

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE JOINT NOTICE AND APPLICATION OF QUESTAR GAS COMPANY AND DOMINION RESOURCES, INC. OF PROPOSED MERGER OF QUESTAR CORPORATION AND DOMINION RESOURCES, INC.	DOCKET NO. 16-057-01 ANGC Exhibit 1
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DIRECT TESTIMONY OF CURTIS CHISHOLM
FOR THE AMERICAN NATURAL GAS COUNCIL, INC.

July 7, 2016

1 **Q: Please state your name, place of employment and position.**

2 A. My name is Curtis Chisholm. I am chief executive officer of Integrated Energy
3 Companies and its subsidiary, Summit Energy. LLC, a member of the American Natural
4 Gas Council, Inc. ("ANGC"). I am also an officer of ANGC. My office is located at 201
5 South Main Street, 20th Floor, Salt Lake City, Utah 84111.

6 **Q: Please describe your professional experience and educational background.**

7 A. From 1995 to 1998 I was the managing director of Wasatch Energy where we purchased
8 gas in the market for customers and transported it. In 1999 I became a director of Questar
9 Energy Trading and continued working there until 2002 when I went to work at Summit
10 Energy as a managing director. Summit Energy buys natural gas in the market and
11 transports it to its customers using Questar Gas Company's pipeline facilities. I became
12 chief executive officer of Integrated Energy Companies and Summit Energy in January of
13 2014. I have a Bachelor of Science degree in accounting from the University of Utah and
14 a Masters of Business Administration from the David Eccles School of Business at the
15 University of Utah. I have over 20 years of professional and executive experience in the
16 energy industry with much of it dedicated to natural gas trading.

17 **Q: Have you testified previously in state or federal regulatory proceedings?**

18 A. No.

19 **Q: On whose behalf are you testifying in this proceeding?**

20 A. I am testifying on behalf of ANGC, an association of commercial and industrial utility
21 consumers who are transportation and/or sales customers of Questar Gas Company that
22 transport and use small to medium volumes of natural gas. Other businesses that support

23 and work for these customers are also members of ANG. As I stated before, Summit
24 Energy is a member of ANG.

25 **Q: What is the purpose of your testimony?**

26 A. The purpose of my testimony is to make recommendations to the Commission and to the
27 merging companies how the new company, Dominion Questar, and the Commission can
28 and should improve service to transportation service customers in Utah.

29 **Q: Have you and other members of ANG had problems with the way transportation
30 service has been provided in the past?**

31 A. Yes. Questar Gas Company has not allowed Summit Energy to pool its customers when
32 natural gas is sourced from the Kern River pipeline. This has caused unnecessary trouble
33 for the supplier members of ANG to respond quickly to the needs of their customers. A
34 second problem has been Questar's unwillingness to recognize suppliers like Summit
35 Energy. Instead, the company maintains a marketing department paid for by an annual
36 \$4,500 meter fee that drives up the costs to ANG and their customers. ANG
37 recommends that Dominion Questar require Questar Gas to establish a relationship
38 directly with Summit Energy and other suppliers as the contact for their customers to
39 streamline costs. This is the way it works in most other markets.

40 **Q: Please address the pooling issue first. Would you explain what is pooling?**

41 A. Pooling is a service provided by local distribution gas companies like Questar Gas that
42 allows suppliers (marketers, suppliers, brokers, and producers) to deliver to the company
43 the natural gas supplies that are needed to serve the full firm requirements of all of the
44 firm transportation customers that are part of the supplier's pool. The gas supply is then
45 disaggregated at the pooling point and delivered to the individual customers.

46 **Q: Why does that matter?**

47 A. Suppliers need to be able to switch supplies within a short period when problems arise in
48 order to serve the needs of their transportation customers. Without pooling, gas is
49 delivered to Questar Gas from Kern River pipeline and is only designated for the use of
50 one customer and cannot be exchanged to serve another customer if circumstances
51 require that exchange.

52 **Q: Is pooling commonly permitted in other places around the country?**

53 A. Yes. To my knowledge it is available in almost every other market but this one when the
54 gas comes through the Kern River pipeline.

55 **Q: Would you further explain the problem caused by Questar Gas's unwillingness to**
56 **establish a direct relationship with suppliers?**

57 A. Yes. By not recognizing suppliers, Questar believes it must have a marketing department
58 paid for by firm transportation customers through an annual fee of \$4,500 per meter. That
59 makes service more expensive for the ANGC members and all other firm transportation
60 customers. Assuming the Commission approves the proposed merger, I recommend that
61 the Commission and Dominion Questar require Dominion Questar Gas to deal directly
62 with suppliers to help reduce costs to these customers.

63 **Q: Is it common for a gas distribution company like Questar to deal directly with**
64 **suppliers?**

65 A. Yes. In fact it is uncommon for them not to deal directly with suppliers. To my
66 knowledge, it occurs in every other market but here.

67 **Q: What are you asking the Commission to do in this case?**

68 A. I am asking that as part of the proposed merger the Commission require Dominion
69 Questar Gas Company to allow pooling from all sources and to establish a direct
70 relationship with gas suppliers in order to eliminate the \$4,500 per meter fee.

71 **Q: Does this conclude your direct testimony?**

72 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing direct testimony of Curtis Chisholm was served by email this 7th day of July 2016 on the following:

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