

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

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

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REBUTTAL TESTIMONY OF

RONALD L. BURRUP

FOR THE

DIVISION OF PUBLIC UTILITIES

DEPARTMENT OF COMMERCE

STATE OF UTAH

October 4, 2002

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

1 A. My name is Ronald L. Burrup and my business address is the Heber Wells  
2 Building, 160 East 300 South, Salt Lake City, Utah. My position with the Division is  
3 a Technical Consultant.

4 **Q. Did you file direct testimony regarding service standards in this docket?**

5 A. Yes

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

7 A. I discuss the progress in developing service quality standards since my direct  
8 testimony was filed. I present the Division of Public Utilities' (DPU's or Division's)  
9 proposed standards and filing requirements. Finally I comment on the DSM  
10 recommendations of the Utah Department of Natural Resources contained in the  
11 testimony of Mr. David Nichols.

12 **Q What is the Division proposing?**

13 A The Division recommends that the Commission adopt the following reporting  
14 standards for Questar (QGS) customer service:

15 1. Questar should be required to file its Quarterly Customer Satisfaction  
16 Standards Report (as modified by the Confidential DPU in Exhibit No. DPU  
17 2.5 R attached), with the Commission and the Division. The report should  
18 also be dis-aggregated to show the results of each QGC region separately.  
19 The report would be used as the measurement of Questar's customer service  
20 levels in the future.

21 2. A second Questar report should be filed and made public, which at a  
22 minimum, shows selected information on such subjects as; call answering,  
23 emergency responses, customer service activations, response to billing

1 inquiries and safety issues. Questar should file the report quarterly, 30 days  
2 after the end of each quarter.

3 3. Questar should file a statement identifying what customer services it  
4 currently provides and what customer services it does not provide.

5 4. The service quality group that has been meeting should continue meeting  
6 to work out reporting and confidentiality issues.

7 **Q Why is reporting of customer service standards important**  
8 **in this case?**

9 As I explained in my direct testimony, Questar has changed its service level  
10 and standards in the past years, such as the closure of local offices and changes in  
11 pilot light services. In an effort to achieve its authorized rate of return, Questar may  
12 change its service levels and standards again after the order is issued in this docket as  
13 indicated by these statements:

14 “Either (1) it (QGC) has no chance to keep up with regulatory lag  
15 unless it embarks on a program of debilitating cost-cutting and service  
16 reductions, potentially depriving customers of the level and quality of service  
17 they expect, or (2) it can operate at a less-than-optimal level”.

18  
19 “Thus, QGC starts in a hole that it can climb out of only by resorting  
20 to extraordinary cost-cutting measures that invariably affect service to  
21 customers. Absent this, it cannot hope to achieve the return that it lawfully  
22 should have a reasonable opportunity to earn”<sup>1</sup>  
23

24

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26 “In the future, if further costs cutting is required, I am afraid that a gas  
27 leak call will necessarily require a service technician to merely go to the  
28 home, shut off the gas, and request the customer to call a hearing contractor.

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<sup>1</sup> QGC - Direct testimony of Alan K. Allred, Docket 02-057-02, page 9.

1 This is not the kind of service reduction that the Company wants to make, but  
2 cost control requirements may make it necessary.”

3  
4 “We can’t add employees without the expectation of covering their  
5 costs. We believe that it is time to stop the reductions in service levels.”<sup>2</sup>

6 The Division believes it is important to determine what level of service QGC  
7 is currently providing and what services gas customers expect, then measure  
8 Questar’s performance to see if it is meeting the expected level.

9 The Division, Questar and other interested parties held several meetings  
10 dealing with service level/quality issues. The meetings were attended by: Questar  
11 Gas Company, the Division of Public Utilities, the Committee of Consumer Services  
12 (CCS), the Salt Lake Community Action Program (SLCAP), and Crossroads Urban  
13 Center (CUC). The parties made significant progress in developing service standards,  
14 and agreed on a number of issues. The meetings terminated in late September when it  
15 appeared to the Division that no further progress was possible. The Division then  
16 decided to present its proposed reporting standards to the Commission for  
17 consideration and adoption.

18 **Q Please discuss how the Division developed its proposed reporting**  
19 **standards?**

20 A Questar currently voluntarily files a “Customer Satisfaction Standards  
21 Quarterly Report” with the Division, on the condition that it be kept confidential. It is  
22 similar to Confidential Exhibit DPU 2.5R. In the course of the service level/quality  
23 discussions, Questar’s current report was reviewed and modified to include additional  
24 customer service standards. The Division’s historical complaint records were also

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<sup>2</sup> Questar - Direct testimony of Ronald W Jibson. Docket 02-057-02, pages 5-7.

1 reviewed to determine the types of service complaints the Division is receiving. We  
2 also reviewed the service standards for Qwest and PacifiCorp. Qwest service  
3 standards are summarized as DPU Exhibit No. 2.3R, and PacifiCorp's service  
4 standards and guarantees are summarized as DPU Exhibit No. 2.4R.

5 **Q Why are you including service standards from Qwest and PacifiCorp?**

6 A It is important to show the Commission the standards and guarantees that are  
7 already in place for other utilities. Comparing these with the DPU proposed  
8 standards for Questar shows that what the DPU is proposing is not burdensome and is  
9 consistent with the reporting requirements and standards of other utilities.

10 **Q Are the service standards and guarantees for Qwest and PacifiCorp**  
11 **made public?**

12 A Yes, Qwest service standards are mandated in the Public Service Commission  
13 rules sections R746-340-8 and R746-340-9. This section defines the service  
14 standards and penalties that apply to telecommunications corporations. The Qwest  
15 standards, which are filed quarterly with the Division, become public 120 days after  
16 the end of each quarter.

17 PacifiCorp's customer service report results from its merger with  
18 ScottishPower, Docket 98-2035-04, and are included yearly in customer bills. The  
19 quarterly report that PacifiCorp files with the Division is also public information.

20 **Q Do the Qwest and PacifiCorp service standards contain a provision for**  
21 **penalties if certain standards are not met?**

22 A Yes, they both include penalties to reimburse customers where a service  
23 standard or guarantee is not met.

1 **Q Is the Division recommending penalties in the Questar service standards?**

2 A No, not at this time. The Division is principally concerned with maintaining  
3 current service levels and monitoring customer service over time to detect changes.

4 **Q Why does the Division believe that the report on service standards should**  
5 **be public information?**

6 A The public should know if Questar's service standards and service levels  
7 change over time. This is particularly true when Questar is considering a reduction in  
8 service levels to meet earnings goals. Slow changes in service levels and quality  
9 could go undetected until they become problems. The Division believes it is better to  
10 prevent deterioration rather than respond to problems in the future. If service quality  
11 information is kept secret from customers, they have no way of knowing the source of  
12 their service problems, and are effectively denied the avenues to correct the problem.

13 **Q Why is the Division recommending the information be dis-aggregated?**

14 A Service quality can vary by region. Urban service may be a different quality  
15 than rural service. By reporting consolidated information, regional differences cannot  
16 be seen. Both Qwest and PacifiCorp report information by region or even city.  
17 Individuals or businesses moving into the state should know what level of service to  
18 expect in the particular region they move into. In addition, all customers are entitled  
19 to know the level of service provided in their community as well as other  
20 communities.

21 **Q Why should QGC file a statement identifying what services it currently**  
22 **provides?**

23 A It serves as a starting point or a measuring tool. It identifies what services are

1 now provided and changes in those services levels can be identified as they occur in  
2 the future.

3 **DSM ISSUES**

4 **Q Please comment on the recommendations of the Utah Department of**  
5 **Natural Resources.**

6 A The Division believes that Mr. Nichol's discussion on DSM and his  
7 recommendation that Questar under take four parallel activities has merit. The  
8 Division also believes Questar should spend more time evaluating DSM alternatives  
9 to see what options are available to meet it anticipated gas needs. Therefore, we  
10 believe the issue should be addressed, but that a more appropriate forum is through  
11 the IRP process.

12 **Q Does that conclude your rebuttal testimony?**

13 A Yes.