

BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

Questar Gas Company

**PREPARED SURREBUTTAL TESTIMONY OF
ALAN J. WALKER
FOR QUESTAR GAS COMPANY**

October 15, 2002

1 **Q. Please state your name and business address.**

2 A. My name is Alan J. Walker. My business address is 180 East 100 South, P.O.
3 Box 45360, Salt Lake City, Utah 84145.

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5 **Q. By whom are you employed and what is our position?**

6 A. I am employed by Questar Gas Company (“QGC”) as Director of Gas Supply
7 Management.

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9 **Q. Have you previously submitted prepared testimony in this case?**

10 A. Yes. On October 4, 2002, I submitted rebuttal testimony in this docket.

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12 **Q. What is the purpose of your surrebuttal testimony in this preceding?**

13 A. I will address the testimony submitted by David Nichols on behalf of the Utah
14 Energy Office, as well as Ron Burrup and Abdinasir M. Abdulle for the Division of
15 Public Utilities (“Division”). These witnesses all support the idea of a demand-side
16 management (“DSM”) study to be conducted within the context of the Company’s
17 integrated resource plan (IRP) procedure. Mr. Nichols also recommends that \$50,000
18 be included as funding for the study in base rates and suggests that the study be filed
19 no later than March 31, 2003.

20

1 Q.

What is your response to these recommendations?

A. There are certainly more effective programs that warrant this dedication of funds and human resources. Keep in mind that \$250,000 is already dedicated to low-income weatherization, with the amount expected to double from this case. And, in my opinion, this proposed working group would be scrutinizing an issue that is already rapidly resolving itself.

Q. What do you mean?

A. Demand reduction is already occurring naturally in the marketplace as high-efficiency appliances and set-back thermostats are offered to customers. The result of this is the steady decline in QGC's usage-per-customer. This in turn is, to a large extent, driving QGC's need for rate relief. To pursue the proposed DSM is not in the public interest when properly viewed in this context.

It should be remembered that the Company has traditionally considered DSM programs as part of its annual IRP presentation, and has included them within its gas supply optimization program called "SENDOUT." I agree that if DSM is to be considered, it should be done within the IRP process. However, current operating constraints should be considered when deciding when DSM should be reviewed. From mid-October through mid-March, the gas supply department is fully dedicated to handling the current heating season. The majority of personnel in my department are already working many hours of overtime, including weekends, to finalize the gas acquisition strategy and its implementation. This is even more of a concern this year with the credit and reliability issues unanswered at this time this could have a major impact on this project.

Q. When doe the IRP preparation work begin?

A. The main planning engineers for the IRP, began preliminary work for next year's IRP in October, and at year-end will be totally absorbed in this process through early May. The Requests for Proposal (RFP) process begins in mid-February with the actual requests for bids going out at the end of that month. Overtime and weekend work is at its highest at this time of the year as RFP responses are received in early March. We have a very tight schedule that must be adhered to during this time which requires dedication of substantial resources. This schedule of nineteen internal deadlines which must be adhered to to get the year's IRP prepared and disseminated is attached as QGC Exhibit 8.1SR. Until the IRP is filed and presented, there simply is no time to do justice to DSM work. In fact, any DSM work can only have an impact on the subsequent IRP process as the purchase decisions for next heating season will be made in late March. The RFP process will be complete before any changes in the process to accommodate DSM could be identified.

Q. In view of these time constraints, what do you recommend?

A. This task force is unnecessary. However, if the Commission direct that it take place, I recommend that it should meet early on, before the real crunch of this year's IRP begins. The initial meeting could be used to determine the scope and depth of the primary studies to be further pursued. These initial meetings could familiarize the parties with the current DSM input in the IRP program. Then, once our planning for the heating season is concluded and the IRP work is submitted in May, any indicated DSM studies could commence with a reasonable dedication of Company resources. I believe that the primary DSM planning should start with the SENDOUT computer model which is run by planning engineers and the gas supply department. I believe that a contract for third-party expertise will only be necessary only for those requirements, if any, that the Company cannot complete within the modeling process. Let's find out what can be accomplished with current resources and models, and take it from there.

Q. Mr. Nichols recommends that QGC develop a DSM delivery framework at the same time that a comprehensive DSM study is being developed, do you agree?

A. No. First, Mr. Nichols presumes a positive result of any DSM analysis. I can make no such presumption. Second, changes involving program design and rate design may have to be dealt with in the context of general rate case where the full impact of such programs and changes, including the revenue impacts of any conservation measurement, can be addressed.

Q. Does this conclude your surrebuttal testimony?

A. Yes.