order approving a settlement stipulation on distribution non-gas depreciation rates resulting in a revenue decrease of \$1.19 million, effective July 1, 2014. This case resulted in an annual bill decrease of 0.11 percent for a typical residential customer.

Legislative Changes Pertinent to Gas Corporations – House Bill 171

During the 2014 Legislative General Session, the Utah Legislature passed House Bill 171 – Natural Gas Facility Amendments (H.B. 171). H.B. 171 was signed by Governor Herbert on April 1, 2014, and became effective on May 13, 2014. H.B. 171 enables “qualifying installers” other than a gas corporation to install natural gas service lines and mains. The qualifying installer is responsible for the costs to install the facility and the gas corporation is responsible for the costs related to engineering, inspection, mapping, and location. H.B. 171 specifies that the gas corporation pays the difference in cost between its required facilities and the minimum facilities. In June 2014, Questar Gas filed an application seeking approval of tariff changes required as a result of the enactment of H.B. 171.

Approval to Include Property under the Wexpro II Agreement

Under the terms of the Wexpro Stipulation and Agreement (Wexpro I Agreement) approved by the Commission in 1981, Wexpro Gas (Wexpro) has managed and developed natural gas reserves within a defined set of properties for Questar Gas. Production from these reserves is delivered to Questar Gas at cost of service, which other than the time periods of 1994 through 1996 and 2009 to the present, has generally been lower-priced than market-based resources acquired by Questar. This arrangement has provided Questar Gas customers with a stable source of gas supply and long-term hedge against price volatility.

In March 2013, the Commission approved the Wexpro II Agreement (Wexpro II) which identifies the procedures for Questar Gas to apply to the Commission for approval to include oil and gas properties under Wexpro II. Upon approval, Wexpro II properties would be managed and developed in a manner similar to the properties included under the Wexpro I Agreement.

In September 2013, Wexpro acquired natural-gas producing properties within the Trail Unit of the Wexpro I development drilling area at a cost of \$106.4 million. The acquisition consisted of a 42 percent interest in 72 currently producing wells and approximately 160 future wells. Combined with Wexpro's existing 46 percent interest, the acquisition increased Wexpro's ownership interest in the Trail Unit to 88 percent.

As required under Wexpro II, in October 2013, Questar Gas filed a request for approval to include the recently acquired Trail Unit properties under Wexpro II. In January 2014, the Commission approved a settlement stipulation allowing Questar Gas Company to include the Trail Unit acquisition under Wexpro II with certain conditions. These conditions include that Questar and Wexpro will manage the combined cost-of-service production from Wexpro I properties and the Wexpro II Trail Unit Acquisition Properties to 65 percent of Questar Gas' annual forecasted demand identified in Questar's Integrated Resource Plan (IRP).

The Wexpro II acquisition, drilling, and production costs are tracked separately from the Wexpro I properties and have been included in the pass through rates effective June 1, 2014. While the rates associated with the Trail resources are initially higher, through time and with the implementation of production modifications, Questar maintains that the rates will decrease significantly to the benefit of its customers.

Resource Planning

The Commission requires Questar Gas to prepare and file an annual IRP which is used by Questar Gas as a guide for meeting the natural gas requirements of its customers on both a day-to-day and long term basis. The standards and guidelines on which the IRP is based are intended to ensure the present and future customers of Questar Gas are provided natural gas energy services at the lowest costs consistent with safe and reliable service, the fiscal requirements of a financially healthy utility, and the long-run public interest. The IRP is based on a twenty-year planning horizon, focusing on the immediate future. In June 2014, Questar Gas filed its 2014 IRP representing the plan year of June 1, 2014, through May 31, 2015.

As part of the IRP process, Questar Gas evaluates data on natural gas supply and demand, energy efficiency and conservation, system constraints and capabilities, and gas drilling, gathering, transportation and storage, as well as results from a cost-minimizing stochastic model, to devel-



op a resource acquisition plan and strategy. In the 2014 IRP, Questar Gas identified a cost-of-service gas production level of 72 million decatherms (compared with 80 million decatherms in the 2013 IRP) and a balanced portfolio of 43.2 million decatherms of purchased gas (compared with 35 million decatherms in the 2013 IRP) to meet the gas supply requirements of its customers. Questar Gas also identified several potential future system upgrades and replacement projects to ensure safe, adequate service. Questar Gas concluded it should continue to monitor and manage producer imbalances and promote cost-effective energy efficiency measures. In addition, Questar Gas concluded there is no current need for additional price stabilization measures for purchased gas con-

tracts to mitigate the risk of volatility in the marketplace, but it will continue to review this issue on an annual basis.

In order to prevent catastrophic pipeline failure incidents, the U.S. Department of Transportation Hazardous Materials and Safety Administration (PHMSA) promulgated rules to ensure the integrity of natural gas transmission and distribution lines. The 2014 IRP addresses Questar Gas' planned integrity management program activities and associated costs. Questar Gas estimates it will spend over \$6 million per year through 2016 on transmission and distribution integrity management activities. Integrity management expenses are tracked in a balancing account, and the amortization rate is established during Questar's GRCs.

Prior to filing the 2014 IRP, Questar Gas held public input meetings to address among other things: Causes of, and measures to, decrease lost and unaccounted for gas; a December 5, 2013, weather event in Utah requiring transportation customer reductions in natural gas use; the February 6, 2014, weather event effecting gas prices in the Rockies; the October 13, 2013, operations event in which gas was unavailable to Monticello, Utah; master planning of the system; gas control coordination; the impact of energy efficiency on peak demand; and a review of Questar Gas' 2014 request for proposal for purchased gas. A technical conference was held on June 25, 2014, during which Que-

star Gas presented information and responded to questions concerning its 2014 Integrated Resource Plan.

A schedule for evaluation of Questar Gas' IRP was set by the Commission inviting parties to file comments and reply comments in August and September 2014, respectively

Natural Gas Conservation and Energy Efficiency

The Commission reviews and approves Questar Gas' annual plan and budget for EE activities and the market transformation initiative. This plan addresses Questar's proposed programs to encourage residential and commercial customers to conserve energy through education and the use of energy-efficiency products, appliances, and construction methods.

The Commission approved a \$22.8 million 2013 budget for Questar Gas EE activities and the market transformation initiative. In September 2013, at the request of Questar, the Commission approved a \$7.2 million budget increase to \$31 million due to increased participation in the Weatherization Program above projected levels.

In January 2014, the Commission approved Questar Gas' \$27.4 million budget for the 2014 energy efficiency programs and market transformation initiative. This amount represents a \$4.6 million increase over the 2013 approved budget, but is \$3.6 million lower than the revised 2013 budget. In 2014, Questar Gas will continue its existing programs with minor changes. As of the end of fiscal year 2014, the EE balancing account had a balance of \$0.5 million owed to Questar.

Questar Gas forecasts over 100,000 participants in the 2014 DSM programs resulting in an annual savings of 759,717 decatherms. This is equivalent to the annual natural gas consumption of approximately 9,500 homes based on an annual average usage of 80 decatherms.

The programs currently offered by Questar Gas are: ThermWise Appliance Rebates Program, ThermWise Builder Rebates Program, ThermWise Business Rebates Program, ThermWise Weatherization Rebates Program, ThermWise Home Energy Plan Program, Low Income Efficiency Program, ThermWise Business Custom Rebates Program, and a comprehensive Market Transformation initiative. These programs offer rebates, fund training and grants, and/or provide information to Questar Gas customers with the goal of decreasing energy consumption.

As required, during FY 2014, Questar Gas filed several reports and assessments pertaining to the status of its DSM activities. This information indicates Questar Gas' energy efficiency program continues to be cost effective.

Infrastructure Tracker

In June 2010, as part of an overall general rate case settlement agreement among parties, the Commission approved Questar Gas' implementation of an Infrastructure Tracker (IT) Pilot Program which allows Questar to track and recover costs that are directly associated with replacement of aging infrastructure between general rate cases. These costs are recovered through a surcharge included in Questar's published rate schedules for sales and transportation customers, as well as natural gas vehicles.

Since the inception of this pilot program through October 2013, Questar Gas reported a net investment of over \$200 million for aging infrastructure replacement projects in between general rate cases. From January 2011, when the first IT collection rate was approved, through June 2014, Questar Gas collected over \$37.2 million to cover the costs associated with its infrastructure replacement program in between general rate cases.

In December 2013, Questar Gas filed its 2014 Replacement Infrastructure Annual Plan and Budget indicating that in 2014, it plans to replace six feeder line segments in Salt Lake and Davis Counties at an estimated cost of \$55 million. As part of the Commission-approved stipulation in the 2013 GRC, the IT Pilot Program continued its pilot program status and belt lines will now be eligible for funding through the IT collection mechanism. The stipulation specifies the amount eligible to be collected for both the high pressure and intermediate high pressure natural gas facilities through the Infrastructure Tracker shall be limited to \$65 million per year adjusted for inflation. Questar Gas conducted a public meeting in April 2014 to discuss its finalized 2014 infrastructure replacement program and files quarterly reports on the status of its IT construction projects.



Depreciation Rates

Pursuant to a stipulation approved by the Commission in the 2013 GRC, in December 2013, Questar Gas filed an application requesting a change in its depreciation rates reflecting a \$1.6 million revenue increase. In early 2014, Questar and the Division of Public Utilities filed a settlement stipulation resulting in a \$1.2 million revenue decrease spread to all classes of customers.

The stipulation addressed corrections to rate base and adjustments to the depreciation expense pertaining to depreciable lives of certain types of equipment. The stipulation was approved by the Commission in early June 2014, with the new rates effective July 1, 2014.



NATURAL GAS TECHNICAL CONFERENCES

The Commission sponsored the following technical conferences during fiscal year 2014:

- August 13 and 26, 2013, Docket No. 13-057-05, Technical Conference to review and discuss details associated with Questar Gas Company's 2013 GRC Application.
- November 22, 2013, Docket No. 13-057-13, Technical Conference to review and discuss details associated with Questar's application to include properties under the Wexpro II Agreement.
- February 6, 2014, Docket No. 13-057-19, Technical Conference held during which Questar Gas Company responded to questions pertaining to its application to change its depreciation rates.
- May 20, 2014, Docket Nos. 14-057-09 and 14-057-10, Technical Conference held to explore issues associated with Questar's application to increase rates for natural gas service and decrease the conservation enabling tariff amortization rate.
- June 25, 2014, Docket No. 14-057-15, Technical Conference held during which Questar Gas presented information and responded to questions concerning its 2014 IRP.

NATURAL GAS DOCKETS

General Cases

12-057-14

In the Matter of the Application for Approval of the 2013 Year Budget for Energy Efficiency Programs and Market Transformation Initiative:

In a September 20, 2013 Report and Order, the Commission approved Questar Gas Company's proposed increase in its 2013 Year Budget for Energy Efficiency Programs and Market Transformation Initiative to \$31 million.

A Report and Order Approving a DSM Program 2013 Budget Increase was issued on January 22, 2014. The Commission approved Questar's request to increase spending for the 2103 ThermWise Builder Rebate Program by \$3.1 million.

13-057-02

In the Matter of the Investigation Required by S.B. 275, Energy Amendments, Addressing Cleaner Air through the Enhanced use of Alternative Fuel Vehicles:

On September 20, 2013 the Commission provided the Report required by Utah Code 54-1-13 to Governor Gary Herbert, the Legislative Management Committee of the Utah Legislature, and the Public Utilities and Technology Interim Committee of the Utah Legislature. As required, the Report summarized the results of the Commission's proceeding required by Senate Bill 275 and provided recommendations for specific actions to implement mechanisms to provide funding for the enhancement and expansion of

the infrastructure and facilities for alternative fuel vehicles.

13-057-04

In the Matter of Questar Gas Company's Integrated Resource Plan (IRP) for Plan Year June 1, 2013 to May 31, 2014:

A Scheduling Order was issued June 19, 2013. The Commission established the schedule for this proceeding.

In a Report and Order issued on October 22, 2013, the Commission determined Questar Gas Company's 2013 Integrated Resource Plan substantially complied with the requirements of the 2009 Standards and Guidelines. The Commission also requested supplemental information and provided guidance for future IRPs.

13-057-05

In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and to Make Tariff Modifications:

The Commission issued the following in this docket: July 2, 2013, Notice of Filing and Scheduling Conference. July 22, 2013, Scheduling Order and Notices of Technical Conference and Hearing. July 30, 2013, Erratum Scheduling Order and Notices of Technical Conference and Hearing. August 15, 2013, Notice of Continuation of Technical Conference. December 4, 2013, Order Modifying Scheduling Order and Notices of Hearing and Public Witness Day Hearing. December 16, 2013, Second Order Modifying Scheduling Order.

January 8, 2014, Third Order Modifying Scheduling Order. February 21, 2013, Report and Order, in which the Commission approved two settlement stipulations and increased Questar Gas Company's annual distribution non-gas revenue by \$7.614 million, or 2.6 percent, effective March 1, 2014.

An Order on Tariff Modifications was issued on May 15, 2014. The Commission approved the proposed changes to the tariff sheets with an effective date of March 1, 2014, and directed questions to modify Section 4.01 of the tariff.

A Notice of Scheduling Conference was issued on June 24, 2014, to be held on June 30, 2014.

13-057-06

In the Matter of the Formal Complaint of Complainant against Questar Gas Company:

An Order Dismissing Complaint and Canceling Hearing was issued September 19, 2013. The Commission dismissed the complaint and canceled the scheduled hearing based on the Complainant's withdrawal of the complaint.

13-057-07

In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah:

An Order Confirming Bench Rulings was issued October 11, 2013. The Commission approved five uncontested rate applications of Questar Gas Company, effective October 1, 2013, on an interim basis,

pending the completion of audits by the Division of Public Utilities.

13-057-08

In the Matter of the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account:

An Order Confirming Bench Rulings was issued October 11, 2013. The Commission approved five uncontested rate applications of Questar Gas Company effective October 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.

13-057-09

In the Matter of the Application of Questar Gas Company to Amortize the Energy Efficiency Deferred Account Balance:

An Order Confirming Bench Rulings was issued October 11, 2013. The Commission approved five uncontested rate applications of Questar Gas Company, effective October 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.



Key:
Docket Number
Short Title
Status as of June 30, 2014

PSC 2014 Annual Report

13-057-10

In the Matter of the Application of Questar Gas Company for a Tariff Change and Adjustment to the Low Income Assistance/Energy Assistance Rate:

An Order Confirming Bench Rulings was issued October 11, 2013. The Commission approved five uncontested rate applications of Questar Gas Company, effective October 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.

13-057-11

In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment:

An Order Confirming Bench Rulings was issued October 11, 2013. The Commission approved five uncontested rate applications of Questar Gas Company, effective October 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.

13-057-12

In the Matter of the Formal Complaint of Complainant against Questar Gas Company:

An Order of Dismissal was issued November 19, 2013. The Commission dismissed the complaint for failure to state a claim upon which relief can be granted and for lack of jurisdiction to address the forms of relief requested.

13-057-13

In the Matter of the Application of Questar Gas Company for Approval to Include Property Under the Wexpro II

Agreement:

A Scheduling Order and Notice of Hearing and Technical Conference was issued November 12, 2013.

A First Order Modifying Scheduling Order was issued December 12, 2013.

A Report and Order was issued January 17, 2014. The Commission approved a settlement stipulation allowing Questar Gas Company to include certain property under the Wexpro II Agreement.

13-057-14

In the Matter of the Application of Questar Gas Company for Approval of the 2014 Year Budget for Energy Efficiency Programs and Market Transformation Initiative:

A Report and Order was issued on January 2, 2014. The Commission approved Questar's 2014 budget for energy efficiency programs and market transformation initiative and the rebate credit component of the Builder Rebates program. The Commission directed Questar to file revised tariff sheets excluding certain language pertaining to the Builder Rebates program and 30 days prior to implementation of the rebate credit component of the Builder Rebates program, to file necessary tariff language changes.

13-057-15

In the Matter of the Formal Complaint of Complainant against Questar Gas Company:

An Order of Dismissal was issued December 31, 2013. The Commission dismissed the

complaint as moot and for lack of jurisdiction.

13-057-16

In the Matter of the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account:

An Order Confirming Bench Rulings was issued February 14, 2014. The Commission approved two uncontested rate applications of Questar Gas Company and associated tariff sheets, effective December 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.

13-057-17

In the Matter of the Application of Questar Gas Company to Change the Infrastructure Rate Adjustment:

An Order Confirming Bench Rulings was issued February 14, 2014. The Commission approved two uncontested rate applications of Questar Gas Company and associated tariff sheets, effective December 1, 2013, on an interim basis, pending the completion of audits by the Division of Public Utilities.

13-057-18

In the Matter of Questar Gas Company's Replacement Infrastructure 2014 Annual Plan and Budget:

Commission correspondence was issued on December 19, 2013. The Commission acknowledged the 2014 Replacement Infrastructure Annual Plan and Budget as meeting the Commission's reporting requirements and requested the Company file an updated

budget during the first quarter of 2014.

13-057-19

In the Matter of the Application of Questar Gas Company for Authority to Change its Depreciation Rates:

A Scheduling Order and Notices of Technical Conference and Hearing were issued on January 6, 2014.

A First Amended Scheduling Order and Notices of Technical Conference and Hearing were issued April 16, 2014.

A Report and Order was issued on June 6, 2014. The Commission approved a stipulation addressing depreciation rates which resulted in a revenue decrease of approximately \$1.2 million effective July 1, 2014.

14-057-01

Confidential: In the Matter of the Petition to Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued January 22, 2014. The Commission granted the petition to extend utility gas service for a period of 30 days pursuant to Utah Admin. Code R746-200-7.D.

14-057-02

Confidential: In the Matter of the Petition to Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued February 10, 2014. The Commission granted the petition to extend utility gas service for a period of 30 days pursuant to Utah Admin. Code R746-200-7.D.

Key:
Docket Number
Short Title
Status as of June 30, 2014

PSC 2014 Annual Report

14-057-04

Confidential: In the Matter of the Petition to Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued February 14, 2014. The Commission granted the petition to restore and extend utility gas service for a period of 30 days pursuant to Utah Admin. Code R746-200-7.D.

14-057-05

Confidential: In the Matter of the Petition to Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued March 14, 2014. The Commission granted the petition to restore utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-06

In the Matter of Questar Gas Company's Energy Efficiency Reports:

The Commission issued a Notice of Filing and Comment period on May 5, 2014.

14-057-07

Confidential: In the Matter of the Petition to Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued April 8, 2014. The Commission granted the petition to extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-08

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued April 8, 2014. The Commission granted the petition to extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-09

In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah:

An Order Confirming Bench Rulings was issued July 7, 2014. The Commission approved two uncontested rate applications of Questar Gas Company, effective June 1, 2014, on an interim basis, pending the completion of audits by the Division of Public Utilities.

14-057-10

In the Matter of the Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account:

An Order Confirming Bench Rulings was issued July 7, 2014. The Commission approved two uncontested rate applications of Questar Gas Company, effective June 1, 2014, on an interim basis, pending the completion of audits by the Division of Public Utilities.

14-057-11

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued May 13, 2014. The Commission granted the petition to extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-12

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued May 13, 2014. The Commission granted the petition to extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

Commission correspondence was issued June 17, 2014. The Commission denied the June 16, 2014, petition to extend utility gas service.

14-057-13

In the Matter of the Application of Questar Gas Company's Proposed Tariff Pursuant to Utah Code Ann. § 58-55-308.1:

On June 24, 2014 the Commission issued a notice of scheduling conference to be held on July 16, 2014.

14-057-14

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence issued May 23, 2014. The Commission granted the petition to restore and extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-15

In the Matter of Questar Gas Company's Integrated Resource Plan (IRP) for Plan Year June 1, 2014 to May 31, 2015:

On June 12, 2014 the Commission issued a notice of scheduling and technical conferences to be held on June 25, 2014.

On June 25, 2014, the Commission issued a scheduling order specifying comments and reply comments are due August 13 and September 12, 2014, respectively.

14-057-16

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued June 12, 2014. The Commission granted the petition to restore and extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-17

Confidential: In the Matter of the Petition to Restore and Extend Utility Gas Service with Questar Gas Company:

Commission correspondence was issued June 13, 2014. The Commission granted the petition to restore and extend utility gas service pursuant to Utah Admin. Code R746-200-7.D.

14-057-18

In the Matter of the Review of Questar Gas Company's Inter-company Short-Term Loan Procedures and Practices Approved in Docket No. 85-057-09:

On June 19, 2014, the Commission issued a notice of scheduling conference to be held on September 9, 2014.

Key:
Docket Number
Short Title
Status as of June 30, 2014

NATURAL GAS

Tariff Changes

13-057-T03

This filing is to comply with the order issued on June 17, 2013 in Docket No. 13-057-03, Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah:

A Tariff Approval Letter was issued on July 8, 2013. The Commission approved the proposed tariff changes with an effective date of June 1, 2013.

13-057-T04

This filing is to comply with the order issued on October 11, 2013 in Docket Nos. 13-057-07, Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah; 13-057-08, Application of Questar Gas Company to Amortize the Conservation Enabling Tariff Balancing Account; 13-057-09, Application of Questar Gas Company to Amortize the Energy Efficiency Deferred Account Balance; 13-057-10, Application of Questar Gas Company for a

Tariff Change and Adjustment to the Low Income Assistance/ Energy Assistance Rate; and 13-057-11, Application of Questar Gas Company to Change the Infrastructure Rate Adjustment:

A Tariff Approval Letter was issued on November 6, 2013. The Commission approved the proposed tariff changes with an effective date of October 1, 2013.

14-057-T01

In the Matter of Tariff Sheets for Questar Gas Company's 2014 Energy Efficiency Programs in Compliance with the Commission's Order in Docket No. 13-057-14, dated January 2, 2014:

A Tariff Approval Letter was issued on February 14, 2014. The Commission approved the proposed tariff changes with an effective date of January 1, 2014.

14-057-T02

This filing is to comply with the order issued on February 21, 2014 in Docket No. 13-057-05, Application of Questar Gas Company to Increase Distri-

bution Rates and Charges and Make Tariff Modifications:

An Order on Tariff Modifications was issued on April 7, 2014. The Commission approved the proposed tariff changes approved in Docket 13-057-05 with an effective date of March 1, 2014. The Commission did not approve proposed tariff changes not introduced or proposed in Docket No. 13-057-05. In order to ensure due process, the Commission directed Questar to re-file these proposed changes in another docket. An Order on Tariff Modifications was issued on May 15, 2014. The Commission approved the proposed changes to the tariff sheets with an effective date of March 1, 2014, and directed Questar to modify Section 4.01 of the tariff.

14-057-T03

This filing is to comply with the Commission order in Docket No. 14-057-T02 issued on April 7, 2014, which references Docket No. 13-057-05, Application of Questar Gas Company to Increase Distribution Rates

and Charges and Make Tariff Modifications:

An Order on Tariff Modifications was issued on May 15, 2014. The Commission approved the proposed changes to the tariff sheets with an effective date of March 1, 2014, and directed Questar to modify Section 4.01 of the tariff. A Tariff Approval Letter was issued on May 30, 2014. The Commission approved the proposed tariff changes to Section 4.01 of the tariff with an effective date of March 1, 2014.

14-057-T04

This filing is to comply with the Commission order issued on June 6, 2014 in Docket No. 13-057-19:

A Tariff Approval Letter was issued on June 26, 2014. The Commission approved the proposed tariff changes with an effective date of July 1, 2014.

Key:
Docket Number
Short Title
Status as of June 30, 2014

NATURAL GAS Utility Companies

Operating in the state of Utah under the jurisdiction of the public service commission

Questar Gas Company
333 South State Street
PO Box 45360
Salt Lake City, UT 84145-0360
Tel: (801) 324-5555
Emergency: (800) 541-2824
Fax: (800) 324-5131
Web: www.questargas.com

Wendover Gas Company
285 S. 1st St.
PO Box 274
Wendover, UT 84083
Tel: (775) 664-2291
(775) 664-3081
Fax: (775) 664-4422





Water

WATER UTILITIES OVERVIEW

Water is the lifeblood of any community. Providing clean, safe culinary water to Utah's citizens is a crucial function of a water utility. For the overwhelming majority of Utahns, culinary water is delivered by municipal systems, quasi-governmental special improvement districts, or water districts. Irrigation water is delivered by irrigation cooperatives in Utah. Some Utahns, however, receive their culinary water through privately-owned water companies. The Public Service Commission is charged by the legislature with regulating those privately-owned water companies. The Commission ensures that customers of privately-owned water companies have access to water at just and reasonable rates. The Commission has no jurisdiction over municipal systems, quasi-governmental special improvement districts, or water districts. It does not have jurisdiction over irrigation cooperatives.

Most Utah residents who are customers of private water companies reside primarily in sparsely populated rural areas. In recent years, relatively few new culinary water companies have been organized. Most privately-owned water companies formed recently have been formed more with a view toward serving as a marketing tool for real estate development, than as economically viable enterprises in their own right.

Water Companies

Many of the new water companies have been set up as non-profit cooperatives with the intent that control and ownership, with all of the responsibilities attendant thereto, will transfer to the lot owners as the lots are sold. In the meantime, many developers subsidize their water companies to enable them to offer attractive rates.

The Commission's policy under legal mandate is to exercise its jurisdiction so long as the developer retains effective voting control of the water company. Once the lot owners/water users have attained voting control, the Commission relinquishes jurisdiction as required by law.

In uncontested cases, the Commission adjudicates the status of a water company informally. Those companies which appear to be bona-fide cooperatives are issued informal letters of exemption without the formal entry of a Commission order. Those companies found to be subject to Commission jurisdiction are issued Certificates of Public Convenience and Necessity by formal Commission order. Currently there are 25 investor-owned private water utilities and seven homeowners' associations operating water utilities that are regulated by the Commission.

Commission Jurisdiction

As with other utilities, the Commission exercises regulatory jurisdiction over rates and changes in tariffs. Rate cases in the water context are relatively infrequent. Filing and prosecuting a rate case is somewhat costly and complicated, so companies tend to apply only when the need for an increase is acute. The Commission also entertains consumer complaints regarding water companies, as it does other utilities. During fiscal year 2014, the Commission issued two letters of exemption, ruled on two rate increases requested by a water utility, conducted two investigations concerning certificates of convenience and necessity held or requested by water entities, and approved various tariff changes.

One of the trends the Commission has been trying to remedy per the Division of Public Utilities' recommendations, is the lack of capital reserve accounts by water utilities. Without capital reserves, water utilities face significant exposure to the risk of an inability to provide safe, clean culinary water to their customers when faced with significant repair costs or emergencies. The Commission has ordered the implementation of capital reserve accounts in new rate cases, and has issued guidelines for the use and monitoring of those funds.



WATER DOCKETS

13-540-01

In the Matter of the Formal Complaint of Daniel Beck against Lakeview Water Corporation:

On April 4, 2014 the Commission issued an Order Dismissing Complaint.

13-2178-01

In the Matter of the Apple Valley Water Company ("AV") and Cedar Point Water Company ("CP") Acquisitions by Big Plains Water and Sewer Special Service District, and Requests of AV and CP to Surrender their Respective CPCNs:

On August 5, 2013 the Commission issued an Order Canceling Certificates of Public Convenience and Necessity, Certificate No. 2178, issued June 12, 1991, and Certificate No. 2404, issued December 18, 2001.

13-2195-01

In the Matter of the Formal Complaint of Rodney Dansie against Hi-Country Estates Homeowners Association:

On August 26 the Commission issued a Report and Order dismissing the formal complaint of Rodney Dansie for lack of jurisdiction. The Commissions declined to revise the questioned language in the July 16, 2013 Order.

13-2195-02

In the Matter of the Application of Hi-Country Estates Homeowners Association for Approval of Its Proposed Water Rate Schedules and Water Service Regulations:

In a May 5, 2014 Report and Order, the Commission denied the Company's motion for summary judgment and found the Well Lease Agreement to be void and unenforceable as against the public interest. The Company's proposed fee was disallowed from the tariff and the Service Connection Review Fee is subject to true-up. Further, the Commission approved rates as contained in the Approved Rate Schedule and denied the addition of parcels to its service area. The Company's request to remove Mr. Dansie's parcel from the Company's service area was denied, as well as Mr. Dansie's request for attorney fees. The Commission denied Mr. Uhlig's request for review or rehearing. The Commission also denied Mr. Dansie's request for rehearing and reconsideration.

13-2372-01

In the Matter of the Formal Complaint of Raphael Morris against South Duchesne Culinary Water, Inc:

On October 16, 2013 the Commission issued an Order Dismissing Complaint.

13-2404-01

In the Matter of the Apple Valley Water Company ("AV") and Cedar Point Water Company ("CP") Acquisitions by Big Plains Water and Sewer Special Service District, and Requests of AV and CP to Surrender their Respective CPCNs:

In an August 5, 2013 Order, the Commission canceled the Certificates of Public Convenience and Necessity; Certificate No. 2178, issued June 12, 1991, and Certificate No. 2404, issued December 18, 2001.

13-2423-01

In the Matter of the Application of Cedar Ridge Distribution Company for an Increase in Rates for Water Usage Over 12,000 Gallons per Month to .50 per 1,000 Gallons:

In an October 21, 2013 Report and Order, the Commission memorialized its bench ruling, approving the interim rate increase request. The Commission approved the Division's recommended rates.

13-2477-01

In the Matter of the Formal Complaint of Terrance K. and Lisa G. Orr vs. Eagles Landing Water Company, LLC:

The Complainant withdrew the complaint, and in a November 1, 2013 Order Dismissing Complaint and Canceling Hearing, the Commission dismissed it.

13-2477-02

In the Matter of the Formal Complaint of Duncan, Gavril, Workman, Bates, et al. against Eagle's Landing Water Company, LLC:

In an April 23, 2014 Report and Order, the Commission ordered the company to apply a net-credit for each customer, making each Complainant connected to the Company's water system after September 1, 2008, responsible for the turn-on fee. The Commission ordered the Company to file its rate case and tariff amendment as soon as practicable. The Commission ordered the Company to apply a net-credit for each customer, and to file its amended tariff.

In an April 24, 2014 Report and Order, the Commission revised its March 6, 2014, Report and Order, in part, and found the Butterfields were not required to pay the additional meter set fee.

13-2506-01

In the Matter of the Application of Willow Creek Water Company for a General Rate Increase:

In an October 4, 2013 Report and Order, the Commission approved the Division's final recommended rates with the exception of the overage rate, which the Commission set at \$1.13, based on the evidence presented.

13-2567-01

In the Matter of the Application of Bumblebee Water System, Inc. for a Certificate of Convenience and Necessity to Operate as a Public Utility Rendering Culinary Water Service, or for an Exemption from Public Service Commission Regulation:

On January 2, 2014, the Commission approved the application and granted the Company Certificate No. 2567, authorizing the Company to serve 58 connections. The Company was required to amend its bylaws, and its tariff was suspended until issuance of a final order.

Key:
Docket Number
Short Title
Status as of June 30, 2014

WATER TARIFF CHANGES

Water Dockets contd.

14-075-01

In the Matter of the Sale of Sherwood Water Company to the City of Delta, Utah:

On January 23, 2014, the Commission issued an Order Canceling Certificate of Public Convenience and Necessity, and canceled Certificate No. 2114, issued March 31, 1983.

13-2454-T01

In the Matter of Proposed Changes to North Creek Ranch Home Owner's Association's Water Service Rate Schedule:

In a January 8, 2014 Order Dismissing Application and Cancelling Hearing, North Creek's proposed changes to its water service rate schedule were suspended pending further proceedings and a final order of the Commission. North Creek withdrew its application, and the Commission dismissed the application and associated hearing.

14-2195-T01

In the Matter of Hi-Country Estates Homeowners Association's Updated Tariff to Comply with the Commission's May 5, 2014, Report and Order:

On June 6, 2014, the Commission issued an Order Suspending Proposed Tariff and Notice of Hearing, in which it suspended the proposed tariff changes pending further proceedings and a final order of the Commission.



Key:
Docket Number
Short Title
Status as of June 30, 2014



Telecommunications

TELECOMMUNICATIONS OVERVIEW

In fiscal year 2014, there were, on average, a little less than 800,000 traditional land line telephones, just under two million wireless phones, and an unknown, but (likely rapidly) increasing number of voice over internet protocol (VoIP) accounts within the state. Overall, the local exchange service telecommunications industry in Utah is characterized by both intra-industry competition through competitive local exchange companies, and inter-modal competition through wireless and VoIP companies. As a result of consumers having more options, the total number of traditional land line phone accounts in Utah has been declining recently, even as the population and the number of households and businesses have been increasing.

The regulation of telecommunications companies providing telephone service in Utah has changed significantly over the past fifteen years. These changes are due to significant alterations in the number and type of firms in the industry, the types of technologies used, consumer preferences, and the legal landscape.

Qwest (doing business as CenturyLink, referred to as CenturyLink hereafter) is the largest telecommunications company in Utah. It operates under state pricing flexibility rules and faces both intra- and inter-industry/modal competition. CenturyLink operates under the same service quality regulations that all rate-of-return regulated local exchange companies and non-regulated competitive companies face. CenturyLink primarily offers service to residential and business customers located along the Wasatch Front and much of the I-15 corridor from Logan to St. George. CenturyLink's service area includes about 90 percent of the state's population.

Since 1995, there have been about 300 applications for Certificates of Public Convenience and Necessity (certificates) and the Commission has issued 232 certificates to competitive local exchange companies (CLECs), primarily in CenturyLink's service territory. In fiscal year 2014, there were about 146 CLECs (certificate holders), 51 of whom were active, meaning they provide service to actual customers. Most of those active CLECs provide service only to business customers. Most CLECs provide services using some network elements of CenturyLink's public telephone network but Comcast offers VoIP over its own cable network and interconnects with CenturyLink's public telephone network directly as it is a certificated local exchange carrier even though it provides service over VoIP facilities.

Currently, the Commission sets rates through traditional rate-of-return regulation only for the seventeen independent incumbent telephone companies providing land line

service in the more rural areas of the state. These independent incumbents generally do not face competition from CLECs but, like CenturyLink, face competition from both wireless and VoIP providers. Many of these companies are part of larger corporate families which also compete in the wireless, internet, video, and VoIP markets. The Commission does not regulate wireless providers, toll resellers, video providers, internet service providers, or VoIP companies.

Significant Developments

The event with potentially the most far reaching consequences relating to telecommunications in Utah during the 2014 fiscal year was the on-going implementation efforts of the Federal Communications Commission's (FCC) "Order on Connect America Fund and Inter-Carrier Reform Order" (Transformation Order). This Order is beginning to significantly alter the federal programs relating to the national Universal Service Fund (FUSF). The Transformation Order creates the Connect America Fund (CAF) and shifts money from high cost telephone support and inter-carrier compensation objectives to building out broadband facilities in unserved or under-served areas of the country. Since Utah's telephone carriers and broadband providers have done an excellent job of building out facilities, Utah has relatively few un-served or underserved areas left in the state. As a result, the Commission anticipates that over the next five to ten years, the state's telephone carriers will lose a significant amount of FUSF subsidies for traditional telephone service, gaining back only limited amounts for broadband build-out efforts.

In responding to the Transformation Order, the Commission has opened dockets and begun investigations clarifying the impacts of the Transformation Order, identifying compliance deadlines, and investigating auditing and oversight

obligations. These efforts are on-going and are designed to result in Utah carriers receiving the maximum amount of FUSF and CAF payments available.

Recent Activity

During the 2014 fiscal year, Utah continued to see limited interest from potential competitors to CenturyLink. The Commission granted two applications for certification to compete in the state. Additionally, the Commission has seen increased interest by wireless carriers to be designated as federal-level eligible telecommunications carriers (ETC) in order to receive federal-level LifeLine funds for serving low income customers. Currently the state has twelve such ETCs. These Federal ETCs do not receive any state-level LifeLine funding, but their on-going presence does require the state to do additional verification and eligibility determination work to ensure duplicate benefits are not being collected by the same person or household.

Pricing Flexibility

In 2005 and 2009, the Utah Legislature enacted amendments to the 1995 Utah Telecommunications Reform Act (1995 Act). These amendments removed the incumbent tariff obligations from Qwest (now CenturyLink) and generally placed the company on an equal footing with its wireline competitors. In 2005, Qwest (now CenturyLink) was required to offer a basic residential phone line at the existing tariff rate, but was granted pricing flexibility for all other residential and business services. In 2009, the requirement to offer a tariffed residential service was removed as well [U.C.A. Title 54-8b-2.3(1)(b)(iii)]. As a result, CenturyLink now has pricing flexibility for all retail services it offers. The law allows all local exchange companies (incumbent or competitive) in CenturyLink's service area to implement new prices five days after filing them with the Commission. The law also allows the Commission to review whether the new prices are just and reasonable either during the five days after filing, or after the pricing change is implemented.

In 2001, Qwest (now CenturyLink) received federal approval to move into long-distance markets in Utah. In addition to competing in the long distance market, CenturyLink is now competing "head-to-head" with various types of competitors by offering bundled packages of services including local, long-distance, wireless, internet, and video services at market-determined rates.

Implementation of Competition

In implementing the Federal 1996 Telecommunications Act (Act), the FCC and the courts have disagreed on the obligations the Act imposes on the major telecommunications carriers. Initially, the FCC required the major carriers to lease, at rates determined by state commissions, most of the unbundled network elements a CLEC might need to provide service. In subsequent years, this requirement has been scaled back in various ways. The current rules embody a significantly reduced obligation for CenturyLink to lease portions of its network to CLECs. Under the current rules, CLECs generally must either build their own networks or enter into commercial agreements with CenturyLink at higher than previous prices. As a result, CenturyLink faces less competition from CLECs. However, the market for telecommunications services has evolved and now CenturyLink faces a greater net level of competition than it did previously under the FCC's old rules. The competition comes primarily from wireless and VoIP providers. Potential competitors have emerged in the form of cable, internet, or wireless providers who are bundling "voice services" with other product offerings. The presence of these different types of providers has increased the level of competition in telecommunications or similar services throughout the state, resulting in a decreasing number of (traditional) telephone lines purchased.

Certificates of Public Convenience and Necessity and Interconnection Agreements

As explained above, the Commission continues to grant and revoke certificates of Public Convenience and Necessity. In fiscal year 2014, there were 146 authorized CLECs, 51 of whom are actively serving customers in the state. In order to serve customers, a CLEC must interconnect its facilities with other carriers. The Commission continues to arbitrate (when requested) and review "interconnection agreements" and "commercial agreements," i.e., terms by which the incumbent and competitors interconnect facilities to provide effective and efficient service. These agreements facilitate competition by providing a means for competitors' and CenturyLink's networks to communicate.

Telecommunications Dockets

Of the many telecommunications dockets the Commission addressed this year, most involved the interaction between CenturyLink (Qwest) and the other Competitive Local Exchange Carriers (CLECs), the application of wireless carriers to be federal eligible telecommunications carriers for the LifeLine program, rural incumbent rate cases, and the entry, exit, or reorganization of CLECs as the marketplace adjusted to and implemented the relatively new FCC rules regarding inter-carrier relationships. These dockets addressed Certificate applications and cancelations, mergers and acquisitions, approval and enforcement of interconnection agreements, rate cases, resolution of inter-carrier complaints, approval of special contracts for regulated services, and other service issues. In addition, there was one general rate case for a rural independent incumbent provider, which included setting universal service fund receipt levels.



QWEST / CENTURYLINK ORDERS

13-049-14

In the Matter of the Approval of the Pole Attachment Agreement between Google Fiber Utah, LLC and Qwest Corporation d/b/a CenturyLink QC:

The Commission found approval of the application and the Agreement to be just and reasonable, and in the public interest, and issued an Order Approving Pole Attachment Agreement on August 22, 2013.

Note: Since interconnection has become more standardized, the need for the Commission to act as an arbitrator in these matters has decreased significantly. As a result, the Commission now handles non-contested interconnection (commercial agreements) dockets through the issuance of an administrative acknowledgement/notice letter, or operation of law, rather than an Order.

13-049-15

In the Matter of CenturyLink's Petition for Review and Modification of its Performance Assurance Plan and Performance Indicator Definitions Consistent with the Colorado Settlement:

On September 4, 2013, the Commission issued a Report and Order approving the application. Accordingly, the Commission: (1) approves Exhibits Y (redesigned PAP) and Z (redesigned PIDs) with an effective date of January 1, 2014, to replace the existing PAP and PIDs in Utah; and (2) deems all existing interconnection agreements that currently contain the PAP and PIDs be modified to incorporate these revisions, also effective January 1, 2014, without need for further filings or approvals.

13-049-18

In the Matter of Qwest Corporation d/b/a CenturyLink QC's Petition for Commission Approval of 2013 Additions to its Non-Impaired Wire Center List:

On October 24, 2013, the Commission issued a Report and Order finding approval of the application to be just and reasonable, and in the public interest. Accordingly, the Commission approved the 2013 additions to CenturyLink's non-impaired wire center list (specifically those wire centers located in Clearfield and Kearns, Utah) in accordance with the Federal Communications Commission's Triennial Review Remand Order.

13-049-22

In the Matter of Qwest Corporation dba CenturyLink QC's Request to Discontinue its Wireless Use Program:

The Commission found approval of the application to be just and reasonable, and in the public interest. Accordingly, the Commission approved the discontinuance of the Wireless Use Program in its October 25, 2013 Report and Order.



Key:
Docket Number
Short Title
Status as of June 30, 2014

Qwest / CenturyLink Orders contd.

13-2204-01

In the Matter of the Petition of Qwest Communications Company, LLC to Amend its Certificate of Public Convenience and Necessity No. 2204:

On July 3, 2013, the Commission issued a Report and Order approving the Stipulation to be in the public interest. Further, the Commission approved CenturyLink QCC's petition to amend its CPCN No. 2204 to remove the local exchange service restriction, allowing it to provide local exchange throughout Utah, and excluding those local exchanges of less than 5,000 access lines of incumbent telephone corporations with fewer than 30,000 access lines in the state. This approval is further limited in scope by the Parties' Stipulation discussed above.

13-2204-02

In the Matter of the Joint Application of Qwest Communications Company, LLC and Certain of its IXC Subsidiaries and Affiliates for all Approvals Required for Internal Corporate Restructuring; Informal Adjudication of Merger; and for Name Change; Order Approving Internal Corporate Restructuring, Informal Adjudication of Merger, and Name Change:

In an Order issued February 5, 2014, the Commission found approval of the application to be just and reasonable, and in the public interest.

Lifeline Program Administration Orders

Note: In the previous Annual report the Commission noted we had been unable to reach an agreement with the Department of Workforce Services to administer the LifeLine program on a going-forward basis. We are pleased to report that the Department of Workforce Services has agreed not only to administer the program on a going-forward basis, but has also agreed to begin the process of integrating the LifeLine program into its normal operating procedures. The Commission wishes to acknowledge the good faith effort of the Department of Workforce Services in reaching this agreement and note that the new agreement should reduce the cost of administering and providing this program to the citizens of Utah.



Eligible Telecommunications Carrier Orders

12-2555-01

In the Matter of the Petition of True Wireless, LLC for Designation as an Eligible Telecommunications Carrier Pursuant to 47 U.S.C. § 214(e):

On May 1, 2014, the Commission issued an Order Granting Motion to Withdraw Petition. On July 16, 2012, True Wireless, LLC ("True Wireless"), filed a petition for designation as an eligible telecommunications carrier pursuant to 47 U.S.C. § 214(e). On August 13, 2012, the Commission issued an order suspending this matter until True Wireless submitted written notification of FCC approval of its compliance plan. Thereafter, on April 15, 2014, True Wireless filed a motion to withdraw its petition. True Wireless stated in its motion that it intends to file again when it receives FCC approval of its compliance plan. Based on True Wireless' motion, and for other good cause appearing, the motion was granted.

13-2432-01

In the Matter of the Petition of Global Connection Inc. of America dba STAND UP WIRELESS for Designation as an Eligible Telecommunications Carrier in the State of Utah:

On March 13, 2014, the Commission issued an Order Approving Settlement Stipulation and Application for Designation as an Eligible Telecommunications Carrier, finding the Settlement Stipulation to be in the public interest. Further, the Commission approved Stand Up Wireless'

application for designation as an eligible telecommunications carrier, subject to the terms of the Stipulation.

13-2569-01

In the Matter of the Petition of Tempo Telecom, LLC for Designation as an Eligible Telecommunications Carrier in the State of Utah:

On April 23, 2014, the Commission issued an Order Approving Settlement Stipulation and Application for Designation as an Eligible Telecommunications Carrier, finding approval of the Settlement Stipulation to be in the public interest. Further, the Commission approved Tempo's application for designation as an eligible telecommunications carrier, subject to the terms of the Stipulation. Tempo is subject to all applicable Utah administrative rules, as set forth in the Utah Admin. Code. We note the Commission has recently opened a docket (Docket No. 14-999-06) to review and modify the LifeLine program rules. Also, as stated in the Stipulation, "Tempo agrees to adopt any changes to the certification and verification process developed within Docket No. 10-2528-01."

Key:
Docket Number
Short Title
Status as of June 30, 2014

CLEC / Certification / Merger / Name Change / Cancellation Orders

10-2528-01

In the Matter of the Resolution of Certain Issues Related to the Designation of a Common Carrier as an Eligible Telecommunications Carrier:

On May 19, 2014, the Commission issued an Order Vacating Notice of Interim Compliance Processes to Address National Lifeline Accountability Database (NLAD), New Applications, and Annual Eligibility Certification Compliance Processes for Federal Only ETCs. The Commission modified the proposed rule and have submitted it to the formal rulemaking process.

13-2305-01

In the Matter of the Joint Application of TNCI Operating Company LLC and Pac-West Telecomm, Inc. (Debtor-in-Possession) for Approval of the Transfer of Customer Base and Certain Assets:

On October 1, 2013, the Commission issued an Order Approving Transfer of Control of Pac-West Telecomm, Inc. to TNCI Operating Company LLC ("TNCI").

13-2431-01

In the Matter of the Joint Application of TNCI Operating Company LLC, Assignee, and Trans National Communications International, Inc., Assignor, for Approval of TNCI Operating Company LLC to Acquire Customers and Certain Assets of Trans National Communications International, Inc.; and Application of TNCI Operating Company LLC for a Certificate of Public Convenience and

Necessity:

By its July 31, 2013 Report and Order, the Commission converted this matter to an informally adjudicated matter. The Commission approved the application of TNCI Operating Company LLC for a Certificate of Public Convenience and Necessity, authorizing them to compete as a Competitive Local Exchange Carrier within Utah. In addition, the Commission approved the joint application of TNCI Operating Company LLC to acquire customers and certain assets of Trans National Communications International, Inc.

13-2563-03

In the Matter of the Notification by Ionex Communications North, Inc. dba Birch Communications and Ernest Communications, Inc. of the Transfer of Customers and Assets:

On September 27, 2013, the Commission issued an Order Approving Transfer of Control of Ernest Communications, Inc. to Ionex Communications North, Inc. dba Birch Communications.

13-2563-04

In the Matter of the Joint Application of Ionex Communications North, Inc. dba Birch Communications and Lightyear Network Solutions, LLC for Approval of the Transfer of Customers and Certain Assets:

On October 9, 2013, the Commission issued an Order Approving Transfer of Customers and Certain Assets of Lightyear Network Solutions, LLC to Ionex Communications North, Inc. dba Birch Communications.

The Commission issued an

Order Canceling Certificate of Public Convenience and Necessity of Certificate No. 2434 on December 4, 2013.

13-2564-01

In the Matter of the Application of the Joint Application of AT&T In the Matter of the Application of Access One, Inc. for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services in the State of Utah:

By its August 5, 2013 Report and Order, the Commission converted this matter to an informally adjudicated matter. The Commission approved the application of Access One, Inc. for a Certificate of Public Convenience and Necessity, authorizing them to compete as a Competitive Local Exchange Carrier within Utah.

13-2566-01

In the Matter of the Application of BCN Telecom, Inc. for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services in the State of Utah:

By its September 26, 2013 Report and Order, the Commission converted this matter to an informally adjudicated matter. The Commission approved the application of BCN Telecom, Inc. for a Certificate of Public Convenience and Necessity, authorizing them to compete as a Competitive Local Exchange Carrier within Utah.

14-2563-01

In the Matter of the Joint Application of Ionex Communications North, Inc. dba Birch

Communications and dishNET Wireline, LLC dba Liberty-Bell Telecom for Approval of the Transfer of Assets and Customers to Ionex Communications North, Inc. dba Birch Communications:

On June 10, 2014, the Commission issued an Order Approving Transfer of Customers and Certain Assets of Liberty-Bell Telecom to Ionex Communications North, Inc. dba Birch Communications.

14-2571-01

In the Matter of the Application of TDS Metrocom, LLC for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services in the State of Utah:

By its April 17, 2014 Report and Order, the Commission converted this matter to an informally adjudicated matter. Additionally, the Commission approved the application of TDS Metrocom, LLC for a Certificate of Public Convenience and Necessity, authorizing them to compete as a Competitive Local Exchange Carrier within Utah.

Key:
Docket Number
Short Title
Status as of June 30, 2014



Rural Rate-of-Return Carriers

13-040-T03

In the Matter of Central Utah Telephone, Inc. Tariff Filing for Approval of Service Area Map/Exchange Boundaries Concerning the Fairview Exchange 427, Fountain Green Exchange 445, Scofield Exchange 448, Mount Pleasant Exchange 462, Soldier Summit Exchange 870, and Spanish Fork Canyon Exchange 873:

The Commission issued an Order Effectuating Tariff Change on January 1, 2014. The Central Utah exchange tariff maps shall take effect January 1, 2014.

13-046-01

In the Matter of Manti Telephone Company's Application for Increased USF Eligibility:

On February 19, 2014, the Commission issued a Report and Order Approving Settlement Stipulation, memorializing its bench order of February 10, 2014, which approved the settlement stipulation. The Commission approved an

annual Utah Universal Public Telecommunications Service Support Fund amount of \$950,000 for Manti Telephone Company.

13-051-01

In the Matter of the Petition of Beehive Telephone Company, Inc. for an Increase in Rates Effective July 1, 2013:

On August 2, 2013, the Commission issued a Report and Order memorializing a bench order of the Commission on June 25, 2013, which authorized a \$2.33 monthly increase per residential access line, effective July 1, 2013. This was conditioned upon: 1) Beehive providing adequate assurance that the \$14 local urban rate floor, set forth in Federal Communications Commission ("FCC") 11-161, applies to Beehive; and 2) an audit to be completed by the Division of Public Utilities. On September 11, 2013, the Commission issued a Report and Order Affirming August 2, 2013 Order, which approved a \$2.33 monthly increase per residential line for Beehive Telephone Company ("Company"),

effective July 1, 2013, subject to an audit to be completed by the Division of Public Utilities ("Division"). On September 5, 2013, the Commission received the Division's audit and recommendation to approve the requested rate increase based upon a finding that the Company will not be over earning with the rate increase and that it is warranted, just, and reasonable. Accordingly, the Commission affirmed our August 2, 2013 Order.

13-576-T03

In the Matter of Skyline Telecom Tariff Filing for Approval of Service Area Map/Exchange Boundaries Concerning the Eureka Exchange 433, Moroni Exchange 436, Wendover Exchange 665, Goshen Exchange 667, and Dugway Exchange 831:

The Commission issued an Order Effectuating Tariff Change on January 1, 2014. The Skyline exchange tariff maps shall take effect January 1, 2014.

13-2201-T03

In the Matter of Bear Lake Communications, Inc. Tariff

Filing for Approval of Service Area Map/Exchange Boundaries Concerning Garden City Exchange 946:

The Commission issued an Order Effectuating Tariff Change on January 1, 2014. The Bear Lake Garden City exchange tariff map shall take effect January 1, 2014.

Complaints

13-2299-01

In the Matter of the Formal Complaint of Pignatelli & O'Brien, LLC against Integra Telecom of Utah:

On November 12, 2013, the Commission issued an Order Dismissing Complaint dismissing the Pignatelli & O'Brien, LLC complaint against Integra Telecom of Utah for failure to state a claim upon which relief can be granted, and for lack of jurisdiction.

Key:
Docket Number
Short Title
Status as of June 30, 2014





Telecommunications Relay Service & Equipment Distribution Program

The Public Service Commission (Commission) initiated the Relay Utah program in 1986 with the goal to provide telecommunication access to hearing and speech challenged individuals. Prior to this service, people with hearing and speech challenges relied upon children, family members, or neighbors for assistance. Census numbers from 2010 indicate approximately 276,000 Utahns are deaf or hard of hearing. Through the Relay Utah program, a person with hearing or speech challenges has multiple service and equipment options such as video relay service, internet protocol relay, captioned telephones, application software, and amplified cellular and land line telephones.

Relay services have expanded over the years to include Spanish language, Speech-to-Speech, Voice Carry Over (VCO) Captioned Telephone (CapTel), and Hearing Carry Over (HCO).

Outreach

The State of Utah is in its fifth year of contracting with Hamilton Relay Service for its TRS and Captioned Telephone (CapTel) Relay Service. Hamilton Relay provides a fulltime in-state coordinator who provides outreach and information concerning the program.

Funding

Funding for Relay Utah derives from a monthly surcharge on Utah cellular and landline phone accounts. This rate is set by the Public Service Commission. The current surcharge was recently reduced from \$.05 per line per month to \$.02 per line per month effective May 1, 2014. With the continued expansion of mobile devices as well as Utah's



robust economy, revenue growth has continued to grow. The Commission's goal is to match annual revenues and expenditures. The \$.02 surcharge covers Relay Utah services, equipment distribution, outreach and education, interpreter training programs, and related administrative costs. The Federal Communication Commission (FCC) may delegate fiscal liability to each state for the provision of alternative relay services such as VRS and IP Relay. However, at this time no mandate has been made by the FCC. The surcharge revenue collected during FY 2014 was \$1,720,424.

Marketing

The Commission collaborates with Penna Powers Brian & Haynes (PPBH) for marketing, outreach, public relations, education, and grassroots activities for relay services and equipment distribution. Each year PPBH and the Commission utilize print, television, and radio advertising to raise awareness of Relay Utah.

Equipment Distribution

Relay Utah employs one full-time Commission staff member and four part-time employees to provide equipment distribution, training, repairs and outreach. One part-time employee is located in St. George to respond to the demands of Southern Utah. To provide better and more cost effective services, one employee is responsible to respond to requests received by phone, email, and text concerning equipment issues and training. This new service provides faster and improved customer service. For fiscal year 2014, 683 visits were made throughout Utah that provided equipment delivery, repairs, and training.

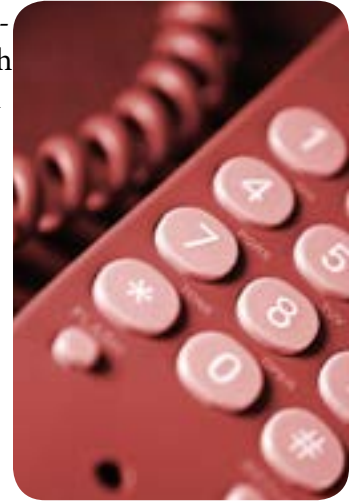
Relay Utah

In FY 2014, Relay Utah witnessed 49,041 TRS calls including traditional TTY, VCO, HCO, and Speech to Speech in FY 2014 and observed another 48,916 Cap Tel calls.

Month/Year	HCO	Spanish	STS	TTY	VCO	Voice	CapTel	Total
<i>July 2013</i>	34	4	65	1,241	575	845	4,708	7,472
<i>August 2013</i>	30	1	32	1,276	360	592	4,338	6,629
<i>September 2013</i>	60	4	55	1,220	420	739	4,304	6,802
<i>October 2013</i>	55	8	62	1,375	366	1,607	4,044	7,517
<i>November 2013</i>	41	6	27	1,503	389	4,435	3,831	10,232
<i>December 2013</i>	51	6	27	1,443	398	5,746	4,198	11,869
<i>January 2014</i>	49	8	43	1,589	331	3,725	4,085	9,830
<i>February 2014</i>	49	3	60	1,404	325	3,724	3,401	8,966
<i>March 2014</i>	38	2	13	984	332	2,253	3,972	7,594
<i>April 2014</i>	28	1	18	961	312	1,093	4,332	6,745
<i>May 2014</i>	43	2	22	872	299	1,853	4,071	7,162
<i>June 2014</i>	30	0	26	1,023	334	2,094	3,632	7,139
<i>FY 14 Total</i>	508	45	450	14,891	4,441	28,706	48,916	97,957

American Sign Language Interpreter Training Program

The Public Service Commission currently contracts with the Interpreter Certification Advancement Network (ICAN) Program, provided through the Division of Services for the Deaf and Hard of Hearing, to provide interpreter training classes, on-the-job training, and/or mentoring.



National Deaf Blind Education Distribution Program

The National Deaf Blind Equipment Distribution Program (NDBEDP) is a three year pilot project which started July, 2012. It provides specialized telecommunications equipment access to individuals who are deaf-blind. The FCC certified one entity per state, providing all services on its own or contracting some services, or to a collaboration/partnership. NDBEDP requirements include groups or agencies in each state with expertise in deaf-blindness, communication with people who are deaf-blind through sign language and Braille materials, staffing and resources to handle administration of the program, experience with distribution of equipment, ability to train consumers how to use equipment, and familiarity with telecommunications, internet, and advanced communication services such as instant messaging and e-mail. The NDBEDP pilot program follows different financial guidelines from Relay Utah's equipment distribution program. The FCC reimburses the Commission for equipment for consumers who are deaf-blind at 400% of poverty level as opposed to Utah's guidelines which are set at 200% for Relay Utah. Utah's yearly allocation of the ten million dollar program is set at approximately \$111,000. Twenty-one clients received equipment and training during FY 2014. To learn more about this pilot program, visit the following websites: www.iCanConnect.org or www.fcc.gov/NDBEDP.

Relay Utah Consumer Council (RUCC)

Utah Code 54-8b-10 (7) states, "The Commission shall solicit the advice, counsel, and physical assistance of severely hearing or speech impaired persons and the organizations serving them in the design and implementation of the program." In order to comply with this rule, in fiscal year 2013, the Public Service Commission held quarterly meetings with the Relay Utah Consumer Council (RUCC). This council is comprised of representatives of different groups



or organizations; individuals who are deaf, hard of hearing, or speech disabled; and individuals who use the services provided by the Commission. RUCC meetings are currently held in conjunction with Hamilton Relay in order for members to actively provide feedback and ideas of how to best meet the needs of Relay consumers in Utah. Through these meetings and continued contact with Relay users, the Commission is able to gather information for better implementation of these services and the equipment distribution program.

Relay Utah Office

The Relay Utah office is located at 168 North 1950 West in Salt Lake City. This office houses the equipment testing center for consumers to view and test equipment options. Testing rooms are also available at the Robert G. Sanderson Community Center in Taylorsville and its satellite office located in St. George. The Public Service Commission is committed to improving and maintaining the quality of Relay Utah services and equipment. The Commission constantly strives to provide functionally equivalent forms of telecommunications available for people with speech impairments or hearing loss. As technology evolves and new FCC rules or pilot programs are added, these advancements continue

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to bring Relay Utah consumers closer to equal access. The Commission looks forward to future technological developments and innovations, and continued high quality customer service, providing equal access to Utah residents.



COMPLAINTS

Monopolies

If a privately owned company is a monopoly, it is in a position to potentially exploit customers. Because such a company is the sole source of a good or service, customers who are dissatisfied have no options to acquire the monopolized service or product at a better price or quality. The customer takes what the monopoly offers or does without.

This picture changes in the case of services provided by regulated public utility companies, as it should, because public utility services are necessities of modern life. Households and businesses cannot do without these services. The Commission is the intermediary between public utility monopolies and customers.

The Role of the Division of Public Utilities

A dissatisfied customer who cannot resolve service problems through contact with the utility can seek assistance from state regulators for help. Utility consumers may contact the Division of Public Utilities (Division) via internet (www.publicutilities.utah.gov), walk-in visit, local call, or toll-free number. Division staff construct a factual statement through discussions with both the complainant and the utility regarding the problem. Often this is enough to resolve the difficulty.

In other instances, after Division contact, the utility itself takes action to correct the problem. At times, a customer facing service difficulty may ask the Office of Consumer Services (Office) for assistance and help. Though following the same sort of process the Division does, if the Office learns that other customers face similar problems, it may petition the Commission for action in a manner having wider applicability. An example of this might be changes in late payment arrangements to assist low-income customers or others having difficulty paying their bills.

The Role of the Commission

Oftentimes, customers contact the Commission to converse directly with the administrative secretary or a member of the technical staff. Whether or not the complaint is resolved in this way, this has the dual benefit of giving customers direct contact with either an expert or a decision-maker, while keeping the Commission aware of circumstances of utility service current in the community. However, in cases where informal processes do not satisfy the customer, he or she is free to pursue formal action with the Commission.

Formal Complaints

In cases involving factual disputes over which the Commission has jurisdiction, the Commission may resolve a formal complaint through a hearing before an Administrative Law Judge, who establishes the facts on the record and renders a recommended decision.

The following table shows the number of informal complaints processed by the Division of Public Utilities in FY 2014. Of these, fourteen became formal complaints before the Commission during FY 2014.

Type of Utility Complaint	FY 2014
Electric	114
Natural Gas	110
Telecom - ILEC*	131
Telecom - CLEC*	31
Telecom - Long Distance	8
Water and Sewer	9
TOTAL	403

* ILEC – Incumbent Local Exchange Carrier

* CLEC – Competitive Local Exchange Carrier



ELECTRIC



NATURAL GAS



WATER



TELECOM