

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF QUESTAR GAS COMPANY TO
INCREASE DISTRIBUTION NON-GAS
RATES AND CHARGES AND MAKE
TARIFF MODIFICATIONS

Docket No. 07-057-13

RATE OF RETURN REBUTTAL TESTIMONY OF
DAVID M. CURTIS
FOR
QUESTAR GAS COMPANY

April 28, 2008

QGC Exhibit 5.0R (ROR)

2 **Q. Are you the same David M. Curtis who previously filed Direct Testimony in this**
3 **proceeding?**

4 A. Yes, I am.

5 **Q. Please state the purpose of your Rate of Return Rebuttal Testimony.**

6 A. The purpose of my Rate of Return Rebuttal Testimony is to update my previously
7 updated Exhibit QGC 5.21U for actual long-term debt costs that Questar Gas Company
8 (Questar Gas or Company) will incur as a result of the issuance of \$150 million of notes
9 in March 2008. This second updated exhibit was previously provided to parties in the
10 Company’s updated response to CCS Data Request 17.02.

11 **Q. Please explain your exhibit to this testimony.**

12 A. Exhibit QGC 5.21U2 shows the capital structure and cost of capital as of December 31,
13 2006, December 31, 2007, and December 31, 2008. The relevant amounts for this case
14 are as follows:

	Balance @ December 31, 2008	% of Capital	Cost	Weighted Cost
Long-term debt	\$359,249,000	48.62%	6.72%	3.27%
Common equity	379,617,000	51.38%	11.25%	5.78%
		100.00%		9.05%

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16 **Q. What changes in assumptions have you made in this second updated exhibit?**

17 A. I originally assumed that the Company would issue \$135 million of 30-year notes with a
18 coupon rate of 6.50%. Because of significant changes in the capital markets due to
19 investor concerns about credit, the Company issued \$100 million of 30-year notes with a
20 coupon of 7.20% and \$50 million of 10-year notes with a coupon of 6.30%. Questar
21 Corporation contributed \$30 million of additional equity in the first quarter of 2008,
22 consistent with my previous assumption. However, because we issued an additional \$15

23 million of notes, the common equity percentage of capital decreased from 52.29% to
24 51.38%.

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

26 A. Yes.