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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>In the Matter of the Formal Complaint Against Questar Gas Company Regarding Nomination Procedures and Practices for Transportation Service Customers</b>	<b>Docket No. 14-057-19</b>  <b>PREFILED REBUTTAL TESTIMONY OF JEFF FISHMAN</b>
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The Complainants in this docket hereby submit the Prefiled Rebuttal Testimony of Jeff Fishman of Energy Strategies, LLC and the Utah Association of Energy Users.

DATED this 10<sup>th</sup> day of September 2014.

HATCH, JAMES & DODGE

/s/ \_\_\_\_\_  
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## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 10<sup>th</sup> day of September 2014 on the following:

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**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF UTAH**

**Rebuttal Testimony of Jeff Fishman**

**On behalf of Complainants**

**Docket No. 14-057-19**

**September 10, 2014**

1 **INTRODUCTION**

2 **Q. ARE YOU THE SAME JEFF FISHMAN WHO SUBMITTED DIRECT**  
3 **TESTIMONY ON BEHALF OF THE COMPLAINANTS IN THIS**  
4 **DOCKET?**

5 A. Yes, I am.

6 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

7 A. I will respond to direct testimony filed by Questar Gas Company (“Questar”)  
8 witnesses Tina M. Faust and William F. Schwarzenbach. Specifically, I will rebut  
9 the claims of Ms. Faust and Mr. Schwarzenbach that TS customers are better off  
10 as a result of Questar’s elimination of the long-standing gas pooling/aggregation  
11 practice previously available to TS customers, suppliers, and agents.

12 **Q. ON LINE 78 OF HER DIRECT TESTIMONY, MS. FAUST STATES**  
13 **“QUESTAR GAS HAS NEVER OFFERED A POOLING SERVICE.” HOW**  
14 **DO YOU RESPOND?**

15 A. This is a curious claim given that on lines 78-80, Ms. Faust admits that “TS  
16 Customers’ Agents were allowed to aggregate nominated supplies to individual  
17 TS Customers at the City Gates prior to July 1, 2014.” Ms. Faust’s attempt to  
18 distinguish between “pooling” and allowing agents to “aggregate nominated  
19 supplies” is contrived wordsmithing. “A rose by any other name would smell as  
20 sweet,” according to Shakespeare’s play Romeo and Juliet, in which Juliet argues  
21 that the names of things do not matter, only what things are. Similarly, the  
22 Encarta Dictionary describes pooling, in part, as a collective or shared resource, a

23 joint supply of commodities that can be shared by a group of people or  
24 companies. This definition also aptly describes “aggregated supplies.” If it helps,  
25 perhaps we should use the term “aggregation” rather than “pooling” to describe  
26 what Questar provided its TS customers and their agents for many years.

27 Ms. Faust’s Testimony (lines 84-85) also acknowledges that “aggregating  
28 supplies for numerous TS Customers...ease(d) the nomination process,” thus  
29 confirming our complaint about issues arising from Questar’s elimination of  
30 aggregation services.

31 Ms. Faust also attempts to draw support for her position from the fact that  
32 Questar failed to include in its tariff a description of its aggregation service and  
33 that Questar failed to enter into written pooling contracts, as opposed to unwritten  
34 agreements. Those facts hardly support her claim that pooling/aggregation  
35 services were not available or should not continue to be offered.

36 **Q. IN LINE 102, MS. FAUST STATES THAT “CUSTOMERS HAVE THE**  
37 **ABILITY TO KNOW MORE DETAILS OF THEIR GAS SUPPLY”. DO**  
38 **YOU BELIEVE THAT THIS IS OF VALUE TO UAE MEMBERS?**

39 A. Under the new nomination process, Ms. Faust touts customers’ ability to “know  
40 more details of their gas supply”, including “upstream contract number” and  
41 “service level on the upstream pipeline”. Ms. Faust apparently believes that  
42 customers are anxious to know more upstream details about their gas supplies.  
43 That has not been my experience. To the contrary, the TS customers on whose  
44 behalf I manage gas supply do not want to be bothered with details of upstream

45 supply or transportation arrangements. Rather, they want to rely on the expertise  
46 of their gas suppliers and agents and the contractual obligations that they  
47 negotiate for delivery of gas supplies.

48 **Q. IN LINES 106-107, MS. FAUST STATES THAT “PRIOR TO JULY 1, 2014,**  
49 **THIS CONTRACT INFORMATION WAS NOT VISIBLE, OR ‘MASKED,’**  
50 **BY THE AGENT.” HOW DO YOU RESPOND?**

51 A. Questar repeatedly refers to supply contracts as having been “masked,” but fails to  
52 acknowledge that any such masking was a direct derivative of prior Questar  
53 practices that did not make the contract information “visible.” Questar’s repeated  
54 references to “masking” are specious suggestions that agents were hiding  
55 information, when the Questar process did not provide for the suggested visibility.

56 **Q. ARE THERE BENEFITS TO THE NEW NOMINATION PROCESS?**

57 A. Not for the TS customers. Curiously, in lines 131-134, Ms. Faust states that  
58 “Allowing Agent pooling on Questar Gas would undo some of the benefits to  
59 customers that have occurred since the Process Change. It would allow the  
60 Agents to easily “mask” the TS Customer’s gas supply information and reduce  
61 transparency to TS customers.” Again, the alleged “benefit” mentioned is to  
62 uncover “masking”. Questar has not attempted to identify or support any other  
63 claimed benefits to TS customers of Questar’s termination of aggregation  
64 services.

65 **Q. WHY IS QUESTAR IN SUPPORT OF THIS NOMINATION PROCESS**  
66 **CHANGE?**

67 A. In lines 145-146, Ms. Faust states that “Questar Gas supports the Process Change  
68 and believes it is in the best interest of customers.” However, Questar has not  
69 demonstrated that the process is in the best interest of TS Service customers. In  
70 fact, the nature of the Complaint is evidence to the contrary. To my knowledge,  
71 Questar has not solicited input from any TS customer as to whether such  
72 “transparency” is of value to them, or whether it would adequately offset the lost  
73 value of pooling.

74 **Q. DO YOU UNDERSTAND MR. SCHWARZENBACH’S DIRECT**  
75 **TESTIMONY TO SUGGEST THAT THE POOLING/AGGREGATION**  
76 **BENEFITS THAT TS CUSTOMERS AND THEIR AGENTS**  
77 **PREVIOUSLY ENJOYED CAN BE REPLICATED THROUGH**  
78 **DIFFERENT SUPPLY AND TRANSPORTATION ARRANGEMENTS?**

79 A. Yes. For example, on lines 86-89 he states: “Questar Gas does not aggregate  
80 supplies using a pool. It aggregates supplies utilizing a transportation contract on  
81 Questar Pipeline. This is a good example of how the benefits desired by the  
82 Complainants can be achieved without the use of a pool.”

83 **Q. HOW DO YOU RESPOND TO THIS CLAIM?**

84 A. Like Ms. Faust, Mr. Schwarzenbach’s attempt to distinguish between pooling and  
85 aggregation is misplaced. In any event, his testimony fails to address the fact that  
86 many Utah companies have secured alternative gas supply and delivery options in  
87 an effort to reduce delivered gas costs while ensuring reliable supplies. It is far  
88 from clear whether, as a practical matter, all of Questar’s supply and

89 transportation options and practices could be duplicated by others, and how much  
90 doing so would affect delivered costs.

91 Mr. Schwarzenbach’s “good example” disregards the increased costs that  
92 would likely be incurred by commercial or industrial consumers who individually  
93 contracted for firm transportation on Questar Pipeline. The Questar Pipeline Firm  
94 Transportation Service Rate Schedule T-1 Reservation Charge, in many  
95 circumstances, would increase the delivered cost of gas to the City Gate for a  
96 commercial or industrial consumer. Gas supplies are typically delivered to  
97 Questar Gas City Gates for Utah companies at prices that are lower than  
98 applicable regional natural gas commodity indices plus the Questar Pipeline Rate  
99 Schedule T-1 costs. Suppliers and agents efficiently manage utilization of various  
100 supply and transportation options. That is why Utah companies hire them.  
101 Otherwise, there would be no reason to purchase and transport gas under the TS  
102 Rate Schedule. To disregard increased costs in suggesting alternative ways of  
103 restoring pooling/aggregation services is disingenuous.

104 According to the Questar Pipeline Company FERC Gas Tariff Statement  
105 of Negotiated Rates Second Revised Volume No. 1 Section Version: 8.0.0  
106 Effective On: August 1, 2014, under the table titled STATEMENT OF  
107 NEGOTIATED RATES, there is no Reservation Charge below full Tariff for any  
108 deliveries to Wasatch Front City Gates. Mr. Schwarzenbach’s “good example”  
109 would appear to force Utah businesses to pay higher prices for delivered gas  
110 supplies. Our Complaint seeks to preserve flexibility and options that have long

111 been, and should remain, available for Utah companies. The suggestion that these  
112 companies should pay higher prices for no good reason should be rejected out of  
113 hand.

114 **Q. ON LINES 132-134 OF HIS DIRECT TESTIMONY, MR.**  
115 **SCHWARZENBACH STATES: “WHEN THE SUPPLIER (NOT THE TS**  
116 **CUSTOMER OR ITS AGENT) TAKES RESPONSIBILITY FOR THE**  
117 **TRANSPORTATION OF THE GAS, THE SUPPLIER ONLY SEES THIS**  
118 **PROCESS AS A MEANS BY WHICH TO MOVE ITS GAS TO A CITY**  
119 **GATE AND DOES NOT KNOW THE NEEDS OF THE END USE**  
120 **CUSTOMER.” WHAT IS YOUR RESPONSE?**

121 A. UAE gas supply contracts have delivery obligations and performance penalties  
122 and are with suppliers and agents that clearly know the needs and requirements of  
123 UAE customers. These suppliers and agents have the operational ability and  
124 professional integrity to effectively manage deliveries under the negotiated terms  
125 of the supply contracts.

126 **Q. LINES 241-247 OF MR. SCHWARZENBACH’S TESTIMONY CLAIM**  
127 **THAT AGGREGATION/POOLING WOULD NOT REDUCE THE RISK**  
128 **OF SUPPLY DISRUPTIONS. DO YOU AGREE?**

129 A. No, I disagree. As explained in the testimony of numerous witnesses, pooling can  
130 mitigate the impacts of supply disruptions and reduce risks if suppliers and agents  
131 are permitted to deliver additional supplies into pools and effectively allocate  
132 deliveries from those pools during the nomination process.

133 **Q. ON LINES 280-282, MR. SCHWARZENBACH CLAIMS THAT “ALL OF**  
134 **THE OTHER REQUESTS BY THE COMPLAINANTS IN THIS CASE**  
135 **CAN BE PROVIDED THROUGH OTHER MEANS AT NO ADDITIONAL**  
136 **COST TO THE TS CUSTOMERS.” DID MR. SCHWARZENBACH**  
137 **MAKE ANY ATTEMPT TO SUPPORT THIS CLAIM?**

138 A: No. Questar provided no support whatsoever that the issues raised by the  
139 Complainants can be effectively resolved by other means “at no additional cost.”  
140 This unsupported claim should be rejected.

141 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

142 A. UAE members purchase natural gas supplies at Questar City Gates on a  
143 contractually firm basis when desired, and UAE members are not concerned with  
144 the specifics of the assets used to supply or deliver such firm supplies. UAE  
145 strongly recommends that Questar be required to continue offering  
146 aggregation/pooling services at its City Gate in order to permit Utah companies to  
147 continue to enjoy lower energy costs and reduced risks. Questar has offered no  
148 sound basis in defense of its unnecessary, unilateral and unreasonable decision to  
149 impose higher costs and risks on Utah businesses. Its attempt to do so should be  
150 rejected.

151 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

152 A. Yes.