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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY TO MAKE TARIFF MODIFICATIONS TO CHARGE TRANSPORTATION CUSTOMERS FOR SUPPLIER-NON-GAS SERVICES</p>	<p>Docket No. 14-057-31</p> <p>REBUTTAL TESTIMONY OF MATTHEW MEDURA OF CIMA ENERGY LTD</p>
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CIMA ENERGY LTD hereby submits the Prefiled Rebuttal Testimony of Matthew Medura in this docket.

DATED this 31st day of July 2015.

HATCH, JAMES & DODGE

/s/ _____
Gary A. Dodge
Attorneys for CIMA ENERGY LTD

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 31st day of July 2015 on the following:

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**Rebuttal Testimony of
MATTHEW MEDURA**

**On behalf of
CIMA ENERGY LTD**

Docket No. 14-057-31

July 31, 2015

1 **INTRODUCTION**

2 **Q. Are you the same Matthew Medura who submitted direct testimony on behalf of**
3 **CIMA ENERGY LTD in this docket?**

4 A. Yes, I am.

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

6 A. I will respond to direct testimony filed by Division of Public Utilities (“Division”) witness
7 Douglas D. Wheelwright and Office of Consumer Services (“OCS”) witness Jerome
8 D. Meirzwa.

9 **RESPONSE TO DIRECT TESTIMONY OF DOUGLAS D. WHEELWRIGHT**

10 **Q. What is your general reaction to Mr. Wheelwright’s direct testimony?**

11 A. I generally agree with Mr. Wheelwright’s conclusions that Questar Gas has not
12 presented sufficient information in this docket as to the specific costs that should be
13 considered in developing a charge for daily imbalances (lines 279-281), that a task
14 force could be useful in determining the components and calculation of a reasonable
15 charge (lines 288-289), and that the discrepancies between nominations and usage
16 can and should be reduced (lines 291-293). However, I do not agree with Mr.
17 Wheelwright’s suggestion for a socialized charge on all transportation volumes (lines
18 281-284), a more aggressive interpretation or use of existing tariff language (lines
19 299-303), or the application of balancing restrictions or charges to only a select group
20 of larger transportation customers (lines 312-323).

21 **Q. Do you have any additional comments on Mr. Wheelwright’s testimony?**

22 A. Yes, in lines 281-287, Mr. Wheelwright suggests that a yet-to-be determined fee
23 should be charged to each Dth used by transpiration customers and that the charge
24 should be recalculated twice per year with each 191 pass through filing. I disagree
25 with both suggestions. Twice-per-year adjustments are not reasonable. Moreover,
26 many of CIMA's customers can and do provide us with a daily nomination that is
27 within 5% of their actual usage; therefore I do not support the socialized application
28 of this charge, unless customers are given the option to select either a socialized
29 charge on all volumes or to pay only for imbalances outside of a reasonable
30 tolerance level.

31 I disagree with imposing balancing restrictions or charges on large customers
32 only, and I continue to support the aggregation of imbalances at the agent level, as is
33 currently done during OFO periods, as an agent's aggregate volume is more easily
34 balanced on a daily basis than at the individual customer level. I believe imbalance
35 aggregation at the agent level can be more fully explored and discussed in the task
36 force proposed by Mr. Wheelwright.

37 I agree with Mr. Wheelwright's conclusion that the 5% tolerance may be too
38 restrictive. Indeed, I note that at a usage level of 20 Dth per day, a 5% tolerance
39 translates to 1 Dth. Any customer that uses less than 20 Dth per day may have no
40 tolerance at all, as the system works only in whole Dth. If conventional rounding is
41 used, a customer using 10 Dth per day would have a 1 Dth tolerance, but a customer
42 using under 10 Dth per day would have no tolerance at all, such that the charge
43 would be applied to all deviations between usage and gas nominated. The Company

44 data cited by Mr. Wheelwright suggested there are transportation customers as small
45 as 1,500 Dth/year or about 4 Dth/day who would not have any tolerance. Again,
46 aggregation at the agent level will allow smaller transportation customers to
47 participate with a reasonable tolerance.

48 **RESPONSE TO DIRECT TESTIMONY OF JEROME D. MIERZWA**

49 **Q. What is your general reaction to Mr. Mierzwa's direct testimony?**

50 A. Mr. Mierzwa's testimony does little more than offer full support for the company's
51 proposal by rejecting the direct testimony of UAE witnesses Higgins and Fishman,
52 Summit Energy witness McGarvey and my testimony, while offering very little in the
53 nature of detailed or reasoned analysis. He simply accepts all of the components of
54 the Company's rate calculation while dismissing the opposing witnesses' testimony
55 that demonstrates that several of those components are incorrect or not actually
56 incurred. He provides no sound reasoning for his wholesale dismissal of such
57 testimony. He cites a few examples of alleged balancing requirements or costs
58 purportedly utilized by a few eastern utilities, but again with very little detail as to the
59 proper application or cost components of those tariffs. I do not believe that Mr.
60 Mierzwa's testimony adds anything of value to the record.

61 **Q. With respect to Mr. Mierzwa's rejection of your proposal for aggregation of**
62 **imbalances at the agent level, what is your response?**

63 A. In lines 233-238, Mr. Mierzwa states that, since transportation customers directly
64 contract with Questar Gas, my recommendation to address imbalances at the agent
65 level is not feasible. His conclusion is neither logical nor accurate. Mr. Mierzwa

66 ignores the fact that the Company currently aggregates daily imbalances at the agent
67 level during periods of Operational Flow Orders, as well as administering an active
68 imbalance-trading period at the agent level after the OFO is lifted. It clearly is feasible
69 for Questar Gas to administer any new daily imbalance requirement or charge at the
70 supplier/agent level, and there is no good reason not to do so.

71 **Q. Would you please summarize your rebuttal comments and recommendations?**

72 A. Yes, I agree with Mr. Wheelwright's general conclusion that an appropriate
73 transportation imbalance requirement or charge, and its proper components, cannot
74 be reasonably determined based on the Company's filing. I do not believe it is just
75 or reasonable to apply a socialized volumetric fee on all transportation customer
76 usage without an option to avoid this fee, or to impose a 5% tolerance requirement
77 outside of OFO periods. I agree that the Company's tariff provides tools to incentivize
78 better alignment of transportation customer nominations and usage, but I do not
79 believe the tariff should be interpreted or used in a more aggressive manner than it
80 has been historically. By imposing a fee on aggregated agent-level imbalances in
81 excess of a reasonable tolerance level of 10-15%, customers and agents will have an
82 incentive to more closely match nominations and usage. I agree that a task force as
83 recommended by Mr. Wheelwright may be useful for purposes of working out the
84 specifics of reasonable requirements, cost components, charges and aggregation.

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

86 A. Yes.