

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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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
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**REBUTTAL TESTIMONY OF TINA M. FAUST**

**FOR QUESTAR GAS COMPANY**

September 10, 2014

**QGC Exhibit 1.0R**

1 **Q. Are you the same Tina M. Faust that filed Direct Testimony on behalf of Questar Gas**  
2 **Company in this docket?**

3 A. Yes.

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. My purpose is to respond to issues and questions that the Division of Public Utilities  
6 (Division) and Office of Consumer Services (Office) have raised.

7 **Q. Can you summarize those issues?**

8 A. I will be addressing the concern that many of the issues the Complainants<sup>1</sup> have raised are  
9 outside the original intent and scope of this docket. I will also address the potential harm  
10 that both TS Customers and sales customers may suffer if there was a pooling option on  
11 Questar Gas' system.

12 **Q. Office witness Mr. Gavin Mangelson expresses concern that issues related to**  
13 **imbalances are outside the scope of the current docket. Do you agree?**

14 A. Yes. I agree that much of what the Complainants seek is outside the original intent of this  
15 docket.

16 **Q. Please describe your understanding of the scope of this docket.**

17 A. During the June 30, 2014 Scheduling Conference, representatives of the parties all  
18 indicated that this docket would be focused on the very narrow issue of whether or not  
19 Questar Gas violated a rule, regulation or tariff provision relating to the July 1, 2014  
20 Process Change. In fact, Mr. Dodge, counsel for Complainants said,

21 " [I]f the complaint also asks for even if they are allowed to change without  
22 permission, if we're trying to get you to order them to do something, let's  
23 pretend they've never done it before and we thought it was the right thing,  
24 we can ask for that. We can ask for a tariff change. We can ask you to  
25 impose a tariff on them that says you have to recognize pooling - - or offer

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<sup>1</sup> All capitalized terms have the same meaning as the defined terms in my Direct Testimony.

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26 pooling contracts to marketers. . . That may be a longer term one, but the  
27 shorter term issue is can they just unilaterally change a decades old  
28 procedure that people have relied upon in entering into contracts and  
29 arranging the supplies, et cetera, without any Commission input on it. That  
30 one can be resolved pretty quickly.”

31 (Scheduling Conference hearing Proceedings Transcript (Hearing Transcript) page 45,  
32 lines 1 through 14)

33 Mr. McKay, a representative of Questar Gas, agreed, saying,

34 “And if the complaint is, hey, we think it ought to be taken into pooling,  
35 which is essentially, I think, the path that they want to have be the solution,  
36 this is a schedule that won’t work for that. We’re happy to try to go forward  
37 with whatever motion they may be able to try to narrow that they want you  
38 to rule on.”

39 (Hearing Transcript page 58, lines 13-19) The Commission set a very aggressive schedule  
40 in this matter based on the representations of Complainants that this docket would be  
41 limited to consideration of whether the Company violated a statute, rule, regulation, tariff,  
42 Settlement Stipulation or Order. Full consideration of a pooling proposal would require a  
43 much lengthier schedule.

44 **Q. Is that what the Complainants have requested here?**

45 A. The Complainants initially requested an Order stating that the Company had violated  
46 various statutes, a Settlement Stipulation and a Commission Order when Questar Pipeline  
47 announced the Process Change. The Complainants seem to have expanded the relief  
48 requested and are now seeking an order requiring pooling on Questar Gas’ system. This  
49 would require changes to the Tariff and a contract between the Agent and Questar Gas.  
50 The Complainants are essentially asking the Commission to force Questar Gas to take  
51 action. The parties recognized at the scheduling conference that if the Complainants

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52 wanted a new “pooling” tariff, it would require a longer process than the short time afforded  
53 by the schedule in this matter.

54 **Q. What would you suggest?**

55 A. I agree with Mr. Mangelson that “[a]ny evidence or arguments that fall outside the scope  
56 of the Complainants’ request should be considered irrelevant in determining possible  
57 agency action.” (Mangelson, Direct Testimony, lines 55-59) The Commission should  
58 determine that Questar Gas did not violate any statute, rule, tariff provision, Settlement  
59 Stipulation or Order and dismiss the Complaint. If the Commission deems it appropriate,  
60 it could encourage the Parties to further study whether pooling options on the Questar Gas  
61 system are needed or whether the perceived benefits of pooling could be obtained using  
62 existing or new services on upstream interstate pipelines.

63 **Q. Division witness Mr. Douglas D. Wheelwright observed the Company has not yet**  
64 **identified the increased cost impact Agent pooling may have on the TS Customers**  
65 **(Wheelwright, Direct Testimony, lines 330-332). In lines 206 through 210 of his**  
66 **testimony, Mr. Mangelson indicated that the Office would not oppose the idea of the**  
67 **implementation of a pooling tariff provided that “it does not shift costs or risks to**  
68 **other customers.” Would the Complainants’ new proposal result in new costs for TS**  
69 **Customers or sales customers?**

70 A. Again, none of the Parties have had the opportunity to study this issue. However, if Questar  
71 Gas is required to allow TS Customers’ Agents to utilize some form of pooling on Questar  
72 Gas’ system, it would expect those new services to come with costs. Questar Gas would  
73 most likely charge the Agents a fee to utilize those services. It is likely that the Agents  
74 would then pass these charges on to the TS Customer. However, Questar Gas has never  
75 offered such a service and is uncertain what, specifically, that service would entail.

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76           Moreover, none of the Parties in this docket have proposed any particular details regarding  
77           the pooling they are requesting. The Company does not believe that pooling on Questar  
78           Gas' system is necessary nor in the best interest of customers.

79   **Q.    Can you speak generally to the ways any pooling proposal on Questar Gas' system**  
80   **would hurt TS Customers?**

81   A.    As I previously testified, "Allowing Agent pooling on Questar Gas would undo some of  
82   the benefits to customers that have occurred since the Process Change. It would allow the  
83   Agents to easily "mask" the TS Customers' gas supply information and reduce  
84   transparency to customers." (Faust, Direct Testimony, lines 131-134) Additionally, if an  
85   Agent could utilize a pooling service on Questar Gas' system, an Agent would be more  
86   likely to use a pro-rata designation causing all of that Agent's customers to be directed to  
87   reduce usage in the event of a supply interruption.

88   **Q.    Could you respond to Mr. Mangelson's concern that allowing Agent pooling on**  
89   **Questar Gas' system could impact the Company's other customers? (Mangelson,**  
90   **Direct Testimony, lines 100-110)**

91   A.    Yes. As evidenced on December 5, 2013, pro-rata supply reductions naturally affect many  
92   more TS Customers and greatly increase the likelihood that these impacted TS Customers  
93   may not be willing or able to reduce their usage when asked by Questar Gas. When the TS  
94   Customers continue to use gas during a restriction or curtailment period and their supplier  
95   does not have an equal amount of gas delivered to Questar Gas for those customers, it has  
96   the potential to result in a reliability issue for Questar Gas' sales customers.

97   **Q.    Please describe the potential reliability issue for sales customers.**

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98 A. TS Customers who use gas that is not delivered by their Agents during a period of cold  
99 temperatures and high demand could cause operational issues on the Questar Gas system  
100 (i.e., loss of system pressure) and a resulting loss of service to sales customers. The  
101 duration of supply shortages is hard to predict and the availability of gas supply to the  
102 Agents is not guaranteed.

103 **Q. Considering what was learned on December 5, 2013, would it be prudent for Questar**  
104 **Gas to consider purchasing additional gas to replace the gas supply that was not**  
105 **delivered for the TS Customers?**

106 A. Yes, if Questar Gas is determined to be the supplier-of-last-resort, then it would be prudent  
107 to purchase additional supplies for the TS Customers in order to protect Questar Gas system  
108 reliability. Given that we can expect these TS Customers to continue to burn natural gas,  
109 whether or not their supplies arrive at the Questar Gas City Gates, it would be prudent to  
110 have other supplies available, if possible, to offset the shortfall. However, this seems  
111 contrary to the current TS rate schedule that is not designed to include supplier-of-last-  
112 resort costs.

113 **Q. If gas supplies are purchased by Questar Gas to benefit TS customers, would the cost**  
114 **of this additional gas be passed on to sales customers?**

115 A. Yes, currently the cost of all gas purchased by Questar Gas is passed on to sales customers.

116 **Q. Would you expect that replacement gas to be priced higher or lower than the current**  
117 **weighted average cost of gas?**

118 A. Depending on the market (driven by supply and demand) the price could be much higher  
119 than the current weighted average cost of gas. Typically, supply disruptions occur during  
120 periods of cold weather and high usage when daily gas prices are high. Last winter, daily

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121 prices hit \$28/Dth in Utah and were over \$100/Dth on the East Coast. This could be very  
122 costly for the firm sales customers.

123 **Q. Please summarize your position.**

124 A. Agent pooling on the Questar Gas system is outside the original scope and intent of this  
125 docket and not in the best interest of the Questar Gas' customers. Such pooling would  
126 reduce transparency and potentially increase costs to the TS Customers. In addition, Agent  
127 pooling on the Questar Gas system could result in reduced reliability and increased costs  
128 for all Questar Gas sales customers.

129 **Q. What is your recommendation?**

130 A. The Commission should dismiss the Complaint and reject any proposal for Agent pooling  
131 on the Questar Gas system.

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

133 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 September, 2014.

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