

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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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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**REBUTTAL TESTIMONY OF CRAIG C. WAGSTAFF**

**FOR JOINT APPLICANTS**

July 28, 2016

**Joint Notice and Application Exhibit 2.0R**

**2.0R**

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PAGE 3**I. INTRODUCTION**

1

2 **Q. Are you the same Craig C. Wagstaff that offered Direct Testimony in this matter?**

3 A. Yes.

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. The purpose of my rebuttal testimony is to support the approval of the proposed merger  
6 (“Merger”) between Dominion Resources, Inc. (“Dominion”) and Questar Corporation  
7 (“Questar Corp.”), including Questar Gas Company (“Questar Gas”). After the Merger is  
8 effective (“Effective Time”), Questar Corp. will become a wholly-owned subsidiary of  
9 Dominion that will continue to exist as a separate legal entity (herein referred to as  
10 “Dominion Questar”), and Questar Gas (herein referred to as “Dominion Questar Gas”)  
11 will remain a direct, wholly-owned subsidiary of Dominion Questar and will continue to  
12 exist as a separate legal entity with its own complete set of books and records. Upon  
13 approval of the Merger, I will be appointed as President of Dominion Questar.

14 I will address the proposals made by the Utah Office of Consumer Services (“Office”) and  
15 the Utah Division of Public Utilities (“Division”) regarding the customer service standards  
16 (“CSS”). Specifically, I will address the recommendations related to service quality set  
17 forth in the Direct Testimony of Richard A. Baudino in OCS-3D lines 302 - 420. I will  
18 also discuss the proposals set forth in the Direct Testimony of Kathleen Kelly in DPU 3.4  
19 DIR paragraphs 8 - 17.

**II. CUSTOMER SERVICE STANDARDS**

20

21 **Q. Are you familiar with the customer service standard reports?**

22 A. Yes. I participated in the task force that created these standards during the time the  
23 customer service area was within my area of responsibility. Customer service is a matter  
24 of high importance to Questar Gas and to me personally. As the leader of Dominion

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25 Questar going forward, I can offer assurance that customer satisfaction will continue to be  
26 a top priority.

27 **Q. Please summarize the proposals made by the other parties.**

28 A. Mr. Baudino makes three recommendations. First, Mr. Baudino recommends that the  
29 Commission order Dominion to ensure that Dominion Questar Gas continues to comply  
30 with the currently-effective CSS reporting requirements. Second, Mr. Baudino  
31 recommends that the “Annual Goals” for each service criterion in the CSS report be  
32 renamed “Minimum Service Metrics”. Third, Mr. Baudino recommends that the  
33 Commission assess penalties against Dominion and Dominion Questar Gas if Dominion  
34 Questar Gas fails to achieve the minimum service metrics. I will address each  
35 recommendation individually.

36 **Q. Do you agree with Mr. Baudino’s recommendation that the Commission order**  
37 **Dominion to continue Questar Gas’ commitment to currently-effective CSS reporting**  
38 **requirements?**

39 A. A Commission order is not necessary. Two years ago, in Docket 14-999-02, the Division  
40 recommended discontinuation of the requirement for Questar Gas to file quarterly CSS  
41 reports. However, Questar Gas continues to provide the report on an annual basis because  
42 we believe that it was an important metric for the Commission, Division and Office to use  
43 to measure service levels. Questar Gas also uses the report as an internal management tool  
44 to evaluate performance. Going forward, Dominion Questar Gas will commit to file the  
45 CSS Report on a quarterly basis for three years following the Merger completion date, to  
46 ensure that the Division, the Office and the Commission can evaluate Dominion Questar  
47 Gas’ performance during the integration period. Additionally, Dominion Questar will  
48 continue to monitor its own performance, and to take steps to ensure that its customers  
49 continue to enjoy the high level of customer service that they have come to expect.

50 **Q. Mr. Baudino recommends that the “Annual Goals” for each service criterion be**  
51 **renamed “Minimum Service Metrics.” How do you respond?**

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52 A. Changing the title of the report will not provide any additional public benefit. Questar Gas  
53 is, and will continue to be, committed to high levels of customer service, regardless of how  
54 the report is labeled. If the Commission finds this title change useful however, the Joint  
55 Applicants do not oppose it.

56 **Q. Mr. Baudino also recommends that the Commission assess penalties against**  
57 **Dominion Questar Gas if it fails to meet the minimum service standards. Do you**  
58 **think this is necessary or appropriate?**

59 A. No. Questar Gas has a history of providing high levels of customer service. The objective  
60 of the goals is to give Questar Gas and other interested parties a certain level of comfort  
61 and confidence that customers are served in a friendly, timely and effective manner. Mr.  
62 Baudino's analysis shows only three occasions in six years when Questar Gas failed to  
63 achieve even one of the goals. Questar Gas reports on 50 metrics each quarter. Over the  
64 referenced six-year period, there were 1,200 data points. Mr. Baudino's own analysis  
65 shows that Questar Gas meets or exceeds its standards 99.8% of the time. The data shows  
66 that Questar Gas strives for, and achieves a high level of customer service. A penalty does  
67 not make sense for Questar Gas because it is not under-performing and there is no evidence  
68 that this performance level will change after the Merger. If customer satisfaction is the  
69 desired outcome, a better solution would be for the parties to collaboratively set goals and  
70 review performance during the integration period.

71 **Q. Mr. Baudino argues that customer service post-Merger could decline if Dominion**  
72 **were to reduce staffing levels in an effort to cut its costs and pass the savings on to**  
73 **shareholders. Would this be a good reason to institute the penalty proposal?**

74 A. No. Mr. Baudino describes a potential parade of horrors, but fails to provide any evidence  
75 supporting such fears. In fact, all of the evidence on the record suggests that both Questar  
76 Gas and Dominion have, and will continue to provide very high levels of customer service.  
77 Commitment "f" in the Joint Notice and Application in this docket states that "Dominion  
78 intends to maintain Dominion Questar Gas' customer service at or better than current levels  
79 and will strive for continued improvements thereto."

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80 **Q. Is there any evidence that supports this commitment?**

81 A. Yes. A comparison of customer satisfaction metrics of Questar Gas and Dominion  
82 Resources' wholly-owned natural gas distribution company, The East Ohio Gas Company  
83 ("Dominion East Ohio"), are summarized in the table below:

<b>2015 Performance Results</b>		
Customer service standard	DEO	QGC
Average speed of answer	34 seconds	29 seconds
Appointments met within 4-hour window	99.3%	97%
Gas service initiation within 5 days	100%	100%
Emergency call response within 60 minutes	98%	98%

84 As you can see, Dominion East Ohio and Questar Gas have very similar results when it  
85 comes to customer service metrics. The data suggests that customer satisfaction is as  
86 important to Dominion as it is to Questar Gas.

87 Therefore, I recommend that the Commission reject Mr. Baudino's proposal to impose  
88 penalties related to the customer service report.

89 **Q. Mr. Baudino argues penalties of this nature have been assessed by the Commission in  
90 the past. Can you provide background on why those penalties were assessed?**

91 A. A review of pages 1-5 of Exhibit RAB-5 indicates that penalties would be assessed against  
92 Scottish Power because of network performance (Section I.A.) and customer service  
93 guarantees (Section I.C.), if these standards were not achieved.

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94 **Q. In section I.B. of RAB-5 there are some customer service performance metrics that are**  
95 **similar to the metrics provided on the CSS. Were penalties assessed if these metrics**  
96 **were not met?**

97 A. No.

98 **Q. Why were there no penalties assessed on these metrics?**

99 A. It may have to do with the high volume of customer contacts that occur in the customer  
100 service area. At Questar Gas, our customer service representatives handle over 8,000 calls  
101 per day. We also perform over 45,000 meter reads and send out over 45,000 bills per day.  
102 I also think that there is a big difference between a customer who is placed on hold for one  
103 minute and a customer who loses power to their home for over 24 hours. The parties  
104 seemed to take this into account as they outlined the penalties in the Scottish Power merger.  
105 Most of the penalties were applied if, for whatever reason, a customer had no electricity at  
106 their home.

107 **Q. Did Ms. Kelly offer similar recommendations?**

108 A Yes. Ms. Kelly recommended reporting requirements with respect to the customer service  
109 standards in paragraphs 14-15 of DPU Exhibit 3.4 that were similar to Mr. Baudino's  
110 recommendations. Again, Dominion Questar Gas will have a continuing commitment to  
111 provide high levels of customer service. The commitment to file these reports quarterly  
112 will give the interested parties the necessary information to monitor customer service levels  
113 during the integration period.

114 Ms. Kelly also offered a number of recommendations in paragraphs 8-17 of DPU 3.4,  
115 including a variety of issues including gas leak reports, meter testing, customer-dispute  
116 resolution and outage reports. She did not offer testimony supporting any need for  
117 implementation of these recommendations nor did she take into account that Questar Gas  
118 already has reporting requirements and policies in place with the Commission for many of  
119 these issues.

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120 **Q. Does Questar Gas agree with these other recommendations?**

121 A. As I mentioned before, Questar Gas has a continuing commitment to provide high levels  
122 of customer service in all of these areas, and will provide the Commission, the Division  
123 and the Office with any information the Commission deems appropriate. However, much  
124 of the information identified in paragraphs 8-17 of DPU 3.4 already appears in reports that  
125 the Company files with the Commission and/or the Division. Many of these  
126 recommendations are unnecessary and some seem more applicable in an electric utility  
127 context than a natural gas utility context (outage reporting, for example). Ms. Kelly did  
128 not offer any testimony, evidence or other support for these recommendations. If the  
129 Commission or the Division believes there is a deficiency in reporting, Questar Gas  
130 submits that a more constructive approach would be to collaborate on additional reporting  
131 requirements outside of this proceeding.

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

133 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.

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SUBSCRIBED AND SWORN TO this \_\_ day of July, 2016.

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Notary Public