

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar Gas)
Company to Increase Distribution Non-Gas Rates) DOCKET NO. 07-057-13
and Charges and Make Tariff Modifications)

REBUTTAL TESTIMONY OF CHARLES E. JOHNSON

on behalf of

**AARP, Salt Lake Community Action Program and
Crossroads Urban Center**

September 22, 2008

Q. Please state your name and business address.

0 A. My name is Charles E. Johnson. My business address is 1086 - 7B Pleasant Blvd.,
1 Toronto, M4T 1K2, Canada.

2

3 **Q. Are you the same Charles E. Johnson who previously testified in this proceeding?**

4 A. Yes, I am.

5

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

7 A. I will address the proposal of CCS witness Dr. David Dismukes to divide the GS-1 class
8 into separate groups based on size and the recommendation of DPU witness Mr. Glen
9 Gregory to have Questar file separate rates for large and small GSC customers in its next
10 rate case.

11

12 **Q. Please summarize Dr. Dismukes' proposal.**

13 A. Dr. Dismukes proposes to divide the GS-1 class into those with usage below 100 Dth and
14 those with usage greater than 100 Dth. His proposal is based on an analysis he did of the
15 Questar bill frequency data.

16

17 **Q. Please summarize Mr. Gregory's proposal.**

18 A. Mr. Gregory offers no specific proposal for separating the GS-1 class differently from the
19 Questar proposal. He only asks that Questar file a separate rate for large GSC customers

1 in its next case. He notes that the target customers for this rate schedule are those with
2 peak month winter consumption greater than 300 Dth, but he offers no justification for
3 dividing the class at this level.

4
5 **Q. You recommended deferring a decision on separating the GS-1 class in your direct**
6 **testimony. Is Mr. Gregory's proposal satisfactory to you?**

7 A. No. Mr. Gregory accepts the division of the GS-1 class into Residential and Commercial
8 customers based on the tax coding in the Questar database, and I found problems with
9 that basis for separation. Other than claimed end-use customer type, no reason has been
10 given to support a belief that the customers so defined have common cost characteristics.
11 Mr. Robinson himself has said that small Commercial customers had similar usage
12 patterns and similar uses of gas to those of Residential customers. Therefore, their costs
13 would tend to be similar and so should their rates. Rather than be in separate rate classes,
14 putting them in the same class makes the most sense.

15
16 Mr. Gregory's proposal to look at separating those current GS-1 customers with usage
17 above 300 Dth into a separate class in the next rate case has more appeal. Some of these
18 customers are very large and should not be in the same class with small users, either
19 Residential or Commercial. I would support such a proposal.

20
21 **Q. Does Dr. Dismukes' proposal satisfy your objections?**

1 A. Dr. Dismukes' proposal does not satisfy all of my concerns. By separating the GS-1
2 class into customers based on size, Dr. Dismukes' proposal satisfies my objections to the
3 Questar-proposed separation into Residential and Commercial customers based on the tax
4 coding. As I explained in my direct testimony, the separation by tax coding does not
5 separated the customers into homogenous classes; it leaves the small Commercial
6 customers with larger ones, whereas the small Commercial customers have usage patterns
7 more like the Residential customers. I would note that separating customers based on
8 size of their usage does have its problems, which must be addressed. One problem is
9 migration of customers from one class to another, but that can be addressed by requiring
10 customers to remain on a rate schedule for a period of time before they change to another.

11
12 Additionally, Mr. Gregory looks at consideration of a division at the 300 Dth level in the
13 next rate case, which would separated the very large users into their own class. The
14 problem is that if Dr. Dismukes' separation at the 100 Dth level is implemented in this
15 proceeding, the it would necessitate either another class for usage from 100 Dth to 300
16 Dth, or a change in the 100 Dth level to a lower value in the next case and changing the
17 class for those customers. Neither of those prospects seems desirable.

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19 **Q. What do you propose?**

20 A. I reiterate my original proposal to defer consideration of the separation of the GS-1 class
21 into two or more rate classes until the next rate case. It seems the parties have proposals

1 that can be merged into one that satisfies most concerns. Perhaps an agreement can be
2 reached before the Commission has to make the decision.

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4 **Q. Does this conclude your rebuttal testimony?**

5 A. Yes.

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