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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Formal Complaint Against Questar Gas Company Regarding Nomination Procedures and Practices for Transportation Service Customers</p>	<p>Docket No. 14-057-19</p> <p>PREFILED REBUTTAL TESTIMONY OF RICK PEMBERTON</p>
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The Complainants in this docket hereby submit the Prefiled Rebuttal Testimony of Rick Pemberton of Continuum Energy Services, LLC (previously known as Seminole Energy Services, LLC).

DATED this 10th day of September 2014.

HATCH, JAMES & DODGE

/s/ _____
Gary A. Dodge

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 10th day of September 2014 on the following:

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/s/ _____

BEFORE

THE PUBLIC SERVICE COMMISSION OF UTAH

Rebuttal Testimony of Rick Pemberton

On behalf of Complainants

Docket No. 14-057-19

September 10, 2014

1 **Q. Are you the Rick Pemberton who submitted direct testimony on behalf of the**
2 **Complainants in this docket?**

3 A. Yes.

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. My rebuttal testimony is intended to return the focus of this case to issues relevant to
6 the relief we have requested. I will attempt to identify some of the irrelevant issues
7 that have been raised by others in their responsive testimony.

8 In the Complaint and in my direct testimony, Continuum complained that QGC
9 unilaterally abandoned its long-standing informal pooling services offered to TS Rate
10 Schedule customers prior to July 1, 2014 without the consent of the customers and
11 without the Commission's approval. Continuum requested that the Commission
12 require QGC to continue to provide TS customers the option of aggregating pooling
13 supplies at the QGC city gate, and gave several reasons why continuation of
14 pooling/aggregation at the city gate is in the best interests of Utah TS customers and
15 in the public interest.

16 The testimony of QGC witnesses Tina Faust and William Schwarzenbach
17 largely ignores Continuum's simple request and raises confusing and irrelevant issues
18 regarding alternative upstream supply and delivery options, specious claimed
19 customer benefits from the loss of pooling, unsupported claims of additional costs,
20 and tariff imbalance provisions, none of which has anything to do with our

21 straightforward request for continuation of aggregation pools as provided in the past
22 as consistent with the best interests of Utah TS customers and the public interest.

23 **Q. Mr. Schwarzenbach suggests that pooling on the QGC system is not necessary**
24 **because customers or suppliers can purchase upstream transportation capacity**
25 **from Questar Pipeline and “aggregate” upstream supplies under that transport**
26 **agreement (lines 81-116). Do you agree with his suggestion?**

27 **A.** No, it completely misses the point of our request for relief. We are not asking the
28 Commission to allow us to aggregate on the upstream side of the city gate -- indeed, I
29 don't believe this Commission has jurisdiction to address upstream pipeline or supply
30 issues. Again, Continuum is simply asking the Commission to require QGC to
31 reinstate the aggregation services offered and provided prior to July 1, 2014 on the
32 QGC side of the city gate. Any discussion of upstream assets or options completely
33 misses the point of our request, and serves simply to cause confusion.

34 QGC's proposed alternatives to aggregation or pooling at the city gate fail to
35 mitigate the risk to TS customers of supply failure, which is the primary risk that we
36 addressed in our request. They also fail to provide Utah TS customers with benefits
37 comparable to those previously enjoyed through aggregation behind the city gate.

38 **Q. Mr. Schwarzenbach also suggests that by purchasing transportation agreements**
39 **on Questar Pipeline, customers could get “control over the risk of the**
40 **transportation of ... supplies to the City Gates” (lines 98-104). Was**

41 **transportation risk one of the customer risks that you addressed in your direct**
42 **testimony?**

43 A. No. The customer risks that I addressed dealt with supply risk, not transportation risk.
44 QGC's simplistic suggestion is that if customers or suppliers would purchase firm
45 transportation services on its affiliate Questar Pipeline and then purchase gas at
46 upstream supply points on the pipeline, customers would be guaranteed gas supply at
47 the city gate. This is simply not true. Firm transportation agreements are a guarantee
48 of transportation capacity, not supply.

49 Ms. Faust's testimony acknowledges that the disruptions of December 5, 2013
50 were caused by supply constraints (well freeze offs and processing plant operational
51 problems), not capacity constraints on Questar Pipeline (lines 43-46). Assuming no
52 transportation capacity constraints to the city gate, if Continuum or its suppliers were
53 to buy firm transport on Questar Pipeline and then purchase gas at upstream supply
54 points with a non-firm delivery obligation, customers could still potentially have no
55 gas supply at the city gate, even though they paid the pipeline for firm capacity.
56 Alternatively, if Continuum or its suppliers were to obtain interruptible transportation
57 to the city gate and gas with a firm delivery obligation, gas would be available for its
58 customers. The simplistic suggestion that TS customers and their agents should
59 purchase upstream transportation and gas supply totally misses the point of our
60 Complaint and simply ignores our showing that elimination of pooling has damaged
61 Utah TS customers.

62 **Q. Ms. Faust and Mr. Schwarzenbach suggest that elimination of pooling**
63 **somehow benefits TS customers because they have access to more details of their**
64 **gas supply, presumably because they can see an upstream contract number. How**
65 **do you respond to this suggestion?**

66 A. As shown in my above example, transparency as to a transportation service contract
67 on an upstream pipeline does not provide the customer with any details or guarantees
68 as to gas supply arrangements or delivery obligations. The claimed customer benefits
69 are specious and of no value. Continuum's customers look to the contractual delivery
70 commitments of their agents and suppliers to ensure a firm gas supply.

71 **Q. You mentioned testimony regarding tariff imbalance provisions and penalties.**
72 **What is your view about responsive testimony on this subject?**

73 A. I believe responsive testimony on this issue is confusing and largely irrelevant. The
74 concern expressed in our direct testimony was increased customer risk of daily
75 imbalance penalties during periods of curtailment. Our direct testimony clearly
76 demonstrated that this customer risk has increased with the loss of pooling, and none
77 of the responsive testimony addresses or refutes that showing.

78 **Q. Does this conclude your rebuttal testimony?**

79 A. Yes.