

Gary A. Dodge, #0897
HATCH, JAMES & DODGE
10 West Broadway, Suite 400
Salt Lake City, UT 84101
Telephone: 801-363-6363
Facsimile: 801-363-6666
Email: gdodge@hjdllaw.com
Attorneys for Complainants

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 BRUCE F. RIGBY
---	---

The Complainants in this docket hereby submit the Prefiled Direct Testimony of Bruce F. Rigby of Utility Cost Management Consultants.

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:

Questar Gas Company:

Colleen Larkin Bell	colleen.bell@questar.com
Jennifer Nelson Clark	jennifer.clark@questar.com
Barrie McKay	barrie.mckay@questar.com

Division of Public Utilities:

Patricia Schmid	pschmid@utah.gov
Justin Jetter	jjetter@utah.gov
Chris Parker	chrisparker@utah.gov
Artie Powell	wpowell@utah.gov
Carolyn Roll	croll@utah.gov

Office of Consumer Services:

Brent Coleman	brentcoleman@utah.gov
Michele Beck	mbeck@utah.gov
Danny Martinez	dannymartinez@utah.gov

Utah Association of Energy Users:

Gary Dodge	gdodge@hjdllaw.com
Kevin Higgins	khiggins@energystrat.com
Neal Townsend	ntownsend@energystrat.com

Nucor Steel:

Damon E. Xenopoulos	dex@bbrslaw.com
Jeremy R. Cook	jrc@pkhlawyers.com

Federal Executive Agencies:

Karen White	Karen.White.13@us.af.mil
Christopher Thompson	Christopher.Thompson.5@us.af.mil
Gregory Fike	Gregory.Fike@us.af.mil
Thomas Jernigan	Thomas.Jernigan@us.af.mil

US Magnesium:

Roger Swenson	roger.swenson@prodigy.net
---------------	---------------------------

Summit Energy:

Larry R. Williams	larry@summitcorp.net
-------------------	----------------------

Utility Cost Management Consultants:

Floyd J. Rigby	FloydR@ucmc-usa.com
Travis R. Rigby	TravisR@ucmc-usa.com
Bruce Floyd Rigby	Bruce@ucmc-usa.com

The Home Builders Association of the State of Utah:

Ross Ford	ross@utahhba.com
-----------	------------------

Dunford Bakers, Inc.:

Dale Hatch	dhatch@dunfordbakers.com
------------	--------------------------

Utah Asphalt Pavement Association:

Douglas E. Griffith	dgriffith@keslerrust.com
Reed Ryan	reed@utahasphalt.org

Emery County Economic Development:

Michael McCandless	mikem@emery.utah.gov
David Blackwell	daveb@emery.utah.gov

Industrial Gas Users:

William J. Evans	bevans@parsonsbehle.com
Vicki M. Baldwin	vbaldwin@parsonsbehle.com

Shell Energy North America (US), L.P.:

Katherine B. Edwards	kbe@kbelaw.com
John Paul Floom	jpf@kbelaw.com
Erica L. Rancilio	elr@kbelaw.com
Amy Gold	amy.gold@shell.com

/s/ _____

BEFORE

THE PUBLIC SERVICE COMMISSION OF UTAH

Direct Testimony of Bruce F. Rigby

On behalf of Complainants

Docket No. 14-057-19

August 7, 2014

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Bruce Floyd. Rigby. My local business address is 1703 Man O'War
4 Drive Bluffdale, UT 84065

5 **Q. PLEASE DESCRIBE YOUR BUSINESS AND EXPERIENCE.**

6 A. I have over five years of experience in the natural gas industry. I am employed by
7 Utility Cost Management Consultants (UCMC), a utility auditing and
8 consulting company based in Cedar City, Utah. I manage purchases of natural gas
9 for UCMC's customers. UCMC is not a gas supplier or TS customer, but rather a
10 consulting group that helps its clients manage and reduce utility costs. The focus
11 of our business is identifying utility billing errors and alternative beneficial
12 schedules and rates for Utah school districts, state agencies, manufacturers and
13 others. UCMC serves many customers within Utah and in other states, including
14 all of our neighboring states.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. My testimony describes what my company has observed over the past four years,
17 as Questar Gas Company has implemented significant changes that make
18 transportation service more complicated, risky and expensive in Utah, with the
19 apparent purpose of pushing Utah natural gas consumers back to Questar gas
20 service. Indeed, Questar Gas essentially confirmed this intent in an early
21 technical conference in this case.

22 **Q. WHAT CHANGES HAVE MADE TRANSPORTATION SERVICE MORE**
23 **COMPLICATED, RISKY AND EXPENSIVE?**

24 A. I can probably best explain these changes by pointing out some major differences
25 between TS service now, compared to four years ago:

26 1. Four years ago, Utah businesses and entities could pool gas
27 accounts owned by one organization (e.g., a school district could pay one primary
28 administration fee, and only secondary fees for additional facilities). The so-
29 called “congruent property rule” was either interpreted differently or not enforced.
30 When Questar began enforcing this policy three years ago, it doubled the
31 administration fee for many TS customers, such as state facilities, religious
32 organizations, and hospitals, making TS service much more expensive.

33 2. Four years ago, Utah businesses could change to TS service at
34 various times throughout the year (the most recent example of which I am aware
35 was an Ogden manufacturer who converted to TS service in the late fall of 2010).
36 Now, it is permitted only once per year, and under strict timing and notice
37 requirements. This limited access makes TS service less appealing,

38 3. Four years ago, transportation costs were one half what they are
39 today for many TS customers. TS Costs have increased dramatically, making it
40 much less attractive.

41 4. Four years ago, consulting firms like UCMC could easily get
42 information to assist their customers. Today, Questar requires complicated forms
43 that must be completed before we can gather data (even with these forms, very

44 little data can now be gathered). Questar now requires that essentially all
45 information be requested by, and sent directly to, the customer, at which point, the
46 data can be forwarded to a consulting firm by the customer, but Questar will not
47 give the data directly to the consulting firm (essentially nullifying the third-party
48 request forms required by Questar). In addition, Questar will not allow consulting
49 groups to make any changes on behalf of their customers even if their customers
50 consent to the same. Most utilities, including ALL other Utah providers of power,
51 gas, telecom, water, and sewer, allow consulting groups to make changes to utility
52 rates for their customers with consent.

53 5. Four years ago (and actually until just over a month ago), gas
54 suppliers could deliver gas supplies to a Questar Gas City Gate pool and thereby
55 better manage and balance gas deliveries, customer usage and imbalances. As of
56 July 1, Questar Gas refuses to permit such pooling, disingenuously pointing to
57 allegedly independent actions of its affiliate. This threatens to further drive up
58 costs, risks and concerns for Utah businesses and entities that purchase natural gas
59 from suppliers other than Questar and its affiliates.

60 6. Questar Gas Company is also in the process of proposing
61 additional costs and penalties that will further deter consumers from comfortably
62 using TS service.

63 **Q. QUESTAR GAS SUGGESTS THAT GAS CONSUMERS NOW BENEFIT**
64 **FROM GREATER TRANSPARENCY AND INVOLVEMENT WITH**
65 **UPSTREAM SUPPLIES. WHAT IS YOUR REACTION?**

66 A. My experience suggests just the opposite. We have spoken with dozens of
67 smaller TS customers (10,000 to 50,000 Dth/year purchases), and they clearly do
68 not want to be more involved in worrying about upstream gas supplies,
69 transportation issues, nominations or communications regarding day-to-day, or
70 even month-to-month, issues or transactions. These TS customers want to select
71 consultants and suppliers annually, and then leave it to the consultants and
72 suppliers to ensure delivery of gas, to review and remit invoices, to analyze and
73 recommend changes in strategy, and to optimize the money they are spending on
74 utilities. Under no stretch of the imagination can Questar's recent elimination of
75 pooling services be considered beneficial to Utah TS customers.

76 **Q. WHAT DO YOU THINK HAS RESULTED AND WILL RESULT FROM**
77 **ALL THESE CHANGES?**

78 A. My belief and fear is that the affiliated Questar entities are collectively attempting
79 to further the interests of Questar Corporation by driving TS customers back to
80 sales service in order to maximize profitability for Questar Corporation's
81 shareholders. While this goal may be understandable in isolation, I find it highly
82 objectionable for a monopoly to use its monopoly powers to harm its affiliates'
83 competitors and harm working, competitive markets.

84 Questar's gas transportation changes have already made it very difficult
85 for others to compete effectively with QGC to supply natural gas to Utah
86 businesses, state agencies, schools, hospitals and other gas consumers. I fear that
87 the additional risks and costs stemming from Questar's unilateral and unapproved

88 elimination of pooling services long available to Utah transportation customers
89 will cause many Utah gas consumers to return to QGC's GS and FS schedules,
90 even if the same is neither necessary nor in the best interests of the consumers.
91 Perhaps it is time for companies and citizens in Utah to demand full deregulation
92 of natural gas services in Utah, as has been done in about half of the states in the
93 United States.

94 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

95 A. Yes.