

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the)
Investigation and the) Docket 08-057-11
Consolidation of Dockets)
of the Formal Complaints)
Against Questar Gas)
Company Relating to)
Back-Billing.)

TRANSCRIPT OF HEARING PROCEEDINGS

TAKEN AT: Public Service Commission
 160 East 300 South, Room 403
 Salt Lake City, Utah

DATE: October 22, 2008

TIME: 9:32 a.m.

REPORTED BY: Kelly L. Wilburn, CSR, RPR

(October 22, 2008 - QUESTAR GAS - 08-057-11)

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1 Are there any preliminary matters we need to
2 discuss before we take appearances? Ms. Schmid?

3 MS. SCHMID: The proponents have discussed
4 amongst their selves and would like to suggest that
5 the Division proceed first because the Division
6 prepared the report. However, the proponents
7 certainly are prepared to go in any order the
8 Commission wishes.

9 CHAIRMAN BOYER: Will there be any objection
10 to beginning with the Division of Public Utilities,
11 inasmuch as they did do the report? Very well, we'll
12 do that.

13 Mr. Proctor?

14 MR. PROCTOR: Yeah, Mr. Chairman, and the
15 Company would follow the Division. That was our
16 thought. Of course it's entirely up to you.
17 Ms. Wolfe, on behalf of Salt Lake CAP, informed the
18 Committee this morning that she was unable to attend
19 today.

20 They are signatories to the stipulation. And
21 she had filed comments, but she asked that we, we
22 request that she be excused.

23 CHAIRMAN BOYER: Very well. She will be
24 excused. We'll miss her, but we'll proceed without
25 her then.

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1 Okay, having taken care of those items --

2 MR. BALL: Chairman?

3 CHAIRMAN BOYER: Oh, I'm sorry. Mr. Ball?

4 MR. BALL: Yes. One little thing, if you
5 wouldn't mind. I'm not, I'm not seeing any of the
6 formal complainants with whom I'm personally
7 acquainted here in the room at this stage.

8 But I, I do wonder, just in case there might
9 be one somewhere, is it the Commission's intention to
10 have the formal complainants speak, if they wish to do
11 so, during the main part of the hearing or during the
12 public witness part of the hearing?

13 CHAIRMAN BOYER: Actually, we hadn't
14 discussed that. I'm open to suggestion. We do have
15 some time constraints, in as much as we've scheduled
16 the day for hearing. We will have to take a lunch
17 break at some point.

18 We'll have to take periodic rest breaks. And
19 we do have the two public witness periods. But I
20 suspect that it's -- if time permitted and formal
21 complainants did appear, we could hear them in the
22 case in chief.

23 Okay. With that, let's begin with taking
24 appearances then. Let's begin with -- the Division, I
25 guess, is gonna be driving the bus this morning. At

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1 least starting out driving.

2 MS. SCHMID: Thank you. Patricia E. Schmid,
3 with the Attorney General's Office, on behalf of the
4 Division of Public Utilities.

5 CHAIRMAN BOYER: Thank you, Ms. Schmid. And
6 for Questar Gas?

7 MS. BYDE: Jenniffer N. Byde and Colleen
8 Larkin Bell for Questar Gas Company.

9 CHAIRMAN BOYER: Would you spell your name
10 for the record, please?

11 MS. BYDE: Sure. Jenniffer is spelled
12 J-e-n-n-i-f-f-e-r, N, as in "Nancy," and then Byde is
13 spelled B-y-d-e.

14 CHAIRMAN BOYER: Thank you Ms. Byde.
15 Mr. Proctor?

16 MR. PROCTOR: Thank you. Paul Proctor on
17 behalf of the Committee of Consumer Services.

18 CHAIRMAN BOYER: And Mr. Ball?

19 MR. BALL: Roger Ball, appearing in
20 accordance with Utah Administrative Code R746-106-B,
21 on behalf of the Utah Ratepayers Association, of which
22 I am the moderator and chancellor.

23 The Association is registered with the Utah
24 Division of Corporations as a nonprofit. And
25 determined by the Internal Revenue Service as exempt

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1 from Federal Income Tax under Section 501(c)(4) of the
2 Internal Revenue Code as a social welfare
3 organization. Thank you.

4 CHAIRMAN BOYER: Thank you, Mr. Ball. And
5 then there's a gentleman to your right.

6 MR. BALL: Oh, oh. Mr. Horman is sitting
7 here as an advisor.

8 CHAIRMAN BOYER: Okay, great.

9 MR. BALL: He happens to be a member of the
10 Council of Governors of the Utah Ratepayers
11 Association.

12 CHAIRMAN BOYER: Very well, welcome.

13 Okay, I think we've covered all the
14 preliminary matters. Let's begin hearing testimony
15 from the proponents of the settlement stipulation.
16 Ms. Schmid?

17 MS. SCHMID: Thank you. The Division would
18 like to call --

19 CHAIRMAN BOYER: Oh. Beg your pardon, there
20 is one. Commissioner Allen has to make a disclosure
21 here that he wishes to make on the record before we
22 commence.

23 COMMISSIONER ALLEN: Thank you, Mr. Chair.
24 In the interest of full public disclosure I just want
25 to be clear that I've been informed by my homeowners

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1 association for my small condo, which is not a primary
2 residence, that they may be a party in this hearing.
3 And that the amount is relatively small. So I just
4 wanted to assure parties that I can be completely fair
5 and impartial. Thank you.

6 CHAIRMAN BOYER: Thank you, Commissioner
7 Allen.

8 Back to you now, Ms. Schmid.

9 MS. SCHMID: Thank you. The Division would
10 like to call Dr. Phil Powlick to the stand as its
11 first witness.

12 CHAIRMAN BOYER: Dr. Powlick, have you been
13 sworn in these proceedings? I guess you have not.

14 DR. POWLICK: I have not.

15 CHAIRMAN BOYER: This is the first proceeding
16 in this case.

17 (Dr. Powlick was sworn.)

18 CHAIRMAN BOYER: And the microphone works.
19 You do have to push a button, and the green light --

20 THE WITNESS: It's on.

21 CHAIRMAN BOYER: It is on.

22 THE WITNESS: I was trying to get my chair to
23 sit so that I'm not at the kid's table.

24 CHAIRMAN BOYER: Make yourself comfortable.

25 THE WITNESS: I think it's not going to work

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1 today.

2 Good morning. My name is Phil Powlick. I'm
3 the Director of the Division of Public Utilities.

4 MS. SCHMID: Pardon me, I do have some
5 preliminary questions.

6 THE WITNESS: Ah.

7 MS. SCHMID: It's always good to have an
8 eager witness. It was a surprise, I have to get
9 focused.

10 PHILIP J. POWLICK,
11 called as a witness, having been duly sworn,
12 was examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MS. SCHMID:

15 Q. Dr. Powlick, could you please give your full
16 name and business address for the record?

17 A. Philip, with one "l," Powlick, P-o-w-l-i-c-k.
18 Division of Public Utilities, 130 East 300 South, Salt
19 Lake City.

20 Q. In what capacity are you employed by the
21 Division of Public Utilities?

22 A. I am its director.

23 Q. Could you please, in a sentence or two,
24 describe the responsibilities of the director?

25 A. Overseeing the operations of the Division.

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1 Policy decisions, policy work, et cetera.

2 Q. Thank you. Dr. Powlick, did you participate
3 in the preparation of the report dated July 18, 2008,
4 entitled: "Docket No. 08-057-11, In the Matter of the
5 Investigation and the Consolidation of Dockets of the
6 Formal Complaints against Questar Gas Company Relating
7 to Back-Billing, Division Report, Transponder
8 Pre-Divide Exceptions and Back-Billing Issues," which
9 was submitted and filed with the Utah Public Service
10 Commission and to the service list?

11 A. I did.

12 Q. This report the Division would like to
13 premark for identification as DPU Exhibit 1. It has
14 previously been filed in this docket and a copy has
15 been given to the court reporter. The Division would
16 like to move the admission of the so-described DPU
17 Exhibit 1.

18 CHAIRMAN BOYER: Pardon my pratfall. The
19 wheel came off of my chair.

20 MS. SCHMID: Let's hope it's not indicative.

21 CHAIRMAN BOYER: Thank you, Ms. Schmid.
22 Okay, the report is in the record. Are there any
23 objections to its admission as evidence in this
24 proceeding? Very well, it is admitted into evidence.
25 If you'll bear with me one moment.

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1 (Exhibit No. DPU 1 was admitted.)

2 (Pause.)

3 CHAIRMAN BOYER: I think I've heard rumors on
4 the street that the wheels were falling off the
5 Commission, and so there we have evidence of that
6 fact.

7 Okay. Pardon the interruption, Ms. Schmid.
8 You may proceed.

9 MS. SCHMID: Thank you. So in addition to
10 moving for the admission of what has been marked as
11 DPU Exhibit 1, the Division would like also to also
12 ask Dr. Powlick a couple of questions about a report
13 that will be premarked for identification as DPU
14 Exhibit 2. It is the Appendix A to the Division
15 report that was filed with the Division report.

16 Q. (By Ms. Schmid) Dr. Powlick -- Powlick, did
17 you prepare -- participate in the preparation of this
18 as well?

19 A. Yes.

20 MS. SCHMID: The Division would also like to
21 move the admission of what has been premarked for
22 identification as DPU Exhibit No. 2.

23 CHAIRMAN BOYER: Thank you, Ms. Schmid. Any
24 objections to the admission of DPU Exhibit 2 into
25 evidence? Very well, it is admitted as well.

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1 MS. SCHMID: Thank you.

2 (Exhibit No. DPU 2 was admitted.)

3 Q. (By Ms. Schmid) Dr. Powlick, have you
4 prepared a summary?

5 A. I have.

6 Q. Please proceed.

7 A. Good morning Commissioners. I'm appearing
8 this morning on behalf of the Division of Public
9 Utilities to support the settlement stipulation that
10 was signed by the Division, Questar Gas, the Committee
11 of Consumer Services, and Salt Lake Community Action.

12 Before I get into the stipulation
13 specifically I'd like to provide the Commission with
14 updated information. Information that's become
15 available since the report, to which other parties
16 have had access. Basically the supplemental
17 information helps bring you up to date in what we've
18 learned since the report came out, and also provides
19 context for the settlement stipulation itself.

20 After that I'll summarize the stipulation.
21 And conclude by explaining why the Division believes
22 that the settlement is just, reasonable, and in the
23 public interest.

24 The original DPU report of July 18th was
25 based upon information on VRT pre-divide errors that

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1 were -- that was made available by Questar Gas on
2 May 16th in response to the joint data request from
3 the Division and the Committee.

4 You may recall that there were two types of
5 transponders installed as part of the automated meter
6 reading program: The older 3.4 model, which has been
7 found to have many fewer errors; and the more recent
8 VRT model, which has been responsible for the majority
9 of the pre-divide errors.

10 When the Company discovered that the VRT
11 models had the greater number of problems, they put
12 their emphasis on discovering those errors first. And
13 so we had the majority of that information when we
14 were preparing the report, but the inspections were
15 not yet complete.

16 And we also had relatively little information
17 on the 3.4 transponders as well. So the report
18 reflects primarily the data that were available on
19 May 16th, with some additional data as they came out
20 with data requests.

21 During this interim period the Company has
22 finished the remote querying of these VRT
23 transponders, so we now have all of the pre-divide
24 error data from that model. We do not have all of the
25 data yet from the 3.4 models, and I'll go into that in

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1 a little bit.

2 But we now know, at least with the VRT
3 models, the over number of -- the overall number of
4 customers affected and the dollar amounts involved.
5 So if I could ask my counsel to distribute this
6 exhibit that I've prepared today. It's based on
7 information that all of the parties have had access
8 to.

9 Also, some of the numbers in it have been
10 quoted in the news media. And that's another reason
11 why I'd like you to see where those numbers have come
12 from, so that, so that you're not thinking it was
13 completely out of the blue.

14 In the original DPU report there were 517
15 identified pre-divide errors from the VRT models. Of
16 those errors, 488 were underbillings and 29 were
17 overbillings. The large ratio of underbilled meters
18 was due primarily to the fact that Questar put
19 emphasis on finding the so-called American 2-foot
20 meters first.

21 Those were the meters that, when compared
22 with the transponders, showed the highest frequency of
23 errors. So early on in their, in their program it's
24 those underbilled 2-foot meters that, that showed the
25 most number of occurrences. And that's reflected in

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1 the original report.

2 As the remote querying of VRT transponders
3 progressed, all of the meters with VRT transponders
4 were checked, both 1-foot and 2-foot. So the updated
5 data that you see here includes much larger numbers of
6 1-foot pre-divide errors than was in the original
7 report.

8 Recall that the 1-foot pre-divide errors will
9 generate a result in an overbilling rather than an
10 underbilling. In total, since the DPU report, an
11 additional 163 VRT pre-divide errors have been found.
12 And of those, 73 were underbillings and 90
13 overbillings.

14 Now, in the exhibit that I just had
15 distributed to you, the far-right column represents
16 our most recent information. I did not include the
17 overbills in this. The overbills, when they're
18 discovered, are repaid with interest and aren't really
19 in dispute, at least with regard to the stipulation.

20 So the total number of underbillings now from
21 VRT transponders is 561, as shown in the exhibit. The
22 total amount underbilled from those VRT transponders
23 is, as you see, about 1.03 million. That is the final
24 number at this stage.

25 If cust -- if these customers were

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1 back-billed for six months, as the proponents of the
2 stipulation are suggesting today, the amount collected
3 would be \$217,985. That's based on the Company's
4 billing records, and I believe that that is accurate.

5 The original DPU report dealt only with the
6 VRT transponders, as I've indicated. Shortly before
7 the report was completed there was a response to one
8 of Mr. Ball's data requests that reminded us that the
9 3.4 transponders are also involved in this case to the
10 extent that there are pre-divide errors.

11 The errors in those transponders have been
12 found through a separate inspection program. The VRT
13 errors were found through remote radio-based
14 interrogations of those instruments. The 3.4
15 transponder errors have been found as a result of the
16 so called MTIP, or Meter and Transponder Inspection
17 Program, which is a manual inspection of all of the
18 meters that have been -- that are in the Questar
19 system.

20 As you might imagine, that's a timely -- or
21 that's a time-consuming process the Company initiated
22 when it had completed installing the transponders.
23 It's not estimated that they're going to be finished
24 with all of those until the end of 2009. To this
25 point they've got about a third of those inspections

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1 completed.

2 And in response to one of Mr. Ball's data
3 requests it was shown that there were some errors on
4 those older 3.4 models that essentially mimic the
5 pre-divide errors that we found on the VRT
6 transponders.

7 The reason for this particular kind of error
8 is an incorrect setting of magnets inside the
9 transponder itself, where it will spin at a different
10 rate if it doesn't have the correct number of magnets.
11 And therefore, while the indicator index on the meter
12 itself will show the right number, as with the VRT
13 problem, the transponder will transmit incorrect data.

14 So as you see on lines 6 and 8 of the
15 exhibit, to date, with about a third of all of the
16 meters found, there have been seven pre-divide errors,
17 we're calling them. They're not the same as the VRT,
18 but they, they have the same result. That is, an
19 underbilling by exactly one-half.

20 And the data that the Company provided in
21 response to Mr. Ball's data request showed that there
22 have been seven of these to date, accounting for just
23 under \$16,000. And the back-billing, if it were six
24 months, would be a little over \$2,000.

25 One thing to be pointed out here is that

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1 because the 3.4 models were installed first, they've
2 been in place the longest. And therefore the
3 back-billing amounts -- or I should say the
4 underbilling amounts per account are much higher than
5 we see in the VRT transponders, which have been on for
6 a shorter period of time. And that's why you see that
7 very high ratio of underbilled amounts to the amount
8 to be recovered through six month back-billing.

9 Now, in thinking about and framing the
10 stipulation the parties considered likely additional
11 discovery of 3.4 pre-divide errors. And knowing that
12 a third of the MTIP inspections have been completed,
13 we did an approximation, a forecast, an estimate --
14 choose your noun -- of what we might see as the MTIP
15 program went forward.

16 And so lines 10 through 12 just show a
17 forecast. Assuming that the error rates continue to
18 be found at the rate that they have -- and we have no
19 reason to think that they won't -- we expect that
20 there would be about 21 pre-divide errors from these
21 3.4s. About \$47,000 in underbillings. And about
22 6,000 that could be recovered through back-billing.

23 Remember, those are rough estimates. We --
24 they're ball bark. We don't expect them to be exactly
25 correct. And at the end of the MTIP program the

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1 Company will, in the stipulation, provide us with
2 information about what those final numbers were.

3 So if you then move to lines 14 and 17 of the
4 exhibit you see are estimated totals that include what
5 we know about the VRT -- and those VRT numbers are
6 final -- 3.4 transponder numbers to date, and forecast
7 for 3.4 model transponders. In the estimation about
8 580 underbillings in the end will probably be found,
9 resulting in about \$1.08 million underbilled. And
10 back-billing will recover about \$224,000.

11 Again, those numbers will change. But they
12 are reasonably close to what we've think are gonna be
13 the final numbers. And again, I provide you with
14 these numbers to frame the settlement itself. As you
15 look at the distribution of the cost between the
16 Company, customers overall, and the back-billed
17 numbers -- the back-billed customers.

18 So with that, let me summarize the
19 stipulation itself for the record, and then talk about
20 why the Division signed it and supports it. Under the
21 terms of the stipulation, customers who were
22 underbilled due to pre-divide-related problems should
23 be back-billed no more than six months prior to the
24 time the specific error was discovered.

25 And such customers will have at least one

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1 year to repay back-billed amounts. The stipulation
2 also requires that customers who can establish a
3 hardship in repaying within one year will be allowed
4 to repay over a greater period of time, subject to
5 negotiation with Questar Gas.

6 Interest will not accrue on those back-billed
7 amounts during those payback periods and has not
8 accrued to date. These back-billing provisions are to
9 apply to both formal complainants in this case, and
10 those who have not filed a complaint but who've been
11 affected by the underbilling and back-billing.

12 All of these customers, however, retain their
13 right to either initiate or continue formal complaints
14 to the extent that they feel the settlement has not
15 resolved their individual issues. Under the
16 settlement Questar will absorb \$480,000 of the revenue
17 lost from the underbilling.

18 The Division will audit and verify to ensure
19 that the total of \$480,000 is absorbed as
20 below-the-line costs. The Company will also make a
21 new tariff filing to modify its existing Tariff 8.02
22 to require no more than six month back-billing for
23 future transponder errors, and to allow up to one year
24 without interest to pay back-billed amounts.

25 And finally, under the settlement the Company

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1 is required to submit a report to the Commission upon
2 the completion of the first round of its MTIP program
3 that will show the final results of the inspections,
4 the number of underbills, the transponder errors,
5 et cetera.

6 The Division believes that this settlement
7 represents a just and reasonable conclusion for this
8 case. Our reasoning for this conclusion is based
9 largely upon the analysis set forth in our July 18th
10 report, and upon subsequent events.

11 So let me talk about why we feel this is just
12 and reasonable. First with regard to the back-billing
13 provisions. The DPU report laid out what we see as
14 the legal options available for back-billing under
15 existing Commission rules and under Questar tariffs.

16 Options were essentially limited to six
17 months for a "slow registering meter," or 24 months
18 for all other errors. Our analysis, based upon we
19 felt -- what we felt was a commonsense reading of the
20 relationship between a meter and a transponder, was
21 that six months was the appropriate back-billing
22 period in this case.

23 Aside from these legal limits, we also feel
24 the six month back-billing is just and reasonable on
25 its own merits. The settlement represents a balancing

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1 of many interests. We believe that fairness, not to
2 mention the legal rules and precedent, require that
3 customers that use the gas at issue should pay for at
4 least some share of it.

5 To permit all back-billed customers to waive
6 payment for all of the back-billed amounts would be
7 discriminatory to other ratepayers. It could even be
8 argued that limiting the back-billing to six months,
9 rather than having these customers pay for the full
10 amount of the gas they use, is also discriminatory.

11 However, the Commission has established
12 limits to back-billing time periods in order to avoid
13 imposing excessive burdens upon the individuals
14 affected. And those limits, in the form of the six
15 month or 24 month back-billing options, have been
16 upheld by the courts.

17 So the DPU feels that the 24 month
18 back-billing option in this case would impose a very
19 large burden on the affected customers. Under
20 existing rules these customers' prior bills before the
21 errors were found would be doubled for up to 2 years.

22 The total amount -- the total estimated
23 amount that back -- ratepayers at large will recover
24 through a six month back-billing is shown on line 17
25 of the exhibit. As I indicated before, that's about

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1 \$224,000.

2 The Division's report also proposed
3 increasing the repayment period to one full year. In
4 our report we noted that there is an inconsistency
5 between the Commission rules and the Questar tariff,
6 whereby the Commission rules set six month -- six
7 months as a minimum period for repayment, and the
8 Questar tariff had six months as the only option.

9 So we recommended allowing a year in order to
10 avoid imposing excessive burdens, particularly upon
11 those with fixed incomes. And this one year for the
12 payback is consistent with existing Commission rules.
13 The settlement also applies these back-billing
14 provisions on a going-forward basis.

15 Questar tariff -- the Questar tariff will
16 be -- the Company will file to change that. And this
17 will apply equal and fair treatment to future cases
18 with similar problems.

19 Making an allowance for customers to take
20 longer than a year to pay when there is shown hardship
21 is a new provision that we did not include in the
22 report, but we think it's a positive addition that
23 will ensure against imposing unreasonable burdens on
24 customers with limited ability to increase their
25 utility payments.

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1 Of course we've not precluded the rights of
2 those who have or may file formal complaints. The
3 agreement allows them to pursue their individual
4 cases. If special circumstances argue for a
5 resolution that is different from the settlement, they
6 have the opportunity to make their cases to you.

7 Now on to the \$480,000 amount that the
8 Company will pay, and the overall distribution of
9 costs. Under the agreement Questar will absorb
10 \$480,000 as below-the-line losses. A breakdown of the
11 estimate of that is shown on lines 20 through 22 of
12 the exhibit that we've distributed.

13 In the original report we estimated about
14 \$98,000 had already been lost by the Company in the
15 form of distributed natural gas costs that were not
16 collected during the period before the conservation
17 enabling tariff, or CET.

18 Of course after the advent of the CET in July
19 of '06, underbilled amounts would have been rolled
20 into the amortization for the CET, and so the Company
21 wouldn't bear the losses of those underbilled amounts.
22 The estimate now with the new information is that the
23 Company has already absorbed about \$150,000 in lost
24 G -- DNG revenues.

25 That is an estimate at this point. That will

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1 only -- the final number on that will only be known
2 once the detailed individual customer accounting has
3 been done. Once that is done, then the Company will
4 make accounting adjustments to the appropriate
5 commodity and DNG balancing accounts.

6 In the end, that \$480,000 is a fixed number.
7 That will be lost to the Company as a result of this
8 settlement. The DPU believes that the overall
9 allocation of the costs of the underbilled amounts in
10 this case is just and reasonable. And again, our
11 July 18th report lays a foundation for that.

12 We examined several key aspects or decision
13 points involving the transponder program. We found
14 that the decision to deploy was reasonable, and likely
15 to save ratepayers several million dollars per year.
16 It also significantly reduced billing errors by
17 roughly three-quarters from what they had been before
18 under manual reading.

19 We also looked at the switch from VRT -- I'm
20 sorry, from 3.4 to VRT models. We found that to be
21 reasonable. We looked at the procedures for
22 installing transponders. We found that less than 1 in
23 1,000 showed pre-divide errors, and therefore that was
24 reasonable.

25 Actions taken by the Company after the

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1 discovery of the problems and when they realized the
2 nature of the problem we found also to be appropriate.
3 The remote interrogations of VRT transponders led to
4 quick discovery. And the new software that was
5 developed even after that -- those queries began
6 speeded the effort and therefore reduced the
7 back-billing involved.

8 However, we did fault the Company in two
9 related regards: One, the time it took to discover
10 the pre-divide problem in general. And two, the
11 inability to detect 50-percent decreases in individual
12 billed gas amounts.

13 However, we did suggest that it was also
14 unreasonable to have expected the Company to have
15 quickly detected all pre-divide errors simply based
16 upon billing patterns.

17 For example, new buildings that had no usage
18 history accounted for about 30 percent of the
19 pre-divide errors. And it's not reasonable, we feel,
20 to expect that the Company, through its billing
21 software, should have found that mistake.

22 We also found that transponders installed
23 during low usage periods may have taken longer to
24 discover until wintertime came and the billing pattern
25 became apparent. We thus recommended that the

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1 Commission hold the Company responsible for a portion
2 of the underbilled amounts, but not the entire cost.

3 And we based that determination upon what the
4 Company reasonably could have known and could have
5 done. We didn't make a final recommendation, largely
6 because the final numbers for the VRT program not been
7 completed, nor had the MTIP. But we believe that the
8 distribution of costs in the stipulation is just and
9 reasonable.

10 Of the \$1.08 million that you see on the
11 exhibit for the estimated total underbilling, as I
12 say, 480,000 is to be absorbed by Questar. That is a
13 set number. About \$224,000 will be paid by
14 back-billed customers under the settlement. The exact
15 number will be known once the MTIP program is
16 complete.

17 This back-billing recognizes that these
18 customers had the benefits of using the gas. And it's
19 consistent with Court and Commission precedent that
20 indicate that some back-billing must take place.
21 However, six month back-billing does not impose a
22 heavy burden of lengthy and steep payments of the
23 nature that 24 months would have.

24 The remaining amount of underbilled dollars
25 uncollected -- 377,000, roughly -- will be absorbed by

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1 ratepayers at large under the terms of the settlement.
2 Again, this is an estimate at this stage. These
3 under-collections in commod -- have already
4 essentially been paid through adjustments to commodity
5 and DNG accounts. There may still be a small amount
6 that is still being paid through the latest
7 amortizations in those accounts.

8 The estimated cost per ratepayer resulting
9 from this is 42.8 cents. And this is one time. This
10 is not an annual change in rates. On a percentage
11 basis, the costs absorbed are 44 percent to Questar,
12 21 percent to underbilled customers, and 35 percent to
13 ratepayers at large.

14 The issue will be raised -- has already been
15 raised -- of whether it's just and reasonable for
16 ratepayers at large to bear any of these costs. We
17 feel that ratepayers have had the benefit of this
18 transponder program.

19 The cost of the transponders plus
20 installation has come out to \$37 million, roughly.
21 The annual labor savings from avoiding the manual
22 reading of meters is about \$5.3 million. A good
23 payback, and a customer savings that will be ongoing.

24 In addition, billing errors have been reduced
25 significantly. We feel that some degree of human

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1 error is to be expected in any human undertaking. It
2 is unreasonable that ratepayers should pay for the
3 cost of -- I'm sorry. It is reasonable that
4 ratepayers should pay for the cost of errors so long
5 as, one, these errors are reasonable and few, and two,
6 the costs are not great.

7 In this stipulation the cost to ratepayers of
8 this error represents a 1 percent increase in the
9 overall cost of the transponder program. As
10 regulators we feel that we need to keep in mind
11 cost/benefit tradeoffs involved in programs such as
12 this.

13 Could we insist on perfection in this program
14 and other meter reading programs? Yes. But we need
15 to consider at what cost to rates. Or at what cost to
16 the rate of return of the Company. If we disallow the
17 Company to recover all costs of errors, what are the
18 implications to their authorized return on equity?

19 Questar under the settlement is absorbing
20 nearly half of the cost of the errors in question. We
21 feel that is just and reasonable. We feel it is just
22 and reasonable that ratepayers at large absorb a
23 one-time 43 cent increase, in order to real realize a
24 \$6 per-customer annual savings that come from the
25 transponder program.

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1 In conclusion, the Division feels that it is
2 just and reasonable and in the public interest that
3 the Commission accept this settlement, and we urge you
4 to do so. Thank you.

5 MS. SCHMID: The Division would also like to
6 move the admission of the exhibit referenced by
7 Dr. Powlick -- Powlick. And may we mark that for
8 identification as DPU Exhibit 3. And request its
9 admission.

10 CHAIRMAN BOYER: Thank you Ms. Schmid.

11 Are there objections to the admission of DPU
12 Exhibit 3? Seeing none, it is admitted into evidence.

13 (Exhibit No. DPU 3 was admitted.)

14 MS. SCHMID: Thank you very much.
15 Dr. Powlick is now -- Powlick is now available for
16 cross examination.

17 THE WITNESS: Need some electroshock.

18 MS. SCHMID: We do.

19 CHAIRMAN BOYER: Very well. Let's see if
20 there is any cross examination for Dr. Powlick,
21 beginning with Questar Gas Company.

22 MS. BYDE: We have no cross examination
23 questions.

24 CHAIRMAN BOYER: Okay. Turning now to the
25 Committee of Consumer Services.

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1 MR. PROCTOR: No questions.

2 CHAIRMAN BOYER: No questions? Mr. Ball,
3 have you questions of Dr. Powlick?

4 MR. BALL: Yes, please, Chairman.

5 CROSS EXAMINATION

6 BY MR. BALL:

7 Q. Good morning Dr. Powlick.

8 A. Good morning.

9 Q. I apologize, I'm -- I struggle with the
10 pronunciation of your name, as you do with mine. And
11 for opposite reasons. So if I get it wrong, I'm not
12 trying to be offensive.

13 A. First consonant -- or the first vowel of each
14 of our names are pronounced the same. Powlick.

15 Q. Okay. I'll try and absorb that. Powlick.

16 A. Paw. Paw-lick (phonetic.)

17 Q. Paw-lick?

18 A. Yeah.

19 Q. Thank you. The Commission has admitted into
20 evidence the Division's report. Do I understand that
21 this was prepared partly by you and partly under your
22 direction?

23 A. That is correct.

24 Q. Thank you. You commented at the beginning of
25 your testimony that the report was based on errors in

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1 setting VRT model transponders, based on data as of
2 the 16th of May. When was the report filed?

3 A. The report was filed July 18th. And let me
4 restate what I actually said. It was based largely
5 upon the May 16th data, but it was supplemented by the
6 results of the data requests that were received in
7 that intervening period.

8 Q. Thank you. If I understood correctly, you
9 commented that allowing the individual back-billed
10 customers to pay less than six months in arrears would
11 be discriminatory to other ratepayers. Do I, do I
12 have that correct?

13 A. Yes.

14 Q. How is that discriminatory to other
15 ratepayers?

16 A. To allow for no back-billing means that, for
17 an average of 28 months for each of these customers,
18 they paid half price for their natural gas.

19 Q. And how is that discriminatory to other
20 ratepayers?

21 A. Other ratepayers paid the full amount for
22 their gas during that entire period.

23 Q. Just the full amount for the gas that they
24 consumed?

25 A. Yes.

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1 Q. They didn't contribute anything to the
2 unbilled portion of the gas that the individual
3 ratepayers consumed then?

4 A. You mean the individual underbilled
5 ratepayers?

6 Q. Yes.

7 A. Yes, that is correct. They did, they did
8 contribute a portion of that. But recall that the
9 volumetric rates are determined by the amortizations
10 in those balancing accounts. So yes, they paid for
11 the volumes of gas multiplied by the rates that were
12 in effect at the time.

13 Q. So take, for instance, a hypothetical
14 individual underbilled customer whose transponder was
15 installed. And about 48 months later -- 4 years
16 later -- Questar discovered that the transponder had
17 been set inaccurately.

18 Under Questar's recent policy that customer
19 would have been back-billed 24 months. So am I right
20 in thinking that the first 24 months of underbilling
21 would be passed on to be picked up by all the other
22 ratepayers?

23 A. That would be correct.

24 Q. The Division is recommending that, in the
25 interest of those -- of that individual underbilled

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1 customer, their back-bill should be limited to six
2 months, thereby passing on another 18 months worth of
3 underbilling to other customers?

4 A. Correct. And this is, as I indicated in my
5 testimony, part of the balancing involved here. The
6 Commission, in establishing the six month and the
7 24 month back-billing rules, has recognized that
8 individ -- the burden upon individual ratepayers of
9 long periods of back-billing is very high.

10 And has limited the amounts that are
11 available to the Company, recognizing that those costs
12 will be passed on to ratepayers at large.

13 Q. Setting that last point aside for a moment --
14 and I'd like to return to it. So if I fail to do so,
15 please remind me. But setting that aside for a moment
16 and pursuing the issue of these different periods of
17 times and the effect on all the other ratepayers.

18 It seems that the, that the Division is
19 comfortable with the idea of a 48-month underbilled
20 customer being back-billed for only 24 --

21 MS. SCHMID: Pardon me. Is there a question
22 here?

23 MR. BALL: Yes, there is.

24 MS. SCHMID: I object.

25 CHAIRMAN BOYER: You may proceed, Mr. Ball.

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1 THE WITNESS: Would you begin the question
2 again?

3 Q. (By Mr. Ball) Thank you. That's very
4 helpful. It seems that the Division is comfortable
5 with the idea of a 48-month underbilled customer being
6 back-billed for only 24 of those, passing on 24 months
7 of underbilling to everyone.

8 It seems that in this case it's recommending
9 six months, passing on 3 1/2 years worth of
10 back-billing. And yet your comment is that less than
11 six months is discriminatory to other ratepayers.

12 What I'm struggling with is how passing on
13 anything to other ratepayers isn't discriminatory to
14 those other ratepayers. And I'd really like you to
15 explain that to me again, please.

16 A. The Commission through its rules, and the
17 courts have upheld, the concept that back-billing for
18 long periods of time imposes large burdens upon
19 customers. I agree that that is an issue. The
20 Division agrees that that is an issue.

21 And that it is just and reasonable that the
22 ratepayers at large should pick up some portion of
23 that underbilled amount, spread across the entire
24 base. The 48-month hypothetical you give is, of
25 course, an extreme. The average in this case was

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1 28 months.

2 Q. You would agree though that there are some
3 cases where underbilling went on for 48 months, and in
4 some cases even longer?

5 A. There are, yes.

6 Q. Thank you. You commented that deployment of
7 transponders has saved ratepayers millions. It's also
8 safe -- it's also saved Questar millions, hasn't it?

9 A. It would have saved Questar millions in the
10 period between the deployment of transponders and, and
11 rate cases, whereby the expenses for reading meters
12 would have been reduced. And of course in a
13 subsequent rate case we would see their expenses go
14 down, and they would be given recovery solely for
15 those expenses.

16 Of course this is part -- this ability to
17 save costs between a rate case is something that we
18 believe should be encouraged. It gives them an
19 incentive to look for the cutting of costs. And of
20 course when we get to the next rate case we take that
21 into account and they don't receive excessive recovery
22 on that.

23 Otherwise, the incentive for them to
24 aggressively reduce cost has been reduced if you don't
25 allow them to realize those savings in that

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1 intervening period.

2 Q. Has the Division made any estimate of the
3 balance of savings between Questar and ratepayers?

4 A. With regard to what?

5 Q. The millions that you say that the deployment
6 of transponders has saved.

7 A. I believe our report gave a ten-year
8 levelized estimate of the cost. I don't remember that
9 number off the top of my head, but it is in the
10 report.

11 Q. But has the Division made any attempt to
12 estimate how much of the savings accrue to Questar and
13 how much to ratepayers?

14 A. You mean how much of the savings in labor
15 expenses before or between rate cases?

16 Q. Yeah.

17 A. No, we have not.

18 Q. Thank you. We're fast approaching the end of
19 a Questar general rate case, aren't we?

20 A. We are.

21 Q. That rate case only addresses part of the
22 total rates that ratepayers pay for their natural gas,
23 right?

24 A. Correct.

25 Q. And that part is the distribution non-gas

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1 part, yeah?

2 A. Yeah.

3 Q. That would include meter reading expenses,
4 would it?

5 A. I believe so, yes.

6 Q. And it would also include the effect of
7 putting the capital costs of installing transponders
8 into rate base, wouldn't it?

9 A. Yes.

10 Q. So in the rates that ratepayers pay we're
11 paying for the capital costs of the transponders,
12 right?

13 A. Yes.

14 Q. Because those rates went into effect in
15 August, didn't they?

16 A. Yes. And I would point out that we've been
17 paying for the transponders before that, because there
18 were prior rate cases with transponders in them.

19 Q. But we're -- pardon me. We're basically
20 paying for all of them since August though, yeah?

21 A. I believe so.

22 Q. Pretty much?

23 A. Yeah.

24 Q. I mean, there will be more added as the
25 system grows and so on?

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1 A. Right.

2 Q. So if ratepayers are paying Questar to meter
3 their gas consumption. If they're paying Questar to
4 read the meters, whether it's sending people around on
5 foot to visually examine the index of each meter, or
6 whether to drive through neighborhoods and business
7 areas with electronic equipment in their vehicles to
8 collect data from transponders. If they're paying
9 Questar to bill them -- intermediate question. You'd
10 agree we're doing all of that, wouldn't you?

11 A. Sorry, the list was long. I agree that we
12 are reading meters predominantly through the
13 transponders at this point.

14 Q. No. The question is whether ratepayers are
15 paying Questar to meter gas, read meters, and bill.

16 A. Yeah.

17 Q. Okay. So if we're paying them to do all of
18 that, isn't it reasonable to expect that they'll get
19 it right?

20 A. It's reasonable to expect reasonableness.
21 Perfection at low cost is an ideal that in reality is
22 probably not achievable. And that's why in my
23 testimony I indicated that we must balance the cost of
24 achieving absolute perfection or certainty in metering
25 and billing versus the benefits involved.

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1 Q. Does the Division of Public Utilities
2 attribute any responsibility for the underbilling of
3 all of these customers to the customers themselves?

4 A. Through the six month back-billing that we're
5 advocating, yes.

6 Q. No, no. No, no. I'm sorry, let me clarify
7 the question if I may.

8 A. Okay.

9 Q. In the Com -- in the Division's view, are any
10 of the 500-and-odd underbilled customers at fault for
11 having been underbilled?

12 A. No.

13 Q. Are any of the, I'll characterize it as
14 850,000 ratepayers at large at fault in any way for
15 their being underbilled?

16 A. No.

17 Q. Does the -- is it the Division's view that
18 there was any fault to be attributed to the people
19 installing these transponders? The individuals who
20 installed them?

21 A. I'm sorry, could you rephrase -- could you
22 restate that?

23 Q. Is it the Division's view that there is any
24 fault to be laid at the feet of the individuals who
25 installed these transponders? The ones that were not

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1 correctly set.

2 A. If you're asking if we are attributing a
3 monetary responsibility, the answer is of course no.
4 However, it is, as we understand it, very difficult to
5 attribute that fault to individuals. The majority of
6 these transponders were installed by contractors.

7 But in addition to that, as I've stated, the
8 error rate that we saw in the actual installations was
9 very low. And to expect 100.0 percent perfection is
10 not reasonable.

11 Q. If you don't expect zero errors, are you ever
12 going to get zero errors?

13 A. I'm sorry, I don't understand that question.

14 Q. It appears from what you're saying that the
15 Division has no expectation that it's possible to
16 perform with zero defects.

17 A. I think it's possible to perform with zero
18 defects. However, we must balance that off against
19 the costs that would be incurred in achieving that.
20 For instance, the Company could presumably have sent
21 a, an inspector for every single bill every month to
22 every transponder to make sure that it was reading
23 correctly. Obviously that would be an unreasonably
24 high cost.

25 And as regulators I believe we have to find

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1 some level of reasonableness in allowing the Company
2 to recover costs and in, frankly, tolerating some
3 degree of error as a necessary part of doing business.
4 Not just for Questar Gas, but for any business.

5 Q. You raised an, you raised an interesting
6 concept there, I thought. And let's explore that a
7 little bit. I think what you indicated was that if
8 you pay enough, you can achieve perfection; is that
9 right?

10 MS. SCHMID: Objection. Is Mr. Ball being
11 argumentative?

12 MR. BALL: No. I'm just trying to --

13 MS. SCHMID: I believe Mr. Ball is being
14 argumentative at this point as the questions have been
15 asked and answered.

16 MR. BALL: I'm just trying to understand,
17 Chairman.

18 THE WITNESS: Almost seems as much a
19 metaphysical question.

20 Q. (By Mr. Ball) Okay, let's, let's try and
21 come at it a slightly different way. Is it the
22 Division's view that one of the roles of the
23 regulation of monopoly utilities is to encourage the
24 utilities to provide the best possible service at the
25 most reasonable possible cost?

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1 A. Absolutely. And I would emphasize the two
2 key qualifiers you put in there: Possible and
3 reasonable.

4 Q. What encouragement, what incentive does it
5 provide to a utility to avoid making mistakes when,
6 when it does make mistakes, it gets left -- let off
7 the hook?

8 A. The incentives occur -- or disincentives, if
9 you will, when regulators determine or may determine
10 that a degree of unreasonableness has been met. I
11 point out that in this agreement the Company is
12 absorbing \$480,000. I'm sorry, I forget off the top
13 of my head what percent that is.

14 They have recognized in that, by doing that,
15 that they bear some responsibility for the problems.
16 So it is not as if this settlement is letting them off
17 Scott free. And that is their incentive. That in
18 future cases they have an incentive to try to be
19 vigilant in the accuracy of their billing in order to
20 avoid situations such as this.

21 Q. Which part of the problems aren't they
22 responsible for?

23 A. I would point you to our report. For
24 instance, accounts where there was no history of
25 billing. Brand new buildings, brand new meters

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1 particularly. It would have been difficult, if not
2 impossible, for their billing software to have flagged
3 that account as being underbilled.

4 That is an example of one where I think it's
5 reasonable to say that, that they shouldn't be held at
6 fault for the period of time it took to discover the
7 error.

8 Q. That would have taken them by surprise, would
9 it?

10 A. What would have taken them by surprise?

11 MS. SCHMID: Objection.

12 THE WITNESS: Thank you.

13 MS. SCHMID: It is impossible for this
14 witness to know the company's thoughts and reactions
15 to that incident.

16 CHAIRMAN BOYER: Well, I, I think Ms. Schmid
17 is on to something here. Dr. Powlick, as smart as he
18 is, probably can't divine what company representatives
19 are thinking or what their motivations are.

20 Q. (By Mr. Ball) Let me put, put it to you this
21 way then. Dr. Powlick, do you think that only with
22 the introduction of transponders into their
23 distribution network did the installation of gas
24 meters on new premises begin?

25 A. No, of course not.

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1 (Pause.)

2 MR. BALL: Chairman, I'd like to introduce an
3 exhibit for the purposes of cross examination, please.
4 Perhaps we could ask that it be labelled URA Cross 1.

5 (Pause.)

6 MS. SCHMID: May I have another copy, please?

7 MR. BALL: I'm not sure that I have enough.
8 We'll see.

9 THE WITNESS: There's an extra.

10 MS. SCHMID: May I approach the witness?

11 CHAIRMAN BOYER: You may.

12 MR. BALL: Are there any other formal
13 complainants in this proceeding?

14 Mr. Chairman, I have one or two more copies
15 here if anybody wants them.

16 Q. (By Mr. Ball) Dr. Powlick, have you by any
17 chance seen the document that I just presented to you
18 previously?

19 A. Yes, although I'm refreshing my memory.

20 Q. Of course. Could you tell us what it appears
21 to be, please?

22 MS. SCHMID: If, if -- I believe the witness
23 indicated that he was refreshing his memory. Could we
24 make sure that the witness has time to do that
25 completely before he's asked questions?

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1 MR. BALL: Of course, I'm sorry. When you're
2 ready.

3 THE WITNESS: This appears to be a response
4 to a Division data request.

5 Q. (By Mr. Ball) Would you agree that in fact
6 it's a response dated the 10th of July, 2008, by
7 Questar Gas Company to Data Request No. 5.08 requested
8 by the Utah Ratepayers Association?

9 A. I'm sorry, you are correct. I was reading
10 that first line.

11 Q. Okay.

12 A. Where you reference the Division's request.
13 Yeah, I, I stand corrected. It appears to be a
14 response to a URA data request.

15 Q. Let me take you down -- I'm assuming that
16 you're, that you're ready, and let me know if you
17 aren't. Let me take you down to about halfway down
18 the page. In the answer there is a number 1. And it
19 then says "The VRT transponder." Do you see that?

20 A. Yes.

21 Q. Would you be kind enough to read everything
22 between Item 1 and Item 2, please?

23 A. Remembering of course that this is
24 Questar -- I'm sorry, this is...

25 MS. SCHMID: Objection, the document speaks

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1 for itself. And Dr. Powlick, although familiar with
2 this, is not the author of it.

3 THE WITNESS: Yes.

4 MS. SCHMID: And I am concerned about the
5 line of questioning.

6 CHAIRMAN BOYER: Well, he, he hasn't yet
7 asked a question. And I think it's appropriate to
8 read that sentence. It's not voluminous. We can read
9 that sentence or two into the record.

10 THE WITNESS: Remembering, of course, that
11 this is a Questar Gas response to a data request, not
12 the Division response.

13 "The VRT transponder always has a
14 single magnet mounted on a rotating
15 shaft, while the 3.4 has one or two
16 magnets depending upon the type of meter
17 it is installed on.

18 "In the VRT type, the relationship
19 between the electronic impulses that
20 count the revolutions of the meter and
21 the volume of gas that passes through
22 the meter is determined by an electronic
23 setting in the transponder, while in a
24 3.4 the relationship is determined by
25 the number of magnets mounted on the

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1 shaft."

2 Q. (By Mr. Ball) Thank you. This is the, this
3 is the data request and the re -- and Questar's
4 response to it that you referred to earlier on, didn't
5 you, as triggering -- my words, not yours -- as
6 triggering the Division to start looking into
7 poten -- the potential for problems with the model 3.4
8 transponder?

9 A. It may well have been your fifth set of
10 requests. It was not specifically this answer. I
11 believe the answer to your question is the -- or the
12 response was a table that lists out all of the errors
13 by transponder type and meter. And it's 5.09. The
14 attachment to 5.09.

15 MR. BALL: Chairman, I'd like to distribute
16 URA Cross 2 if I may, please.

17 CHAIRMAN BOYER: You may.

18 (Pause.)

19 MS. BYDE: Mr. Ball, can I seek clarification
20 on the origin of this exhibit?

21 MR. BALL: Share that if you would. Sorry,
22 was that for me?

23 CHAIRMAN BOYER: That was directed to you,
24 Mr. Ball.

25 MS. BYDE: Yes, I apologize. I'm wondering

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1 where this originated. I'm not sure if I object to
2 its admission or not, but I'd just like to know where
3 it came from.

4 MS. SCHMID: I too.

5 MR. BALL: Yes. And I apologize that it's
6 not clearly labelled, Chairman, as to its source. But
7 I would represent that it came in an answer rather --
8 I'm gonna characterize it as rather a late-filed
9 supplementary attachment to, I want to think it was
10 DPU Data Request 3.01.

11 The main answer came sort of end
12 September/early October. And this came a few days
13 later, with nothing else covering it.

14 MS. SCHMID: I would object for lack of
15 foundation and attributability at this point.

16 MR. BALL: I, I believe, Chairman, that this
17 is the table to which Dr. Powlick has been referring.
18 My question to him was going to be, is this the table
19 to which you have been referring.

20 MS. BYDE: Chairman, I'd like to take a
21 moment, even if we need to go off the record, to
22 verify the origin of this. My concern is that it may
23 be material that was handed out in settlement
24 discussions, which should be maintained as
25 confidential. I'd like to confirm its origin, that's

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1 all.

2 MR. BALL: I'm willing to assure everyone
3 that that's not the origin of it. I printed it off
4 Questar's data response website directly.

5 MS. BYDE: I'll accept that. Thank you.

6 CHAIRMAN BOYER: Very well. I guess I'm
7 going to overrule the objection at this moment. Let's
8 find out a little bit more about the exhibit and what
9 Mr. Ball intends to do with it.

10 Q. (By Mr. Ball) So Dr. Powlick, is this the
11 table to which you have been referring?

12 A. Referring with regard to what? This, this
13 table is the origin of one of the numbers in the
14 exhibit that I handed out earlier. It shows the total
15 underbilled amount of 15,709 that then appears in DPU
16 Hearing 1.

17 I do recognize it as a supplemental response,
18 as you characterize it, to the Division's third set of
19 data requests.

20 Q. And am I right in representing that that --
21 that the data request that it came in response to was
22 triggered by an earlier request by the Ratepayers
23 Association and by a response to that by Questar?

24 A. Yes. We had been focussing primarily on the
25 VRT transponders in the original report. As I think I

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1 indicated earlier, late in the game in preparing that
2 report the response to this data request came out.

3 And essentially it was too late to
4 incorporate these 3.4 into the report. And that's why
5 I've supplemented the Commission's information today
6 with my exhibit that includes not only these data but
7 forecast data.

8 Q. In the course of the Division's investigation
9 how many maladjusted transponders did the Division, by
10 and purely through its own efforts, uncover?

11 A. None. We just, we relied upon the discovery
12 process.

13 Q. So you, you asked Questar how many there
14 were?

15 A. If I may, if I may continue to answer that
16 question. Of course it's not the Division's role to
17 physically inspect transponders itself. I'm not sure
18 how the Division itself would discover transponders
19 without relying upon information from Questar through
20 the discovery process.

21 Q. Anybody from the Division go over to any
22 Questar buildings and start rooting around through
23 files and electronic records and so forth?

24 A. No. As I say, we relied upon the discovery
25 process.

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1 Q. You, you -- the Division --

2 A. As one would in any normal legal proceeding.

3 Q. The Division asked Questar to fess up?

4 A. Yes.

5 MS. SCHMID: Objection, argumentative.

6 MR. BALL: And, and -- oh, dear me.

7 MS. BYDE: I join in that objection. To the
8 extent that there is a suggestion that Questar hasn't
9 lived up to its obligations under the discovery
10 process, I think I might have something to say about
11 that.

12 CHAIRMAN BOYER: Well, I think yes. I think
13 that the way the question was framed conveys sort of a
14 pejorative and subtle message -- not so subtle
15 message. So if you could just ask the facts,
16 Mr. Ball?

17 MR. BALL: Sorry Chairman.

18 Q. (By Mr. Ball) Early in your direct,
19 Dr. Powlick, as closely as I could jot it down. I
20 don't intend to misrepresent you in any way. But what
21 I jotted down that you commented was that the model
22 3.4 transponder was found to have many fewer errors.

23 A. Many fewer pre-divide errors.

24 Q. Okay. Now, in fact is there even a
25 pre-divide in the 3.4?

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1 A. I believe in my testimony I referred to this
2 as an error that mimicked pre-divided errors. And for
3 our purposes of the investigation and the information
4 I provided, we are considering it analogous to
5 pre-divide errors.

6 Q. Okay. Would you disagree with me if I said
7 the Division asked a bunch of questions for -- to
8 gather information from Questar, Questar provided what
9 information it could find, and the Division has
10 reached its conclusions based upon what Questar has
11 told it?

12 MS. SCHMID: Objection to the question
13 insofar as it states that the Division -- withdrawn.

14 CHAIRMAN BOYER: You may answer,
15 Mr. -- Dr. Powlick, if you understand the question.

16 THE WITNESS: I, I've forgotten it now. If
17 you can restate it, Mr. Ball?

18 MR. BALL: Perhaps the reporter could read it
19 back, Chairman?

20 CHAIRMAN BOYER: Can you do that, please?

21 (The previous question was read back as
22 follows:

23 "Would you disagree with me if I
24 said the Division asked a bunch of
25 questions to gather information from

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1 Questar, Questar provided what
2 information it could find, and the
3 Division has reached its conclusions
4 based upon what Questar has told it?")

5 MS. BYDE: I'd like to assert the same
6 objection as before, in that the question presumes
7 that somehow Questar hasn't lived up to its obligation
8 or provided complete or accurate information. And I
9 take exception to that suggestion.

10 MR. BALL: Could Ms. Byde please specify what
11 it is exactly, what words exactly in the question have
12 that implication for her?

13 CHAIRMAN BOYER: Please, Ms. Byde.

14 MS. BYDE: Yes, I'd be happy to. To the
15 extent that the question said "Questar provided the
16 information it could find." And I think that suggests
17 that Questar did not provide complete information, and
18 I take exception to that suggestion.

19 CHAIRMAN BOYER: Well, and the real problem,
20 Mr. Ball, is that Dr. Powlick doesn't know what
21 Questar did or didn't do. You can ask him what did
22 the Division do in response to this.

23 MR. BALL: I'll move on.

24 CHAIRMAN BOYER: So I'll sustain that
25 objection. Mr. Ball, I don't want to interrupt your

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1 flow, but we do need to take a short recess here very
2 soon to give the reporter a moment to rest.

3 MR. BALL: I'm quite happy if you want to do
4 that now, Chairman.

5 CHAIRMAN BOYER: Lets do that now. Let's
6 take a ten minute recess, and then we'll resume with
7 Mr. Ball's cross examination.

8 (A recess was taken from 10:45 to 10:57 a.m.)

9 CHAIRMAN BOYER: Proceed, Mr. Ball.

10 MR. BALL: Mr. Chairman, we have a formal
11 complainant here with us in the room at the moment,
12 Mr. Brian Dehaan.

13 During the break I spoke briefly to
14 Mr. Dehaan and established that he will have
15 difficulty with his professional schedule remaining
16 here through the public witness hearing that starts at
17 11:45.

18 And I wondered whether the Commission would
19 be willing to accommodate him now before we return to
20 my cross of Dr. Powlick, please.

21 MR. PROCTOR: And Mr. Chairman, I spoke with
22 Mr. Dehaan too. And he would like to go on now, and
23 we certainly agree with that.

24 MS. SCHMID: The Division has no objection,
25 and indeed welcomes Mr. Dehaan.

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1 MS. BYDE: The Company feels the same way.

2 CHAIRMAN BOYER: Very well, let's accommodate
3 Mr. Dehaan. We appreciate him coming. Don't go way,
4 Dr. Powlick.

5 THE WITNESS: I'll be hiding under the desk.

6 CHAIRMAN BOYER: Mr. Dehaan, you can give
7 either sworn or unsworn testimony this morning. To
8 the extent you give sworn testimony you can be cross
9 examined by parties to this action. On the other
10 hand, if it is unsworn we can't base our decisions
11 solely on your testimony. Do you wish to give sworn
12 or unsworn testimony?

13 MR. DEHAAN: I'd be happy to be sworn.

14 (Mr. Dehaan was sworn.)

15 CHAIRMAN BOYER: Please be seated.

16 MR. DEHAAN: Thank you.

17 CHAIRMAN BOYER: And as I understand it,
18 Mr. Dehaan, you are one of the individuals who has
19 filed a formal complaint against Questar in this
20 matter.

21 MR. DEHAAN: Yes, sir.

22 CHAIRMAN BOYER: Very well, proceed.

23 MR. DEHAAN: Is this on?

24 CHAIRMAN BOYER: Yes, I believe it is on.

25 MR. DEHAAN: My concern is an individual

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1 concern -- my concern is an individual concern. I'm
2 not speaking for anybody other than myself. When I
3 received a bill for underbilling of 1,800-plus dollars
4 it was really quite a blow to me.

5 But the real concern that I had, and the
6 reason that I filed the lawsuit after talking to the
7 Public Utilities Commission was that there's no
8 allowance in this settlement for someone to have fixed
9 the problem.

10 And I had a way to fix the problem. I have
11 two furnaces in my home. One, one heats the house and
12 does the water heater. The other one is for a therapy
13 pool that I bought about 12 years ago. My wife's had
14 8 major back surgeries, along with about 20 other
15 surgeries. And we needed a therapy pool for her.
16 It's the only kind of exercise she can do.

17 And so we installed that, at a great cost,
18 and put in its own separate furnace. And about five
19 years ago it became a little inconvenient for us to
20 both do that at the same time. And so we opted to
21 join the recreation -- the county rec system.

22 And so we go swimming. I swim, she does
23 exercise, four days a week at 5:30 in the morning. If
24 I had known five years ago -- or four years ago, or
25 whatever it was, that there was a problem, I could

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1 have fixed it in an instant.

2 When I received my bill for the \$1,800, and
3 after talking to Public Utilities Commission, I went
4 out and I turned off the furnace. I've since had it
5 winterized so that something won't break in it. I
6 emptied the pool.

7 And I could have done that four years ago.
8 And I wouldn't have -- you get -- Questar may have
9 owed me money. I may have been -- instead of
10 underbilled I may have been overbilled. But I could
11 have fixed that.

12 And that's my concern. And I don't know how
13 many others there are that could have fixed that. But
14 I could have fixed it. And I object to being charged
15 24 months, or 12 months, or even six months, because I
16 had a way to fix it and I could have fixed it. And
17 there wouldn't have been any charge.

18 CHAIRMAN BOYER: Okay. Thank you,
19 Mr. Dehaan.

20 Do any of the parties wish to ask Mr. Dehaan
21 any questions? Ms. Schmid?

22 MS. SCHMID: The Division has no questions.

23 CHAIRMAN BOYER: Mr. Proctor?

24 MR. PROCTOR: Just a few.

25 CHAIRMAN BOYER: Sure.

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1 CROSS EXAMINATION

2 BY MR. PROCTOR:

3 Q. Mr. Dehaan, you and I met just moments ago --

4 A. That's correct.

5 Q. -- and I won't take much of your time,
6 because I know you have other places to be. Do you
7 know the period of time that the \$1,800 bill covered?

8 A. I'm not sure, but I'm -- I think in speaking
9 with the gas company it was one of the longer ones.
10 It wasn't one of the shorter ones. Didn't we
11 determine that in one of our meetings?

12 One of our meetings they looked up the
13 records or something and said, Oh yeah, yours was one
14 that was a long period of time instead of a short
15 period of time.

16 Q. Well, perhaps we can, we can talk to Questar
17 about that and find that out.

18 A. Thank you.

19 Q. Had you been operating your therapy pool
20 prior to the installation of a transponder, if you
21 know?

22 A. Absolutely.

23 Q. You had? Do you recall if there was a
24 difference between your bills without the transponder
25 and with the transponder and dur -- that overlapped

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1 the period that you were operating the pool?

2 A. No. I didn't notice anything like that at
3 all.

4 Q. Did you -- when you stopped using the pool
5 because you had other resources did, did you turn the
6 heat down or disconnect the furnace in any way?

7 A. Oh yeah. We turned it down, yeah. We
8 didn't, we didn't keep it at max.

9 Q. And you only had one meter; is that correct?

10 A. I don't have any idea how many meters I've
11 got.

12 Q. Do you --

13 A. I would think just one meter.

14 Q. That would have covered the fuel for both
15 furnaces?

16 A. Oh yeah.

17 Q. Yeah?

18 A. Uh-huh (affirmative.)

19 Q. Now, the \$1,800, do you know how much six
20 months of that, how much you would be billed under the
21 stipulation that's been proposed?

22 A. I don't know that, but I would suspect it
23 would be four or five hundred dollars.

24 MR. PROCTOR: Mr. Dehaan, thank you very
25 much.

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1 THE WITNESS: You bet.

2 CHAIRMAN BOYER: Does Questar have any
3 questions?

4 MS. BYDE: Questar has no questions of this
5 witness.

6 CHAIRMAN BOYER: Mr. Ball, do you have any
7 questions of Mr. Dehaan?

8 MR. BALL: I would like to ask one if I
9 could, Chairman.

10 CHAIRMAN BOYER: You may.

11 CROSS EXAMINATION

12 BY MR. BALL:

13 Q. Mr. Dehaan, if I understand correctly your
14 concern is not whether you're back-billed 24 months or
15 six months, is it?

16 A. No.

17 Q. Your concern is, if I'd known --

18 A. I could have fixed it at any time.

19 MR. BALL: Thank you very much, sir.

20 CHAIRMAN BOYER: Commissioner Allen, do you
21 have any questions? Nor do I.

22 Thank you so much for coming, Mr. Dehaan.

23 MR. DEHAAN: Thank you, appreciate it.

24 CHAIRMAN BOYER: You may step down.

25 Okay, Dr. Powlick, let's resume with your

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1 cross examination.

2 (The testimony of Dr. Philip Powlick resumes.)

3 CROSS EXAMINATION, CONTINUED

4 BY MR. BALL:

5 Q. Welcome back Dr. Powlick.

6 A. Glad to be here.

7 Q. To summarize where I think we were, the DPU
8 took the answers that it was given to its data
9 requests, and formed its conclusions, and wrote its
10 report. Continued to gather information from further
11 data responses. And now is where it is. Is that the
12 process that the Division went through?

13 A. If you're suggesting that --

14 MS. SCHMID: Objection, it is improper for
15 Mr. Ball to summarize the witness's testimony.

16 MR. BALL: I'm trying to be clear, Chairman,
17 about exactly what it is. And I really don't quite
18 understand the sensitivity to all of this. I'm not
19 trying to put words into anybody's mouth. I'm not
20 trying to paraphrase what they're trying to
21 say -- what they're doing. I just want to be sure
22 that I understand.

23 CHAIRMAN BOYER: Maybe a better way to phrase
24 it would been -- be to ask Dr. Powlick if he said thus
25 and such, and then Dr. Powlick -- but one caution I

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1 for your toleration, Chairman. I just thought people
2 might wonder what was going on. Why they were being
3 left out.

4 Q. (By Mr. Ball) Dr. Powlick, I represent to
5 you that what I've given you as URA Cross 3 is a copy
6 of the Commission's January 8, 2004, Report and Order
7 in Docket 03-035-06, the Formal Complaint of Rod
8 Mitchell against Utah Power. Do you have that in
9 front of you?

10 A. I do.

11 MR. BALL: Now, Chairman, I'm gonna seek some
12 quick direction here. I want, somehow or other I want
13 to get a description of this -- of some of the things
14 that are in this order into the record. Should I ask
15 Dr. Powlick to read it, or should I read it myself
16 before we move to questions?

17 CHAIRMAN BOYER: Mr. Proctor had a comment.

18 MR. PROCTOR: Does my facial expression
19 suggest I have an objection? Mr. Chairman, as you are
20 well aware, this is a case that would have no
21 precedential value to the Commission's decision in
22 this particular case since that is the practice and
23 procedure with respect to customer complaints, since
24 they are so fact intensive.

25 Which also makes any of the findings or

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1 conclusions in this case irrelevant because the facts
2 themselves are different, unique, and irrelevant to
3 the issue that's before this Commission at this time.

4 Furthermore, I think you'll find that
5 traditionally if there is any precedential value in an
6 opinion, for example, the opinion itself doesn't
7 become evidence. It's something that is based upon
8 argument, perhaps, in the legal brief.

9 So I would object to either consideration of
10 it or questions upon it. The questions should relate
11 only to the matters that are before this Commission.
12 Thank you.

13 MS. SCHMID: And I also would repeat
14 Mr. Proctor's objections, except he's far more
15 eloquent than I.

16 CHAIRMAN BOYER: Does the Company wish to say
17 anything?

18 MS. BYDE: The Company joins in the
19 objection.

20 CHAIRMAN BOYER: You've heard their
21 objections, Mr. Ball. And they're correct to say that
22 it has really no relevance to this action or any
23 precedential value. However, we can certainly take
24 judicial notice of it.

25 Or if you wish, we can put it into the

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1 record. It therefore becomes a part of the record.
2 But in the view of the limited time that we have
3 today, I think it probably unwise to read it or
4 portions of it into the record.

5 MR. BALL: I would like it admitted to the
6 record please, Chairman.

7 CHAIRMAN BOYER: Mr. Proctor?

8 MR. PROCTOR: It has no place even in the
9 record. Bear in mind, the record is prepared in
10 anticipation of the matter being reviewed by an
11 appellate court. Records are careful, and they should
12 be protected.

13 And to simply add something without reference
14 and without foundation to the case at hand becomes
15 confusing. And probably should be or would be
16 stricken by the appellate court as not belonging in
17 the record.

18 So I would object to inclusion of it at all.
19 And as a matter of if you wanted to take notice of it,
20 I believe that that is your right under any
21 circumstance. And it's certainly now been brought to
22 your attention.

23 MS. SCHMID: The Division would join with
24 Mr. Proctor and the Committee.

25 MS. BYDE: And the Company joins as well.

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1 MR. BALL: Chairman, I would draw the
2 Commission's attention to the fact that this case was
3 referenced in the Division's report as having
4 precedential value here.

5 Are -- is the Com -- is the Ratepayers
6 Association really now to be prevented from responding
7 to that in a way that it believes is relevant to
8 consideration to this stipulation?

9 MS. SCHMID: Objection, I believe that
10 Mr. Ball is misconstruing the Division's report. I do
11 not believe that the Division's report constituted
12 legal argument.

13 MR. BALL: Wow.

14 CHAIRMAN BOYER: Well, we're going to admit
15 URA Cross 3 into the record, and we'll give it
16 appropriate weight. But we'll not take the time to
17 read portions of it into the record, inasmuch as it
18 will be in the record. Go ahead, Mr. Ball.

19 (Exhibit No. URA Cross 3 was admitted.)

20 MR. BALL: Chairman, may I have a moment,
21 please?

22 CHAIRMAN BOYER: You may.

23 MR. BALL: Thank you.

24 CHAIRMAN BOYER: By the way, Mr. Ball, you
25 have two other exhibits that you haven't offered into

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1 evidence.

2 MR. BALL: I don't think I've offered any of
3 them into evidence, Chairman. Or, or have I?

4 CHAIRMAN BOYER: You just did URA 3.

5 MR. BALL: Oh, did I?

6 CHAIRMAN BOYER: We just admitted it.

7 MR. BALL: Very well. In that case,
8 Mr. Chairman, may I offer into evidence and request
9 that they be admitted URA Cross 1 and URA Cross 2.

10 CHAIRMAN BOYER: Are there any objections to
11 the admission of URA -- Exhibits URA Cross 1 and URA
12 Cross 2?

13 MR. PROCTOR: The Committee has an objection
14 to both.

15 CHAIRMAN BOYER: Seeing none, they are
16 admitted as well. Mr. Ball?

17 MR. PROCTOR: Was my mic not on? The
18 Committee has objections to both.

19 CHAIRMAN BOYER: Oh, I'm sorry. I thought
20 you said you had no objections.

21 MR. PROCTOR: No. I spoke softly. Which is
22 again not characteristic.

23 CHAIRMAN BOYER: I'll hold in abeyance my
24 ruling on that motion then.

25 MR. PROCTOR: Thank you. In connection with

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1 both exhibits, they were provided to the witness as
2 recollection of -- or excuse me. Present recollection
3 recalled is the technical term, the evidentiary term.

4 His ques -- Mr. Ball's questions related to
5 the initiation of the Division's consideration of the
6 3.4 meters. And Dr. Powlick, Powlick described that
7 it was data requests. Mr. Ball then submitted the
8 answer to 5.8, reading part of it. And also his --
9 URA Cross Exhibit 2. And asking whether or not those
10 responses initiated the consideration of the 3.4s.

11 So the subject matter, the contents of these
12 two documents, was not the purpose. It was rather to
13 refresh the witness' recollection. So these exhibits
14 are not admissible because, as Ms. Schmid has also
15 pointed out, one speaks for itself, and the other was
16 described as a rather late-filed supplement so there's
17 a question about its foundation. Even though
18 foundation is easily found, it's not here.

19 So under those circumstances, they've been
20 referred to, but not for the substance of the
21 documents themselves. And we would object to their
22 admission into evidence.

23 CHAIRMAN BOYER: Anybody else wish to speak
24 to the motion to admit these two?

25 MS. SCHMID: The Division supports the

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1 Committee.

2 CHAIRMAN BOYER: Well, my recollection is
3 that Dr. Powlick did, in fact, recognize the document.
4 And stated on the record that one of, one of the
5 numbers in his exhibit which was admitted earlier
6 today, DPU Exhibit 3, was based on this chart.

7 So having said that, we're going to admit
8 them into evidence and we'll give them appropriate
9 weight.

10 (Exhibit Nos. URA Cross 1 and URA Cross 2
11 were admitted.)

12 CHAIRMAN BOYER: Have you other questions,
13 Mr. Ball?

14 MR. BALL: Yes, please.

15 Q. (By Mr. Ball) Dr. Powlick, do you have
16 your -- the Division's -- a copy of the Division's
17 report available to you?

18 A. I believe I do. I believe that I do, but let
19 me find it. I intended to have it with me up here.
20 For some reason, I'm not seeing it. Did I leave it
21 over there?

22 CHAIRMAN BOYER: While we're looking for
23 that, Mr. Ball, is there any hope of you completing
24 your cross examination by 11:45, when we recess for
25 the public witness portion? We do have other

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1 witnesses to be heard today.

2 MR. BALL: I believe there is hope, Chairman.

3 CHAIRMAN BOYER: Very well. I have expressed
4 my hope.

5 THE WITNESS: There it is. Report found.

6 Q. (By Mr. Ball) Would you be kind enough
7 please to turn to page 67?

8 MR. BALL: As usual, Chairman, I can't be
9 certain that we're gonna have the same pages and the
10 same stuff on the same lines, because of printer
11 formatting things. But that's just kind of a heads
12 up, it may not be an issue.

13 Q. (By Mr. Ball) About a third of the way down
14 the page I have a paragraph that starts: "This case
15 is not alone." Do you see that?

16 A. Yes.

17 Q. Oh, excellent. Okay. Would you be kind
18 enough to just read the first two sentences of your
19 report, please? Of that paragraph of your report?

20 A. Of that paragraph?

21 "This case is not alone in strictly
22 applying the tariff even under harsh
23 results. Rod Mitchell v. Utah Power &
24 Light, Docket" -- et cetera -- "resulted
25 in a decision similar to Covey. In this

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1 case the meters were crossed where
2 customers in one apartment were billed
3 for those in another."

4 Q. Okay, that's sufficient. Thank you very much
5 indeed. Did you see this as legal argument,
6 Dr. Powlick?

7 MS. SCHMID: Objection.

8 CHAIRMAN BOYER: Sustained. Dr. Powlick does
9 have a Ph.D., but he's not a lawyer.

10 MR. BALL: I'm sorry, I don't quite see the
11 point there. I'm not asking --

12 MS. SCHMID: Objection, calls for a legal
13 conclusion.

14 CHAIRMAN BOYER: I don't think he's qualified
15 to decide whether something is offered for legal
16 argument or as probative evidence.

17 MR. BALL: Chairman, with the greatest
18 respect, Dr. Powlick did say earlier on that this
19 report had been prepared by him and under his
20 direction.

21 CHAIRMAN BOYER: That's not the basis for the
22 objection, Mr. Ball. You've asked him if it was legal
23 argument or not. He's not a lawyer.

24 MR. BALL: No, I asked him if he saw it as
25 legal argument, Chairman, which is a bit different, I

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1 think.

2 CHAIRMAN BOYER: Well, perhaps.

3 MS. SCHMID: Objection.

4 CHAIRMAN BOYER: Yeah, sustained.

5 MR. BALL: Okay.

6 (Pause.)

7 Q. (By Mr. Ball) Would you please go to the
8 bottom of that page, Mr. -- or Dr. Powlick and read
9 the second paragraph of the quotation from the
10 Commission's order that you have quoted there?

11 MS. SCHMID: Objection. Perhaps my objection
12 is premature, so I will withdraw it.

13 THE WITNESS: "Were this a Court with
14 broad equitable powers, ruling in favor
15 of Mr. Mitchell may be appropriate.
16 However, we are constrained to make a
17 determination of whether Utah power
18 acted in accordance with its tariff, and
19 applicable Commission rules."

20 MS. SCHMID: Having heard that, I would
21 object on the grounds that it ap -- never mind.

22 CHAIRMAN BOYER: Very well. Next question,
23 Mr. Ball.

24 MR. BALL: Thank you.

25 Q. (By Mr. Ball) Is it your understanding,

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1 Dr. Powlick, that in the Mitchell case, Mr. Mitchell
2 ended up paying a partial back-bill of 2 years worth,
3 24 months worth?

4 A. I would have to have my recollection
5 refreshed on this particular case.

6 MS. SCHMID: And I would object on the
7 grounds of rep -- repeated and repetity. I believe
8 that the Commission entered the Mitchell decision into
9 evidence, and so it, it speaks for itself. As does
10 the Division's report.

11 CHAIRMAN BOYER: Are you trying to make some
12 point about the Commission's equitable powers,
13 Mr. Ball, or?

14 MR. BALL: No, sir. I'm trying to make a
15 point about who bore the costs in the Mitchell case.

16 CHAIRMAN BOYER: Well, I don't think that has
17 any relevance to this particular case. Each, each
18 complaint is decided on its own merit based on the
19 facts thereof.

20 MR. BALL: Chairman, you may think that. And
21 you may be right. But isn't there room for another
22 reasonable opinion? And may I point out that the
23 stipulation that the Commission is considering in this
24 hearing provides that there shall be changes to
25 Questar Gas Company's tariff.

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1 Changes which are intimately connected with
2 the Commission's rules about 24 months, six months,
3 whatever. And they're all intermeshed with one --
4 intermingled with one another. It's all the same
5 subject.

6 MS. SCHMID: And I would continue to object
7 on grounds of relevance.

8 CHAIRMAN BOYER: Well, I'm gonna sustain.
9 You can ask Dr. Powlick if he has an opinion on
10 whether or not 24 is -- 24 months is appropriate, or
11 six months is appropriate, or if he thinks those
12 issues should be studied further. But to dwell on the
13 Mitchell case is really immaterial and irrelevant in
14 this case.

15 MR. BALL: Well, I'm, I'm going observe,
16 Chairman, that it seems to me that this is an
17 incredibly sensitive arena for the three -- or for the
18 stipulating parties. And they're all over me like a
19 rash whenever I ask a question about it.

20 MS. SCHMID: I would, I would object to that.
21 I believe that the Division's intention is to ensure
22 that the policies, procedures, and practices of the
23 Commission are observed properly so that a full and
24 sufficient and adequate record can be developed.

25 That witnesses are crossed appropriately.

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1 And the conduct of all complies with the Commission's
2 direction to abide with professionalism and civility.

3 CHAIRMAN BOYER: Well, I, I think we're all
4 being civil here. But she is correct in that we
5 are -- Ms. Schmid is correct in that cross examination
6 is limited to the scope of Dr. Powlick's direct
7 testimony.

8 I don't believe he addressed the Mitchell
9 case, or -- he did, he did talk a bit about the six
10 month and the 24 month periods, however. You may
11 pursue that if you wish.

12 MR. BALL: Well Chairman, I'm gonna point out
13 that the Division introduced the Division's report
14 into evidence as its Exhibit No. 1.

15 Dr. Powlick agreed that it had been prepared
16 partly by him and partly under his direction. He has
17 read to us a portion of the Division's report. And
18 I'm asking him a question about that.

19 I just don't understand why it's
20 inappropriate to cross examine, cross examine
21 Dr. Powlick about something that he was responsible
22 for writing in a report that has been admitted as a
23 Division exhibit.

24 CHAIRMAN BOYER: See, I'm with you up to that
25 point. But he didn't write the Mitchell case, nor did

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1 he participate in it.

2 MR. BALL: And I'm not asking him about the
3 Mitchell case. I'm ask -- about the order -- the
4 report and order in the Mitchell case. Except he
5 quote -- he read, at my request, a part of it as
6 background.

7 I'm asking him about what happened then with
8 the cost consequences of that. I think that's
9 entirely pertinent. And I think it illuminates the
10 cost consequences of this matter.

11 MS. SCHMID: And again, I continue my
12 objection, because the Mitchell report has been
13 admitted into evidence and it speaks for itself.

14 MR. BALL: But it doesn't say anything about
15 the cost consequences, Chairman.

16 CHAIRMAN BOYER: All right.

17 MR. BALL: Which is where we need to shine
18 some light into a dark corner.

19 CHAIRMAN BOYER: All right, Mr. Ball. You
20 can ask Dr. Powlick about the consequences if he
21 knows.

22 MR. BALL: Thank you very much.

23 Q. (By Mr. Ball) Dr. Powlick, if you know, is
24 it your understanding that Mr. Mitchell paid part in a
25 back-bill -- as a result of the case we've been

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1 talking about paid part of the underbilled amount,
2 limited to a maximum of 24 months back-billing?

3 A. I have not read the Mitchell decision. I am
4 familiar with some of the quotes from it that are
5 referenced in our report. I believe I understand some
6 of the principles behind it. I do not know, having
7 not read the actual decision, for what period
8 Mr. Mitchell was back-billed in that case.

9 Q. Okay. To the extent that Mr. Mitchell might
10 not have been back-billed for the entire
11 period that --

12 MS. SCHMID: Objection, calls for
13 speculation.

14 CHAIRMAN BOYER: Well, let's hear the
15 question first.

16 MR. BALL: Let me recast it as a
17 hypothetical.

18 Q. (By Mr. Ball) Hypothetically let us say that
19 Mr. Mitchell was underbilled for more than 24 months.
20 Further hypothetically let us assume that Mr. Mitchell
21 was back-billed, after the case was decided and
22 settled, for 24 months.

23 I would like you to tell me, if you know, who
24 bore the difference between the 24 and the
25 more-than-24 months of underbilling. Would it have

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1 been Utah Power, or would it have been Utah Power's
2 ratepayers?

3 MS. SCHMID: Objection. Dr. Powlick was not
4 with the Division at that point, nor was he familiar
5 with the billing practices of the entities at that
6 point.

7 CHAIRMAN BOYER: Well, over -- I'm gonna
8 overrule it. It is a hypothetical. And he can give
9 an answer to the hypothetical. To the extent he
10 knows.

11 THE WITNESS: I can only assume -- this being
12 a hypothetical and knowing what I know about the
13 billing structures of the companies at this point in
14 time, not necessarily being familiar with them in 2004
15 when this was handed down -- that uncollected
16 underbilled amounts -- amounts collected that were not
17 collected by Utah Power in the absence of balancing
18 accounts such as are in place now for Questar Gas
19 would be borne by the Company.

20 Q. (By Mr. Ball) Thank you very much.

21 MR. BALL: Chairman, I would like to
22 introduce URA Cross 4, please.

23 (Pause.)

24 MR. BALL: Chairman, we've been joined by
25 formal complainant Ms. Mitc -- Ms. McMMain, and so I'm

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1 going to hand her a copy as a party in this.

2 And I'll just ask again, are there any other
3 formal complainants in the room that I'm not aware of?
4 Thank you.

5 Q. (By Mr. Ball) Dr. Powlick, would you be kind
6 enough please to -- I'm trying to find the right page,
7 forgive me. Turn to page 65 of your report. And I
8 believe in the final paragraph on page 65.

9 A. Could you read to me the beginning of the
10 paragraph so I know that we're on the same page?

11 Q. "In interpreting these statutes."

12 A. Got it.

13 Q. Would you be kind enough to read just the
14 second sentence in that paragraph, please?

15 A. "The PSC case that has addressed this
16 issue most directly is Covey Apartments
17 versus Questar Gas."

18 Q. Thank you.

19 MR. BALL: Chairman, URA Cross 4 is a copy of
20 the Commission's 9th of January, 2002, Report and
21 Order in the Complaint of Covey Apartments, Inc.
22 versus Questar Corporation, Docket 01-057-09. And I
23 ask that it be admitted, please.

24 CHAIRMAN BOYER: Objections to the admission
25 of this purported copy of a Commission order?

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1 MR. PROCTOR: Mr. Chairman, it should be
2 treated as the Commission treated Mitchell and placing
3 it in the record but not into evidence. That was my
4 understanding of your order.

5 CHAIRMAN BOYER: It will be placed in the
6 record, Mr. Ball.

7 MR. BALL: Thank you, Chairman.

8 (Exhibit No. URA Cross 4 was admitted.)

9 Q. (By Mr. Ball) Dr. Powlick, would you be kind
10 enough to read the third sentence in that same
11 paragraph? The one after the one you read.

12 A. I put it away. I thought we were done with
13 it.

14 Q. I'm sorry.

15 A. Page 66?

16 Q. Sixty-five.

17 A. I'm sorry, 65. And which sentence now?

18 Q. The third sentence. The one after the one
19 you previously read.

20 A. "Due to a meter reading error that
21 was perpetuated for almost ten years,
22 the customer was billed for 10 percent
23 of actual consumption."

24 Q. Thank you. Assuming that in the period of
25 time that we're talking about all things were as they

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1 are now with regard to balancing accounts and so on.
2 Ratepayers at large would have picked up a large chunk
3 of the remaining 90 percent of the underbilling,
4 wouldn't they?

5 A. This -- the Covey case, as I understand it,
6 was a meter reading error rather than a slow read,
7 therefore would have been subject to 24 months of
8 back-billing. The remaining unbilled, gas if the
9 current rate structure were in effect and in the
10 absence of any Commission action, would be picked up
11 by ratepayers at large.

12 Q. Thank you.

13 MR. BALL: Chairman, I think I've completed
14 my cross of Dr. Powlick. Thank you very much.

15 Thank you, Dr. Powlick.

16 CHAIRMAN BOYER: Okay. Thank you, Mr. Ball.
17 Redirect, Ms. Schmid, of Dr. Powlick?

18 MS. SCHMID: No redirect.

19 CHAIRMAN BOYER: Very well. Thank you,
20 Dr. Powlick.

21 Oh, Commissioner Allen has a question.

22 COMMISSIONER ALLEN: Just a real quick
23 question for you, Dr. Powlick. Towards the end of
24 your testimony you summarized the monetary amount
25 going to each of the parties directly and directly to

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1 the company in a percentage. And I just got the last
2 one.

3 THE WITNESS: Okay.

4 COMMISSIONER ALLEN: Could you read that
5 again for me?

6 THE WITNESS: Sure. I'll give it to you to
7 the tenth of a percent this time. Questar Gas, 44.4.
8 Underbilled customers, 20.7. Ratepayers at large,
9 34.9.

10 COMMISSIONER ALLEN: Thank you very much.

11 CHAIRMAN BOYER: Now you may step down,
12 Dr. Powlick, thank you.

13 Now we had agreed, I guess, to go to the
14 Company now. Now we're, we are going to hear from
15 public witnesses at 11:45. And I believe we'll need a
16 bit of time to make sure we get everyone's name and so
17 on before we commence.

18 How long would you anticipate, Ms. Byde,
19 putting on your witness?

20 MS. BYDE: I think we'll need more than ten
21 minutes. And I would be more than happy to commence
22 public witness time now if the other parties are
23 amenable to it. We have public witnesses here.

24 It -- whatever you prefer, Chairman, we're
25 happy to do. But ten minutes won't be enough for us.

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1 CHAIRMAN BOYER: Won't be enough to put on
2 your witness?

3 MS. BYDE: No.

4 CHAIRMAN BOYER: Well, inasmuch as we do have
5 members of the public here and they're taking time out
6 of their busy schedules, why don't we proceed to that
7 point. And we'll commence that at this point.

8 Are you okay, Kelly? The reporter? Okay.

9 Ms. Murray, have you had an opportunity to
10 take the names of interested people, the parties who
11 wish to testify today?

12 MS. MURRAY: I do have some. I just
13 wondered -- (conversation out of the hearing of the
14 court reporter.)

15 CHAIRMAN BOYER: Sure, ask this gentleman as
16 well. While Ms. Murray is doing that let me explain,
17 if I could. During the public witness -- because of
18 the intense interest that this particular case has had
19 and the media scrutiny it's received, we determined to
20 have two public witness time periods in which to hear
21 public witness testimony.

22 And we're gonna commence the first of those
23 right now. Those who wish to testify can do so either
24 under oath or unsworn. For us to consider your
25 testimony in reaching a decision in this case the

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1 testimony must be sworn. But in giving sworn
2 testimony you subject yourself to the possibility that
3 attorneys may cross examine you.

4 So with that explanation, Ms. Murray? All
5 right, thank you Ms. Murray.

6 Okay, at this point we have four individuals
7 who wish to be heard: Dan Kennelly, Nancy Mitchell,
8 Margaret McMain, I believe, and Lorry Horman. And
9 let's proceed in that order.

10 Mr. Kennelly, would you please come forward.
11 And Mr. Kennelly, do you wish to give sworn testimony
12 or unsworn testimony?

13 MR. KENNELLY: I'll swear.

14 CHAIRMAN BOYER: Very well. Raise your right
15 hand. We don't allow any swearing in the hearing
16 room, but we'd love to hear your sworn testimony.

17 (Mr. Kennelly was sworn.)

18 CHAIRMAN BOYER: Please be seated. I think
19 the microphone is on.

20 MR. KENNELLY: It is on? Yeah, okay.

21 CHAIRMAN BOYER: You may proceed,
22 Mr. Kennelly.

23 MR. KENNELLY: In reviewing and watching this
24 procedure and being here for the previous procedures
25 and so on, to me, I may not know all of the legal

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1 terms and so on, but in my personal review of the
2 situation the gas company is the professional. They
3 have all the control.

4 The customer has none. And is subject to
5 doing whatever the gas company says they should do.
6 They also pay the bill that is sent by the gas
7 company, without having any way to question it.

8 The thing of it is, the gas company over the
9 past several years started out in changing the way
10 they did their bookkeeping and so on when it was
11 Mountain Fuel supply. And they changed it to the fact
12 that they didn't keep track of the cost or the process
13 of how much the gas coming out of the wells was put
14 into their bookkeeping statements.

15 The gas company in the future after that has,
16 time after time after time, made changes and so on.
17 But they are the controllers. They are the ones that
18 supply the gas. They are the ones that send the
19 bills.

20 The thing of it is, they have put all of the
21 costs to the ratepayers. Now, the thing of it is,
22 they have taken no responsibility when things go
23 wrong. For example, when they got the gas, the coal
24 car -- coal gas and wanted to put it into the system
25 they said, No, that will go out of state and so we

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1 don't need to.

2 Well, it got into the system and they had to
3 put in the scrubbers to clean up the gas. That was
4 billed to the ratepayers of \$25 million. And then it
5 was determined that, no, that was the Company's
6 responsibility, so they paid that back over a period
7 of time.

8 The thing of it is, the gas company has not
9 been a fair corporation, in the fact that they have
10 taken all of the advantages and, and so on from the
11 ratepayers, they want them to pay for everything,
12 irregardless of whether it's their responsibility or
13 not.

14 Now, the thing of it is when the gas company
15 makes a mistake, since they are the controlling party
16 in the thing, it should be their responsibility.
17 Therefore, any errors or underbilling should be borne
18 by the gas company.

19 And when it goes on for years and they don't
20 even find it, and then you want to go back and charge
21 the ratepayer for it does not seem fair, reasonable,
22 or equitable to the ratepayer in any way, shape, or
23 form. That's my opinion.

24 CHAIRMAN BOYER: Thank you, Mr. Kennelly. I
25 forgot to have you identify yourself for the record.

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1 Would you please state your name and spell it for the
2 record?

3 THE WITNESS: My name is Dan Kennelly,
4 K-e-n-n-e-l-l-y.

5 CHAIRMAN BOYER: Thank you very much,
6 Mr. Kennelly.

7 Do any of the attorneys have questions for
8 Mr. Kennelly?

9 MR. PROCTOR: Can I just have a moment with
10 my client?

11 CHAIRMAN BOYER: Yeah, just take one moment.

12 If you wouldn't mind sitting there for just a
13 moment, Mr. Kennelly?

14 MR. KENNELLY: That's fine.

15 MS. BYDE: The Company has no questions for
16 him.

17 MS. SCHMID: The Division has no questions
18 for Mr. Kennelly.

19 MR. PROCTOR: No questions, thank you.

20 CHAIRMAN BOYER: Mr. Ball, have you questions
21 for Mr. Kennelly?

22 MR. BALL: No thank you, Chairman.

23 CHAIRMAN BOYER: Commissioner Allen?
24 Commissioner Campbell?

25 Thank you so much for coming, Mr. Kennelly.

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1 You may step down.

2 MR. KENNELLY: Thank you.

3 CHAIRMAN BOYER: Ms. Nancy Mitchell?

4 Ms. Mitchell, do you wish to give sworn or unsworn
5 testimony?

6 MS. MITCHELL: Sworn, please.

7 CHAIRMAN BOYER: Very well.

8 (Ms. Mitchell was sworn.)

9 CHAIRMAN BOYER: Please be seated.

10 MS. MITCHELL: Thank you.

11 CHAIRMAN BOYER: Would you please state your
12 name and spell it for the record.

13 MS. MITCHELL: My name is Nancy Mitchell.
14 N-a-n-c-y, Mitchell, M-i-t-c-h-e-l-l.

15 CHAIRMAN BOYER: Thank you, Ms. Mitchell.
16 You may give your statement now.

17 MS. MITCHELL: Thank you, Mr. Chairman. My
18 husband George and I requested this opportunity to
19 complain because we are one of the households who were
20 underbilled by Questar in the transponder issues.

21 Our major complaint is how poorly we were
22 treated as customers as a result of Questar's
23 incompetence and mismanagement. Questar gave us no
24 information about transponder installation on our home
25 gas meter until they had discovered they had

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1 underbilled us.

2 We were informed on December 4, 2008, on our
3 statement by a line item labelled "Correction" in the
4 amount of \$2,174.41. Which was added to our current
5 charges, for the total of the bill of \$2,299.09.

6 Initially I thought it was a computer input
7 error of a misplaced decimal point. Upon calling I
8 found out that this was the intended amount and that
9 we had been underbilled. I wondered to myself, Why
10 are they picking on us?

11 Did they look through our accounts and decide
12 the Mitchells could pay more? Had our bill not risen
13 substantially enough so they could pick on us. It
14 felt totally arbitrary. As I learned more, I wondered
15 why we had to pay for their mistake.

16 Forget that they'd done -- did not inform us
17 they were adding a transponder or why they were doing
18 it. Questar did not even ensure the equipment was
19 installed properly. Few records were kept, as they
20 themselves acknowledged, and then they did not monitor
21 the new equipment.

22 In a letter dated to us on December 5, 2008,
23 they claimed to have discovered the malfunction in a
24 routine inspection of gas meters. At the time I
25 thought two years with no monitoring was negligent.

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1 Later I learned that our transponder had been
2 installed in 2003.

3 Four years later they conducted an
4 inspection. "Routine" in their words. In my eyes
5 that was a management blunder and is grossly
6 negligent.

7 In the meantime the Company earned profits,
8 rewarded the stockholders, and the CEO and top
9 management received bonuses, presumably based on their
10 good performance. I don't understand why there should
11 be bonuses and rewards when a monopoly serving a
12 captive audience of residents and businesses has very
13 limited risk.

14 Questar is a monopoly. And it appears they
15 think they do not have to treat customers with
16 respect. We pay utility bills in Canada as well and
17 have never been treated so disrespectfully by our
18 suppliers there.

19 Oh, maybe I have to get a glass of water. I
20 didn't think I was nervous, but just a second.

21 (Pause.)

22 MS. MITCHELL: So I guess I think I was -- I
23 don't understand why there should be bonuses and
24 rewards when a monopoly serving a captive audience of
25 residents and businesses has very limited risk.

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1 Questar is a monopoly. And it appears they
2 think they, that they do not have to treat customers
3 with respect. We pay utility bills in Canada and have
4 never been treated so disrespectfully by our suppliers
5 there.

6 We have lived in our home for nearly 30
7 years, yet Questar and its employees insulted us with
8 comments like, You should have known your bills
9 weren't high enough. Only a monopoly can afford to
10 treat long-time customers with such disrespect.

11 In recent years my husband and I, like many
12 conscientious and environmentally-concerned consumers,
13 have made improvements to our home to control our
14 energy consumption. We have resisted installing air
15 conditioning, and prefer using natural resources like
16 trees and breezes to aid in cooling our home.

17 We have installed new furnaces and new water
18 heaters, and insulated our attic, all in an attempt to
19 control our energy consumption. Given we have made
20 these changes, my husband actually wondered why our
21 natural gas bills had not gone down even further.

22 I've had numerous conversations with friends
23 and business colleagues, many of them small business
24 owners, who have said any other business could not go
25 back and say, I messed up on the price and you owe me

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1 another \$2,000 on that contract from two or four years
2 ago, or .79 cents for that can of beans, even if it
3 was mis-marked.

4 The small business owners all agreed they
5 would have to eat it. Only a monopoly has the
6 audacity to charge customers for its own mistake. And
7 the cost of that mistake is being magnified by the
8 legal efforts and costs to fight us.

9 Isn't that a twist? We the consumers will
10 probably have to pay the cost of the Questar attorneys
11 to fight us. On the whole, Questar has broken it's
12 trust with me and my husband. I am skeptical. Our
13 whole economy operates on a basis of trust.

14 All across this nation our citizens and
15 businesses are struggling. We have lost faith and
16 trust in our economic system due to corporate and
17 executive greed. We the little people are working
18 hard and smart to pay our bills and save for
19 retirement.

20 We have been betrayed. Even the very
21 institutions of government who are supposed to serve
22 and protect us fail us. They side with the corporate
23 greed. Without our monthly check, Questar, its
24 executives, and its employees would have no job and
25 its stockholders no return on investment.

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1 Nor would there be jobs for State employees
2 like those at the Public Services Commission, the
3 Committee of Consumer Services, and the Division of
4 Public Utilities who are paid out of our state taxes.
5 They have all failed us.

6 Our system is crumbling. And until there is
7 some dignity and respect for the common worker and
8 taxpayer, there will be no trust. Certainly not from
9 me for Questar. As I have told the media, take the
10 underbillings out of the bonuses and the profits of
11 the CEO and management who are gouging us. Maybe then
12 they'll treat us customers with respect. Thank you.

13 CHAIRMAN BOYER: Thank you, Ms. Mitchell.

14 Are there questions for Ms. Mitchell? The
15 Committee of Consumer Services? No? Ms. Schmid for
16 the Division?

17 MS. SCHMID: No.

18 CHAIRMAN BOYER: The Company? Mr. Ball, have
19 you questions for Ms. Mitchell?

20 MR. BALL: I, I would just like to make it
21 absolutely clear for the record what Ms. Mitchell's
22 status in this proceeding is, Chairman, by asking a
23 question about that.

24 CROSS EXAMINATION

25 BY MR. BALL:

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1 Q. Ms. Mitchell, am I right to believe that you
2 are a formal complainant in this matter?

3 A. Yes, I am.

4 Q. And that Docket 08-057-08 is the formal
5 complaint of Mitchell against Questar Gas Company?

6 A. I, I'll have to take your word on that. I
7 don't have that in my head. But I have it in my
8 paperwork if you want me to check.

9 MR. BALL: Thank you very much.

10 Thank you, Chairman.

11 CHAIRMAN BOYER: Thank you. Do the
12 commissioners have any questions?

13 Thank you, Ms. Mitchell.

14 The next person, is it Margaret or
15 Marguerite?

16 MS. McMMAIN: Margaret.

17 CHAIRMAN BOYER: Margaret. Do you wish to
18 give sworn testimony or unsworn testimony?

19 MS. McMMAIN: Sworn. I expect to say
20 everything that's the truth.

21 CHAIRMAN BOYER: Very well.

22 (Ms. McMMain was sworn.)

23 CHAIRMAN BOYER: Please be seated. And as
24 you do so would you please state and spell your name
25 for the record.

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1 MS. McMMAIN: I am Margaret McMMain. My last
2 name is spelled M-c-M-a-i-n. And I have come here
3 today --

4 CHAIRMAN BOYER: Ms. McMMain, would you pull
5 that microphone just a little closer to you? You're
6 speaking very softly.

7 MS. McMMAIN: Is this okay?

8 CHAIRMAN BOYER: That's better, thank you.

9 MS. McMMAIN: I have come here today to
10 request that Questar cancel the back-billing charges
11 they have sent me. For 50 years I have paid my bills
12 on time to the gas companies. And in the last four or
13 five years I have given Questar the automatic billing
14 that go into my checking account and take the charges
15 that they requested every month.

16 They happened to go back on the charges
17 they're making me to February 2'06, which was the
18 month my husband died. Since then I have tried to
19 carry on my life with this life-changing situation.
20 So when I received a bill from Questar for 16 -- over
21 \$1,600, I had -- was outraged and angered.

22 I have not ever heard of any company,
23 corporation, individual, that could go back two years
24 and say that they had mis-billed you for something
25 that you had used. This seemed very wrong to me.

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1 And I had never had any reason to distrust
2 Questar in the past. And I have been treated very
3 well by Questar in the past. And I appreciate what
4 they have done for us.

5 But this -- the whole -- my whole problem
6 here is Questar did not let me know what the actual
7 charges were. They were not charging me correctly, so
8 I made no effort to change my mode of living. I would
9 not have used the gas. I would not have used the gas
10 if I had known the actual price of the gas.

11 I would like to make an analogy here with the
12 present price of gasoline. When the people in the
13 country found the price of gasoline had gone up, they
14 stopped driving so much. They made other
15 accommodations. And I think we all can understand
16 that.

17 I was not given this option by Questar to
18 stop and lower my gas. I went on living as I had. I
19 feel this is Questar's mistake, not my mistake. They
20 are a wealthy corporation. And I think it's wrong for
21 them to go on -- I think the rules should be changed
22 for them to go back two years and expect to keep
23 making mistakes and having the captive customers pay
24 for this.

25 This is the way I feel. And I would like to

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1 request that Questar cancel the back-billing. It's
2 their mistake and not mine.

3 CHAIRMAN BOYER: Thank you, Ms. McMMain.

4 Are there questions for Ms. McMMain? None
5 from the Committee. None --

6 MS. SCHMID: None.

7 CHAIRMAN BOYER: From the Division? None
8 from the Company?

9 Mr. Ball, have you any questions for
10 Ms. McMMain?

11 MR. BALL: Please, Chairman. In the same way
12 as with Ms. Mitchell, I'd simply like to establish.

13 CROSS EXAMINATION

14 BY MR. BALL:

15 Q. Ms. McMMain, am I correct in representing that
16 you have filed a formal complaint with the Commission
17 in this matter?

18 A. I did. And it's taken a great deal of time,
19 and turmoil, and anxiety on my part. I might say
20 that. And I think Questar should not have pursued
21 this the way they have.

22 Q. Thank you.

23 MR. BALL: And Chairman, for the record let
24 me just say that the docket number for Ms. McMMain's
25 complaint is 08-057-03.

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1 CHAIRMAN BOYER: Thank you.

2 I have just one question for you, Ms. McMMain.

3 I don't know if the other commissioners do or not.

4 Was the \$1,600 automatically withdrawn from your

5 checking account --

6 MS. McMMAIN: No.

7 CHAIRMAN BOYER: -- is that how you found

8 out?

9 MS. McMMAIN: They sent, they sent me a

10 letter --

11 CHAIRMAN BOYER: They sent you a notice?

12 MS. McMMAIN: -- about this and said it would

13 be. Incidentally, the next day I changed the

14 automatic billing so that they couldn't take that out.

15 CHAIRMAN BOYER: Thank you very much.

16 MS. McMMAIN: I didn't trust them.

17 CHAIRMAN BOYER: Thank you so much,

18 Ms. McMMain. You may step down. Thank you for coming.

19 Lorry Horman? Mr. Horman, I see you're gonna

20 give sworn testimony.

21 (Mr. Horman was sworn.)

22 CHAIRMAN BOYER: Please be seated. Would you

23 state and spell your name for the record, please, as

24 you sit down.

25 MR. HORMAN: Yeah. First name's Lorry,

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1 L-o-r-r-y, Horman, H-o-r-m-a-n.

2 CHAIRMAN BOYER: Thank you. You may read
3 your statement or give your statement at this time.

4 MR. HORMAN: Thank you for allowing me, a
5 utility customer, to have a voice. I feel that my
6 needs as a ratepayer are generally neglected by the
7 system. How can I hope for equitable treatment from a
8 billion dollar monopoly?

9 Who will balance my needs, which are a
10 dependable and affordable delivery of natural gas,
11 against this giant corporation with its virtually
12 limitless resources and with its access to elected and
13 appointed officials, through a battery of lobbyists,
14 at my expense.

15 A device created by the legislature in 1977,
16 the Committee of Consumer Services has a checkered
17 history and is currently in Questar's pocket with this
18 stipulation.

19 I, as a ratepayer, should not be compensating
20 Questar Gas for the blunders of its managers and
21 employees. When I pay my gas bill I am paying Questar
22 to meter my consumption, read my meter, and bill me
23 accordingly.

24 When Questar fails to do so, it should accept
25 the financial correspond -- consequences of its

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1 failure. And not come after me many months later, or
2 pass the under-collected, under-collection on to all
3 its ratepayers.

4 The stipulation under discussion transfers
5 the cost of Questar's blunder to certain underbilled
6 customers, and to its ratepayers at large. There is
7 no way this is just or reasonable or in the public
8 interest. Thank you.

9 CHAIRMAN BOYER: Thank you, Mr. Horman.

10 Are there questions for Mr. Horman? None
11 from the Committee? None from the Division? None
12 from the Company? Mr. Ball?

13 MR. BALL: No thank you, Chairman.

14 CHAIRMAN BOYER: Commissioner Allen?
15 Commissioner Campbell?

16 Thank you so much, Mr. Horman. Please, you
17 may step down now.

18 Ms. Murray, are there other members of the
19 public who've come?

20 Duane Rose. Would you please come forward,
21 Mr. Rose. Mr. Rose, do you wish to give sworn
22 testimony or unsworn testimony?

23 MR. ROSE: Yes, sir.

24 (Mr. Rose was sworn.)

25 CHAIRMAN BOYER: Please be seated. And would

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1 you state and spell your name for the record, please.

2 MR. ROSE: My name is Duane Rose. That's
3 D-u-a-n-e, R-o-s-e. I'm here representing the
4 condominium association where I reside, and that's
5 Easton Association. Our -- I do the accounting for
6 the association.

7 And we have five buildings that have a meter
8 on each building. The units are not individually
9 metered. And we had a problem in April of 2006 where
10 we had a bill of 12 thou -- or \$1,274 for one of our
11 buildings that has four units in it.

12 We're honest folks, we figured we used the
13 gas, and we paid that bill. And I -- that's water
14 under the bridge for, for me. But by golly, we're
15 having the same problem again, and nobody at Questar
16 will acknowledge it.

17 We got a bill for this same unit in August of
18 this year for \$2.10. That's the bill for four units.
19 We had another four-unit building where the bill was
20 \$68.65. Is there someone here from Questar? Will you
21 please fix the meter?

22 We'd like to pay our bill. Please don't give
23 us another \$1,200 bill in April of 2009.

24 CHAIRMAN BOYER: Mr. Rose, I'll bet somebody
25 is here in the audience today.

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1 MS. BYDE: Yes.

2 CHAIRMAN BOYER: And after you finish your
3 testimony I'm sure that they'll be happy to talk to
4 you about that.

5 MR. ROSE: That's all I have to say.

6 CHAIRMAN BOYER: Thank you very much.

7 Any questions for Mr. Rose?

8 Seeing none, you may step down. And
9 hopefully your question and your problem will be
10 resolved, Mr. Rose. Thank you for coming.

11 MR. ROSE: Well, and if it isn't I'd like to
12 know if there's a provision in the proposed settlement
13 for when this does happen to us again. Thank you.

14 CHAIRMAN BOYER: Ms. Byde has left the room,
15 but are there other members of the public that wish to
16 be heard?

17 I'm thinking that since we have to be here,
18 we've kept this period open until 12:30, why don't we
19 proceed with the Company witness in favor of the
20 stipulation, and then subject to the right to
21 interrupt should a member of the public come.

22 Would that be okay with everyone? Let's
23 proceed in that way.

24 (Pause.)

25 CHAIRMAN BOYER: Mr. McKay, do you wish to

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1 remain seated there or come up here to the witness
2 box?

3 MR. McKAY: I'm --

4 CHAIRMAN BOYER: Why don't we do that.

5 MR. McKAY: I can go up there.

6 CHAIRMAN BOYER: I couldn't tell from the way
7 you were arranging your materials.

8 MR. McKAY: I'm making sure, I think I have
9 what I need. But we'll find out if I don't here in a
10 minute.

11 CHAIRMAN BOYER: Mr. McKay, you haven't been
12 sworn in this proceeding.

13 (Mr. McKay was sworn.)

14 CHAIRMAN BOYER: Please be seated.

15 Ms. Byde?

16 MS. BYDE: Thank you. And I wanted to
17 apologize for stepping out. I just wanted to be sure
18 Mr. Rose was put in touch with the right person.

19 CHAIRMAN BOYER: Thank you for doing that.

20 BARRIE McKAY,
21 called as a witness, having been duly sworn,
22 was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MS. BYDE:

25 Q. Mr. McKay, can you please state your name?

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1 A. Barrie L. McKay. That's B-a-r-r-i-e. L, as
2 in Lane, and McKay, M-c capital K-a-y.

3 Q. And what is your position at Questar Gas
4 Company?

5 A. I'm manager of regulatory affairs.

6 Q. And can you describe briefly your job
7 responsibilities in that capacity?

8 A. I have the responsibilities not only for
9 energy efficiency programs, but also for our
10 regulatory affairs. Which is responsible for filing
11 our reports, putting together our information as far
12 as our pass-through cases as well as our general rate
13 cases, and have been involved with this matter also.

14 Q. Thank you, Mr. McKay.

15 MS. BYDE: May I approach the witness,
16 please?

17 CHAIRMAN BOYER: You may.

18 Q. (By Ms. Byde) Mr. McKay, I've just handed
19 you what has been premarked as Questar Gas Company
20 Hearing Exhibit 1. It's a document entitled: "Reply
21 Comments of Questar Gas Company regarding the Division
22 Report on Transponder Pre-Divide Exceptions and
23 Back-Billing Issues."

24 I just want to know if you recognize that
25 document?

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1 A. Yes, I do.

2 Q. And is that a copy of the comments filed by
3 Questar Gas in this case?

4 A. Yes, it is.

5 MS. BYDE: Mr. Chairman, I'd like to have
6 this admitted as an exhibit in this matter.

7 CHAIRMAN BOYER: Are there objections to the
8 admission of Questar's comments in this matter being
9 admitted into evidence?

10 MR. PROCTOR: No objection.

11 MS. SCHMID: No objection.

12 CHAIRMAN BOYER: How shall we mark that,
13 Questar 1?

14 MS. BYDE: I'm sorry, Questar Gas Hearing
15 Exhibit 1.

16 CHAIRMAN BOYER: Very well. Seeing no
17 objections, that will be admitted into evidence.

18 (Exhibit No. QGC Hearing 1 was admitted.)

19 MS. BYDE: I would also like to note for the
20 record that this document, like the Division's report,
21 was provided to all of the parties to this matter
22 previously.

23 CHAIRMAN BOYER: Thank you.

24 Q. (By Ms. Byde) Mr. McKay, can you describe
25 Questar's participation in this investigation?

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1 A. Yes. We became aware of the particular
2 accounts at the -- about the -- well, I think
3 beforehand, obviously. I don't know how far back we
4 want to go into history. But obviously our first
5 communication began, I think, as customers began to
6 file some concerns of informal complaints. Which some
7 of them have later turn into formal complaints.

8 We had communication with the Division of
9 Public Utilities, who's responsible for fielding those
10 complaints. And actually at their time in their --
11 fulfilling the duty of their responsibilities asked us
12 a -- they sent a data request as it related to these
13 issues.

14 The concern continued to develop. And then I
15 think at that point in time the Committee of Consumer
16 Services actually requested a formal investigation.
17 And those to that point that had filed formal
18 complaints were combined there.

19 The Company I think has participated fully in
20 that in answering -- I didn't bring that book up
21 there, but it's about a four-inch binder of data
22 requests and information related to specific accounts.
23 Related to our perspective on why we chose to go down
24 the path of having transponders in the first place.
25 And has been able to provide that information.

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1 And also have continued then to field
2 questions. And ultimately which led all of the
3 parties to sitting down on a couple of occasions and
4 talking about the possibility if there was a
5 reasonable resolution to the varying different
6 perspectives that were being played out in this
7 docket.

8 And after some negotiation back and forth, I
9 feel we've come together with a very reasonable
10 stipulation that is before the Commission today.

11 Q. Can you describe for me the material terms of
12 the settlement stipulation?

13 A. Sure. We've actually already had a fairly
14 good summary of that by Dr. Powlick, but I would just
15 observe maybe a couple of things from the Company's
16 perspective. I know they've been at issue here as
17 it's related -- as I've listened to some of the
18 questions.

19 But just the first item. And this is in
20 paragraph 12 of the stipulation. But we are --
21 essentially what we had, after we got all the
22 information in and the specifics out on the table, is
23 we, we had an issue here of something that had not
24 specifically been addressed in the rules or in our
25 tariff.

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1 And that is, as it relates to transponders,
2 how far back should the Company be required to bill
3 customers once an error may be found. And perhaps a
4 little perspective on that issue would be good here.
5 I think if we go back in history, and I think it's
6 back in 1995, at that point in time there actually
7 wasn't any limit that was related to back-billing of
8 customers.

9 And through various rules, or concerns, or
10 dockets that have come before the Commission, I think
11 at that time they came forward and we limited that
12 back-billing period to 24 months at that time.

13 That wasn't the only thing. There was other
14 issues that have come up. There's been crossed
15 meters. There's been slow-reading meters. And some
16 of those specific things have specifically been
17 identified in our tariff as only going back for six
18 months.

19 So I think that that was a question out
20 there. All the parties got together and we said, Boy,
21 there's some great precedence for needing to back-bill
22 customers. And might I say this right from the start,
23 that we are sorry that this ever occurred.

24 It's not something that we like to do. That
25 we ever want to happen. We'd like to see that we

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1 don't necessarily have that happen. But we recognize
2 that humans are involved with this proces. As has
3 been explained I think earlier, this absolutely was a
4 human error.

5 Now, that said, we had to go about how best
6 to handle that. We felt very good, as the stipulation
7 has come forward, with of having this be comparable to
8 other types of errors that we've had in the -- with
9 meters. And therefore the Company supports
10 wholeheartedly the idea of only back-billing for a six
11 month period as it relates to this issue.

12 The other issues that -- I think have already
13 been put forth there. I don't know if we have a whole
14 lot that we can add to that. Other than the fact that
15 customers that have filed a formal complaint that may
16 not agree specifically with how the Commission may or
17 may not find on this -- and we're obviously seeking to
18 have you approve of the stipulation -- but we wanted
19 them to still be able to maintain their rights if they
20 didn't necessarily agree as a stipulating party on
21 that. And we thought that was an important thing in
22 the stipulation.

23 The Company has recognized that this needed
24 to be a balancing act in this. And so we wanted to
25 step forward, and we thought we did, in paying

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1 nearly -- I think the percentage has been thrown out
2 there about half of the dollars that are at issue.

3 We recognize that we also have parties that
4 wouldn't use the gas, and we're sorry that we did not
5 be able to communicate to them sooner. And feel that
6 that's a tough thing for them. We actually recognize
7 that the approach of what we're doing here is having
8 them pay maybe about a quarter of what they actually
9 did use out there. They did use the gas, and we
10 thought that was a good balancing act.

11 And then maybe from another perspective is
12 that we're -- what we're concerned about here is all
13 the other customers. And know that that's been put
14 forth, so why don't I at least observe it. And if I
15 don't clarify that, I'm sure I'll be able to get some
16 fine cross on it.

17 But from the Company's perspective we had,
18 back in 1995, an opportunity to make a change in our
19 system. And there's new technology. Electronic meter
20 reading, or automated meter reading, or transponder.
21 And we went through some analysis and we found out
22 that we're gonna need to expend some dollars there.

23 And that we were -- but the benefits that we
24 could get from this was a significant reduction in our
25 operating costs. We could have a significant increase

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1 in our safety. We could have also a significant
2 ability for us to better analyze what our customers
3 were using.

4 And perhaps the most important thing that
5 enticed us on this is that we could have a significant
6 improvement in our billing accuracy. And also in
7 having to do corrections of bills after they once went
8 out. And it also could help us significantly reduce
9 our estimated bills.

10 We went forward with that. And are actually
11 very pleased with the results. We recognized that we
12 were gonna be implementing technology. Technology
13 doesn't always work perfect. There's buttons that can
14 happen. There's switches that can be set. And when
15 humans are involved with it, mistakes can happen.

16 We recognized that we could go forward and
17 try to maybe have redundancy after redundancy on
18 trying to go out there to do that. But in an
19 effort -- and you've heard us say it an awful lot --
20 we actually take pride in wanting to bring what we are
21 saying -- and the facts bear it out -- some of the
22 lowest costs if not the lowest natural gas costs in
23 the nation.

24 We said, Hey, we don't want to necessarily go
25 and put all this technology in, and then through

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1 duplicating all our efforts not have any dollar
2 savings. And so we chose not to continue to --
3 not -- we chose not to go through the path of having
4 increased costs for our customers just to have the
5 benefit of better accuracy and better ability to
6 analyze.

7 And so therefore we did not keep all of those
8 meter readers, that could have gone out every single
9 month and looked at every single one of those meters,
10 because that would have been a significant cost to all
11 of our other customers.

12 We didn't think that was a wise thing for
13 them to bear. And so we chose to go forward with
14 significant reduction, recognizing that we might have
15 some errors in that. But when you take the cost of
16 those errors coupled with the savings, there was
17 tremendous benefit for all of our customers.

18 And that's a choice that we went forward and
19 did. And we've recognized since then we've made some
20 errors, so that's why the particular observation there
21 is that we wanted to bear in that. We feel like we're
22 taking almost half.

23 The rest of the customers are getting
24 tremendous benefit of that. I think that was
25 calculated to be about 20 or 22 percent. We felt that

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1 was a reasonable balance from their perspective, given
2 the benefits that they were going to, and were, and
3 have experienced with this.

4 I think the other one is that we're very
5 willing to move forward with making a tariff change.
6 And are prepared to do that following the -- or
7 assuming the approval of this stipulation.

8 And the other thing I also like that has
9 happened from this stipulation -- it wasn't really
10 clear and didn't really specifically spell it out, but
11 the ability to work with customers. And to be able
12 to, on the particular circumstances, allow them a
13 greater period of time.

14 We know that it's a hardship on them. We
15 wish those things didn't happen. And as we try to
16 implement whatever portion of their back-billing may
17 occur in the future I think that's a great thing to
18 have, for the Company's perspective as well as for
19 those customers.

20 Q. So I take from your comments that you believe
21 this settlement stipulation is just and reasonable and
22 in the public interest; is that correct?

23 A. Absolutely. In summary of that, we do feel
24 that this is very reasonable from the perspective of
25 the Company. There was some give and take in this.

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1 But also from the perspective of all the others
2 involved, that we think it's fair and should be
3 approved by this Commission.

4 Q. I wanted to ask you just a couple more
5 questions, Mr. McKay, about the, the nature and
6 significance of the number of billing errors here.
7 Can you speak a little bit to the issue of the
8 magnitude of the AMR program and the magnitude of the
9 errors at issue in this case?

10 A. Sure. Thank you. That's actually one of the
11 things that we, from the onset, were hoping to occur.
12 We had to estimate in the past about five percent of
13 our bills, just for one reason or another. It was
14 weather related, or somebody wasn't able to get into a
15 backyard, or there were too many dogs guarding the
16 meter that day.

17 The transponders have significantly helped.
18 We have been able to reduce our estimated bills by
19 88 percent. That's a tremendous success. We used to
20 have to regularly adjust or make billing corrections
21 on bills, 1.5 percent on a monthly basis.

22 We have now been able to reduce that by over
23 60 percent. And then, to bring into context what this
24 issue really is, we have identified an error that is
25 less than one-tenth of one percent. We are

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1 tremendously pleased with that type of accuracy.

2 We are indeed sorry that that has happened.

3 We wish that it didn't. But we recognize that where

4 there's been a significant improvement, and are

5 pleased with what transponders have been able to

6 provide for us.

7 MS. BYDE: I don't have any questions at this

8 point.

9 CHAIRMAN BOYER: So I assume Mr. McKay is

10 available for cross examination?

11 MS. BYDE: He's available for cross

12 examination.

13 CHAIRMAN BOYER: Before we do that let's

14 check the hearing room to see if other members of the

15 public have come in who wish to be heard.

16 Okay. Seeing none, let's go turn now to the

17 Division. Do you have cross examination questions for

18 Mr. McKay?

19 MS. SCHMID: No questions.

20 CHAIRMAN BOYER: The Committee of Consumers

21 Services, Mr. Proctor?

22 MR. PROCTOR: No questions.

23 CHAIRMAN BOYER: No?

24 Mr. Ball, have you questions for Mr. McKay?

25 MR. BALL: Yes, please, Chairman.

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1 CHAIRMAN BOYER: We'll, just for everybody's
2 scheduling and pacing, we'll go until about 12:30 and
3 then we're going take a recess. We'll come back and
4 conclude the formal portion of the hearing. And then
5 at 4:30 we will have one more public witness period.

6 Mr. Ball?

7 MR. BALL: I'm sorry, Chairman. What time
8 are we gonna reconvene?

9 CHAIRMAN BOYER: We're gonna reconvene at
10 2:00. We'll go to 12:30, we'll reconvene at 2:00.

11 MR. BALL: Thank you very much. My wife
12 accuses me of selective deafness and I guess you just
13 got the benefit of it there, I'm sorry.

14 CROSS EXAMINATION

15 BY MR. BALL:

16 Q. Hello Mr. McKay.

17 A. Hello.

18 Q. I believe you characterized this as
19 potentially a fun experience. Has Questar Gas Company
20 made any kind of estimate of the financial benefits on
21 the one hand to it, and on the other hand to its
22 customers separately, of the transponder installation
23 program?

24 A. I don't think we ever look at it in the light
25 you're trying to portray it there. So to answer your

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1 question specifically, no, we haven't. And I don't
2 think that's a proper way to look at this issue.

3 MR. BALL: Chairman, I'd like to distribute a
4 cross examination exhibit. I believe this will be URA
5 Cross Exhibit 5.

6 (Pause.)

7 Q. (By Mr. Ball) Mr. McKay, as Questar Gas
8 Company's manager of regulatory affairs did you, did
9 you write or did you oversee the preparation of
10 Questar's data responses in this case?

11 A. I was typically involved with the review of
12 our responses.

13 Q. Okay. What, what does URA Cross Exhibit 5
14 appear to be, please?

15 A. This looks like a data request from the
16 Division of Public Utilities that occurred prior to
17 the consolidation or the establishment of this formal
18 docket. And it was questions that I think they asked
19 during the normal course of their fulfilling their
20 duties and responsibilities and trying to become aware
21 of this issue.

22 Q. Right, thank you. And the date on this
23 response was?

24 A. I think it shows March 25th of '08.

25 Q. Thank you very much. So this is pretty early

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1 on in the process, really. And by looking at the
2 spreadsheet attachment can you tell us how many
3 accounts are referred to in this response?

4 A. Assuming you've got numbering correct it
5 appears, if we look on just the last page, that we've
6 numbered up to 388.

7 Q. Right. Now, there, there aren't any
8 overbilled accounts on this list, are there?

9 A. I don't know that.

10 Q. Would you be kind enough to read the question
11 in Data Request 1.09?

12 A. Sure. "Please provide the details
13 on the number of customers who have been
14 back-billed due to this issue and the
15 amounts back-billed...Please provide
16 this information by customer."

17 Q. And, and would you tell us the heading to
18 Column E of the spreadsheet, please?

19 A. Back-billed amount.

20 Q. You, you wouldn't have issued back-bills to
21 overbilled customers, would you?

22 A. We shouldn't. However, I have seen some of
23 our responses here, and I therefore haven't looked
24 through all this and I'm trying to do this now to try
25 to help you. We often times have included underbilled

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1 customers with a negative sign, and I want to make
2 sure that that hasn't occurred here.

3 So -- it appears they haven't. So I'm now,
4 after having had further opportunity to review, would
5 be comfortable in saying that these are customers that
6 would be -- have been identified as being underbilled.

7 Q. Thank you very much. And can you tell us the
8 total amount of underbilling on line 389, please?

9 A. That number shows \$472,708.

10 Q. And so that was essentially the state of play
11 when that was -- that was the extent of Questar Gas
12 Company's understanding of the underbilling problem
13 when it provided its response to the Division on the
14 25th of March. Would that be accurate?

15 A. I think that's fair for what we had at that
16 time.

17 Q. Thank you.

18 MR. BALL: Chairman, I'd like to introduce
19 what I would like to be called URA Cross Exhibit 6,
20 please.

21 CHAIRMAN BOYER: You may. And while you're
22 doing that, let me check with Ms. Murray.

23 No more members of the public at this point?

24 Okay.

25 (Pause.)

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1 MR. BALL: Chairman, I'm gonna represent that
2 this is the same data set that we've just been talking
3 about. However, on this occasion it's been sorted by
4 Column B, the start bill period. So they're all the
5 same accounts. They're all the same back-bill
6 amounts. The totals are the same.

7 You'll see that the number of lines are the
8 same. None of the line -- none of the dates on any of
9 the lines has been manipulated in any way. It's
10 simply been sorted by Column B, so that the earliest
11 start bill periods appear first.

12 MS. BYDE: Can I just ask who sorted it and
13 when?

14 MR. BALL: I did.

15 MS. BYDE: Okay.

16 MR. BALL: Well, actually it was my computer.
17 Excel is a wonderful thing. But I pushed the buttons.

18 Q. (By Mr. Ball) Mr. McKay, do you know, or
19 looking at line 1 can you tell us when the maladjusted
20 transponder on account 6505750000 was installed?

21 A. I think the information that you might be
22 wanting there would be in an answer to a previous --
23 or another -- a different data request. But on this
24 piece of paper it doesn't show that.

25 Q. Thank you. The start bill period date isn't

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1 the same as the date when a maladjusted transponder
2 was installed, is it?

3 MS. BYDE: I'm just gonna object to the line
4 of questioning on two grounds. First, that Mr. McKay
5 did not prepare the data response. Did not
6 participate in the modi -- I apologize, the sorting of
7 the data response.

8 And I don't believe the foundation has been
9 laid that he has the background or the foundation to
10 testify as to the particulars about this particular
11 document.

12 CHAIRMAN BOYER: I'm gonna sustain the
13 objection, Mr. Ball, but I'm gonna give you a little
14 help here. Why don't you go to that same customer on
15 URA Cross 5 and ask your question.

16 (Pause.)

17 MR. BALL: If anybody finds the line before I
18 do they could save us all the time by saying what it
19 is.

20 MS. SCHMID: What, what about line 336?

21 MR. BALL: Three thirty-six? It's on Page 7.

22 CHAIRMAN BOYER: I bet Ms. Schmid started
23 from the back of the list and the rest of us started
24 from the beginning. Am I right?

25 MS. SCHMID: Yes.

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1 CHAIRMAN BOYER: There you go.

2 MR. BALL: Dare I suggest that that's what
3 comes from being a horsewoman? This might be the
4 moment to tell the world that my wife had an
5 unfortunate experience on Dartmoor this summer by
6 approaching a Dartmoor -- a feral Dartmoor pony -- an
7 adult, but small in stature -- from the rear.

8 She landed on her rear as a result of that
9 experience. It's one of three of the memories of that
10 holiday that we will always remember, if not
11 necessarily enjoy.

12 Yes, okay.

13 Q. (By Mr. Ball) So on line 336 on Page 7 of
14 Cross Exhibit 5. And the question was, the start bill
15 period in Column B is -- or date is not the same as
16 the date when a maladjusted transponder was installed,
17 is it?

18 A. No. That was provided on a different data
19 request.

20 Q. Okay. So just to be -- just to nail it down.
21 These data responses don't tell us when maladjusted
22 transponders were installed, do they?

23 A. It'd be on the other data request.

24 Q. Thank you very much.

25 MR. BALL: Chairman, I observe that it's

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1 12:30. And so may I request admission of URA Cross
2 Exhibits 5 and 6. And pause while you decide whether
3 you'd like to break for lunch.

4 CHAIRMAN BOYER: Let's, let's do these
5 separately, because I'm anticipating objections on
6 Cross 6. Are there objections to the admission of URA
7 Cross Exhibit 5? Seeing none, it is admitted into
8 evidence.

9 (Exhibit No. URA Cross 5 was admitted.)

10 CHAIRMAN BOYER: Are there objections to the
11 admission of URA Cross Exhibit 6 into evidence?

12 MS. BYDE: Yes, Mr. Chairman. I object on
13 the grounds that it's duplicative -- well, to the
14 extent it is what has been representative --
15 represented, it is duplicative of No. 5. And I think
16 No. 5 is probably the best evidence of what Mr. Ball
17 is looking for.

18 MR. BALL: Chairman, if I may. We introduced
19 Cross 6 for the purpose of reference later on during
20 the case to these accounts. It's something closer to
21 the order in which customers started to be -- you
22 know, the back-bill trigger came into effect.

23 We think, we think this presentation might
24 actually be more useful than the original is I guess
25 what I'm saying.

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1 CHAIRMAN BOYER: I think that we don't have a
2 proper foundation for it. But you could work off of
3 that yourself as you cross examine other witnesses.

4 MR. BALL: Thank you.

5 (Exhibit No. URA Cross 6 was not admitted.)

6 CHAIRMAN BOYER: With that, let's recess for
7 lunch then. We'll reconvene at 2:00. And then we'll
8 proceed until 4:30, when we'll have another public
9 witness hearing period. Thank you all. We'll be in
10 recess.

11 (A recess was taken from 12:32 to 2:02 p.m.)

12 CHAIRMAN BOYER: We were -- Mr. Ball was
13 cross examining Mr. McKay. Just to sort of set the
14 pace for the remainder of the afternoon, we have two
15 and-a-half hours to finish this portion of the case.
16 We haven't yet heard from Ms. Beck, who I believe is
17 going to testify for the Committee.

18 And I don't know, Mr. Ball, were you
19 anticipating putting on another hat and testifying in
20 the proceeding as well?

21 MR. BALL: Yes, sir.

22 CHAIRMAN BOYER: Okay. We'll subtract minute
23 for minute, then, from your cross -- I'm only kidding.
24 Were you listening, Mr. Ball?

25 MR. BALL: With half an ear, Chairman. My

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1 understanding still is that tomorrow is scheduled if
2 we need it?

3 CHAIRMAN BOYER: It is not. We are scheduled
4 for today until 5:30 for the public witness. We have
5 other commitments tomorrow. So with that, Mr. Ball,
6 you may proceed.

7 MR. BALL: Thank you, Chairman. May I ask a
8 question that would be educational for me, trying to
9 learn from what happened just before lunch and apply
10 it to what I had intended for this afternoon.

11 Am I right in thinking that it's legitimate
12 for me to introduce as cross exhibits data requests
13 and responses. But if I have manipulated the data in
14 order to make a point, that would be objected to as
15 improper?

16 CHAIRMAN BOYER: Let's go about it this way.
17 It's proper to introduce cross examination exhibits so
18 long as they don't go beyond the scope of direct
19 testimony. With respect to documents that you've
20 altered, it's a matter of laying a proper foundation
21 for them.

22 One has to know who prepared the document,
23 when it was prepared, how it was prepared, what data
24 was used, and those sorts of things to establish a
25 proper foundation for its admissibility. I don't know

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1 if that's helpful to you or not.

2 The other corollary issue is the rules, our
3 rules discourage trying to prove a case through cross
4 examination. And that's kind of what you have been
5 doing today.

6 I mean, we understand the point you're trying
7 to make, but you're trying to do it out of the mouths
8 of adverse witnesses. And probably a more expeditious
9 way to do that would be to make the points yourself in
10 your testimony.

11 MR. BALL: Okay. I'm not, I'm not sure that
12 I agree with some of the characterization of what I'm
13 trying to do there. All I'm really trying to do is,
14 from people who have provided the information in the
15 first place, to, to obtain confirmation as to what it
16 is.

17 And I'll make my own observations about the,
18 about the evidence in my own testimony. With regard
19 to the foundation thing, I'm afraid some of that's
20 just flying over my head. So I'm gonna, I'm gonna try
21 and do this a different way.

22 And what I'm worried about is -- what I'd
23 like to do is to introduce the actual -- the base
24 data, as provided in data responses, through
25 questioning of the stipulants' witnesses. And what

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1 I'd then like to do is to present my, you know, the
2 same data that I have manipulated in one way or
3 another to show various points.

4 And it's just much, much easier to
5 demonstrate what I'm gonna try and demonstrate if the
6 data is arranged in certain sequences other than the
7 sequences it was originally presented in.

8 CHAIRMAN BOYER: Well, I'm thinking it would
9 be a lot more efficient if you would just do that
10 during your portion of the testimony --

11 MR. BALL: That's what I'm --

12 CHAIRMAN BOYER: -- and say, I've reviewed
13 the data and --

14 MR. BALL: That's what I'm saying. That's
15 what I'm proposing now to do. I'm hoping that when I
16 do that I'm not gonna walk into a slammed door again.
17 Because that's gonna, of course, become quite
18 frustrating.

19 CHAIRMAN BOYER: The other issue, and this is
20 a third, a third issue that's been, you know, I've
21 been trying to bend over backwards to accommodate you
22 because of your lack of legal training. And that is
23 that the only issue before us right now is whether or
24 not the stipulation, the settlement stipulation should
25 be approved. Whether it's just, reasonable, and in

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1 the public interest.

2 And we've read your testimony, so we know
3 your points. And I assume that you'll flush them out
4 a little bit in your oral testimony. But going back
5 into the record and looking at earlier data requests
6 and so on, I'm just not sure how useful that is to us
7 in this proceeding.

8 MR. BALL: Well, and of course at this stage
9 of the proceeding I don't expect you to, to be able to
10 see that. But I hope that by the end of the day you
11 will be able to see that. That's my intent.

12 CHAIRMAN BOYER: All right. Well, let's,
13 let's proceed with your first question. Bearing in
14 mind the time constraints we're working under.

15 MR. BALL: I would like to pass around what I
16 would ask be identified as URA Cross Exhibit 7 please,
17 Chairman.

18 (Pause.)

19 Q. (By Mr. Ball) Hello, Mr. McKay. Welcome
20 back.

21 A. Hello.

22 Q. Would you be kind enough to tell us what you
23 appear to have in front of you as Cross Exhibit 7,
24 please?

25 A. This looks like we have a copy of the -- a

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1 Joint Data Request No. 1.27. And it looks like we
2 actually have two copies: One that was originally
3 sent on May 8th, and then an updated one that you sent
4 on May 16th.

5 And it looks like you've made a copy of the
6 attachment that was referred to in response.

7 Q. Yes, that sounds right to me. And would you
8 be kind enough to take a look at page 8 of 8, and tell
9 us how many accounts are represented on here?

10 A. Assuming we've got all the numbering in
11 sequential it looks like our last number that you're
12 probably referring to, which is the column to the left
13 of Column A, would be 517.

14 Q. Thank you. And if you would just flip
15 through one or two pages. Do you see that this
16 listing is both under and overbilled accounts?

17 A. I think that's what Column G is supposed to
18 represent.

19 Q. And if you look at Column F, it just says
20 "und" or "ovr," doesn't it?

21 A. Correct.

22 Q. Okay, thank you.

23 MR. BALL: Chairman, next is something that
24 I'd like to introduce as Cross Exhibit URA 8, please.

25 (Pause.)

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1 Q. (By Mr. Ball) Mr. McKay, while I'm wandering
2 about with this would you be kind enough to tell us
3 what this appears to be?

4 A. This looks like it was a Division of Public
5 Utilities data request. It's been identified as a
6 field data request, so I don't know if that was one
7 where they actually were on our premises. I do think
8 that they were there at some time, or perhaps they
9 asked that in meetings with us on these issues.

10 It looks like it was responded to on the
11 10th of July. And it's referring to customers
12 accounts that were overbilled.

13 Q. Thank you. Would you explain what a field
14 data request is, please?

15 A. Sure. These are ones where they're doing
16 their work or their responsibility. And they're
17 either on site or they're in meetings. And in there,
18 there's a clarification that is sought. And they ask
19 that right there on the spot.

20 We'll write it down sometimes and say we'll
21 respond back to them. And I would assume that's how
22 this one occurred, I can't know specifically. But
23 that's typically what we characterize as a field data
24 request.

25 Q. I take it then that you don't actually know

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1 the circumstances under which this one was made and
2 answered?

3 A. There's hundreds of data requests that we
4 have here. I could try to go back in our
5 documentation and try to see if I could figure out
6 when it occurred. I would think that that's important
7 on this issue. That could be found out.

8 Q. Would you, would you be willing to accept my
9 representation that this is the only field data
10 request in this case?

11 A. I don't know.

12 Q. Okay. Would you be kind enough to read the
13 answer, please?

14 A. "One hundred percent of credit
15 balances resulting from overbilling
16 corrections have been refunded. The
17 refunds included interest and were made
18 in accordance with the Company's Tariff
19 and the Commission's Rules."

20 Q. Thank you. When a customer was overbilled
21 that would have the effect of a slight reduction,
22 wouldn't it, in the rates of ratepayers at large?

23 A. I don't understand what you're getting with
24 there.

25 Q. Hypothetically, you have a customer who has a

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1 transponder added to his meter. It's maladjusted in
2 such a way that the transponder is under-report -- is,
3 excuse me, over-reporting the amount of gas that that
4 customer has consumed. And as a consequence, the
5 customer is overbilled.

6 The additional element of revenue represented
7 by the amount of the overbilling goes into the
8 balancing account, doesn't it? Or a chunk of it does.
9 Did before -- until two years ago. Now all of it
10 does?

11 A. You had about two or three questions there.
12 So we bill our customers and we recognize their
13 revenue. And I think what you're going after here is
14 that there's a couple of different portions of a
15 customer's bill.

16 There's one that's related to a commodity
17 balancing account. And more recently there's actually
18 a balancing account of what we refer to as the CET
19 balancing account.

20 Q. If we go back pre-CET. We have the same
21 hypothetical. The overbilled amount gets put into the
22 balancing account, doesn't it? Most of it. Not all
23 of it, most of it.

24 A. Again, I think what you're trying to refer to
25 here is the commodity portion. And the commodity

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1 portion of any customer's bill we take and we
2 recognize those revenues as being related to the
3 commodity.

4 And that is taken into consideration each
5 month when we make a balancing account entry for the
6 commodity balancing account.

7 Q. And, and so that, that element of the
8 overbilling would have the effect of reducing rates,
9 everybody, by a teeny, teeny, tiny amount, wouldn't
10 it?

11 A. Until it's corrected.

12 Q. Right. So when you refund that customer,
13 that's gonna have the opposite effect on the balancing
14 account, isn't it?

15 A. It would reverse the entry that was
16 previously made, if that's what you're asking.

17 Q. Now, in the meantime -- well, no. Belay
18 that.

19 When you make that refund with interest, the
20 interest is going have a similar effect to the refund
21 on the balancing account, is it not?

22 A. You need to remember there's interest
23 occurring when you make a -- put it into the balancing
24 account. So in this instance it's actually reduced
25 interest to begin with.

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1 Q. So is it your contention that the interest
2 effect of overbilling and refunds essentially cancels
3 out?

4 A. I'd have to look at the particular entry. I
5 just recognize that interest goes both ways.

6 Q. Okay, thank you.

7 MR. BALL: I think we're up to Cross 8,
8 Chairman.

9 CHAIRMAN BOYER: The next one would be
10 Cross 9, Mr. Ball.

11 MR. BALL: Cross 9, I beg your pardon. Thank
12 you for that.

13 (Pause.)

14 Q. (By Mr. Ball) Again, would you be kind
15 enough to tell us what this appears to be?

16 A. You'll have to give me just a moment here
17 since we've got a lot more writing on this one.

18 Q. Certainly.

19 A. I've only read the request right now. So it
20 looks like this is a Division of Public Utilities data
21 request. That they're simply asking for an update as
22 it relates to a previous date request. Which I think
23 you've already handed that one to me, I don't know
24 which number that one is.

25 And this specifically relating to a couple of

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1 components in that one, as well as a data request that
2 the URA had asked. And referring to some specifics
3 that they would like us to update there.

4 Q. And that was URA Cross 7. How many, how many
5 accounts are listed on the spreadsheet attached to
6 this one?

7 A. The numbering I think you're again referring
8 to is the 665.

9 Q. Thank you. Turning to the written answer, at
10 the second paragraph of the answer, beginning: "The
11 information provided." Would you read the first two
12 sentences, please?

13 A. "The information provided in DPU 3.01
14 Attachment combines the previous
15 JDR 1.27 Attachment with information
16 about new pre-divide errors discovered
17 as a result of the completion of the
18 system-wide interrogation of
19 transponders.

20 "Items from the first attachments
21 are labelled 1 in the first column of
22 this attachment."

23 Q. Oh, I beg your pardon. Would you read the
24 next sentence as well, please?

25 A. "New items that were added to the

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1 got a pen and a piece of paper there as well?

2 A. I do have a pen, and I have a lot of paper
3 from you.

4 Q. Okay. You'll recall that you, you said a
5 minute ago that there appear to be 665 accounts on
6 here. And 509 of them -- sorry, beg your pardon, 502
7 were carried forward from Cross 7. How many does that
8 mean have been added, please?

9 A. About 163 is the difference between those two
10 numbers. Is that what you wanted me to calculate?

11 Q. Thank you. That seems to me to be exactly
12 correct. So from the 16th of May, when the response
13 to Joint Data Request 1.27 was provided, to the
14 23rd of September, effectively four months and one
15 week later, the list of over and underbilled accounts
16 increased by almost a, by almost a third. Would you
17 agree?

18 A. We -- yes. We had anticipated that to
19 happen.

20 Q. Turning to the written answer, again in the
21 second paragraph. Would you read the penultimate
22 sentence, please, the one beginning: "The number of
23 accounts"?

24 A. I'm sorry, I didn't have all of that paper
25 found until now. So what did you want me to read?

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1 Q. Okay. In the answer, second paragraph,
2 penultimate question. Penultimate sentence, I beg
3 your pardon. The one beginning: "The number of
4 accounts."

5 A. Okay. "The number of accounts, the
6 magnitude of the data, and the
7 complexity of the billing process makes
8 it difficult to provide complete
9 assurance that all of the presented
10 information is without error."

11 Q. Thank you.

12 MR. BALL: Sorry, Chairman.

13 (Pause.)

14 MR. BALL: Chairman, I'm sorry, I need some
15 help. Will this be Cross 9 or Cross 10?

16 CHAIRMAN BOYER: Ten.

17 MR. BALL: Thank you.

18 (Pause.)

19 Q. (By Mr. Ball) When you're ready, Mr. McKay,
20 will you tell us what this appears to be, please?

21 A. This is another data request. This is a
22 JDR 1.25. And it looks like it was responded to on
23 May 8th of '08.

24 Q. Thank you. Could I ask you to turn to the
25 spreadsheet attachment?

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1 MS. BYDE: Can I interpose? Perhaps not an
2 objection, but a request for clarification as to the
3 process here. As we look at these data requests --
4 and we, too, have tried to allow as much discussion as
5 is appropriate for this proceeding.

6 But given that we're here to discuss the
7 merits of the settlement, whether it's just,
8 reasonable, and in the public interest, I, I too would
9 like to know where we're headed with all of this. And
10 the second concern that I have is that each of these
11 data requests are prepared by someone other than
12 Mr. McKay.

13 And we are going into quite a bit of detail
14 with them. And, you know, thus far he's been able to
15 answer questions. Some of them, some of them not.
16 And I'm uncomfortable with that, but I would like a
17 little guidance as to how long we're gonna continue
18 down the road of the merits of the case rather than
19 the reasonableness of the settlement.

20 CHAIRMAN BOYER: Well, I've been wondering
21 the same. I understand that there may be
22 inconsistencies between these various data requests
23 and explanations for them, but I'm wondering the
24 relevance to the stipulation.

25 MR. BALL: As I understand it, Chairman, the

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1 purpose of the, of the proceedings today is to
2 determine whether or not the stipulation is in the
3 public interest and will result in just and reasonable
4 rates.

5 I don't know how to demonstrate the position
6 or the, the fundamentals of the position of the Utah
7 Ratepayers Association that it is -- that approval of
8 the stipulation would neither be in the public
9 interest nor would it be just and reasonable in effect
10 without putting before the Commission factual
11 information, such as it is in this case. Having an
12 opportunity to argue it.

13 When I heard that -- and I think it was like
14 a week and-a-half ago, on a Friday -- I heard that
15 Questar had asked the Commission to convert this
16 hearing to this purpose, I did write to the Commission
17 and say, There's liable to be extensive testimony. Do
18 you want it in written form? Do you want it live on
19 the, on the day, or what?

20 And essentially the answer to that particular
21 question was a resounding silence. Now, I learned
22 today, a few minutes ago really, that the Commission
23 has converted tomorrow's scheduled hearing date to
24 other purposes. I'm being given the hurry up here.

25 And I know that you understand and I know

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1 that you're trying to give me latitude, recognizing
2 the fact that I'm not an attorney. That I'm here
3 essentially solo representing the Utah Ratepayers
4 Association.

5 But I don't know how to do this any other
6 way. I'm very, very worried in how --

7 CHAIRMAN BOYER: Well, let me ask this,
8 Mr. Ball. And maybe I can give you some guidance on
9 how to do it. What is the point you're trying to
10 make? We understand your argument and your position
11 that you believe it unfair for other general customers
12 to pay for any portion of the monies involved in the
13 underbilling.

14 We understand that. Are you trying to
15 quantify how much that is, or --

16 MR. BALL: Partly. And I want to bring in --
17 I want to put before the Commission the
18 inconsistencies in the numerical information that's
19 been provided, the gaps in the information that's been
20 provided, in order to point out that nobody reasonably
21 can argue that this stipulation is going to be in the
22 public interest and just and reasonable. And I ask
23 that you let me do that, please.

24 CHAIRMAN BOYER: Well, I'm still having a,
25 you know. The fact that there are, you know, six

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1 Wyoming customers or not six Wyoming customers, I just
2 don't understand how that goes to the proof of your
3 point.

4 MR. BALL: I'm hoping that that will become
5 clear as the afternoon wears on, Chairman.

6 CHAIRMAN BOYER: Well, let's do this then.
7 We'll give you until a quarter to three to conclude
8 your cross examination of Mr. McKay, and then we're
9 gonna move to another witness. Because the other
10 parties have to have an opportunity to present their
11 case as well.

12 And by the way, we, we had tomorrow scheduled
13 for the case in chief, but we only scheduled one day
14 for hearings on the settlement stipulation. And we've
15 made plans accordingly.

16 MR. BALL: May I continue?

17 CHAIRMAN BOYER: Please do.

18 Q. (By Mr. Ball) Mr. McKay, would you be kind
19 enough to look at the attachment to the -- to what has
20 been identified as Cross 10, please? Would you --

21 A. I'm looking.

22 Q. Would you be kind enough to look at the first
23 table, the one headed "Transponders Installed"? And
24 fairly briefly if you would, please, just explain to
25 us what we're looking at there.

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1 A. Appears to be a summary of the transponders
2 installed by year, by area.

3 Q. Okay. Thank you very much.

4 MR. BALL: I guess we're on to 11, Chairman.

5 (Pause.)

6 Q. (By Mr. Ball) Again, Mr. McKay, when you're
7 ready please tell us what this appears to be.

8 A. Looks like you asked for the same data that
9 had already been provided in Data Request 1.25. And
10 we responded by referring you to JDR 1.25.

11 Q. This is, this is the Company's response to
12 Utah Ratepayers Association Data Request 5.11, isn't
13 it?

14 A. That would be what's numbered here, yep.

15 Q. And Questar provided it on the 20th of June,
16 correct?

17 A. Yes.

18 Q. Would you please be kind enough in the answer
19 to read the second sentence?

20 A. "Everything prior to approximately
21 December 2002 was a 3.4 transponder and
22 everything after that date was a VRT
23 transponder."

24 Q. Thank you.

25 MR. BALL: I think this is gonna be 12,

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1 Chairman.

2 (Pause.)

3 CHAIRMAN BOYER: Mr. Ball, we need one more
4 up here, please.

5 Q. (By Mr. Ball) Mr. McKay, would you be kind
6 enough to tell us what this appears to be?

7 A. This is a Joint Data Request No. 1.17. It's
8 responded to by the Company on the 8th of May of '08.

9 Q. Would you be kind enough, please, to read the
10 first sentence in the answer?

11 A. "Questar...first became aware of the
12 potential extent" -- and having actually reviewed this
13 one I ought to make sure you understand this. The
14 extent that we're referring to is the magnitude of
15 these about 580 customers, meaning that large of a
16 group -- "of the problem associated with the incorrect
17 pre-divide settings in the late spring of '07."

18 Q. Thank you. In your direct earlier on, before
19 lunch, you said that in '9 -- words to the effect of.
20 And I'm not speak seeking to misrepresent, so correct
21 me if I get the sense of it wrong. In '95 the Company
22 saw an opportunity to change its system to automated
23 meter reading and reduce operating costs.

24 My question is, did the Company seek
25 regulatory approval of that change?

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1 A. Not to my memory. I do remember us coming
2 and talking with the regulators in what we call a
3 quarterly update meeting. And informing them of the
4 technology. Of how we were planning to do some pilot
5 areas to begin with. To see how they might work and
6 respond as we went forward.

7 Q. Did the, did the Company notify any of its
8 customers that tran -- that a transponder was going to
9 be installed on their meter prior to doing so?

10 A. Some I'm very much aware that they did.
11 Simply because as they came to homes, in feedback from
12 some of the people, they were wondering what they were
13 doing. And they were trained to explain what they
14 were doing.

15 I don't know specifically in these new areas
16 when we first did that. But I am aware that some of
17 the customers were aware. Others probably were not.

18 Q. When a transponder was installed on a meter
19 was that meter immediately taken off the manual meter
20 reading schedules?

21 A. I don't think it was. In fact, I'm quite
22 sure it was not. Typically, a company bills with
23 billing cycles. And so I don't think we were able to
24 get a complete cycle done all in perfect timing.

25 So we'd go through an area. Go through the

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1 procedures of checking and following up with people.
2 Coming back a few days later and checking. Making
3 sure that all of the meters on that particular cycle
4 had the transponders in.

5 And then I think they -- initially when they
6 went out we even did a few dry runs to see how they
7 were responding. Typically, actually having driven
8 with a few meter readers, not all of the meters
9 respond when they go by.

10 So they're trained to get out of the vehicle
11 on those and be able to go up and try to find out why
12 it might not be responding. If that's unable for them
13 to do that day, they'll make a note of it.

14 And then we'll send readers back the next day
15 to see if it happened to just be a bad day for the
16 transponder and in fact it does respond the next day.
17 Or sometimes it may be one that doesn't respond and
18 they may have to replace it.

19 Q. Is it your recollection that the first --
20 that the date of discovery of the first maladjusted
21 transponder that is included on any of these data
22 requests was somewhere in 2005?

23 A. I'd have to look them over.

24 Q. Can you do that then?

25 A. If you want me to go through that whole

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1 thing, I'd have to. I don't know.

2 Q. And then you've got a bunch of them in 2006,
3 didn't you?

4 A. I don't know what a "bunch" is.

5 Q. Okay. I guess what I'm wondering is, if
6 meter readers kept on look -- kept on going and
7 looking at the meters for a cycle or two, how come in
8 some instances it was years before the Company
9 realized that there -- that a particular account was
10 being under or overbilled?

11 A. The transponder -- and maybe that's what's
12 being lost here, or you don't have -- the
13 understanding is not clear. The transponder in all of
14 these, they sent signals. They functioned exactly how
15 they had been set to, to respond.

16 The problem was, is they'd been set to
17 respond either for double their usage or for one-half
18 their usage. And so all indications that we had from
19 just going around on the transponders, until our
20 people were able to develop good software packages to
21 do an interrogation between the meter type and the
22 transponder setting, was just simply a good signal
23 that came through and gave us half the read or double
24 the read.

25 So there's really no indication to think that

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1 the transponder isn't necessarily giving us
2 information that it had been set to give us. In fact,
3 it was giving us the information it had been set to
4 give us. Unfortunate thing is, less than one-tenth of
5 one percent happened to be incorrectly set.

6 Q. Are you telling us that nobody was actually
7 comparing the manual meter reads with the early
8 transponder reads?

9 A. I think, if my understanding of our checking
10 system, is we actually sent people out there to the
11 premises to make sure that it was a registering
12 transponder as well as a meter. And so I think that
13 did take place.

14 But as far as going and trying to match what
15 the transponder had or what was particularly on the
16 meter, that's what was something we were able to
17 develop with the -- one of two things. One would be
18 the interrogation system now that allowed us to do
19 that on all the VRT meters.

20 And then the other is the MTIP program that
21 we're in the process of doing every -- well, we
22 continually do that over a three-year period. And as
23 soon as we're done there, we'll start over again.

24 Q. I'm confused, Mr. McKay, and I'd appreciate
25 it if you would help unconfuse me. I thought I heard

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1 you say just a few moments ago that it was typical for
2 manual meter reading to continue for a billing cycle,
3 or two, or three after a transponder was installed.

4 And now you're telling me that all that the
5 meter readers -- all that was going on, really, was
6 that people were concerned about whether the
7 transponder was working?

8 A. The --

9 Q. Not whether or not it was delivering an
10 accurate record; is that correct?

11 A. I think you are mixing a couple of different
12 issues there. So, one is related to the installation
13 of the transponder. To make sure that it's going to
14 send a signal. The other you're talking about is just
15 a meter reading of an account.

16 And until we got all the transponders on a
17 particular billing cycle, we didn't go around -- which
18 is I think what you may -- I don't -- I guess I can't
19 put words in your mouth. I don't know what you're
20 referring to there.

21 But we did not go around and do a meter
22 reading run, if you will, using the transponders. And
23 then send somebody else out also to go and read the,
24 the meter by hand. That actually would have been a
25 tremendous expense that would not have been a prudent

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1 choice for us to make and -- for all of our customers.

2 Q. So what -- are -- am I now hearing that in
3 fact when the transponder was set, manual meter
4 reading ended. Is that what you're saying?

5 A. I don't think I said that.

6 Q. Well, and that's what I'm trying to
7 understand. Because it seems to me that I -- to my
8 mind I'm not getting a clear answer to what seems to
9 me to be a fairly straightforward question. Let me
10 try again.

11 When a transponder was installed on a meter I
12 understand that there was -- that somebody came and
13 had a look to see whether the transponder appeared to
14 be working and the meter index was still appearing to
15 be working. And I'm taking this from data responses.

16 And as a result of that -- because that was
17 done very shortly after the transponder was installed,
18 that's the reason why people might not notice that the
19 meter index reading and the transponder reading
20 weren't identical.

21 I thought at one point that I heard you say
22 to me that meter reading continued for another one,
23 two, three cycles, manual meter reading, so that the
24 Company was getting both the transponder report and a
25 manual meter reading report.

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1 A. That's where you're wrong.

2 Q. Fine. So what really happened?

3 A. Okay. You just said that we were getting
4 both. We weren't getting both. I'm simply saying
5 that there was a lag of time on all the installation
6 of the transponders from when they actually went on
7 to -- it could have been a month. Some of them it
8 might have been the very next week.

9 It just kind of is the process of putting
10 them all on there. Some of them might have been two
11 months. But we did not go out and do the dual that
12 you just said there. And that's what I think I've
13 been trying to say.

14 That we did a switch over. But we had to
15 wait until all of the meters in a particular cycle had
16 the transponders. You might get a transponder that
17 had been put on, and had to wait a month or two until
18 all of the meters in that cycle had that. So that's
19 what I was referring to there.

20 Q. So were those transponders being
21 automatically read during that interim period?

22 A. No. They were just resting. They were
23 waiting for it to be turned on once we started.

24 Q. Okay. So when -- it wasn't when the
25 transponder was installed. It was when the first

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1 transponder meter reading run was done,
2 contemporaneously with that, manual meter reading
3 ended, did it?

4 A. I think that's a good description once we
5 were getting into full swing of this transition.
6 Maybe to just give you a little bit of understanding
7 on it, when we first went out and did this in some of
8 our pilot areas I think what you're referring to did
9 in fact occur to make sure we could have confidence.

10 And I think the evidence shows a tremendous
11 improvement in our accuracy.

12 MR. BALL: Thank you very much, Mr. McKay.
13 Thank you, Chairman.

14 CHAIRMAN BOYER: Thank you, Mr. Ball. Did
15 you want to move for admission of your cross
16 Exhibits 7, 8, 9, 10, 11, and 12?

17 MR. BALL: Thank you very much, Chairman,
18 that's very helpful. Yes, please.

19 CHAIRMAN BOYER: Are there any objections to
20 the admission of these data requests? URA Exhibits 7
21 through 12? Seeing none, they are admitted into
22 evidence.

23 (Exhibit Nos. URA 7 through 12 were admitted.)

24 CHAIRMAN BOYER: Is there other cross
25 examination of Mr. McKay? Ms. Schmid?

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1 MS. SCHMID: No questions from the Division.

2 CHAIRMAN BOYER: Mr. Proctor?

3 MR. PROCTOR: None, thank you.

4 CHAIRMAN BOYER: Commissioner Allen?

5 Commissioner Campbell? Nor I. Redirect, Ms. Byde?

6 MS. BYDE: No, thank you.

7 CHAIRMAN BOYER: Very well. Thank you,

8 Mr. McKay. You may step down.

9 Let's move now to the Committee of Consumer
10 Services.

11 MR. PROCTOR: Thank you, Mr. Chairman.

12 Ms. Beck will be the Committee's witness.

13 CHAIRMAN BOYER: Ms. Beck, let's swear you
14 in.

15 (Ms. Beck was sworn.)

16 MR. PROCTOR: Mr. Chairman, if I could begin.

17 MICHELE BECK,

18 called as a witness, having been duly sworn,

19 was examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. PROCTOR:

22 Q. Ms. Beck, would you -- well, you're Michele
23 Beck?

24 A. Yes, I am.

25 Q. You're the director of the Utah Committee of

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1 Consumer Services?

2 CHAIRMAN BOYER: Mr. Proctor, I'm not sure
3 that your mic is on.

4 MR. PROCTOR: Oh. Well, it says it is.

5 CHAIRMAN BOYER: Maybe you need to move it a
6 little closer to you then.

7 MR. PROCTOR: Is that better?

8 CHAIRMAN BOYER: Yes, thank you.

9 MR. PROCTOR: Thank you.

10 Q. (By Mr. Procter) You are the director of the
11 Utah Committee of Consumer Services?

12 A. That's correct.

13 Q. We have prepared an exhibit list -- well,
14 actually the Committee prepared an exhibit list of the
15 filings that the Committee has made in this matter.
16 Consisting of CCS Exhibit -- or Hearing Exhibit 1,
17 which was the September 9, 2008, Response of the
18 Committee of Consumer Services.

19 And Attachment A, the Committee's Analysis
20 and Concerns. And 1 -- Attachment 1 through 6 of
21 certain exhibits. Are you familiar with these
22 exhibits, Ms. Beck?

23 A. Yes, I am.

24 Q. Were they prepared by you or under your
25 direction by Committee staff?

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1 A. Yes, they were.

2 Q. And do these represent the position of the
3 Utah Committee of Consumer Services in connection with
4 this matter?

5 A. Yes.

6 MR. PROCTOR: We would move to admit CCS
7 Exhibit -- or Hearing Exhibit 1, Appendix A, and
8 Attachments 1 through 6, please.

9 CHAIRMAN BOYER: Are there any objections to
10 the admission of CCS Hearing Exhibit 1, together with
11 its exhibits?

12 MS. SCHMID: No.

13 CHAIRMAN BOYER: Very well, they are admitted
14 into evidence.

15 (Exhibit Nos. CCS Hearing 1, Appendix A, and
16 Attachments 1 through 6 were admitted.)

17 MR. PROCTOR: Thank you, Mr. Chairman.

18 Q. (By Mr. Proctor) Ms. Beck, did you
19 participate in discussions with the -- Questar, the
20 Division of Public Utilities, the Utah Ratepayers
21 Association, and other interested parties that led up
22 to the stipulation which the Committee has now signed?

23 A. Yes, I did.

24 Q. Do you have a summary of your involvement or
25 the Committee's involvement and participation in those

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1 discussions, and a statement with respect to the
2 stipulation itself?

3 A. A summary regarding our position and why we
4 believe it's in the public interest? Yes, I do.

5 Q. Go ahead.

6 A. Good afternoon Chairman and Commissioners.
7 I'm here today to speak on behalf of the Committee of
8 Consumer Services in favor of this settlement
9 presented to you. First I would like to thank the
10 Commission for launching the investigation, and for
11 its expeditious response to our initial requests back
12 in late March.

13 The Committee is pleased to have been
14 involved in articulating the parameters of the
15 investigation, but would like to clarify that the
16 investigation itself was conducted by the Division.
17 The Committee reviewed the investigation itself, the
18 data requests and responses, and the comments from
19 other parties.

20 We believe that the investigation addressed
21 the scope as we had envisioned it. The Committee has
22 also reviewed the analysis underlying the exhibit put
23 forth today by the Division. And is confident that
24 the approximately \$1,081,000 contained in that exhibit
25 as a total reasonably reflects the extent of the

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1 transponder underbillings, and is the appropriate
2 starting place for discussing a resolution to the
3 problem.

4 As you know, the Committee, by statute,
5 represents residential and small commercial consumers
6 on matters before this Commission. Specifically where
7 we are mandated to represent consumers as a group, not
8 individual consumer complaints.

9 Under this mandate we considered multiple
10 aspects of the issues. On one hand, we analyzed the
11 issues regarding those consumers who were impacted by
12 the large back-bills. While the total number was
13 certainly not a majority of the consumers we
14 represent, there were no particular defining
15 characteristics that separated those who had
16 mis-programmed transponders from those who did not.

17 Since this issue could easily have impacted
18 any of the small consumers we represent, the Committee
19 felt it was critical to find an outcome that would be
20 fair to these consumers. And we believe that these
21 back-bills that covered as much as two years, and in
22 some cases were extremely large, did not represent
23 their outcome.

24 On the other hand, the Committee recognizes
25 that under current laws and regulatory framework the

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1 vast majority of the costs associated with the
2 mis-programmed transponders have already been
3 recovered through the 191 and CET balancing accounts.

4 This means that to the extent that these
5 costs are not paid by the consumers who received the
6 large back-bills, the consumers who actually consumed
7 the gas, then they will have been paid by all other
8 consumers.

9 The Committee believes that this also would
10 not represent a fair outcome. Consumers in general
11 neither consume the gas, nor were responsible for this
12 mistake. Although they do benefit from lower rates
13 associated with a more efficient meter reading
14 program.

15 One final element of fairness that the
16 Committee analyzed was to examine fair and equitable
17 treatment across different classes of mistakes and
18 remedies. For other similar types of meter errors the
19 current laws and tariffs give Questar the right to
20 back-bill the affected customer for six months of
21 usage.

22 Implicit in this longstanding practice is
23 that the majority of the remainder of unbilled costs
24 associated with meter error is absorbed into the rates
25 paid by all customers.

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1 The Committee believes that the transponder
2 programming errors currently at issue are most closely
3 analogous to those kinds of meter errors. Therefore,
4 to prevent discriminatory treatment across
5 similarly-situated customers, the remedy to these
6 current problems should be treated the same as meter
7 errors.

8 Considering all of these different consumer
9 issues, the Committee is confident that the settlement
10 before you today provides appropriate balance. First,
11 we think that a six month back-bill is reasonable.
12 Anything different would result in discriminatory
13 treatment.

14 We've heard some consumer concerns that the
15 back-billed customers are the ones who consumed the
16 gas. That they should have somehow known something
17 was wrong with their bill, and therefore should be the
18 ones who pay.

19 Certainly there may have been some cases
20 where a customer's bill dropped -- it's bill dropped
21 in half from January to February, which would raise
22 certain questions. However, we are aware of many
23 individual cases in which the decrease in bills
24 coincided with conservation measures or a decrease in
25 the number of people in the household.

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1 Others could not detect changes due to the
2 lack of history, having even monthly bills and budget
3 billing, or having the changes occur during the off
4 season. These customers deserve the opportunity to
5 know the level of their consumption and make
6 appropriate adjustments.

7 Therefore, the six months back-bill is much
8 more fair than the 24 months. And also results in
9 equity between these customers and other customers who
10 have experienced different types of meter errors.
11 Further, this settlement clarifies the policy going
12 forward to maintain this equity.

13 The second important piece of this settlement
14 is the \$480,000 that Questar has agreed to write off.
15 As part of our analysis the Committee looked at the
16 estimated difference between a 24 month and a six
17 month back-bill in total for all of the affected
18 errors.

19 We did not want our recommendation for a six
20 month back-bill to unreasonably burden other
21 customers. The analysis indicated that the amount
22 being written off by the Company is very close to the
23 difference between what would be repaid by the
24 individual customers on 24 month basis and on a six
25 month basis.

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1 This means that consumers in general do not
2 have an increased burden as a result of reducing the
3 burden of the individuals with the large back-bills.
4 The Committee, in representing the interests of the
5 majority of small consumers, believed that this was a
6 critical outcome in achieving this settlement.

7 The last issue that I would like to address
8 is the concern that consumers in general have paid
9 anything at all toward resolving this problem. The
10 Committee notes that in setting the -- pardon me.
11 Notes that the new rates for Questar Gas that went
12 into effect this summer incorporates the net savings
13 associated with the automated meter reading.

14 And when I say "net savings," I examined what
15 the lower meter reading costs were, minus the -- part
16 of the new capital costs associated with the
17 transponders that are incorporated into rates. And
18 this net savings is approximately \$2.50 per customer
19 per year.

20 So in that context the approximately 40 cents
21 already paid by each average customer over the course
22 of the last several years seems to be a reasonable
23 cost for the implementation of a new more efficient
24 technology.

25 The Committee would also like to reiterate

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1 that it represents the small consumers as a group, and
2 as such did not specifically analyze the circumstances
3 of each individual complainant relative to this
4 settlement.

5 However, the Committee believes that the
6 terms of the settlement are clear that if any
7 individual consumer impacted by the transponder errors
8 believes that his or her individual facts and
9 circumstances warrant looking at separately and
10 potentially arriving at a different solution, those
11 individual consumers retain the right to pursue their
12 case further.

13 Considering all of the consumer interests
14 that we represent, the Committee is confident that
15 this settlement results in a just and reasonable
16 outcome that is in the public interest. And
17 respectfully requests that the Commission approve it.

18 CHAIRMAN BOYER: Thank you Ms. Beck.

19 MR. PROCTOR: Ms. Beck is available for cross
20 examination.

21 CHAIRMAN BOYER: Thank you. Let's begin with
22 Ms. Schmid. Questions for Ms. Beck?

23 MS. SCHMID: No questions.

24 CHAIRMAN BOYER: Ms. Byde?

25 MS. BYDE: Questar Gas has no questions.

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1 CHAIRMAN BOYER: Very well. Mr. Ball, have
2 you questions for Ms. Beck?

3 MR. BALL: No thank you, Chairman.

4 CHAIRMAN BOYER: Commissioner Allen?
5 Commissioner Campbell?

6 I have one question, Ms. Beck. Assume, just
7 for argument's sake, that instead of five or six
8 hundred customers being underbilled because of
9 transponder issues, that five or six hundred customers
10 simply didn't pay their bills. Who would bear the
11 cost of that loss of revenue? Given our current
12 regulatory scheme and...

13 THE COURT REPORTER: I'm sorry, I didn't hear
14 the end of your question.

15 CHAIRMAN BOYER: Given our current regulatory
16 scheme and the 191 balancing account.

17 THE WITNESS: As you know, Chairman, I'm not
18 a regulatory accountant, so I'm gonna give you my best
19 answer here.

20 CHAIRMAN BOYER: If you know.

21 THE WITNESS: And I -- what I, what I don't
22 know, I -- certainly the cost of gas -- I think if
23 they don't pay the bill it's, it's tracked in an
24 accounting method differently than if it wasn't
25 recorded.

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1 So what I can't tell is you how much of that
2 would get picked up through balancing accounts and how
3 much would go into a different account for
4 uncollectibles. So that would, that would have to be
5 something -- I could certainly check with my experts
6 and get back to you.

7 CHAIRMAN BOYER: It was just a hypothetical
8 question. Thank you.

9 Ms. Byde -- or I beg your pardon.
10 Mr. Proctor, any redirect?

11 MR. PROCTOR: No, thank you.

12 CHAIRMAN BOYER: Very well.

13 Thank you, Ms. Beck. You may step down.

14 Now, do the proponents -- are there any other
15 proponents who wish to be heard before we hear from
16 Mr. Ball?

17 Okay. Let's turn now to you, Mr. Ball.

18 MR. BALL: Thank you, Chairman. Do you want
19 me to come up to the stand or to operate from here?

20 CHAIRMAN BOYER: You can operate from there
21 with your, your documentation and so on. But if
22 you're gonna give testimony we'll need to swear you.
23 Is that your intention?

24 MR. BALL: Yes, please.

25 (Mr. Ball was sworn.)

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1 CHAIRMAN BOYER: You may sit down and
2 proceed.

3 MR. BALL: Thank you. The Ratepayers
4 Association have some fundamental philosophical
5 differences with the arguments of the stipulants in
6 this matter and with the past practice of this
7 Commission.

8 CHAIRMAN BOYER: Before you begin, Mr. Ball,
9 why don't you for the record give us a little
10 background --

11 MR. BALL: Oh.

12 CHAIRMAN BOYER: -- on the Utah Ratepayers
13 Association. How many members do you have, what type
14 of -- are they customers of Questar, what type of
15 customers, that sort of thing.

16 MR. BALL: Perhaps I should begin by saying
17 that my name is Roger J. Ball. I'm here to testify on
18 behalf of the Utah Ratepayers Association, its
19 members, and perhaps in the interest of other
20 similarly-situated ratepayers.

21 I've been qualified as an expert witness in
22 several proceedings before this Commission and before
23 the Public Utilities Commission of Nevada.

24 On the 9th of September, 2008, on behalf of
25 the Ratepayers Association, I filed comments in

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1 response to the 18th of July, 2008, report of the Utah
2 Division of Public Utilities, consisting of 25 pages,
3 including a service certificate, which I asked should
4 be marked as URA Exhibit 1.0.

5 That, that was --

6 CHAIRMAN BOYER: Excuse me, what was the date
7 of that?

8 MR. BALL: The 9th of September. That was
9 filed with the Commission on that day and copies were
10 provided to the other parties in this proceeding.

11 On the 9th of October, 2008, I filed the Utah
12 Ratepayers Association's comments in reply to the 9th
13 of September, 2008, response comments of Questar Gas
14 Company, the Utah Committee of Consumer Services, and
15 Salt Lake Community Action Program, consisting of
16 13 pages, including a service certificate, which I ask
17 should be marked as URA Exhibit 2.0.

18 I offer the two sets of comments and ask that
19 they be admitted into evidence, please.

20 CHAIRMAN BOYER: Are there any objections to
21 the admission of URA Exhibit 1, which consists of
22 comments and reply to the -- oh, no. I beg your
23 pardon, I've got these -- yes. Comments in response
24 to the September 9th comments by Questar.

25 And URA 2, filed -- I've got those backwards,

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1 didn't I? Or did I? Is the document filed on October
2 9th your URA Exhibit 1.0, or?

3 MR. BALL: No, that's two.

4 CHAIRMAN BOYER: Okay, I did get them
5 backwards.

6 MR. BALL: Yeah. It's the 9th of September
7 for one and the 9th of October for two, if I recall
8 correctly.

9 CHAIRMAN BOYER: Okay. I'm sorry, I had
10 those backwards. Are there objections to the
11 admission of URA Exhibit 1.0, which were comments
12 filed on September 9th, and URA 2.0, filed on
13 October 9th? Seeing none, they're admitted into
14 evidence, Mr. Ball.

15 (Exhibits Nos. URA 1.0 and URA 2.0 were
16 admitted.)

17 MR. BALL: Thank you. The Utah Ratepayers
18 Association's principal business address is
19 1375 Vintry Lane, Salt Lake City, Utah 84121. And it
20 was granted intervention in this proceeding by a
21 Commission order dated the 18th of April 2008.

22 The Association has a special interest in
23 ensuring that its members and ratepayers at large are
24 treated justly and reasonably in this matter by
25 Questar Gas Company. Ratepayers bear the expenses,

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1 including a rate -- a return on equity, and repay the
2 investments of the Company. So its prudent and
3 efficient management are of particular importance to
4 them.

5 Moreover, other than individual formal
6 complainants with all of whose positions it is not
7 familiar, the Association is the only party to stand
8 in opposition to the stipulation.

9 Members of the Association, like ratepayers
10 at large, use natural gas for space and water heating
11 in their homes and businesses. For which they have no
12 choice of alternative suppliers and are therefore
13 captive customers who must necessarily pay whatever
14 rates are approved by the Commission.

15 The economic impact of those rates on members
16 is proportionately similar, as will be the effect of
17 the future prudence and efficiency of company
18 management to that upon Questar Gas Company's
19 ratepayers at large. So their legal rights and
20 interests will be equally and perhaps substantially
21 affected by the Commission's adjudication of this
22 matter.

23 Furthermore, those members who have received
24 correcting bills are similarly affected to others of
25 the 635. The Association became aware of the issue on

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1 the 19th of March, 2008, when a ratepayer reported
2 having received an unexpectedly high bill in February
3 and sought assistance in resolving questions about it.

4 It has subsequently emerged that others are
5 affected, either because they have received back-bills
6 or because their rates have already increased to allow
7 Questar to recover the under-collections. Questar Gas
8 Company's employees and contractors incorrectly
9 installed radio transponders on at least 635 meters,
10 causing under-reporting of gas consumption in many of
11 those cases over a period of up to ten years.

12 In many, perhaps the overwhelming majority of
13 cases, ratepayers were unaware that their meter
14 readings were now being downloaded remotely,
15 consequently they were not alert to even the
16 possibility of a new source of billing errors. The
17 total under-collected over the past ten years is
18 probably well in excess of the \$1 million to which
19 Questar admits.

20 The commodity costs of half the gas used by
21 those whose consumption was under-metered nevertheless
22 went into the balancing account, where it tipped the
23 account balance against the interests of ratepayers at
24 large. And caused rates set in the semiannual
25 pass-through cases to be higher increasingly from

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1 about 1998 until roughly 2006 as transponders were
2 installed on more and more meters.

3 To compensate, ratepayers at large may well
4 already have paid much more than \$375,000 -- oh, dear.
5 I need to double that. \$730,000, which is 73 percent
6 of the million dollars extra in contributions to the
7 191 account, for which they've received no benefit.

8 The Association takes a fundamentally
9 different philosophical --

10 CHAIRMAN BOYER: Could -- would you mind
11 responding to my question? Who -- how many members do
12 you have, who are they, what type of customers. Do
13 you represent -- do your members consist of some who
14 were underbilled, and thereby, under your view of
15 this, case be benefitted by the stipulation. And
16 others who were not who would be prejudiced by the
17 stipulation under your view? Can you -- do you know
18 that?

19 MR. BALL: I'm sorry, this is, this is
20 get-you-back time. I lost count of how many questions
21 there were. But let me try and answer --

22 CHAIRMAN BOYER: Those were --

23 MR. BALL: Let me try and answer some of
24 them. And you can -- you will have to come back with
25 any I missed. One of the questions was how many

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1 members does the Association have, and I don't know.

2 It has more than 100. We haven't reached
3 1,000 yet. There are residential customers, old and
4 young. There are also business customers. They're
5 located all over the state. Are they affected by this
6 case? I, I am not certain if they are all Questar Gas
7 customers.

8 I can't think off the top of my head of
9 anyone who, who probably isn't, if you take my
10 meaning. But we don't ask them. Because the
11 Ratepayers Association is introduce -- is interested
12 in representing the interests of ratepayers of all
13 kinds of utility-type operations.

14 But I would hazard a guess that virtually
15 every Association member is a customer of Questar Gas,
16 and just a slightly smaller proportion of Rocky
17 Mountain Power. What did I miss?

18 CHAIRMAN BOYER: Only one element. You did
19 very well. And that is, do some of your members --
20 were some of your members underbilled, some of them
21 not underbilled?

22 MR. BALL: I'm not aware of any who were
23 overbilled, but that doesn't mean there weren't any.
24 I am aware of a few who were underbilled and therefore
25 received back-bills.

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1 CHAIRMAN BOYER: Okay, thank you.

2 MR. BALL: Oh, and you said something else
3 that intrigued me in your question a bit ago. You
4 said something that indicated to me that you think
5 that if the Association has members who were
6 underbilled, that the stipulation would somehow be to
7 their benefit.

8 CHAIRMAN BOYER: In, in your view of this
9 case -- well, you heard the description that Ms. Beck
10 made when she discussed her different constituencies.
11 Some of the members of her constituent group were
12 underbilled. And if the stipulation is approved
13 they'll only have to pay back six months of their
14 underbilled amounts.

15 She also represents groups -- individuals and
16 customers who were not underbilled and they were just
17 part of the general customer base who, under your view
18 of this case, would unfairly have to pay that portion
19 that's not picked up by the, by the underbilled
20 customers and Rocky Mountain Power.

21 And so I'm just wondering if you base that
22 same inherent conflict of interest among your
23 constituents.

24 MR. BALL: If I may, I'll not directly answer
25 that right now. If it's not clear by the time I'm

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1 done, I'd be very happy if you asked me again. Would
2 that be okay?

3 CHAIRMAN BOYER: Very well. I just want the
4 record to reflect for whom you speak.

5 MR. BALL: Thank you. The Utah Ratepayers
6 Association takes a fundamentally different
7 philosophical approach to that of the stipulants.
8 That seems to be founded on the notion, the
9 longstanding notion, time-honored, even, notion that
10 somehow or another the utility should be held
11 harmless, regardless of what it does.

12 That ratepayers at large are there to pick up
13 the tab. There are three groups that need to be
14 considered in comprehending all that's going on here.
15 The third group are the individual customers who have
16 been inappropriately billed. They're, in turn,
17 subdivided into those who were overbilled and those
18 who were underbilled.

19 The case has similarities to the issue of
20 rural communities paying GSS and EAC rates. And
21 whilst I don't want to get into that here, the
22 parallels are striking. There are, again, three
23 constituencies: Questar, ratepayers at large, and a
24 relatively small number of customers with special
25 circumstances different from everybody else.

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1 In this particular case the Association
2 believes that Questar took -- saw and took a business
3 opportunity. It's not at all novel to contemplate
4 that once Questar manages to reduce its labor costs
5 for meter reading, it benefits by that reduction until
6 its next general rate case.

7 Once that general rate case takes place, the
8 capital costs of transponders are put into rate base.
9 And the Company's rates are increased, or, you know,
10 they're higher than they would otherwise be to take
11 account of those additional -- of that additional
12 investment.

13 So at the same time that the Company loses
14 the benefit of the labor cost reduction, it starts to
15 get additional money in the rate of return line of its
16 accounts. And I'm speaking very, very generally. I'm
17 not speaking as an accountant about these things. It
18 starts to see an increase there from depreciation and
19 from rate of return.

20 So the Association believes it's completely
21 inaccurate to suggest that \$5.3 million a year go
22 entirely to the benefit of the ratepayers over the
23 period since the installation project started. And we
24 have not quantified it, and I don't think we have the
25 ability to quantify it as either the Company or the

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1 Division do.

2 There have been costs and there have been
3 benefits to Questar Gas as well as to ratepayers. Now
4 we take no issue whatsoever with the fact that Questar
5 decided to install transponders. We're, we're not in
6 any way arguing that that was an unreasonable thing to
7 do, a foolish thing to do, or anything of that kind.

8 But we have heard that Questar didn't ask for
9 prior approval. They made a business decision to do
10 it. Fine. I've spoken of rate of return. One of the
11 underlying concepts for giving a utility a rate of
12 return up to which it's allowed to earn, a rate of
13 return for equity which is higher than its rate of
14 return for its borrowings, is to compensate
15 stockholders for the risks that they take in investing
16 their money in the Company.

17 Now, what are those risks? The problem the
18 Association has, is that there never seem to be any
19 risks that stockholders should actually bear the costs
20 of. We're not saying they don't exist but, you know,
21 show us what they are. We haven't seen them.

22 In our view of the world there are two kinds
23 of risks. There are those over which you have
24 control, and there are those over which you have no
25 control. Somebody else, or the vague market, or

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1 something of that kind imposes those risks.

2 Here we're talking about losses that came
3 about as a direct result of Questar Gas Company taking
4 its business decision to insist transpond -- to
5 install transponders.

6 Even if Questar Gas Company had come before
7 this Commission and said, Please approve our
8 transponder program, I venture to suggest that the
9 Commission would not have contemplated approving a
10 percentage for Questar blundering along the way.

11 Not that anyone would necessarily have
12 anticipated the blunder. But I don't think the
13 Commission would have added extras and contingencies
14 on to the, on to the amount built into the cost of the
15 project on the notion that there was going to be
16 underbilling and overbilling because contractors and
17 employees maladjusted transponders as they installed
18 them.

19 The 42 cents, or whatever that number is that
20 we have had introduced to us today -- I don't mean to
21 misrepresent it, I just don't remember exactly what it
22 is. That 42 cents is not a cost of the transponder
23 problem. It's a cost of error. In quality management
24 terms, it's a cost of poor quality. And cost of poor
25 quality is exactly what quality management is all

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1 about avoiding.

2 Now, a well-known quality guru called Phil
3 Crosby holds out the concept of zero defects. It's
4 well-known in the quality community. Has been for
5 probably a couple of decades. Is it something that
6 you can necessarily achieve? Perhaps not. But if you
7 don't aim to achieve it, you most certainly will not.

8 A classic example that's quoted again to
9 illustrate what I'm talking about is the notion of the
10 electronics manufacturer -- we'll say here in the
11 United States, it doesn't matter where really -- who
12 put out a, put out to tender a bid for some electronic
13 components.

14 And as part of the, part of the description
15 of what was wanted essentially said 1 in 100 can be
16 defective. The bid was won by a Japanese company.
17 And a while later a huge cardboard box arrived at the
18 company's premises containing lots and lots of
19 components and on top a zip lock bag.

20 And they happened to notice that inside the
21 zip lock bag was one percent of the total quantity
22 that they asked for. And they called the supplier and
23 said, What's this all about?

24 And he said, Well, we've provided you
25 100 percent of what you ordered. And they're all --

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1 they all meet the specification. The 1 in 100 in the
2 plastic bag, they're the ones that don't meet the
3 specification that you said you wanted.

4 It's all about philosophy. It's all about
5 approach. Now, the question for the Association is,
6 how is the Commission to encourage Questar Gas
7 Company, or indeed any other utility, to get it right
8 the first time when there is no cost, or when there is
9 only a partial cost -- as under this stipulation -- to
10 the utility when it doesn't get it right the first
11 time?

12 It isn't about penalizing the Company.
13 Penalizing the Company would be about saying, We're
14 going to make you pay all the costs of this, and then
15 we're gonna charge you three times as much more for
16 being naughty boys and getting it wrong. We're not
17 talking about penalizing them. We're talking about
18 who should reasonably bear the costs of a mistake. An
19 error. A blunder.

20 Should it be ratepayers at large? Well,
21 ratepayers at large already pay, in their rates, for
22 Questar to meter their gas consumption, to read the
23 meters, by whatever means, and to render an accurate
24 bill. What we believe the stipulants are arguing here
25 is that the Commission is saying -- I beg your pardon.

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1 If the Commission approves this stipulation
2 it will be saying, It's all right for you to get that
3 process wrong in a percentage of cases. And we're
4 going to make ratepayers at large pay for that. That
5 feels, to us, like ratepayers at large paying twice
6 for the same thing.

7 First of all, we're paying them to do it
8 right. And then when they blunder, we're paying them
9 to correct their mistakes. And we simply do not see
10 that as being just and reasonable in result. We do
11 not consider that to be in the public interest.

12 It does not happen in the competitive arena.
13 And here's why. In the competitive arena if a company
14 makes a mistake that costs it money, it has a choice.
15 It either swallows that cost whole, or it puts its
16 prices up to compensate.

17 If it puts its prices up to compensate, in a
18 competitive marketplace it's going lose market share.
19 Either way, the Company that made the mistake is going
20 to carry the can for its error. Now, we do not
21 believe that the job of regulation is to featherbed a
22 utility.

23 We believe that the job of regulation is to
24 provide a surrogate for competition. We believe,
25 gentlemen, that it's your job to determine what would

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1 have happened if, in this situation, if Questar Gas
2 Company operated in a competitive environment.

3 And we believe that the answer should be they
4 would not be able to raise their prices, and so they
5 shouldn't be able to raise their rates. But they
6 should have to carry the costs that they incurred
7 because they made a mistake.

8 Now, that's the ratepayer at large thing.
9 Now, we've heard a fair amount about how it would be
10 unfair to ratepayers at large for the individual
11 underbilled ratepayers not to have to pay six months
12 or 24 months worth of back-billing, or up to that,
13 because some of them of course were underbilled for
14 less than six months even.

15 Well, I agree. I can't for the life of me
16 see why ratepayers at large -- let me correct that.
17 The Utah Ratepayers Association agrees it can't for
18 the life of it see why ratepayers at large, its
19 members in general, should pay more because one or two
20 of its members or, you know, however many there are,
21 or 150-some -- 500 and some, I'm sorry, ratepayers
22 were underbilled and are now only going to be capped
23 at six months.

24 But we're back in the same arena. It's about
25 shifting costs from some customers to all customers

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1 for a mistake that Questar made. That's not just and
2 reasonable either. So now let's for a moment turn to
3 the relatively small number of folk who actually were
4 underbilled.

5 What did they get wrong? What? They trusted
6 the bills they got from Questar? That's outrageous.
7 They should have been out there checking their meter
8 every month. Well, let me share a personal example.
9 I was working with my wife doing a bit of yard clear
10 up about this time last year. And I have to tell you,
11 that's a very rare event. I don't do yard work.

12 But I thought, Where's my gas meter gone?
13 And I went searching. And some shrubs around the
14 periphery of the house, the immediate periphery of the
15 house had grown, and grown, and grown, and grown, and
16 my gas meter, my gas meter had disappeared. I had an
17 incredible job to even find the meter.

18 And then when I thought, Well, let's have a
19 look and see if I can actually write down what the
20 index reading is and see whether I'm being billed
21 properly, the, the meter -- the house is about
22 30 years old, and I'm guessing that the meter is about
23 the same age.

24 The plastic on the index is obscured with
25 scratching. It's very difficult to see anything. I

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1 couldn't make it out at all. And I thought, Well, how
2 in the world have they been reading my meter? And
3 that was about a year ago. And then of course
4 starting in March I started to find out how they've
5 been reading my meter.

6 This year my wife decided that she wanted to
7 remodel the yard. And those bushes are now entirely
8 gone, or in one case there is a root still left that
9 we still have to get out. The meter is now in plain
10 view, and it's easy to see the transponder. And you
11 can even get up close to it and read the index
12 reading.

13 Shame on me, I haven't read it. I haven't
14 written it down. I haven't compared it with my bill.
15 As far as I know, I'm not one of these folks who's had
16 a misreported bill. But I do need to check that
17 still. People don't check their meters.

18 When we were arguing ten years ago before
19 the, before the legislature about deregulation and
20 about time metering -- charging different rates at
21 different times of the day for electricity metering, I
22 remember arguing for the Committee that it was an
23 unreasonable preset.

24 People are not used to paying attention to
25 what their meters are doing. Not even on a monthly

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1 basis, much less on a daily or an hour-by-hour basis.
2 It's not gonna send a meaningful time signal using the
3 technology that we're talking about.

4 And people are not paying attention on a
5 monthly basis to what's going on, on their meters.
6 And why should they? They pay Questar to do it. And
7 they pay Questar to do it on the basis of trusting
8 them that they're gonna get it right.

9 The Commission has heard today from some
10 customers who were underbilled and then back-billed.
11 And the burden, the common burden of their message
12 was, If we'd known, we could have done something to
13 curb our consumption.

14 I heard the other day that gasoline
15 consumption had gone down by about 25 percent lately.
16 I was amazed. I mean, I have not consciously curbed
17 my gasoline intake. I, I've lived my life. But yes,
18 I'm spending a lot less on gasoline this time this
19 year than I was this time last year.

20 There's a kind of a sense if you're looking
21 at paying \$60 or more every time to fill your tank,
22 that's a very different story than paying \$30 a time
23 to pay your tank, and you react subconsciously
24 accordingly.

25 If you're not getting those price signals in

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1 the monthly bill that you are paying to get, is it any
2 wonder that you don't react as a sensible consumer
3 would naturally?

4 CHAIRMAN BOYER: Mr. Ball, let me check on
5 our reporter to make sure we're --

6 MR. BALL: Of course.

7 CHAIRMAN BOYER: Okay. We've been going for
8 about an hour and-a-half now, would you like a break?

9 THE COURT REPORTER: That would be
10 appreciated.

11 CHAIRMAN BOYER: Let's take a ten-minute
12 recess. It looked like you were at sort of a break
13 point in your testimony.

14 MR. BALL: Absolutely. Thank you.

15 CHAIRMAN BOYER: Let's do that.

16 (A recess was taken from 3:30 to 3:43 p.m.)

17 CHAIRMAN BOYER: Mr. Ball, you were
18 presenting your evidence. You may continue.

19 MR. BALL: Thank you, Chairman.

20 CHAIRMAN BOYER: While you're collecting your
21 thoughts there, we probably need to give the
22 proponents an opportunity to present any additional
23 evidence you might have, so. We'll probably be
24 looking at winding up at around four or few minutes
25 after four, 4:10 or something like that.

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1 Now, let me see what I've got here. I want
2 to -- I guess this will be 05.

3 CHAIRMAN BOYER: Let's call it 5.0.

4 MR. BALL: There you go, I'm sorry.

5 (Pause.)

6 MR. BALL: And I'd like you to look at line
7 63 on here if you will, please.

8 (Pause.)

9 MR. BALL: Now, these are, these are indeed
10 the third most recent set of data from about
11 September. And what's happened here is I've pulled
12 out the overbilled customers and I've sorted them by
13 set date. That is to say, the date when the
14 transponder was installed.

15 Looking at line 63, the point that I want to
16 make is this. Questar has represented to you that all
17 overbills have been refunded with interest. And yet
18 what we see here in column g is that this customer was
19 overbilled by \$1,886.22. And then if you will look
20 over in column aa, and the data is repeated in
21 column cc, he was refunded \$1,270.14.

22 (Pause.)

23 MR. BALL: There are 15 other accounts where
24 the amount refunded appears to be less than the amount
25 overbilled. The total difference is \$1,214.38. What

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1 isn't clear is whether the refunded amount, where they
2 are the same as the overbilled amounts, are amounts
3 that include interest or whether the interest is
4 additional.

5 That is simply not clear. If you look at the
6 bottom of this exhibit you can see that I've totaled
7 the overbilling. And that number is consistent with,
8 with the numbers that you've received earlier today.
9 The number in column g.

10 The numbers over in columns aa and cc are the
11 totals supposedly refunded. And for some -- and
12 again, you know, there's that 1,200-or-so dollar
13 difference. And it's not well explained.

14 One of the issues that we're dealing with is
15 the question of what is a reasonable period to
16 back-bill. I'm sorry, Chairman. What number will
17 this be, please?

18 CHAIRMAN BOYER: This one will be 6.0.

19 MR. BALL: Six zero?

20 (Pause.)

21 MR. BALL: This exhibit again is the most
22 recent data, the September data set. The underbilled
23 customers again. Sorted this time by discovery date,
24 which is in column k.

25 The interesting point to note about this

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1 exhibit is if you will look over in the very
2 right-hand column, ee, and see the number of months
3 for which these customers have been back-billed. You
4 will see that down to a certain point, all -- probably
5 80 percent of the way down the column? The number is
6 six or below.

7 If you now take that final six and refer back
8 across the line, you will see that on July the 6th of
9 2007 that customer was notified -- which I presume
10 means they were sent a back-bill -- and they were
11 back-billed for six months.

12 Now take a look in column i -- j, I beg your
13 pardon, and you will see that they were actually
14 underbilled for 27 months. Now, my point here is
15 again if you look at the number of lines there, we're
16 talking about 64 customers who were underbilled. The
17 first ones that were discovered through to the
18 beginning of June 2007. And they were back-billed for
19 a maximum of six months.

20 Now, if you look at -- if you go back to a
21 question that I asked earlier on in cross of
22 Mr. McKay, I believe it was, we're, we're talking here
23 about, you know, 64 out of -- I withdraw that. I
24 don't think I did cross Mr. McKay on this.

25 We're talk -- but we're talking about 64 out

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1 of 562 cases. In other words, we're talking about
2 well more than ten percent of all cases. Where the
3 back-bills were limited to six months. And the
4 Association believes it would be clearly
5 discriminatory to charge these underbilled customers
6 more than six months. Any of them.

7 The pattern was set. The pattern was set by
8 Questar. Questar can't just arbitrarily start
9 charging other customers a different amount. And
10 therefore, Chairman, one of the positions of the
11 Association is that the stipulation doesn't give
12 back-billed customers anything that they aren't
13 totally entitled to with regard to, with regard to a
14 six month limitation.

15 Given the opportunity, the Association will
16 argue that six months is too long, just on the basis
17 of being reasonable. Questar needs to be incented to
18 get its measurement, its meter reading, and its
19 billing process right. And it should do that in a
20 reasonable period of time.

21 And we think that a reasonable period of time
22 is no more than two billing cycles. We'll accept that
23 there is room for error. And we'll accept that there
24 should be an opportunity to correct those errors. And
25 that customers who have been underbilled should catch

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1 up with and pay for what they use.

2 But they should do it within two billing
3 cycles. In other words, effectively within two
4 months. And that back-billing any further than two
5 months is not in ratepayers' interest. It's not in
6 the public interest. It's only in the interest of
7 this company. It protects them from the consequences
8 of their errors. That and nothing more.

9 (Pause.)

10 MR. BALL: In URA Cross 2 -- and I'll, I'll
11 link that to Cross 1. Cross 1 was the data request
12 that talked about the differences between VRT and
13 3.4 transform -- transponders. Cross 2 was the table
14 that Dr. Powlick said produced some of the numbers
15 that were included in his exhibit.

16 I'm not sure, quite frankly, whether this is
17 in evidence or not. Perhaps you could advise me,
18 Chairman. It needs to be in evidence. And I'll
19 reintroduce it if I must.

20 (Pause.)

21 CHAIRMAN BOYER: It has been admitted into
22 evidence.

23 MR. BALL: Thank you very much. What this,
24 what this Cross 2 does is it identifies just seven
25 cases of 3.4 transponders, quote, missing magnets.

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1 The data response that this is a copy of was produced
2 very late in the day, for the simple reason that
3 nobody had paid any attention to these.

4 The Association asked a question about it.
5 That alerted the Division. The Division asked a
6 question about it. The Company responded to the rest
7 of the question, and then a few days later responded
8 with this scanty information.

9 Now, there was a suggestion earlier on that
10 I'm trying to suggest, the Association is trying to
11 suggest, that the Company has not been forthcoming.
12 The pattern the Association sees is not so much that
13 these -- that the Company is not forthcoming, but that
14 the Company just doesn't keep adequate records.

15 It doesn't have any paper records about its
16 decision to adopt transponders in the first place. It
17 has very, very sparse information about transponder
18 errors up until really quite recently. For example,
19 we introduced evi -- we introduced evidence through
20 cross earlier on that the first transponder error was
21 on a transponder installed in, I think it was May of
22 2003.

23 There was also a data response that indicated
24 that through the end of 2002 Questar used 3.4
25 transponders. And from the beginning of 2003 onward,

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1 Questar used VRT transponders. Why were none of the
2 transponders -- the VRT transponders installed in
3 January through April maladjusted?

4 I don't think it's because they weren't
5 maladjusted. I think it's because there's simply no
6 data to be had about that. Customers come and go on
7 the system. There are all kinds of reasons for which
8 Questar takes a physical look at a meter, or pulls a
9 meter for testing, or whatever.

10 There are all kinds of things that go on.
11 People do whatever they do. They move on. I am not
12 suggesting inappropriate behavior. I'm simply saying
13 I don't -- the Association doesn't think we have fully
14 bottomed all of the relevant data in this matter.

15 And I -- and we do not think that the
16 \$1 million that have been spoken of here today
17 appropriately reflect the total extent of
18 underbilling. Now, what's the consequence of that?

19 Well, one of the consequences is that a
20 number of people may very well have walked away from
21 being customers of Questar Gas having been
22 underbilled, and never having been caught up with, and
23 now it's not practical to catch up with them.

24 There are some cases identified in some of
25 these data responses with asterisks and a footnote

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1 indicating that there were special circumstances where
2 these folks could not be pursued for their
3 underbilling. Essentially, Questar has chosen to
4 write those off.

5 Whose expense are they written off at? They
6 are currently -- up till now they have been written
7 off largely at the expense of ratepayers at large.
8 Why? How is that possibly fair? And how does that
9 possibly result in just and reasonable rates or is in
10 the public interest?

11 In the Association's suggestion, it cannot be
12 any of those things. We're unhappy with the, with the
13 stipulation because it appears to cap Questar Gas
14 Company's liability. It caps their liability,
15 effectively, at \$480,000. It may look as though
16 there's some balance there now today, but only if you
17 accept that \$1 million is the extent of this mess.

18 If, as we believe, the mess goes a lot
19 further than that, then considerably more than that
20 amount of money has been charged to customers,
21 ratepayers at large, through the balancing account.
22 And if this stipulation is approved, that will simply
23 be overlooked, put away in a locked cupboard
24 somewhere, and customers will continue to have been
25 unfairly charged as a result of it.

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1 (Pause.)

2 MR. BALL: I think, Chairman, this is gonna
3 be 7.0, isn't it?

4 CHAIRMAN BOYER: Yes. And it looks like we
5 have time for a big finish, Mr. Ball.

6 MR. BALL: Hang on. Hang on. Just bear with
7 me, I'm sorry. Did I introduce this before? I don't
8 know where it's gone. Let me just say -- I'm not
9 gonna introduce an exhibit on this because I don't
10 know where the heck it's gone.

11 We have some data from the Company. We
12 summarized it. The data talked about tests and
13 inspections of the different kind of meters
14 under -- of the different kind of transponders under
15 the meter and transponder inspection program.

16 This is looking at 3.4s and VRTs. We
17 summarized that data. And what we see is that in
18 terms of inspection defects as a percentage of
19 completed inspections, .2 percent of VRTs were
20 defective, .14 percent of 3.4s were defective.

21 But something like four times as many VRTs
22 had been inspected and defects found on them as on
23 3.4s. Our point, again, is we just don't know that
24 there isn't a much bigger problem that is yet to be
25 uncovered with regard to the 3.4 transponders.

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1 And putting this matter to bed, and limiting
2 Questar's liability to \$480,000, simply isn't a
3 sufficient answer to what's outstanding. Thank you
4 very much for your attention, Chairman.

5 CHAIRMAN BOYER: Thank you, Mr. Ball.

6 Let's see if there's cross examination for
7 Mr. Ball. Ms. Schmid, for the Division?

8 MS. SCHMID: Thank you.

9 CROSS EXAMINATION

10 BY MS. SCHMID:

11 Q. Good afternoon, Mr. Ball.

12 A. Hello Ms. Schmid.

13 Q. Does the Utah Ratepayers Association have any
14 reason to believe that the 2.4 transponders yet to be
15 inspected are any different from the ones that have
16 already been inspected?

17 A. We just don't know.

18 Q. Please explain the formula that the Utah
19 Ratepayers Association used to come to the conclusion
20 that it -- and again, I'm paraphrasing. I don't mean
21 to put words in your mouth. But I believe I wrote it
22 down accurately, and correct me if I didn't.

23 So the question again is, please explain the
24 formula that the Utah Ratepayers Association used to
25 come to the conclusion that it does not think the

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1 \$1 million referenced in the settlement stipulation
2 appropriately reflects the total extent of the
3 underbillings?

4 A. Certainly.

5 MR. BALL: I have an exhibit, Chairman. I
6 don't know how you want to mark this one.

7 (Pause.)

8 MR. BALL: My fingers are no longer
9 separating sheets as they did earlier in the day.

10 CHAIRMAN BOYER: And this exhibit is to help
11 you answer --

12 MR. BALL: It's to answer Ms. Schmid's
13 question. Yes, it's directly on point.

14 CHAIRMAN BOYER: We'll mark this as URA
15 Exhibit 7.0.

16 MR. BALL: Thank you. The data, the data in
17 columns A through D -- B through D, I'm sorry, come
18 directly from Company data responses. I believe the
19 information in columns B and C were in our
20 Exhibit 1.0.

21 The Company provided a data response -- and I
22 believe I crossed on it today -- that indicated that
23 VRT transponders began to be installed at the
24 beginning of 2003. So in column D we have taken the
25 number of transponders set in 2003 and then

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1 accumulated it through to the end of -- through to the
2 latest data that we have.

3 We've taken data in the data response table
4 that had the 665 mis-billed customers in it and broken
5 them down by the year in which they were found.
6 Sorry, the year in which they were set. And then
7 we've accumulated that in column F.

8 Now, you'll see in column G that we have
9 taken the final cumulative number in column F, 665,
10 and we have taken that as a percentage of the number
11 of transponders set, 854,915 in column C. This is the
12 calculation that essentially the stipulants have
13 performed. They've looked at how many errors were
14 there out of the total population of transponders.

15 Well, we believe that to be the wrong
16 percentage, because really we've only analyzed the
17 VRTs. We also see some outliers in the data in these
18 columns. For example, we don't believe -- you'll see
19 that in 2003 and 2004 the number of transponders
20 installed was almost identical.

21 And you will see that only 65 of those set in
22 2003 were found to be wrongly set, whereas 253 of
23 those in 2004 were found to be mis-set. So we figure
24 we ought to be able to disregard such an outlier.

25 Going to the other extreme from the

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1 0.08 percent, we've taken the number of transponders
2 set in 2006 as a percentage of the transpond --
3 total transponders set that year and come up
4 with .42 percent.

5 Now, we're not saying that that's the number.
6 We're just saying that that's the other end of the
7 range from 0.08. And if you take the ratio of those
8 two numbers, there's a factor of 5.4. Now, if that's
9 applied to the million-odd dollars that has been
10 identified by the stipulants, you're looking at
11 something closer to \$5.5 million.

12 And that is one illustration of how Questar's
13 limiting its liability at \$480,000 is an extremely
14 good deal for Questar and extremely bad deal for
15 ratepayers at large.

16 Now, as to what the actual numbers should be
17 beside the point for these purposes today, we're
18 merely illustrating that there is good reason to
19 suppose that approving this deal, approving this
20 stipulation, will be giving a considerable benefit to
21 Questar at the expense of ratepayers at large.

22 And that is not in the public interest.
23 Won't result in just and reasonable rates. And this
24 is just one element.

25 MS. SCHMID: I'm sorry, this is not

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1 response --

2 THE WITNESS: We've introduced --

3 MS. SCHMID: Objection, this is not
4 responsive to the question that was posed and is more
5 in the form of final argument.

6 MR. BALL: I, I've talked as well about two
7 other issues. The three point --

8 MS. SCHMID: I'm sorry, I asked for a
9 formula. Objection, I asked for a formula, and he's
10 not responding to my formula.

11 MR. BALL: Well, this is the formula. This
12 is --

13 CHAIRMAN BOYER: This is how he --

14 THE WITNESS: -- the only formula there is.

15 (The speakers were talking over one another
16 and had to be interrupted.)

17 THE COURT REPORTER: I need one at a time,
18 please.

19 CHAIRMAN BOYER: This is how he calculates
20 why the numbers that are presented in this case may be
21 wrong. But I think that point is made and the
22 question has been answered. Do you have other
23 questions, Ms. Schmid?

24 MS. SCHMID: No.

25 CHAIRMAN BOYER: Mr. Proctor, have you

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1 questions for Mr. Ball?

2 MR. PROCTOR: Yes. Thank you,
3 Mr. Chairman.

4 CROSS EXAMINATION

5 BY MR. PROCTOR:

6 Q. Mr. Ball, I just have a couple of questions
7 first on this document that you just handed out. And
8 I -- if you could confirm for me. Is the .08 percent
9 indicative of the percent of 665 to 854,915?

10 A. Yes.

11 Q. And your .42 percent is an indicator of the
12 relationship between 187 and 44,467?

13 A. Yes.

14 Q. Thank you. If you could look to URA 6.0. Do
15 you have it there, sir?

16 A. Yes.

17 Q. You were using that document to establish
18 that some customers had been back-billed for 24 months
19 and some customers had been back-billed for six
20 months; is that correct?

21 A. I'm using it to illustrate that the first 64
22 customers to be back-billed were back-billed for no
23 more than six months.

24 Q. And that there were other customers who were
25 back-billed for 24?

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1 A. Later, yes.

2 Q. And based upon that, you're claiming that
3 indeed those customers, all customers would be
4 entitled to be billed six months; is that correct?

5 A. I'm arguing that it would be -- that it has
6 been discriminatory, and therefore unlawful, for
7 Questar Gas to bill customers more than six months
8 subsequent to those first 64.

9 Q. Well, assuming that it is discrimination,
10 could it not also be cured by billing everyone
11 24 months?

12 A. I'm sorry, are you, are you suggesting that
13 the first 64 customers, including the one that was
14 back-billed in August of 2005, should now be
15 back-billed for an additional period of time?

16 Q. Sir, I asked you --

17 A. Is that the meaning of your question?

18 Q. Sir, I asked you a question whether or not
19 the discrimination could be cured by billing everyone
20 24 months.

21 A. I think that if Questar wanted to avoid
22 discrimination, it -- and wanted to back-bill
23 24 months, it should have back-billed all the way
24 along.

25 Q. So indeed the discrimination could have been

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1 cured by billing 24 months? That is your testimony
2 is, it not?

3 A. No. My testimony is that discrimination has
4 occurred. I don't believe that you can cure that
5 discrimination by going back and, and billing the
6 early back-billed customers more than they've already
7 been back-billed.

8 Q. How do you define discrimination in the
9 context of -- in this case it would be price
10 discrimination or a form of price discrimination. How
11 do you define it as you have used it in your
12 testimony?

13 A. I'll need a moment to check something,
14 please.

15 Q. What you -- would you be checking Mr. Ball?

16 A. Utah Code.

17 Q. Which part of the Utah Code?

18 A. That's a good question. The
19 discrimination --

20 MR. PROCTOR: Mr. Chairman?

21 MR. BALL: -- section.

22 MR. PROCTOR: I don't want to get involved in
23 a banter back and forth with a witness who is clearly
24 hostile. Perhaps the Commission -- or the Chairman
25 could direct Mr. Ball to simply answer the question.

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16 (End of stricken testimony.)

17 MR. PROCTOR: Mr. Chairman, I would move to
18 strike the balance -- or the -- actually his entire
19 answer, since it's certainly non-responsive and became
20 argumentative.

21 CHAIRMAN BOYER: Okay. We'll sustain that.
22 It doesn't --

23 MR. PROCTOR: Thank you.

24 CHAIRMAN BOYER: -- lend anything to the case
25 in chief anyway.

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1 MR. PROCTOR: And I apologize how difficult
2 this might be.

3 Q. (By Mr. Proctor) Mr. Ball, could you turn to
4 your Exhibit URA 5.0?

5 A. Okay, I don't know what I've done with it.
6 Could you refresh my memory as to what it is?

7 Q. It's the exhibit in which you had identified
8 that of the overpayments the Company had received
9 \$221,487, rounded, and paid back only \$220,253 --

10 A. All right, thank you. Let me, let me see if
11 can find that now that I know which one you are
12 talking about.

13 (Pause.)

14 THE WITNESS: I have that. Thank you for
15 your patience.

16 Q. (By Mr. Proctor) Mr. Ball, you testified
17 that there had been no explanation given for the
18 \$1,238 difference, and that that had some implications
19 to the validity of the stipulation. Now, did you ever
20 submit a data respon -- request to the Company to
21 determine what would explain the \$1,238 difference?

22 A. No, the Ratepayers Association didn't. And
23 it was pretty apparent, from the responses that we
24 were getting from everybody --

25 MR. PROCTOR: Mr. Chairman, objection. It's

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1 not responsive.

2 CHAIRMAN BOYER: Just answer the question,
3 Mr. Ball. Thank you.

4 MR. BALL: No, it's perfectly responsive.
5 Why didn't we?

6 CHAIRMAN BOYER: Well, no. That's a separate
7 question. Did you is the question.

8 MR. BALL: Everybody else gets to explain
9 their answers. Why don't we?

10 CHAIRMAN BOYER: I think you've had more than
11 a fair bit of latitude in -- with your presentation
12 and your cross examination.

13 MR. BALL: Well, if that's true --

14 CHAIRMAN BOYER: But we're running out of
15 time now. So if you could just restrict yourself to
16 answering the questions asked, it would be helpful to
17 us all.

18 MR. BALL: What did he accuse me of earlier
19 on, about three or four answer -- questions ago? Can
20 I get the court reporter to read that back?

21 CHAIRMAN BOYER: No, Mr. Ball, you can't.

22 MR. BALL: What a shame.

23 CHAIRMAN BOYER: Answer this question and
24 we'll see if we can get through this case.

25 MR. BALL: He's allowed to call me names, but

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1 I'm not allowed to explain my answers? That's really
2 fair.

3 CHAIRMAN BOYER: Mr. Ball? Or.

4 Q. (By Mr. Proctor) Mr. Ball, I next want you
5 to turn to URA 4.0.

6 A. Yes.

7 Q. Do you have it, sir?

8 A. Yes.

9 Q. Now, as I understand this version of the data
10 request -- data response, it identifies the date in
11 column k when the transponder error was identified,
12 correct?

13 A. In column k, yes.

14 Q. And so in 2005 there was one error found,
15 according to your exhibit?

16 A. According to my sort of the Company's data,
17 yes.

18 Q. Would one exhib -- one error in a transponder
19 discovery in August of '05 -- in fact the only one
20 discovered in 2005 -- would that justify the Company
21 engaging in an investigation to test all the meters
22 that they had installed, all the transponders they had
23 installed?

24 A. The point of the introduction of the
25 exhibit --

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1 Q. Sir, yes or no.

2 A. The point of the introduction of the exhibit
3 was to demonstrate how few --

4 MR. PROCTOR: Mr. Chairman?

5 MR. BALL: -- of these errors were discovered
6 early in the -- early after they had started to be
7 installed.

8 MR. PROCTOR: That's not my question, sir.

9 Mr. Chairman, would you direct the witness to
10 answer?

11 CHAIRMAN BOYER: Yes. Please answer the
12 question.

13 Would you restate the question, Mr. Proctor?

14 Q. (By Mr. Proctor) Would the finding of one
15 transponder error in 2005 justify the Company
16 initiating a testing of all transponders that had been
17 installed to that point?

18 A. The Company clearly didn't think so.

19 Q. Do you think so, sir?

20 A. I don't know. It's 2008 now. That's a long
21 time ago. It's hard to get rid of the benefit of
22 hindsight.

23 Q. So are you refusing to answer the question,
24 Mr. Ball?

25 A. No. I'm giving you the best answer I'm able

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1 to here now, today.

2 Q. All right. Going down, you've -- your
3 exhibit also reveals that there were 22 transponder
4 errors discovered in 2006. If --

5 A. By the end of 2006, yes.

6 Q. By the end of 2006. So over a period of two
7 years there had been a total of 23 transponder errors
8 identified.

9 A. We don't know that.

10 Q. According to your exhibit. Would that
11 justify the Company initiating a test of all
12 transponders installed to that day to determine their
13 accuracy?

14 A. I repeat, we do not know that. And this is
15 merely a sort of data provided by the Company. It's
16 not my data. And the problem with the data is that
17 the data set is simply not guaranteed to be complete.

18 It may very well be complete to the best of
19 Questar's knowledge. But what they --

20 MR. PROCTOR: Mr. Chairman?

21 MR. BALL: -- how many errors they, they
22 really tripped over by the end of 2006 we simply don't
23 know.

24 MR. PROCTOR: Mr. Chairman, would you direct
25 the witness to answer the question?

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1 CHAIRMAN BOYER: If you can, Mr. Ball. I
2 think you're saying you don't know. But if you can be
3 a little more specific in answering the question.

4 MR. BALL: The question is, do I think that
5 finding 22 things by the end of 2006 would be enough
6 to justify a major drains up operation; is that it?

7 CHAIRMAN BOYER: I believe that is the
8 question. And he's only asking for your opinion, not
9 what Questar may or may not have thought about that.

10 MR. BALL: It's really pretty much impossible
11 for me to give an honest answer to that. I mean, I
12 wasn't there. We are not questioning the
13 justification of Questar's actions or failure to act.

14 We are here to question the consequences of
15 this stipulation in attributing the cost
16 responsibility of all of this -- well, we don't know
17 what it all is. We don't think it's just one million.
18 We think it may be up to five times that much.

19 I don't know how to answer the question.

20 CHAIRMAN BOYER: We'll take that as an, I
21 don't know.

22 MR. PROCTOR: Thank you, Mr. Chairman.

23 Q. (By Mr. Proctor) Mr. Ball, you've testified
24 that the URA believes that it is appropriate for a
25 company to adopt new technologies. And in particular,

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1 in this case anyway, Questar was, was correct in
2 adopting new technologies; is that correct?

3 A. I think what I said was that we're not
4 questioning it.

5 Q. Okay. Now, in order to reach a level of
6 certainty with the accuracy of the transponders would
7 the URA have encouraged or approved if Questar would
8 not only read by transponder but would also, let's say
9 for a year, send meter readers out into the field to
10 check each meter to make certain the transponder was
11 operating properly?

12 A. At the time, they had the meter readers.
13 They were trained. They were there and could continue
14 to be deployed for a little while. We would not argue
15 that they should have done that for an extra year. We
16 think that would have been well more than needed --
17 than was needed.

18 We think that it would have made sense in the
19 winter to have read for a month or two. We think it
20 would have made sense in the summer to read for
21 several months. And to balance those two sets of
22 numbers together.

23 We think that if you shift -- well, let me
24 give you an example.

25 MR. PROCTOR: Well, excuse me, I think he's

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1 answered the question. Anything else beyond that is a
2 speech.

3 CHAIRMAN BOYER: I think you have answered it
4 very well then.

5 MR. BALL: Perhaps we could talk later,
6 Chairman, and I'll share you the speech. It's really
7 quite fascinating.

8 Q. (By Mr. Proctor) So URA would also approve
9 of the inclusion of that duplicate cost for meter
10 readers and transponders into rates?

11 A. We think it would have been a sensible
12 precaution. And Questar, all on its own, for its own
13 business reasons, chose not to do it.

14 Q. Now, you've also testified, however, that if
15 there's any error in the adoption of a new technology,
16 that the Company should absorb a hundred percent of
17 the cost of that error.

18 A. We don't understand what risk it is --

19 Q. Yes or no, Mr. Ball.

20 A. -- that we are paying insurance premiums for
21 when we pay a rate of return, unless --

22 CHAIRMAN BOYER: Mr. Ball --

23 MR. BALL: -- that's one of them.

24 CHAIRMAN BOYER: Mr. Ball, that's not even
25 close to being responsive.

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1 MR. BALL: Okay. What was the question
2 again?

3 CHAIRMAN BOYER: This is a yes or no
4 question.

5 MR. PROCTOR: Mr. Chairman, I think the
6 demeanor of the witness is such that I will conclude.

7 CHAIRMAN BOYER: Okay. Thank you,
8 Mr. Proctor.

9 Does Questar have questions for Mr. Ball?

10 MS. BYDE: Before I answer that I just want
11 to clarify process. I think we are prepared to
12 respond to some of what he has said and some of what
13 he has raised by recalling Mr. McKay. And I just
14 wanted to be sure that you were going to allow that.

15 CHAIRMAN BOYER: Let me check with
16 Ms. Murray. Have others members of the public come?
17 Okay. So we'll just take the liberty of encroaching
18 upon the public witness time to permit that.

19 MS. BYDE: Thank you.

20 CHAIRMAN BOYER: But maybe we ought to keep
21 it brief, just in case.

22 MS. BYDE: Absolutely, thank you. And in
23 that case we have no questions for Mr. Ball.

24 CHAIRMAN BOYER: Okay, very well.
25 Commissioner Allen? Commissioner Campbell? I have no

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1 questions either.

2 Okay, Mr. Ball, thank you.

3 Now let's turn back to the proponents of the
4 stipulation, who are entitled to the last word.

5 MS. BYDE: May we have about three minutes to
6 confer?

7 CHAIRMAN BOYER: Let's even take -- let's
8 take a five-minutes recess.

9 MS. BYDE: Thank you.

10 (A recess was taken from 4:35 to 4:41 p.m.)

11 CHAIRMAN BOYER: Ms. Byde?

12 MS. BYDE: We're prepared to call Mr. McKay.
13 And I wonder if it would be okay for him to stay here
14 to testify this time. He's got --

15 CHAIRMAN BOYER: Certainly. That will be
16 fine.

17 MS. BYDE: Thank you.

18 CHAIRMAN BOYER: Just pull the mic towards
19 you, and you should be fine.

20 BARRIE MCKAY,
21 called as a rebuttal witness, having
22 previously been duly sworn, was examined
23 and testified as follows:

24 ***

25 ***

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1 REBUTTAL EXAMINATION

2 BY MS. BYDE:

3 Q. Mr. McKay, you have been sitting here with us
4 while Mr. Ball was testifying. And he addressed a
5 number of issues, and I wonder if you have responses
6 to some of them.

7 A. Sure do. Is that -- oh, if I lean forward it
8 sounds better.

9 I do have a few responses. And just, I'm
10 gonna kind of go --

11 Q. In -- yes, Mr. McKay. In the interest of
12 time would you please summarize those responses?

13 A. Sure. Let's just take a few of the things.
14 And obviously this is the first time we've had the
15 opportunity to see some of this.

16 But I think what we have here is we're trying
17 to have a particular party trying to leave an
18 impression that we haven't got our hands around what
19 this issue really is. And in some areas that we're
20 kind of grasping and stretching what the numbers
21 really can produce.

22 And if I can really quickly just set at ease
23 some of the concerns that were just thrown out there.
24 And see -- as soon as you have an understanding of why
25 there might be some differences, or what the

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1 comparisons are.

2 So let's just walk through just a few in
3 response. And it's not necessarily any order of
4 importance, but we'll turn to URA 5.0. This was the
5 exhibit in which Mr. Ball tried to raise this
6 question -- and I don't remember exactly the number --
7 of which he was able to calculate a difference between
8 an adjustment paid and an under and over amount that
9 was in column g and in column aa.

10 And actually there's quite a simple
11 explanation of it. And we do keep good track of who
12 is at a premise. And so we do -- we keep track of the
13 entire amount that occurred at a premise. But often
14 times -- and if I remember right, it was a relatively
15 small number -- customers move.

16 We have the identification of a specific
17 customer, so we know where they may have gone into the
18 system, and so we're able to identify where they are.
19 And so all we have here is just simply the recognition
20 at that particularly -- particular premise we only
21 adjusted the customer's bill for how long they had
22 been there.

23 And hence you're gonna be able to have a few
24 of these have some differences. And that's all that
25 Mr. Ball has been able to observe there.

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1 Q. Can I interrupt and just ask a couple of
2 questions on that point --

3 A. Sure.

4 Q. -- in the interest of a clear record? That
5 is the -- confirm for me please that that was the
6 exhibit that Mr. Ball raised concern -- used to raise
7 concerns that a customer was overbilled more than it
8 was refunded, correct?

9 A. Correct.

10 Q. And the explanation you gave was the
11 reasoning for that, correct?

12 A. Yes.

13 Q. So you may have had two customers in that
14 circumstance?

15 A. That's a good clarification.

16 Q. Okay. Thank you. Did you have any other
17 observations?

18 A. Sure. Mr. Ball characterized -- and I
19 actually wrote down his word, because it caught my
20 mind here. He observed that the Division suddenly
21 discovered the -- this 3.4 issue. Which is simply the
22 type of transponder that we installed originally.

23 The fact is, from the very beginning the
24 Division was aware of this. It was responded to them
25 in a set of data requests that they asked us. And we

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1 responded to them -- and it's actually 1.4 of their
2 very first set -- before the docket even got brought
3 together in a combined docket.

4 All that the Division was doing at the end
5 was making sure all the "t's" were crossed and the
6 "i's" were dotted. And saying, Hey, we need to be
7 able to have final feedback as it relates to these
8 3.4s.

9 The reason it hasn't been a significant issue
10 here is that -- is the realization of how small the
11 number of errors. And there's only seven. And we
12 recognize we've only been able to go through about a
13 third, and we tried to take that into consideration in
14 coming up with this settlement.

15 But it's a significantly small amount of
16 these 3.4s that have been installed all over our
17 system. Which is actually -- and I will freely admit,
18 this is not a random sampling. But it is a
19 significant amount of the population, one third of it,
20 that we've gone forth.

21 And that's why we were able to feel
22 comfortable with moving forward on that. And it
23 absolutely was not a sudden discovery of it.

24 Another observation here which was
25 interesting, and actually I think relates to some of

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1 the thought process that the Company had the
2 opportunity to go through. Our choice was to try to
3 keep costs as low as we could, and as reasonable as we
4 could, with increased accuracy.

5 Mr. Ball has stated that he would like to
6 have back-billing just for two months. If those were
7 the ground rules that were laid out there, what really
8 the URA would be arguing for is a significant increase
9 for all customers.

10 Because to have that be our standard, there
11 would be different levels of what we would need to be
12 going through so that that indeed would be the end
13 result of us being able to get everything accurate in
14 just the two months.

15 In weighing the tradeoffs there, that would
16 be a very imprudent decision, I think, if we wanted to
17 try to keep costs and prices as low as we reasonably
18 should for our customers.

19 Another observation -- and I just have two
20 here to finish -- is that a statement was made by
21 Mr. Ball that we have, quote, been incorrectly billing
22 customers since 1998.

23 Actually, I was a little surprised to hear
24 that. So I went back through all of his cross
25 examination exhibits to see if there was any evidence

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1 that was out here on the record that showed that a
2 customer had been billed related to the pre-divide or
3 the 3.4 missing magnet prior to 2002.

4 And there is none. But there perhaps is the
5 recognition that we were putting in transponders, and
6 we can freely accept that. But what we have as
7 evidence on the record is that the first to have
8 occurred was in 2002.

9 Now, I think the reason that statement comes
10 out -- and I guess I shouldn't make any thinking on
11 it. I will simply observe this. That we had an
12 effort -- and I would like to speak to his exhibit,
13 which is I think 7.0, which is the formula calculation
14 that Mr. Ball put forth.

15 There's been a significant effort in trying
16 to grow this number. I think that there is a large
17 dollar amount out there that's being ignored or
18 unobserved. And I think that there's some significant
19 analysis problems with what we have laid before us
20 here.

21 I -- and it's simply put this way. Let's
22 walk down through some of it, if you would like. But
23 in the column C -- sorry, sorry, sorry. Let's go with
24 column G. Is the calculation that essentially the
25 stipulating parties have put forth.

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1 We've recognized, after all the efforts that
2 the Company has gone through, that we ended up with
3 essentially less than one tenth of one percent of
4 errors. And that's calculated here to be .08.

5 What Mr. Ball wants to try to do is he wants
6 to try to pick and choose a particular year's worth of
7 errors. And so what he goes to is column H. And he
8 calculates for one year -- happened to be the last
9 year.

10 And he goes, Oh, wow, we have in that year
11 almost one-half of one percent of the meters that were
12 set that looked like they had a -- that we have found
13 a transponder error with. And then he wants to try to
14 do an interpolation between these two to come up with
15 a five multiplier.

16 It's interesting that he didn't choose the
17 year before, where we could have had .001 of a
18 percent. Or even the year before that, a .0016. If
19 we took those years to do this, I want to pick this
20 part of the elephant to do my calculation on, we would
21 be significantly lower than our \$1 million estimate.

22 All we're trying to do is -- and that's, I
23 guess, the final thing I'd like to say -- I think the
24 stipulating parties didn't try to pick and choose a
25 given year. But they put all of the data which we

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1 have, which is all of the numbers of the transponders
2 that are out there. They're fully installed now.

3 We took the percentages that we had that we
4 knew specifically related to VRTs, as well as
5 one-third of the 3.4s out there. Made a very
6 reasonable estimate of where we thought things would
7 be. And have come forward feeling very comfortable
8 this is a just and reasonable settlement that we put
9 before the Commission.

10 MS. BYDE: I don't have any further questions
11 of Mr. McKay.

12 CHAIRMAN BOYER: Are there other proponents
13 who wish to add anything to the presentations made
14 earlier?

15 MR. PROCTOR: No, thank you.

16 MS. SCHMID: No, thank you.

17 CHAIRMAN BOYER: Okay. Let's check with
18 Ms. Murray. Have --

19 MS. MURRAY: We had one, but she stepped out.

20 CHAIRMAN BOYER: Okay. Well, I believe that
21 will conclude this portion of the hearing. At least
22 the formal part. We'll see if we can now get back to
23 the public witnesses and hear from them.

24 (Pause.)

25 CHAIRMAN BOYER: Dolores Hart. Welcome to

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1 the Public Service Commission.

2 MS. HART: H-a-r-t.

3 CHAIRMAN BOYER: H-a-r-t? Were you here
4 earlier today?

5 MS. HART: Pardon?

6 CHAIRMAN BOYER: You weren't earlier -- here
7 earlier today, were you?

8 MS. HART: I was at another hearing, but they
9 didn't record it at that time.

10 CHAIRMAN BOYER: Oh. Let me explain that as
11 a public witness you can choose to either give sworn
12 testimony or unsworn testimony.

13 MS. HART: I'll be sworn because I'm telling
14 the truth, so.

15 CHAIRMAN BOYER: Very well. And if you're
16 sworn then we can rely on your testimony in coming to
17 our decision. You need to stand up, please, and raise
18 your right hand.

19 (Ms. Hart was sworn.)

20 CHAIRMAN BOYER: Thank you, Ms. Hart. Then
21 please state your name and spell it for the record.

22 MS. HART: My name is Dolores Hart. I go by
23 Dee sometimes. But it's D-o-l-o-r-e-s, H-a-r-t. And
24 I live around 54 and Redwood, in Murray. Well,
25 actually Taylorsville. But my story is -- and I'm not

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1 sure what year it was, probably 2003, 2004.

2 I decided that I would just read my meter
3 just to see what, what my bill was saying. If it was
4 corresponding with what I would read with the meter.
5 So I called Questar. They sent me the cards. I went
6 out and read the meter.

7 I'm not sure if it was one month or two
8 months. I think it was the second reading. And so I
9 sent them in. And then after that -- I think I got my
10 bill.

11 And then after that a Questar lady called me
12 and said, You don't have to read the meter anymore
13 because there's a truck that goes by and reads the
14 meter. We have a transponder. And you won't have to
15 fill out the cards anymore.

16 Well, what I should have done was go ahead,
17 for my own satisfaction, to fill out the card just to
18 see if it corresponded, but I didn't do it. So that's
19 basically what happened. And then I just kept paying
20 the bills.

21 That's when the, that's when the bills went
22 up so high. Which was ridiculous at that time I
23 thought, you know, to be that high. The difference in
24 the raised bill.

25 So anyway, that's my story. And I think it's

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1 very unfair that -- why should we be having to pay for
2 other people's mistakes? It just doesn't make any
3 sense. It's been that way with a lot of things, so.
4 Not just Questar, other things.

5 And another thing is, I think Roger Ball is
6 doing a great thing for the ratepayers. That's my
7 statement.

8 CHAIRMAN BOYER: Thank you, Ms. Hart. Let's
9 see if anyone has questions for you.

10 Ms. Schmid, have you questions for her?

11 MS. SCHMID: No questions.

12 CHAIRMAN BOYER: All right. Mr. Proctor?

13 MR. PROCTOR: No, thank you.

14 CHAIRMAN BOYER: Um --

15 MS. BYDE: No, thank you.

16 CHAIRMAN BOYER: Ms. Byde no. Mr. Ball, have
17 you questions for Ms. Hart?

18 MR. BALL: No thank you, Chairman.

19 CHAIRMAN BOYER: Thank you very much for
20 coming and sharing your story with us.

21 Okay, there are no other members of the
22 public here at the moment. However, we'll remain
23 available until 5:30. So we'll be in recess until the
24 earlier of a member of the public coming, or at 5:30
25 we'll go back on the record and conclude the

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1 proceeding.

2 Thank you all for your patience.

3 (A recess was taken from 4:55 to 5:33 p.m.)

4 CHAIRMAN BOYER: I guess we ought to let the
5 record show that no more members of the public came.

6 And that will conclude this hearing.

7 We're going to take the matter under
8 advisement and get an order out as soon as humanly
9 possible, given our workload. Thank you all for
10 participating. See you in the next case.

11 (The hearing was concluded at 5:34 p.m.)

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C E R T I F I C A T E

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Registered Professional Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, numbered 1 through 234, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND AND OFFICIAL SEAL AT KEARNS, UTAH
THIS 4th DAY OF November, 2008.

Kelly L. Wilburn, CSR, RPR
My Commission Expires:
May 16, 2009

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