

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: The Application)
of Questar Gas Company to Provide)
Natural Gas Transportation Service)
to the Lake Side Power Plant)
Facility)

TRANSCRIPT OF HEARING PROCEEDINGS

TAKEN AT: Public Service Commission
 160 East 300 South
 Salt Lake City, Utah

DATE: June 6, 2012

TIME: 9:11 a.m.

REPORTED BY: Kelly L. Wilburn, CSR, RPR

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Presiding:

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EXHIBITS

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(The previous exhibits and related testimony
were prefiled and are part of the PSC record
and filed with the Commission.)

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1 JUNE 6, 2012

9:11 A.M.

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

3 HEARING OFFICER: My name is David Clark.
4 I've been designated as the presiding officer for the
5 matter that we're about to take up, which is Docket
6 No. 12-057-04, the matter before the Public Service
7 Commission of Utah captioned: In the matter of: The
8 Application of Questar Gas Company To Provide Natural
9 Gas Transportation Service to Serve the Lake Side
10 Power Plant Facility.

11 And this is the time and place duly noticed
12 for the hearing in this matter. Let's begin by taking
13 appearances of counsel, and then I'll describe a
14 process that we're going to utilize to address
15 confidential material that may be presented.

16 MS. NELSON CLARK: Jenniffer Nelson Clark on
17 behalf of Questar Gas Company. And I have with me
18 Barrie McKay.

19 HEARING OFFICER: Thank you.

20 MR. SOLANDER: Daniel Solander on behalf of
21 Rocky Mountain Power. Rocky Mountain Power does not
22 intend to offer a witness, but Stacey Kusters is
23 available by phone should the need arise. But we
24 don't anticipate offering a witness at this time.

25 MR. DODGE: Gary Dodge on behalf of UAE.

1 MS. SCHMID: Patricia E. Schmid with the
2 Attorney General's Office. And with me also from the
3 Attorney General's Office is Justin Jetter. The
4 Division's witnesses today will be Mr. Marlin Barrow
5 and Mr. Charles Peterson.

6 MR. PROCTOR: Paul Proctor on behalf of the
7 Office. Eric Orton will be the witness today.

8 HEARING OFFICER: Thank you. A number of --

9 MR. PROCTOR: Mr. -- excuse me, just, if I
10 might, I am concerned that Rocky Mountain Power has
11 proposed that there is a witness available,
12 Ms. Kusters.

13 The problem is that this schedule in this
14 matter called for three rounds of testimony.
15 PacifiCorp has filed nothing. And so the Office, at
16 this point in the time, has no knowledge of what
17 Ms. Kusters' role would be or what testimony she would
18 provide at all.

19 And I think even, with all due respect, for
20 the Bench to have questions of PacifiCorp's witnesses
21 when there's been no prefiled testimony would be
22 unfair, frankly, to us. So I believe that matter
23 needs to be addressed now.

24 MR. SOLANDER: Okay. If I might, Mr. Clark,
25 I don't intend to offer Ms. Kusters as a witness. I

1 just merely offered that she is available by phone
2 should the Bench have questions or should the need
3 arise for her to provide testimony. I don't
4 anticipate offering Ms. Kusters.

5 As Mr. Proctor noted, we didn't file any
6 testimony in this proceeding thus far.

7 HEARING OFFICER: If that position changes
8 then you let me know and we'll take up the Office's
9 objections --

10 MR. SOLANDER: Thank you.

11 HEARING OFFICER: -- at that time. I
12 certainly sympathize with Mr. Proctor's sentiments.
13 It would be difficult for all of us to address a
14 witness, at this stage, who hasn't presented any
15 prefiled testimony.

16 Regarding the confidential material that has
17 been offered, or at least I should say a number of
18 parties have designated material as confidential in
19 prefiled testimony and exhibits. What we intend to do
20 this morning in addressing that material is that the
21 witnesses will be offered an opportunity to summarize
22 their testimony, avoiding confidential material or
23 highly-confidential material.

24 And then as cross-examination enfolds, if --
25 unfolds, if there is a reference to confidential

1 material, or if the witness in order to be responsive
2 needs to refer directly to confidential material,
3 counsel for the party who regards the material as
4 confidential or highly confidential will interject,
5 and at that point we'll discuss how to address the
6 cross-examination in order to preserve the status of
7 the material if it is indeed deemed confidential at
8 that time.

9 We don't have anyone present in the hearing
10 room who is not under agreement with the Applicant to
11 treat information confidentially that has been so
12 designated.

13 And although the proceeding is being
14 recorded -- that is, an audio recording is being
15 made -- we'll use it -- we'll use a different
16 recording segment for any confidential material that
17 we need to -- that needs to be presented on the
18 record.

19 That is going to require a little bit of
20 mechanical work by the reporter, so we'll have to have
21 a brief pause should we need to put on the record
22 confidential or highly-confidential material.

23 So are there questions about what I've just
24 stated as the general ground rules for proceeding
25 today?

1 All right, thank you. Then we'll turn to the
2 Applicant. Ms. Clark?

3 MS. NELSON CLARK: The Company calls
4 Mr. Barrie McKay.

5 HEARING OFFICER: Thank you Mr. McKay. Would
6 you mind taking a seat here? Would you raise your
7 right hand, please?

8 (Mr. McKay was duly sworn.)

9 HEARING OFFICER: Please be seated.

10 BARRIE L. MCKAY,
11 called as a witness, having been duly sworn,
12 was examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MS. NELSON CLARK:

15 Q. Mr. McKay, could you please state your name
16 and business address for the record?

17 A. Be Barrie L. McKay. And it's 333 South
18 State, Salt Lake City, Utah.

19 Q. And what position do you hold with Questar
20 Gas?

21 A. I'm the general manager of regulatory affairs
22 and energy efficiency.

23 Q. Mr. McKay, did you participate in and oversee
24 the drafting of the application in this matter?

25 A. Yes, I did.

1 Q. And did you also prepare direct testimony
2 with five attached exhibits, and rebuttal testimony,
3 and submit that in this matter?

4 A. Yes.

5 Q. If you were asked those same questions today
6 would your answers be the same?

7 A. Yes, they would be.

8 Q. Mr. McKay, can you summarize the testimony,
9 have you prepared a summary of your testimony?

10 A. Yes, I have.

11 Q. Please proceed.

12 A. Questar Gas seeks this Commission's approval
13 of the Lake Side II Agreement. Questar Gas believes
14 that it needs the Commission's approval because the
15 agreement varies from our tariff in three specific
16 areas: That would be the amount that we're charging
17 PacifiCorp. The proposed fuel reimbursement that they
18 will be providing. And the third would be the length
19 of the term of this contract.

20 Additionally we should note that the Lake
21 Side II Agreement does call for an amendment of the
22 Firm Transportation Agreement, which we
23 affectionately -- well, I don't know if it's
24 affectionately, but which we have called the Lake
25 Side I Agreement.

1 The Lake Side II contemplates the
2 construction of a series of projects to enable Questar
3 Gas to transport natural gas in volumes and at
4 pressures sufficient to meet PacifiCorp's power
5 generation needs.

6 Many of these projects would have been
7 constructed in the ordinary course of business to
8 support Questar Gas's existing customers. These
9 improvements will collectively cost about
10 \$13.7 million. However, certain improvements to
11 Questar Gas's system, particularly in the area of
12 Saratoga Springs, would have been necessary absent
13 this Lake Side II project.

14 These improvements are savings that we
15 estimate to be approximately \$4.6 million.
16 Additionally, the replacement of a portion of Feeder
17 Line 26 would have also been necessary in the ordinary
18 course of Questar Gas's business. That's estimated to
19 cost about \$4.3 million.

20 All said, the Lake Side II Agreement will
21 result in about \$4.8 million of incremental
22 investment.

23 Now, PacifiCorp under the contract will be
24 paying an amount to cover this incremental -- will
25 actually be paying more than what the incremental

1 revenue requirement would be. And additionally, these
2 facilities are contemplated both for the Lake Side II
3 Agreement and PacifiCorp's, which -- sorry, let me
4 state it this way.

5 The facilities contemplated for the Lake
6 Side II Agreement and the resulting benefits that will
7 come from an additional contract that PacifiCorp has
8 signed up with, with Questar Pipeline result in
9 substantial benefits for Questar Gas's current
10 customers.

11 In the summary, that would be increased
12 capacity on our Feeder Line 26 from Payson to
13 Vineyard, which is where the Lake Side Power Plant is,
14 increased pressures in the Northern part of Utah
15 County, as well as increased pressures in Salt Lake
16 County and Tooele County, resulting in increased
17 operational flexibilities, which we think are
18 significant benefits to our customers.

19 The terms and conditions set forth in the
20 Lake Side II Agreement we feel are just and reasonable
21 and in the public interest. And also, based on the
22 testimony that I think we'll hear from others on the
23 record and where our understanding now stands, we are
24 not aware of any party that is opposing the Lake
25 Side II Agreement on a stand-alone basis. And that we

1 feel that that should be approved by this Commission.

2 Q. Does that conclude your summary?

3 A. Yes.

4 MS. NELSON CLARK: Questar Gas moves for the
5 admission of Mr. McKay's direct testimony and the
6 rebuttal testimony he submitted in this matter.

7 HEARING OFFICER: Any objection?

8 They're received.

9 (The testimony and exhibits of Barrie McKay
10 were received.)

11 MS. NELSON CLARK: Thank you. Mr. McKay is
12 available for any other cross-examination.

13 HEARING OFFICER: Any cross? Ms. Schmid?

14 MS. SCHMID: None.

15 HEARING OFFICER: Mr. Proctor?

16 MR. PROCTOR: Yes.

17 CROSS-EXAMINATION

18 BY MR. PROCTOR:

19 Q. Mr. McKay, is Questar Gas asking this
20 Commission for anything -- any findings, any
21 conclusions, or any order -- beyond simply approving
22 the agreement between Questar and PacifiCorp?

23 A. No, we are not.

24 MR. PROCTOR: Thank you, Mr. McKay. That's
25 all I have.

1 MR. DODGE: No questions.

2 HEARING OFFICER: Thank you. I have a couple
3 questions if -- unless you'd like to do redirect now,
4 Ms. Clark.

5 MS. NELSON CLARK: I have no redirect, thank
6 you.

7 HEARING OFFICER: Thanks.

8 Mr. McKay, can you report on the status of
9 Questar pipeline's FERC application?

10 MR. MCKAY: Yes, I can. That application was
11 approved by the FERC on May 2, 2012. So the needed
12 requirement to guarantee a -- the pressure at the
13 Payson gate is one step closer to being accomplished.

14 HEARING OFFICER: Without divulging any
15 confidential information can you describe, at least
16 generally, the extent to which future O&M costs on the
17 various facilities that are involved are taken into
18 account in the pricing under the contract?

19 MR. MCKAY: I'm trying to identify how I
20 would describe this without talking specifically
21 related to the total dollar amount, which we do deem
22 to be confidential.

23 I think I can best answer it in this way:
24 That depending on what perspective you're looking
25 at -- well, I'll really say that the total revenue

1 requirement at -- of the \$13.7 million is a higher
2 revenue requirement than the dollar amount that will
3 be collected from PacifiCorp on an annual basis.

4 However, when -- in my summary, based on the,
5 particularly the two projects that either, one, will
6 not need to be constructed now, or two, would have
7 been constructed in the ordinary course of business,
8 the -- when viewed from the perspective of what is
9 incremental only to this project I actually agree with
10 the analysis that the Division put forward. And that
11 is that we are receiving in total revenues from
12 PacifiCorp greater than what the revenue requirement
13 would be for just that incremental amount.

14 So I think that in general our customers --
15 our other customers are going to be better off. I
16 don't know if that's the specific point of which we're
17 coming before the Commission at, as Mr. Proctor's
18 wisely pointed out.

19 And I actually failed to summarize my
20 rebuttal testimony of what he asked on that -- his one
21 question. And that is the only thing we really have
22 before this Commission today is the approval of this
23 special contract with PacifiCorp.

24 We will seek at another occasion, most likely
25 that's going to occur in our next general rate case,

1 the -- because at that time we will have spent the
2 money for these projects or they'll be included within
3 the test period. And a review and analysis on how
4 we've done and what those costs either are at that
5 time or will be and how they would impact our other
6 customers would be fully reviewed at that time.

7 What we're seeking for here is simply the
8 opportun -- not the opportunity but the ability for us
9 to charge PacifiCorp a rate, and a fuel reimbursement
10 rate additionally, and for a term that is outside of
11 our general tariff.

12 And therefore they will begin to be charged,
13 before the end of our next general rate case, this
14 dollar amount that would -- assuming that it is
15 approved by this Commission -- be a just and
16 reasonable rate that we would be charging them.

17 HEARING OFFICER: Let me present a
18 hypothetical --

19 MR. McKAY: Sure.

20 HEARING OFFICER: -- ques -- or case to you
21 that I think will illustrate the point of my question.
22 Is the duration of the agreement confidential in the
23 Company's mind?

24 MR. McKAY: I don't think that that is --
25 I'm -- I'll defer to Counsel --

1 HEARING OFFICER: Yeah.

2 MR. McKAY: -- then weigh in there. It's
3 different than our tariff, I know that. Whether or
4 not that's confidential, I struggle with that.

5 MS. NELSON CLARK: It's one of those matters
6 that I think we would argue is confidential, simply
7 because it is, because it is unique and it falls
8 outside the tariff it is not something that is offered
9 to every customer under every circumstance.

10 HEARING OFFICER: If we say a number of
11 years, that that's vague enough --

12 MS. NELSON CLARK: Pick a hypothetical
13 number, that would be fine.

14 HEARING OFFICER: So -- okay. So we're
15 talking about, at least under the terms of my
16 hypothetical, an arrangement that exists for a number
17 of years. And if in the course of that period of time
18 say there's a dramatic change in safety regulations
19 regarding leak surveys, or cathodic protection
20 surveys, or other activities that might significantly
21 affect the Company's O&M costs regarding facilities
22 that are used to provide the service under the
23 contract, how does the contract deal with that in
24 terms of the price that PacifiCorp pays?

25 MR. McKAY: Specifically there would be no

1 change in the price that they pay. The comfort that
2 we feel, and why we chose to enter into that contract,
3 is essentially the facilities that will be serving
4 this power plant, both from the Kern River connection
5 to the power plant as well as from the Payson gate to
6 the power plant, are all new facilities when compared
7 to other parts of our system.

8 And the -- everything that we can see as a --
9 and I'll dare to say the "prudent" word -- as a
10 prudent company providing service to customers that
11 we've done in a long period of time, everything that
12 we can reasonably see at this time gives us comfort
13 that the costs associated that you in your
14 hypothetical have brought up will be able to be
15 managed within the range that they currently exist
16 because of the technologies that exist in today's
17 system and being able to meet all of the requirements,
18 the records that we have on our new system, that we
19 will keep on our new system.

20 The ability to pig the line, get the data,
21 all, all of these lines that will be providing service
22 to this particular customer on these particular feeds
23 are the best we have in our system today. Among the
24 best we have in our system today.

25 HEARING OFFICER: In -- I'd like to ask about

1 Section 3.3 of the contract. And there are a couple
2 of charges referenced there. Ms. Clark, can I refer
3 to those? Not the level of them, I don't think that
4 the level is even there, but I'd like to identify
5 them.

6 I just want to understand what, what they
7 refer to. Specifically administrative charge, what,
8 what that is and if that's incremental to the contract
9 price, or -- I think it is, if I'm reading the thing
10 correctly.

11 MS. NELSON CLARK: If, if -- we don't have a
12 problem, provided the dollar amounts --

13 HEARING OFFICER: Yeah, I understand.

14 MS. NELSON CLARK: -- or percentages are not
15 referenced.

16 HEARING OFFICER: Okay.

17 MS. NELSON CLARK: If you're just wondering
18 how that all works --

19 HEARING OFFICER: Theoretically.

20 MS. NELSON CLARK: -- he can certainly answer
21 all of that. And if a question calls for something
22 that we're concerned about, I'll interject, if that's
23 okay with you.

24 HEARING OFFICER: Yeah. So do you have that
25 section of the contract in front of you, Mr. McKay?

1 MR. McKAY: I do.

2 HEARING OFFICER: So can you help me with
3 administrative charge and, and sort of generally what,
4 what that -- is that referencing a particular class of
5 service or --

6 MR. McKAY: Yes.

7 HEARING OFFICER: -- particular tariff and --

8 MR. McKAY: Yes. The administrative charge
9 is a charge that we -- that all of our transportation
10 customers pay. It is part of an improved tariff that
11 we have for our firm transportation as well as our
12 FT-1 transportation -- there's different
13 transportation classes here -- all of them are subject
14 to the same administrative charge.

15 And this portion of the contract is referring
16 to that administrative charge. That could perhaps be
17 changed. I don't know if that's what you're driving
18 at. But in a general rate case that is where that
19 administrative charge is set.

20 In times past it has been higher than it is
21 today. And those costs and what's included in that
22 cost are reviewed in general rate cases. And they are
23 associated with costs specifically related to
24 transportation customers and the administration of
25 their accounts.

1 It is a fixed annual charge, which we
2 obviously bill monthly.

3 HEARING OFFICER: And it is the same across
4 all of the schedules, or?

5 MR. McKAY: All of the transportation
6 schedules.

7 HEARING OFFICER: Yes, yes.

8 MR. McKAY: And first transportation
9 account -- and my memory is getting a little rusty on
10 our tariff.

11 MS. NELSON CLARK: May I approach the
12 witness? I have the tariff. I could hand it to him
13 if it would aid him.

14 HEARING OFFICER: Sure.

15 MS. NELSON CLARK: Would that aid you?

16 MR. McKAY: Well, I think it's -- yes, it
17 would.

18 I had a really good vacation.

19 MS. NELSON CLARK: Thank you.

20 MR. McKAY: The first account that tran --
21 when I say "first account," you could be a customer of
22 the Company and have more than one transportation
23 account. The first transportation account they would
24 pay an annual fee of \$4,500. For each transportation
25 account after that they would pay \$2,250.

1 HEARING OFFICER: Thank you. And -- off the
2 record.

3 (A discussion was held off the record.)

4 HEARING OFFICER: Mr. McKay, with regard to
5 the in-kind fuel reimbursement charge, can you
6 describe for me the mechanics of how that --

7 MR. MCKAY: Sure.

8 HEARING OFFICER: -- reimbursement is
9 accomplished?

10 MR. MCKAY: Yes.

11 HEARING OFFICER: Or how you anticipate it
12 will be accomplished.

13 MR. MCKAY: Well, for any transportation
14 customer they are going to choose to nominate a given
15 volume that they would like transported across our
16 distribution system to their facility. The in-kind
17 fuel reimbursement charge is simply calculated by
18 whatever their amount that they are nominating to be
19 transported to their facility.

20 And then the percentage of what that fuel
21 reimbursement amount is is applied to the total amount
22 that they're choosing to transport. And they need --
23 or are required to deliver to our city gate that
24 incremental amount in kind. In other words, that
25 amount of gas needs to be delivered to our city gate.

1 In addition to the amount that they would like to have
2 delivered to their facility.

3 HEARING OFFICER: Thank you. Those are all
4 my questions. Any questions based on mine, Ms. Clark?

5 MS. NELSON CLARK: No, thank you.

6 HEARING OFFICER: Any other questions of the
7 witness?

8 You're excused, Mr. McKay. Thank you.

9 MS. NELSON CLARK: The Company has no further
10 witnesses.

11 HEARING OFFICER: Thank you.

12 Ms. Schmid?

13 MS. SCHMID: Thank you. The Division would
14 like to call Mr. Marlin Barrow as its first witness.

15 HEARING OFFICER: Please raise your right
16 hand, Mr. Barrow.

17 (Mr. Barrow was duly sworn.)

18 HEARING OFFICER: Thank you, please be
19 seated.

20 MARLIN BARROW,

21 called as a witness, having been duly sworn,
22 was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MS. SCHMID:

25 Q. Good morning.

1 A. Good morning.

2 Q. Could you please state your name, by whom you
3 are employed, position, and business address for the
4 record?

5 A. Yes. My name is Marlin Barrow. I am
6 employed by the Utah Division of Public Utilities as a
7 technical consultant. The business address is 160
8 East 300 South, in Salt Lake.

9 Q. Have you participated on behalf of the
10 Division in this docket, Docket 12-057-04?

11 A. Yes.

12 Q. Did you prepare or cause to be prepared
13 testimony that was identified as DPU Exhibit No. 1.0,
14 the Prefiled Direct of Marlin Barrow, along with
15 Exhibits 1.1D, 1.2D, 1 point -- and 1.3D, all of which
16 are confidential?

17 A. Yes, I did.

18 Q. If I were to ask you the same questions as
19 are in your testimony today would your answers be --
20 if I were to ask you today the same questions that are
21 in your testimony would your answers be the same?

22 A. Yes.

23 Q. Thank you.

24 MS. SCHMID: With that the Division moves for
25 the admission of DPU Exhibit No. 1.0D, along with

1 accompanying Exhibits 1.1D, 1.2D, 1.3D, all being
2 confidential and that of DPU witness Mr. Marlin
3 Barrow.

4 HEARING OFFICER: Any objection?

5 MS. NELSON CLARK: No, sir.

6 HEARING OFFICER: They're received.

7 (The testimony and exhibits of Marlin Barrow
8 were received.)

9 Q. (By Ms. Schmid) Mr. Barrow, do you have a
10 summary to provide today?

11 A. Yes, I can provide a very brief summary of my
12 direct testimony. In my direct testimony that I filed
13 on May 4th of 2012 for the Utah Division of Public
14 Utilities I attempted to contrast the benefits that
15 accrue to Questar Gas customers by Commission approval
16 of this special Lake Side II contract.

17 In doing that I basically looked at the,
18 assuming that if there was no Lake Side II contract.
19 What Questar originally had planned for the
20 improvement of the Saratoga Springs system at a
21 specific cost of 4.6 million, as well as later on
22 completing the upgrade of the Feeder Line 26 at
23 another cost of 4.3 million. Those projects are
24 already being planned.

25 I looked at those projects and calculated

1 what a revenue requirement would be for those projects
2 and presented that information in my Exhibit 1.1D. I
3 then attempted to emphasize the point that before any
4 of these costs would be borne by Questar Gas customers
5 they would have to be approved in a general rate case.

6 And I mentioned in my testimony that Questar
7 is required to file their next rate case no later than
8 May of 2013. And assuming that they file it around
9 that time, with a test year of 2014, the costs that
10 are requested in this agreement would probably be
11 presented at that rate case.

12 I then took the total cost that Questar is
13 talking about in the Lake Side II project, which is
14 13.7 million, calculated a revenue requirement for
15 that project assuming it was presented in a rate case,
16 and then I took the revenue that Rocky Mountain Power
17 is agreeing to pay if this contract is approved,
18 deducted that from the total cost of the project, and
19 found the difference to be less than if Questar had
20 just gone ahead with their original plans.

21 In other words, there is a definite savings
22 to Questar Gas customers by having this Lake Side II
23 contract approved rather than having Questar go ahead
24 and continue with their original plans as if there
25 were no Lake Side II contract.

1 I found that to be a savings of
2 approximately -- with a net present value of over
3 \$2 million over the term of the contract to Questar
4 gas customers. This savings was also in addition to
5 the tremendous pressure benefits that the Lake Side II
6 project will bring to the entire system in Utah
7 County, as well as portions of Salt Lake County and
8 Tooele County.

9 In light of that -- I did mention that
10 there's one downside risk that could eliminate these
11 potential savings. And that downside risk is if the
12 costs of this project exceed what has been proposed in
13 the original agreement, then those, those financial
14 benefits will be eroded to the extent that those costs
15 are exceeded.

16 In light of that I did recommend that we --
17 the Division find that this Lake Side II Agreement is
18 in the public interest, is a tremendous benefit to
19 Questar Gas customers, and is just reasonable. And we
20 recommend that the Commission approve the agreement as
21 filed. And that concludes my summary.

22 MS. SCHMID: Thank you. Mr. Barrow is now
23 available for cross-examination and questions from the
24 Hearing Officer.

25 HEARING OFFICER: Thank you. Who has cross

1 for this witness?

2 MS. NELSON CLARK: None from the Company,
3 thank you.

4 MR. PROCTOR: Just can I have a moment?
5 (Pause.)

6 MR. PROCTOR: None.

7 HEARING OFFICER: And I have no questions.
8 Thank you, Mr. Barrow, you're excused.

9 MS. SCHMID: The Division would like to call
10 its next witness, Mr. Charles Peterson.

11 HEARING OFFICER: Please raise your right
12 hand, Mr. Peterson.

13 (Mr. Peterson was duly sworn.)

14 HEARING OFFICER: Thank you. Please be
15 seated.

16 CHARLES E. PETERSON,

17 called as a witness, having been duly sworn,
18 was examined and testified as follows:

19 DIRECT EXAMINATION

20 BY MS. SCHMID:

21 Q. Good morning.

22 A. Hello.

23 Q. Could you please state your name, by whom you
24 are employed, position, and business address for the
25 record?

1 A. Yes. Charles E. Peterson. I'm employed by
2 the Division of Public Utilities as a technical
3 consultant. And my business address is in this
4 building, which is 160 East South -- 300 South, Salt
5 Lake City, Utah.

6 Q. In conjunction with your employment by the
7 Division have you participated for the Division in
8 this docket?

9 A. Yes.

10 Q. Did you prepare or cause to be prepared your
11 prefiled direct testimony, premarked as Exhibit
12 No. 2.0D, along with accompanying Exhibits 2.1D and
13 2.2D, and 2.2D is confidential?

14 A. Yes.

15 Q. If I were to ask you the same questions that
16 are in your direct testimony, if I were to ask you
17 those questions today, would your answers be the same?

18 A. Yes.

19 MS. SCHMID: With that, the Division moves
20 for the admission of DPU Exhibit No. 2.0D, 2.1D, and
21 Confidential Exhibit No. 2.2D.

22 HEARING OFFICER: Any objections?

23 MS. NELSON CLARK: No.

24 HEARING OFFICER: They're received.

25 (The testimony and exhibits of Charles E.

1 Peterson were received.)

2 MS. SCHMID: Thank you.

3 Q. (By Ms. Schmid) Mr. Peterson, do you have a
4 summary to present today?

5 A. Yes, a brief one. Because this contract
6 before the Commission is between two companies that
7 are regulated by the Public Service Commission, the
8 Division believed it was necessary to evaluate the
9 contract from the perception -- or from the
10 perspective of PacifiCorp in order to assure that the
11 contract was in the public interest for the -- from --
12 for PacifiCorp customers.

13 And we just heard from Mr. Barrow that --
14 testimony regarding the perspective from the side of
15 Questar customers.

16 While there's considerable overlap between
17 the customers of each company, they are not identical,
18 and therefore the Division believes that the
19 Company -- or that the Commission should not approve a
20 contract that may be detrimental to the customers of
21 one or the other of the utilities that are regulated
22 by the Commission.

23 I have reviewed the contract from the Pacific
24 side, and as my testimony indicates, I believe the
25 contract to be in the public interest from this

1 viewpoint and I recommend its approval. And that
2 completes my summary.

3 Q. I misstated the docket number. So
4 Mr. Peterson, you have participated in
5 Docket No. 12-057-04 for the Division?

6 A. Yes.

7 MS. SCHMID: Thank you.

8 Mr. Peterson is now available for
9 cross-examination and questions from the hearing
10 officer.

11 HEARING OFFICER: Does any party have
12 questions for Mr. Peterson?

13 MS. NELSON CLARK: No, sir.

14 HEARING OFFICER: Thank you. Mr. Peterson,
15 you're excused.

16 MR. PETERSON: Thank you.

17 HEARING OFFICER: Mr. Proctor?

18 Mr. Orton, please raise your right hand.

19 (Mr. Orton was duly sworn.)

20 HEARING OFFICER: Thank you. Please be
21 seated.

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23 ERIC ORTON,

24 called as a witness, having been duly sworn,

25 was examined and testified as follows:

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DIRECT EXAMINATION

BY MR. PROCTOR:

Q. Mr. Orton, you're an analyst For the Office of Consumer Services; is that correct?

A. Yes, it is.

Q. And in connection with this matter did you prepare and file with the Commission prefiled direct testimony and prefiled rebuttal testimony on May 4th and May 23rd, respectively?

A. That's true.

Q. Do you have any corrections or additions that you wish to make to either of those items of testimony?

A. No, they stand.

Q. And if I were to ask you the questions that you answered in your written testimony would your answers today be the same?

A. They would.

MR. PROCTOR: The Office moves for the admission of, I believe it's OCS-01 and OCS-01R. I believe that's the way they're marked.

HEARING OFFICER: Any objections?

MS. NELSON CLARK: No, sir.

HEARING OFFICER: They're received in evidence.

1 (The testimony and exhibits of Eric Orton were
2 received.)

3 Q. (By Mr. Proctor) Mr. Orton, do you have a
4 brief summary of the testimony you have prefiled?

5 A. I do. The Office evaluated the March 2,
6 2012, application by reviewing the contract and
7 conducting discovery of the parties. As a result, as
8 stated in direct testimony, the Office has no reason
9 to object to the Commission approving the contract.

10 However, as stated in both direct and
11 rebuttal testimony, parts of the testimony by Questar
12 and the Division go beyond the issues and facts as
13 they are relevant to the application of the contract.

14 Accordingly, the position of the Office is
15 that if the application is approved the Commission
16 should explicitly indicate that approval applies only
17 to the contract itself, and does not imply approval of
18 any specific facilities or associated rate impact for
19 Questar's other customers.

20 Q. Does that conclude your statement?

21 A. Yes, sir.

22 MR. PROCTOR: Mr. Orton is available for
23 cross-examination.

24 HEARING OFFICER: Any cross-examination for
25 Mr. Orton?

1 MS. SCHMID: None.

2 MS. NELSON CLARK: No, sir.

3 HEARING OFFICER: Thank you Mr. Orton.

4 MR. ORTON: Thank you.

5 HEARING OFFICER: You're excused.

6 I believe that concludes the presentation of
7 evidence. Do counsel have anything further to bring
8 before the Commission regarding this matter?

9 MS. NELSON CLARK: No, sir.

10 HEARING OFFICER: Thank you then. Oh,
11 Ms. Clark?

12 MS. NELSON CLARK: I do have one matter,
13 Mr. McKay reminds me. As the Commission knows, there
14 is a date --

15 HEARING OFFICER: July 1st.

16 MS. NELSON CLARK: -- July 1st --

17 HEARING OFFICER: We do know.

18 MS. NELSON CLARK: -- to add to that. And I
19 apologize for this. If by June 15th we don't have an
20 affirmative or a negative Questar Gas and Questar
21 Pipeline will be obligated to provide cost information
22 to Rocky Mountain Power so that they can do an
23 analysis about whether or not to go forward.

24 So to the extent that that influences your
25 processes we just wanted to make sure you were aware

1 of that as well.

2 HEARING OFFICER: Is the provision of cost
3 information a, an issue of effort, or an issue of
4 disclosure of sensitive information?

5 MS. NELSON CLARK: A little of both. We, we
6 at Questar Gas and those at Questar Pipeline have been
7 working diligently to compile that information, and so
8 most of the effort has been expended. But there is an
9 issue of disclosure which we'd prefer not to be
10 providing that if it's not necessary. We're happy to
11 provide it if it is.

12 HEARING OFFICER: Thank you. Any comments on
13 that issue from any other party?

14 Anything else to come before the Commission?

15 Then we're adjourned. Thank you very much.

16 (The hearing was concluded at 9:53 a.m.)

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

This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Certified Shorthand Reporter and Registered Professional Reporter in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, numbered 1 through 35, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

SIGNED ON THIS 8th DAY OF June, 2012.

Kelly L. Wilburn, CSR, RPR
Utah CSR No. 109582-7801

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