
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar :
Gas Company to Increase Distribution Rates : Docket No. 13-057-05
and Charges and make Tariff Modifications : DPU Exhibit 5.0 DIR
:
:
:

DIRECT TESTIMONY

OF

**DAVID T. THOMSON
STATE OF UTAH
DIVISION OF PUBLIC UTILITIES**

OCTOBER 30, 2013

1 **Q. Please state your name and business address for the record.**

2 A. David T. Thomson. My business address is Heber M. Wells Building 4th Floor,
3 160 East 300 South, Salt Lake City, Utah 84114-6751.

4 **Q. For which party will you be offering testimony in this case?**

5 A. I will be offering testimony on behalf of the Utah Division of Public Utilities
6 (“Division”).

7 **Q. Please describe your position and duties with the Division?**

8 A. I am a Technical Consultant. Among other things, I serve as an in-house
9 consultant on issues concerning the terms, conditions and prices of utility service;
10 industry and utility trends and issues; and regulatory form, compliance and
11 practice relating to public utilities. I examine public utility financial data for
12 determination of rates; review applications for rate increases; conduct research;
13 examine, analyze, organize, document and establish regulatory positions on a
14 variety of regulatory matters; review operations reports and ensure compliance
15 with laws and regulations, etc.; testify in hearings before the Utah Public Service
16 Commission (“Commission”); assist in analysis of testimony and case
17 preparation; and I have participated in settlement conferences.

18 **Q. What is the purpose of your testimony?**

19 A. The purpose of my testimony is to put forth the Division’s adjustments to various
20 account balances as provided by Questar Gas Company (the “Company”) in its
21 filing used to determine its proposed updated overall revenue increase request of
22 \$19.3 million, as set forth in this Docket.

23 **Q. What areas in the filing were you assigned to review as part of your**
24 **examination and what other work did you do relating to the Company's**
25 **filing?**

26 A. I was assigned to directly review or to assist in the review of Income taxes;
27 Employee compensation; the Telecom transfer; Incentives; Taxes other than
28 income taxes; and Property tax. I also was specifically assigned to review the
29 Company's Incentive Compensation and Stock Incentives regulatory adjustments.

30 I also generally reviewed the overall rate case filing including the Company's
31 response to the master data request under the Commission's Rate Case Filing
32 Requirements. I also reviewed the responses to data requests of other interveners
33 in this case and noted if the response impacted the revenue requirement in this
34 rate case. I was assigned to manage and coordinate the Division's audit team.

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36 I was involved with reviewing external auditor reports in conjunction with my
37 areas of assignment. I reviewed Company accounting records and documentation
38 directly related to the assigned areas of my review. I submitted data requests in
39 conjunction with my review and analysis.

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41 In managing other audit team members, I assisted, directed, and served as a
42 resource for answering questions and a sounding board for their analysis, results,
43 and proposed adjustments.

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45 **Q. How will you present your adjustments?**

46 A. I have two adjustments and I will discuss them in the order of my attached DPU
47 Exhibits 5.1 DIR and 5.2 DIR. These adjustments reduce Pension and Other Post
48 Retirement Benefits (OPEB) expense and Mains and Service Expenses (Account
49 874).

50 **Q. Will you explain your first adjustment as set forth in DPU Exhibit 5.1 DIR?**

51 A. Subsequent to the Company's filing and prior to the filing of Direct Testimony of
52 the DPU, the Company received from its actuaries a pension memo and an
53 updated OPEB memo that impacted the amount of the projected pension and
54 OPEB expense of the Company's filing. The impact of the pension memo on the
55 projected Utah specific revenue requirement is a reduction of \$2,866,303. The
56 impact of the updated OPEB memo on the Utah specific revenue requirement is
57 \$929,961. The total Utah specific reduction is \$3,796,264.

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59 These amounts were provided to the DPU by the Company in response to DPU
60 Data Request Number 19.3. Again, the reduction is the Utah specific portion and
61 Attachment 3 to Data Request Number 19.3, as prepared by the Company, shows
62 in detail how the Utah specific revenue requirement reduction was computed.
63 Exhibit 5.1 is the DPU adjustment for this updating of the pension and OPEB
64 projected expense to the revenue requirement, which is a reduction of those
65 expenses.

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67 **Q. What is your second adjustment as set forth in DPU Exhibit 5.2 DIR?**

68 A. Data Request Number D.42 as requested by R746-700-22 requires the
69 Company, at the time of its filing, to provide miscellaneous information on
70 Penalties and Fines. It requires a list of penalties and fines in the Base Year and
71 the Test Period and also which accounts the associated amounts are included.

72
73 The response to that data request indicates that during the base period the
74 Company had two penalties or fines: one to the US Department of Transportation
75 for \$300; and one to the Utah OSHA for an OSHA violation of \$4,500. The
76 DOT payment was paid in February 2012 and the Utah OSHA payment was paid
77 in March 2013. Due to the way the Company computed its projected expenses
78 the February payment is not in its projected expenses. However the OSHA
79 penalty is included. Thus, the penalty for the Utah OSHA violation is in
80 projected expenses for account 874 in the Company's filing. The DPU
81 adjustment takes the fine or penalty out of the projected expense because for rate
82 making purposes these items are below the line expenses and should not be
83 reflected as projected revenue requirement expense. DPU Exhibit No. 5.2 DIR
84 computes the adjustment amount for this Utah specific fine or penalty to be
85 \$4,426. The Exhibit shows how this amount was computed based on the
86 information provided by the Company.

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89 Q. Does this conclude your Direct Testimony?

90 A. Yes.