Larry R. Williams, #05018 Summit Energy, LLC 1245 E. Brickyard Road, Suite 210

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Changes and Make Tariff Modifications **Docket No. 13-057-05**

OBJECTION TO UNILATERAL CHANGE IN PROCEDURE AND EMERGENCY MOTION FOR STAY BY SUMMIT ENERGY, LLC

Summit Energy, LLC (hereafter "Summit") hereby petitions for relief of the requirements set out by Questar Gas Company (hereafter "Company") under the Notice received May 13, 2014.

In support of this Petition, Petitioner states as follows:

- 1. Summit is a natural gas marketing company servicing large and small producers and consumers of natural gas in the State of Utah and utilizing the transportation network of Company.
- 2. On October 21, 2013 Summit petitioned the Commission to intervene in the above-captioned matter.

- 3. On November 12, 2013 the Commission granted Summit's Petition to intervene.
- 4. On October 30, 2013 Summit offered testimony objecting to certain portions of the TS Tariff proposal including issues that were subsequently subject to a mandatory workgroup required by Commission Order.
- 5. On January 7, 2014 Summit, among others, entered into a Partial Settlement Stipulation Regarding TS Tariff Language (hereafter "Stipulation"), which was subsequently approved by the Commission.
- 6. Paragraph 5 of the Stipulation stated that "... the Settling Parties have agreed to pursue a more holistic approach ... to address issues and problems relating to interruption and tariff language changes."
- 7. Paragraph 8 of the Stipulation required the Company to invite the Settling Parties and other interested entities to "... collaboratively explore additional changes to the language of Section 5.01 and 5.07 of the Company's tariff to address interruption and related concerns and issues" on or before April 1, 2014.
- 8. On February 21, 2014 the Commission issued a Report and Order which in part approved the Stipulation.
- 9. Thereafter the Company set up three meetings designated by the Company as meetings of a Nominating and Scheduling Working Group to address the concerns outlined in the Stipulation.
 - 10. The meetings were attended by Summit and other interested parties.

11. At the first two meetings a significant amount of the discussion was directed

to how a "pooling" of nominations could occur to address the concerns and issues

identified in the Stipulation.

12.A third meeting was scheduled for May 13, 2014 to further discuss

alternatives in addressing interruptions and related concerns and issues as required in

the Stipulation.

13. However, at the beginning of the May 12, 2014 meeting the Company, by

email, notified those present as well as other Company customers utilizing the TS Tariff,

that it was unilaterally imposing a solution which would not include alternatives discussed

in the previous meetings and it was no longer willing to participate in the workgroup. The

Notice was short and without explanation stating:

"Subject: QPC/QGC TO BEGIN AUTOMATED CONFIRMATIONS

Questar Pipeline will begin electronic confirmation of nominations with

Questar Gas effective gas day Tuesday, July 1, 2014 Timely Cycle.

Customers with questions should contact their Scheduling representative.

EVENT DATE: 05/13/2014 01:06:41 PM"

14. The Company thereafter met with some of the workgroup participants

individually to explain the imposition of the Company solution and how nominations would

thereafter be required.

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- 15. At least two of the participants thereafter objected to this change for reasons as shown by the letters attached as Exhibit A which is incorporated herein.
- 16. The Company responded to these objections as shown by the letter attached as Exhibit B and incorporated herein.
- 17. By participating in only two meetings, and then issuing the Notice at the beginning of the third meeting, the Company has shown that it had no real intent to collaborate in a more holistic approach to address the concerns and issues identified in the Stipulation and required under the terms of the Stipulation and had a previously designed plan which it was predetermined to implement, contrary to representations contained in the Stipulation as adopted by the Commission.

WHEREFORE, Summit hereby moves the Commission -

- 1. To find that this action of the Company as contained in the Notice
 - a. Is contrary to the terms of the Stipulation,
 - Is anti-competitive in nature and contrary to the laws of the State of Utah,
 - c. Is without authority and outside the Order of the Commission,
 - d. Exposes TS Tariff customers to risks not normally incurred by such class of customer, and

e. Is contrary to and requires the breach of confidentiality and other provisions in the NAESB standard gas purchase contract utilized by

TS Tariff customers in purchasing its natural gas;

2. To Stay the implementation of the conditions and requirements of this

Notice until such time as the Commission can address this Objection at a hearing;

3. Schedule a hearing at the earliest possible time to address the issues raised

in this. It is noted that the Notice states that it will be implemented as of July 1st, and

therefore nominations are due on June 30th. It is requested that a hearing be set for the

afternoon of June 30th, prior to the deadline for nominations; and

4. Upon hearing, vacate the Notice, require Company to return to Work Group

and with real intent collaborate with the participants of the Work Group in addressing the

concerns and issues as identified in the Stipulation and return to the Commission with the

results of that collaboration for Commission approval prior to implementation.

DATED this 23rd day of June, 2014.

SUMMIT ENERGY, LLC

/s/

Larry R. Williams, Corporate Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 23rd day of June, 2014, on the following:

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Attorneys for Utah Asphalt Pavement Association

/s/	
Larry R. Williams	_

EXHIBIT A



To: Questar Gas Company

From: Summit Energy LLC

Date: June 2, 2014

Re: Questar Gas Company Nominations and Scheduling Working Group

Questar Gas Company (QGC) and Questar Pipeline Company (QPC) provided notification to begin electronic confirmations at their common citygates effective gas day Tuesday, July 1, 2014 Timely Cycle (Notification dated May 13, 2014 01:06:41 PM titled, "QPC/QGC TO BEGIN AUTOMATED CONFIRMATIONS.")

Notice content:

Questar Pipeline will begin electronic confirmation of nominations with Questar Gas effective gas day Tuesday, July 1, 2014 Timely Cycle.

Customers with questions should contact their Scheduling representative. $\textit{EVENT DATE: } 05/13/2014\ 01:06:41\ PM$

On May 13, 2014, during the third Questar Gas Company Nominations & Scheduling Working Group meeting, both QGC and QPC retreated from the progress made during the two previous Working Group discussions to manage QGC/QPC citygate nominations based on supply pooling and decided instead to proceed independently to have all nominations made point-to-point suited solely for their automatic confirmation goals without regard for the interests of TS Rate Schedule suppliers. Automatic confirmations are a very common process in the natural gas industry by which citygate interconnect nominations are collected, matched and confirmed electronically. To date, QGC and QPC have performed this process manually. Upon receiving this notification, Summit Energy identified a number of concerns surrounding the new process.

The decision to only allow point-to-point nominations to QGC from QPC whereby supplies from interstate pipelines would be nominated individually to each end-use customer within QGC is very concerning. Summit Energy is not aware of any other utility in the nation that mandates this form of supply nomination as its sole option. Being a FERC jurisdictional location, the citygate interconnect between QPC and QPC receives natural gas supply from a variety of wholesale entities other than the agents/suppliers to the QGC end-user customer base. As such, QGC and QPC are effectively forcing agents/suppliers to disclose their end-use customers' downstream information to any third-party supplier at the citygate interconnect, which would conflict with NAESB confidentiality.

Additionally, many third-party suppliers will not transact with TS Rate Schedule agents/suppliers if this additional burden of point-to-point nominations is placed on them. This will significantly limit TS Rate Schedule agent/supplier options.

Finally, enforcing the point-to-point method as the only option to nominate to QGC would directly harm Summit Energy, as well as, other TS Rate Schedule agents/suppliers within QGC by severely limiting their ability to accurately supply volumes to the end-use customer and minimize or eliminate QGC supply/ use balancing penalties. Such a scenario would unnecessarily increase the risk exposure of the end user customers to interstate pipeline events, e.g. operational flow orders (OFOs) and curtailments, to which the customer would not normally have exposure. It is also important to recognize that QGC end user balancing would take place at the last cycle, when liquidity is at its lowest.

The use of pooling agreements within the utility would remedy these concerns by allowing any agent within QGC to receive supply via any transaction arrangement without disclosing the downstream customer's identification while avoiding undue burden on third-party suppliers. Many industry participants have recognized the effectiveness of pooling agreements and, as a result, they have become the industry standard at interconnect and citygate point locations throughout the US.

Summit Energy has discussed this with several agents and end-use customers within the QGC service territory and, in the interest of providing feedback, they have chosen to have their names included in this letter to voice their disapproval with the point-to-point nominations method. They are:

Utility Cost Management Consultants Morinda/Noni Shriners Hospital for Children Granite School District Park City School District Canyons School District Sweets Candy TTM Technologies Edwards LifeScience Uintah Recreation District

Summit Energy strongly recommends both QGC and QPC delay implementation of their point-to-point nomination requirement pending a resumption of talks with the suppliers of natural gas to the TS Rate

Schedule, with the intent to develop a better and more effective method to nominate natural gas to the citygate interconnect. Failure to do so would harm suppliers' ability to provide reliable, market-priced supply and would directly conflict with the best interests of the end-user customers and the public.

Sincerely,

Curtis Chisholm

CEO

Summit Energy LLC



To: Questar Gas Company Regulatory, Legal and Gas Control Groups

From: CIMA ENERGY LTD

Date: May 30, 2014

Re: Electronic Confirmations Notice and Pooling Discussion Re-engagement

The following notice was sent May 13 at roughly the same time as the Questar Gas Company Nominations & Scheduling Working Group meeting was starting:

Questar Pipeline will begin electronic confirmation of nominations with Questar Gas effective gas day Tuesday, July 1, 2014 Timely Cycle.

Customers with questions should contact their Scheduling representative. EVENT DATE: 05/13/2014 01:06:41 PM

During that meeting and for reasons that remain unclear, the Companies abruptly halted the collaboration seemingly achieved in the first two previous Working Group discussions and decided to proceed independently without regard for the interests of marketing companies and their customers. After significant progress was made toward a resolution based on pooling, our understanding was that Questar Pipeline and Questar Gas Company were moving forward with outlining an improved pool to pool confirmation process. It was our understanding that a draft pooling agreement was to be presented at the third meeting. For whatever reasons, the Companies perceived "disinterest" by suppliers was actually an anticipation that a pooling structure was being developed for review and further discussion.

Unfortunately, to CIMA's surprise, this third meeting resulted in a mandatory point to point nomination process suited solely for the companies' automatic confirmations plan. This plan would be rolled out July 1st. Automatic confirmations are common to the natural gas industry. To date, QGC and QPC have performed this process manually. Upon receiving this notification, CIMA Energy Ltd. would like to voice a number of serious concerns we have.

- 1. The decision to move forward with point-to-point nominations between QGC and QPC would result in supplies from interstate pipelines being nominated individually to each end-use customer within QGC. This new process would eliminate our ability to mask our end use markets on QGC from third party suppliers on other upstream pipes some of which are direct competitors. As such, QGC and QPC are effectively forcing suppliers to disclose their customers' downstream information to any third-party supplier at the city gate. We believe this conflicts with NAESB confidentiality and is anti-competitive in effect.
- 2. In addition to confidentiality, this new point to point nomination process would greatly affect third party wholesale suppliers as it will increase the potential number of nominations they would need to make for citygate delivery to the number of end users their marketing company buyers have (in multiple cycles). This would significantly decrease the attractiveness for wholesale sellers to do business with the marketers and greatly decrease the liquidity at the Wasatch Front city gate. This would have adverse effects not only to marketing companies like CIMA, but to Questar Gas as well.
- 3. Finally, implementing the strict point-to-point method to nominate to QGC end users would directly harm suppliers by increasing the complexity of matching upstream and downstream nominations. The proposed point to point process limits our ability to accurately supply volumes to the end-use customer by increasing the likelihood of error with the duplication of nominations on the upstream side. Additionally, the nomination process itself will become so cumbersome it would hinder the ability to make nominations and nomination adjustments when it may matter most e.g. late in cycles or re-sourcing supply as a result of cuts, upstream OFO's etc. Also, balancing would take place late in the last cycle, after the most recent burn data has been posted, further complicating the communication between CIMA and its supplier in the most illiquid part of the day.

The use of a common pooling type structure as initially mutually agreed would remedy these concerns by allowing an agent to deliver gas supply via any transaction arrangement without disclosing the downstream customer's identification while eliminating the duplicative nomination process on third-party wholesale suppliers. Many LDCs have implemented pooling agreements and, as a result, they have become the industry standard at interconnect and city gate point locations throughout the US. CIMA currently conducts business on many LDCs where pooling is standard practice including: Citizens Gas, Vectren, SEMCO, Nicor, Consumers (Michigan), Peoples, SoCal Gas, PG&E and PSCO to name a few.

CIMA Energy Ltd. strongly requests the Companies re-engage the pooling implementation discussions and delay implementation of the point to point nomination requirements while maintaining the status quo until a resolution is arrived at. We urge both parties to resume talks with the suppliers of natural gas to the TS Rate Schedule by June 13, with the intent to develop a better and more effective method to nominate natural gas to the city gate. In addition, we suggest QPC and QGC to reach out to the numerous LDC's who currently operate using pooling agreements with any assistance by CIMA or other willing marketers as needed. Failure to delay the July 1st implementation of point to point confirmations

will harm marketers' ability to continue to provide reliable, competitive supply and would directly conflict with the best interests of the stakeholders.

Sincerely,

Matt Medura

Sr. Marketing Representative, Western Division

CIMA ENERGY LTD

EXHIBIT B



Questar Gas Company 333 South State Street P.O. Box 45360 Salt Lake City, Utah 84145-0360 Tel 801-324-2766 + Fax 801 324-2970 will.schwarzenbach@questar.com

Will Schwarzenbach Supervisor, Gas Supply

To: Curtis Chisholm, CEO - Summit Energy LLC

From: Questar Gas Company

Date: June 18, 2014

Re: Nominations and Scheduling

I am writing regarding your recent correspondence and our recent discussions related to the nomination and scheduling of supplies on the Questar Pipeline Company (Questar Pipeline) and the Questar Gas Company (Questar Gas) systems.

As you know, Questar Gas and Questar Pipeline have been meeting with customer groups since early in 2014 to discuss these matters. Interested parties met on February 28, March 24, and May 13, 2014. Additionally, Questar Gas and Questar Pipeline representatives met individually with interested parties on May 22, June 3 and June 5, 2014. Questar Gas and Questar Pipeline have also conducted extensive internal analysis regarding options for addressing the problems with the current nomination/confirmation process. As a result of these meetings and this analysis, Questar Gas and Questar Pipeline believe that the best solution is the standard contract and entity level confirmation process currently scheduled to begin on July 1, 2014.

The current nomination process (nominating to the city gate without identifying a specific end-use contract) creates extraordinary difficulties which were highlighted this past winter. Under the current nomination/confirmation practice, Questar Gas is unable to accurately identify which end-use transportation customers should be receiving the supplies that have arrived at the city gate, and which end-use transportation customers should be reduced when supplies do not arrive at the city gate. Historically, Questar Gas and Questar Pipeline have been manually confirming end-use transportation customer's nominations with upstream transportation nominations by comparing total supplies at the interconnect. This manual process has become unmanageable and ineffective. It is reasonable to expect these difficulties to continue or even increase going forward. Questar Gas and Questar Pipeline must implement more accurate confirmation procedures prior to the 2014-2015 heating season in order to preserve Questar Gas' ability to provide reliable service to its firm sales service customers by accurately managing its own gas supply.

It is of paramount importance that transportation customers make standard nominations for their end-use locations which identify both the upstream and

downstream contracts. These nominations need to be accurate for each contract and allow Questar Gas to be able to electronically schedule supplies in the event of supply disruption. Some have noted that this is a complex process. Questar Gas and Questar Pipeline agree. However, without this process in place, Questar Gas and Questar Pipeline may be forced to manage the complex process of scheduling gas supplies without sufficient information from the nominating parties as occurred in December of 2013. The nominating parties have complete information about the supplies, the enduse customer demand and how the two should be matched. To expect Questar Gas or Questar Pipeline to manage the supply confirmation process without this information during critical times of supply or capacity constraints is unreasonable, may take attention away from protecting the integrity of the two systems, and may be done differently than the nominating parties intended.

Several nominating parties have suggested that some form of supply pooling would adequately address the issues with the nomination/confirmation process. Though Questar Gas and Questar Pipeline are committed to continued dialog about this, we do not believe any form of pooling would resolve the problems in time for the coming heating season, or in the foreseeable future. Questar Gas also has concerns regarding the operational functionality of mixing supplies within a pool. If all supplies are combined in a pool and spread to all of the downstream contracts from that pool, it is possible that a supply reduction could be spread evenly across numerous customers. While this may seem like it reduces exposure, it actually creates a problem because it is unlikely that a large group of customers will have the ability to respond appropriately to requests to reduce their usage to match their supplies.

As we discussed in the meetings outlined above, Questar Gas' transportation rates are not inclusive of the costs incurred by Questar Gas to provide transportation, no-notice transportation or storage services that are used when supplies for transportation customers do not arrive at the city gate. When Questar Gas cannot identify which enduse customers to curtail (i.e. matching the curtailed volumes with the proper end-use customer) it utilizes these services to ensure that all end-users receive sufficient supplies. Questar Gas cannot offer additional pooling services that result in continued, or expanded, use of these services unless and until it has rates in place to require its transportation customers to bear the appropriate share of the costs associated with those services.

The Questar Gas transportation rate is also currently less than cost-of-service. Adding a pooling service could incur additional costs at a time when transportation customers are paying less than the costs they are already causing on Questar Gas' system. This would be inappropriate.

Finally, the NAESB gas day is currently in a state of flux. The FERC has introduced a Notice of Proposed Rulemaking (NOPR) that has proposed changes to the number of nomination cycles and gas day timing. This NOPR has prompted discussions throughout the industry creating a lot of uncertainty. Questar Gas and Questar Pipeline believe it prudent to implement a standard contract and entity level confirmation process at least until the future gas day requirements are more clearly defined.

Some claim that this approach is not used by others in the industry. In fact, the standard contract and entity level confirmation methodology is used by most other shippers on Questar Pipeline and shippers on Kern River Gas Transmission pipeline that are delivering to Questar Gas. Accordingly, complying with this standard nomination procedure should be neither burdensome, nor unusual for anyone shipping on these pipelines. This is also considered to be a standard NAESB process and should not be in violation of any confidentiality provisions.

We assure you that Questar Gas and Questar Pipeline have gone to great lengths to discuss the problem and potential solutions with all interested parties. We welcome further discussion; however, we have received feedback that the larger meetings present confidentiality concerns regarding business practices. In order to address these concerns, we invite you to contact us directly in order to set up individual meetings if you would like to continue these discussions.

In the immediate future, however, Questar Pipeline will begin confirming with Questar Gas using standard contract and entity level confirmations as noted in its notice posted May 13, 2014.

We are also committed to assisting you and answering any questions you may have in order to make this transition as seamless as possible. If you have questions or concerns, please contact Will Schwarzenbach, Supervisor of Gas Supply, Questar Gas at 801.324.2766 or Greg Paige, Director of Gas Control and Scheduling, Questar Pipeline at 801.324.5262.

Sincerely,

Will Schwarzenbach, PE Supervisor – Gas Supply

Questar Gas