

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Joint Application of
Questar Gas Company, the Division of Public
Utilities, and Utah Clean Energy for the
Approval of the Conservation Enabling Tariff
Adjustment Option and Accounting Orders

Docket No. 05-057-T01

TESTIMONY OF
BARRIE L. MCKAY
IN SUPPORT OF SETTLEMENT STIPULATION
FOR
QUESTAR GAS COMPANY

September 21, 2006

TABLE OF CONTENTS

1. INTRODUCTION..... 3

2. PROCESS LEADING TO SETTLEMENT STIPULATION 3

3. SETTLEMENT STIPULATION 11

a. Operation of the CET Balancing Account and the DSM Deferral Account11

b. CET Balancing Account Limitations13

c. CET 1-year Review14

d. DSM Pilot Program15

e. Accounting Orders.....17

4. THE SETTLEMENT STIPULATION IS IN THE PUBLIC INTEREST 17

5. CONCLUSION 21

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

1. INTRODUCTION

Q. Please state your name and title for the record.

A. Barrie L. McKay, Manager of Regulatory Affairs.

Q. Have you previously filed testimony in this docket?

A. Yes, I filed Direct Testimony on January 23, 2006 and Surrebuttal Testimony on August 14, 2006.

Q. What is the purpose of your testimony today?

A. To explain why the Settlement Stipulation filed in this docket is a just and reasonable resolution of the issues in this docket and why its adoption by the Commission is in the public interest.

2. PROCESS LEADING TO SETTLEMENT STIPULATION

Q. Would you please provide a summary of this docket?

A. Yes. On December 16, 2005, the Utah Division of Public Utilities (Division), Questar Gas Company (Company) and Utah Clean Energy filed a Joint Application to change the Company's tariff to implement a Conservation Enabling Tariff, also known as the CET, and a Demand-Side Management program together in a three-year Pilot Program. The Joint Application also proposed a \$10.2 million rate reduction in conjunction with the Pilot Program. This Joint Application was the culmination of a three-year process in which the Company worked with the Division, the Committee of Consumer Services (Committee) and other interested stakeholders in various task forces.

21 I presented an overview of the Joint Application to the Committee members in their
22 regularly scheduled meetings on December 15, 2005, and January 31, 2006. On January
23 12, 2006, in response to questions from the Committee and other interested persons, a
24 workshop on the CET and other matters addressed in the Joint Application was held.
25 Additionally, technical conferences were held on January 13 on Demand Side
26 Management and on January 20 on the Conservation Enabling Tariff and other aspects of
27 the Joint Application.

28
29 On January 23, 2006, I filed direct testimony on behalf of the Company, Dr. Artie
30 Powell, Dr. George Compton, Mary Cleveland and David Thomson filed direct testimony
31 on behalf of the Division, and Dr. Howard Geller filed direct testimony on behalf of the
32 Southwest Energy Efficiency Project (SWEET) and Utah Clean Energy in support of the
33 Joint Application.

34
35 During a period from January 31, 2006 through May 12, 2006, various parties moved to
36 intervene and filed legal argument on issues associated with the Joint Application,
37 including whether the Commission should bifurcate the proposed rate reduction from the
38 Pilot Program and order new depreciation rates for the Company. Some of the legal
39 argument addressed issues associated with the authority of the Commission to implement
40 the Pilot Program. During this period, on March 31, 2006, the Committee filed testimony
41 of Jacob Pous dealing with the depreciation issue associated with the rate reduction raised
42 by the Joint Application. On April 28, 2006, the Division filed the testimony of Charles
43 King on the depreciation issue.

44 On May 10, 2006, almost all of the parties in the docket filed a Rate Reduction
45 Stipulation resolving the issues associated with the requested bifurcation and
46 depreciation. The Rate Reduction Stipulation proposed a \$9.7 million rate reduction. In
47 exchange, the parties agreed that the Pilot Program would be heard on its merits
48 following the filing of additional testimony. The Commission held a hearing on the Rate
49 Reduction Stipulation on May 17, 2006, and it was approved by the Commission on
50 May 26, 2006 with new rates effective June 1, 2006.

51
52 On May 15, 2006, Dr. David Dismukes filed rebuttal testimony on behalf of the
53 Committee, Kevin Higgins filed rebuttal testimony on behalf of the Utah Association of
54 Energy Users (UAE), and Betsy Wolf filed rebuttal testimony on behalf of the Utah
55 Ratepayers Alliance (URA) on the Pilot Program.

56
57 An additional technical conference was held on June 7, 2006 at which the Commission's
58 staff posed questions to the parties. On June 30, 2006, Dr. Dismukes filed supplemental
59 rebuttal testimony.

60
61 On August 14, 2006, I filed surrebuttal testimony for the Company, Dr. Artie Powell and
62 Dr. George Compton filed surrebuttal testimony on behalf of the Division, Dr. Howard
63 Geller filed surrebuttal testimony on behalf of SWEEP and Utah Clean Energy and Ralph
64 Cavanagh filed surrebuttal testimony for the Natural Resources Defense Council (NRDC)
65 on behalf of the Company. All of the surrebuttal testimony supported adoption of the
66 Pilot Program as proposed in the Joint Application.

67 Throughout the course of this docket, there has been substantial discovery. The
68 Committee sent six sets of data requests and the Division sent three sets of data requests
69 to the Company. The Division sent one set of data requests and the Company sent five
70 sets of data requests to the Committee. Finally, the Committee sent three sets of data
71 requests to the Division.

72
73 Just a few days prior to the commencement of the hearings on the Joint Application on
74 September 5, 2006, the parties commenced settlement discussions. An agreement in
75 principle was finalized on September 2, and a draft stipulation was circulated that
76 evening for review. Therefore, at the commencement of the hearings, the parties
77 informed the Commission that all or many of them had reached an agreement in principle
78 and were in the process of reducing the agreement to writing and gaining final approval
79 of their principals. The parties requested that the hearing, except for the public witness
80 hearing previously noticed for the afternoon of September 5, 2006, be continued. The
81 parties discussed a schedule with the Commission. It was agreed that the parties would
82 attempt to complete and file the stipulation as soon as possible, that a hearing and public
83 witness hearing on the stipulation would be held on September 25, 2006, and that parties
84 would electronically file and serve testimony or position statements on the stipulation by
85 not later than 8:30 a.m. on September 25, 2006.

86
87 The parties continued to meet and exchange drafts and comments on the stipulation
88 during the next few days and a final version of the stipulation was provided to all parties
89 on September 8, 2006. The Committee approved the Stipulation at its regularly

90 scheduled meeting on September 12, 2006. By that date it had been determined that
91 UAE, the Industrial Gas Users (IGU), U S Magnesium LLC and the URA would not join
92 in the stipulation, but would likely not oppose it. The only other party in the docket,
93 Roger Ball, was not able to make a decision on his position on the stipulation before he
94 left town on an extended vacation on September 11, 2006. Therefore, on September 13,
95 2006, the Company, Division, Utah Clean Energy and the Committee filed the Settlement
96 Stipulation.

97

98 **Q. Please describe the process that led to the Joint Application.**

99 A. In the Company's general rate case in 2002, Docket No. 02-057-02, questions arose
100 regarding Demand-Side Management programs and the impact on earnings of a
101 continuing decline in usage per customer. The Commission established two task forces
102 to address these issues and directed the parties to attempt to reach accord and resolution
103 of these issues for consideration in subsequent regulatory proceedings.

104

105 The Allocation and Rate Design Task Force met 18 times over 18 months. The final
106 report of the Allocation and Rate Design Task Force was included as Exhibit 1.5 to the
107 Joint Application. Although the Task Force was unable to reach consensus, members of
108 the Task Force continued to meet. These meetings resulted in two white papers, one
109 dated November 9, 2004 and one dated November 23, 2005, included as Exhibits 1.6 and
110 1.7 to the Joint Application. These white papers were distributed among the parties for
111 review and discussion.

112

113 The Demand-Side-Management Task Force met numerous times over two years. As part
114 of that process, a study jointly funded by the Company and the Utah Energy Office and
115 conducted by GDS Associates was commissioned to determine the potential for energy
116 conservation in Utah. Based on that study, the Task Force filed a report identifying that
117 the net present value of savings to Questar Gas's residential and commercial customers
118 from implementation of cost-effective natural gas DSM programs is over \$1.5 billion in
119 2004 dollars. Additionally, eight recommendations were made in the DSM report all of
120 which were incorporated in the Joint Application. The executive summary of the DSM
121 Task Force is included as Exhibit 1.4 to the Joint Application.

122

123 **Q. What did the parties do after the Task Forces filed their reports?**

124 A. The parties continued to meet and to attempt to come to accord on the issues presented to
125 the Task Forces. As noted in the second white paper, the parties had three goals:
126 (1) remove the Company's disincentive to promote demand-side management, (2) reduce
127 contention between regulators and the Company, and (3) provide the Company an
128 opportunity to earn its allowed return during periods of declining usage. They analyzed
129 six methods to achieve these goals. Ultimately, the Company, Division and Utah Clean
130 Energy reached agreement on the Conservation Enabling Tariff and filed the Joint
131 Application.

132

133 **Q. What conclusions do you draw from the foregoing process?**

134 A. The Settlement Stipulation is not something the Parties have rushed into. It was
135 proceeded by a nearly four-year process with Task Force meetings, analyses and reports,

136 further discussion and analysis among the Parties leading to white papers, the filing of the
137 Joint Application, testimony and argument, discovery and workshops and technical
138 conferences and arms-length negotiations. This lengthy process shows that the Parties, as
139 well as other interested stakeholders, have been following the Commission direction from
140 the 2002 rate case to study the issues and to attempt to reach accord on a resolution of the
141 issues. The Settlement Stipulation is the result of this process.

142

143 **Q. Please describe the settlement discussions in greater detail.**

144 A. Settlement discussions were held among the parties and sub-groups of the parties
145 commencing on August 31, 2006 and continuing through the filing of the Settlement
146 Stipulation on September 13, 2006. It is noteworthy that a lengthy meeting was held on
147 Saturday, September 2, during the three-day Labor Day weekend and that the parties
148 continued to exchange communications regarding the Stipulation over the weekend and
149 holiday. There were also lengthy meetings to refine the terms of the Stipulation on
150 September 5 and 6, 2006. Although consensus was reached on the language in the
151 Settlement Stipulation by September 8, the parties continued to discuss whether
152 individual parties would join in the Settlement Stipulation or, if they did not join in,
153 whether they would oppose approval of the Stipulation through September 13.

154

155 However, long before these discussions, there were settlement discussions in this matter.
156 In fact, even prior to filing the Joint Application, the parties had settlement discussions in
157 which they attempted to reach agreement on an approach to the Conservation Enabling
158 Tariff and Demand-Side Management Pilot Program at the conclusion of the Task

159 Forces' work. The reason that the application was filed as a joint application was that
160 Questar Gas, the Division and Utah Clean Energy had reached agreement on the
161 approach prior to the filing of the application. Following the filing of the Joint
162 Application, settlement discussions were held intermittently between certain of the
163 parties. Questar Gas, the Division and Utah Clean Energy continued to hope that the
164 parties might reach consensus on these issues and the Committee raised the possibility of
165 settlement several times during the course of this docket.

166

167 **Q. Please describe the settlement discussions.**

168 A. All of the foregoing settlement discussions were conducted in good faith and at arms
169 length with each party representing its interests vigorously. In addition to the expertise
170 provided by the staffs of the Division and Committee and various Company employees,
171 the parties also relied upon the expertise of Dr. Geller, Ralph Cavanagh and Dr.
172 Dismukes. Other parties to the docket that have not joined the Settlement Stipulation
173 relied upon the expertise of their staffs and witnesses who filed testimony in this docket.

174

175 **Q. As a result of the settlement discussions, did all the parties to this case sign the**
176 **Settlement Stipulation?**

177 A. No. However, it is my understanding that all parties either signed the Settlement
178 Stipulation or indicated that they would not oppose it with the exception of Mr. Ball who,
179 at the filing of this testimony, continued to remain undecided.

180

181 **3. SETTLEMENT STIPULATION**

182 **Q. Please describe the benefits of the Pilot Program that will result from**
183 **implementation of the Settlement Stipulation.**

184 A. The Settlement Stipulation achieves at least two important goals. First, the Conservation
185 Enabling Tariff aligns the interests of the Company, customers, regulators, and other
186 interested parties to effectively promote cost-effective conservation measures to save
187 energy and reduce customer costs. My Exhibit SR 1.4 summarizes the savings that will
188 result from a 1% annual reduction in usage over a five-year period. Year five shows a net
189 savings for customers of \$32 million. This is particularly important at a time when
190 customers are bearing the burden of higher energy costs. The Conservation Enabling
191 Tariff allows the Company to support cost-effective Demand-Side-Management
192 programs that benefit customers because it removes the financial harm that the Company
193 experiences when customers' usage declines. Second, customers will receive direct
194 benefits from the CET and DSM and a modest reduction in rates.

195
196 *a. Operation of the CET Balancing Account and the DSM Deferral Account*

197 **Q. Please describe the initial accruals to the CET balancing account and the DSM**
198 **deferral account?**

199 A. The Settlement Stipulation provides for an initial credit to be made to the CET balancing
200 account in the amount of \$1.1 million. This amount was calculated as though the CET
201 had been in effect from January 1, 2006, through June 30, 2006. This credit is proposed

202 to be amortized (through a reduction in rates) in conjunction with the Company's fall
203 pass-through filing.

204

205 The Settlement Stipulation also provides that the Company will transfer \$1.3 million
206 from unexpended funds included in rates for research and development to the DSM
207 deferral account effective with the Commission order approving the Settlement
208 Stipulation.

209

210 **Q. Will interest accrue on balances in the CET balancing account and DSM deferral**
211 **account?**

212 A. Yes. Interest will accrue on the CET balancing account and the DSM deferral account at
213 the rate approved for Account 191 balances.

214

215 **Q. When will the CET be effective?**

216 A. The Settlement Stipulation provides that the Company will implement the CET effective
217 on the first of the month following Commission approval of the Settlement Stipulation.
218 The Company is hopeful that the Commission might be able to approve the Settlement
219 Stipulation prior to the end of September so that the CET may be implemented on
220 October 1, 2006.

221

222 **Q. How will additional accruals be made to the CET balancing account?**

223 A. The CET balancing account will initially reflect the \$1.1 million credit referenced above.
224 Thereafter, accruals will be made as if the CET had been effective starting July 1, 2006

225 and will be made monthly after the effective date. However, in accordance with the
226 terms of the Settlement Stipulation, only the \$1.1 million credit will be amortized during
227 the first semiannual amortization of the balance in the CET balancing account. The
228 accruals for July and subsequent months will not be amortized until the second
229 semiannual amortization. The Company will make amortized filings concurrently with
230 future pass-through filings.

231

232 ***b. CET Balancing Account Limitations***

233 **Q. Are there limitations on the accruals to the CET balancing account?**

234 A. Yes. Through August 2007, accruals to the CET balancing account are capped at a
235 cumulative 12-month total equal to 1% of the Company's total GS revenue (GS-1 and
236 GSS).

237

238 **Q. Are there limitations on the amortization of the CET balancing account?**

239 A. Yes. During the first year of the CET, amortizations of the CET balancing account are
240 capped at a cumulative 12-month total equal to ½ of 1% of the Company's total GS
241 revenues. Any remaining balance in the account will carry forward and will be amortized
242 in subsequent years.

243

244

245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265

c. CET 1-year Review

Q. Does the Settlement Stipulation define a schedule for review of the CET aspect of the Pilot Program?

A. Yes. The Settlement Stipulation states “During the first year of the Pilot Program, the Parties request that a Commission proceeding be held at which Parties will have the opportunity to propose alternatives to the CET to be in effect during the balance of the Pilot Program.” This review is called the 1-year Review.

Q. What is the purpose of the 1-year Review?

A. The 1-year Review allows the CET to go into effect for approximately one year so that parties can review the effects of full decoupling and continue to study and develop proposals on possible alternatives. The Parties agreed that it was beneficial to implement DSM now in advance of the winter 2006-2007 heating season rather than waiting for an additional period of time while parties study and refine alternative proposals. During the 1-year Review, any party may propose an alternative or alternatives or advocate continuance of the CET with or without limitations. The Company will provide available data with respect to the CET as requested by any other Party. Parties have agreed to cooperate in good faith with the provision of data, and the scheduling of proceedings to facilitate review of the CET and the proposal of other alternatives.

Q. Does the Settlement Stipulation provide dates by which certain events are to take place in connection with the 1-year Review?

266 A. The Settlement Stipulation proposes that the Commission schedule a technical conference
267 on or about April 18, 2007, so that the parties and the Commission can review the status
268 of potential alternatives or proposals to continue the CET. This will allow parties to learn
269 whether other parties plan to file written testimony or positions statements on alternatives
270 to or continuation of the CET. The Settlement Stipulation provides that any party
271 wishing to do so must file written testimony or position statements on alternatives to or
272 continuation of the CET by June 1, 2007. If no party makes such a filing, the Settlement
273 Stipulation provides that the CET will be discontinued on September 30, 2007.

274
275 Assuming one or more parties files written testimony or position statements by June 1,
276 2007, the Settlement Stipulation provides that the Company will request that the
277 Commission schedule a procedural conference within ten days following the filing of the
278 first of such filings. The parties agree to cooperate in scheduling proceedings resulting
279 from the filing or filings so that all evidence and argument is presented and the matter can
280 be submitted to the Commission for decision not later than September 14, 2007. The
281 parties agree to cooperate in good faith to expedite the process. The Parties anticipate
282 that the hearings in this proceeding would take place near the beginning of September
283 2007, so that a decision from the Commission could be made by the end of September for
284 how to proceed for years 2 and 3 of the Pilot Program.

285

286 *d. DSM Pilot Program*

287 **Q. Please describe the DSM aspects of the Pilot Program.**

288 A. The Parties agree that the Natural Gas DSM Advisory Group (DSM Advisory Group)
289 will collaborate with the Company in its filing an application no later than 60 days
290 following the date the Settlement Stipulation is approved requesting expedited approval
291 of DSM Programs. The Parties will work in good faith as members of the DSM
292 Advisory Group to recommend DSM Programs that will have an immediate benefit to
293 customers in the winter 2006-2007 heating season. In anticipation of Commission
294 approval of these DSM Programs, the Company will take all necessary and reasonable
295 steps to be able to execute such DSM Programs upon receiving Commission approval.
296 The Parties, as members of the DSM Advisory Group, also agree to continue to
297 collaborate with the Company in its filing for Commission approval of additional cost-
298 effective DSM Programs as soon as reasonably possible after Commission approval of
299 the first set of DSM Programs. The Company agrees to propose DSM Programs during
300 the first year with anticipated costs from \$2 to \$5 million. The Settlement Stipulation
301 provides that the DSM aspect of the Pilot Program will run for the entire three-year
302 period of the Pilot Program.

303

304 **Q. Will the Commission review and approve DSM programs and expenditures?**

305 A. Yes. The Company, with input from the DSM Advisory Group, will seek Commission
306 approval of DSM programs and expenditures. No DSM programs will be initiated
307 without prior Commission approval.

308

309

e. Accounting Orders

310 **Q. Assuming that the Commission approves the Settlement Stipulation, will the**
311 **Company need accounting orders to implement the Pilot Program?**

312 A. Yes. The Settlement Stipulation requests that the Commission issue accounting orders
313 establishing the CET balancing account and the DSM deferral account as requested in the
314 Joint Application and set forth in the proposed tariff sheets attached to the Stipulation.

315

316 **4. THE SETTLEMENT STIPULATION IS IN THE PUBLIC INTEREST**

317 **Q. Are there federal, state and industry calls for action that encourage state**
318 **Commissions to remove utility barriers to promoting DSM programs?**

319 A. Many state and national energy-policy groups are discussing and implementing
320 alternative rate designs or tariffs designed to promote energy efficiency and conservation.

321 The American Gas Association and the Natural Resources Defense Council issued a joint
322 statement to the National Association of Regulatory Utility Commissioners (NARUC)
323 recommending that public utility commissions consider “innovative programs that
324 encourage increased total energy efficiency and conservation in ways that will align the
325 interests of state regulators, natural gas utility company customers, utility shareholders,
326 and other stakeholders.” A copy of this statement is attached to the Joint Application as
327 Exhibit 1.1.

328 In its 2005 Fall meeting, NARUC adopted the “Resolution on Energy Efficiency and
329 Innovative Rate Design,” dated November 16, 2005. NARUC’s resolution recognizes
330 that energy conservation and efficiency are, in the short-term, the actions most likely to
331 reduce upward pressure on natural gas prices and that current forms of rate design may
332 tend to create a misalignment between the interests of natural gas utilities and their
333 customers.

334
335 On April 25, 2006, Governor Jon Huntsman announced the “Utah Policy to Advance
336 Energy Efficiency in the State.” This policy sets a goal to reduce energy consumption in
337 Utah by 20% by 2015. As part of the effort, the policy states: “State Government will
338 work with stakeholders to identify and address regulatory barriers to increased
339 deployment of energy efficiency.” Adoption of the CET will remove a regulatory barrier
340 to energy conservation and is consistent with Governor Huntsman’s policy.

341
342 In July 2006, the “National Action Plan for Energy Efficiency” was published. This
343 report is a plan developed by more than 50 leading organizations in pursuit of energy
344 savings and environmental benefits through electric and natural gas energy efficiency.

345 The report’s five recommendations are:

- 346 1. Recognize energy efficiency as a high-priority energy resource.
- 347 2. Make a strong, long-term commitment to implement cost-effective energy
348 efficiency as a resource.
- 349 3. Broadly communicate the benefits and opportunities for energy efficiency.

350 4. Promote sufficient, timely and stable program funding to deliver energy
351 efficiency where cost-effective.

352 5. Modify policies to align utility incentives with the delivery of cost-
353 effective energy efficiency and modify rate making practices to promote
354 energy-efficiency investments.

355 **Q. How does the Settlement Stipulation fit with the foregoing policy recommendations?**

356 A. The Settlement Stipulation is completely in accord with these recommendations. It
357 generally removes the regulatory barrier to Questar Gas's whole-hearted support of
358 energy efficiency measures. It provides initial funding for energy-efficiency programs,
359 includes provisions that will lead to expedited proposal of energy-efficiency programs
360 and contains a commitment to increase funding for energy-efficiency programs during
361 the first year of the Pilot Program.

362

363 **Q. Is there other evidence that supports a conclusion that adoption of the Settlement**
364 **Stipulation is in the public interest?**

365 A. Yes. With approval of the Settlement Stipulation, customers will benefit from a \$1.1
366 million rate reduction resulting from the initial CET amortization filing to be made
367 concurrently with the fall pass-through filing. Additionally, my testimony and Exhibit
368 SR1.4 shows that cost effective DSM programs can result in significant savings for all
369 customers, even those who choose not to participate in DSM programs.

370

371 **Q. Is approval of the Settlement Stipulation in the public interest?**

372 A. Yes. The Settlement Stipulation addresses the critical issues raised by numerous state,
373 federal and industry “calls for action” on the subject of energy efficiency. Specifically,
374 the Settlement Stipulation provides for limited barrier removal, adequate for the purposes
375 of the first year of the Pilot Program. The Settlement Stipulation provides for an
376 immediate rate reduction and provides a workable structure for the formulation, review,
377 approval, implementation and evaluation of the full decoupling mechanism and of energy
378 efficiency measures found to be in the public interest. The Settlement Stipulation utilizes
379 the collaborative process and allows the Company to fully engage in the pursuit of energy
380 efficiency.

381

382 **Q. In your two foregoing answers, you have qualified statements regarding whether the**
383 **Settlement Stipulation removes the barrier to Questar Gas’s disincentive to**
384 **implement energy-efficiency programs. Please elaborate.**

385 A. The limitations on CET accruals and amortization in the Settlement Stipulation could
386 continue to provide a disincentive to Questar Gas to whole-heartedly promote
387 conservation programs. If customer usage falls by more than one percent of GS
388 revenues, the limitations will prevent Questar Gas from recovering the full amount of
389 distribution non-gas costs that the Commission has found reasonable. However, the
390 limitations were necessary compromises to make certain other parties feel comfortable
391 with the Pilot Program during its first year. As noted in my prior answer, the Company
392 believes that even with the limitations, it will have adequate incentives to promote
393 energy-efficiency programs during the first year of the Pilot Program. Following the first
394 year, the Company is hopeful that others will recognize that the substantial savings to

395 customers available from reduced commodity costs from cost-effective DSM programs
396 overwhelm the possibility that increased distribution non-gas rates might be necessary to
397 allow the Company to recover expenses previously found just and reasonable by the
398 Commission. The Company is willing to go forward in good faith based upon the terms
399 and conditions of the Settlement Stipulation.

400

401

5. CONCLUSION

402

403 **Q. Based on the evidence filed in this case, do you believe the Commission can make a**
404 **determination that the Settlement Stipulation is just and reasonable and in the**
405 **public interest?**

406 A. Yes. The testimony of the witnesses for the Division, the Committee, the Company, Utah
407 Clean Energy and the intervenors establishes that the issues in this case were thoroughly
408 analyzed and that the Settlement Stipulation is the result of arms-length negotiations
409 among all parties. All of the testimony supports implementation of cost-effective DSM
410 programs. The Settlement Stipulation provides a means for this to happen. In addition,
411 the Settlement Stipulation is consistent with the policies recommended by the Governor's
412 Office and other state and federal policy makers to remove regulatory barriers to utility
413 participation in conservation programs and to promote cost-effective energy efficiency.
414 The evidence demonstrates that customers will realize significant benefits through
415 implementation of cost-effective energy-efficiency programs. For these reasons, I
416 believe the Settlement Stipulation is just and reasonable, and in the public interest and
417 should therefore, be approved and adopted by the Commission.

418

419 **Q. Does this conclude your testimony?**

420 A. Yes.

421 _____