

**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  
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RATE OF RETURN SURREBUTTAL TESTIMONY OF

ROGER J BALL

12 MAY 2008

1 Q Are you the same Roger J Ball who filed Test Year Direct Testimony in this Docket on 26  
2 January 2008?

3 A Yes. On 8 February I appeared and testified during the Test Year hearing, when it was  
4 admitted into evidence as Exhibit RJB 1.0, together with a statement of my academic and  
5 professional qualifications and professional experience as Exhibit RJB 1.1 and my 4  
6 February Test Year Rebuttal Testimony as Exhibit RJB 2.0. On 31 March, I filed my Rate  
7 of Return Direct Testimony as Exhibit RJB 3.0, on 21 April my Revenue Requirement  
8 Direct Testimony as Exhibit RJB 4.0 and, most recently, on 28 April my Rate of Return  
9 Rebuttal Testimony as exhibit RJB 5.0.

10 Q What is the purpose of your Rate of Return Surrebuttal Testimony?

11 A To comply with the requirement in the Commission's 27 December 2007 Scheduling  
12 Order in this proceeding that non-Company parties file surrebuttal testimony regarding  
13 rate of return by 12 May 2008, and to respond to the rate of return rebuttal testimony of  
14 the other parties to this proceeding.

15 Q Have you read the rebuttal testimony filed by Questar Gas Company (Questar, or QGC,  
16 or Company, or LDC) and the Utah Division of Public Utilities on 28 April 2008 in this  
17 Docket?

18 A Yes. No-one offered any rebuttal of my 31 March Rate of Return Direct Testimony, which  
19 is therefore uncontroverted.

20 No other party has addressed in testimony the added value to Questar Corporation from  
21 its ownership and operation of Wexpro, Questar Exploration & Production or Questar  
22 Pipeline Company in combination with Questar Gas Company that I described in my Rate  
23 of Return Direct Testimony.

24 It remains my recommendation to the Commission that, having carefully considered the  
25 dueling proposals gleaned from DCF and CAPM analysis, it should impute the added  
26 benefits realised by Questar Corporation back to the LDC before finally determining RoE  
27 in this proceeding.

28 Nor has any other party addressed in testimony the fact that virtually the entire amount of  
29 the increase in revenue requirement that QGC seeks in this General Rate Case is  
30 attributable to the Company's use of the fully-projected calendar 2008 test year selected  
31 by the Commission. While the Legislature has effectively barred the Commission from  
32 using an historical test period, as it has done previously, and instead mandated the use of  
33 a future one in 2003's Senate Bill 61 modifying UCA §54-4-4(3), it has left it open to the  
34 Commission in balancing the interests of ratepayers with those of stockholders to offset  
35 the gain to the latter from use of a future test period in order to ensure that rates will be  
36 just and reasonable also for the former.

37 Q Do you wish to alter your recommendations to the Commission regarding its  
38 determination of a rate of return for Questar in this proceeding?

39 A No. In order to treat ratepayers equitably, the Commission should take account of the  
40 excess profits received by Questar Corporation stockholders through payments Questar  
41 Gas makes to Wexpro and Questar Pipeline, and for gas purchases in the market that  
42 Questar Exploration & Production sells into instead of from a more diligent Wexpro,  
43 because those payments are made at ratepayers' expense. The Commission should also  
44 reduce the notional rate of return it would otherwise determine based upon other parties'  
45 testimony and the foregoing by approximately \$22M, the value of the test year adopted in  
46 this Docket, which Senate bill 61 did not mandate that ratepayers must bear.

47 That concludes my pre-filed written rebuttal rate of return testimony, thank you.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Rate of Return Surrebuttal Testimony of Roger J Ball in Docket 07-057-13 was served upon the following by electronic mail on 12 May 2008:

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/s/

Roger J Ball