

SURREBUTTAL TESTIMONY OF  
WILLIAM F. SCHWARZENBACH III

DOMINION ENERGY UTAH  
DOCKET No. 17-057-09  
DEU EXHIBIT 4.0SR  
PAGE 1

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY TO MAKE TARIFF MODIFICATIONS TO CHARGE TRANSPORTATION CUSTOMERS FOR PEAK HOUR SERVICES	Docket No. 17-057-09
--	----------------------

**SURREBUTTAL TESTIMONY OF WILLIAM F. SCHWARZENBACH III**  
**FOR DOMINION ENERGY UTAH**

September 19, 2017

**DEU Exhibit 4.0SR**

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

2   A.     My name is William Frederick Schwarzenbach III. My business address is 333 South State  
3           Street, Salt Lake City, Utah.

4   **Q.     Have you previously submitted testimony in this docket?**

5   A.     Yes. I submitted pre-filed rebuttal testimony as DEU Exhibit 4.0R.

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

7   A.     The purpose of my testimony is to respond to the rebuttal testimony of Neal Townsend,  
8           Jerome D. Mierzwa and Gavin Mangelson. Specifically, Messrs. Townsend, Mierzwa and  
9           Mr. Mangelson all testify that Dominion Energy Utah (Dominion Energy or Company) has  
10          not sufficiently justified the need for peak hour service. (Townsend Rebuttal, Lines 18-20;  
11          Mierzwa Rebuttal, Lines 61-70; Mangelson Rebuttal, Lines 62-64).

12   **Q.     Mr. Mierzwa and Mr. Townsend suggest that Dominion Energy has been operating**  
13          **without a peak hour service for decades and that because such services are “relatively**  
14          **uncommon,” the Company need not subscribe. (Mierzwa Rebuttal, Lines 62-68). How**  
15          **do you respond?**

16   A.     Historically, such services were uncommon. Indeed, both pipelines upstream of Dominion  
17          Energy’s distribution system have allowed fluctuations in hourly usage. However, their  
18          ability and willingness to do so is decreasing. In addition to the evidence previously  
19          presented relating to Dominion Energy Questar Pipeline Company (DEQPC), Kern River  
20          Gas Transmission Company (Kern River) made a presentation at its customer meeting on  
21          September 14, 2017 where it informed its customers that customers’ daily and hourly  
22          imbalances are impairing Kern River’s ability to provide reliable service. I attended that  
23          meeting and have attached a copy of that presentation as DEU Exhibit 4.1SR. Page 9, of

DEU Exhibit 4.1SR contains Kern River's statement to that effect, along with excerpts from the Kern River Tariff that provide tools for Kern River to manage such conditions.

**Q. What steps will Kern River take to maintain reliability?**

A. Kern River indicated that, though it would continue to "provide a reasonable amount of flexibility," "When conditions exist that cause Kern River to be concerned with the integrity of its system, notices will be provided to advise customers of requirements and corrective actions Kern River will take, if necessary." (DEU Exhibit 4.1SR, Page 10). Kern River also stated that "Corrective actions will include control of physical flows at delivery points and curtailment of previously scheduled quantities." *Id.*

**Q. Kern River indicated it would "continue to provide a reasonable amount of flexibility" to its customers. Can Dominion Energy rely upon this flexibility instead of contracting for Firm Peaking Service?**

A. No. Kern River points out that "market conditions and customer behavior have changed" and that it will be "proactive to protect the integrity of the system." *Id.* As the Company witnesses have previously testified, it would not be prudent to rely upon such flexibility, which is essentially a non-firm service, to ensure reliable service on the coldest days.

**Q. Please summarize your surrebuttal testimony.**

A. The Company has provided evidence that DEQP cannot provide firm service above the confirmed nominations on an hourly basis. Additionally, as I testified above, Kern River may begin to limit hourly packing and drafting. As a result, Dominion Energy requires this service in order to have *firm* upstream transportation during a peak hour on a peak day.

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

A. Yes.

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

I, William Schwarzenbach, 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. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

  
\_\_\_\_\_  
William Frederick Schwarzenbach III

SUBSCRIBED AND SWORN TO this 19th day of September, 2017.



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



# Welcome to Kern River's 2017 Customer Meeting

September 14, 2017  
Carlsbad, California

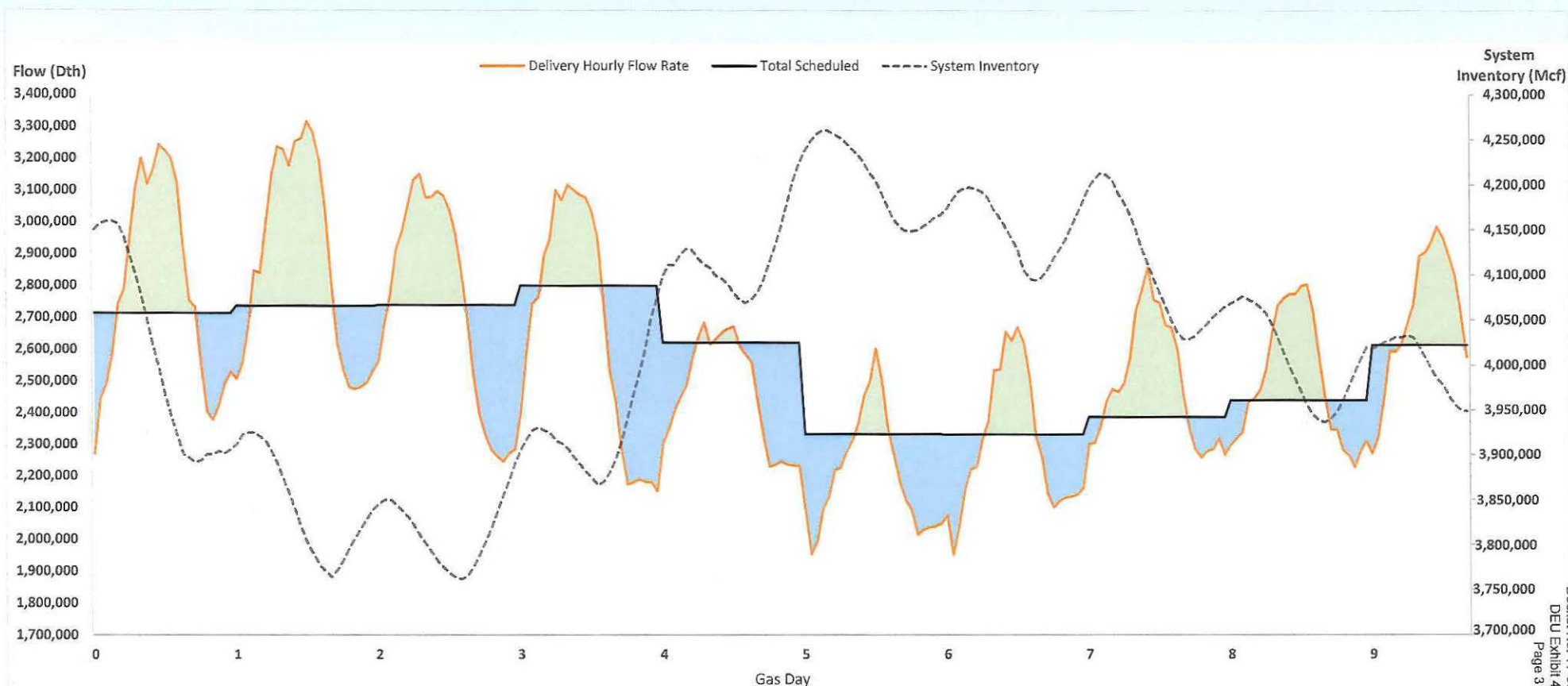
# Operations Update

Bob Checketts

Vice President, Operations & Engineering  
Kern River Gas Transmission Company

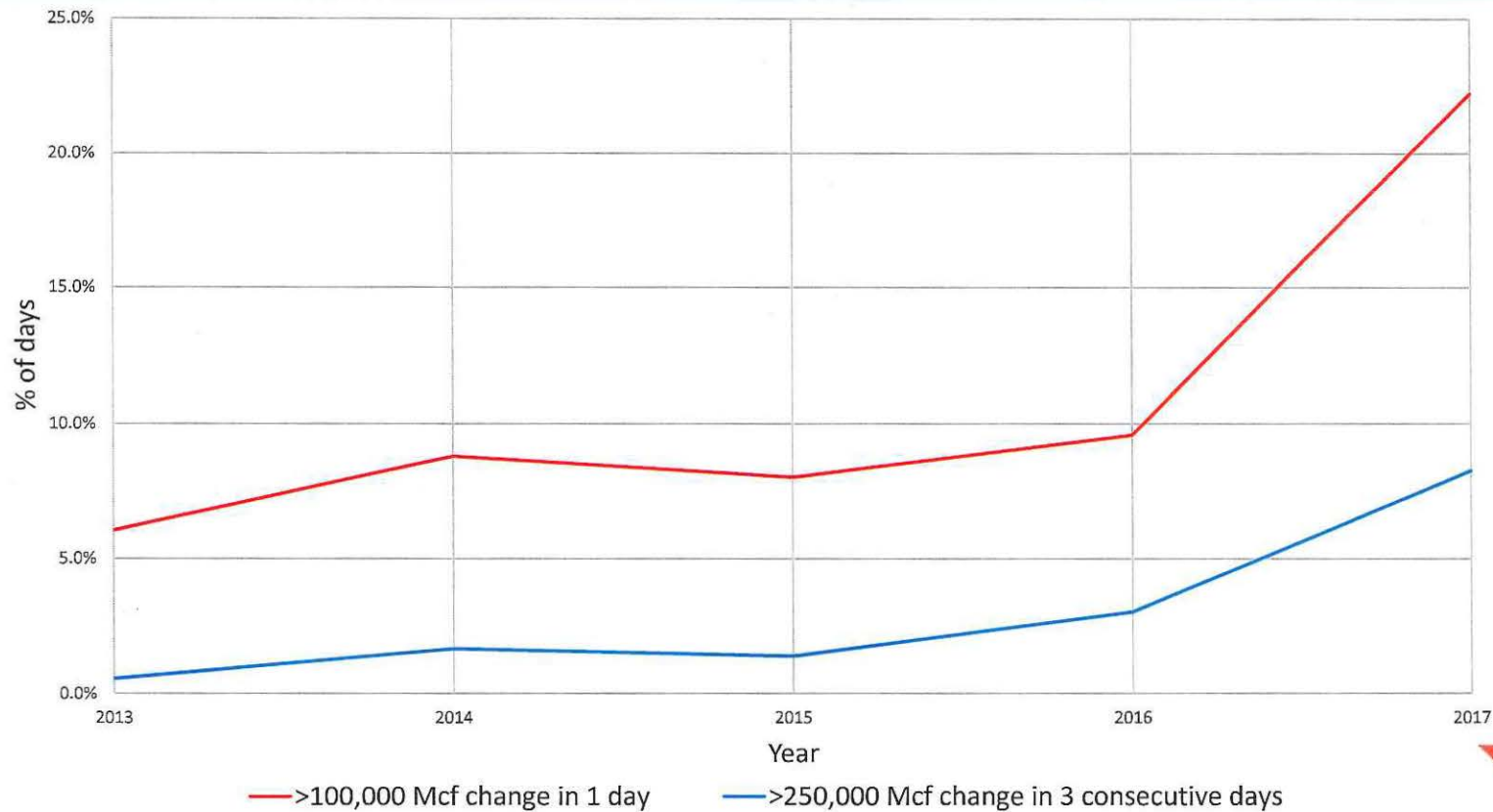


# System Inventory/Hourly Deliveries



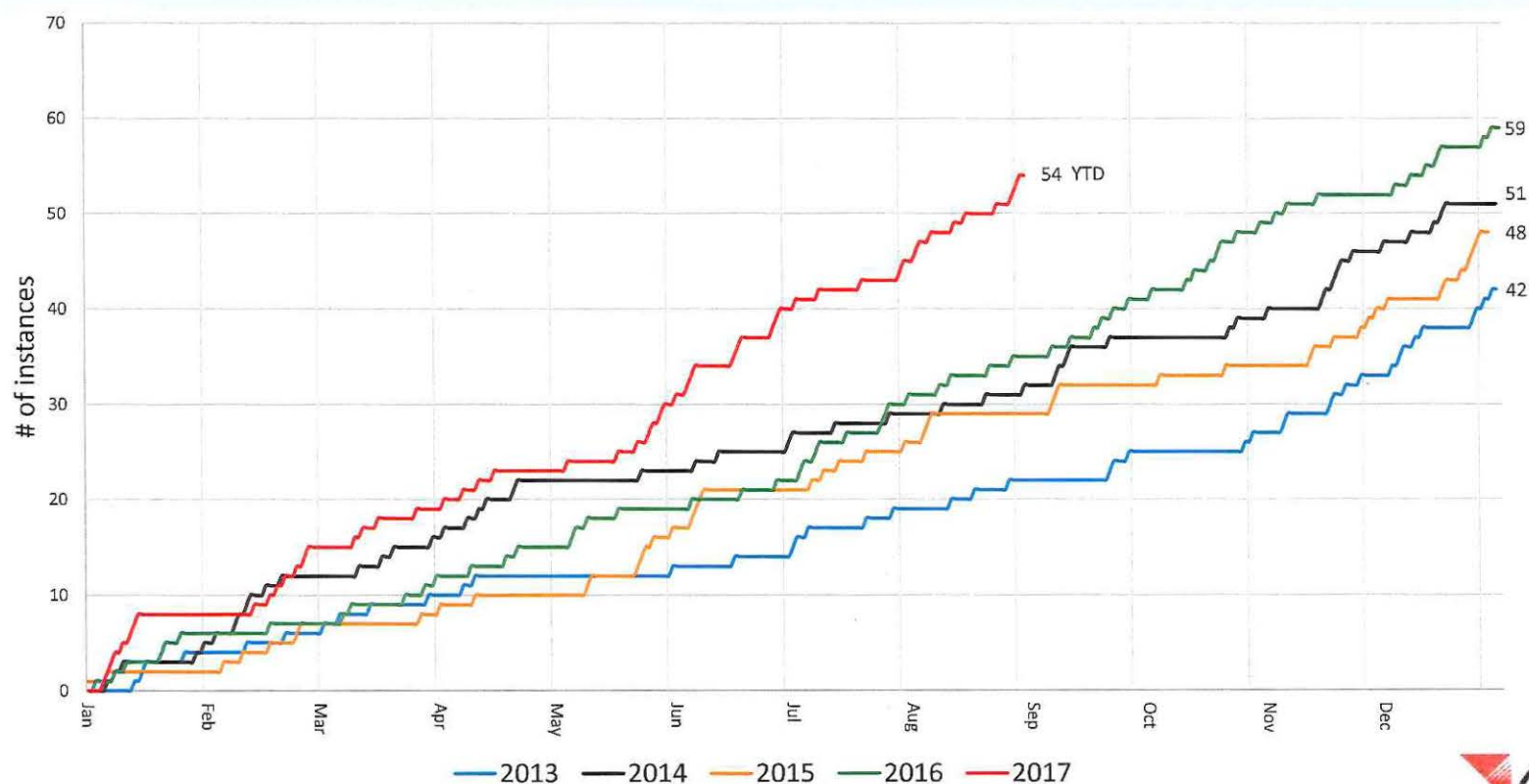
Scheduled and hourly volumes include Mojave Pipeline as Kern River is typically the swing pipeline on the Common Facilities

# Percentage of Days with Large System Inventory Changes (January-August)

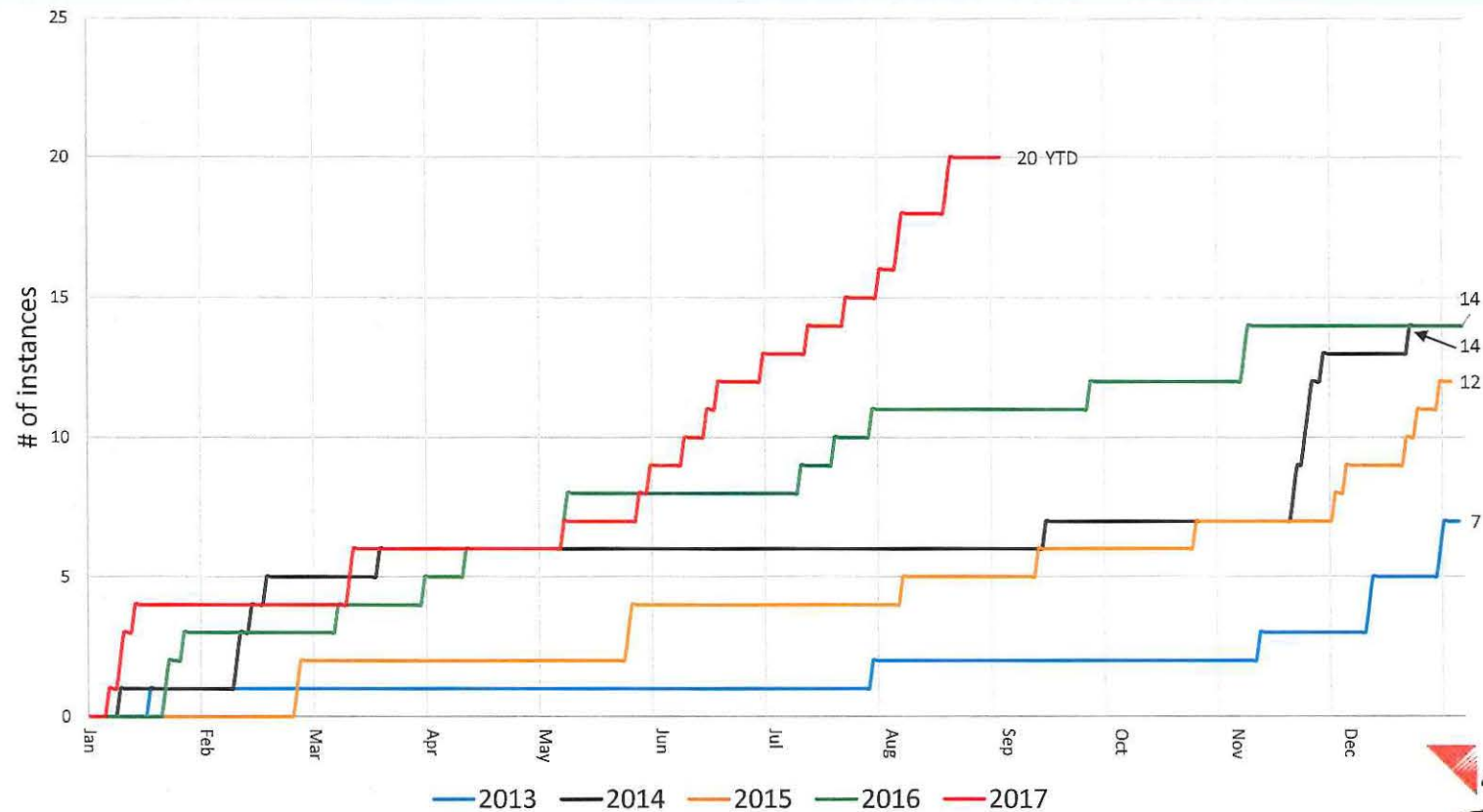




# Number of Days with at least 100,000 Mcf System Inventory Changes



# Number of 3 Consecutive Days with at least 250,000 Mcf System Inventory Changes



# Number of High and Low System Inventory Notices (January-August for all years)

Year	Low Inventory Notices	High Inventory Notices	Total Days with Notices
2013	10	10	20
2014	7	10	17
2015	4	10	14
2016	10	28	38
2017	9	46	55

# Number of High and Low System Inventory Notices (through September 1, 2017)

Year	Low Inventory Notices	High Inventory Notices	Total Days with Notices
2013	13	15	28
2014	15	14	29
2015	6	24	30
2016	10	49	59
2017	9	46	55



# Reliable Firm Service

- Kern River is committed to providing reliable service
  - Will not be compromised
- Daily and hourly imbalances are impairing our ability to meet the commitment
- Tariff language and OBA terms provide means to manage conditions
  - “Transporter will not be obligated to deliver to Shipper on any Day a greater Quantity of Gas, on a Thermally Equivalent basis, than it has received from shipper on such Day, reduced by the Quantity required for fuel used and lost and unaccounted-for gas.”
    - Kern River tariff, GT&C, section 10.2
  - “Shipper and Transporter will attempt to keep departures from scheduled receipts and deliveries to a minimum”
    - Kern River Tariff, GT&C, section 10.6(b)
  - “The Parties intend that the quantity of gas actually delivered and received each day at each location will equal the Scheduled Quantities for that location.”
    - Section 2 of Kern River’s standard OBA
  - “Transporter will have the right to take actions of whatever nature may be required (including termination or reduction of service to Shipper) to correct any imbalances which impair the operation of or threaten the integrity of its system, including maintenance of service to other Shippers.”
    - Kern River tariff, GT&C, section 10.9
  - Kern River has the “right to take actions of whatever nature may be required (including interruption or suspension of service to the Location) to correct any Operational Imbalances that may impair the operation of, threaten the integrity of, or interfere with maintenance of service on” Kern River’s system.
    - Section 4(b) of Kern River’s standard OBA

# Maintain Reliability

- Market conditions and customer behavior have changed
- Kern River will continue to provide a reasonable amount of flexibility but will not allow system integrity to be impacted
- Kern River will be proactive to protect the integrity of the system
- When conditions exist that cause Kern River to be concerned with the integrity of its system, notices will be provided to advise customers of requirements and corrective actions Kern River will take, if necessary
- Corrective actions will include control of physical flows at delivery points and curtailment of previously scheduled quantities