

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Joint Notice and Application of Questar Gas Company and Dominion Resources, Inc. of Proposed Merger of Questar Corporation and Dominion Resources, Inc.	Docket No. 16-057-01
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DIRECT TESTIMONY OF CRAIG C. WAGSTAFF

FOR JOINT APPLICANTS

March 3, 2016

Joint Application Exhibit 2.0

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Craig C. Wagstaff. My business address is 333 South State Street, Salt Lake City, Utah 84145.

Q. By whom are you employed and what is your position?

A. I am employed by Questar Gas Company (“Questar Gas” or “Company”) as President. I am responsible for the 932 employees who provide natural gas service to over 990,000 customers in Utah, Wyoming and Idaho. These employees work in many functions, including operations, engineering, customer relations, regulatory and gas supply.

Q. What are your qualifications to testify in this proceeding?

A. I have listed my qualifications in Joint Application Exhibit 2.1.

Q. Attached to your written testimony are Joint Application Exhibits 2.1 through 2.2. Were these prepared by you or under your direction?

A. Yes.

Q. Are you sponsoring any Exhibits to the Joint Application?

A. Yes. I am sponsoring Joint Application Exhibits 1.15 and 1.16.

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

A. My testimony will provide a summary of the current organizational structure of Questar Gas, and I will discuss the Company’s current goals and objectives related to operations, system reliability, safety, customer satisfaction and community involvement. I will also discuss the proposed merger (“Merger”) with Dominion Resources, Inc. (“Dominion”) and

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22 explain why it will result in no harm, and in many cases will result in benefits to the
23 employees, customers and communities where Questar Gas operates.

24 In addition to my testimony, David M. Curtis, Vice President and Controller of Questar
25 Gas and Questar Corporation, will give the financial status of Questar Gas and Questar
26 Corporation.

27 **Q. Was the Questar Corporation executive management team involved in evaluating the**
28 **Merger?**

29 A. Yes. While it is ultimately the decision of the Board of Directors to determine whether a
30 proposal is in the best interest of the shareholders of the Company, the executive
31 management team was fully involved in analyzing and evaluating the impact of the Merger
32 on customers, employees and other stakeholders. I provided information and feedback to
33 the Board of Directors as they made their decision. The executive management team
34 considered the impact that the Merger would have on the customers, employees of the
35 Company, and the communities in which we serve.

36 **Q. How will this Merger benefit Questar Gas customers and employees?**

37 A. As discussed later in my testimony, Questar Gas will continue to operate in a safe and
38 reliable manner essentially as it does today, and Dominion will provide additional benefits
39 and strengths to all stakeholders.

40 **II. QUESTAR GAS OFFICERS**

41 **Q. Please identify the current officers of Questar Gas.**

42 A. The current officers of Questar Gas are listed in Exhibit 1.4 to the Joint Application. Of
43 those listed, Vaughn W. Shosted and Barrie L. McKay report directly to me.

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44 **III. QUESTAR GAS CURRENT OPERATIONS**

45 **Q. Please describe Questar Gas' current organizational structure.**

46 A. An organization chart including all of the areas that report directly to me is shown in Joint
47 Application Exhibit 1.15, page 2. As the chart shows, employees work mainly in eight
48 functional areas. The chart also identifies how many employees work in each area.

49 **Q. Is customer service an important goal of Questar Gas?**

50 A. Yes. Questar Gas strives to provide courteous, professional service to its customers and to
51 be as responsive as possible to their needs.

52 **Q. Does the Company track its customer satisfaction levels?**

53 A. Yes, the Company uses independent third party surveys, internal statistics, and regional
54 reporting to track customer satisfaction. The surveys are performed monthly and given to
55 randomly selected customers and customers who have recently received customer service
56 from the Company. Additionally, we have developed internal statistics and reporting that
57 allows us to monitor and measure our customer service performance. Questar Gas' 2015
58 customer service results are attached as Joint Application Exhibit 2.2. As the reports show,
59 Questar Gas receives a high score from customers in terms of responsiveness and overall
60 satisfaction. Finally, JD Powers has acknowledged Questar Gas as the highest rated utility
61 for customer satisfaction in the Western Region for the second year in a row. In fact, this
62 year, Questar Gas received the highest score in the nation. Ms. Leopold's testimony
63 supports Dominion's commitment to maintain Questar Gas' excellent customer service.

64 **Q. Is safety an important goal to Questar Gas?**

65 A. Yes. Questar Gas has a culture that encourages safety as the highest priority. Questar Gas
66 has received an AGA industry leader accident prevention certificate each year since 2008.

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This indicates that our incident rates are better than industry average. Questar Gas employees begin meetings with a “safety minute” discussion about a relevant and timely safety topic. Questar Gas further emphasizes safety with safety-related bonus goals. Questar Gas recently showed its commitment to safety and reliability in its Utah service territory by investing over \$65 million per year in pipeline replacement.

Q. Please describe Questar Gas’ current community involvement.

A. Questar Gas employees are very active in their communities. In 2015, for example, Questar Gas and its affiliate employees participated in 8,255 hours of service in Utah. In addition, Questar Corporation donated about \$1.8 million in Utah. Questar Corporation employees are also very involved in leadership and serve on boards of 63 local Utah charitable and community organizations. Questar Corporation’s Education Foundation contributes to Utah colleges and universities.

IV. BENEFITS OF THE MERGER

Q. What benefits will come from this Merger?

A. There will be potential benefits in the areas of customer service, safety, community involvement, economic development, energy diversity and geographical diversity.

Q. What benefits do you see in terms of customer service?

A. Questar Gas’ greatest strength is its highly competent, experienced employees. The average employee at Questar Gas has 17 years of service. These employees, through their experience, have learned best practices that make the Company successful. Dominion has a similar long-tenured workforce that cares about its customers and communities. The Merger will allow both companies to share best practices that will strengthen the entire

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organization. Questar Gas will continue to have local employees, but they will have the added benefit of access to Dominion's experience.

Q. How will the Merger benefit Questar Gas' safety culture?

A. As the Dominion witnesses testify, safety is Dominion's highest priority in managing their 14,700 employee workforce. Dominion has one of the best safety records in the industry. This is another area where both companies will be able to share best practices and make the entire organization safer as a result.

Q. How will the Merger benefit community involvement?

A. Dominion has a history of charitable giving in the areas where it operates and Questar Gas will become part of this tradition. As the Dominion witnesses state, Dominion intends to increase historic levels of corporate contributions to charities identified by local leadership that are within Questar Gas Company's current regulated retail operating areas by \$1,000,000 per year for at least five years and to maintain or increase historic levels of community involvement, low income funding and economic development efforts. Because Questar Gas' employees will remain local, they will continue to donate their time and service and participate on boards of various charitable organizations.

Q. How will the Merger benefit economic development in the Questar Gas service territory?

A. As the Dominion witnesses state, Dominion intends to establish a new Western Region Operating Headquarters in Salt Lake City, Utah. Dominion intends to establish a newly formed advisory board for its western operations composed of regional-based business and community leaders. One of the discussion points of this board will be economic development activities. Dominion has already demonstrated its willingness to invest in the Questar Gas service territory. In 2014 and 2015 it invested nearly \$1 billion in solar

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113 projects in Millard and Iron counties in Utah. By way of comparison, Questar Gas' rate
114 base is currently about \$1 billion. Dominion is in a position to invest in Utah, Wyoming
115 and Idaho and this investment will bring with it tax dollars and jobs.

116 **Q. How does energy diversity benefit Questar Gas?**

117 A. Dominion has invested in a variety of energy resources, including natural gas, coal, nuclear,
118 wind, solar and biomass. Similar to a diverse stock portfolio, a diverse energy portfolio
119 can strengthen a company financially. This diverse energy supply portfolio will allow the
120 Company to be poised in the future to take advantage of resources for customers.

121 **Q. How is geographical diversity a benefit to Questar Gas?**

122 A. A benefit of geographic diversity is that if a natural disaster were to occur in Questar Gas'
123 service area after the Merger, Dominion would have resources such as call centers,
124 operations and management outside of the affected area. Geographical diversity allows
125 resources to be deployed to help Questar Gas manage customer inquiries, communication
126 and service restoration.

127 **V. CONCLUSION**

128 **Q. Please describe the impact this Merger will have on overall operations and customer**
129 **service?**

130 A. The Merger will allow the newly combined companies to share safety and customer service
131 best practices. I expect this will only strengthen Questar Gas' ability to provide safe and
132 reliable service.

133 **Q. Please describe the impact the transaction will have on the regulatory oversight of**
134 **Questar Gas?**

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135 A. It will remain unchanged. Questar Gas will continue to operate under the Commission's
136 jurisdiction.

137 **Q. Are other Commissions reviewing similar applications submitted by the parties?**

138 A. Yes. Questar Gas concurrently filed a Joint Notice and Application in Wyoming
139 substantively similar to the Joint Application filed in Utah and a letter of notification in
140 Idaho.

141 **Q. What is your recommendation?**

142 A. I recommend the Commission approve the Joint Application.

143 **Q. Does this conclude your testimony?**

144 A. Yes.

State of Utah)
) ss.
County of Salt Lake)

I, Craig C. Wagstaff, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. The exhibits attached to the testimony were prepared by me or under my direction and supervision, or to the best of my knowledge are true and correct copies of the documents they purport to be.

Craig C. Wagstaff

SUBSCRIBED AND SWORN TO this _____.

Notary Public