

IN THE THIRD JUDICIAL DISTRICT COURT
SALT LAKE COUNTY, STATE OF UTAH

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In the matter of:)	Docket Nos.
the Application of Questar)	
Gas Company to adjust rates)	01-057-14, 02-057-13,
for natural gas service in)	03-057-05, 03-057-10,
Utah)	04-057-04, 04-057-11
)	
)	

June 29, 2006 * 9:30 a.m.

Location: Heber Wells Building
160 East 300 South
Salt Lake City, Utah 84111

Reporter: Diana Kent, CSR, RPR, CRR
Notary Public in and for the State of Utah

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E X H I B I T S

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NO.

DESCRIPTION

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DPU-1 Recommendation from Marlin Barrow

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P R O C E E D I N G S

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JUDGE GOODWILL: Let's go on the record.

This is the Public Service Commission hearing for six individual dockets, each entitled in the matter of the Application of Questar Gas Company to adjust rates for natural gas service in Utah. Public Service Commission docket numbers 01-057-14, 02-057-13, 03-057-05, 03-057-10, 04-057-04, 04-057-11.

I'm Steve Goodwill, the Administrative Law Judge for the Commission, and I've been assigned by the Commission to hear this matter. Notice of this hearing was issued by the Commission on the 12th of June, 2006. At this time, we'll go ahead and take appearances starting with Questar.

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

JUDGE GOODWILL: For the Division?

MR. GINSBERG: Michael Ginsberg for the Division of Public Utilities.

JUDGE GOODWILL: And the Committee?

MR. PROCTOR: Paul Proctor on behalf of the Committee for Consumer Services.

JUDGE GOODWILL: Okay. Does it make sense

1 to start with the company, Ms. Bell?

2 MS. BELL: I just have one question. I
3 think there was one docket perhaps that was missed.
4 I'm looking at the Division's memorandum dated May
5 24, 2006 and they have cited 01-057-10. Was that
6 missed in your references to all of the dockets for
7 this proceeding?

8 JUDGE GOODWILL: I did not reference that
9 one and I don't believe that was one that was noticed
10 for this. As we went through the Division's memo,
11 there was a reason for one or two dockets not to be
12 noticed. I know that one of them dealt with the
13 refund that had been issued in one of the dockets,
14 but I don't think that's the 01-057-10 that you had
15 mentioned.

16 MR. BARROW: No. That was the 04-057-09.

17 MS. BELL: I believe that one will still
18 remain open and it may not be closed, but I will let
19 the Division determine whether they need to modify
20 this to include that or whether they want to look at
21 that at a later time.

22 JUDGE GOODWILL: We can take that up. If
23 anybody has any information on that, I'm sorry, I
24 don't, in front of me, know why that wasn't included.
25 But at least for today, for this hearing, since it

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1 wasn't noticed I don't think we would be addressing
2 it.

3 MR. GINSBERG: Okay.

4 MR. MCKAY: It's an '01 case. Sorry. I
5 haven't been sworn.

6 JUDGE GOODWILL: Let's go ahead and do
7 that.

8 MS. BELL: The company has available for
9 testimony today Barrie McKay.

10 JUDGE GOODWILL: why don't we have all
11 witnesses stand and be sworn. Who do we have from
12 the Commission?

13 MR. BARROW: Marlin Barrow.

14 JUDGE GOODWILL: And for the Committee?

15 MR. ORTON: Eric Orton.

16 JUDGE GOODWILL: Okay. If you'll stand
17 and raise your right hand, we'll swear you in.

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19 MARLIN BARROW, ERIC ORTON, AND BARRIE MCKAY,
20 were sworn as witnesses in the proceeding.

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22 MR. GINSBERG: Maybe I can make a little
23 preliminary statement also, before Barrie testifies,
24 since we are going to be proposing a change in what
25 was included in the memo that was provided to the

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1 Commission. That relates to the 04 dockets that are
2 listed on this page, which would be 04-057-04,
3 04-057-09, and 04-057-11. And we are recommending
4 that those not be closed, at least immediately. We
5 determined that the Wexpro monitor report from the
6 accounting firm that has been retained to review the
7 Wexpro costs that flow through to the 191 account
8 audit report for 2004 is completed but has not yet
9 been released. And it's our understanding that we
10 are not aware of any adjustments out of that report,
11 but that we would recommend that those not be closed
12 until that report becomes available. And I think we
13 would expect that to be within 30 days.

14 JUDGE GOODWILL: That's the Wexpro audit
15 report, you say?

16 MR. GINSBERG: Yes. Other than that, the
17 audits for those years by the Division have been
18 completed.

19 JUDGE GOODWILL: Okay. All right. I
20 think, Mr. McKay, you were about to say something?

21 MR. MCKAY: Yes. Just on the matter
22 related to the Division's memorandum that did refer
23 to the 01-057-10 docket which has not been noticed
24 up, let me just simply provide for the record that it
25 was a pass-through docket. It did occur in 2001. It

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1 was a \$110 million rate reduction, and if we just
2 need to take care of, on a formality basis, having
3 that be proposed to the Commission with another
4 proposed hearing, we would be happy to show up and
5 help that come to a close.

6 And speaking of that, I would simply
7 observe that the dockets that have been noticed up
8 for today, which are pass-through dockets, typically
9 are issued on an interim basis by the Commission
10 which then gives the Division and the Committee, if
11 they so desire, the opportunity to review and audit
12 these test periods. And they have indeed done that.
13 And in our tariff, it identifies on page 2-16 that
14 this is a regular ongoing occurrence for auditing the
15 191 account, and typically we try to have the audits
16 occur within one year following the calendar year
17 conclusion of these dockets. And, indeed, the
18 Division has done that within the time frame. I
19 think the Company has also participated in helping
20 the records to be available. And it would be a
21 natural time now to bring these dockets to a final
22 order.

23 JUDGE GOODWILL: Okay. Thanks. Anything
24 else, Ms. Bell? Kind of jumped in front of you
25 there.

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1 MS. BELL: No. I think that we support
2 the Division's recommendation, and I understand that
3 they don't want the 04 dockets included and that's
4 fine and we can proceed along those lines. So we are
5 available for questions, should there be any.

6 JUDGE GOODWILL: Okay. Any questions for
7 Mr. McKay?

8 MR. GINSBERG: No.

9 MR. PROCTOR: No. Thank you.

10 MR. GINSBERG: Mr. Barrow, would you
11 provide your comments with respect to the audits that
12 have been done on these dockets and your
13 recommendations on closing those dockets?

14 Possibly with the 04 dockets, a final
15 order could be issued in maybe 30 days or 45 days and
16 the Division would file a memorandum if it has any
17 need to keep those dockets open longer than that,
18 rather than having the need for another hearing on
19 those dockets. Would that be one way to handle those
20 04?

21 JUDGE GOODWILL: Yeah. I think if we get
22 a little testimony regarding those two dockets today,
23 pending the receipt of the report, and then maybe
24 some sort of a statement from the Division witness
25 upon receipt of that audit report, if it were to
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1 indicate that there was nothing there to change the
2 Division's recommendation.

3 MR. GINSBERG: Okay.

4 Can you go ahead and provide your comments
5 with respect to these dockets, and particularly the
6 status of the Wexpro monitoring report?

7 MR. BARROW: Yes. With respect to the
8 dockets 04-057-04, 04-057-09 and 04-057-11, the
9 actual report, which we were referring to by the
10 Wexpro monitor, has been completed but we have not
11 received that report from the accounting monitor. We
12 expect that any day. And for that reason we would
13 like to recommend that those three dockets remain
14 open on an interim basis until we have had time to
15 review that report, at which time we will be prepared
16 to make a final recommendation dealing with those
17 three dockets.

18 With respect to the other previous
19 dockets, all the audit work has been completed on
20 those dockets, and the Division is satisfied that the
21 entries in there are correct, and those dockets
22 certainly can have a final order issued by the
23 Commission.

24 MR. GINSBERG: Any other comments, or does
25 that cover it?

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1 MR. BARROW: Yes. I have no other
2 additional comments.

3 MR. GINSBERG: Okay. Thank you.

4 JUDGE GOODWILL: Any questioning for Mr.
5 Barrow?

6 MR. PROCTOR: No. Thank you.

7 JUDGE GOODWILL: I guess it's the
8 Division's testimony, then, Mr. Barrow, that the
9 interim increases and/or decreases within these
10 dockets were in the public -- you found them to be in
11 the public interest and that they should be
12 finalized, then?

13 MR. BARROW: Yes. That's correct.

14 JUDGE GOODWILL: Okay. Mr. Proctor?

15 MR. PROCTOR: The Committee, through Mr.
16 Orton, would have a statement.

17 JUDGE GOODWILL: Mr. Orton.

18 MR. ORTON: Thank you. The Committee will
19 not object to the issuance of a final Commission
20 order with respect to the dockets at issue in this
21 proceeding. We concur with the Division regarding
22 the 2004 dockets. Roughly half of the costs that
23 flow through the 191 account are from Wexpro. The
24 accounting audit of Wexpro books, pursuant to the
25 Wexpro agreement, has not yet been completed for
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1 those dockets. The Wexpro accounting monitor's last
2 filed report with the Division is for calendar year
3 2003.

4 Based on the investigation which the
5 Committee's consultant has made of earlier 191
6 account dockets, we have no reason to suspect that
7 the Wexpro accounting monitor will find any
8 substantial problems with Wexpro costs in these
9 dockets at issue. However, we believe the Commission
10 may want to postpone a final order regarding these
11 dockets until the Wexpro accounting monitor's audit
12 has been completed. That's all I have. Thank you.

13 JUDGE GOODWILL: Thank you. Any questions
14 for Mr. Orton?

15 MR. GINSBERG: No.

16 JUDGE GOODWILL: Mr. Barrow, again, just
17 to make clear, on 04-057-04 and 04-057-11 --

18 MR. PROCTOR: Judge Goodwill, pardon me.
19 I'm sorry to interrupt, but I believe Ms. Bell had
20 some questions.

21 JUDGE GOODWILL: Oh, I apologize.

22 MS. BELL: Just one quick question, and
23 maybe you were just going to get to this. Looking
24 again at the Commission's notice in this proceeding,
25 04-057-09 was not noticed. So to the extent that we
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1 are leaving that open pending the final monitoring
2 report from Wexpro, we are fine with that. If we
3 want to automatically close that after we get that,
4 that's fine, as well. I want to make sure that we
5 are all clear that that one was not included in the
6 notice either.

7 JUDGE GOODWILL: Right. And let me
8 address 09. As I reviewed the various dockets listed
9 in the Division's memorandum of May 24, the 09 docket
10 deals with the CO2 refund that the Commission had
11 ordered. And I actually saw no reason to include
12 that in this proceeding because I think that is a
13 final order. We do have a final order that ordered
14 that refund. And so unlike the other ones, where
15 there is an interim order that needs to be finalized,
16 I don't believe that's the case with this one. If
17 the parties see differently upon review, please let
18 the Commission know and that can be addressed in the
19 Commission's order to simply note that that's the
20 case. But I think that's where we stand on that one,
21 which is why it wasn't noticed for hearing today.

22 Along those lines, going back to
23 01-057-10, I think, if my memory serves me correctly,
24 I think there also had been a final order in that
25 docket upon my review of that docket. And so again,
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1 that's why that wasn't noticed here. The parties are
2 free to relook at that docket and see if that's not
3 correct. But I think there was something akin to a
4 final order in that docket so that it wasn't required
5 to be heard today. Again, that's just for -- the
6 reason those two weren't noticed along with these
7 other six. In any event we don't need to address
8 those necessarily here.

9 But I did want to check, to come back to
10 you, Mr. Barrow, just to confirm on the two 04
11 dockets that were noticed, 04 and 11, along the lines
12 of Mr. Ginsberg's comments earlier. I take it, then,
13 that the Division, as things stand now with the
14 information that you have, the Division finds those
15 interim increases in the public interest and would
16 have no problem closing those, pending receipt of the
17 Wexpro audit report; is that correct?

18 MR. BARROW: That is correct. The
19 Division has completed its own independent audit of
20 the 191 account pertaining to the year '04 and found
21 nothing wrong in its independent audit, but we have
22 not actually received the formal report from our
23 Wexpro accounting monitor yet, even though it has
24 been completed. We have just not had time to review
25 it. We do not expect any issues to be raised in that
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1 report, but until we have had time to actually look
2 over the report, we would recommend that those two
3 dockets in particular remain open until we have had
4 time to look at that, at which time we can make the
5 final recommendation.

6 JUDGE GOODWILL: And then -- go ahead,
7 Mr. Proctor.

8 MR. PROCTOR: I'm wondering if the parties
9 that have appeared would have any reservations about
10 permitting the Court to close those dockets with a
11 final order upon notice that from all the parties in
12 writing to you that Wexpro monitor's report is
13 satisfactory. And that way we wouldn't need another
14 hearing and you wouldn't have to go through that
15 process.

16 JUDGE GOODWILL: Right. That was my
17 thinking, as well. If the Division gets the report,
18 indicates its review of the report, for instance
19 indicates that it has disclosed nothing that would
20 change its recommendation, give the Company and the
21 Committee the opportunity to file the same thing,
22 same sort of document with the Commission, I would
23 think then the Commission would have everything it
24 needs to go ahead and file.

25 MR. PROCTOR: The Committee would so move,
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1 and certainly, of course, has no objection to that.

2 MS. BELL: The Company would agree with
3 that.

4 JUDGE GOODWILL: Okay. That's how we will
5 proceed on those two dockets then, 04-057-04 and
6 04-057-11. We will wait for the Division to receive
7 the report, review the report, notify the Commission
8 of the conclusions drawn from that report, and then
9 the parties will have their opportunity. In fact, we
10 will go with basically two weeks from the time that
11 the Division files its further recommendation with
12 the Commission regarding its analysis of that report.
13 The Commission will look for the Committee and the
14 Company to file something, and then we will see if we
15 can issue a final order on those two.

16 MR. PROCTOR: Thank you.

17 JUDGE GOODWILL: Unless the parties notify
18 me differently, the way that I will handle 04-057-09
19 and 01-057-10 in my proposed order to the Commission
20 coming out of this docket would simply be to
21 recognize that they were included in the Division's
22 memorandum; upon review, the Commission determined
23 that a final order was not necessary in those dockets
24 so there will be at least something in the record in
25 our final order in these dockets addressing those two

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1 dockets.

2 I know we have gotten a little off track.
3 Is there anything else we need to discuss on the six
4 dockets we have before us today?

5 MR. GINSBERG: Just housekeeping. Would
6 you want this memorandum entered as an exhibit?

7 JUDGE GOODWILL: Yes. Thank you. Let's
8 go ahead and do that.

9 MR. GINSBERG: Mark it as DPU Exhibit 1,
10 and this is the memorandum prepared by Marlin Barrow
11 that you referred to dated May 24, 2006.

12 JUDGE GOODWILL: We will mark that DPU
13 Exhibit 1. Any objection to its admission?

14 MR. PROCTOR: None.

15 MS. BELL: None.

16 (EXHIBIT-DPU1 MARKED.)

17 JUDGE GOODWILL: We will go ahead and
18 admit it. Anything further, then?

19 MR. PROCTOR: No.

20 JUDGE GOODWILL: Thank you very much. We
21 will go ahead and close.

22 (The proceeding concluded at 9:43 a.m.)
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REPORTER'S CERTIFICATE

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STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

I, Diana Kent, Registered Professional Reporter and Notary Public in and for the State of Utah, do hereby certify:

That on June 29, 2006, prior to being examined, the witnesses were duly sworn by me to tell the truth, the whole truth, and nothing but the truth;

That the testimony was reported by me in stenotype and thereafter transcribed, and that a full, true, and correct transcription of said testimony is set forth in the preceding pages;

That the original transcript was sealed and delivered to Judge Goodwill for safekeeping.

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

WITNESS MY HAND AND OFFICIAL SEAL this 29th day of June, 2006.

Diana Kent, RPR, CRR
Notary Public
Residing in Salt Lake County