

Transportation Services Meeting

February 28, 2014

Transportation Service Issues

- Questar Gas needs the ability to properly track nominations from the upstream pipeline to the customer
 - Currently nominations are to one “city gate” pool
 - Priorities are not designated
 - Results in pro-rata reductions
- There are concerns regarding the use of services not covered in Transportation rates

December 5th, 2013

■ **Issues**

- Upstream reductions occur due to a variety of reasons
- Issues cannot be resolved between cycles
- Electronic confirmations are necessary at the customer level (NAESB compliant)
- Nominations need to match planned usage for each transportation customer
- Customers do not always reduce their usage to match their supplies when requested
- Transportation customers use Questar Gas' transportation, no-notice transportation (NNT) and storage services

Discussion

- How do other LDCs handle these issues?

Questar Gas Proposal

1. Streamline the process for nomination changes for transportation customers

Streamline the Process for Nominations Changes for Transportation Customers

- Questar Pipeline will require matching upstream and downstream contracts
 - Provides for automated prioritized reductions when necessary
 - Gives control to the agents/customers to prioritize reductions
 - This can be done with or without pooling contracts

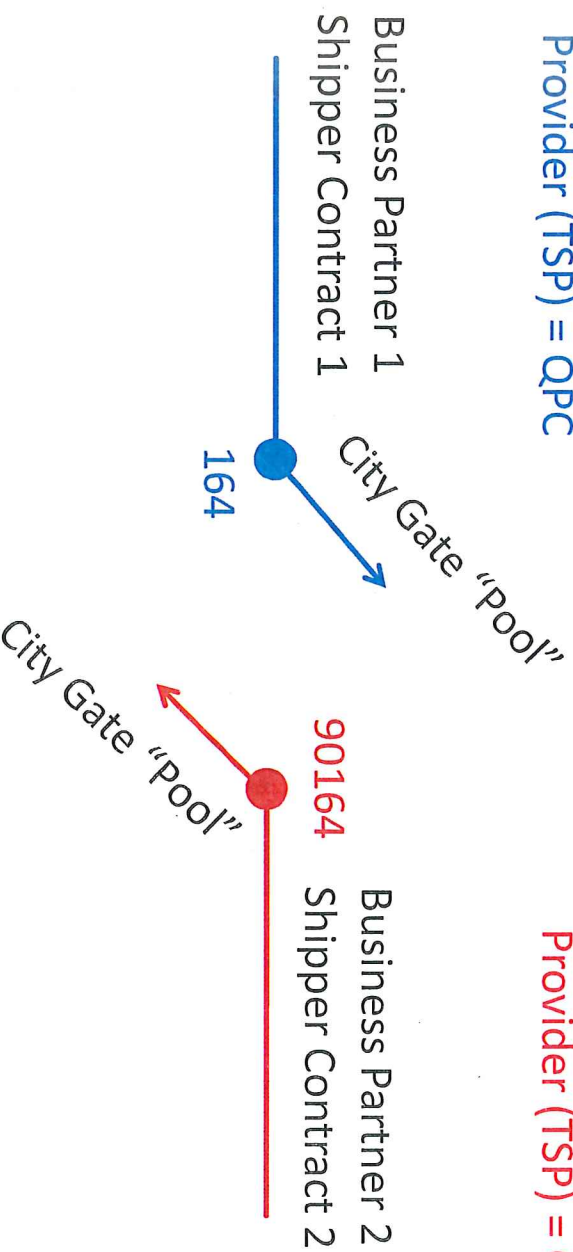
Current Method Used by QGC TS Shippers

Transportation Service

Provider (TSP) = QPC

Transportation Service

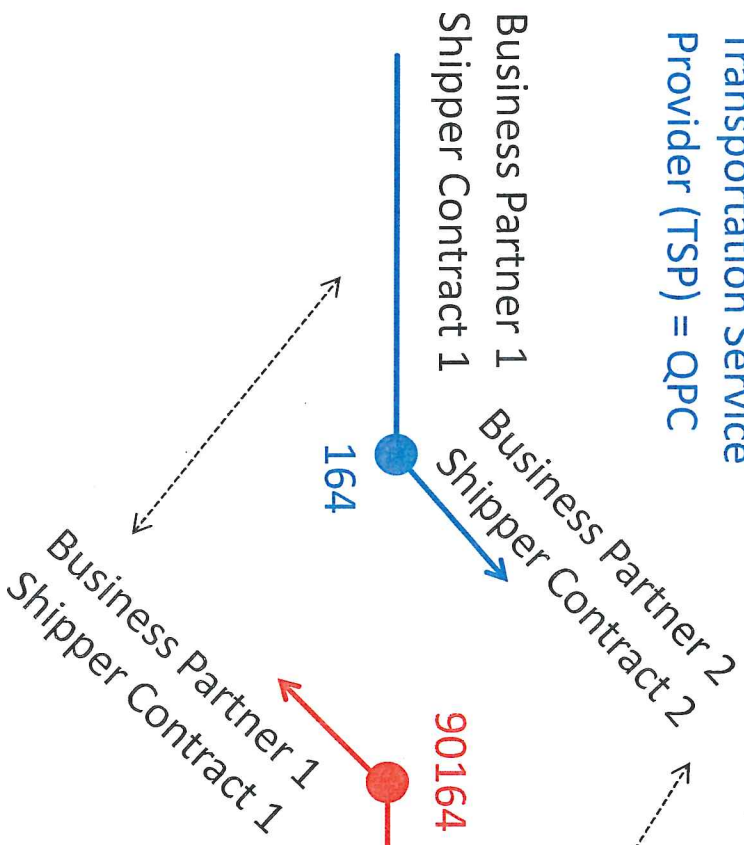
Provider (TSP) = QGC



- This cannot be maintained in the future
- Cannot confirm nomination
- No automated cuts
- Manual cuts by QGC are very difficult
 - Matching nominations
 - Large number of nominations
 - Cycle and processing time constraints
- Masks nomination (Business Partner 1 cannot determine Business Partner 2)

NAESB Standard Contracting

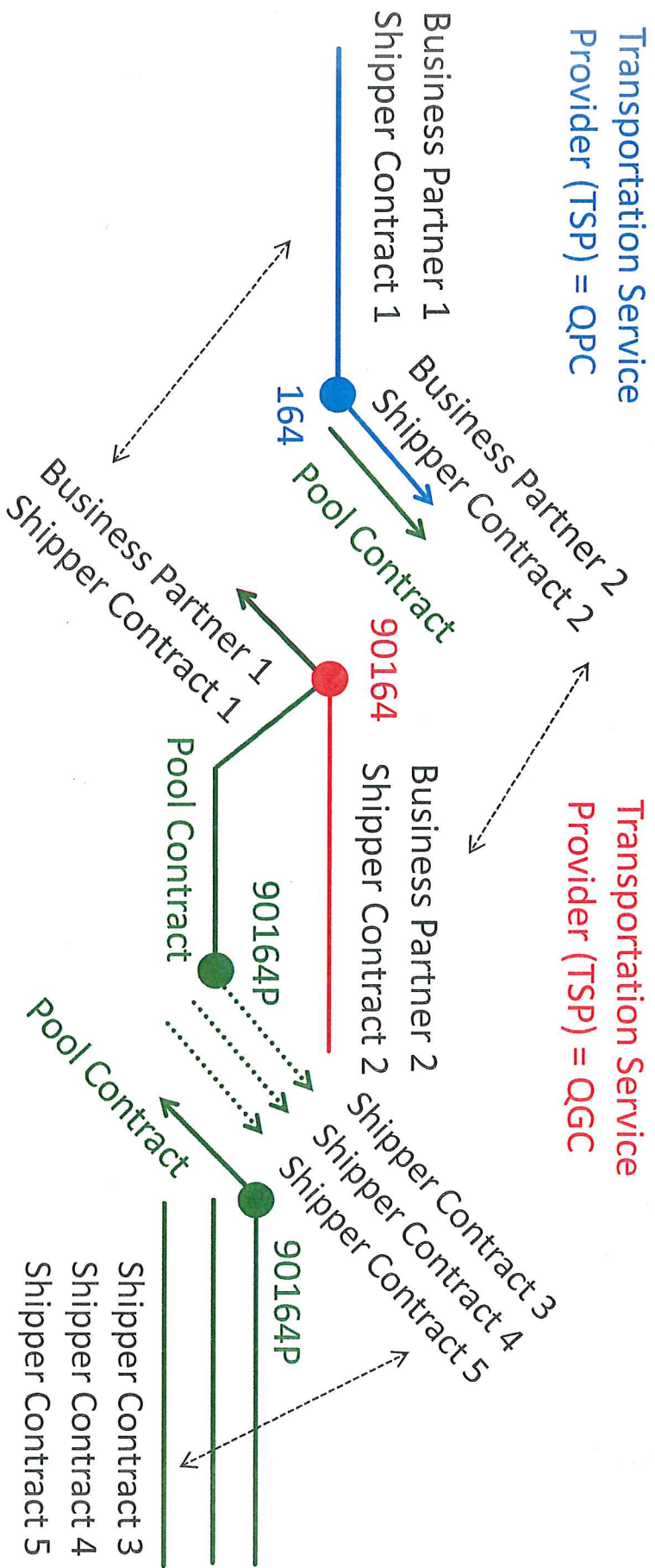
Transportation Service
Provider (TSP) = QPC



Transportation Service
Provider (TSP) = QGC

- This is minimum requirement going forward
- Can confirm nomination
- Cannot mask nomination (Business Partner 1 can determine Business Partner 2)
- QPC uses EDI (automated) confirmations

NAESB Standard Contracting with Pooling



- Can confirm nomination
- Customers who do not want to use pool can nominate take away from 90164

Questar Gas Proposal

1. Streamline the process for nomination changes for transportation customers
2. Charge transportation customers for use of Questar Gas' upstream transportation, NNT and storage services
 - Tariff changes are required to charge transportation customers for these services

Charge Transportation Customers for the Use of QGC Services

- Questar Gas utilizes services such as transportation, NNT and storage to mitigate the differences between customer nominations and actual usage
 - The cost of these services are part of Sales rates
 - The cost of these services are not part of Transportation rates
- To avoid interclass subsidies these costs should be included as part of the Transportation rates when used
- When services are not available to the extent needed, customer usage reductions will still be necessary
 - Penalties will apply per the Questar Gas Tariff

Questar Gas Proposal

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3. Balancing restrictions for the commodity still will exist when designated by Questar Gas

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Discussion

- Discuss comments, suggestions and recommendations from the group
- Propose next meeting?