

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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)	DOCKET NO. 17-057-20
IN THE MATTER OF THE PASS)	
THROUGH APPLICATION OF)	DPU Exhibit 2.0 SR
DOMINION ENERGY UTAH FOR AN)	
ADJUSTMENT IN RATES AND)	Surrebuttal Testimony
CHARGES FOR NATURAL GAS)	
SERVICE IN UTAH)	Eric Orton
)	
)	

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Surrebuttal Testimony of
Eric Orton

May 31, 2018

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INTRODUCTION AND SUMMARY

Q: Please state your name, business address and title.

A: My name is Eric Orton; my business address is 160 East 300 South, Salt Lake City, Utah 84114. I am a Technical Consultant with the Division of Public Utilities (Division).

Q: On whose behalf are you testifying?

A: The Division.

OVERVIEW

Q: What is the purpose of your surrebuttal testimony in this matter?

A: I respond to Dominion Energy Utah's (the Company or DEU) witnesses Mr. William Frederick Schwarzenbach III's and Mr. Michael L. Platt's rebuttal testimony. The fact that I do not address every specific detail or issue should not be construed as acceptance.

MR. SCHWARZENBACH'S REBUTTAL TESTIMONY

16 **Q: Beginning on line 88 of his rebuttal testimony Mr. Schwarzenbach cites three places**
17 **in your direct testimony and responds to all three with one answer. He agrees with**
18 **you that Dominion Energy Questar Pipeline (DEQP)’s No-Notice Transportation**
19 **(NNT) tariff is firm, then disagrees with two other statements he said that you made.**
20 **He claims that you said the NNT tariff “leaves room for misunderstandings”, and he**
21 **disagrees with you on that point. He also disagrees with you that “DEQP handles the**
22 **gas nominations for the Company and is not limited by the Shipper’s RDC”. Can you**
23 **provide more clarification?**

24 A: Yes. It would be best for me to break my response into three areas so that each area can
25 be addressed individually, as done in my direct testimony, with the following three
26 questions.

27 **Q: Please comment on his comment addressing NNT as a firm service.**

28 A: Mr. Schwarzenbach states: “I agree that NNT is a firm service as long as nominations are
29 high enough for the adjustment to be made in the downward direction. The DEQP tariff
30 is clear that NNT does not reserve any capacity on the pipe above the firm upstream
31 contract RDC.” Certainly the NNT is firm service, as the tariff clearly states. Whether it
32 “does not reserve any capacity on the pipe above the firm upstream contract RDC” or it
33 does, is somewhat misleading. The Reserved Daily Capacity (RDC) is not a static
34 number and if the RDC needs to be adjusted, even on an intra-day basis, the Company
35 can and should adjust it, and the NNT functioning as it should allows for these
36 adjustments.

37 **Q: Please comment on his comment addressing the tariff leaving room for**
38 **misunderstanding.**

39 A: The Company has been stating that NNT is not firm service. I was stating that the DEQP
40 tariff states that it is firm. To refute my statement Mr. Schwarzenbach quotes parts of the
41 DEQP tariff. My statement was, and is, that it is possible that two parties reading the
42 same tariff may have differing interpretations. I did not state that there was ‘room for
43 misunderstanding’ as he claims, rather I said beginning on line 282 of my direct
44 testimony that “**If** the tariff leaves room for misunderstandings, then it should be
45 interpreted in favor of the customer, not the author of the tariff.” (Bolding added for
46 emphasis) That is why I invite the Commission to provide its own interpretation.
47 Nevertheless my point is that any tariff interpretation should be found in favor of the
48 customer.

49 **Q: Please comment on his remarks disagreeing with you that “DEQP handles the gas**
50 **nominations for the Company and is not limited by the Shipper’s RDC”.**

51 A: Mr. Schwarzenbach makes two interesting statements beginning on line 93 of his rebuttal
52 testimony. He states, “The DEQP tariff is clear that NNT does not reserve any capacity
53 on the pipe above the firm upstream contract RDC”. Then in the same rebuttal response
54 beginning on line 108, he apparently contradicts himself stating: “Also, while the NNT
55 service **does allow DEQP to make nomination adjustments above the Company’s**
56 **RDC**, the conditions of the service do not allow this on a firm basis, as described above.
57 This means the nomination adjustments are only made if additional capacity is available.
58 Therefore, even on days when NNT adjustments are made to bring nominations above the
59 RDC that was done on an interruptible basis.” (emphasis added) One statement says
60 NNT does not go above the RDC, the other says it can. At any rate, if the Company saw

61 that its RDC would not be sufficient, it should, of its own accord, make necessary
62 adjustments.

63 Additionally the NNT tariff part 3 section (g) states, “Shipper may authorize Questar to
64 act on its behalf to nominate quantities of gas required from receipt sources designated by
65 shipper to provide the NNT service.” Furthermore, part 3 section (g) (i) states, “Upon the
66 request of shipper, if capacity is available and if system integrity is not jeopardized,
67 Questar will receive from or deliver to a shipper **a quantity of gas in excess of the RDC**
68 specified in the shipper's service agreement, subject to the terms of §§ 9 and 11 of the
69 General Terms and Conditions of Part 1.” (emphasis added). Questar is DEQP in this
70 tariff. Thus, DEQP can, and presumably has, acted on DEU’s behalf, receiving from and
71 delivering to DEU a quantity of gas in excess of the RDC, as I stated in my direct
72 testimony.

73
74 **Q: Beginning on line 115, Mr. Schwarzenbach claims that you were incorrect when you**
75 **said that DEQP has "provided more gas for DEU . . . [than] its NNT maximum"**
76 **basing this on his declaration that: “Any volume over the NNT amount is treated as**
77 **an imbalance, not NNT service.” Can you respond?**

78 A: Yes. Once again Mr. Schwarzenbach and I seem to be talking past each other. Let me
79 clarify what I said as it all seems to depend on what DEU calls the excess (anything
80 delivered over 203,542) at any given time. As a brief example, one Company report
81 provided to the Division titled No Notice Summary for Eric Orton says that on January
82 11, 2014, NNT delivery totaled 209,721 while another Company report provided to the
83 Division titled No Notice History shows that NNT delivery on the same day totaled

84 203,542. The Company's NNT tariff maximum is for 203,542 Dth/day. How the
85 Company chooses to classify the amount above the NNT tariff maximum does not alter
86 the fact that, on certain days, DEQP has provided gas in excess of the maximum NNT to
87 the Company's system. DEQP does not shut off DEU's gas when it flows volumes over
88 its NNT amount. My point was that the NNT number is not a hard cap where supplies
89 are curtailed past that number.

90

91 **Q: Beginning on line 142 Mr. Schwarzenbach claims that you said that using capacity**
92 **on Dominion Energy Overthrust Pipeline (DEOP) will make more capacity**
93 **available on DEQP's system, and that "DEQP is planning to sell this capacity for**
94 **additional revenue." He then is asked if this is true and states "No". How do you**
95 **respond?**

96 A: Mr. Schwarzenbach's testimony beginning on line 146 states, "The use of Overthrust
97 capacity will create more capacity on the DEQP system." That seems to clear up this
98 issue.

99 **Q: Please comment on his remarks about the ability to sell this new capacity available**
100 **on DEQP's system.**

101 A: Beginning on line 146 of Mr. Schwarzenbach's rebuttal testimony he states: "That
102 capacity is what DEU is contracting for as part of the Firm Peaking Service, therefore it
103 will not be available for other shippers to reserve." This is interesting. It indicates that if
104 the agreement is consummated, DEQP will free-up some of DEU's capacity on its pipe,

105 to transport that gas on DEOP, so that DEU can now purchase the capacity back from
106 DEQP “as part of the Firm Peaking Service.”

107 The plan is for DEQP to take the transportation capacity from DEU, put it on DEOP, and
108 then sell it again to DEU under the Peak Hour Service contract. This seems likely to
109 create “additional revenue”. Beginning on line 150, Mr. Schwarzenbach discusses
110 DEQP’s bidding process and states, “This tariff filing updated DEQP’s processes so it
111 could sell firm pipeline capacity on a first come, first-served basis, and also retained the
112 ability to hold auctions if it felt that doing so was appropriate.” The clause, “so it could
113 sell firm pipeline capacity” is informative. Given all this, it is still true that if a certain
114 amount of transportation capacity is removed from a pipeline, all other things being
115 equal, it would free up that capacity to be sold. Independent of whether DEU buys it or
116 another party, it still can generate revenue.

117
118 **Q: Beginning on line 162 Mr. Schwarzenbach states that you suggested “that**
119 **transportation rates should be reduced because gas will be flowing on Overthrust**
120 **instead of DEQP, and Overthrust has lower rates.” He is then asked, “Do you agree?”**
121 **Again his response is “No.” He then reiterates that DEOP is not connected to DEU’s**
122 **system and that the Firm Peaking Service “includes all costs.” Do you agree with his**
123 **assessment?**

124 **A:** Again, it appears that Mr. Schwarzenbach is responding to a compound question and that
125 his answer really only applies to one, not both, parts of the question. With that, I think he
126 is answering the question of whether DEQP should reduce its rates because gas will be
127 flowing on DEOP, not disagreeing with the fact that DEOP has lower rates.
128 He incorrectly interpreted my testimony as saying that there should be an offsetting
129 decrease in DEU’s rates on DEQP because of the contract for capacity on DEOP. I did

130 not address whether there should be a decrease in rates but merely stated that there was
131 not a decrease in rates, which is still true.

132

133 **Q: Beginning on line 185, Mr. Schwarzenbach cites your testimony where you seem to**
134 **question the supply concerns the Company’s raises about using backhaul. He then**
135 **explains some of the negative issues he sees in backhauling from Goshen. Were you**
136 **implying that the Company should have used backhaul from Goshen?**

137 A: Not at all. The question on line 115 of my direct testimony is: “Does this solution present
138 different supply concerns than other options?” I can clarify my answer with these few
139 additional comments. There are supply concerns at every receipt point. If supplies don’t
140 show up at any of DEU’s gates, DEU will have problems to address, whether it is at
141 Goshen or any other receipt point.

142

143 **MR. PLATT’S REBUTTAL TESTIMONY**

144

145 **Q: Beginning on line 134 Mr. Platt is asked a question about your suggestion that**
146 **compressor stations could be installed “to increase system pressures during the peak**
147 **hour.” He responds that while it would increase the pressure on DEU’s system, the**
148 **system “would need to be uprated to take full advantage of compression.” Can you**
149 **comment?**

150 A: Certainly. Adding compressors would increase the pressure – that is what compressors
151 do. And I would expect that facilities “would need to be uprated to take full advantage of
152 compression.” It is possible however, that even if the compression is added and the
153 system is not fully “uprated” there may still be some advantages achieved even if the
154 advantage is not “full”.

155

156 **Q: Beginning on line 142, Mr. Platt is asked; “Will the FL23 replacement eliminate the**
157 **need for Firm-Peaking Service”. Did you say it would?**

158 A: No. I did not. What I said exactly was; “Of particular relevance is the FL 23, which is a
159 project that will provide additional pressure and flow from the north. This should help
160 mitigate the possible issues listed in the Company’s Exhibit 2.4”

161 Mr. Platt also states that “replacement of FL23 will increase the flows and pressures on
162 the DEUWI system, without transportation service to increase the amount of gas received
163 into the system, there will be no change in the overall system result.” This generic
164 statement is a true, independent of FL23. Mr. Platt concludes by saying that with
165 upgrading FL 23 “[i]t is not likely to provide enough Firm-Peaking Service to meet all
166 the customers’ needs on a Design-Peak Day.” I tend to agree, it likely would not alone
167 “meet all the customer’s needs on a Design-Peak Day”, but the combination of new gate
168 stations, on-system compression, along with feeder line expansion, summing these can
169 make significant advances to system throughput and “should help mitigate the possible
170 issues”. In other words, numerous other mechanisms not addressed by the Company
171 might provide alternatives to peak hour contracts, assuming such peak hour needs exist.

172

173 **CONCLUSION**

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

175 A: I addressed sections of Mr. Schwarzenbach’s and Mr. Platt’s rebuttal testimony in an
176 effort to solidify my statements, intent or to further elaborate on my position statements.

177

178 **Q: Did the Company's rebuttal make you alter or question any position in your direct**
179 **testimony?**

180 A: No.

181

182 **Q: Did the Company's rebuttal testimony convince you that the Peak-Hour Service**
183 **contract is now prudent?**

184 A: No. I have seen nothing to alter the conclusions that the customers of the Company
185 already pay for sufficient transportation services, and that this Peak Hour contract is a
186 redundant, unnecessary cost.

187 The Division recommends the Commission deny the Company's request for recovery of
188 the costs arising from this potential Peak Hour contract.

189

190 **Q: Does this conclude your surrebuttal testimony?**

191 A: Yes.