BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY FOR APPROVAL TO INCLUDE A PROPERTY UNDER THE WEXPRO II AGREEMENT

Docket No. 13-057-13

~~~~~~

HEARING PROCEEDINGS

~~~~~~

TAKEN AT:	Public Service Commission Hearing Room 403 160 East 300 South Salt Lake City, Utah
DATE:	Wednesday, January 8, 2014
TIME:	9:02 a.m.
REPORTED BY:	Teena Green, RPR, CSR, CRR, CBC

APPEARANCES

COMMISSIONER DAVID R. CLARK

CHAIRMAN RON ALLEN

COMMISSIONER THAD LEVAR

TELEPHONICALLY PRESENT:
MARCI NORBY
JOHN BURBRIDGE

FOR DIVISION OF PUBLIC UTILITIES:
PATRICIA E. SCHMID, ESQ.,
ASSISTANT ATTORNEY GENERAL
160 East 300 South
Fifth Floor
Salt Lake City, Utah 84114

FOR OFFICE OF CONSUMER SERVICES:
BRENT COLEMAN, ESQ.,
ASSISTANT ATTORNEY GENERAL
160 East 300 South
Second Floor
Salt Lake City, Utah 84114

FOR QUESTAR GAS COMPANY:
COLLEEN LARKIN BELL, ESQ.
QUESTAR GAS COMPANY
333 South State Street
P.O. Box 45433
Salt Lake City, Utah 84111

INDEX

Witness	Page
BARRIE L. McKAY	
Direct Examination by Ms. Bell	10
DOUGLAS D. WHEELWRIGHT	
Direct Examination by Ms. Schmidt	29
MICHELE BECK	
Direct Examination by Mr. Coleman	34
Questions by the Commission	40

Hearing Proceedings

January 8, 2014

PROCEEDINGS

THE COMMISSIONER: Good morning, ladies and gentlemen. We're here this morning in Docket No. 13-057-13, In the Matter of the Application of Questar Gas Company for Approval to Include a Property Under the Wexpro II Agreement, and this is the scheduled hearing in this docket.

We want to begin this morning by taking appearances of counsel. And we recognize there are participants on the telephone. After the appearances of counsel, we'll ask those on the telephone lines to identify themselves and to indicate their affiliations.

And maybe perhaps just one other note, we intend today to have the witnesses present their direct presentations or summaries and to receive evidence that the parties intend to produce and then to have all of them examined as a panel by any party that desires to cross-examine and by the Commission, unless there's some objection to that by any parties. So I'm mentioning that now so that if a party objects as they enter their appearance, we'd appreciate knowing their feelings on that.

So we'll begin with the applicant.

MS. BELL: Yes, good morning. Colleen Larkin Bell on behalf of Questar Gas Company.

MS. SCHMID: Patricia E. Schmid with the Attorney

General's Office for the Division of Public Utilities.

MR. COLEMAN: Brent Coleman with the Attorney General's Office for the Office of Consumer Services.

COMMISSIONER CLARK: Thank you. I believe that concludes the appearances to be noted, those who are physically present. So would all those on the telephone please identify themselves and the party that they represent or the entity that they're affiliated with.

Is there anyone on the phone?

MS. NORBY: Yes, this is Marci Norby, with the Wyoming Public Service Commission Staff.

COMMISSIONER CLARK: Welcome. Would you spell your name, please.

MS. NORBY: Sure, it's M-A-R-C-I, N-O-R-B-Y.

COMMISSIONER CLARK: Thank you. Anyone else on the phone?

And for those of you on the phone, I'm David Clark, one of the commissioners. Seated next to me is Chairman Ron Allen, seated next to him is Commissioner Thad LeVar.

Chairman Allen has asked that I serve as the presiding officer for the hearing today, although I expect that all three of us will participate at various times.

So is there any preliminary matters that we need to take up before we begin?

Let me raise the matter of confidential information.

Do we have anyone in the hearing room today that is not either a member of the Division or the office staff or leadership or who is not under a nondisclosure agreement? And I'm excluding the Wyoming staff, that is, they have their own statutory regime, I'm sure, but anyone physically present today who's not covered by either--by any of those nondisclosure arrangements?

Okay. We're not streaming this proceeding, but we are recording it and there will, of course, be a transcript. So any other preliminary matters or any questions or comments regarding our process today?

MR. COLEMAN: Commissioner, Brent Coleman.

Given the lack of response or comments with respect to your confidentiality inquiry, it's the Office's position that we don't expect any confidential information and that the entire proceeding should be made available to the public.

COMMISSIONER CLARK: Thank you.

MS. BELL: And I'd just like to respond very briefly. I also don't anticipate that there should be a great deal of confidential information. In fact, we believe that the settlement stipulation that was filed as a confidential stipulation is not any longer confidential, so we're comfortable with that being filed as a public document on the Commission's website.

However, to the extent that there are questions about Wexpro's analysis or assumptions or model used in the acquisition, we would like to maintain those as confidential or any information related to those as confidential.

MS. SCHMID: Similarly, the Division does not expect, unless in response to questions, to discuss confidential information.

COMMISSIONER CLARK: So, Ms. Bell, we'll rely on you to identify for us any confidential information that is presented, at least information that the applicant considers to be confidential. And if there is none, then we'll have an entirely--a record that's entirely available to the public. And if you feel otherwise about some item of information then we'll discuss that at the time.

I've been informed there's another caller that wants to call in. Due to our technology, Ms. Norby, we're going to need to ask you to hang up and call in again. I apologize for this.

UNIDENTIFIED SPEAKER: He's actually going to go into Ms. Norby's office so I think we're fine.

COMMISSIONER CLARK: Okay. Thanks for helping with that, Gary, and we appreciate it.

Ms. Norby, is that going to work for you, your other participant is going to be with you and we'll be able to proceed?

MS. NORBY: Certainly, I will call back in. Thank you.

COMMISSIONER CLARK: Well, no, I think what we've--I'm sorry, you didn't hear this fully, but--

MS. NORBY: No.

COMMISSIONER CLARK: --what we've learned is that whoever was attempting to call in is someone in your office who is going to join you in your office rather than having you call in.

MS. NORBY: Pardon me, here he is. Thank you.

COMMISSIONER CLARK: Okay. Good. All right.

So are there any other preliminary matters?

MS. SCHMID: Should the second Wyoming person identify himself?

COMMISSIONER CLARK: Thank you.

Ms. Norby, would you mind identifying the person who's joined you?

MS. NORBY: Yes, certainly. It's Mr. John Burbribge of the Commission staff here in Wyoming.

COMMISSIONER CLARK: Thank you. And for our records, could he spell his name for us, please, so we have it accurately in the transcript?

MR. BURBRIDGE: Yes, it's--the last name is spelled B-U-R-B-R-I-D-G-E.

COMMISSIONER CLARK: Thank you very much.

MR. BURBRIDGE: First name's John.

COMMISSIONER CLARK: J-O-H-N?

MR. BURBRIDGE: Yep.

MS. NORBY: Thank you very much.

COMMISSIONER CLARK: Thank you for being with us today.

Ms. Bell, you may proceed.

MS. BELL: We have available today Mr. Barrie L. McKay, who is prepared to summarize the settlement stipulation that was filed on December 24th with the Utah Commission, and he will walk through the procedural history and summarize the terms of that. So I would like to have him sworn.

COMMISSIONER CLARK: Thank you. Mr. McKay?

BARRIE L. McKAY, called as a witness for and on behalf of the Applicant, being first duly sworn, was examined and testified as follows:

COMMISSIONER CLARK: Thank you. Please be seated.

DIRECT EXAMINATION

BY-MS.BELL:

Q. Mr. McKay, will you please state your full name for the record.

A. Barrie L. McKay.

Q. And by whom are you employed?

A. Questar Gas Company.

Q. And what is your title and what are your responsibilities at Questar Gas Company?

A. I'm the vice president of regulatory affairs and the energy efficiency department and I have responsibilities for the regulatory matters as well as energy efficiency area.

Q. Did you file direct testimony in this proceeding consisting of eight pages and premarked as QGC Exhibit 1.0 with attached exhibits 1.1 through 1.5, on November 5th, 2013?

A. Yes.

Q. If I were to ask you the same questions today that were asked in your prefiled direct testimony, would your answers be the same?

A. Yes, they would.

Q. Are you now prepared to summarize the settlement stipulation that was filed on December 24th, 2013?

A. Yes.

I assume everyone has the document itself, and I think it might be easiest just to walk through as it relates to the paragraphs. We'll try to not dwell longer on a particular paragraph than may be needed, but--

COMMISSIONER CLARK: We all have it in front of us, Mr. McKay.

THE WITNESS: And I guess if there is questions or if there's things that we say that cause questions, I'm very comfortable with making sure that that's clarified at the time or also at the end.

The introductory paragraph simply is the recognition of all of the parties that participated and have signed this settlement stipulation. And then at the end it's the recognition that both the Utah and the Wyoming Commissions must approve this stipulation and must approve this property in order for it to become a Wexpro II property and have this stipulation be in effect.

Moving to the next page, paragraph 1 is a recognition that the Wexpro II Agreement is the agreement under which the property was filed and it recognizes the dates in which the Utah Commission and the Wyoming Commission approved the Wexpro II agreement.

Paragraph 2 is a recognition that--in Section IV-2 that the requirement that this particular property that is a purchase of property in the development drilling areas is a must or a shall bring this property before both the Utah and the Wyoming Commissions for their approval.

Paragraph 3 simply states that it was on the 4th of September of 2013 that Wexpro closed on the purchase of this property for the $106 million, which added an additional 42 percent working interest in the Trail Unit property. Combining that with the current 46 percent interest that Wexpro already owned brings us to a total of 88 percent total working interest in the properties.

Following that, it was on November 5th that Questar Gas filed the application that's now before us today in both Utah and Wyoming, on that day. At that time, we filed with it the testimony as well as the required information that is then set forth in the Wexpro II Agreement itself.

It is that data that's being recognized in paragraph 4 that has been provided in detail and also paragraph 5--I may have said "4," but I meant 5. Paragraph 5 is the recognition that within the seven business days following the filing of Questar Gas's application, the hydrocarbon monitor did file his report. And that was filed in both Utah and Wyoming.

It was on November 12th that the Utah Commission set forth the scheduling order in paragraph 6. It is November 26th that Wyoming set forth the scheduling order, which we've been abiding by.

It was the 22nd of November, in paragraph 7, that a technical conference was held here in Utah in which the Division Utah OCS, the staff of the Utah Commission as well as Utah commissioners participated. It also should be noted that I think participating on the phone that day were parties from Wyoming.

On December 6th, in paragraph 8, another technical conference was held, this time it was in Wyoming in which the Wyoming OCA and the staff of the Commission participated, and that there were parties from Utah that participated by phone on that day.

Paragraph 9 identifies that there were numerous data requests, I think it says 45 here, that now has a number that's up over 50, that have been asked specifically in addition to the data that was originally filed with the application.

And then, finally, preliminary history is identified that on the 12th of December, the Division and the OCS in Utah filed their direct testimony and, on the 20th of December, the Wyoming OCA filed direct testimony.

From the beginning of the purchase up until the time of the filing, and then from the filing until the 24th of December, the parties in both Utah and Wyoming have met on numerous occasions discussing concerns, seeking for understanding and better clarification on what now is set forth in the terms and conditions of this stipulation that we'll, in more detail, walk through here.

But part of the terms and conditions, as identified in paragraph 11, was recognition that was actually stated in the direct testimony of the Company in which Wexpro generally designs its annual drilling program to provide cost-of-service production on average that is either below or at the current five-year Rockies-adjusted NYMEX prices.

The term and condition is that that will continue to be the practice of Wexpro and if, in fact, there ever might be, which we don't anticipate any change in that, that Wexpro would notify the parties.

Paragraph 12 sets forth what will be the management of the gas supplies for Questar Gas going forward. Subparagraph (a) identifies that the Company and Wexpro will manage the combined cost-of-service production from both Wexpro I and Wexpro II, the Trail Unit, to 65 percent of the forecasted demand identified in the Company's IRP for that plan year.

And in paragraph 12, it identifies that this managing to the 65 level will begin with the IRP year in 2015, and that actually begins in 2015, June, and goes through May of 2016, and that will be the initial period. We recognize that the 65 percent of the annual demand will be changing as the annual demand changes going forward.

But in recognition that it does and perhaps could change, paragraph (c) is an identification that the minimum threshold which Questar and Wexpro would be managing the 65 percent level to would be the 110 million dekatherms.

Then--that's more or less the outline of how that management is going to go forward, but then in each year in June, paragraph (d) is the identification that there will be a calculation to see if, in fact, that management has occurred in that -- in the desired level. And so the actual cost-of-service production that had been delivered or received by Questar Gas during that previous IRP plan year that had been recorded in the 191 Account will be summed and totaled for a 12-month period. That number will be divided by the IRP annual forecasted demand for that corresponding IRP year to determine whether or not--well, to determine what percentage of cost-of-service production had been delivered to Questar Gas.

Then in 13, we recognize essentially that we always have goals, we have a desire to get to a certain level, but particular wells may produce differently, they may come on at a different time. And so to try to manage around that target of the 65 percent, we have some tools in which we will work and assure that that will happen.

So paragraph (a) of 13 identifies that even though cost-of-service production in both Wexpro I and Wexpro II has been sold to Questar Gas or delivered to Questar Gas, we will allow in this stipulation for Wexpro to sell the cost-of-service gas at any time during the year to manage the level to a 65 percent level, to manage the level of cost-of-service production to the 65 percent level.

Then recognizing that they will--if they do, in fact, sell, we're going to calculate a number. The calculation of the number here in (a) is done this way: We will take whatever amount has been sold by Wexpro and we'll take the greater of what they sold it for or the actual cost-of-service price, and we'll multiply those two together to come up with a number. So we now have one number and that's in paragraph (a). We'll talk about how we put these together here in a minute.

In paragraph (b), as in boy, we recognize that the other option that may happen is that Questar Gas could actually use this gas at a level that is greater than 65 percent.

And so in this scenario or in this paragraph, we take the portion of cost-of-service production that the Company has used above 65 percent and we will take the weighted average actual purchased gas price and we'll take the difference between that price and the actual cost-of-service price for the year, so there's going to be a difference there. And the key thing on this paragraph (b) is this will occur only--paragraph (b) will occur only when the price for purchased gas is less than the price for the cost-of-service gas.

So that difference that we'll take right there, we'll multiply that difference by the volumes that the Company had used above the 65 percent to come up with an additional or a second number.

It's those two numbers that we'll take then in paragraph (c), and we will have calculated those in June of each year. And then in paragraph (c) we recognize that in July of each year, that amount, the addition of those two amounts in paragraph (a) and paragraph (b) will be paid or credited by Wexpro to Questar Gas.

Questar Gas will record those entries in the 191 Account as a credit for all of its customers. This recording has been like any other of our accounting that will go into the 191 Account, it will be reviewed and audited by the Division, the Wyoming OCA. Any disputes or concerns related to the entries or the calculations there will be able to be handled and resolved through the audit and also in the 191 Account proceedings either passed through here in Utah or passed on up in Wyoming.

We verbally talked through this. The best illustration of that is really in the exhibit that we put forward with the stipulation, and that's Exhibit 1. And it might be helpful just to walk through that. I think it will be--well, hopefully we can link it back to the writing of the paragraphs.

But on page 1 of the exhibit it should be noted that this page represents the scenarios of when the market price of purchased gas is less than the cost-of-service gas for the year. And column A in Exhibit A will correspond to paragraph (a) in the stipulation of paragraph 13.

So in this instance, Questar--or I mean, sorry, Wexpro is selling the dekatherms, this hypothetical has Wexpro selling about 5 percent or 5.5 million dekatherms that can be seen on line 7. We take the higher of the market price or the cost-of-service price--

In this instance, in column A it would be the cost-of-service price, so that 5.5 million would be multiplied by the $4.35 found on line 1, column A, which will equal the total of $24 million credit. That credit will be what's recorded in the 191 Account for gas cost that year. That added together with Wexpro operator service fee which normally flows through there, which is on line 10, and the other purchased gas costs that we've had for the year, which is on line 12, will result in the total cost of $468 million.

Column B is a representation of paragraph (b) of 13 in which Questar Gas exceeded or used beyond the 65 percent level.

In this instance, the scenario has Questar using a 5 percent or $5.5 million--sorry, I said million dollars, I meant 5.5 million dekatherms. That level of dekatherms would be multiplied by the difference between the cost-of-service price and the market price, which is 35 cents. That 35 cents multiplied to get with the 5.5 comes up with the $1.9 million found on line 9, column B. That amount is credited to the 191.

That, along with the Wexpro operative service fee and the purchases--and you'll notice that the purchases in this scenario are less, the Company doesn't need to go out and buy as much because they've already used an additional 5 percent of their needs with cost-of-service gas, but those purchases are added. And, together, they add up to be the same total of $468 million for the total gas cost.

Column C on this page is simply the recognition that in most likely reality that there will be a combination of Wexpro selling and/or the Company receiving and using more than 65 percent. So it's just a scenario of having Wexpro sell 2 percent, the Company use 3 percent above that, the math remains the same for each of those scenarios.

What we did not have earlier, at least the Utah technical conference, and this is kind of a summary of what we went through there at that technical conference, was this page 2 of this exhibit. And this is the scenario of when the market price of purchased gas is greater than the cost of service.

So to walk through that in similar manner, again, column A would correspond with paragraph 13(a) of the stipulation in which, in this instance, Wexpro, again, sells about 5 percent, but the key thing in that paragraph 13(a) is it says it will be the higher of cost-of-service gas or market price gas, purchased gas. In this instance, market price gas is greater and so it will be the 5.5 multiplied by the $6, which results in a $33 million credit.

That credit, along with the Wexpro operator service fee and then the purchased gas, which we would--which is the 35 percent of our needs multiplied there by the $6, comes up with $536--about 37--million for the total gas cost.

There is a difference in these two scenarios, obviously, between a lower-price purchased gas and higher-price, and the total costs are higher in this scenario simply because purchased gas prices are higher.

Column B corresponds with paragraph 13(b) of the stipulation. And what is noted here, and it's noted also in 13(b), that when market prices are higher than cost-of-service prices, then there is no need to do the calculation.

So you see that there is no credit that's being calculated. The Company received cost-of-service priced gas at a price that--in this instance is 4.35 and they, therefore, received the benefit of a lower-priced gas and, therefore, no credit is needed.

Column C, again, is simply just the combination of the two, and the only calculation that's really being calculated there for a credit is for the dekatherms in which Wexpro sold.

And I guess the key thing to point out in all of these is, under these scenarios, the total gas costs are remaining the same, which is how we tried to design this mechanism.

Then going back now to the stipulation, we can move on to paragraph 14. Paragraph 14 was a good recognition by all the parties of knowing that the 65 percent cap would not begin or could not begin until June of '15. And so we set forth a method in which we would try to minimize costs for customers between--assuming that this stipulation is approved--between the time that it is approved until this stipulation or the 65 percent mechanism would begin. And so it's a recognition, again, that we will allow Wexpro to be able to sell the gas.

The Company, Questar Gas Company, will be the party that will indicate to Wexpro when or if they should sell the gas. The criteria to determine whether or not they would sell gas or we, Questar Gas would shut in, would be based on what the cost-of-service is versus what the purchase price or sales price of gas is, as well as what the cost of shut-ins are.

And just in a little scenario we go is if the sales price of gas is greater than the estimated price of cost-of-service minus the shut-in--so let's go through an example here.

I can tell you that yesterday we bought gas for $6. It's really cold back East, okay, and a deep freeze has caused a price change. So we bought gas at $6 yesterday. So if, in fact, this were in effect, we could have had before us this option. Do we sell gas for $6, or, we don't have the need of it in our own system, do we shut it in?

The determination for that shut-in is, what's the cost? In this example, we'll stay with what we had before, and that was $4.35.

Let's assume that the shut-in costs were 35 cents. So we'll minus 35 from 4.35, that will get us $4. That $4 compared to the sales price, which is $6, would be an indication of we should sell that gas. And customers would be credited that amount if, in fact, we, on that day, Questar Gas, could not use that gas and it would be an expense for us to be incurred to shut that cost in.

Now, let's flip it. Let's say that prices change, because they do. And the other scenario out here is that now purchased gas prices have dropped to $3. That's what we saw here this last summer.

If they were at $3 in this scenario and our cost-of-service was still at 4.35 and our shut-in costs were still at 35, we would minus the 35 cents from the 4.35 to bring us down to $4, we would compare that $4 to the $3 that we could sell it for. We would see that $3 is less than what that cost is. Therefore, we would choose to shut in our cost to help--or get the gas to help minimize the cost for our customers.

That is the scenario that we will be trying to use, or the analysis, the tools that we will be using between--assuming that this is approved-- now and until the 65 percent cap mechanism starts in June of 2015.

The rest of the paragraph simply identifies that the Company will, one, need to provide a report on what they did. So when we make a decision either to shut in or to sell, we'll need to provide or document that, and also provide the information that was known at the time that we made the decision. And we'll be providing that in June of 2015.

Paragraph 15 is a recognition that Questar Gas is waiving its right to take delivery of or purchase. We previously had identified that in another paragraph. We wanted to make sure that that was clear before the Commissions that, specifically, both Wexpro I and Wexpro II, this gas is typically provided for Questar Gas, but in the instance of needing to be able to sell this for the betterment of customers, Questar Gas would be waiving its right to what is sold by Wexpro.

Paragraph 16 is the recognition that the terms and conditions of Wexpro I and Wexpro II were not intended to be changed at all for any other reason, unless it has specifically been identified in the stipulation.

Now, paragraph 17 and 18 also, excellent additions that we, Questar Gas, had not originally specifically thought of as we came forward with the application, but I think is good additions to what's now before the Commissions.

And that is that, as the parties met, we had a desire to be able to--if we wanted, to be able to change this particular stipulation. We recognized that circumstances change as they go into the future. And so in 17, we try to lay out two options in which this agreement or this stipulation could be changed.

The first is an obvious one; that is, if there's a mutual consent. And that is, if all of the parties that have agreed to this were to get together and feel that this agreement needed to be amended, we could have that agreement together and then we would submit our agreement or whatever we were agreeing on and we would then submit that to both Utah and the Wyoming Commissions for approval.

We also recognize that sometimes we haven't always seen eye to eye. And, therefore, if there were a change in circumstances that one particular party identified and this change was in a persistent material manner, and that this party felt that the terms of this stipulation were no longer in the public interest and they were not able to necessarily get that agreement by any particular party or all the other parties, then they, on their own, could choose to file a petition either to one or both Commissions seeking a change. And if that were to occur, that could they also have this stipulation modified, but we do recognize that it would need to be approved by both Utah and Wyoming if that change were to occur.

Paragraph 18 is a recognition that in both the stipulation in Utah of Wexpro I and the stipulation in Wyoming in Wexpro I--that's in Section 11.2, that there potentially was a possibility that some individual or party could claim that Wexpro could be released from its obligation to perform under the Wexpro I agreement if it claimed that it was now, quote, being regulated by a particular body. And so we draw out or agree by stipulation here that that was not the intent. And, therefore, this agreement does not trigger that opportunity of what may have been intended by that paragraph.

Finally, in paragraph 19, I'll simply observe that, from the Company's perspective, we feel that the approval of this Trail Unit acquisition into the Wexpro II Agreement is in the public interest and should be approved by this Commission. And that this stipulation which essentially accompanies that application should also be approved and is in the public interest.

I think I'll refrain from going further in this stipulation. These are sometimes what we call boilerplate paragraphs that describe the parties' rights and responsibilities, and I think that is a good summary of where we're at.

BY MS. BELL:

Q. Mr. McKay, are there any corrections that need to be made to the Wexpro--to the Trail Unit stipulation?

A. There is. I apologize, I missed that.

If you'll return to paragraph 13(a), there is a typo, and it would be in the line immediately -- well, it's the very last line of paragraph 13(a) where it is identifying Wexpro Article-- and it should be III-11. I kind of stumbled on to that last night as I was trying to find a II-11 in there. There isn't one. So that should be III-11.

Q. Additionally, Mr. McKay, could you briefly describe the importance of the 60-day timeframe in the Wexpro II Agreement?

A. Yes. That actually was something that was identified, a negotiated issue in the Wexpro II Agreement, recognizing that sometimes properties become available for purchase at times that are rather busy in a given year, and that the filing of applications can sometimes be the busiest time of the year, that's what happened here. And when we filed on the 5th of November, a 60-day time period would have put us at about the 5th or 6th of January and, obviously, today's the 8th of January.

I think there's been a good faith effort by all parties involved having to deal with a Thanksgiving, a Christmas, and a New Year holiday time period, but being very responsive in being able to respond to requests as well as jumping in and seeking data and information to better understand that. The Company was able to, I think, get a good schedule date here in Utah on the 8th for a hearing.

Our desire had been to probably follow that right up with a Wyoming hearing, but sometime back in July, I think it was, this good company, Questar Gas, filed a general rate case. So at the time, we had to recognize we have hearings in that this coming week and, therefore, we're not able to match schedules with Wyoming Commission until the 27th of July-- sorry, let's go with January, that was a little far.

Our hope or our anticipation is, depending on the analysis and review of the Commissions, is to be able to seek at least a preliminary or an understanding order that we might be able to move forward here with either including this in as a Wexpro II property or moving forward with it not being, beginning the 1st of February. And that would be what we'd hope would be the result of the proceedings here in Utah, as well as in Wyoming.

Q. Does that conclude your summary, Mr. McKay?

A. Yes, it does.

MS. BELL: I would like to move for admission of

Questar Gas's exhibits, if that's appropriate at this time.

COMMISSIONER CLARK: Yes.

MS. BELL: I would move for admission of the confidential application that was filed on November 5th, 2013, and its accompanying Exhibits A through P.

Additionally, the direct testimony of Barrie L. McKay filed or premarked as QGC Exhibit 1.0 with its accompanying exhibits, 1.1 through 1.5. And the direct testimony of James R. Livsey, which was premarked as QGC Exhibit 2.0, and its accompanying exhibits, 2.1 through 2.6.

COMMISSIONER CLARK: Any objections?

They're received in evidence.

(Exhibits received into evidence.)

MS. BELL: Additionally, I failed to mention at the outset, but we have available members of the Wexpro team to answer any questions if the Commission desires or has questions of a technical nature. And we also have a member of the gas supply department, if you desire to ask any questions of those folks as well.

COMMISSIONER CLARK: Thank you, Ms. Bell.

Before we go to the Division, anything further from the Company, recognizing that we'll come back to cross-examination of Mr. McKay?

Ms. Schmid.

MS. SCHMID: Good morning. The Division would like to call as its witness Mr. Douglas D. Wheelwright. Could he please be sworn.

COMMISSIONER CLARK: Please raise your right hand.

DOUGLAS D. WHEELWRIGHT, called as a witness for and on behalf of the Division, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY-MS.SCHMID:

Q. Mr. Wheelwright, could you please state your full name, business address, position, and for whom you work for the record?

A. Yes. My name is Douglas D. Wheelwright. My business address is 160 East 300 South, Salt Lake City. I am a technical consultant with the Division of Public Utilities.

Q. On behalf of the Division, did you participate in this docket?

A. Yes, I did.

Q. Did you prepare or cause to be prepared testimony that was filed on December 12th, 2013, marked DPU Exhibit No. 1.0 DIR, along with Exhibit No. 1.1 DIR? The first is your prefiled direct testimony, that was filed in confidential form. The second, 1.1 DIR, is a prior 191 filing and that was also confidential.

A. Yes, I did.

Q. Do you have any changes or corrections?

A. No, I do not.

Q. If I were to ask you the same questions today that are presented in your prefiled testimony, would your answers be the same?

A. Yes, they would.

Q. Do you have a statement in support of the stipulation?

A. Yes, I do.

Q. Please proceed.

A. Thank you, Commissioners.

The objective of the Wexpro II Agreement was to create a structure and a mechanism that could potentially allow additional properties to be included in future cost-of-service gas production.

The Trail Unit acquisition described in detail by the Company is within the Wexpro I development drilling area. And under the terms of the Wexpro II Agreement, Questar Gas is required to bring this property before the Commission for approval.

Wexpro currently owns a 46 percent interest in the wells and has purchased an additional 42 percent interest. The purchase of additional interest has been executed by Wexpro and was completed at its own risk.

The acquired wells are in a field with known production and where Wexpro has experience with the geology and with drilling wells within this field. If the acquisition is approved by both Commissions, the purchase price will be adjusted to compensate for the gas that has been extracted from the wells between the acquisition date and the Commission approval date.

After the acquisition costs--or all of the acquisition costs will be applied to the current producing wells which will earn the average Commission-allowed rate of return, which is currently 8.42 percent.

Since all of the acquisition costs are applied to the producing wells, the cost-of-service gas, the main existing wells will be more expensive than the cost-of-service gas from the existing Wexpro wells.

Future wells drilled in this field are projected to produce gas at a lower cost, which will reduce the average price from the Trail field. The specifics of the cost-of-service price projections have been included as Exhibit L in the Company's filing.

While the gas from Wexpro II wells will have a higher cost, the production from these wells represents only 5 percent of the total Wexpro production in 2014 and will have a minor impact on the price of the cost-of-service gas.

The effect of the Trail acquisition on the total cost-of-service gas has been identified on page 6 of my direct testimony.

One of the primary concerns for the acquisition of initial producing resources is the volume or percentage of Questar Gas's requirement that is currently being provided by Wexpro. As part of the stipulation, Questar Gas and Wexpro will manage the combined cost-of-service production to 65 percent of Questar's annual forecast demand. In order to maintain the 65 percent production level, Wexpro may sell cost-of-service production to third parties with a credit to the 191 Account as described by Mr. McKay and as outlined in the stipulation.

By managing to the 65 percent level, Questar and Wexpro will be able to determine the pace of future drilling. However, if conditions change, the 65 percent production level may be reevaluated.

This acquisition has been reviewed and evaluated by Wexpro and by David Evans, the independent hydrocarbon monitor. On November 7th, 2013, Mr. Evans filed a report with the Division and indicated that, in his opinion, Wexpro has been thorough in their analysis of the geology, existing production and undeveloped reserves and economic forecasts, that the assumptions were reasonable.

The primary difference between the Wexpro evaluation and Mr. Evans's evaluation was the number of developed wells designated as proved at this time. While Mr.

Evans does not disagree with the information filed in the application, his independent analysis takes a more conservative look at the acquisition with a lower number of undeveloped wells.

Approval of the Trail Unit acquisition as a Wexpro II property represents the purchase of a long-term resource which could be advantageous to rate payers for many years. The Division believes that the terms of the stipulation agreement are just and reasonable and in the public interest and recommends that the Commission approve the agreement.

That concludes my statement.

MS. SCHMID: The Division would like to move at this time for the admission of DPU Exhibit No. 1.0 DIR, Mr. Wheelwright's prefiled direct testimony and confidential form, and DPU Exhibit No. 1.1 DIR, which is a prior 191 filing, also confidential.

I'd like to note that because the intertwining of the information that was confidential was so--with the other testimony was so pervasive, the Division did not prepare redacted copies of those exhibits. We'd like to ask for the admission of those at this time.

COMMISSIONER CLARK: Any objections?

They're received in evidence.

(Exhibits received into evidence.)

MS. SCHMID: Also, the Division would like to note that Evans Consulting Company filed a highly confidential report with the Commission on November 8th, 2013. The Division would like to request that the Commission take administrative notice of that report to ensure that it is part of the full record of this case.

COMMISSIONER CLARK: And I would note that we do have that report in our files.

Is there any objection to the Commission taking administrative notice of it?

Thank you.

MS. SCHMID: Thank you.

COMMISSIONER CLARK: Anything further, Ms. Schmid?

MS. SCHMID: Nothing further.

COMMISSIONER CLARK: Mr. Coleman?

MR. COLEMAN: The Office would have Ms. Michele Beck sworn as their witness.

MICHELE BECK, called as a witness for and on behalf of the OCS, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY-MR.COLEMAN:

Q. Would you please state your name and title for the record.

A. My name is Michelle Beck, spelled M-I-C-H-E-L-E, B-E-C-K. And I am the director of the Office of Consumer Services.

Q. As the director of the Office of Consumer Services, did you participate in the discussion and negotiations of the settlement that's before the Commission today?

A. Yes, I did.

Q. Did you also direct the preparation of direct testimony that was provided on behalf of the Office of Consumer Services by Mr. Bela Vastag on December 12th, 2013?

A. Yes, I did.

Q. Did you review and approve that direct testimony?

A. Yes.

Q. Do you have any changes or corrections to the testimony that was provided on behalf of the Office?

A. No, there are no changes.

Q. Are you prepared to answer questions on behalf of the Office with respect to the stipulation before the Commission today?

A. Yes, I'll be able to answer any questions on the stipulation. I could also answer any questions from the testimony relating to the risks we identified and the policies that we took.

There's a possibility that the Commission may have more technical questions, in which case, we'd have to call Bela Vastag to the stand.

Q. Do you have a summary of the Office's position with respect to this stipulation?

A. Yes, I do.

The Office reviewed the Company's application, the report from the hydrocarbon monitor, and the Company's responses to numerous discovery requests. The Office also submitted several of its own discovery requests in an attempt to resolve the concerns we identified in our review of the Company's acquisition of this new property.

We filed direct testimony indicating that the acquisition may be an attractive property to include under the Wexpro II Agreement, but we raised concerns about four types of risks to ratepayers. And these risks included, first, exceeding Questar Gas's ability to preeminently manage the gas supply without incurring significant costs.

Second, eliminating the opportunity for Questar Gas to take advantage of lower-cost gas through market purchases.

Third, the absence of a mechanism to periodically evaluate the 65 percent target level of cost-of-service gas that was a part of the gas supply management proposal included in the application, as well as insufficient detail on the auditing and potential disputes regarding that gas supply management.

And, fourth, the potential that the offer to manage Wexpro's supply to the 65 percent target would have unintended consequences by triggering certain provisions in the original Wexpro Agreement, which I will hereafter refer to as Wexpro I.

Our direct testimony indicated that if these risks could be satisfactorily addressed and resolved, then including the Trail Unit acquisition under the terms of Wexpro II Agreement could be demonstrated to be in the public interest.

The Office supports the settlement stipulation before the Commission today because, in our view, the settlement does satisfactorily address and mitigate the risks that we've previously identified by the Office. So I'll go through each of these.

First, our concern about Questar's ability to preeminently manage the gas supply was mitigated through a more thorough understanding of the gas supply management offer that was contained in Questar's application. We verified the costs associated with managing to a 65 percent target for cost-of-service gas. Given the current market conditions and the Company's cost, the Office agrees that this gas supply management proposal is in the public interest and represents an improvement over the likely gas supply management that would arise based solely on the existing incentives that are in place through the Wexpro I and II agreements.

Because of the lead time required to change drilling plans, the Office understands that the excessive level of Wexpro production in 2014 is not easily managed. However, this settlement contains a provision which Questar Gas will seek opportunities to mitigate those 2014 costs. Those provisions are contained within paragraph 14, previously described to you.

Further, the settlement contains specific provisions to address the Office's concerns about unintended consequences, as well as the ability to periodically evaluate the 65 percent target and the detail on how audits and disputes regarding this target would take place.

So just to identify those paragraphs for you, the unintended consequences are primarily addressed in paragraph 18.

The ability to periodically evaluate the 65 percent target is contained in the provisions in paragraph 17.

And the details regarding audits and disputes are addressed in paragraph 13(c).

Finally, the Office determined that the risk it identified associated with the short-term opportunity cost of taking the output from the Trail acquisition as compared to lower cost market gas was outweighed by the potential long-term benefit of having a resource of this quality and price profile available to extend the provision of cost-of-service gas beyond the existing Wexpro I properties, but the gas supply management provisions will keep costs to ratepayers from 2015 to 2018 at similar levels to those projected without the Trail acquisition.

Total costs will likely be higher for 2014 through early 2015, although the settlement does contain that provision that might be able to mitigate this higher cost.

In summary, with the provisions contained in this stipulation, the Office believes that the risks are sufficiently mitigated and that approval of the Trail acquisition for inclusion under the Wexpro II Agreement is in the public interest. Accordingly, the Office respectfully requests that the Commission approve this stipulation.

I'd also like to make a final note about the confidential information contained. The Office notes that all provisions of the agreement are currently publicly available elsewhere, so we support making the full terms of the agreement public at this time.

We also note we think it is extremely important to have the Commission order, to the greatest extent possible, be public. And certainly, any items pertaining to the gas supply management would be, we think, critical to have that available to the public, since it relates to how gas supply is managed for all customers, many of whom are not involved in this proceeding and would, otherwise, not have access to that information.

MR. COLEMAN: At this time, the Office would move for admission of OCS Exhibit 1-D to be--the direct testimony filed on December 12th, 2013, as well as any other testimony and exhibits that have yet to be identified, to comply with the agreed-upon requirements in the stipulation for all--the testimony and exhibits from all parties to be submitted and proposed for the record.

COMMISSIONER CLARK: Any objections?

MS. BELL: No objections.

MS. SCHMID: No.

COMMISSIONER CLARK: They'll be received in evidence.

(Exhibits received into evidence.)

COMMISSIONER CLARK: Anything further, Mr. Coleman?

MR. COLEMAN: Not at this time.

COMMISSIONER CLARK: I believe there are no other parties that have testimony to present to the Commission today, that is, direct testimony. If I am in error there, now is the time for someone to speak up.

So is there anyone present or on the phone that has cross-examination for one or all of the witnesses who have testified in support of the settlement stipulation this morning?

I believe that brings us, then, to questions from the Commission.

Mr. Chairman?

CHAIRMAN ALLEN: Thank you, Commissioner Clark.

I have a couple of questions. My first one is for the

Division and the Office, and that has to do with the direct testimony of Mr. McKay. He indicates in that testimony that 60 percent of the -- existing storage can handle 60 percent without shutting in wells, but we've got the 65 percent target that has to do with the cost-of-service gas.

And I'm just curious because there's a potential, in my mind, that you have a 5 percent difference that could cause cheaper gas to be shut in.

I just want to know what gives you comfort in the stipulation, since you signed it, in that potential difference.

Is it open market transactions? Is it the fact that Mr. Wheelwright stated it's only 5 percent of total gas, or is it something I'm missing?

MR. WHEELWRIGHT: Based on the information we received from the Company, there are some old wells that they could shut in at very low costs. Maybe the specifics of that you may want to address to the Company and perhaps the specifics about those shut-ins, but there are some old wells that they can shut in at a very nominal cost so that that brings you up to that 65 percent level so the--it's how they manage their existing wells.

CHAIRMAN ALLEN: Great. That's a bigger picture that wasn't mentioned there. Thank you.

Yes?

MS. BECK: I'd like to speak to that as well.

I was trying to find where the--which exhibit--I'm sure that the Company would be able to answer that, but there was an exhibit that was attached that probably remains confidential, but we can reference it generally.

And it showed graphically the costs associated with--maybe I'm thinking of something I've seen that is a part of the application, but it showed graphically the cost of shutting in. And if you look at that graph, it is very small and flat in the very front part of that graph, and then it takes off kind of exponentially. So it's that flat part of that front part of the graph that gives you the extra 5 percent. So those come in at a very, very low cost, which is why we have the comfort at the 65 percent level.

If that graph looked differently, then we wouldn't be able to support it. And as a matter of fact, we know that will change over time. As different supplies are depleted, that graph is going to change over time, which was one of the reasons why we're going to want to readdress the 65 percent sometime in the future. It's not anticipated to change in the near future.

So I apologize I couldn't identify that graph for you, but I think--

CHAIRMAN ALLEN: I remember the graph, so that's helpful. Thank you.

Does the Company have anything they'd like to offer or add to those explanations?

MR. McKAY: I think they've fairly identified the information that's out there. The only thing we can provide is it is QGC Exhibit 1.4 that Ms. Beck is referring to, and it shows that up to about 17,000 a day the Company can shut in production out of those wells very inexpensively, and then it does take off, just as she has explained, as far as increase in cost.

CHAIRMAN ALLEN: Okay. Great. That's all very helpful. So I'm hearing that the parties are comfortable with that potential discrepancy there. That's helpful.

Also, it's kind of a minor item, but in paragraph 14 of the stipulation, Questar indicates they'll be filing a report with the parties. I assume that the Commission is going to get a copy of that also.

MS. BELL: Yes.

CHAIRMAN ALLEN: Okay, great. I just wanted to make certain. That's all my questions. Thank you.

COMMISSIONER CLARK: Commissioner LeVar.

COMMISSIONER LEVAR: Thank you.

I have a question about, in paragraph 12, a key element of the calculation is the IRP annual forecasted demand. I'm wondering if there's a general understanding between all the signatories to the stipulation if--if, in the future, there were a scenario in which, say, for example, this Commission did not issue a determination that the IRP substantially complied with standards and guidelines or if the Wyoming Commission did not acknowledge a Questar IRP would be as-filed annual forecasted demand still be the number used for that year in the calculations?

Do all the parties have a common understanding on that?

MR. McKAY: I'll go first. We didn't talk about that scenario, to be really frank. I think it's going to be incumbent on the Company to make sure we file an IRP that is in compliance with both Utah and Wyoming. I would note that we have yet to ever file an IRP that hasn't. It doesn't mean that the IRP doesn't change, though. And, in fact, it is a limited document. I think I'm quoting a phrase from a Commission order on that, in fact. And we look forward to continuing to be working with the parties.

We would anticipate that people would focus clearly on what our forecasted demand is, in that it really is something that we rely on. We not only would be relying on it here, but I would note that our passthroughs that we file in Utah and our pass-ons that we file in Wyoming are dependent upon that same data. So we are very much linked into needing to properly file that report.

MR. WHEELWRIGHT: Just thinking through this, the volume requirement I wouldn't think would change very much with a different IRP. The projection of the Company has been determined as what we were going to need to provide to customers. So whether or not the IRP is approved, I wouldn't think that the number of the volume requirement would change significantly.

COMMISSIONER CLARK: For those on the phone, let me just mention, you were listening to Mr. McKay and, most recently, to Mr. Wheelwright.

Now, Ms. Beck.

MS. BECK: So next time I'm wondering if Commissioner LaVar could somehow ask that question while we were still in negotiations. It is a very good question and I--I'm going to be honest with you, I think it's a poor overlook on our part for not having thought that through. So I'm going to disagree with Mr. Wheelwright.

In my previous career, I spent a lot of time with IRPs, and there are times that forecasts get challenged. And so the--sort of the worst-case scenario which I'm sure our friends at Questar would never engage in, but just to think through the worst-case scenario would be that, as a result of this agreement, forecasting methods change and we see a more optimistic forecast of the total gas use.

In my view, I think what would have to happen is I think that by the terms of the agreement we're probably--we'd have the use of the Company's forecast unless the Commission made a specific ruling on the forecast to say, you know, the forecast is overstated. So I think that would be something that would have to play out in the IRP proceeding.

Certainly, I have seen other commissions with other utilities make specific rules on forecasts but, to date, I don't think we've ever raised problems with Questar's forecasts. So my sincere hope would be that that continues into the future.

COMMISSIONER LEVAR: Thank you, those responses all help me greatly.

COMMISSIONER CLARK: This is Commissioner Clark, for those on the phone, I have a couple of questions.

First, regarding the purchase price as it relates to the stipulation, there is an exhibit, I think it's 2.5, it's an exhibit to Mr. Livsey's testimony that addresses the adjustments to--or certain adjustments to the purchase price.

Am I correct to assume those--those adjustments continue--this process that we see reflected in this exhibit continues until the stipulation or when and if it becomes effective? Is that correct, Mr. McKay?

MR. McKAY: Yes, I think that outlines exactly what was intended by that. We even had some data requests specifically as it related to that.

So, for example, if we were to update this, we would verify on line 11 what it actually ended up being, the adjustments that occurred in November. And then also, we would update for actual the October, November and December estimates for depreciation. We would certainly add to that a January depreciation amount, also.

COMMISSIONER CLARK: Thank you. Anything to add from the other witnesses?

If I could invite all of you to look at paragraph 12(d), I just have a couple of questions about the mechanics that are being described here.

The first sentence refers to a calculation of the actual cost-of-service production. Is that--is there really mathematics involved here? Is it just a measure of what the production is or has actually been for the historical period under consideration, or is there something else that--some other moving part that I'm not aware of?

MR. McKAY: Good question. Each month we receive from Wexpro what we call the Wexpro operative service bill, and that's the dollar amounts that have been incurred that month with the associated return on the plant that has been used to provide the production. We receive that bill monthly.

So the mechanics of what we're trying to describe there is that we recognize we're seeing June, July, August, September all the way through there, we would need to add up all of those bills that we had received for that 12-month period. We also would be adding up the volumes that we received during that 12-month period also on an actual basis. And so that I guess addition is a calculation, so, yes, we are adding up those things, but it's not high math. I can do it.

COMMISSIONER CLARK: It's a series of monthly numbers?

MR. McKAY: Yes.

COMMISSIONER CLARK: Okay. Thank you for that. That's helpful.

Then in the second sentence, we're dividing that by the IRP annual forecasted demand, and just--this may relate to Commissioner LaVar's question, but is there a reason for the focus on the forecast here rather than the actual?

And, Mr. McKay, perhaps you could address that first and then if the others have a--

MR. McKAY: Yes. There very much is, and this very much was a discussion topic as we put together this stipulation. The recognition that it needs to be and the reason we have it in there from the Company's perspective of the IRP annual forecasted demand is that we recognize that in any given year, weather happens. And the drill bit has a really hard time changing when global warming happens or the arctic cold front happens, one way or the other.

The most stable approach, and we do have it and we provide it on an actual basis as well as a forecast, we compare it in our IRP each year, but the most reasonable approach for which Wexpro could manage and Questar Gas could manage something that's not a moving target in any given period of time would be that forecasted demand. And so that's why that was put in there rather than an actual, because--let's do a scenario here.

Wexpro does a perfect job managing to the 65 percent level but because, all of a sudden, we had a January thaw that continued all the way through April of a given year, they--I'm doing an extreme example here--they may have produced a much higher level than that, and, therefore, not been in compliance with what our target had been.

Hence, the reason, and this is broadening the picture a little bit, but it was in my testimony, the Company has typically tried to, in our practices in the gas supply area, identify or have either fixed prices or our cost-of-service gas at about the 60 to 65 percent level for that very reason, weather happens. And for--in any given year, you could have a big swing in that.

And if we had commitments for contracts much above a 65 percent level, that becomes really difficult for us to manage. So before the levels of production from Wexpro reached into the high 50s and 60 percent category, we were managing our overall gas supply to have it, quote, fixed or hedged between about the 60 to 65 percent level. And, hence, that's a good match for where we're at and what we try to do as we go into winter on our forecasted demand. So it's very much the way we really go about trying to manage our gas supply.

COMMISSIONER CLARK: Any comments from the other--Mr. Wheelwright?

MR. WHEELWRIGHT: A good illustration of what Mr. McKay was talking about is in their Exhibit M in their filing.

If you look at the actual gas supply for prior years, it was very consistent from 2004 through 2011 and then, due to the warm weather we experienced in 2012, we saw a dramatic decline. So I think what we--in discussions with the Company, they're concerned that if we have another weather situation like that, we have a dramatic drop in the demand, that the quantity would be--you know, if we went down to the 103 level like we experienced in 2012, they have already planned for the 110 in the IRP and so we wanted to have that fixed amount that was not related to weather.

COMMISSIONER CLARK: Ms. Beck?

MS. BECK: I think that dramatic drop also related somewhat to customers switching what class of service they were on, but you can see that in the years moving forward some of that has been incorporated into the forecast, which is why we're using 110,000 as the floor.

COMMISSIONER CLARK: Thank you. So the division that's described in that sentence happens so long as the annual forecasted demand does not go beyond the minimum threshold. And then in the case it does, just to fill in that--

MR. McKAY: Sure.

COMMISSIONER CLARK: --implication. I don't mean to say it's a blank, but so we have a clear record on what happens in the alternative.

MR. McKAY: Good clarification. Let's suppose that 2015 happens and we have targeted about 111 million dekatherms in a year but end up having a really warm year, say it goes down to 108, 109. That calculation that we're talking about in 12(d), as in dog, would have the actual volumes that we received during the year.

And then, for the denominator, instead-- we would not use the actual, which is the 108 or the 109, but instead we would use the forecasted amount, which is the 111 in this example. And, essentially, we're always going to be using the forecasted. So even though actuals happen, actual cold, actual warm, that's not going to be what we're going to be putting in the denominator. The denominator is always going to have the forecasted demand for the year. The enumerator will always have the actual volumes that did come.

MS. BECK: Commissioner Clark?

COMMISSIONER CLARK: Yes.

MS. BECK: I'd like to supplement that answer, if you'd allow me to.

COMMISSIONER CLARK: Please do.

MS. BECK: I think you also were asking about the minimum. And so that scenario would be one where some sort of factor, whatever it might be, changes what the forecast demand is.

So let's assume that right now the forecast amount starts at 110,000 and goes up, but maybe some other factor comes in and in a subsequent year, the forecast is 109,000. And in that case, we would be using 110,000 in the denominator by agreement.

COMMISSIONER CLARK: Thank you.

MS. BECK: I just--I wasn't sure if you got the full answer.

MR. McKAY: I agree with that and appreciate the addition.

COMMISSIONER CLARK: Thank you.

And now paragraph 17, just a question or two here. The final sentence in the paragraph refers to a change to this stipulation's terms must be approved by the Utah and Wyoming Commissions.

Is that a reference to a change proposed by the parties or is more intended than that in this sentence?

MR. McKAY: I'll take the first shot. I think the answer is yes. We do try to recognize up above that just one party might have its passion and it brings its position before the Commission, but the first part of the paragraph anticipates that all of the parties to this stipulation come forward or a party individually could, but I do think that it is anticipated it's referring to the parties of this stipulation.

MS. SCHMID: And if I may further clarify, paragraph 23 contains relatively standard language concerning a Commission change to a material term of the stipulation, so I do believe that. Thank you.

COMMISSIONER CLARK: Anything further to add to that?

That concludes my questions, unless there's anything further to be added in response to that final one.

Okay. Is there anything further that any party desires to present before we adjourn?

MS. BELL: No. We look forward to an order as soon as reasonably possible.

COMMISSIONER CLARK: Thank you. We took note of the February 1st request and we will do our best to accommodate that.

And is there anything else?

MS. SCHMID: Nothing further from the Division.

COMMISSIONER CLARK: All right. We're adjourned.

Thank you all very much for your participation today.

(Concluded at 10:24 a.m.)

CERTIFICATE

This is to certify that the proceedings in the foregoing matter were reported by me in stenotype and thereafter transcribed into written form;

That said proceedings were taken at the time and place herein named;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the event thereof.

____

Teena Green, RPR, CSR, CRR, CBC