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ATTORNEYS FOR NUCOR STEEL-UTAH, A DIVISION OF NUCOR CORPORATION

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Questar
Gas Company for Authority To Make Tariff
Modifications to Charge Transportation
Customers for Use of Supplier Non-Gas
Services.

Docket No. 14-057-31

**POST-HEARING COMMENTS
OF NUCOR STEEL-UTAH, A DIVISION
OF NUCOR CORPORATION**

At the close of the hearing in the captioned proceeding, the Public Service Commission of Utah (“Commission”) offered the parties the option to file post-hearing submissions within 15 days of the date the hearing transcript was posted on the Commission’s website.¹ Nucor Steel-Utah, a Division of Nucor Corporation (“Nucor”) respectfully submits post-hearing comments on a single issue: whether charges for daily imbalances, if granted by the Commission, should be imposed on those transportation customers incurring the daily imbalances, or whether those charges should be spread among all transportation customers. Nucor respectfully asks the Commission to provide customers with a choice between the two options (*i.e.*, individual or

¹ Transcript of Hearing Proceedings, Docket No. 14-057-31 (August 26, 2015) at 240-41, lines 15-25, 1-2. The Transcript was posted on September 8, 2015.

aggregate). In the alternative, charges should be allocated among all customers on a per dekatherm usage basis.

Questar Gas Company (“Questar”) has not presented sufficient evidence in this proceeding to institute a radical change from monthly to daily balancing.² Expert witnesses have demonstrated that daily balancing is not a common practice³ and that Questar’s metering practices do not provide sufficient timely data for customers to develop daily scheduling to accurately avoid imbalance penalties imposed at a +/-5% margin of error.⁴ Questar claims that test period imbalance expenses amounted to \$1,740,374, which could be recovered by imposing a \$0.19064/dt penalty on imbalance volumes.⁵

² Witness Kevin C. Higgins described Questar’s proposal as “premature, incompletely developed, and unreasonably disruptive to the marketplace efficiencies that have been developed to help Utah businesses manage their gas supplies.” Prefiled Direct Testimony and Exhibits of Kevin C. Higgins (“Higgins Direct”) at 6, lines 118-20. Witness Douglas D. Wheelwright stated that “[w]hen there is no OFO situation, the 5% daily limit may be too restrictive and create an unnecessary burden on individual customers and marketing companies.” Direct Testimony of Douglas D. Wheelwright (“Wheelwright Direct”) at 8, lines 180-82.

³ Witness Higgins’ “review of utility gas tariffs throughout the West” revealed that only one utility, Southwest Gas, required daily balancing and that Southwest Gas “accommodates a 25% imbalance tolerance as opposed to the 5% tolerance proposed by QGC.” Higgins Direct at 7, lines 129-35. Mr. Higgins also reported that a Questar data response was able to identify only two other utilities, in Maryland and Indiana, that impose a daily requirement or imbalance charge. *Id.* at lines 135-38.

⁴ Witness Jeff J. Fishman categorically concluded that: “The natural gas metering and information systems operated by QGC do not provide the transportation customers with timely data that would permit them to adjust nominations and mitigate daily imbalances. Transportation customers and suppliers cannot be expected to operate within a 5% daily tolerance without meaningful real-time data.” Prefiled Direct Testimony of Jeff J. Fishman (“Fishman Direct”) at 4, lines 70-74. Witness Wheelwright, while not opposing imposition of some level of balancing charge, did have concerns with the availability of actual usage information, which “is currently not available from the Company until at least one day after the gas has been consumed.” Wheelwright Direct at 9, lines 209-11. He further noted that “real time usage data is not currently available from Questar, [but] the customer could manually read the meter each day or install additional meter reading equipment and utilize third party software to obtain real time usage information.” *Id.* at 10, lines 221-23.

⁵ Direct Testimony of Kelly B. Mendenhall for Questar Gas Company (“Mendenhall Direct”) at 8, lines 169-72. Mr. Wheelwright did “not believe that the Company has presented sufficient information at this point to validate the appropriate costs that should be assigned to the TS class or their method of recovery.” Wheelwright Direct at 12, lines 279-81.

Realistically, the only significant reason Questar has given to impose daily balancing is to recover the \$1.7 million in expenses Questar attributes to balancing issues. Assertions about “teaching” customers to modify their behavior are more than offset by testimony indicating that present Questar and customer metering are not geared towards, and are probably inadequate to monitor, daily requirements within a consistent +/-5% range.

If the Commission concludes that Questar’s request for a daily balancing requirement should be granted, Nucor proposes and requests that customers be given the choice between subscribing to a system-wide payment absorbed by all customers⁶ or, in the alternative, being responsible for their own daily balancing and penalties.⁷ This approach covers Questar’s costs and, at the same time, allows customers to choose between paying a per dekatherm charge calculated across all transportation volumes or paying a higher per dekatherm charge calculated across the individual customer’s specific imbalance transportation volumes.

Nucor appreciates the opportunity to comment on this important issue and, if the Commission does grant’s Questar’s daily balancing request, respectfully asks the Commission to permit transportation customers the aforesaid choice.

⁶ Mr. Wheelright proposed that the Commission “order that a fee is in the public interest and should be addressed in the task force process. The fee for the use of these services will be applied to all TS customers on a volumetric basis and will be adjusted twice per year with the Company’s 191 Pass-Through filing.” Wheelright Direct at 14, lines 339-42. Nucor supports Witness Higgins’ conclusion that the transportation imbalance charge should be set at \$0.03695. *See Higgins Direct at 3-4, lines 57-73.*

⁷ Witness Mierzwa supports either the \$0.19064/dt charge for transportation customer daily imbalances exceeding 5 percent proposed by Questar, or a system-wide \$0.02122/dt balancing charge on all transportation volumes, but would not offer both options to customers. Direct Testimony of Jerome D. Mierzwa for the Office of Consumer Services at 3, lines 54-60.

DATED this 23rd day of September, 2015.

Respectfully submitted,

/s/ Jeremy R. Cook

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served *via* email this 23rd day of September, 2015, to the following:

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