

Colleen Larkin Bell (5253)  
Jenniffer Nelson Clark (7947)  
Questar Gas Company  
333 S. State Street  
P.O. Box 45433  
Salt Lake City, UT 84145-0433  
(801) 324-5556  
(801) 324-5935 (fax)  
Colleen.bell@questar.com  
Jenniffer.clark@questar.com

*Attorneys for Questar Gas Company*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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IN THE MATTER OF THE  
APPLICATION OF QUESTAR GAS  
COMPANY TO INCREASE  
DISTRIBUTION RATES AND  
CHARGES AND MAKE TARIFF  
MODIFICATIONS

Docket No. 13-057-05

**CORRECTED  
MEMORANDUM IN OPPOSITION  
TO MOTION FOR STAY**

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On June 23, 2014, Summit Energy, LLC (Summit) filed an Objection to Unilateral Change in Procedure and Emergency Motion for Stay By Summit Energy, LLC (Motion for Stay). Summit moved the Utah Public Service Commission (Commission) to make certain findings related to a notice issued by Questar Pipeline Company (Questar Pipeline), to vacate that notice, and to order Questar Gas into a work group to address certain concerns raised in this docket. On June 24, 2014, the UAE Intervention Group (UAE), US Magnesium (US Mag) and CIMA Energy Ltd. (CIMA) joined the Motion for Stay. On June 26, 2014, Seminole Energy Services, L.L.C. also joined the Motion for Stay. Questar Gas Company (Questar Gas or Company) respectfully submits this response, and requests that the Commission deny the Motion for Stay in its entirety and overrule any objections associated therewith.

**BACKGROUND**

1. On July 2, 2013, Questar Gas proposed certain changes to its Natural Gas Tariff (Tariff) relating to transportation service (TS) customers in its General Rate Case Application. Questar Gas was concerned about the stability of upstream supplies for TS customers (both firm and interruptible) and whether those supplies would arrive at Questar Gas' city gates. If upstream restrictions occur and TS customers' supplies do not arrive at the Wasatch Front interconnects (known as the "City Gates"), Questar Gas may need to reduce deliveries to its firm transportation customers. Therefore, Questar Gas proposed tariff language that requires transportation customers to have firm upstream transportation capacity. Declaration of Barrie L. McKay, Exhibit A, Paragraph 1.

2. On January 6, 2014, many of the parties to this docket, including three of the five movants, signed the Partial Settlement Stipulation Regarding TS Tariff Language (Settlement Stipulation). The Settlement Stipulation was filed on January 7, 2014. The Settlement Stipulation provides, in part, that:

The Settling Parties agree that on or before April 1, 2014, they will invite the Settling Parties and other interested entities to collaboratively explore additional changes to the language of Sections 5.01 and 5.07 of the Company's tariff to address interruption and related concerns and issues.

Settlement Stipulation at paragraph 8.

On February 21, 2014, the Commission issued a Report and Order in this docket approving the Settlement Stipulation.

3. In accordance with the Settlement Stipulation, Questar Gas invited all of the parties to this docket, including the "Settling Parties," to collaboratively explore additional changes to Sections 5.01 and 5.07 and to discuss interruption and related concerns and issues. Those meetings occurred on February 28, 2014, March 24, 2014 and May 13, 2014. *See* Motion to Stay, Exhibit B. Summit, CIMA, UAE and US Mag representatives each attended some

or all of meetings. Questar Gas also invited Questar Pipeline representatives to these meetings because many of the concerns related to events upstream of the City Gates on Questar Pipeline. McKay Declaration, Paragraph 2.

4. The participants in the meetings discussed issues related to Questar Gas' system. The meetings were productive and Questar Gas anticipates filing additional proposed Tariff language in the future. The process is ongoing and Questar Gas will continue to meet with interested parties. McKay Declaration, Paragraph 3.
5. During those meetings, the participants also discussed a number of issues including the events of December 5, 2013. On December 5, 2013, some gas processing plants connected to upstream pipelines experienced operational problems. As a result, volumes anticipated for delivery to certain Questar Gas TS customers did not arrive that morning at the City Gates for delivery as nominated to Questar Gas' system. Questar Pipeline's historical manual confirmation process at the City Gates could not timely identify which customers should have had their deliveries reduced on Questar Gas' system. Therefore, Questar Pipeline realized that a more robust nomination/confirmation process was required to properly allocate supply shortages to downstream parties. McKay Declaration, Paragraph 4.
6. After review of available options, Questar Pipeline determined, and Questar Gas agreed, to employ the same nomination and confirmation process at the City Gates that Questar Pipeline employs at all of its other interconnect points. McKay Declaration, Paragraph 5.
7. On May 13, 2014, in compliance with Federal Energy Regulatory Commission (FERC) regulations, Questar Pipeline issued a Notice to all of its shippers that electronic confirmations of nominations on Questar Pipeline at the City Gates would be required for gas day July 1, 2014 (Notice). A copy of that Notice is attached hereto as Exhibit B.

Questar Gas did not issue the Notice. Questar Pipeline also informed the participants at the May 13, 2014 meeting about this Notice. Questar Gas and Questar Pipeline emphasized that they would both continue to participate in discussions. McKay Declaration, Paragraph 6.

8. Summit and CIMA and other concerned parties contacted Questar Gas expressing concerns about the Questar Pipeline Notice. Questar Gas and Questar Pipeline met with these concerned parties including Summit on June 3, 2014, and CIMA on June 5, 2014, to further discuss nomination issues. Questar Gas has continued to meet with these, and other interested entities, since that time. Questar Gas has not held additional meetings with UAE, US Mag, or Seminole because they have not contacted Questar Gas regarding concerns over the Notice. Questar Gas remains available to meet with UAE, US Mag, Seminole or any other entity to further discuss the matter. McKay Declaration, Paragraph 7.
9. On June 18, 2014, Questar Gas responded to letters from CIMA and Summit about recent discussions regarding the nomination and scheduling of supplies on the Questar Pipeline system. Motion for Stay, Exhibit B. The responses directed inquiries to both Questar Pipeline and Questar Gas, and reiterated their willingness to meet with interested parties to discuss the issue. *Id.*

### **ARGUMENT**

Questar Gas has complied with, and will continue to comply with the Order approving the Settlement Stipulation. Questar Gas cannot, however, withdraw Questar Pipeline's Notice. The Commission also lacks jurisdiction over Questar Pipeline and, therefore, cannot order a stay of the July 1, 2014 deadline.

**I. Questar Gas Has Complied with, and Will Continue to Comply with the Report and Order approving the Settlement Stipulation.**

There is no need for an order that Questar Gas meet with the working group. Questar Gas has met with the working group on numerous occasions and will continue to meet with interested parties. As noted above, the Settlement Stipulation contemplated that the Settling Parties would meet to discuss alternatives to the proposed Tariff language. The Settling Parties discussed the matters addressed in the Settlement Stipulation. Questar Gas indicated its intention to continue discussions in both the May 13<sup>th</sup> meeting and in written correspondence to Summit, CIMA and others. *See* Motion to Stay, Exhibit B. Finally, Questar Gas notes that issues related to nomination/confirmation procedures with its interconnecting upstream pipelines have never resided within the Questar Gas Tariff. Indeed, those procedures are governed by FERC policy, interstate pipeline tariffs and applicable North American Energy Standards Board (NAESB) standards.

**II. The Commission Lacks Jurisdiction to Stay FERC-Authorized Action of Questar Pipeline.**

Questar Pipeline issued the Notice that electronic nominations would be required effective July 1, 2014. Exhibit B. Questar Pipeline's notice falls within the jurisdiction of the Federal Energy Regulatory Commission (FERC).<sup>1</sup>

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<sup>1</sup> The FERC has exclusive jurisdiction over the transportation of natural gas by interstate natural gas pipeline companies. 14 USC § 717. In Docket No. CP76-111, the FERC found that Questar Pipeline is an interstate natural gas pipeline company within the meaning of the Natural

In Order No. 587-V, the FERC amended its regulations in 18 C.F.R. §284.12 to incorporate by reference the latest version (Version 2.0) of certain business practice standards adopted by the Wholesale Gas Quadrant of NAESB applicable to natural gas pipelines. *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 587-V, 140 FERC ¶61,036 (2012). The NAESB standards include standards for the nomination and confirmation of natural gas supplies between interconnecting interstate pipelines and local distribution companies. Section 284.12 requires that an interstate pipeline company, such as Questar Pipeline, that transports gas under the FERC's open access regulations must comply with NAESB Version 2.0 standards. Accordingly, Questar Pipeline Company submitted its compliance filing to amend its FERC Gas Tariff to incorporate the required Version 2.0 NAESB standards into its Tariff. Questar Pipeline's compliance filing was approved by the FERC. Docket No. 13-91, Letter Order, November 7, 2013. FERC has plain and exclusive jurisdiction over the issue of nominations and confirmations on Questar Pipeline.

### **III. The Commission has Jurisdiction to Address Issues Downstream of the City Gates.**

The Commission can order Questar Gas to address issues related to how the Company should manage deliveries to TS customers on the Questar Gas system. Indeed, the Commission has, in the past, approved Tariff provisions addressing these issues. If the Commission determines it to be appropriate, Questar Gas would welcome the opportunity in a separate docket, to discuss these and other related issues that fall within the Commission's jurisdiction.

### **CONCLUSION**

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Gas Act and was, therefore, subject to FERC jurisdiction. *Mountain Fuel Resources, Inc.*, 55 FPC ¶ 2322 (1976).

The Notice at issue in this matter was issued by Questar Pipeline pursuant to FERC authority, not by Questar Gas. The Notice addresses nomination and confirmation issues on Questar Pipeline's system. Questar Gas cannot rescind the Notice. This Commission lacks jurisdiction to order Questar Pipeline to rescind the Notice. For the reasons set forth above, the Commission lacks the authority to offer other findings and/or relief sought in the Motion for Stay. The Commission does not need to hold a hearing on this matter, and should reject the Motion to Stay in its entirety.

DATED this 27<sup>th</sup> day of June, 2014.

QUESTAR GAS COMPANY

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Colleen Larkin Bell  
Jenniffer Nelson Clark  
*Attorneys for Questar Gas Company*

## CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Memorandum in Opposition to Motion for Stay was served upon the following persons by e-mail on June 27, 2014:

Patricia E. Schmid  
Assistant Attorney General  
160 East 300 South  
P.O. Box 140857  
Salt Lake City, UT 84114-0857  
pschmid@utah.gov

Michele Beck  
Danny Martinez  
Utah Office of Consumer Services  
160 East 300 South, Suite 200  
PO Box 146782  
Salt Lake City, UT 84114-6782  
Telephone (801) 530-6480  
mbeck@utah.gov  
dannymartinez@utah.gov

Brent Coleman  
Assistant Attorney General  
160 East 300 South, 5<sup>th</sup> Floor  
P.O. Box 140857  
Salt Lake City, Utah 84114-0857  
brentcoleman@utah.gov

Chris Parker, Director  
Division of Public Utilities  
Heber Wells Building 4th Floor  
160 East 300 South  
Salt Lake City, Utah 84111  
chrisparker@utah.gov

Karen White  
Air Force Utility Law Field Support Center  
139 Barnes Drive, Suite 1.  
Tyndall Air Force Base, Florida 32403-5319  
Karen.White.13@us.af.mil

Gregory Fike, Lt Col, USAF  
Air Force Utility Law Field Support Center  
139 Barnes Drive, Suite 1.  
Tyndall Air Force Base, Florida 32403-5319  
Gregory.Fike@Us.Af.Mil

Christopher Thompson, Maj, USAF  
Air Force Utility Law Field Support Center  
139 Barnes Drive, Suite 1.  
Tyndall Air Force Base, Florida 32403-5319  
Christopher.Thompson.5@us.af.mil

Thomas Jernigan, Capt, USAF  
Air Force Utility Law Field Support Center  
139 Barnes Drive, Suite 1.  
Tyndall Air Force Base, Florida 32403-5319  
Thomas.Jernigan@us.af.mil

Dale Hatch, CFO  
Dunford Bakers, Inc.  
8556 South 2940 West  
West Jordan, UT 84088  
(801) 304-0400  
dhatch@dunfordbakers.com

Larry R. Williams, Corporate Counsel  
Summit Energy, LLC  
1245 E. Brickyard Road, Suite 210  
Salt Lake City, UT 84106  
larry@summitcorp.net



Gary A. Dodge  
HATCH, JAMES & DODGE  
10 West Broadway, Suite 400  
Salt Lake City, Utah 84101  
gdodge@hjdllaw.com

Roger Swenson  
US Magnesium LLC  
238 North 2200 West  
Salt Lake City, UT 84114-6751  
roger.swenson@prodigy.net

Damon E. Xenopoulos  
BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.  
1025 Thomas Jefferson Street, N.W.  
800 West Tower  
Washington, D.C. 20007  
dex@bbrslaw.com

Jeremy R. Cook  
PARSONS KINGHORN HARRIS, P.C.  
111 East Broadway, 11<sup>th</sup> Floor  
Salt Lake City, UT 84111  
jrc@pkhlawyers.com

Kevin Higgins  
Neal Townsend  
ENERGY STRATEGIES  
215 S. State Street, #200  
Salt Lake City, UT 84111  
khiggins@energystrat.com  
ntownsend@energystrat.com

Travis R. Rigby  
CFO  
Utility Cost Management Consultants  
102 E. Cobblecreek  
Cedar City, UT 84721  
[TravisR@ucmc-usa.com](mailto:TravisR@ucmc-usa.com)

Floyd J. Rigby  
CEO  
Utility Cost Management Consultants  
1610 West 100 North  
Saint George, UT 84770  
[FloydR@ucmc-usa.com](mailto:FloydR@ucmc-usa.com)

Bruce Floyd Rigby  
Natural Gas Manager  
Utility Cost Management Consultants  
1703 Man O' War Drive  
Bluffdale, UT 84065  
[Bruce@ucmc-usa.com](mailto:Bruce@ucmc-usa.com)

Ross Ford  
The Home Builders Association of the State of  
Utah  
9069 South 1300 West  
West Jordan Utah 84008  
ross@utahhba.com

Michael McCandless  
Emery County Economic Development  
P.O. Box 297  
95 East Main St.  
Castle Dale, UT 84513  
mikem@emery.utah.gov

Reed Ryan  
UTAH ASPHALT PAVEMENT  
ASSOCIATION  
7414 S. State Street  
Midvale, Utah 84047  
reed@utahasphalt.org

William J. Evans  
Vicki M. Baldwin  
Parsons Behle & Latimer  
201 South Main Street, Suite 1800  
Salt Lake City, Utah 84111  
bevans@parsonsbehle.com  
vbaldwin@parsonsbehle.com

David Blackwell  
Emery County Attorney  
EMERY COUNTY  
P.O. Box 249  
1850 North 550 West (Des Bee Dove Rd)  
215 S. State Street, #200  
Castle Dale, UT 84513  
daveb@emery.utah.gov

J. Craig Smith (4143)  
Adam S. Long (14701)  
SMITH HARTVIGSEN, PLLC  
175 South Main St., Suite 300  
Salt Lake City, Utah 84111  
Phone: (801) 413-1600  
Fax: (801) 413-1620  
jcsmith@smithlawonline.com  
along@smithlawonline.com

DOUGLAS E. GRIFFITH  
KESLER & RUST  
68 South Main Street, 2<sup>nd</sup> Floor  
Salt Lake City, UT 84101  
Telephone: (801) 532-8000  
Facsimile: (801) 531-7965  
dgriffith@keslerrust.com

*Attorneys for the Homebuilders Association of  
the State of Utah*

*Attorneys for Utah Asphalt Pavement  
Association*

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Leora Price

192708