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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar Gas Company to Make Tariff Modifications To Charge Transportation Customers for Supplier Non-Gas Services	Docket No. 14-057-31
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PREFILED SURREBUTTAL TESTIMONY OF JEFF J. FISHMAN

The Utah Association of Energy Users, Nucor Steel-Utah, and CIMA ENERGY LTD hereby submit the Prefiled Surrebuttal Testimony of Jeff J. Fishman in this docket.

DATED this 14th day of August 2015.

HATCH, JAMES & DODGE

/s/ _____
Gary A. Dodge

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 14th day of August 2015 on the following:

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Surrebuttal Testimony of

JEFF J. FISHMAN

On behalf of

Utah Association of Energy Users,

Nucor Steel-Utah, and

CIMA ENERGY LTD

Docket No. 14-057-31

August 14, 2015

1 **Q. ARE YOU THE SAME JEFF FISHMAN WHO SUBMITTED DIRECT**
2 **TESTIMONY ON BEHALF OF UAE, NUCOR STEEL-UTAH AND CIMA**
3 **ENERGY LTD IN THIS DOCKET?**

4 A. Yes, I am.

5 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

6 A. The purpose of my Testimony is to comment on statements contained in the
7 Rebuttal Testimony of William F. Schwarzenbach. Specifically, I will address Mr.
8 Schwarzenbach's claim that he "...will offer evidence..." (line 14) related to
9 "operational concerns arising from inaccurate nominations" (line 15), "problems
10 associated with aggregation and imbalance trading" (line 17), "imbalance
11 restrictions" (line 18), and "real-time meter data" (line 18).

12 **Q. WERE ANY SUCH "OPERATIONAL CONCERNS" CLAIMED IN PRIOR**
13 **QGC TESTIMONY IN THIS DOCKET?**

14 A. No.

15 **Q. WHAT DID MR. SCHWARZENBACH IDENTIFY AS "OPERATIONAL**
16 **CONCERNS"?**

17 A. Mr. Schwarzenbach made reference to "operational constraints" during the past
18 two heating seasons (line 25), most likely referring to the well-established
19 Balancing Restriction process (otherwise known as Operational Flow Order).

20 **Q. HOW DOES THE BALANCING RESTRICTION PROCESS FUNCTION?**

21 A. When there is an operational need to restrict deliveries of gas to transportation
22 customers to more closely match nominations, it is managed by the operating

23 restrictions and related penalties imposed by a Balancing Restriction. A Balancing
24 Restriction may be issued by QGC when overall system demand is expected to be
25 unusual, when there are mechanical issues affecting deliveries or if system testing
26 is required. Under a Balancing Restriction, transportation customers must limit
27 their usage to nominations, or otherwise incur a penalty after an exchange or
28 aggregation of imbalances to mitigate any such penalties.

29 **Q. DID MR. SCHWARZENBACH OTHERWISE TRY TO CORRELATE**
30 **NOMINATIONS TO “OPERATIONAL CONCERNS”?**

31 A. Yes. Mr. Schwarzenbach stated that “correct nominations” are important “because
32 supply concerns may arise at any time” (lines 34-35).

33 **Q. HOW DO YOU RESPOND?**

34 A. While it is true that supply availability issues may arise, nominations do not
35 directly influence supply availability, rather, a nomination can only be fulfilled if
36 supply is available. In fact, Mr. Schwarzenbach confirms this, stating “...TS
37 Customers would be limited to usage based on their supply availability.” (lines
38 43-44)

39 **Q. DID MR. SCHWARZENBACH OTHERWISE PURPORT TO ADDRESS**
40 **ACCURATE NOMINATIONS AND “OPERATIONAL CONCERNS”?**

41 A. Yes. Mr. Schwarzenbach stated that “...TS Customers’ inaccurate nominations
42 cause operational problems.” (lines 40-41) and “...the Company experiences
43 operational problems.” (lines 46-47).

44 **Q. DID MR. SCHWARZENBACH EXPLAIN THESE “OPERATIONAL**
45 **PROBLEMS”?**

46 A. No. No evidence has been provided to describe, explain or support any such
47 “operational problems”. Mr. Schwarzenbach did state that “...TS Customers
48 utilizing more than their nominated volumes could result in loss of service to firm
49 sales customers.” (lines 58-59) Again, no evidence was offered that this has ever
50 taken place.

51 **Q. WHAT IS YOUR CONCLUSION REGARDING THESE SUGGESTED**
52 **“OPERATIONAL PROBLEMS”?**

53 A. I understand that QGC would like to incentivize transportation customers to
54 manage nominations closer to usage rates through the proposed daily imbalance
55 charge under this Docket. However, unless the QGC system is operating under the
56 unusual situation leading to the use of a Balancing Restriction, QGC has not
57 provided any evidence of “operational concerns” or “operational problems” that
58 are the direct result of transportation customers’ nominations, and these
59 arguments should be disregarded. Had operational concerns been a motivating
60 factor for QGC’s filing, the Company should have indicated as much in its
61 Application and Direct Testimony, and the Company should have offered some
62 evidence rather than belated theory.

63 **Q. WHAT IS MR. SCHWARZENBACH’S POSITION ON AGGREGATION?**

64 A. Mr. Schwarzenbach opposes imbalance aggregation, but provides no reasonable
65 basis for his opposition. For example, he seems to assume that aggregation would

66 eliminate the supplier placing a daily nomination for each customer (lines 239-
67 251), but that is not the suggestion made by Mr. Medura. Rather, daily
68 nominations will continue to be provided for each transportation customer. Mr.
69 Medura's suggestion is that a supplier should be provided the flexibility to offset
70 imbalances within its customer base on a daily basis. In addition, Mr.
71 Schwarzenbach refers to "...confusion during curtailments..." (line 246). That
72 issue was addressed and resolved in Docket No. 14-057-19. It is managed first by
73 the customer Firm Contract Quantity, and then by the supplier providing supply
74 curtailment allocation and priority instructions to QGC in the unlikely event that
75 situation arises. The last issue that Mr. Schwarzenbach raises here is related to
76 customer receipt points (lines 253-257). Transportation customers must identify a
77 receipt point on the QGC system and Mr. Medura has not suggested that
78 aggregation will override that contractual requirement. In summary, Mr.
79 Schwarzenbach offers no reasonable basis to oppose daily imbalance aggregation
80 by a supplier, and I strongly urge the Commission to authorize this practice, as is
81 allowed under the Balancing Restriction process.

82 **Q. WHAT IS MR. SCHWARZENBACH'S POSITION ON TRADING OF**
83 **DAILY IMBALANCES?**

84 A. Mr. Schwarzenbach is opposed to trading daily imbalances, founded on the
85 unsupported assertion that "...trading only exacerbates the problems associated
86 with aggregation" (line 260). This open-ended critique is not followed by any
87 further explanation and should be disregarded.

88 **Q. WHAT IS MR. SCHWARZENBACH'S POSITION ON MANAGING**
89 **IMBALANCES THAT MAY OCCUR UNDER A BALANCING**
90 **RESTRICTION?**

91 A. Mr. Schwarzenbach's Testimony (lines 262–306) weaves together prior testimony
92 related to an alternative concept of a flat rate daily imbalance charge
93 (Wheelwright, lines 281-285 and McGarvey lines 145-151) and imbalance
94 management techniques currently available under the Balancing Restriction
95 process.

96 **Q. HOW DO YOU RESPOND?**

97 A. The concept of a flat daily imbalance charge has been offered as an alternative to
98 the methodology proposed by QGC, and should be considered on its own merits.
99 Of deep concern, however, is the suggestion by Mr. Schwarzenbach to eliminate
100 aggregation and trading language from the Balancing Restriction section of the
101 Tariff (lines 285-286). In this, Mr. Schwarzenbach suggests an extrapolation of
102 the stated objective in this Docket (to improve daily nominations) to eliminate a
103 long-standing method of mitigating imbalances and penalties during a Balancing
104 Restriction by modifying Tariff language. This suggestion would greatly expand
105 the negative impacts on customers that may result from the proposed daily
106 imbalance charge, and should be disregarded.

107 **Q. WHAT IS MR. SCHWARZENBACH'S ASSESSMENT OF REAL-TIME**
108 **METER DATA?**

109 A. Mr. Schwarzenbach states that transportation customers "...do not necessarily
110 need real-time data, but if they want such data they should bear the costs of
111 obtaining it." (lines 345-346).

112 **Q. HOW DO YOU RESPOND?**

113 A. Achieving a consistent balance between a nomination and actual usage within a
114 5% tolerance on a daily basis is, in part, dependent upon availability of real-time
115 metering data. Further, transportation customers pay QGC for both special
116 metering equipment and operating and administrative fees. It is the obligation of
117 QGC to provide transportation customers with the tools necessary to operate
118 within the new operating scheme proposed under this Docket. To suggest that a
119 transportation customer "...purchase additional technology..." (line 327) is an
120 attempt to deflect the responsibility that QGC has to manage its metering data in a
121 manner consistent with its nomination and balancing requirements.

122 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

123 A. Yes.