

Docket No. 02-057-02
Marlin H. Barrow
August 30, 2002

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF THE)	DOCKET NO. 02-057-02
APPLICATION OF QUESTAR)	
GAS COMPANY FOR AN INCREASE)	
IN RATES AND CHARGES)	

DIRECT TESTIMONY OF

MARLIN H. BARROW

FOR THE

DIVISION OF PUBLIC UTILITIES

DEPARTMENT OF COMMERCE

STATE OF UTAH

August 30, 2002

1 **Q. Please state your name, business address, and present position with the Division**
2 **of Public Utilities.**

3 A. My name is Marlin H. Barrow; my business address is the Heber Wells
4 Building, 160 East 300 South, Salt Lake City, Utah. My position with the Division is
5 a Utility Analyst.

6 **Q. Could you please explain your education and regulatory experience?**

7 A. I have a Bachelors Degree in Business Administration from Brigham Young
8 University and a Masters Degree in Business Administration from Westminster
9 College. I have been with the Division for over a year. Prior to coming to the
10 Division, I was employed with the Williams Companies for over twenty-six years.
11 This is my first experience in testifying in any rate case.

12 **Q. What is the purpose of your testimony in this filing?**

13 A. My purpose is to introduce the exhibits that detail the Division's proposed
14 adjustments as well as the witnesses that will be testifying to each proposed
15 adjustment. The Division's results are based on a 2002 end-of-year test period and a
16 rate of return on equity (ROE) of 10.5%.

17 **Q. Please list the other Division witnesses for the revenue requirement.**

18 A. DPU witness 2.0 is Mr. Ronald Burrup. He will discuss the reasons the
19 Division uses a 2002 end-of-year test period. He will also discuss adjustments related
20 to the lead lag study, a 2001 depreciation adjustment, the need for a depreciation
21 study to be performed by the Company and quality of service issues.

1 DPU witness 3.0 is Ms. Mary Cleveland. She will discuss issues related to
2 affiliate interests and other categories of expense that have been adjusted for both
3 2001 as well as the 2002 end-of-year test period.

4 DPU witness 4.0 is Mr. Tom Peel. He will address issues relating to revenue
5 adjustments, both for the 2001 actual year and for the 2002 test period. He will also
6 discuss adjustments made to the filed rate base for both 2001 and 2002.

7 DPU witness 5.0 is Mr. Paul Mecham. He will discuss adjustments made to
8 incentive plans.

9 DPU witness 6.0 is Dr. William Powell. He will address cost of capital issues,
10 the return on equity requested by the Company and any adjustments proposed by the
11 Division.

12 DPU witness 7.0 is Mr. Darrell Hanson. He will discuss the cost of service as
13 well as other issues addressed by the filed testimony of Company witness Mr. Barrie
14 McKay.

15 **Q. Please explain Exhibit No. DPU 1.1.**

16 A. Exhibit No. DPU 1.1 contains the Division's Summary Exhibit for the 2002
17 end-of-year test period. It is a single page document with line references and several
18 columns. Column A lists the year and a brief description of each adjustment.
19 Column B references Questar Gas Company's (QGC) adjustments in their filing.
20 Column C refers to the DPU witnesses exhibits. Columns D and E are the adjustment
21 amounts of QGC and the DPU respectively. Column F is the net amount of the
22 adjustment, column G shows the adjustment to QGC's revenue requirement and
23 column H reflects the accumulated revenue requirement of QGC. Column I on line

1 47 shows the ROE before the remaining revenue requirement is applied. It is
2 referenced to in Mr. Ronald Burrup's testimony. Column J lists the DPU witness
3 making the adjustments. I should note that in the testimony of Mr. Alan K. Allred¹,
4 the stated deficiency was \$23,107,000. The Excel model template filed by Questar
5 Gas Company (QGC) in this docket showed of revenue deficiency of \$23,017,000. I
6 used \$23,017,000 as the beginning amount in column H, line 1. Column H line 47
7 shows the revenue deficiency, after all the proposed adjustments are made, to be
8 \$1,590,000. Each Division witness is prepared to discuss in detail the reasons for
9 their individual adjustments as presented in Exhibit No. DPU 1.1.

10 **Q Was 2002 End of Year the only test period the Division looked at?**

11 A No. The Division also looked at a 2002 average year test period, a 2001 end-
12 of-year test period and a 2001 average year test period.

13 **Q Do you have exhibits for each of these test periods as well?**

14 A Yes. Exhibits Nos. DPU 1.2 thru 1.4 show the results of each of these other
15 test periods. Each of these exhibits follows the same format as Exhibit No. DPU 1.1.
16 Exhibit No. DPU 1.2 show the results of an average 2002 test year period. The 2002
17 average year test period is a simple average of the 2001 adjusted end-of-year rate base
18 and the 2002 adjusted end-of-year rate base with adjustments for revenues and some
19 expenses. Exhibit No. DPU 1.3 shows the results of the 2001 end-of-year test period,
20 which is the adjusted 2001 end-of-year rate base with only those DPU adjustments
21 that pertain to 2001. Exhibit No. DPU 1.4 shows the results based on a 2001 average

¹ Prepared Direct Testimony of Alan K. Allred, Exhibit QGC 1.0, Docket No. 02-057-02, page 2, line 8.

1 year rate base² with the DPU adjustments that pertain to 2001. As discussed
2 previously, Mr. Burrup will address the reasons for the DPU's use of a 2002 end-of
3 year test period.

4 **Q Does this conclude your testimony?**

5 **A Yes.**

² *Questar Gas Utah Results of Operations 12 Month Ending December 31, 2001*, page 3.1, column f, line 31.