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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Formal Complaint Against Questar Gas Company Regarding Nomination Procedures and Practices for Transportation Service Customers	**Docket No. 14-057-19** **PREFILED DIRECT TESTIMONY OF MIKE MCGARVEY**

The Complainants in this docket hereby submit the Prefiled Direct Testimony of Mike McGarvey of Summit Energy LLC.

DATED this 7th day of August 2014.

HATCH, JAMES & DODGE

/s/ _____
Gary A. Dodge
Attorneys for Complainants

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 7th day of August 2014 on the following:

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BEFORE

THE PUBLIC SERVICE COMMISSION OF UTAH

Direct Testimony of Mike McGarvey

On behalf of Complainants

Docket No. 14-057-19

August 7, 2014

INTRODUCTION

Q. Please state your name and business address.

A. My name is Mike McGarvey. My business address is 90 South 400 West #320, Salt Lake City, Utah 84101.

Q. By whom are you employed and what is your function?

A. I am the Director of Natural Gas Trading and Marketing for Summit Energy LLC (Summit). Summit has several customers who are TS customers of Questar Gas Company.

Q. What are your qualifications for testifying in the proceeding?

A. I have traded and marketed wholesale and retail natural gas throughout the country for the last 17 years. A copy of my resume is attached.

PURPOSE AND RECOMMENDATIONS

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to recommend that the Utah Public Service Commission (Commission) require Questar Gas Company to re-establish pooling services for its TS Rate Schedule customers receiving natural gas supply at its Wasatch Front (90164) City Gates.

Q. What specific recommendation do you make?

A. I recommend that the Commission require Questar Gas Company (Questar Gas) to continue providing supply pooling services at its City Gates for Utah businesses that utilize the TS Rate Schedule. This can be accomplished through contracts with TS suppliers to allow aggregation of natural gas supplies from each

TS supplier at the City Gate points of receipt shared with Questar Pipeline, for ultimate distribution to the supplier's TS customers. I also recommend the Commission require Questar Gas to utilize the TS supplier pools for its confirmation operations performed each cycle and for its identification and determination of supply disruption imbalance impacts that may require Questar Gas' intervention or curtailments to maintain system integrity.

Q. Why do you make these recommendations?

A. There are several reasons why pooling services should be re-established. One, removing the supply pooling service places undue and unfair supply reliability risk on TS Rate Schedule customers. Two, it unreasonably limits the ability of the TS Rate Schedule suppliers to effectively balance the natural gas supply with TS customer consumption to avoid Questar Gas fees and penalties. Three, it violates existing NAESB confidentiality requirements that Summit has to its TS customers. Four, it is anti-competitive in nature and will significantly diminish the willingness and desire of Third Party suppliers to provide supply at the Questar Gas City Gates. Five, removing supply pooling functionality is discriminatory in that it places unnecessary burdens on the hundreds of Utah businesses that use the TS Rate Schedule, compared to similar businesses who buy gas directly from Questar Gas Marketing.

Q. Describe Pooling as you have referenced it.

A. Pooling services are essentially a function of aggregation. With respect to this Docket, the pooling provided by Questar Gas before July 1, 2014, allowed for the

combining of natural gas supplies delivered to Questar Gas each day from Questar Pipeline. The pooled supplies would then be distributed to the TS Rate Schedule customers individually.

Q. Were the pooling services available before July 1 provided by Questar Gas or Questar Pipeline?

A. They were provided by Questar Gas, with the cooperation or accommodation of Questar Pipeline.

Q. Please explain.

A. Gas supplies were pooled before July 1 on the Questar Gas side of the City Gates. Gas supplies were nominated on Questar Pipeline from various supply points to the Questar Gas City Gates. We were then able to nominate on Questar Gas from the gas pool at Questar Gas' City Gates receipt point to individual end-use consumers. This allowed for volumes to be organized and distributed within the Local Distribution Company (LDC) in a manner that provided customer balancing to be contained within the utility and provided Questar Gas with aggregate pooled volumes to easily determine the overall imbalance position during periods of constrained tolerance. This method mirrors the activity found at other utilities where inter-state pipelines provide supply in bulk to the utility's city gate and distribution is then performed within the LDC.

Questar Pipeline accommodated Questar Gas' previous form of pooling service by permitting manual confirmations of nominations. During working group meetings resulting from Questar Gas' recent general rate case, Questar

Pipeline elected to begin requiring electronic confirmations on July 1. However, as discussed in more detail below, electronic confirmations do not preclude pooling services; indeed, both are industry-standard. Questar Gas could continue to provide a comparable pooling service by formalizing pooling agreements with TS suppliers that could be used for purposes of nominations on Questar Pipeline.

Q. How does Questar Gas' elimination of supply pooling place undue and unfair supply reliability risk on TS Rate Schedule customers?

A. With the pooling service removed, natural gas suppliers must nominate supply from the upstream pipeline directly to each TS customer. The distribution of natural gas to each TS customer must now be nominated individually with Questar Gas and, again, with Questar Pipeline.

As each TS customer's consumption needs change, so too should the amount of natural gas provided. Before July, this was accomplished by adjusting the overall pooled volume of supply, if necessary, in Questar Gas by adjusting the amount of natural gas delivered to the pool on Questar Pipeline. In most cases, no overall pooled volume change was necessary; simply reallocating the distribution of gas within Questar Gas was needed. This methodology promotes supply reliability because no other changes are necessary outside of the Questar Gas service territory.

Since July, every adjustment must be done on both of Questar's systems. As seasonal, operational, and known or unknown maintenance constraints occur on Questar Pipeline, each TS customer's supply is directly impacted by supply

disruptions or capacity allocations occurring beyond the Questar Gas service territory. It is this direct impact that is at issue. With pooling, these disruptions can be mitigated by distributing the impact across a group of TS customers as determined by the supplier via nomination rankings. Without pooling, the impact is direct. Distributing these impacts across the group within a pool lessens the volume percentage per TS customer impacted and provides the supplier the opportunity to re-supply the lost volume in the next nomination cycle without interrupting the TS customer's consumption, whereas, a direct supply disruption impact exposes the TS customer(s) to having to stop all consumption immediately, as directed by Questar Gas, or face severe penalties. It is important to note that many TS customers are schools, hospitals, greenhouses, etc. that depend on consistent natural gas supply vital to their business and are not able to withstand a 100% disruption.

Questar Gas' presentation in this Docket's Technical Conference on July 30, 2014, claims supply reliability can be restored without the use of pooling by distributing supplies from several delivery agreements on Questar Pipeline to multiple TS customers. This claim suggests that any supply disruption would then have a similar outcome to that of pooling and is an acceptable method to manage gas supply delivery. The fatal flaw with this logic becomes apparent when you consider the requirement to provide supply from multiple sources to multiple TS customers. This can be exemplified hypothetically when you consider three supply agreements on Questar Pipeline providing supply to fifty TS

customers within Questar Gas. With pools, there would be three supply agreement nominations on Questar Pipeline to the Questar Gas supply pool and fifty supply nominations out of the supply pool to TS customers. Using Questar Gas' logic of non-pooled distribution, each supply agreement on Questar Pipeline would be nominated to each TS customer. This reasoning calls for fifty separate nominations from each of the three supply agreements (one hundred fifty nominations total) on Questar Pipeline, and an equal number on Questar Gas. It triples the number of nominations and triples the number of confirmations to be performed between Questar Gas and Questar Pipeline for each of four cycles each day of the year.

In my experience, the risk profile for each TS customer is greatly increased with this line of reasoning, while falling far short of being comparable to the former methodology from a supply reliability perspective. Supplies delivered to Questar Gas each day are not always consistent, either by location of supply points or volume. Nor are daily consumption volumes from each TS customer consistent. From this example, each of the upstream supply variations and downstream consumption changes could result in hundreds of nominations necessary each day and, in some situations, each cycle. With pooling, it is far less complicated and problematic.

Q. How does the elimination of pooling limit the ability of TS customer suppliers to effectively balance supply with consumption and avoid Questar Gas fees and penalties?

A. Supply pools allow the TS Rate Schedule supplier to manage the distribution of natural gas to each TS customer entirely within Questar Gas. Questar Gas' operational tolerances vary throughout the year so it is important to align the volume of supply with the expected consumption of each TS customer. In most situations, a simple redistribution of supply is needed within Questar Gas by decreasing and increasing supply volumes among TS customers in an effort to comply with the specified tolerances. Other situations may also require volume adjustments to the overall volumes being delivered to Questar Gas, where a nomination is made with the upstream pipeline to provide the expected overall daily volume for consumption for all TS customers.

By extending the distribution of supplies needed for compliance beyond the Questar Gas service territory, the job of each TS Rate Schedule supplier becomes far more complex. The work needed to make necessary adjustments involves far more nominations for each TS customer in order to act in their best interests to stay compliant and free from penalties. If FERC increases the number of gas cycles beyond four, as currently being considered, the complexities will be compounded even further.

Q. How does Questar Gas's elimination of pooling services affect Summit's ability to comply with existing NAESB confidentiality agreements under its customer contracts?

A. The NAESB natural gas purchase/sale agreement is a widely used and preferred contract used between TS customers and their suppliers. It specifically outlines

and details the aspects of the transaction between the two parties. It also calls for confidentiality between those parties relating to terms of their agreement:

> 15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract , (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.
>
> In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

The City Gates between Questar Gas and Questar Pipeline are interconnect points similar to interconnections between pipelines. They are locations where nominations must be confirmed during each cycle of every day.

They are also locations where natural gas is commonly transacted between entities like TS Rate Schedule suppliers and TS customers. It is very common for a single volume of natural gas to be transacted between two or more entities at the same interconnect for the same day of usage. As such, it is possible, and common, for City Gate supplies to be purchased at the City Gate from Third Parties for delivery to TS customers. When this happens, under the former method of nomination, the Third Party supplier identified the TS Rate Schedule supplier's pool for delivery. The pool maintained confidentiality between the TS Rate Schedule supplier and the TS customers.

With the elimination of pooling, the TS Rate Schedule supplier must identify each TS customer's agreement on Questar Gas, the volume and any changes needing to be made either day-to-day or each cycle, or both. Not only does this new non-pooled method of nomination remove the TS Rate Schedule supplier from direct control of the volumes, but it also forces the disclosure of its TS customers' identity, volume requirements and relation of the TS Rate Schedule supplier to the Third Party who may also be a competitor within Questar Gas. In my view, this clearly violates the confidentiality obligations of Paragraph 15.10 of the standard NAESB agreement.

Q. How does the removal of pooling diminish the desire of Third Party suppliers to provide supply at the Questar Gas City Gates?

A. The negative market impacts of direct, non-pooled, point-to-point nominations upstream of the Questar Gas City Gates to each TS customer has already begun

and is expected to become more severe. The requirement to nominate to each TS customer creates a significant burden on Third Party suppliers, given the large number of nominations and volume changes that are regularly required. Reduced liquidity of market participants is likely, and expected, as a result of forcing non-pooled supplies for Utah TS customers. In other words, I expect some natural gas suppliers to simply decide not to market gas supplies to Utah TS businesses. Rather, they will sell into liquid markets where these increased burdens do not exist. For those suppliers who may elect to continue serving the Utah TS market, the additional burdens will cause increased costs that will be passed on to the consumers. I do not believe it is appropriate to allow any entity -- particularly an entity that also competes to supply gas to Utah TS customers -- to cause this type of anti-competitive, manipulative market effects.

Q. Did the elimination of supply pooling create discriminatory impacts by placing unnecessary burdens on TS Rate Schedule customers compared to similarly situated customers of Questar Gas' gas marketing function?

A. Yes. The discriminatory and anti-competitive nature of the discontinued pooling services of Questar Gas can be clearly seen when comparing the rate schedules available to Utah business consumers. The TS Rate Schedule is often chosen because Utah commercial and industrial consumers wish to have greater control over their natural gas fuel costs.

Questar Gas has now forced non-pooled nomination requirements and burdens on TS customers that are not applicable or relevant to customers under

Questar Gas' GS or FS Rate Schedules. This places unfair operational risks on the TS customers' supply reliability, exposes their operational fuel usage to an unreasonable level of risk for additional fees and penalties, and forces disclosure of their supply transactions to Third Party suppliers. Questar Gas' other rate schedules do not suffer any such requirements or burdens, causing discriminatory impacts on Utah TS customers.

Q. Why do you say that gas supply customers of Questar Gas are not burdened in a similar manner?

A. Until July, there was no difference in the manner with which gas supply nominations from Questar Pipeline could be made between Questar Gas and the TS suppliers. Daily natural gas supply delivered to the Questar Gas City Gates could be made in bulk and the distribution was done within Questar Gas' nomination system. The Questar Pipeline requirement for electronic confirmations beginning in July at the shared City Gates between Questar Pipeline and Questar Gas, coupled with Questar Gas' decision to abandon its pooling service, impacts only TS Rate Schedule businesses. The nomination method for Questar Gas consumers utilizing either the GS or FS Rate Schedules has remained unchanged. Natural gas supplies for those rate schedules are still received in bulk at the City Gate interconnect from Questar Pipeline and then pooled for Questar Gas' distribution to its customer base.

Q. Did Questar Gas ever explain why it was eliminating supply pooling functionality for TS Rate Schedule suppliers?

A. Questar Gas claimed the elimination of its pooling service was necessary to comply with Questar Pipeline Company's requirement to perform electronic confirmations at all of its interconnections, including the City Gates it shares with Questar Gas.

Q. Is it true that City Gate supply pooling at Local Distribution Company receipt points cannot be made available where electronic confirmations are used?

A. Absolutely not. The pooling of natural gas supplies at City Gates where electronic confirmations are required is very common with Local Distribution Companies throughout the United States. Summit nominates to many pooled City Gate receipt points where electronic confirmations are used, including Xcel in Colorado, Southwest Gas in Arizona and SoCal Gas in California.

Q. Are you certain that Questar Pipeline can accommodate the type of supply pooling that you propose?

A. Yes. In fact, at a Questar Pipeline Firm Shipper's Meeting in March of this year, Questar Pipeline made a presentation regarding what it termed the "QGC Pooling Proposal." Attached as Exhibit A (Complainants Exhibit 2.1) is the cover page from that presentation, together with the pages of the presentation that dealt with pooling. As confirmed in the "Conclusions" on page 7 of 8 of the attached Questar Pipeline presentation, a "QGC pool meets the customer needs and QGC documentation of firm supply" and "Minimal system changes are required to implement this proposal." The presentation also confirms that automated EDI

confirmations can be utilized with a pool. All we need now is for Questar Gas to follow through with its own pooling proposal.

Q. Given these facts, has Questar Gas explained why it refuses to continue to provide pooling services?

A. Questar Gas has never provided a clear or understandable reason, other than simply claiming this is the choice it has made. Questar Gas has suggested that direct point-to-point non-pooled nominations better suit its needs in the event of a curtailment on its system, and also that they enhance supply transparency. These explanations are unpersuasive. Questar Pipeline has received and delivered natural gas from and to pools for many years at many separate interconnect points throughout its system. Questar Pipeline's interactions with Questar Gas should be no different.

Summit Energy and others have met with Questar Gas and Questar Pipeline and have provided examples of best practices used by other LDCs that would provide Questar Gas the functionality it claims to require while maintaining the service of pooling natural gas supplies for their TS customers. The unwillingness of Questar Gas to eliminate the unnecessary impacts and ramifications of its election to discontinue pooling services raises genuine concerns with regard to unfair and anticompetitive monopolistic actions, and adds unnecessary barriers to entry for those who would otherwise offer gas supplies and services to Utah businesses in competition with Questar.

Q. What was the outcome of Summit Energy's discussions with Questar Gas and Questar Pipeline?

A. Summit Energy has been very up front with Questar Gas and Questar Pipeline in an effort to help them understand how comparable issues have been addressed and resolved with other LDCs. Summit Energy met with key personnel collectively from Questar Pipeline Marketing and Business Development, Questar Gas Gas Marketing, Questar Pipeline/Questar Gas Gas Control and Questar Gas Gas Supply to explain our concern and to propose an alternative solution that would meet the needs of all involved. It appeared that Questar representatives were not fully aware of the ramifications of its decision.

Summit Energy explained how the functionality of a formalized pooled receipt supply would benefit both Questar Gas and Questar Pipeline by providing the supply transparency needed for day-to-day operations and for peak-day and supply disruption events. We explained how it also allows for cross-agreement balancing whereby Questar Gas and Questar Pipeline could mitigate volume discrepancies for both upstream disruptions and downstream volume requirements. Most importantly, we explained how pooling addressed the problems experienced on December 5, 2013, where Questar Gas declared a period of interruption due to a massive supply disruption impacting the scheduled Questar Gas and TS Rate Schedule suppliers' gas supplies. Formalized supply pools benefit all parties in those situations by allowing the utility to precisely identify impacted supplies from each supplier and provide directions as to how to

implement any necessary supply volume changes. It would also formalize the relationship between Questar Gas and TS suppliers, leading to more efficient lines of communication between them rather than communicating only through TS customers.

While we believed that the representatives from Questar Gas Control understood and agreed with us, Questar Gas has nevertheless refused to reinstate the critical pooling services.

Q. Does the risk of future curtailments like those on December 5, 2013 support Questar Gas's elimination of pooling services?

A. No. As discussed above, pools are actually beneficial when supply disruptions occur and curtailment may be necessary. In any event, similar curtailments had not occurred on Questar Gas in recent memory, and Questar Gas has admitted that its contact information and procedures for notifying customers in the event of such curtailments were "rusty." The possibility of infrequent curtailments, and Questar's inadequate preparation for curtailments, do not justify the radical changes imposed by Questar or the attendant risk of unreasonable consequences on Utah businesses.

Q. What program does Questar Gas use for nominations, and does it differ from those used elsewhere in the country?

A. Questar Gas and Questar Pipeline both use Quorum, a program used by other natural gas companies throughout the country.

Q. Do other entities using the Quorum nomination system also provide interconnect pooling services?

A. Yes, Summit Energy uses the Quorum system on several other systems for nominations where interconnect pooling is performed.

Q. Can you please better explain natural gas nomination methods at city gates and other interconnects?

A. An interconnect is the connection point between two natural gas systems that permit the transfer of gas in either direction. These locations perform cycle confirmations needed to align such transfers and are common locations for natural gas transactions between parties.

Interconnect operations include the alignment and transfer of natural gas from one capacity agreement of an entity selling or supplying gas to another capacity agreement of an entity buying or receiving the gas. The process of confirming volumes through an interconnect is outlined by the nomination procedures at each interconnect. The providing agreement's nomination identifies the receiving agreement and the receiving agreement identifies the providing agreement. After the agreements have been aligned, the other aspects of the nomination are considered, such as volume and priority rank.

City Gates and interconnects operate identically. The only difference between a City Gate and any another interconnect is that an interconnect is called a City Gate where the interconnection is made with a local distribution company utility.

Q. How do capacity agreements and pools differ?

A. A pool is a common market point where volumes are gathered from multiple capacity agreements for distribution to other capacity agreements. They are generally used for the aggregation and transfer of volume ownership.

Q. If an LDC allows pooling at its City Gates for transportation customers, does it negatively affect the LDC or its other customers?

A. No, there is no negative impact on other rate schedule customers. The operations necessary to provide supply and balancing for such customers are independent of those used to provide pooling for transportation customers.

Questar has a legitimate concern with balancing supplies to TS customers, and imbalances (the difference between nominations and usage) can have a negative influence on Questar and other customers that could require Questar to make a nomination change for itself. However, pooling actually helps Questar Gas and its other customers in this regard. Pooling allows gas suppliers to more effectively manage the overall supply/demand balance in aggregate, providing more efficient control over imbalances. Questar Gas' decision to eliminate pooling will require that imbalances be managed on a customer by customer basis, requiring over 400 TS customers to be monitored individually. Formalized pooling would allow Questar Gas to focus on the overall aggregate pooled imbalances resulting from combined supply and consumption of dozens of TS customers at once. Pooling provides a far simpler and more effective method to

manage potential impacts and helps ensure that mistakes of the past need not be repeated.

Q. Is the concept of pooling new to Questar?

A. No. Questar Corp. actively uses pooling throughout its business functions, be it the gathering of wellhead volumes within Wexpro, pooling as described in the Questar Pipeline tariff or Questar Gas' pooled supplies used for its distribution responsibilities. It wasn't until July of this year that Questar Gas ended the decades old pooling service for its TS customers. During my employment with Questar Energy Trading in 2003-2005, pools were used as a common practice.

Q. Do other pipelines that provide natural gas to Questar Gas' City Gates utilize pools and electronic confirmations at other interconnections?

A. Yes. For example, Kern River Gas Transmission provides delivery to the SoCal Gas and PG&E utilities and receives pooled supply from Opal. Historically, Kern River has not used pools with Questar Gas because only a small number of Utah TS customers receive their supply from Kern River compared to that of Questar Pipeline. Questar Pipeline delivers and receives natural gas from and to pools at many of its interconnects with Northwest Pipeline, Colorado Interstate Gas, Wyoming Interstate Gas and Kern River Gas Transmission, to name a few.

Q. Will you please summarize your testimony and your recommendations?

A. I have examined the TS customer impacts of Questar Gas' nomination process change beginning July 1, 2014, in which the pooling service previously provided at its City Gates with Questar Pipeline was eliminated, and have determined it is

not a fair or feasible solution that maintains a reasonable or comparable level of supply reliability and supply/usage balancing provided previously. The resulting customer-specific point-to-point nomination method directly exposes each TS customer to increased supply risks beyond the service territory of Questar Gas while decreasing the optionality of supply balancing and flexibility necessary to ensure secure and reliable supply services for typical day-to-day operations, and especially during periods of peak seasonal usage where system constraints are common.

This type of point-to-point nomination imposes an additional and unreasonable level of risk for TS customers that is not required of any other rate class, including an increased level of communication and nominations required between suppliers and upstream pipelines to make adjustments per confirmation cycle, an increased number of confirmations to follow Questar Gas' suggestion to diversify supply agreements across each TS supplier's customer base, anti-competitive and discriminatory market impacts on Third Party supplier participation at the City Gates, increased burdens for those who may elect to continue to provide City Gate supply, and a necessary breach of supplier-customer confidentiality when any Third Party supplier is utilized.

The City Gates between Questar Gas and Questar Pipeline function and operate the same as interconnections between other pipelines with connections to other LDCs or other pipelines. As such, the most effective way to resolve the operational needs of Questar Gas, while considering its compliance with its

affiliate, Questar Pipeline, and the TS customers' reasonable needs, is to allow for receipt supply pooling at the Questar Gas City Gates for distribution. A City Gate receipt pool for each TS supplier would give the TS customer and Questar Gas upstream supply transparency while allowing Questar Gas to have cross-agreement balancing necessary during occurrences of severe supply disruption as occurred last December. These pools would also provide Questar Gas with an aggregate level perspective for balancing and imbalance mitigation and for the identification and determination of any imbalances for the purpose of assessing costs or fees based on the net imbalance of the pool.

It is my view that the formal establishment of receipt City Gate pooling between Questar Gas and the TS suppliers is necessary to maintain the previously available and relied upon method of ensuring stable and reliable natural gas supply and supply services for Utah businesses who are TS Rate Schedule customers, and would perform in a manner consistent with the supply operations used by Questar Gas for similar customers to whom Questar Gas sells gas. I strongly urge the Commission to require Questar Gas to re-establish supply pooling at its City Gates with Questar Pipeline.

Q. Does this conclude your prepared testimony?

A. Yes.

Michael McGarvey

Professional Summary

Seventeen years energy industry experience performing duties relating to wellhead production and gathering, physical and financial natural gas trading throughout the West and Midcon, transportation optimization, storage and asset management, end-user marketing, gas operations, financial structured products and WTI crude optimization. Nine years developing and guiding business practices and contractual obligations for FERC and other regulatory compliance.
In depth understanding of cross commodity risk as applicable to wind integration and gas/power operational optimization.

Employment

2012-Present **Summit Energy, LLC** **Salt Lake City, UT**
Director, Natural Gas Trading and Marketing

- Responsible for leading the development and execution of the company's marketing plan and sales strategy.
- Manage all trading and risk management activity.
- Manage the scheduling operations.

2010-2012 **Magnum Energy, LLC** **Salt Lake City, UT**
Vice President, Natural Gas Storage Sales

- Responsible for the development and execution of the company's marketing plan and sales strategy. Also responsible for the overall coordination, functional management and leadership of all natural gas storage marketing and sales activities for the business.
- Provided in depth gas storage and transportation market knowledge, proposed market segmentation alternatives and created wholesale products for high deliverability natural gas storage, CCGT and CAES.
- Worked closely with engineering, finance, accounting and legal counterparts within the organization to create business plans, associated tariffs and transaction agreements that optimize company assets within the storage value chain.
- Applied a broad range of transaction structures to meet margin requirements including financing, financial hedges, physical purchases and sales, asset management and capacity release transactions.
- Implemented programs to identify, develop and execute standard and non-standard transactions for both strategic and marketing oriented clients that produce, transport, store, distribute, sell and store natural gas and compressed air.
- Developed and valued plans that optimize wind/natural gas/power integration that reduce cross commodity operational risk and align with future Renewable Portfolio Standards.

2007-2010 **Shell Energy North America** **Salt Lake City, UT**
Manager, West Origination

- Established and managed Shell's Salt Lake City office managing natural gas wholesale, retail and aggregator business in Utah, Wyoming, Colorado, South Dakota, California, Arizona, Nevada & Montana.
- Coordinated with Business Development, Renewables, Producer Services, Mergers/Acquisitions and Utilities groups to maximize regional footprint.

2005-2007 **BP Energy Company** **Salt Lake City, UT**
End-User Origination

- Established and managed BP's first Utah office.
- Expanded customer base and increased end-use physical market 800%.
- Exceeded initial 3-year startup target projections within first nine months of hire.
- Thorough knowledge of digital options and other financial products.
- Advised and assisted BP's Houston desk for storage optimization and Park/Lend in the West.
- Member of BP President's Extended Leadership Team within three months of hire.

2003-2005 **Questar Energy Trading Company** **Salt Lake City, UT**
Storage Manager, Physical/Financial Trader

- Developed, implemented and hedged all Rockies storage positions. Performed price and basis discovery. Traded physical gas from Sumas to San Juan and SoCal to Cheyenne Hub.
- Responsible for trading and managing Questar's Midcon production increasing returns by 1200% in first year.
- Hedged corporate gas and crude equity production for Questar Market Resources.
- Performed scheduling responsibilities for all Rockies storage accounts and pipelines as needed.
- Developed active trade tracking software to replace existing antiquated methods within first two months of employment and received Corporate/Presidential recognition. Developed several model/macros showing forward and current positions to aid daily trading optimization.
- Educated Questar Pipeline Company how to develop and manage the current PAL-1 & 2 Park and Lend services for Clay Basin Storage.

2002-2003 **Duke Energy Trading & Marketing, LLC** **Salt Lake City, UT**
Financial Gas Trader

- Developed and implemented all western monthly transportation positions. Gamma scalped transportation spreads to harvest extrinsic value.
- Developed, implemented and hedged all long dated storage positions at Clay Basin, Jackson Prairie, Socal, PG&E and Wild Goose storage facilities.
- Maintained current pipeline rates and discounts, transportation grid capacities, storage inventories and injection/withdrawal activity.
- Responsible for marking Balmo and basis market marks. Performed price discovery.

2000-2001 **Duke Energy Trading & Marketing, LLC** **Salt Lake City, UT**
Rockies Operations Supervisor

- Managed the scheduling operations in the Rocky Mountain region scheduling group emphasizing increased job knowledge through cross-training and efficiency. Optimized transportation, storage, gathering and position.
- Traded daily and monthly physical natural gas at Opal and Cheyenne Hub.

1997-2000 **Duke Energy Trading & Marketing, LLC** **Salt Lake City, UT**
Operations Representative

- Performed the responsibilities consistent with scheduling natural gas. Assets scheduled are Questar Pipeline, Questar Gas, Clay Basin, Overthrust, CIG, WIC, TrailBlazer, Kern River, Opal, Montana Power, Overland Trail, NWP, GTN, Jackson Prairie, SoCal, PG&E, Whitney Canyon, KN, KN Gathering, Treestem, TransColorado, and Anshutz/Painter.
- Managed pipeline, transport and end-user imbalances as well as storage cycles. Assisted scheduling for TransWestern Pipeline, Southern California and El Paso Pipeline.

Education

1996 **University of Utah** **Salt Lake City, UT**
Bachelors of Science
International Politics
International Relations Certificate
Physics

2002 **Princeton Energy Programme** **Salt Lake City, UT**
Fundamentals of Energy Futures and Options
Energy Risk Management
Options II – Option Pricing and Applications
Fundamentals of Technical Analysis in the Energy Markets

2006 **BP** **Houston, TX**
Marketing/Selling Techniques
Negotiations