

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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REBUTTAL TESTIMONY OF DAVID A. CHRISTIAN

FOR JOINT APPLICANTS

July 28, 2016

Joint Notice and Application Exhibit 5.0R

5.0R

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is David A. Christian. My business address is 120 Tredegar Street, Richmond, Virginia 23219.

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

A. I am CEO–Energy Infrastructure Group and CEO–Dominion Virginia Power (Virginia Electric and Power Company), which is a subsidiary of Dominion Resources, Inc. (“Dominion”).

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

A. I have listed my qualifications in Joint Notice and Application Exhibit 5.1R attached to my rebuttal testimony.

Q. Have you previously filed testimony in this case?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the approval of the proposed merger (“Merger”) between Dominion and Questar Corporation (“Questar Corp.”), including Questar Gas Company (“Questar Gas”). After the Merger is effective (“Effective Time”), Questar Corp. will become a wholly-owned subsidiary of Dominion that will continue to exist as a separate legal entity (herein referred to as “Dominion Questar”), and Questar Gas (herein referred to as “Dominion Questar Gas”) will remain a direct, wholly-owned subsidiary of Dominion Questar and will continue to exist as a separate legal entity with its own complete set of books and records.

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23 In my rebuttal testimony, I will respond to the concerns expressed by the Office of
24 Consumer Services (“Office”) Witnesses Lane Kollen (“Kollen”) and Richard A. Baudino
25 (“Baudino”) and the Division of Public Utilities (“Division”) Witnesses Douglas D.
26 Wheelwright (“Wheelwright”), Charles E. Peterson (“Peterson”), and Kathleen Kelly
27 (“Kelly”). Specifically, my testimony (i) provides an overview of the Joint Applicants’
28 support for the Merger; (ii) confirms the Joint Applicants’ commitments to maintain the
29 local presence and control of Dominion Questar Gas in Utah, including day-to-day
30 operations; and (iii) discusses how customer service standards will be maintained and/or
31 improved.

32 Additionally, I am adopting the pre-filed direct testimony of Joint Applicant Witness Diane
33 Leopold, which was filed with the Utah Public Service Commission (“Commission”) on
34 March 3, 2016. Upon the approval of the Merger, local Dominion Questar leadership and
35 employees, including those of Dominion Questar Gas, will report up through me as part of
36 the Energy Infrastructure Group at Dominion.

37 **II. OVERVIEW**

38 **Q. Please summarize your rebuttal comments.**

39 A. I am testifying, broadly speaking, on issues concerning the continued operations of
40 Dominion Questar Gas following the Merger. Generally, I am responding to two concerns
41 expressed by the Office and Division witnesses: (1) that the current staffing and
42 management of Questar Gas could be adversely impacted by the Merger; and (2) likewise,
43 that Questar Gas’ focus on customer service could be adversely impacted by the Merger.

44 These are legitimate questions. My purpose is to allay such concerns. And while I will
45 specifically respond to witness testimony on these issues in this rebuttal, I would emphasize

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46 two basic reasons why the Commission should be comfortable, from an operational
47 standpoint, that this Merger is in the public interest and will be net beneficial to customers.

48 First, as others have said, this Merger will be notable at least as much for what *will not*
49 change, as much as what will change, in terms of Questar Gas' operations and its focus on
50 the safe and reliable delivery of natural gas to its customers, at reasonable rates, and with
51 excellent customer service. The Joint Applicants are committed to maintaining Dominion
52 Questar Gas' headquarters, management team, and local control over operations in Salt
53 Lake City. We do not, and would not, plan any staffing changes that will be disruptive to
54 the customer focus that Questar Gas has historically demonstrated. As with any business
55 combination, there could be some staffing changes over time – particularly on the shared
56 services level. Any such changes will be driven by an emphasis on providing an efficient
57 and cost-effective service platform for Dominion Questar Gas and its customers – a benefit,
58 and not a harm.

59 Second, both Dominion and Questar Gas share a common focus on customer service. From
60 the Dominion perspective, superior customer service requires adequate investment, proper
61 protocols, and the right people aligned with a philosophy of continuous improvement.
62 Based on our early experience engaging with the Questar Gas team, we are more confident
63 than ever that this Merger makes sense along these lines and that Dominion Questar Gas,
64 with support from the broader Dominion team, will be as good – or better – at being
65 responsive to customers' needs and otherwise fulfilling its public service obligations.

66 That last point is important. I wouldn't want the message here to simply be "business as
67 usual." That is true to the extent the Joint Applicants are committing to no adverse changes
68 in Questar Gas' operating structure. But as the Commission is well aware, the gas and
69 broader energy industries are rapidly changing, with ever-increasing challenges from

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70 current and pending environmental regulations, safety requirements, market dynamics, and
71 other forces. At the utility level, there are also increasing customer expectations on a
72 number of fronts. In facing these challenges, the Joint Applicants see opportunities for
73 shared best practices that have the potential to *improve* service. Just a few examples
74 include:

- 75 • Call center, billing, and advance metering technology;
- 76 • Customer outage response times;
- 77 • Utilization of vacuum excavation technologies;
- 78 • Pipeline contractor diversity programs;
- 79 • Asset data collection and GIS implementation;
- 80 • Employee safety and compliance;
- 81 • Employee training in covered tasks;
- 82 • Environmental stewardship and sustainability programs; and
- 83 • Distribution/Transmission Integrity Management.

84 In short, we see the ability for collaboration between two experienced and committed
85 players in the gas utility arena as a clear net benefit for customers that will accrue from this
86 Merger.

87 I will now address specific concerns raised by the Office and Division witnesses.

88 III. MAINTAINING A LOCAL PRESENCE AND CONTROL

89 **Q. Division Witnesses Wheelwright and Peterson and Office Witness Kollen express**
90 **concerns that, if approved, the Merger may result in the risk of diminished local**

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91 **governance and autonomy. If the Merger is approved will Dominion Questar Gas**
92 **retain local control of its operations?**

93 A. Yes. The Joint Applicants have committed to “maintain Dominion Questar Gas’ corporate
94 headquarters in Salt Lake City, Utah.” (See commitment “a”) Local control and day-to-
95 day operations will remain with Dominion Questar Gas in Salt Lake City, with longtime
96 executives from the Questar entities selected to head Dominion Questar, Dominion Questar
97 Gas, and Wexpro Company (herein referred to as “Wexpro Company” or “Dominion
98 Wexpro”), after the Merger closes. Notably:

- 99 • Craig C. Wagstaff, current Executive Vice President of Questar Corp. and
100 President of Questar Gas, will become President of Dominion Questar;
- 101 • Colleen Larkin Bell, current Vice President and General Counsel of Questar
102 Corp., will become Vice President and General Manager of Dominion Questar
103 Gas; and
- 104 • Brady B. Rasmussen, current Executive Vice President of Questar Corp. and
105 Chief Operating Officer of Wexpro, will become Vice President and General
106 Manager of Dominion Wexpro.

107 Moreover, Dominion plans to continue to operate Dominion Questar Gas in the same way
108 as Questar Gas is currently being operated. Dominion Questar Gas will be managed from
109 an operations standpoint as a separate regional business under Dominion with
110 responsibility for managing operations to achieve the objectives of customer satisfaction,
111 reliable service, customer, public and employee safety, environmental stewardship, and
112 collaborative and productive relationships with customers, regulators, other governmental
113 entities and interested stakeholders. (See commitment “e”)

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114 Furthermore, Dominion plans to make Salt Lake City its Western Region hub for
115 expanding business opportunities in the western part of the United States.

116 I would also like to specifically respond to Division Witness Peterson's suggestion on page
117 10 of his testimony that the phrase in Item 6 "operate . . . in the same manner" is not
118 defined. Although such phrase is not explicitly defined, it encompasses the many
119 commitments made by the Joint Applicants that reinforce Dominion's intent for Dominion
120 Questar Gas to continue to run the business as it does today with a focus on safety,
121 reliability, customer service and efficiency of business operations over the long term.

122 **Q. On pages 15-16 of his testimony, Mr. Kollen asserts that the Merger will result in**
123 **diminished access by regulators to decision-makers, regulatory personnel, and the**
124 **books and records of Dominion Questar Gas, which poses a risk to the Commission's**
125 **ability to provide oversight, set rates, and perform public service functions. Do you**
126 **agree?**

127 A. No. Dominion fully appreciates the importance of an open, transparent and collaborative
128 relationship with regulators, and this philosophy will remain in place at Dominion Questar
129 Gas. Joint Applicants have committed to: (1) provide access to a complete set of books
130 and records, including accounting records, for Dominion Questar Gas at its corporate office
131 in Salt Lake City, Utah (commitment "n"; *see also* Rebuttal Testimony of Joint Applicant
132 Witness Maria E. (Gina) Jones); (2) provide information about Dominion or its other

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133 subsidiaries relevant to matters within the Commission's jurisdiction as part of this and
134 future regulatory proceedings (commitment "m"); and (3) make available the officers and
135 employees of Dominion to testify before the Commission, providing information relevant
136 to matters within the jurisdiction of the Commission (commitment "l").

137 Dominion Questar Gas also will continue to make personnel responsible for the day-to-day
138 operations available in Salt Lake City to answer questions raised by the Office and the
139 Division.

140 **Q. On page 46 of his testimony, Office Witness Kollen states there is a lack of detail about**
141 **Dominion's commitment in the Joint Notice and Application to create a new Western**
142 **Region headquarters (commitment "b"). Furthermore, Mr. Kollen recommends that**
143 **the Commission adopt a condition to "hold Questar Gas customers harmless from**
144 **any cost increases due to the proposed new Western Region headquarters." Do you**
145 **have any comments?**

146 **A.** Mr. Kollen correctly notes that there are, as yet, few details regarding the proposed Western
147 Region headquarters. Such plans remain under development. For purposes of this
148 proceeding, however, the Joint Applicants agree that none of the costs associated with the
149 Western Region headquarters initiative will be allocated to Dominion Questar Gas
150 customers without approval by the Commission in a future rate case.

151 **Q. On page 47 of his testimony, Office Witness Kollen notes that the Joint Applicants**
152 **have not provided information on organizational or staffing changes that may affect**
153 **local employment. Mr. Kollen further notes that the Joint Applicants declined to**
154 **estimate how many local employees will remain in Utah after the closing and 5 years**
155 **after the closing. Do you have any comments?**

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156 A. Mr. Kollen is correct that there are no such estimates at this point because such changes
157 cannot reasonably be determined at this time, before the Merger even closes. As noted,
158 Dominion generally intends that Dominion Questar Gas employees will remain local and
159 has no plans to materially change Questar Gas operations. The appropriate mix of
160 personnel to meet the current and future needs of Dominion Questar Gas' customers will
161 be maintained, and the Joint Applicants commit to working collaboratively with the Office
162 and the Division to report on transition efforts following the Merger Effective Time.

163 **Q. On page 16 of his testimony, Mr. Kollen concludes that, as a result of the Merger,**
164 **there are likely to be reductions in local staffing resulting from the transfer of some**
165 **or all of the shared or common services presently provided by Questar Corp. to**
166 **Dominion Resources Services, Inc. ("DRS"). He further suggests on pages 47-48 of**
167 **his testimony that all local staffing should not be transferred to Richmond, Virginia**
168 **to the extent that shared or common services are transferred from Questar Corp. to**
169 **DRS. Do you have any comments?**

170 A. Though we anticipate that shared services is one of the areas of likely cost savings and net
171 benefits to customers from the Merger, this does not necessarily mean that the jobs will be
172 moved to Richmond, Virginia. Rather, we anticipate that many support functions will
173 remain in Utah.

174 **Q. On page 48 of his testimony, Office Witness Kollen recommends the Commission**
175 **adopt a condition to ensure that jobs will remain in Salt Lake City. Specifically, Mr.**
176 **Kollen recommends that Dominion be prohibited from reducing "local staffing**
177 **headcounts by more than 25% from the present levels due to consolidation of Questar**

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178 **Corporation and [DRS] shared or common service activities. Do you agree with the**
179 **recommendation?**

180 A. No. First, I disagree with the suggestion of an arbitrary percentage limit on job eliminations
181 because it is important to maintain the flexibility to position jobs and integrate the two
182 companies in a way that will provide the best service, in a cost-effective manner, to Questar
183 Gas customers. Imposing an arbitrary limitation does not support that objective.

184 Second, to the extent staffing changes do occur, they will be undertaken in a reasonable,
185 fair and transparent manner. The Joint Applicants have committed along these lines that:

186 Dominion will give employees of Dominion Questar and its subsidiaries due and
187 fair consideration for other employment and promotion opportunities within the
188 larger Dominion organization, both inside and outside of Utah, to the extent any
189 such employment positions are realigned, reduced or eliminated in the future as a
190 result of the Merger.

191 While the Joint Applicants generally intend to maintain Dominion Questar Gas' local
192 presence and operational structure, if decisions are made to reduce or reassign staffing,
193 commitment "j" provides Dominion Questar Gas employees with access to opportunity for
194 jobs both inside and outside of Utah.

195 **IV. CUSTOMER SERVICE STANDARDS**

196 **Q. How do the Joint Applicants view customer service?**

197 A. As I have noted, both Dominion and Questar Gas are steadfastly committed to customer
198 service. Dominion as a whole and its local distribution companies, The East Ohio Gas
199 Company and Hope Gas, Inc., have excellent customer service records. Questar Gas'
200 performance against relevant customer service benchmarks has likewise been outstanding,
201 as Joint Applicant Witness Craig C. Wagstaff testifies. In connection with the Merger, the

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202 Joint Applicants have committed that: “Dominion intends to maintain Dominion Questar
203 Gas’ customer service at or better than current levels and will strive for continued
204 improvements thereto.” (commitment “f”)

205 More specifically, the Joint Applicants are committed to maintaining the Operator
206 Qualified staffing and other resources needed to deliver the same or better level of customer
207 service, and to ensuring that employees continue to receive the training needed to be
208 proficient in the customer service tasks they perform. In addition, as I mentioned, there
209 will be a focus upon identifying and sharing best practices among the Dominion operating
210 companies, with some initial areas of focus including pipeline integrity, damage prevention
211 and advanced metering technologies, among others.

212 **Q. On pages 2-3 and 13-15 of his testimony, Office Witness Baudino recommends that**
213 **the Commission require as a condition for approving the Merger that the service**
214 **quality guidelines adopted in Docket No. 02-057-02 and that the “Annual Goals” be**
215 **made into “Minimum Service Metrics” with financial penalties for failure to meet**
216 **those metrics. Do you have any comments?**

217 A. Joint Applicant Witness Wagstaff addresses this recommendation in more detail. I fully
218 concur with his suggestions concerning these guidelines, and his comments in opposition
219 to “financial penalties” associated with performance, which I do not believe are necessary
220 or constructive.

221 **Q. Division Witness Kelly concludes that customers could be harmed by the Merger and**
222 **there is a potential for adverse outcomes without proper safeguards, including**
223 **declines in the overall service quality or reliability of the subsidiary resulting from a**
224 **dictate from the parent through measures such as cost cutting. Please respond.**

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225 A. Dominion Questar Gas will not be impacted by operations of Dominion's other utility
226 subsidiaries, except to the extent best practices are shared and result in benefits to
227 Dominion Questar Gas' customers. The Joint Applicants have made commitments to
228 safety, the environment, providing reliable service, and customer service. Dominion will
229 ensure appropriate resources are available to Dominion Questar Gas to meet these
230 obligations as the Company does with its other energy businesses.

231 **Q. If the Merger is approved, will Dominion Questar Gas still be committed to local**
232 **energy efficiency?**

233 A. Yes. Dominion is aware of the significant investment that Questar Gas has made in energy
234 efficiency since 2007. Questar Gas' ThermWise programs continue to be among the most
235 cost effective and well run in the industry. Although Dominion believes decisions on
236 specific energy efficiency programs are beyond the scope of this proceeding, and opposes
237 specific recommendations along such lines, Dominion will support Dominion Questar Gas'
238 decisions regarding investments in conservation and energy efficiency programs. The Joint
239 Applicants are also committed to continued collaboration with interested stakeholders in
240 this process.

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

242 A. Yes.

Commonwealth of Virginia)
) ss.
County/City of _____)

I, David A. Christian, 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. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

David A. Christian

SUBSCRIBED AND SWORN TO this ___ day of July, 2016.

Notary Public