

Docket No. 13-057-05
DPU Exhibit No. 6.0 Dir.
Witness: Clair Oman
October 30, 2013

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar :
Gas Company to Increase Distribution :
Rates and Charges and make Tariff :
Modifications : Docket No. 13-057-05
:
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:
:

DIRECT TESTIMONY

OF

**CLAIR OMAN
STATE OF UTAH
DIVISION OF PUBLIC UTILITIES**

October 30, 2013

1 **Q. Please state your name and business address for the record.**

2 A. Clair Oman. My business address is Heber M. Wells Building 4th Floor, 160 East
3 300 South, Salt Lake City, Utah 84114-6751.

4

5 **Q. For which party will you be offering testimony in this case?**

6 A. I will be offering testimony on behalf of the Utah Division of Public Utilities
7 (“Division”).

8

9 **Q. Please describe your position and duties with the Division of Public Utilities?**

10 A. I am employed by the Division as Technical Consultant. I examine public utility
11 financial data submitted for determination of rates; review applications for rate
12 increases; conduct research; examine, analyze, document and recommend
13 regulatory positions on a variety of regulatory matters; review operations reports
14 and evaluate compliance with laws and regulations, etc.; and testify in hearings
15 before the Utah Public Service Commission (“Commission”).

16

17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to review various account balances as provided
19 by Questar Gas Company (the “Company”) in its application requesting a
20 proposed overall revenue increase request of \$19 million, as set forth in the
21 testimony of Kelly B. Mendenhall (QGC Exhibit 3.0) and to consider any
22 necessary adjustments.

23

24 **Q. What areas of the application were you assigned to review?**

25 A. I was assigned to review the lead lag study used in determining the factor for the
26 Cash Working Capital. I was assigned to review the following accounts:
27 customer records expense (FERC Account 903); miscellaneous expense (FERC
28 Account 905); miscellaneous customer service expense (FERC Account 909);
29 outside services expense (FERC Account 923); injuries and damages (FERC
30 Account 925); regulatory commission expenses (FERC Account 928); general
31 advertising expenses (FERC Account 930.1); miscellaneous general expenses (FERC
32 Account 930.1); and rents (FERC Account 931). I also reviewed the
33 Company's responses to data requests of other parties in this case to determine the
34 impact if any upon the revenue requirement in this rate case

35

36 I reviewed Company accounting records and documentation directly related to
37 the assigned areas of my review. I reviewed general rate case testimony, filings,
38 and stipulations for other Company regulated jurisdictions concerning matters of
39 adjustment and settlement in those filings that would relate to the Utah filing. I
40 submitted data requests as necessary to resolve any questions and proprietary
41 issues that arose and where explanation and clarification became an issue during
42 my review and analysis.

43

44 **Q. How will you present your adjustments?**

45 A. I have four adjustments and I will discuss them in the order of my attached DPU
46 Exhibits 6.1 Dir. through 6.4 Dir.

47

48 **Q. Will you explain your first adjustment as set forth in DPU Exhibit 6.1 Dir.?**

49 A. During my review of the lead lag study those areas that are most controllable by
50 the company appear to be the Accounts Payable Lag. The lag in this area also was
51 the most varied. The gas purchases lag was somewhat shorter than the Revenue
52 Lag for the Sales of Natural Gas. The O&M Materials and Supplies lag was
53 extremely short at 18.259 days. The DPU proposes adjusting these two categories
54 to the same lag that was experienced in the Sales of Natural Gas of 36.622 days.
55 The impact of increasing the lag on the Gas Purchases and the O&M Materials
56 and supplies to the 36.622 is a decrease in the Utah revenue requirement by
57 \$191,688.

58

59 **Q. What is your second adjustment as set forth in DPU Exhibit 6.2 Dir.?**

60 A. The Company has expensed \$250,000 for Economic Development assistance in
61 the calendar year 2012. This amount was expensed to FERC account 903001.
62 The Division proposes removal of 100 percent of the Economic Development
63 accrued since it appears these expenses are related to civic activities, which
64 regulated utilities are generally not allowed to recover from ratepayers.
65 The escalated amount of this adjustment is \$259,589 on a total Company basis.

66

67 **Q. Will you please describe your third adjustment as set forth in Exhibit**
68 **DPU 6.3 Dir.?**

69 A. The Company has included in the projected expense Rent for Radio Shop. These
70 expenses are related to a building area that housed the communications operation
71 that was sold to Questar Corporation and Questar Pipeline in January of 2013.
72 Therefore the incurrence of these costs is non-regulated activity and the costs
73 should be removed from the model and moved below the line or transferred to the
74 affiliates. The total amount of this adjustment when adjusted for inflation totals
75 \$75,991 on a total Company basis.

76 **Q. Will you please describe your fourth adjustment as set forth in Exhibit**
77 **DPU 6.4 Dir.?**

78 A. The Company operates a cafeteria in the D. N. Rose building for the benefit of
79 the employees. The revenues and expenses of operations are included in FERC
80 account 921 Office Supplies and Expense. The operations revenues do not
81 recover the costs of operation. In 2012 the expenses exceeded the revenues in the
82 amount of \$237,793. This expense is not necessary to provide safe and efficient
83 natural gas service to the customers. The cafeteria should be considered an
84 unnecessary addition to the benefits package and an excessive cost to the
85 ratepayer and should be moved below the line.

86 The total escalated amount for adjustment is \$246,189 on a total Company basis.

87 **Q. Does this conclude your testimony?**

88 A. Yes.