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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| 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 MOTION OF QUESTAR GAS TO STRIKE RATE OF RETURN REBUTTAL TESTIMONY OF ROGER J. BALL |
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Questar Gas Company (“Questar Gas” or the “Company”) moves the Commission to strike the Rate of Return Rebuttal Testimony of Roger J. Ball served on April 28, 2008 (“Rebuttal Testimony”)¹ pursuant to Utah Administrative Code R746-100-3.H and R746-100-10.F.1 and the Commission’s Scheduling Order issued December 27, 2007. The Rebuttal Testimony is not probative or relevant, seeks relief that is barred by prior Commission orders and

¹ The Rebuttal Testimony is incorrectly dated March 31, 2008, but was served on Questar Gas on April 28, 2008.

makes arguments that are contrary to law. In addition, the testimony is untimely in responding to the Company's rate of return testimony filed December 19, 2007. Therefore, it should be stricken.

INTRODUCTION

The Scheduling Order in this matter contemplated that parties other than Questar Gas would file rate of return testimony on March 31, 2008 and that parties, including Questar Gas, would file rebuttal testimony to the March 31 testimony on April 28, 2008. All witnesses other than Mr. Ball that filed testimony on April 28, 2008, responded to the Company's rate of return testimony filed December 19, 2007. Mr. Ball filed the Rate of Return Direct Testimony of Roger J. Ball ("Direct Testimony") on March 31, 2008. The Direct Testimony responded to portions of the Company's testimony filed December 19, 2007, but failed to respond to the Company's rate of return testimony.

On April 25, 2008, Questar Gas filed a motion to strike the Direct Testimony ("First Motion") on the grounds that the Direct Testimony was not probative or relevant and sought relief that is barred by prior Commission orders. On April 28, 2008, Mr. Ball filed the Rebuttal Testimony. Like the Direct Testimony, the Rebuttal Testimony does not provide probative or relevant evidence on return on equity ("ROE") and seeks relief that is barred by prior Commission orders. In addition, the Rebuttal Testimony suggests that the Commission should consider the earnings and stock performance of Questar Corporation in determining the ROE of Questar Gas, challenges the notion that shareholder perceptions relative to the risks of comparable companies is the central issue on whether ROE should be adjusted based on the Conservation Enabling Tariff ("CET") and otherwise suggests that "investors' perceptions" and "inter-company comparisons" should not be overemphasized in determining ROE. Finally, in

the Rebuttal Testimony, Mr. Ball responds for the first time to the Company's rate of return testimony filed December 19, 2007—28 days late.

ARGUMENT

I. MR. BALL DOES NOT PROVIDE PROBATIVE OR RELEVANT EVIDENCE AND HIS CONTENTIONS ARE BARRED BY RES JUDICATA.

Mr. Ball's Rebuttal Testimony suffers from the same defects as his Direct Testimony. Questar Gas incorporates in this argument the points made in the First Motion on these issues. The Rebuttal Testimony does not provide probative or relevant evidence on ROE. Mr. Ball continues to recommend that the Commission make imputations from affiliates of Questar Corporation to Questar Gas. (Rebuttal Testimony at lines 31-34.) This relief is barred by res judicata. Therefore, the Rebuttal Testimony should be stricken.

II. MR. BALL'S ARGUMENTS ARE CONTRARY TO LAW.

As noted in the First Motion, the United States Supreme Court has established that determination of the cost of capital to be used in setting just and reasonable utility rates is based on "the return to the equity owner ... commensurate with returns on investments in other enterprises having corresponding risks."² This Commission has consistently followed this principle, and the Utah Supreme Court has recognized it as the law in Utah.³

Contrary to this clear requirement of the law, Mr. Ball suggests that the Commission should consider the earnings and stock performance of Questar Corporation in setting the ROE

² *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944) ("Hope"). See also *Bluefield Water Works & Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679, 692 (1923) ("Bluefield").

³ *Utah Power & Light v. Public Service Comm'n*, 152 P.2d 542 (Utah 1944) (reliance on *Hope*); *Mountain Fuel Supply Co. v. Public Service Comm'n*, 861 P.2d 414, 427 (Utah 1993) (citing *Bluefield* and *Hope*); *Re U S West Communications, Inc.*, 1997 WL 875832, *438 (Utah PSC 1997) ("*U S West*") (referring to *Bluefield* and *Hope*: "As we have stated many times, these cases counsel us to reach a decision which gives investors the opportunity to earn returns sufficient to attract capital and that are comparable to returns investors require to assume the same degree of risk in other investments they might make. Investors' required return, the opportunity cost of capital, is the utility's cost of capital.")

for Questar Gas. (Rebuttal Testimony at lines 49-52.) He also argues that “investors’ perceptions of the Company’s risk with the CET relative to the proxy group” is not the central issue in determining whether ROE should be adjusted based on the CET and that “ratepayers’ perceptions at least should be balanced with those of investors.” (*Id.* at lines 60-74). Mr. Ball also suggests that the Commission should not overemphasize “investors’ perceptions,” which he suggests are unsound, nor “inter-company comparisons” in determining ROE. (*Id.* at lines 75-87.) These arguments ignore the requirements of *Hope* and *Bluefield* and are contrary to law; therefore, they should be stricken.

III. MR. BALL’S RESPONSE TO THE COMPANY’S ROE TESTIMONY IS UNTIMELY.

In addition to Mr. Ball, the Division of Public Utilities (“Division”), the Committee of Consumer Services and the Utah Association of Energy Users Intervention Group filed ROE direct testimony on March 31, 2008. Each of these other parties responded in their direct testimony to the direct testimony on ROE filed by the Company on December 19, 2007. As noted in the First Motion, Mr. Ball’s Direct Testimony did not even mention the Company’s direct testimony on ROE, let alone attempt to rebut it. On April 28, 2008 Company witnesses and a Division witness responded to the ROE direct testimony of the other parties. However, the Company and other parties could not respond to Mr. Ball’s testimony responsive to the Company’s direct case because Mr. Ball had not yet responded to the Company’s direct testimony. Mr. Ball’s response is therefore untimely and should be stricken.

CONCLUSION

Based on the foregoing, Questar Gas respectfully submits that the Commission should strike Mr. Ball's Rebuttal Testimony.

RESPECTFULLY SUBMITTED: March 28, 2018.

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing **MOTION OF QUESTAR
GAS TO STRIKE RATE OF RETURN REBUTTAL TESTIMONY OF ROGER J. BALL**

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