

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE )  
PASS-THROUGH APPLICATION ) Docket Nos.: 09-057-12  
OF QUESTAR GAS COMPANY FOR) 09-057-13  
AN ADJUSTMENT IN RATES AND) 09-057-14  
CHARGES FOR NATURAL GAS )  
SERVICE IN UTAH, )  
) TRANSCRIPT OF HEARING  
APPLICATION OF QUESTAR GAS)  
COMPANY TO AMORTIZE THE )  
CONSERVATION ENABLING )  
TARIFF BALANCING ACCOUNT ) September 24, 2009  
and ) 2:01 p.m.  
)  
APPLICATION OF QUESTAR GAS)  
COMPANY TO AMORTIZE THE )  
DEMAND SIDE MANAGEMENT )  
DEFERRED ACCOUNT BALANCE. )

\* \* \*

Location of:  
Public Service Commission  
160 East 300 South, Room 451  
Salt Lake City, Utah

\* \* \*

Rossann J. Morgan  
- Certified Shorthand Reporter -  
- Registered Professional Reporter -

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A P P E A R A N C E S

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I N D E X

WITNESSES	PAGE
John Ernest Kennedy Examination by Ms. Nelson	4
Kelly B. Mendenhall Examination by Ms. Nelson	6
Marlin Barrow Examination by Mr. Ginsberg	10

1 September 24, 2009

2:01 p.m.

2 P R O C E E D I N G S

3 JUDGE ARREDONDO: This is in the matter of  
4 Questar Gas Docket No. 09-057-12, 13 and 14. My name is  
5 Ruben Arredondo. I'm the ALJ assigned to hear these  
6 matters. And with that, we'll take appearances starting  
7 with the company, please.

8 MS. NELSON: Jennifer Nelson here appearing  
9 on behalf of the company, and with me I have John Kennedy  
10 and Kelly Mendenhall who will serve as witnesses for  
11 these matters.

12 JUDGE ARREDONDO: Thank you.

13 MR. GINSBERG: Michael Ginsberg for the  
14 Division of Public Utilities and the Division has Marlin  
15 Barrow here today.

16 JUDGE ARREDONDO: All right. Thank you.

17 Okay. Would you like to proceed first,  
18 Ms. Nelson?

19 MS. NELSON: Yes, thank you.

20 JUDGE ARREDONDO: Who's your first witness?

21 MS. NELSON: The company would like to call  
22 John Kennedy to speak to the 09-057-12 docket.

23 JUDGE ARREDONDO: Okay. Actually, what I'll  
24 do is I'll swear both of you, Mr. Kennedy and  
25 Mr. Mendenhall. If you could raise your right hand for

1 me.

2 (Whereupon, Mr. Kennedy and Mr. Mendenhall

3 were duly sworn.)

4 JUDGE ARREDONDO: Thank you. Go ahead.

5 EXAMINATION

6 BY MS. NELSON:

7 Q. Mr. Kennedy, would you please state your name  
8 and business address for the record?

9 A. John Earnest Kennedy. I work at Questar Gas  
10 Company, is 180 East 100 South, Salt Lake City, Utah.

11 Q. And what position do you hold at Questar?

12 A. I'm a regulatory affairs specialist.

13 Q. Did you participate and oversee the  
14 preparation of the Pass-Through Application of Questar  
15 Gas Company for an Adjustment in Rates and Charges for  
16 Natural Gas Service in Utah, also known as Docket  
17 No. 09-057-12?

18 A. Yes, I did.

19 Q. Can you describe what Questar is seeking  
20 through that docket?

21 A. I sure will. Questar Gas Company, the  
22 applicant in this Pass-Through Docket, No. 09-057-12,  
23 respectfully asks the Utah Public Service Commission for  
24 approval to implement a decrease to the commodity and  
25 supplier of non-gas costs portions of its Utah rates.

1                   The driving force behind this proposed price  
2 decrease in this filing is a forecasted decrease in  
3 purchased gas prices. This filing is based on the August  
4 2009 average subjective gas prices from two nationally  
5 recognized forecasting organizations; namely, Global  
6 Insight and Cambridge Energy Research Associates.

7                   This application asked for a combined  
8 decrease of \$32.8 million which includes a decrease of  
9 \$4.3 million in the supplier non-gas portion rates and  
10 \$28.5 million in the commodity portion rates.

11                   Therefore, the company requests an overall  
12 decrease of \$32.8 million to be effective Thursday,  
13 October the 1st, 2009, resulting in a typical residential  
14 customer using 80 decatherms per year seeing a decrease  
15 in the total annual bill of \$24.59 or 3.2 -- 72 percent.  
16 Thank you.

17                   Q. Are you aware that the Division of Public  
18 Utilities filed a memorandum September 8th, 2009,  
19 regarding this docket?

20                   A. Yes, I am.

21                   Q. Are you familiar with that memorandum?

22                   A. Yes.

23                   Q. And what did they conclude?

24                   A. They concluded it was in the public's best  
25 interest and they recommended approval of it subject to

2 MS. NELSON: I have no further questions for  
3 this witness.

4 JUDGE ARREDONDO: Any questions,  
5 Mr. Ginsberg? You have any questions for Mr. Kennedy?

6 MR. GINSBERG: Just I think he was probably  
7 referring to the Division's September 21st memorandum.

8 MS. NELSON: That's right.

9 MR. GINSBERG: As opposed to September 8th  
10 which just requested the hearing.

11 MS. NELSON: That's right.

12 JUDGE ARREDONDO: All right. And anything  
13 else for Mr. Kennedy, Ms. Nelson?

14 MS. NELSON: No, I have nothing further.

15 JUDGE ARREDONDO: Would you like to proceed  
16 with Mr. Mendenhall?

17 MS. NELSON: Sure.

18 EXAMINATION

19 BY MS. NELSON:

20 Q. Would you please state your name and business  
21 address for the record?

22 A. Kelly B. Mendenhall. And my address is 180  
23 East 100 South, Salt Lake City, Utah.

24 Q. And by whom are you employed?

25 A. Questar Gas Company.

6

1 Q. And what is your area of responsibility and

2 title?

3 A. My title is a supervisor of regulatory  
4 affairs and I am responsible for tariff filings and rate  
5 cases.

6 Q. Did you participate in or oversee the  
7 preparation of the application of Questar Gas Company to  
8 Amortize the Conservation Enabling Tariff Balancing  
9 Account, Docket No. 09-057-13?

10 A. Yes.

11 Q. And did you also participate in or oversee  
12 the preparation of application of Questar Gas Company to  
13 Amortize the Demand-Side Management Deferred Account  
14 Balance, Docket 09-057-14?

15 A. Yes, I did.

16 Q. Can you describe for us what Questar seeks  
17 through those two dockets?

18 A. Certainly. In Docket 09-057-13, the  
19 Application of Questar Gas to Amortize the Conservation  
20 Enabling Tariff Balancing Account, the company proposes  
21 to amortize the July 2009 ending balance of \$1,857,014.  
22 This is about \$1.4 million higher than the January 2009  
23 balance that is currently being amortized.

24 The increase would be spread to GS-1  
25 customers by applying a percentage increase to current

7

1 rates. This change in the CET amortization rate will  
2 result in a two-tenths of a one percent increase to the

3 typical GS residential customer's bill. The company is  
4 proposing that this change be made effective October 1st,  
5 2009.

6 In Docket 09-075-14, the Application of  
7 Questar to Amortize the Demand Side Management Deferred  
8 Account Balance, the company proposes to amortize the  
9 July ending -- the July 2009 ending balance of  
10 \$42,927,605.

11 As a result of increased customer  
12 participation in the company's ThermWise program, the  
13 July balance is about \$25 million higher than the January  
14 2009 balance that is currently being amortized.

15 The DSM amortization rate will increase from  
16 20.2 cents per decatherm to 44.996 cents, an increase in  
17 about 25 cents per decatherm. This change would amount  
18 to about \$19.79 per year increase for the typical GS  
19 residential customer. The company is proposing that this  
20 change maybe -- this change be made effective  
21 October 1st, 2009.

22 And for informational purposes, I've also  
23 calculated what the overall effect would be on the  
24 typical customer if all three of these applications are  
25 -- are approved. And that would be about a decrease of

1 \$3.50 per year, about five-tenths of a percent decrease  
2 in a typical customer's bill.



3 Q. Mr. Mendenhall, are you familiar with the  
4 memorandum from the Division of Public Utilities  
5 previously referenced?

6 A. Yes, I am.

7 Q. And are you familiar with its contents?

8 A. Yes.

9 Q. And what was -- were there any  
10 recommendations in that memorandum relating to these two  
11 dockets?

12 A. I believe they recommended that these two  
13 applications be approved.

14 MS. NELSON: I have no further questions for  
15 Mr. Mendenhall.

16 JUDGE ARREDONDO: All right. Any questions,  
17 Mr. Ginsberg?

18 MR. GINSBERG: No.

19 JUDGE ARREDONDO: Okay. Anything else that  
20 you'd like to --

21 MS. NELSON: No. Thank you.

22 JUDGE ARREDONDO: All right. Thank you.  
23 Mr. Ginsberg. Mr. Barrow.

24 MR. BARROW: Yes.

25 JUDGE ARREDONDO: You could raise your right

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1 hand for me.

2 (Whereupon, Mr. Barrow was duly sworn.)

3 JUDGE ARREDONDO: Thank you.

4

EXAMINATION

5 BY MR. GINSBERG:

6 Q. Go ahead and state your name for the record  
7 and your position with the Division.

8 A. My name is Marlin Barrow. I'm a technical  
9 consultant with the Division of Public Utilities of Utah.

10 Q. You prepared the September 21st memorandum  
11 that provides the Division's recommendation in these  
12 three dockets?

13 A. Yes, I did.

14 Q. And can you provide a brief summary of the  
15 Division's findings and recommendations?

16 A. Yes. A very few summary of the docket, the  
17 Pass-Through Docket 09-057-12, reflects a projected  
18 continuation of relatively low gas prices through  
19 September 2010. These low prices coupled with rejection  
20 of reduced supplier non-gas costs result in a savings of  
21 \$32.8 million to the sales customers of Questar Gas  
22 Company.

23 The effect of these gas cost rate changes on  
24 a typical sales customer receiving an annual use of 80  
25 decatherms a year is a decrease of \$24.59 or 3.72 percent

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1 decrease.

2 The CET amortization in Docket 09-057-13  
3 requests a change to the distribution non-gas or DNG

4 rates of the GS rate class and affects only that rate  
5 class. The filing in this docket requests an increase in  
6 the conservation enabling tariff or CET amortization rate  
7 in the order -- in the order to amortize a \$1 point  
8 million July balance in the 191.9 account, which is set  
9 up as a CET balance end account. This request is an  
10 increase of \$1.4 million over the previous amount  
11 requested in Docket 09-057-04. If approved by the  
12 Commission, a typical GS rate class customer assuming an  
13 annual use of 80 decatherms will see of an increase in  
14 their annual bill of \$1.33 or two-tenths of a percent  
15 increase.

16                   When the CE tariff was approved as a pilot  
17 program, limits or caps were placed on the amounts that  
18 could be accrued in any 12-month period, as well as the  
19 amounts that could be amortized in any 12-month period.  
20 The 12-month CE cap for accruals through July 2009 is  
21 \$11.5 million. The amount actually accrued for this same  
22 12-month period is \$1.5 million. The 12-month CET  
23 amortization cap ending July 2009 is \$5.8 million. The  
24 amount to be amortized per this request is \$1.9 million.  
25 Both the 12-month CET accrual and the CET amortization

11

1 amounts requested in this filing are well below their  
2 capped limits.

3                   The DSM amortization in Docket 09-057-14 is a  
4 request to increase the Demand Side Management or DSM

5 amortization rate component of the GS rate class from the  
6 current rounded amount of about 20 cents per decatherm to  
7 a rate of about 45 cents per decatherm. The requested  
8 rate increase will amortize the July 2009 balance of  
9 \$42.9 million in the DSM 182.4 account. If approved by  
10 the Commission, a typical GS customer consuming 80  
11 decatherms a year will see an average increase in their  
12 bill of \$19.79 or a 2.99 percent increase.

13 I'm not going to go into the details  
14 concerning the main drivers of this increase, as that was  
15 testified in the Division's memo to the Commission  
16 regarding these applications as well as discussed in more  
17 detail in other memos and correspondence from the company  
18 and the Division to the Commission in Docket 09-057-T04.

19 However, the Division would like to emphasize  
20 the fact that even though the DSM atomization rate has  
21 increased to 45 cents per decatherm for all GS customers,  
22 for those customers who take advantage of the DSM  
23 programs and implement one of the measures offered they  
24 can expect to save \$5.30 per decatherm in gas costs  
25 during the winter heating season based on the gas cost --

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1 gas cost rates recommended in Docket 09-057-12 now before  
2 the Commission.

3 In summary, Docket 09-057-12, passes on lower  
4 gas costs to Questar Gas sales customers and would save a

5 typical customer \$24.59 in their annual bill. Docket  
6 09-057-13, increases the CET amortization rate for GS  
7 customers, which will increase a typical GS customer's  
8 annual bill by \$1.33. While Docket 09-057-14 increases  
9 the DSM atomization rate, which will increase the typical  
10 GS customer's annual bill by \$19.79.

11           The net effect of all three of these  
12 applications to a typical GS class customer is a \$3.46  
13 reduction in their annual bill, while other sales  
14 customers will see a reduction of \$24.59 from lower gas  
15 costs.

16           The Division recommends to the Commission the  
17 approval of these three dockets as filed by Questar Gas  
18 and represents them as being fair and in the public  
19 interest. Thank you.

20           JUDGE ARREDONDO: Thank you. Ms. Nelson, do  
21 you have any questions for Mr. Barrow?

22           MS. NELSON: I don't.

23           JUDGE ARREDONDO: I'm sorry. Do you have any  
24 follow-up questions?

25           Q. (BY MR. GINSBERG) Just that your

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1 recommendation is that they only be approved on an  
2 interim basis?

3           A. That's true. In our original memo, we just  
4 request that these be approved on an interim basis until  
5 the Division can complete the audits of the various

6 accounts affecting these dockets.

7 JUDGE ARREDONDO: Thank you. Anything else  
8 from either parties?

9 MS. NELSON: No, sir.

10 JUDGE ARREDONDO: Okay. Then we'll go ahead  
11 and submit the -- I'll make a recommendation to the  
12 Commission and we will get this out before October 1st,  
13 an order out. Thank you.

14 MS. NELSON: Thank you.

15 MR. GINSBERG: Thank you.

16 (Whereupon, the matter concluded at 2:15 p.m.)

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1 C E R T I F I C A T E

2 STATE OF UTAH )  
 : ss.  
3 COUNTY OF SALT LAKE)

4

5 I, ROSSANN J. MORGAN, Registered Professional  
Reporter, Certified Shorthand Reporter residing at West  
Jordan, Utah, do hereby certify:

6

7           That the foregoing transcript, consisting of  
8 pages 3 to 14, was stenographically reported by me at the  
9 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.

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

12           IN WITNESS WHEREOF, I have hereunto  
13 subscribed my name this 6th day of October, 2009.

14

15

\_\_\_\_\_  
ROSSANN J. MORGAN, CSR, RPR

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