

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar)
Gas Company for Approval to Include a) **Docket No. 13-057-13**
Property Under the Wexpro II Agreement)
)

DIRECT TESTIMONY OF

BELA VASTAG

FOR THE

OFFICE OF CONSUMER SERVICES

DECEMBER 12, 2013

REDACTED

REDACTED

1 **INTRODUCTION**

2 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

3 A. My name is Béla Vastag. I am a Utility Analyst for the Office of Consumer
4 Services (Office). My business address is 160 East 300 South Salt Lake
5 City, Utah 84111.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of my testimony is to address Questar Gas Company's
8 (QGC) Application for approval to include a property, the [REDACTED]
9 Acquisition (Acquisition), under the Wexpro II agreement. I will provide
10 the Office's position on this matter.

11 **Q. PLEASE SUMMARIZE THE OFFICE'S POSITION REGARDING THE**
12 **ACQUISITION.**

13 A. The Acquisition may be an attractive property to include under the Wexpro
14 II Agreement and could provide long-term benefits for ratepayers.
15 However, the Office has concerns that the acquisition of additional gas
16 properties at this time poses significant risks to ratepayers due to current
17 Wexpro cost-of-service (COS) gas production that is already at very high
18 levels. These risks include:

19 1. Exceeding QGC's ability to prudently manage the gas supply
20 without incurring costs to shut in wells or [REDACTED]
21 [REDACTED]. These costs will vary over
22 time due to the mix of low and high cost COS wells that are shut in.

- 23 2. Eliminating the opportunity for QGC to take advantage of lower
24 cost gas through market purchases.
- 25 3. Absence of the following items in QGC's Application: a
26 mechanism to periodically evaluate the 65% target level of COS
27 gas, a process to audit and verify gas supply decisions and
28 transactions associated with the target level and a forum for
29 resolving disputes concerning the administration of a target level.
- 30 4. Potential that the offer to manage Wexpro supply to the 65%
31 target will have unintended consequences by triggering certain
32 provisions in the original Wexpro Agreement (Wexpro I.)

33 If these risks to ratepayers can be satisfactorily addressed and resolved,
34 then including the Acquisition under the terms of the Wexpro II Agreement
35 could be demonstrated to be in the public interest.

36 **POTENTIAL BENEFITS**

37 **Q. YOU INDICATED ABOVE THAT THE ACQUISITION COULD PROVIDE**
38 **LONG-TERM BENEFITS FOR RATEPAYERS. PLEASE EXPLAIN.**

39 A. The Wexpro I agreement has been beneficial for Utah ratepayers during
40 its 30-plus years of existence by providing a steady source of low or
41 reasonably priced COS gas. Although Wexpro has been successful at
42 maintaining or even increasing production over the years, there is a limit to
43 how much gas that can be produced from the existing Wexpro I properties
44 in the future. The addition of the reserves from the Acquisition could
45 increase the amount of [REDACTED] or less COS gas that Wexpro can

46 produce and therefore will extend the life of COS gas supplies. The
 47 Acquisition will increase Wexpro’s potential development net wells from
 48 [REDACTED] or almost a [REDACTED] increase. Reserves of this low cost gas would
 49 increase from [REDACTED] to [REDACTED].¹ This additional supply from the
 50 Acquisition would provide long-term benefits for ratepayers in the form of a
 51 hedge against higher market prices for purchased gas.

52 **Q. WHAT FACTORS MAKE IT POSSIBLE FOR WEXPRO TO PROVIDE A**
 53 **NEW SUPPLY OF LOW COST COS GAS FROM THIS ACQUISITION?**

54 A. First of all, Wexpro was able to purchase the additional reserves for under
 55 [REDACTED].² Second, [REDACTED]
 56 [REDACTED]. Third, [REDACTED]
 57 [REDACTED]
 58 [REDACTED]
 59 The [REDACTED] purchase price, [REDACTED] and [REDACTED]
 60 [REDACTED] should enable Wexpro to deliver additional supplies of low
 61 cost COS gas from the properties in the Acquisition.

62 **Q. DESPITE THESE BENEFITS, YOU HAVE INDICATED THAT THE**
 63 **OFFICE CANNOT SUPPORT THE ACQUISITION UNLESS CERTAIN**
 64 **ISSUES ARE RESOLVED. PLEASE EXPLAIN.**

65 A. As I will describe below, the Office is concerned about the implications
 66 and risks associated with too much gas production from Wexpro. In
 67 addition, QGC’s proposal to manage the COS gas supply may have

¹ See Direct Testimony of James R. Livsey, Exhibit 2.3.

² Direct Testimony of James R. Livsey, page 8.

68 unintended negative consequences for the Wexpro I agreement. Until
69 these issues are resolved by QGC, the Office cannot support the
70 Acquisition.

71 **POTENTIAL RISKS**

72 **Q. WHAT IS THE PRIMARY RISK TO RATEPAYERS IF THE**
73 **ACQUISITION IS INCLUDED UNDER THE WEXPRO II AGREEMENT?**

74 A. The main risk is that the large volumes of COS gas from Wexpro affect
75 QGC's ability to manage its gas supply in a cost effective manner. As
76 discussed later in my testimony, additional COS gas from Wexpro results
77 in immediate costs for ratepayers that offset the potential long-term
78 benefits of the Acquisition described above.

79 **Q. HAS THE OFFICE PREVIOUSLY RAISED THE EXCESS COS GAS**
80 **SUPPLY ISSUE?**

81 A. Yes. The Office raised this concern in comments³ filed on QGC's 2013
82 IRP. In this IRP, QGC was projecting, for the first time, that COS gas
83 would comprise 70% of the total gas supply for the 2013-2014 planning
84 period. The projected 70% level from the 2013 IRP is without the
85 additional supply from the Acquisition.

86 **Q. HISTORICALLY, WHAT HAVE BEEN QGC'S COS GAS SUPPLY**
87 **LEVELS?**

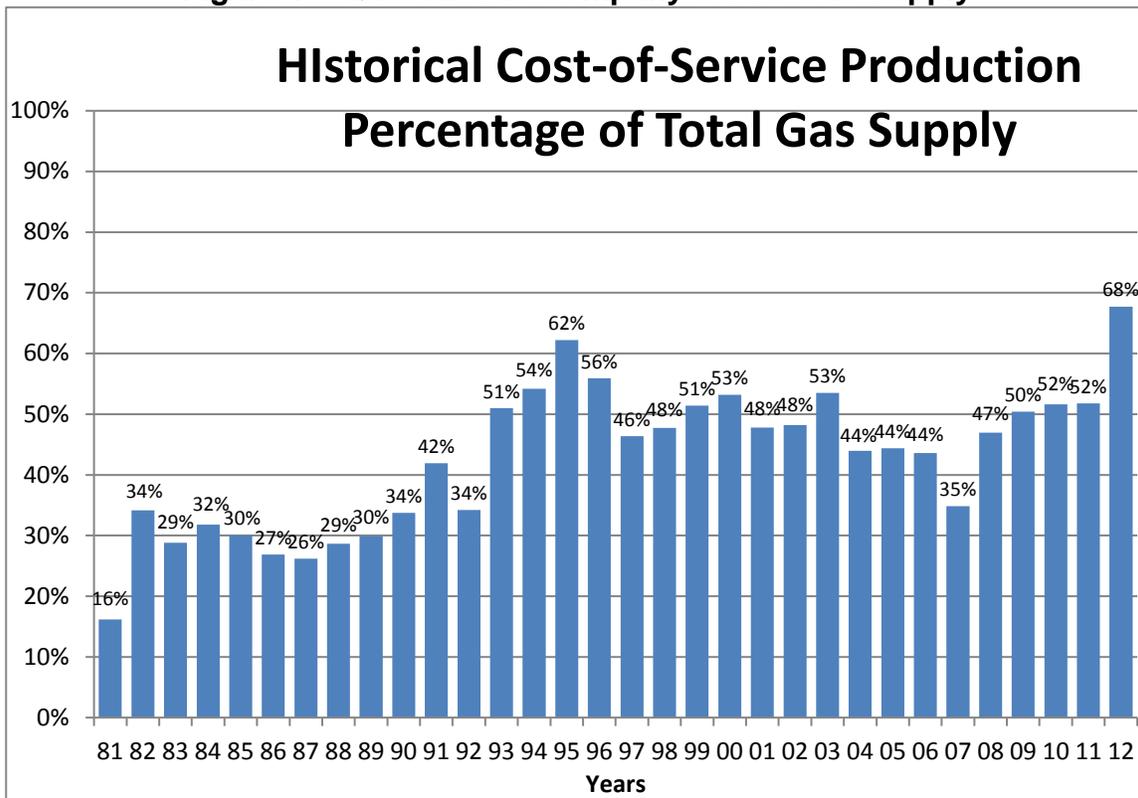
³Office of Consumer Services Comments filed August 9, 2013 in Docket No. 13-057-04:
<http://www.psc.utah.gov/utilities/gas/13docs/1305704/246215Comments%20from%20OCS%208-9-2013.docx>

88 A. Figure 1 below is a chart from Exhibit 1.3 of the Direct Testimony of Barrie
89 L. McKay showing historical COS percentages. The chart indicates that
90 the supply of gas from Wexpro has never been over 70% for any year. It is
91 also notable that QGC has been over 60% only twice during the 30+ years
92 of the Wexpro I agreement – in 1995 and 2012. In the past 20 years, the
93 amount of COS gas has usually fluctuated around the 50% level. A level
94 of 70% is a substantial move above this “normal” range. Furthermore,
95 with the Acquisition, we could see levels significantly above 70% in the
96 future. In other words, we will be in uncharted territory.

97

98

Figure 1 – Questar Gas Company’s COS Gas Supply



99

100

101 **Q. WHAT ARE THE POTENTIAL COSTS TO RATEPAYERS RESULTING**
102 **FROM THESE HIGH LEVELS OF COS GAS?**

103 A. If Wexpro produces more gas than QGC can take, QGC would have to
104 direct Wexpro to shut-in some wells which results in shut-in costs for
105 ratepayers. QGC indicated in a response to an Office discovery request
106 (DR) in the 2013 IRP docket that they could only manage COS gas up to a
107 level of 60% of total gas supply without incurring shut-in costs.⁴ More
108 importantly, such high levels of COS gas represent an over-hedged
109 position by QGC, which is costly for ratepayers during periods when gas
110 purchases from the market are cheaper than COS gas. We are currently
111 experiencing a period of low gas prices. As a result, the average price of
112 purchased gas for QGC has been lower than the cost of COS gas since
113 late 2008, see Figure 2 below.⁵

114 I previously noted that in Figure 1 above, QGC has only exceeded
115 a 60% COS gas supply twice during the history of the Wexpro I
116 agreement, in 1995 and 2012. Coincidentally, when one reviews the
117 relationship between QGC's cost of purchased gas and COS gas in Figure
118 2 below, the years 1995 and 2012 match up with the only times COS gas
119 has been higher than purchased gas.

120

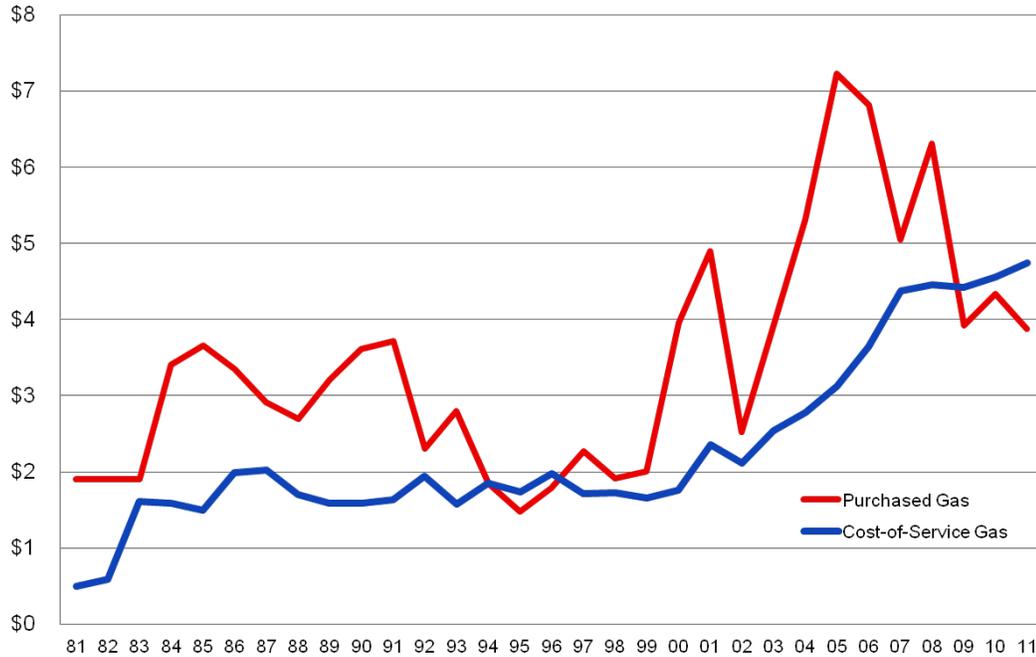
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⁴ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.2, October 4, 2013, Docket No. 13-057-04.

⁵ See Docket No. 12-057-13, Direct Testimony of Barrie L. McKay, Exhibit B (Exhibit 1.2), September 18, 2012.

122

Figure 2 – QGC’s Purchased/COS Gas Comparison (\$/Dth)



123

124

125 **Q. HAS QGC PROVIDED ESTIMATES OF THE SHUT-IN AND LOST**
 126 **MARKET OPPORTUNITY COSTS?**

127 A. Yes. In the same Office DR response⁶, QGC provided an estimate of
 128 these costs for different levels of COS production as compared to a 50%
 129 level (a 50% level might be considered “normal” when looking at QGC’s
 130 historical levels in Figure 1). Given current projections for gas prices,
 131 QGC estimated that for 2014, a 70% level of COS gas would result in a
 132 cost for ratepayers of about [REDACTED], as compared to a 50% COS
 133 level. This total amount is comprised of two types of costs: 1) [REDACTED]

⁶ Questar Gas Company’s response to the Office of Consumer Services’ Data Request 1.2, October 4, 2013, Docket No. 13-057-04.

134 for shut-in costs and 2) [REDACTED] for the cost of not being able to
135 purchase lower priced gas from the market.

136 **Q. IN ITS APPLICATION, DID QGC PRESENT A PLAN TO MITIGATE THE**
137 **COSTS DESCRIBED ABOVE?**

138 A. Yes, QGC proposes a gas supply management plan to target a COS level
139 of 65% of forecasted demand. [REDACTED]

140 [REDACTED]

141 [REDACTED] The 65% target was chosen instead of 60% (the
142 level without shut-ins) because about [REDACTED] of Wexpro's daily production
143 comes from very low cost COS wells. These wells can be shut in as
144 needed, which allows QGC to manage to 65% without incurring significant
145 shut-in costs. QGC has defined "significant shut-in costs" as an amount
146 that is [REDACTED] of current total gas costs, or about [REDACTED].⁷

147 **Q. IN ANY YEAR, CIRCUMSTANCES MAY CAUSE WEXPRO TO GO**
148 **OVER 65%. DOES QGC'S PROPOSAL ADDRESS THE SITUATION**
149 **WHERE WEXPRO PRODUCTION EXCEEDS 65% OF TOTAL GAS**
150 **SUPPLY?**

151 A. Yes. QGC proposes a mechanism where ratepayers would be credited
152 through the 191 account such that ratepayers would be indifferent to
153 production over 65%. [REDACTED]

154 [REDACTED]

⁷ Questar Gas Company's response to the Division of Public Utilities' Data Request 1.11, December 4, 2013, Docket No. 13-057-13.

155 [REDACTED].⁸ [REDACTED]

156 [REDACTED]

157 [REDACTED]

158 [REDACTED]

159 **Q. DOES THE OFFICE SEE ANY PROBLEMS WITH QGC'S PROPOSAL**
160 **TO MANAGE COS PRODUCTION TO 65% OF TOTAL GAS SUPPLY?**

161 A. Yes, the Office has several concerns regarding QGC's proposal:

162 1. The proposal does not take effect until the 2015 IRP plan year
163 or June 2015 which leaves ratepayers bearing the costs in 2014
164 of a projected COS level of [REDACTED].⁹

165 2. QGC has not adequately explained several aspects of the
166 proposal, including how it will be documented, how the 65%
167 target level can be re-evaluated and how it will be overseen.

168 3. The proposal may trigger unintended consequences based on
169 the terms of the Wexpro I agreement.

170

171 **PROPOSAL PROBLEM #1 – OVERSUPPLY OF COS GAS IN 2014**

172 **Q. PLEASE EXPLAIN THE PROBLEM WITH THE GAS MANAGEMENT**
173 **PROPOSAL IN 2014.**

174 A. If the Acquisition is approved and in recognition of the gas supply
175 management problems described above, [REDACTED]

176 [REDACTED]

⁸ See pages 6 – 7 of the Direct Testimony of Barrie L. McKay, Lines 134 to 146.

⁹ See Application Exhibit M.

177 [REDACTED]¹⁰. [REDACTED]
 178 [REDACTED]
 179 [REDACTED] For the upcoming nearly one
 180 and a half years (January 2014 – May 2015), the problem is that gas
 181 supply production would continue under current conditions and not be
 182 managed to a specific target level.

183 **Q. WHAT ARE THE IMPLICATIONS OF DELAYING THE**
 184 **IMPLEMENTATION OF THE 65% TARGET LEVEL UNTIL JUNE 2015?**

185 A. In order to understand the implications of this problem, I will compare the
 186 percentage of COS gas under three scenarios: (1) current projections of
 187 Wexpro I gas, (2) the projections if the Acquisition is approved and (3) the
 188 projections if the Acquisition is approved and the new gas management
 189 proposal is followed.

190 Table 1 below shows the projected percentage of total gas supply
 191 that would be provided by COS gas under those three scenarios.

192 **Table 1 – Questar Gas Company COS Gas Supply Scenarios**

		2014	2015	2016	2017	2018
1	Wexpro I ¹¹	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	Wexpro I & Acquisition ¹²	[REDACTED] ¹⁴	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3	Gas Management Proposal ¹³	[REDACTED] ¹⁴	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

¹⁰ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.9, December 3, 2013, Docket No. 13-057-13. Direct Testimony of Barrie L McKay, page 6, line 125.

¹¹ Questar Gas Company's response to the Office of Consumer Services' Data Request 2.0, December 4, 2013, Docket No. 13-057-13.

¹² Handout provided to parties in meetings with QGC.

¹³ Application Exhibit M.

193 As this table shows, the gas management proposal mitigates the impact of
 194 the Acquisition on total COS gas for 2015 through 2018. However, the
 195 percentage of COS gas remains higher under the proposal than with only
 196 Wexpro I for all years shown. Further, with the Acquisition, QGC projects
 197 [REDACTED] of gas supply coming from COS in 2014.

198 **Q.** [REDACTED]
 199 [REDACTED]

200 **A.** [REDACTED]
 201 [REDACTED]
 202 [REDACTED]¹⁵

203 **Q. WHAT WOULD THE COSTS TO RATEPAYERS BE IN 2014 FOR A**
 204 **COS LEVEL AT [REDACTED] VERSUS 65%?**

205 **A.** QGC has estimated that the shut-in costs will be [REDACTED] and the costs
 206 due to COS gas being higher priced than purchased gas will be [REDACTED]
 207 [REDACTED].¹⁶ Therefore, the total cost is estimated at [REDACTED].

208 **Q. DOES THE OFFICE BELIEVE THAT RATEPAYERS SHOULD BEAR**
 209 **THESE COSTS?**

210 **A.** No. The Office asserts that if the Acquisition is approved for inclusion in
 211 the Wexpro II agreement, QGC should implement a mechanism that also
 212 mitigates the impact on ratepayers in 2014. Otherwise, the Acquisition is

¹⁴ Note: these percentages should be identical but may differ due to the analyses being performed at different times, using forecasts of different vintages.

¹⁵ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.9, December 3, 2013, Docket No. 13-057-13.

¹⁶ Ibid.

213 simply a proposal with known short-term costs and potential long-term
214 benefits.

215 **Q. DOES THE OFFICE HAVE A RECOMMENDATION TO ADDRESS THIS**
216 **2014 “TRANSITIONAL YEAR” PROBLEM?**

217 A. Yes. The Office notes that the gas management proposal incorporates
218 [REDACTED] which
219 together may be used to manage to the 65% level. [REDACTED]

220 [REDACTED]

221 [REDACTED]

222 [REDACTED]

223 [REDACTED]

224 [REDACTED]

225 [REDACTED]

226 [REDACTED]

227 [REDACTED]

228 [REDACTED]^{17.)} [REDACTED]

229 [REDACTED]

230 [REDACTED]

231 [REDACTED]

¹⁷ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.5, December 3, 2013, Docket No. 13-057-13. [REDACTED]

232 [REDACTED] Such actions would significantly mitigate the
233 short-term costs from this Acquisition to the ratepayer.¹⁸

234 [REDACTED]

235 [REDACTED]

236 [REDACTED]

237 [REDACTED] The Office is
238 concerned that Wexpro's potential forfeit of these high levels of return is
239 creating the impediment for QGC to offer to manage 2014 gas supplies in
240 such a way to maximize ratepayer benefits from the Acquisition.

241

242 **PROPOSAL PROBLEM #2 – LACK OF SPECIFICS**

243 **Q. IN ADDITION TO 2014 PRODUCTION LEVELS, YOU INDICATED**
244 **ABOVE THAT THE OFFICE FOUND SEVERAL MORE PROBLEMS**
245 **WITH QGC'S PROPOSAL. PLEASE EXPLAIN.**

246 A. There are a number of important specifics missing in QGC's proposal
247 regarding how the COS target level will be managed. The Office asserts
248 that the following additional actions need to be taken:

- 249 • Identify a specific process and schedule for the review of the
250 targeted COS level where all interested parties can participate.

251 The proposed 65% target level may be inappropriate in the future

¹⁸ [REDACTED]

252 as shut-in costs, market gas prices, storage availability and cost
253 and other factors change.

254 • Outline in detail the process and data that will be used to audit
255 QGC's compliance with the 65% COS proposal as well as the
256 process and appropriate forum for resolving disputes over the
257 administration of its COS gas management proposal.

258 • Appropriately document the gas management plan, as well as the
259 process to periodically review the targeted level of COS gas.

260 **Q. HAS QGC ATTEMPTED TO OUTLINE THE PROCESS BY WHICH THE**
261 **TARGETED COS LEVEL WOULD BE REVIEWED?**

262 A. QGC responded to an Office DR that the proposed 65% target level could
263 be established in a Guideline Letter and that this same letter could "allow
264 parties to revisit that level in the future should circumstances change."¹⁹
265 The Office considers this approach to be insufficient and that a more
266 detailed proposal for the review of the targeted level needs to be specified
267 and documented.

268 **Q. DOES A GUIDELINE LETTER SATISFY SOME OF THE OFFICE'S**
269 **CONCERNS?**

270 A. No. First, a guideline letter is only executed by QGC, Wexpro, the Utah
271 Division of Public Utilities, and the Wyoming OCA. There is no provision

¹⁹ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.6, December 3, 2013, Docket No. 13-057-13.

272 for the Office or any other interested party to participate in developing
273 future guideline letters or amending existing guideline letters.²⁰

274 **Q. HAS QGC PROPOSED A PROCESS FOR THE AUDIT OF THE GAS**
275 **MANAGEMENT PLAN AND THE MECHANISM TO MAKE**
276 **RATEPAYERS INDIFFERENT TO IMPACTS RESULTING FROM COS**
277 **LEVELS EXCEEDING 65%?**

278 A. Yes. Although the audit process was not described in the Application for
279 this Acquisition, QGC provided additional information in response to data
280 requests sent by the Office. QGC indicated that the audit would be
281 conducted as part of the Division's standard audit of the 191 account²¹.
282 However, the Office is uncertain whether this process would adequately
283 provide an appropriate forum for resolving any disputes about gas
284 management that may arise. At a minimum, the process needs further
285 description.

286 **Q. WHY IS IT IMPORTANT TO APPROPRIATELY DOCUMENT THE GAS**
287 **MANAGEMENT PLAN?**

288 A. The Office has identified two particular concerns about appropriate
289 documentation. First, the Office notes that the gas management proposal
290 contains significant confidential elements. Since this proposal will impact
291 all gas supply management, it must be documented in a way that is
292 transparent and accessible to all interested customer groups and

²⁰ See Wexpro II Agreement, Sections V-15(a) & (b) and V-18.

²¹ Questar Gas Company's response to the Office of Consumer Services' Data Request 1.8, December 3, 2013, Docket No. 13-057-13.

293 stakeholders. While this case did not include any intervenors other than
294 the state agencies, this lack of intervention cannot be interpreted as lack
295 of interest.

296 Second, the Office is concerned that the gas management proposal
297 needs to be documented in such a way that it does not trigger unintended
298 consequences due to related provisions contained in Wexpro I.

299

300 **PROPOSAL PROBLEM #3 – UNINTENDED CONSEQUENCES TO WEXPRO I**

301 **Q. PLEASE EXPLAIN WHAT CONCERNS THE OFFICE HAS ABOUT**
302 **UNINTENDED CONSEQUENCES RELATED TO WEXPRO I.**

303 A. The Wexpro I agreement and stipulation spelled out in detail the
304 operations and financial transactions regarding all aspects of the
305 associated properties. It also indicated consequences if different types of
306 outcomes are reached. [REDACTED]

307 [REDACTED]

308 [REDACTED] the Office is concerned that it could trigger some of the
309 consequences spelled out in Wexpro I.

310 **Q. PLEASE OUTLINE THE SPECIFIC PROVISIONS IN WEXPRO I THAT**
311 **MAY BE TRIGGERED BY THE GAS MANAGEMENT PROPOSAL.**

312 A. The Office has two specific concerns about potential unintended
313 consequences associated with the gas management proposal.

314 Initially, the Office is concerned that an Order from the Commission
315 requiring [REDACTED]

316 [REDACTED] may have unintended consequences when
317 read in conjunction with the terms of the Wexpro I Agreement and
318 Stipulation. Section 11.2 of the Stipulation dated October 14, 1981
319 (Wexpro I Stipulation) provides that if Wexpro's activities with respect to
320 Wexpro I properties are claimed to be, or become, subject to state public
321 utility regulation, Wexpro Company **will** be released from its obligations
322 under the Wexpro Agreement with respect to the properties which subject
323 Wexpro Company to regulation. [REDACTED]

324 [REDACTED]
325 [REDACTED]

326 [REDACTED] The potential outcome of this release
327 clause is the total loss of access to Wexpro I COS gas for ratepayers, as
328 Wexpro Company would be entitled to be released from providing any
329 COS gas produced from Wexpro I properties.

330 Secondly, the Office has an additional concern regarding the
331 element of the gas management proposal to [REDACTED]

332 [REDACTED]
333 [REDACTED]
334 [REDACTED]
335 [REDACTED]
336 [REDACTED]
337 [REDACTED]

338 [REDACTED]²² [REDACTED]
339 [REDACTED]
340 [REDACTED]
341 [REDACTED]
342 [REDACTED]
343 [REDACTED]
344 [REDACTED]
345 [REDACTED]
346 [REDACTED]
347 [REDACTED]
348 [REDACTED]
349 [REDACTED]
350 [REDACTED]
351 [REDACTED]
352 [REDACTED]
353 [REDACTED]
354 [REDACTED]
355 [REDACTED]
356 [REDACTED]

357 **Q. DOES THE OFFICE HAVE ANY ADDITIONAL CONCERNS ABOUT**
358 **THE INTERACTION OF THE GAS MANAGEMENT OFFER AND**
359 **WEXPRO I?**

²² Direct Testimony of Barrie L. McKay, page 6, lines 140 – 143.

360 A. Yes. It isn't clear on what basis QGC and/or Wexpro [REDACTED]
361 [REDACTED], which is one of the
362 tools that will be used to achieve the 65% COS target level in the gas
363 management proposal.

364 The Office is concerned whether the [REDACTED]
365 [REDACTED]
366 [REDACTED]
367 [REDACTED]
368 [REDACTED]
369 [REDACTED]
370 [REDACTED]
371 [REDACTED]
372 [REDACTED]
373 [REDACTED]
374 [REDACTED]
375 [REDACTED]
376 [REDACTED]
377 [REDACTED]
378 [REDACTED]
379 [REDACTED]
380 [REDACTED]
381 [REDACTED]
382 [REDACTED]

383 **Q. ARE YOU MAKING ANY RECOMMENDATIONS REGARDING YOUR**
384 **CONCERNS ABOUT UNINTENDED CONSEQUENCES RELATED TO**
385 **THE WEXPRO I AGREEMENT?**

386 A. No. At this time I am simply presenting the concerns that have been
387 identified by the Office. If parties are unable to resolve these concerns,
388 then the Office will further pursue any legal actions consistent with the
389 schedule as ordered by the Commission, which includes a deadline for
390 filing motions.

391

392 **RECOMMENDATION**

393 **Q. DOES THE OFFICE RECOMMEND THAT THE COMMISSION**
394 **APPROVE QGC'S APPLICATION AS FILED?**

395 A. No, the Office cannot recommend approval unless certain concerns
396 identified in my direct testimony are satisfactorily addressed and resolved
397 so that the Application can be demonstrated to be in the public interest. If
398 QGC adequately addresses the risks to ratepayers and the other concerns
399 raised in my direct testimony, then the Office would reconsider its position.

400

401 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

402 A. Yes it does.