

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| IN THE MATTER OF THE FORMAL<br>COMPLAINT AGAINST QUESTAR GAS<br>COMPANY REGARDING NOMINATION<br>PROCEDURES AND PRACTICES FOR<br>TRANSPORTATION SERVICE<br>CUSTOMERS | Docket No. 14-057-19 |
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**DIRECT TESTIMONY OF TINA M. FAUST**

**FOR QUESTAR GAS COMPANY**

August 28, 2014

**QGC Exhibit 1.0**

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## I. INTRODUCTION

2 **Q. Please state your name and business address.**

3 A. My name is Tina M. Faust. My business address is 333 South State Street, Salt Lake City,  
4 Utah.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Questar Gas Company (Questar Gas or Company) as General Manager  
7 of Gas Supply.

8 **Q. What are your qualifications to testify in this proceeding?**

9 A. I have worked at Questar Corporation for 27 years, with over 20 years in the Gas Supply  
10 Department. I have a Bachelor of Arts in Finance and an MBA from the University of  
11 Utah.

12 **Q. What is the purpose of your testimony in this Docket?**

13 A. The purpose of my testimony is to provide background about the working group meetings  
14 that were held pursuant to the Settlement Stipulation, to describe why Questar Pipeline's  
15 new nomination process is beneficial for Questar Gas' customers and to explain why the  
16 Commission should reject the Complainants' proposal to require a pooling service on the  
17 Questar Gas system.

## 18 II. BACKGROUND

19 **Q. Please explain the working group meetings held pursuant to the Settlement  
20 Stipulation.**

21 A. On July 2, 2013, Questar Gas proposed certain changes to its Utah Natural Gas Tariff No.  
22 400 (Tariff) relating to transportation service customers (TS Customers) in its General Rate  
23 Case Application. Questar Gas was concerned about the reliability of upstream supplies  
24 for TS Customers. If upstream restrictions occur and TS Customers' supplies do not arrive  
25 at the Questar Gas interconnects (known as "City Gates"), Questar Gas may need to reduce

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26 deliveries to its firm TS Customers. Therefore, Questar Gas proposed tariff language that  
27 would have required TS Customers to have firm upstream transportation capacity.

28 **Q. Was the Company's proposed tariff provision approved?**

29 A. Some parties voiced opposition to Questar Gas' proposal. Ultimately, the parties agreed  
30 to a Settlement Stipulation. In accordance with the Settlement Stipulation, Questar Gas  
31 invited all of the parties in the rate case, including the "Settling Parties," to meet and discuss  
32 concerns and issues related to the TS Customers. Meetings were held on February 28,  
33 2014, March 24, 2014 and May 13, 2014. Representatives of Summit, Seminole, CIMA,  
34 UAE, US Mag and others attended some or all of the meetings.

35 **Q. Were the meetings productive?**

36 A. Yes. The participants in the meetings discussed potential options for TS Customers or  
37 Agents to bring gas to the Questar Gas' system. During those meetings, the participants  
38 also discussed a number of issues related to the events of December 5, 2013. Questar Gas  
39 anticipates filing additional proposed Tariff changes in the future. Discussions are ongoing  
40 and Questar Gas is willing to continue to meet with interested parties.

41 **Q. What happened on December 5, 2013?**

42 A. On December 5, 2013, in addition to numerous well freeze-offs, some gas processing plants  
43 connected to upstream pipelines experienced operational problems. As a result, volumes  
44 anticipated for delivery to many Questar Gas TS Customers did not arrive the morning of  
45 December 5, 2013 at the City Gates.

46 **Q. How did the December 5<sup>th</sup> event impact TS Customers?**

47 A. Due to the manual process used prior to July 1, 2014, and the fact that many agents for the  
48 TS Customers (Agents) aggregated supplies at the City Gate, Questar Gas had to notify

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49 hundreds of customers and ask them to reduce their usage. While there were customers  
50 who complied with the request, many TS Customers did not or could not reduce their usage.

51 **Q. How did the December 5<sup>th</sup> event impact Questar Gas' sales customers?**

52 A. Sales customers were not impacted on December 5, 2013. However, Questar Gas had to  
53 utilize its no-notice transportation and storage services to make up the difference in supply  
54 when TS Customers continued to use gas when their supplies were not delivered at the City  
55 Gate.

56 **Q. When did Questar Pipeline change its nomination process?**

57 A. On May 13, 2014, Questar Pipeline issued a notice to all of its shippers that electronic  
58 confirmations of nominations on Questar Pipeline at the Questar Gas City Gates would be  
59 required for gas day July 1, 2014 (Process Change). This is the same nomination and  
60 confirmation process that Questar Pipeline employs at all of its other interconnects. During  
61 the working group meeting held on May 13, 2014, Questar Pipeline explained this Process  
62 Change.

63 **Q. Did all participants of the working group agree with Questar Pipeline's proposed  
64 process change?**

65 A. No, Summit, CIMA and other parties contacted Questar Gas expressing concerns about the  
66 Process Change. Questar Gas and Questar Pipeline met with Summit on June 3, 2014 and  
67 CIMA on June 5, 2014. Questar Gas has continued to meet with these, and other interested  
68 parties, since that time. Questar Gas has not held additional meetings with UAE, US Mag  
69 or Seminole because they have not contacted Questar Gas regarding concerns over the  
70 Process Change. Questar Gas remains available to meet with UAE, US Mag, Seminole or  
71 any other party.

72 **Q. What are the Complainants requesting?**

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73 A. Complainants now claim that pooling has always existed at the City Gate and that Questar  
74 Gas should provide a formal pooling service.

75 **Q. How do you respond to this request?**

76 A. Questar Gas has never offered a pooling service. TS Customers' Agents were allowed to  
77 aggregate nominated supplies to individual TS Customers at the City Gates prior to July 1,  
78 2014. This was not a true pool based on a contractual relationship and was not a service  
79 allowed in either the Questar Pipeline or Questar Gas tariff. No pooling contracts were  
80 ever entered into by any party. These Agents were able to take advantage of the manual  
81 nomination process in effect prior to Questar Pipeline's Process Change by aggregating  
82 supplies for numerous TS Customers to ease the nomination process and mask upstream  
83 supply transactions.

84 **III. THE PROCESS CHANGE IS BENEFICIAL FOR TS CUSTOMERS**

85 **Q. What changed with the implementation of Questar Pipeline's Process Change?**

86 A. Questar Pipeline now requires that each nomination has an identifiable downstream  
87 transportation contract at delivery point to the City Gate.

88 **Q. Do you think Questar Pipeline's Process Change is in the best interest of Questar Gas  
89 Company's TS Customers?**

90 A. Yes. Questar Gas is concerned that many of its TS Customers (especially the smaller TS  
91 Customers, i.e., hotels and schools) may not be aware of the risks associated with being a  
92 TS Customer. As evidenced on December 5, 2013, some of these TS Customers believed  
93 that having firm transportation on Questar Gas' system meant all of their upstream services  
94 were also firm. The Process Change provides more transparency for all TS customers.  
95 Access to supply information allows TS Customers to better manage risk associated with  
96 supply decisions based on their individual reliability needs. This change also allows the

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97 TS Customers to be better informed of any supply reductions that may affect their gas  
98 supply.

99 **Q. Can you explain how the process has become more transparent for TS customers?**

100 A. Yes. Today, customers have the ability to know more details of their gas supply. Customers  
101 may access information that shows the upstream contract number that is being used to bring  
102 their gas to the City Gate. They can also identify the service level on the upstream pipeline  
103 (for example, firm or interruptible service level) being used to deliver their supplies to the  
104 City Gate. Prior to July 1, 2014, this contract information was not visible, or “masked,”  
105 by the Agent.

106 **Q. Can any additional information be obtained by the TS Customer?**

107 A. Yes. TS Customers can also see reductions that may have occurred to the gas supply that  
108 they receive from their Agent. This allows TS customers to be better informed, especially  
109 on days they are asked to reduce their usage.

110 **Q. Are there other benefits to TS customers besides transparency?**

111 A. Yes. The change implemented on July 1, 2014 allows Questar Gas to better communicate  
112 information to its customers. Automated information provided to Questar Gas as the  
113 operator at the City Gate greatly reduces the time spent between identifying a supply  
114 problem at the City Gate and contacting the impacted TS Customer. Timely  
115 communication allows all parties the ability to more quickly solve the issues related to the  
116 reduction of gas supply.

117 **IV. THE COMMISSION SHOULD REJECT THE COMPLAINANTS' PROPOSAL**

118 **Q. What is the role of an Agent for a TS customer?**

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119 A. An Agent has a contract with a TS Customer to provide its gas supply and make  
120 nominations on behalf of that customer to ensure its gas supply matches its expected usage.

121 **Q. Is the Agent a regulated entity?**

122 A. No, neither the Agent nor its business model is regulated by the Public Service  
123 Commission. Even though the business operations of these Agents fall outside of any  
124 FERC or Public Service Commission approved tariff, they are asking the Public Service  
125 Commission for a special Tariff provision to help their business practices.

126 **Q. The Complainants are requesting to establish a pooling service on Questar Gas.  
127 Should Agent pooling be allowed on Questar Gas?**

128 A. No. Allowing Agent pooling on Questar Gas would undo some of the benefits to customers  
129 that have occurred since the Process Change. It would allow the Agents to easily “mask”  
130 the TS Customer’s gas supply information and reduce transparency to TS Customers.

131 **Q. Would there be costs associated with a pooling service on Questar Gas?**

132 A. Though the Complainants did not specify the details associated with their proposed  
133 “pooling service,” it is likely that there would be some additional costs. There may be  
134 costs associated with managing pooling services contracts.

135 **Q. Has Questar Gas ever offered a pooling service?**

136 A. No. Questar Gas has never offered pooling services. Questar Gas has always had contracts  
137 with its TS Customers and not their Agents. The Agents have never been customers of  
138 Questar Gas. Agent pooling would require a contract between Questar Gas and the Agent  
139 and require a change to the Questar Gas Tariff.

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140 **Q. Please summarize Questar Gas' position.**

141 A. Questar Gas supports the Process Change and believes it is in the best interest of customers.  
142 Questar Gas does not support Complainants' pooling services proposal for pooling on its  
143 system.

144 **Q. What are your recommendations?**

145 A. The Commission should dismiss the complaint and reject the proposal to create a pool on  
146 the Questar Gas system.

147 **Q. Does this conclude your testimony?**

148 A. Yes.

State of Utah            )  
                                  ) ss.  
County of Salt Lake    )

I, Tina M. Faust, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. This testimony was prepared by me or under my direction and supervision, and is true and correct to the best of my knowledge, information and belief.

\_\_\_\_\_  
Tina M. Faust

SUBSCRIBED AND SWORN TO this \_\_ day of August, 2014.

\_\_\_\_\_  
Notary Public