

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Joint Application of Questar Gas Company, the Division of Public Utilities, and Utah Clean Energy for the Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders	Docket No. 05-057-T01
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**SURREBUTTAL TESTIMONY OF BARRIE L. MCKAY**  
**TO SUPPORT THE CONTINUATION OF THE CONSERVATION ENABLING TARIFF**  
**FOR QUESTAR GAS COMPANY**

August 31, 2007

1 **Q. Please state your name and business address.**

2 A. My name is Barrie L. McKay. My business address is 180 East First South Street, Salt Lake  
3 City, Utah.

4  
5 **Q. Are you the same Barrie L. McKay that filed two rounds of Direct and Rebuttal  
6 Testimony as well as Surrebuttal and Settlement Testimony in this docket?**

7 A. Yes I am.

8  
9 **Q. What is the purpose of your testimony today?**

10 A. The purpose of my testimony is to address the issues raised by various parties in rebuttal  
11 regarding the continuation or modification the Conservation Enabling Tariff (CET).

12  
13 **I. Division Testimony**

14  
15 **Q. Please comment on the rebuttal testimony filed by Division witnesses.**

16 A. Questar Gas agrees with the great majority of the rebuttal testimony filed by Division  
17 witnesses and believes it demonstrates that the CET should be continued and confirms the  
18 Company's opposition to the recommendations of Committee witness Dr. Dismukes.  
19 However, there are minor aspects of the Division's rebuttal testimony with which the  
20 Company disagrees.

21  
22 **Q. Division witness Barrow made five recommendations in his Rebuttal Testimony. Please  
23 address his recommendations.**

24 A. Of Mr. Barrow's five recommendations, two correspond to positions the Company supports.  
25 The Company supports the continuation of the CET and the proposed modification of the  
26 spread of the revenue per customer.

27  
28 Mr. Barrow proposes to continue limits on amortization, but proposes limits based on total  
29 GS DNG revenue. For reasons previously stated, the Company does not support the

30 continuation of limits, but if there are limits, would agree that converting the calculation to a  
31 percentage of DNG revenue is better than total revenue. Any limitations send the wrong  
32 signal to the Company, and can unnecessarily grow the deferred balance.

33  
34 Mr. Barrow has proposed enhanced monitoring and forecasting. Mr. Barrow proposes that  
35 the Company be required to report to the Division the usage per customer, DNG revenues  
36 and number of customers separately for existing and new customers in the GS rate class.  
37 This recommendation comes from the concern raised by Dr. Hansen in his Rebuttal  
38 Testimony that utilities could in theory game the system. However, that concern does not  
39 apply to Questar Gas as I will discuss below. With regard to the recommendation itself, the  
40 Company is able to provide this data for any historical period subsequent to the  
41 implementation of the CDX customer billing system, and would be willing to do so.  
42 However, this request is more along the lines of a data request, and the Company believes it  
43 would be preferable to treat this request as such during the Pilot. The Company is in the  
44 process of compiling this data commencing January 1, 2006. We will continue to update this  
45 data periodically for the Division during the Pilot.

46  
47 Mr. Barrow has proposed that the Company be required to provide a two-year forecast when  
48 the Company files its annual results of operations. The Company believes it would be more  
49 appropriate to address the requirements for filing the Results of Operations Report in a  
50 separate proceeding as it is not related to approval of the CET in this proceeding.

51  
52 Finally Mr. Barrow recommends that the CET be suspended if the Company has not filed a  
53 rate case by end of 2008. Even though the Company is likely to file a general rate case by the  
54 end of 2008, I recommend against establishing a requirement to file a rate case when it may  
55 not be needed.

56  
57 **Q. Division Witness Hansen recommended reporting of usage, revenue and number of**  
58 **customers separately for new and existing customers or premises because of a potential**  
59 **for gaming the system by preferring the connection of smaller customers. Do you**

60 **believe this is a legitimate concern for Questar Gas?**

61 A. No. Questar Gas has a legal obligation to serve customers within its service territory  
62 pursuant to its Certificate of Public Convenience and Necessity and the rules and regulations  
63 approved by the Commission in the Company's tariff. The Company's tariff includes a  
64 detailed facilities extension policy that applies to the GS class. The tariff provides no leeway  
65 in picking and choosing which customers to connect based on the size of their load. If a  
66 prospective customer is within the Company's service territory and requests service (nearly  
67 100% of new buildings take natural gas service), service will be extended according to the  
68 tariff. The concern that the Company might favor one type of customer over another is  
69 without merit.

70

71 **Q. Aside from the obligation to serve, does Dr. Hansen's concern that the Company could**  
72 **selectively connect smaller than average customers apply in Questar Gas' service**  
73 **territory?**

74 A. No. Questar Gas serves over 95% of all occupied structures within its service territory. This  
75 requires the Company to install main in front of every property and a service line and meter  
76 to serve each individual customer. The average investment for a new customer is greater  
77 than the average investment of existing customers. We do not have the situation faced by  
78 some utilities in the U.S. where mains are already installed in most streets, **and** the local  
79 utility's sales force is focused on converting existing buildings to natural gas from fuel oil or  
80 some other fuel. This is not a possibility given the way our service territory has developed  
81 and continues to grow. As the Company extends its service territory we invariably get the  
82 full spectrum of new GS customer connections. I discussed this in my Surrebuttal Testimony  
83 filed on August 14, 2006 (lines 1120-1137).

84

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

86 A. Yes.

State of Utah            )  
                                  ) ss.  
County of Salt Lake    )

I, Barrie L. McKay, 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.

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Barrie L. McKay

SUBSCRIBED AND SWORN TO this 31st day of August 2007.

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Notary Public