

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

\* \* \*

IN THE MATTER OF THE )  
PASS-THROUGH APPLICATION )  
OF QUESTAR GAS COMPANY ) DOCKET NO. 09-057-03  
FOR AN ADJUSTMENT IN )  
RATES AND CHARGES FOR )  
NATURAL GAS SERVICE IN )  
UTAH )  
\_\_\_\_\_)  
)  
IN THE MATTER OF QUESTAR ) DOCKET NO. 09-057-04  
GAS COMPANY TO AMORTIZE )  
THE CONSERVATION ENABLING )  
TARIFF BALANCING ACCOUNT )  
\_\_\_\_\_)  
)  
IN THE MATTER OF QUESTAR ) DOCKET NO. 09-057-05  
GAS COMPANY TO AMORTIZE )  
THE DEMAND SIDE MANAGE- )  
MENT DEFERRED ACCOUNT )  
BALANCE )

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TRANSCRIPT OF HEARING PROCEEDINGS

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HELD AT: Public Service Commission  
160 East 300 South, Room 451  
Salt Lake City, Utah

DATE: February 25, 2009

TIME: 9:23 a.m.

REPORTED BY: RENEE L. STACY, CSR, RPR

A P P E A R A N C E S

ADMINISTRATIVE LAW JUDGE:

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I N D E X

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February 25, 2009  
9:23 a.m.

P R O C E E D I N G S

JUDGE ARREDONDO: We're here on three matters. I'm Ruben Arredondo, the ALJ assigned by the Commission. The first is in the matter of the pass-through application of Questar Gas Company for an adjustment in rates and charges for natural gas service in Utah, Docket Number 09-057-03; the second, in the matter of the application of Questar Gas Company to amortize the conservation enabling tariff balancing account, Docket Number 09-057-04; and, finally, in the matter of the application of Questar Gas Company to amortize the demand side management deferred account balance, Docket Number 09-057-05.

And with that, we'll take appearances. Right here with the Company first.

MS. BYDE: Jenniffer Nelson Bye on behalf of Questar Gas Company, and I have with me -- should I identify who I have with me?

JUDGE ARREDONDO: Sure.

MS. BYDE: I have with me, as witnesses, John Kennedy and Kelly Mendenhall from our regulatory affairs department.



1 JUDGE ARREDONDO: John Kennedy and -- I'm  
2 sorry. The second name?

3 MS. BYDE: Kelly Mendenhall.

4 JUDGE ARREDONDO: All right. Great. Thank  
5 you.

6 MR. GINSBERG: Michael Ginsberg for the  
7 Division of Public Utilities, and the Division  
8 witness today will be Marlin Barrow.

9 JUDGE ARREDONDO: All right. Thank you.  
10 And the Committee?

11 MR. PROCTOR: Paul Proctor on behalf of the  
12 Committee, and I'm accompanied by Dan Gimbel.

13 JUDGE ARREDONDO: Okay. We'll start with  
14 the Company first.

15 MS. BYDE: Just as a matter of procedure,  
16 your Honor, I was wondering if -- all of them are  
17 quite succinct, and I have Mr. Mendenhall, in  
18 particular, who will be testifying as to the DSM  
19 program and the CET amortizations, and he will also  
20 be offering a summary of how, if all three are  
21 granted, they will tie together.

22 JUDGE ARREDONDO: Okay.

23 MS. BYDE: And I'm not sure if you want to  
24 proceed with each application separately or with them  
25 collectively.



1 JUDGE ARREDONDO: However you would like.  
2 You can do it collectively.

3 MS. BYDE: Okay. The Company then calls  
4 John Kennedy.

5 JUDGE ARREDONDO: Okay.

6 JOHN KENNEDY  
7 called as a witness and sworn, was examined and  
8 testified as follows:

9 DIRECT EXAMINATION

10 BY MS. BYDE:

11 Q Mr. Kennedy, would you state your name and  
12 your employer and position for the record?

13 A My name is John Kennedy. Questar Gas  
14 Company is who I'm employed by, and --

15 Q Could you tell us what you do for Questar  
16 Gas Company?

17 A Oh. My title is regulatory affairs  
18 specialist. I work in the rates department of  
19 Questar.

20 Q And, Mr. Kennedy, did you participate in  
21 the preparation of the pass-through filing that we're  
22 here to discuss today?

23 A Yes, I did.

24 Q Could you summarize that for us?

25 A Yes, I will. Questar Gas Company, the



1 applicant in this pass-through docket, 09-057-03,  
2 respectfully submits this application to the Utah  
3 Public Service Commission for approval of a decrease  
4 to the commodity and supplier nongas portions of its  
5 Utah natural gas rates. The driving force behind  
6 this proposed price decrease in this filing is a  
7 forecasted decrease in purchased gas prices and a  
8 growing overcollection balance in the gas balancing  
9 191 account.

10 This filing is based on the January 2009  
11 average and projected gas prices from three  
12 nationally-recognized forecasting agencies, namely,  
13 Global Insight, PIRA Energy Group, and Cambridge  
14 Energy Research Associates.

15 This application asks for a combined  
16 decrease of \$161.4 million. This includes a decrease  
17 of 9.4 million in the supplier nongas portion of  
18 rates and \$152 million decrease in the commodity  
19 portion of rates.

20 Therefore, the Company requests an overall  
21 decrease of \$161.4 million to become effective March  
22 1st, 2009, which would result in a typical  
23 residential customer using 80 decatherms per year  
24 seeing a decrease in their total annual bill of  
25 127.91, or approximately 16.53 percent. Thank you.



1 JUDGE ARREDONDO: Thank you, Mr. Kennedy.

2 MS. BYDE: Mr. Kennedy is available for  
3 cross examination.

4 JUDGE ARREDONDO: Mr. Ginsberg?

5 CROSS EXAMINATION

6 BY MR. GINSBERG:

7 Q Are you the witness who will be talking  
8 about the SNG amortization?

9 A Yes.

10 Q The Division's proposal was to change that  
11 to annually?

12 A Yes. And we concur with -- we're going to  
13 look at the cycle of the supplier nongas knowing the  
14 best time during that cycle to be, and we'll concur  
15 with them, and it will probably be later this summer  
16 or fall.

17 Q That the annual amortization would take  
18 place?

19 A Yes. So that it would revert to just once  
20 a year instead of the instability of rates going up  
21 and down every other pass-through that you notice  
22 from the cycling of the 191 account.

23 MR. GINSBERG: That's all the questions I  
24 have.

25 JUDGE ARREDONDO: All right. Thank you.



1 Mr. Proctor?

2 MR. PROCTOR: No questions.

3 JUDGE ARREDONDO: Thank you.

4 Would you like to proceed with

5 Mr. Mendenhall?

6 MS. BYDE: Yes. Thank you.

7 KELLY MENDENHALL

8 called as a witness and sworn, was examined and

9 testified as follows:

10 DIRECT EXAMINATION

11 BY MS. BYDE:

12 Q Could you please state your name and  
13 position for the record?

14 A My name is Kelly Mendenhall, and I'm the  
15 supervisor of rates for Questar Gas Company.

16 Q And did you participate in the preparation  
17 of the application of Questar Gas Company to amortize  
18 the conservation enabling tariff balancing account?

19 A Yes.

20 Q And did you also participate in the  
21 preparation of the application of Questar Gas Company  
22 to amortize the demand side management deferred  
23 account balance?

24 A Yes.

25 Q Could you please summarize both of those



1 applications?

2           A     Certainly. In Docket 09-057-04, the  
3 Company is proposing to make changes to its  
4 conservation enabling tariff amortization rate. The  
5 Company proposes to amortize the January 2009 ending  
6 balance of \$446,884. This is about \$11,000 higher  
7 than the August 2008 balance that is currently being  
8 amortized. The increase would be spread to GS-1 and  
9 GSS customers by applying a percentage increase to  
10 current rates.

11                     This change in the CET amortization rate  
12 will result in no change to the typical GS  
13 residential customer's bill. The Company is  
14 proposing that this change be made effective March  
15 1st, 2009.

16                     In Docket 09-057-05, the Company is  
17 proposing to make changes to its demand side  
18 management amortization rate. The Company proposes  
19 to amortize the January 2009 ending balance of  
20 \$18,267,717. This is about \$4.4 million higher than  
21 the August 2008 balance that is currently being  
22 amortized. This amortization rate will increase from  
23 15.3 cents to 20.2 cents, an increase of about five  
24 cents per decatherm.

25                     This change would amount to about \$3.99 per



1 year increase for the typical GS residential  
2 customer. The Company is proposing that this change  
3 be made effective March 1st, 2009. And the Company  
4 has prepared tariff sheets for the GS-1 and GSS rate  
5 classes that include all of the changes for the CET  
6 amortization, the DSM amortization, and the  
7 pass-through changes, as described by Mr. Kennedy,  
8 and we'd like to make those available for review at  
9 this time. I don't know that we have copies. We  
10 have one copy, but --

11 JUDGE ARREDONDO: Do you want to submit  
12 those as well?

13 MS. BYDE: Yes, your Honor, we can. What I  
14 can do is offer them after the fact -- allow for  
15 cross examination, take a brief recess, and we can  
16 offer them as exhibits thereafter.

17 JUDGE ARREDONDO: Okay. Do you want to  
18 take that recess?

19 MR. GINSBERG: What are they? Just the  
20 tariff sheets?

21 MS. BYDE: We have tariff sheets that --  
22 were all of these applications to be granted, these  
23 would reflect the tariff sheets, combining them all.

24 MR. GINSBERG: So you wanted us to --

25 JUDGE ARREDONDO: Do you want to review



1 those tariff sheets? Do you want to take some time?

2 MR. PROCTOR: Why don't we do it at the end  
3 of the hearing.

4 MS. BYDE: Okay. Mr. Mendenhall is open  
5 for cross examination.

6 MR. GINSBERG: I have no questions.

7 JUDGE ARREDONDO: Okay.

8 MR. PROCTOR: No questions.

9 MR. GINSBERG: But with respect to these  
10 tariff sheets, would it be better if we just review  
11 them and they get filed with the Commission, and if  
12 the -- you know, I assume they just implement the  
13 application. Is that right?

14 MS. BYDE: Yes, they do. They would  
15 reflect -- and we would plan -- were these  
16 applications to be granted, we would plan on filing  
17 these. They're really just for informational  
18 purposes.

19 MR. GINSBERG: Okay.

20 JUDGE ARREDONDO: Okay. Then we'll  
21 proceed, then, with -- is that it for the Company?

22 MS. BYDE: Yes. The Company rests.

23 JUDGE ARREDONDO: All right. Thank you.  
24 Mr. Ginsberg?

25 MR. GINSBERG: The Division's witness is



1 Marlin Barrow.

2 MARLIN BARROW

3 called as a witness and sworn, was examined and  
4 testified as follows:

5 MR. GINSBERG: I provided a copy of the  
6 Division's memorandum to the court reporter. Did you  
7 want that marked as an exhibit?

8 JUDGE ARREDONDO: If you'd like, or we  
9 could just take administrative notice.

10 MR. GINSBERG: Whatever your preference is.

11 JUDGE ARREDONDO: We'll do administrative  
12 notice.

13 MR. GINSBERG: Okay.

14 EXAMINATION

15 BY MR. GINSBERG:

16 Q Would you state your name for the record?

17 A Yes. It's Marlin Barrow.

18 Q And your position with the Division?

19 A I'm a technical consultant with the  
20 Division of Public Utilities.

21 Q And can you briefly describe your  
22 responsibilities with respect to these three dockets?

23 A My main responsibility with these three  
24 dockets is to review the application, review the  
25 information contained therein for accuracy and



1 whether we believe the applications, as filed, are  
2 correct and should be passed on to the Commission for  
3 their approval.

4 Q The results of your investigation are  
5 reflected in the February 19th, 2009 memorandum to  
6 the Commission?

7 A Yes. I prepared that memo and it contains  
8 all the pertinent information that the Division has  
9 to offer regarding these three dockets. It's all  
10 contained in the one memo.

11 Q Can you go ahead and provide a summary of  
12 your analysis and any additional comments you want to  
13 make that you think are relevant for this proceeding?

14 A Well, briefly. I believe the Company  
15 summarized the pertinent points of this application.  
16 With regard to the SNG amortization moving to an  
17 annual amortization rate, at our last pass-through  
18 hearing, we kind of noticed that the rate, the  
19 amortization rate seems to swing between the summer  
20 and winter months to where it's a high amortization  
21 rate beginning in the fall, and then by the time we  
22 hit spring, it comes around to where they have a  
23 credit amount or a lower amortization rate, which  
24 seems to create quite a bit of volatility in that  
25 rate, and because the SNG costs are pretty -- or



1 relatively flat throughout the year, we thought it  
2 would be better to try to adjust the rate to reflect  
3 just an annual amortization rate rather than  
4 biannually; therefore, we recommended to the Company  
5 that we begin the annual amortization rate beginning  
6 with the next fall pass-through, and this time -- at  
7 this time they would just set that rate to zero,  
8 which they have done in this pass-through, and then  
9 next fall we will look at setting up an annual  
10 amortization rate and try to do that rate just based  
11 on the annual volumes and let a whole cycle complete  
12 before it's changed.

13           There was one other point that we mentioned  
14 with regard to the DSM amortization. We made a  
15 little note in our memo that we were a little  
16 concerned about the activity that has taken place  
17 within one of the programs within the DSM program.  
18 That program happens to be the attic insulation  
19 program. It has really been embraced by the  
20 customers of Questar gas, much more to the fact that  
21 it seems to be using all the funds that they had  
22 budgeted. They almost went through 60 percent of  
23 their annual budget just in January alone, and,  
24 therefore, we made a recommendation that we would  
25 like to sit down with the Company and maybe look at



1 the rate -- or the incentive rate that was being  
2 provided in that program and discuss that with them  
3 and then talk with the Company.

4           We have set up a meeting on March 5th,  
5 which is the regularly-scheduled DSM task force  
6 meeting, and in that meeting we plan on discussing  
7 whether that incentive rate should be adjusted.  
8 Currently, right now, that program is really being  
9 heavily promoted by contractors and it's almost  
10 coming -- it's being promoted to the customers with  
11 the combination of both the Questar and Rocky  
12 Mountain incentives as no cost to the customers  
13 whatsoever, and I don't think that was the intent of  
14 those incentive rates, so we want to review that and  
15 maybe make some adjustments after discussing it with  
16 the entire task force, and that meeting is scheduled  
17 for March 5th of next week.

18           Basically, that's all about all I do have  
19 about, you know, the memos, unless there are any  
20 other questions about these matters that you wish to  
21 ask at this time.

22           JUDGE ARREDONDO: Okay. Ms. Byde? I  
23 assume he's available for cross.

24           MR. GINSBERG: Yes.

25 //



1 CROSS EXAMINATION

2 BY MS. BYDE:

3 Q I only have one question. In the  
4 memorandum you indicated that after the preliminary  
5 review, the Division recommends that all three  
6 applications be approved. Is that still the  
7 recommendation?

8 A Yes. And I forgot to mention, we do  
9 recommend that the rates be approved, but we  
10 recommend they be approved on an interim basis until  
11 the Division has had an appropriate time to complete  
12 the various audits that it conducts of these matters,  
13 at which time we will issue a memo recommending  
14 whether they become current or not.

15 MS. BYDE: I have no further questions.

16 JUDGE ARREDONDO: All right. Thank you.

17 Mr. Proctor?

18 MR. PROCTOR: No questions.

19 JUDGE ARREDONDO: Thank you. Mr. Ginsberg,  
20 anything else?

21 MR. GINSBERG: That's all.

22 JUDGE ARREDONDO: Okay. Thank you.

23 Mr. Proctor, a witness?

24 MR. PROCTOR: The Committee has no witness  
25 today but would stipulate to the granting of interim



1 relief as requested.

2 JUDGE ARREDONDO: Okay. Thank you. Then  
3 if there's nothing else, what we'll do is just take  
4 the testimony that's been submitted here today. I'll  
5 make a recommendation to the Commission. Is there  
6 anything else anybody would like to add?

7 MS. BYDE: The only other issue that has  
8 arisen is, we are hoping to implement these by March  
9 1st and so, to the extent that we can be of  
10 assistance in expediting the process, we'd be happy  
11 to help.

12 JUDGE ARREDONDO: Okay. And we'll make  
13 sure to get that order out expeditiously.

14 MS. BYDE: Thank you.

15 JUDGE ARREDONDO: Okay. Then that's it.  
16 That will conclude this hearing. Thank you.

17 MR. GINSBERG: Thank you.

18 (Whereupon the taking of the hearing was  
19 concluded at 9:46 a.m.)

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STATE OF UTAH                    )  
  )    ss.  
COUNTY OF SALT LAKE        )

I, RENEE L. STACY, Certified Shorthand Reporter, Registered Professional Reporter and Notary Public for the State of Utah, certify:

That the foregoing transcript, consisting of Pages 1 to 18, was stenographically reported by me at the time and place hereinbefore set forth; that the same was thereafter reduced to typewritten form, and that the foregoing is a true and correct transcript of those proceedings.

I further certify that I am neither counsel for nor related to any party to said action nor in anywise interested in the outcome thereof.

IN WITNESS WHEREOF, I have subscribed my name and affixed my seal this 2nd day of March, 2009.

\_\_\_\_\_  
RENEE L. STACY, CSR, RPR  
Notary Public in and for the  
County of Salt Lake, State of Utah

My Commission Expires:  
November 9, 2011

