BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY TO INCREASE DISTRIBUTION NON-GAS RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 07-057-13

DIRECT TESTIMONY OF BRENT A. BAKKER

FOR QUESTAR GAS COMPANY

December 19, 2007

QGC Exhibit 9.0

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Brent A. Bakker. My business address is 180 East 100 South, Salt Lake City, Utah.

Q. By whom are you employed, and what is your educational background and experience?

A. I am employed by Questar Gas Company (Questar Gas or Company) as a Senior Regulatory Affairs Analyst. I have worked for the Company for 20 years in various capacities. A summary of my education and experience is attached as QGC Exhibit 9.1.

Q. Attached to your written testimony are QGC Exhibits 9.1 through 9.5. Were these prepared by you or under your direction?

A. Yes.

Q. What is the purpose of your testimony in this Docket?

A. I will address proposed changes to the Company's Utah Natural Gas Tariff PSCU 400 (Tariff). I will specifically address proposed changes related to residential security deposits; an after-hours reconnection fee; gas purchases from interruptible transportation customers during interruptions, and monthly transportation imbalance cash outs; weather zones and calculation of normal weather; customer obligations regarding Company rights-of-way; and natural gas vehicle (NGV) equipment leasing.

II. RESIDENTIAL SECURITY DEPOSITS

Q. Please provide an overview of the Company's efforts to manage its residential uncollectible accounts.

A. The Company has taken numerous steps to manage its residential uncollectible accounts. Currently, Tariff § 8.03 allows the Company to collect a security deposit equal to one times the highest monthly charge at the premises over the last 12 months from a residential customer with poor credit. Poor credit is defined as a customer whose service has been terminated for non-payment or who has a history of payment delinquency with the Company. A residential customer may also be required to pay a security deposit if service is or has been obtained through fraud and/or service diversion, upon filing bankruptcy, or for refusal to provide valid identification.

The Company has also implemented new processes to augment its existing credit and collection policies and procedures. For example, the Company has initiated automated phone reminders to customers with delinquent accounts in addition to other mailed and hand-delivered notices. The Company is now hand-delivering 48-hour final notices year round instead of only during the winter months. The criteria for beginning a collection process have been modified in two ways. First, the minimum delinquent amount that triggers a collection process has been reduced from $75.00 to $25.00. Second, the Company begins the collection process once the minimum trigger amount is 60 days in arrears instead of waiting 90 days. New customers who miss their first past due date are now being contacted to verify mailing addresses as well as their intent to pay. The Company has also enhanced its customer information system to cross-reference current customers' information with delinquent account history. This allows the Company to identify customers who are responsible for delinquent balances and to transfer more uncollectible accounts to active accounts. These efforts by the Company reduce the amount of uncollectible accounts that are included in rates.

Q. Is the Company proposing changes to its security deposit policy that will further reduce the uncollectible accounts as well as require Tariff changes?

A. Yes, it is. The Company believes that charging security deposits to new customers, without a credit history with the Company, equal to the highest monthly charge over the last 12-month period at the premises for which the customer is requesting service, will significantly help to reduce bad debt expense.

Since the last general rate case, the Company has been carefully analyzing the characteristics of customers whose accounts are written off. The Company has learned that new customers account for over 40% of the number of write-offs. Page 1 of QGC Exhibit 9.2 is a graphical summary by age of write-off accounts from October 2006 through September 2007. This shows that 42% of write-offs during this period were from customers who had 12 months or less of history with the Company. Page 2 and page 3 of this exhibit show the age of residential write-offs for calendar years 2006 and 2005, respectively. These new customer write-offs are not necessarily preceded by poor payment history with the Company while the accounts are active.

This evidence shows that the Company can further reduce uncollectible accounts by collecting a security deposit from new customers without any credit history with the Company.

Q. Is the Company also proposing to change the security deposit policy for those customers who demonstrate poor credit?

A. Yes, the Company proposes to increase the required security deposit to two times the highest monthly bill for customers who have demonstrated poor credit.

Q. Why is the Company proposing this change?

A. The security deposit amount that currently can be collected does not compensate for the potential risk of losses that poor credit customers impose. While only a small percentage of customers will not pay their bills, arbitrarily limiting the deposit to the amount of the highest monthly bill does not adequately protect the majority of customers from amounts that may need to be written off. Table 1 below shows the strong correlation between the amount of poor-credit customers' write-offs and the Company's proposal.

Table 1

POOR CREDIT CUSTOMERS OCTOBER 2006 THROUGH SEPTEMBER 2007						
	(A) **Premises Type**	(B) **% of Number of Poor Credit Write-Offs**	(C) **% of Dollar Amount of Poor Credit Write-Offs**	(D) **Average Highest Monthly Charge**	(E) **Average $ Amount of Poor Credit Write-Off**	(F) **Average Proposed Deposit** (2 x Col. D)
1	Single-Family Dwellings	52%	63%	$151.00	$359.00	$302.00
2	Multi-Family Dwellings	42%	31%	$88.00	$216.00	$176.00
3	Mobile Homes	6%	6%	$110.00	$339.00	$220.00

The average proposed deposit amount for single-family dwellings and multi-family dwellings are much more in line with the amount of the respective average write-off. Although the average proposed deposit for mobile homes would only cover 65% of the average mobile home write-off amount, write-offs from this type of premises represent a small portion of all residential write-offs. Based on this current data, a deposit of two times the highest monthly charge would provide reasonable protection for the majority of customers who pay their bills.

Q. Is two times the highest monthly charge consistent with the Company's Wyoming jurisdiction?

A. Yes, the Company is allowed to collect a residential deposit in the amount of two times the highest monthly charge in its Wyoming jurisdiction.

Q. Has the Company reflected the proposed security deposit changes in its rate request in this case?

A. Yes, adjustments reflecting the proposed security deposit changes have been made by Mr. Curtis to decrease rate base and bad debt expense in the test year.

III. AFTER-HOURS RECONNECTION FEE

Q. Does the Company currently have an after-hours reconnection fee?

A. No, it does not.

Q. Is the Company proposing to establish an after-hours reconnection fee?

A. Yes.

Q. What is the reason for the Company's proposal to establish an after-hours reconnection fee?

A. An amendment to Public Service Commission (Commission) Rule 746-200 became effective July 25, 2006. Specifically, R746-200-6 (Reconnection of Discontinued Service) now states the following:

> A. Public utilities shall have personnel available 24 hours each day to reconnect utility service. Service shall be reconnected as soon as

possible, but no later than the next generally recognized business day after the customer has requested reconnection and complied with all necessary conditions for reconnection of service; which may include payment of reconnection charges and compliance with deferred payment agreement terms.

B. If a customer requests reconnection or other services outside of the utility's normal business days or hours of operation, the utility shall inform the customer of any additional charges or terms, as specified in the utility's tariff provisions, applicable to the customer's request.

Q. What is the Company's proposal regarding an after-hours reconnection fee?

A. The Company proposes an after-hours reconnection fee in the amount of $100.00. This is the amount a customer will pay to reconnect service outside of the Company's normal business days or hours of operation.

Q. How was the proposed after-hours reconnection fee determined?

A. First, the Company calculated the average cost per hour for a service technician's equipment and labor. This calculation showed that the average equipment rate is $34.14 per hour and the average labor rate is $40.93 per hour. After-hours reconnections will be most often performed by on-call service technicians. Table 2 shows the cost estimate for an after-hours reconnection performed by an on-call technician. When an on-call technician is called out, the Company pays the technician for a minimum of two hours at time-and-a-half, regardless of the amount of time the technician spends on the call out.

Table 2

AFTER-HOURS RECONNECTION FEE CALCULATION PERFORMED BY ON-CALL SERVICE TECHNICIAN					
	(A) **Component**	(B) **Rate per Hour**	(C) **Time (Hours)**	(D) **Overtime Multiplier**	(E) **Total** Col B x C x D
1	Equipment	$34.14	1	-	$34.14
2	Labor	$40.93	2	1.5	$122.79
3	**Total Cost**				**$156.93**

The Company-proposed $100.00 after-hours reconnection fee reflects a conservative initial approach to pricing this service.

Q. How often does the Company anticipate it will perform after-hours reconnections?

A. The Company has received occasional requests from customers over the last 5 years. In its Wyoming jurisdiction, the Company has offered a $100.00 after-hours reconnection since July 1, 2004, and has only provided this service on one occasion. Based on occasional requests in Utah and its Wyoming experience, the Company does not anticipate significant demand for this service. The Company estimates it will receive 15 to 20 requests annually for after-hours reconnections in its Utah jurisdiction.

Q. Has the Company made an adjustment to reflect the estimated revenue associated with after-hours reconnections?

A. Yes, a $2,000.00 increase is reflected in “fees for connecting gas service” shown on Mr. Curtis’ QGC Exhibit 5.23, Column H, Line 1.

IV. TRANSPORTATION SERVICE

Q. Please describe the Company’s proposed Tariff changes related to transportation service.

A. The Company proposes to modify Tariff language pertaining to the calculation of the volumes of gas required from interruptible transportation customers during periods of interruption. The Company also proposes to update cash-out provisions for monthly imbalances.

A. Interruptible Purchase Volumes

Q. Please describe the Company’s proposed Tariff change concerning the calculation of the volumes of gas required from interruptible transportation customers during periods of interruption.

A. Currently, as specified in item (4), under the sub-heading “Gas Purchase Arrangements During Periods of Interruption” in § 5.04, the Tariff allows the Company to require volumes from interruptible transportation customers equal to the average of the confirmed gas deliveries over the most recently completed three gas days. The Company proposes to use the average of the three most recently confirmed gas-day nominations to calculate the required volumes. This change will allow the Company to use more recent confirmed nomination data, thus more relevant to the interruption period, to calculate the volume of gas that it may require from an interruptible transportation customer.

B. Monthly Imbalance Cash Outs

Q. Please explain what a monthly imbalance is and the Tariff provisions related to such imbalances.

A. A transportation customer delivers gas from an upstream pipeline into the Company's distribution system to meet their daily usage requirements. When a customer's delivery, less fuel reimbursement, is more than the volume redelivered by the Company to the customer, the customer has over-delivered. An imbalance is the positive or negative difference between a customer's delivery and the Company's redelivery. Over-delivering, which creates a positive imbalance, is often referred to as "packing" the Company's system. Conversely, when a customer's delivery is less than the volume redelivered by the Company to the customer, an under-delivery has occurred. Under-delivering, which creates a negative imbalance, is often referred to as "drafting" the Company's system. A monthly imbalance is the sum of any daily over- and under-deliveries in a given month.

The Company allows for a ±5% volumetric monthly imbalance tolerance window for customer deliveries. Over the course of a 15-day period immediately following the close of the month in which an imbalance occurred, a customer is allowed to remedy any imbalance outside of the tolerance window through nominations or imbalance trading. At the end of the 15-day period, the Company is allowed to cash out any imbalance outside of tolerance, i.e. purchase a customer's over-delivery or sell gas to a customer that under-delivered. The price calculation for these imbalance purchases and sales, outlined in Tariff § 5.11, is as follows: 1) positive imbalances may be purchased by the Company for the lesser of the market index price or the Company firm commodity costs listed in Article 2 of the Tariff, each less \$1.00/Dth; and 2) negative imbalances will be sold to the customer for \$1.00/Dth plus the greater of the market index price or the Company firm commodity costs charge listed in Article 2.

Q. Please describe the Company's proposed Tariff changes regarding the imbalance cash out provisions.

A. There are two substantive changes proposed to § 5.11. First, the Company has defined a "transportation market index price" to be used in the calculation of imbalance cash outs. The definition specifies the relevant first-of-the-month index price to be associated with different locations at which the customers' supplies are delivered into the Company's distribution system. The Questar Pipeline Company index will apply to imbalances stemming from deliveries into the distribution system north of the Company's Indianola gate station. The Southern California Gas Company index will apply to deliveries at or downstream of Indianola. The Northwest Pipeline Corporation (Rocky Mountains) index will apply to deliveries in Grand and San Juan counties.

Second, the Company proposes to clarify which months apply to the determination of the purchase or sales price associated with monthly imbalance cash outs. If the Company is cashing out a positive imbalance, the calculated purchase price may reflect a commodity price associated with the month in which the imbalance occurred or the month following the month in which the imbalance occurred. If the Company is cashing out a negative imbalance, the sales price may reflect a commodity price associated with the month in which the imbalance occurred or the two months following the month in which the imbalance occurred.

Q. What is the purpose of the proposed Tariff changes regarding imbalance cash out provisions?

A. Transportation customers have adequate opportunity to remedy imbalances outside of the tolerance window. The Company's proposed changes address the timing and gas cost issues inherent in cashing out monthly imbalances, as well as provide these customers with appropriate signals to encourage staying within the tolerance window. The changes also eliminate the potential for customers to profit intentionally or unintentionally from being outside of tolerance and subsequently having their imbalances cashed out. There is no intent on the part of the Company to generate a "windfall" of any kind—simply to motivate the customers to stay in balance.

V. WEATHER DATA

A. Weather Zones

Q. What is a weather zone and how is a weather zone currently used by the Company?

A. A weather zone is an area of the Company's service territory for which representative weather (temperature) data is accumulated from a weather station to calculate heating degree days specific to the weather zone. Heating degree day data is then used in the calculation of the weather normalization adjustment (WNA) for GS customers. Currently, the Company uses the following three Utah weather zones: St. George—for customers in Washington County; Richfield—for customers south of Utah County, excluding Washington County; and Salt Lake City—for all remaining Utah and Idaho customers.

Q. What is the Company's proposal concerning weather zones?

A. The Company proposes to expand the number of weather zones. In addition to St. George, Richfield, and Salt Lake City, the Company proposes to use weather data for the following five areas: Logan, Park City, Vernal, Price, and Cedar City. The use of additional weather zones will allow the Company to use more localized heating degree day data in the calculation of WNA, and give the Company additional information to use in forecasting and planning.

QGC Exhibit 9.3 is a map of Utah that identifies each weather zone. The Company proposes to make the following exceptions to the general rule that an entire county will be part of only one of the weather zones: 1) assign Enterprise, Veyo, Dammeron Valley, Diamond Valley, Kanarraville and New Harmony to the Cedar City weather zone rather than St. George; and 2) assign Huntsville, Eden, Liberty and Nordic Valley to the Park City weather zone rather than Salt Lake City. These exceptions will facilitate the use of weather data for these communities that better represents their weather patterns. Also, Franklin and Preston, Idaho, (not shown) will be assigned to the Logan weather zone.

Q. Has the Company evaluated the impact of adding weather zones upon its temperature-adjustment and weather normalization results?

A. Yes. The Company's analysis shows no statistical difference will be observed in the Company's overall temperature-adjustment and weather-normalization results if eight weather zones are used in place of the original three. However, the Company expects at times a stronger correlation will exist between individual customers' usage and weather data calculated from a more proximate location.

B. Weather Normals

Q. In previous general rate cases, the Company has updated the calculation of weather normals, i.e. normal heating degree days. Is such an update being proposed in this case?

A. Yes. Years ago, the update of normal heating degree days was scheduled to occur at the end of each decade. However, the Company's approach in Docket No. 02-057-02, as well as other previous general rate cases, has been to update weather normals as a part of each general rate case. In this case, normal heating degree days have been calculated for each of the eight weather zones listed above for a 30-year period from January 1, 1977, through December 31, 2006. QGC Exhibit 9.4 shows monthly normal heating degree days for each weather zone, based on the updated normal weather data. Mr. Robinson has used forecasted Dth usage that reflects these updated weather normals in the rate design calculations.

VI. RIGHT-OF-WAY AND ENVIRONMENTAL ISSUES

Q. What is the basis for the Company's proposed Tariff changes to the customer's obligations regarding Company rights-of-way?

A. Development and growth in the Company's service territory is making it more difficult for the Company to protect or obtain rights-of-way for its existing and planned facilities. The Company is encountering more frequently encroachments upon Company rights-of-way. Additionally, demand is increasing for Company facilities to be installed on properties where there are environmental hazards. The Company proposes Tariff changes that will better protect the Company's rights-of-way.

Q. Please explain the proposed changes to § 7.04, Customer Obligations Regarding Rights-of-Way.

A. The current language requires each customer to "make available or procure satisfactory conveyance to the Company of a right-of-way for the Company's pipes and apparatus across and upon the property owned and controlled by the customer necessary or incidental to the furnishing of service." The proposed changes, incorporated into a new section immediately following § 7.04, clarify the initial, as well as on-going, customer obligations to protect the Company's rights-of-way from unacceptable encroachment or hazardous materials. These requirements have been the basis of the Company's right-of-way policies for many years. By putting these specific requirements in the Tariff, the Company will be better able to enforce these requirements and to protect its pipelines and facilities.

Q. Are there other reasons for the proposed changes?

A. Requests are becoming more frequent for Company facilities to be installed on lands where there are unsafe or hazardous conditions. To safely install, operate and maintain facilities under such conditions is very costly. Currently the Company may be obligated to serve developers or other customers, whose property may be contaminated. Costs associated with service to these customers are often borne by the Company, and ultimately all customers. The Company believes that these costs are the responsibility of the developer or customer who is seeking natural gas service. Under the proposed Tariff language, the Company can require the associated obligations of environmental remediation to be borne by the customer, rather than imposing these costs on all other customers. The proposed Tariff provisions will also protect the Company and its customers where a condition exists on the customer's land, whether prior to or subsequent to the granting of a right-of-way, which is unsafe or hazardous, or presents an unacceptable environmental risk or liability. In that instance, the proposed language allows the Company to discontinue service or refuse to install facilities for new service to the customer until the unacceptable environmental condition has been satisfactorily remedied.

VII. NATURAL GAS VEHICLE (NGV) EQUIPMENT LEASING

Q. Is the Company proposing any changes to the NGV equipment lease program that was originally approved by this Commission in Docket No. 92-057-14?

A. Yes, this portion of the Tariff was originally implemented to help "jump-start" the use of natural gas as an alternative fuel for vehicles and to promote the development of the refueling infrastructure necessary to serve the local NGV market. This jump-start is no longer needed. The refueling infrastructure is in place, and customers are able to purchase NGV equipment and procure related services from other parties. The Company proposes to eliminate its NGV equipment lease program on a going-forward basis.

Q. Has the Company had any customers lease NGV equipment recently?

A. No, there has not been a new NGV lease agreement for over 7 years.

Q. Does the Company currently have any NGV equipment leases with customers?

A. Yes, the Company currently has NGV equipment leases with eight customers. The Company will continue to honor the terms of these NGV equipment leases.

Q. Will removal of NGV equipment leasing from the Tariff affect the NGV rate schedule?

A. No, the NGV rate will not be affected by this change.

VIII. TARIFF

Q. Have you prepared an exhibit showing the proposed Tariff changes from your testimony and that of other Company witnesses?

A. Yes, attached as QGC Exhibit 9.5 are the affected Tariff pages in both legislative and final format. These pages not only reflect changes addressed by Company witnesses in direct testimony, but also include minor changes intended to clean-up and clarify existing language. Tariff sections affected only by section renumbering have not been included in QGC Exhibit 9.5. The Company will meet with interested parties to review Tariff changes.

Q. Does this conclude your testimony?

A. Yes.

State of Utah)

) ss.

County of Salt Lake)

I, Brent A. Bakker, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

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Brent A. Bakker

SUBSCRIBED AND SWORN TO this ___ day of December 2007.

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Notary Public