

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications</p>	<p>DOCKET NO. 19-057-02 ANGC Exhibit 3</p>
--	--

DIRECT TESTIMONY OF CURTIS CHISHOLM
FOR THE AMERICAN NATURAL GAS COUNCIL, INC.

Phase 2

November 14, 2019

/s/Curtis Chisholm

1 **Q. Please state your name, place of employment and position.**

2 A. My name is Curtis Chisholm. I am chief executive officer of Integrated Energy
3 Companies and its subsidiary, Summit Energy, LLC, a member of the American Natural
4 Gas Council, Inc. ("ANGC"). I am also an officer of ANGC. My office is located at 201
5 South Main Street, 20th Floor, Salt Lake City, Utah 84111.

6
7 **Q. Please describe your professional experience and educational background.**

8 A. From 1995 to 1998 I was the managing director of Wasatch Energy where we purchased
9 gas in the market for customers and transported it. In 1999 I became a director of Questar
10 Energy Trading and continued working there until 2002 when I went to work at Summit
11 Energy as a managing director. Summit Energy buys natural gas in the market and
12 transports it to its customers using Questar Gas Company's pipeline facilities. I became
13 chief executive officer of Integrated Energy Companies and Summit Energy in January of
14 2014. I have a Bachelor of Science degree in accounting from the University of Utah and
15 a Master of Business Administration from the David Eccles School of Business at the
16 University of Utah. I have over 23 years of professional and executive experience in the
17 energy industry with much of it dedicated to natural gas trading.

18
19 **Q. Have you testified previously in state or federal regulatory proceedings?**

20 A. I filed testimony in Docket No. 16-057-01, the Questar Gas and Dominion Resources
21 merger case before this Commission. I also filed testimony in Docket No. 18-057-T04
22 expressing concern over the revisions Dominion Energy Utah was proposing to its
23 transportation service tariff. Both matters were resolved by settlement stipulations.

24 **Q. On whose behalf are you testifying in this proceeding?**

25 A. I am testifying on behalf of ANGC, an association of commercial and industrial utility
26 consumers who are transportation and/or sales customers of Dominion Energy Utah
27 (“DEU”) that transport and use small to medium volumes of natural gas. Other businesses
28 that support and work for these customers are also members of ANGC. As I stated
29 before, Summit Energy is a member of ANGC.

30
31 **Q. What is the purpose of your testimony?**

32 A. The purpose of my testimony is to explain the importance of fostering competition in the
33 gas markets in Utah, both to the state and to individual gas customers. I also explain how
34 DEU’s proposed transportation service tariff and its administration of gas transportation
35 services result in unfair and inequitable treatment of current and potential Rate TS
36 customers and impede competition in an effort to protect Dominion’s ability to sell gas
37 supplies for the Company’s Wexpro Gas affiliate.

38
39 **Q. Is the development of competitive gas supply alternatives in Utah consistent with the
40 public interest?**

41 A. Yes. The ability of customers to lower their gas supply costs through purchasing natural
42 gas from competitive suppliers lowers their costs of operation, helps them gain greater
43 control of their gas costs, and improves their ability to compete in the industries in which
44 they are engaged. By lowering their gas costs through competition, customers can invest
45 in cogeneration and other energy-saving options that improve their efficiency consistent

46 with the state's energy policy. Customers can also more economically use natural gas to
47 reduce emissions at a time when that is has become a serious environmental concern.

48

49 **Q. Are DEU'S proposed changes in Rate TS consistent with the expansion of**
50 **competitive service alternatives in Utah?**

51 A. No. As ANGC Witness Bruce Oliver explains in his testimony in this phase, DEU has
52 incorrectly determined the causes of its under-recovery of costs within the TS class. That
53 has led the Company to inappropriately and unjustifiably attempt to: (1) block further
54 transfers of GS and FS customers to the TS rate schedule; and (2) inordinately increase
55 its charges for TS service. Also, DEU has created confusion and fear among the TS
56 Class of customers with its threats to dramatically increase TS rates for distribution
57 services. All of the customers served by DEU deserve consistent rate policies and
58 reasonably predictable rates.

59

60 **Q. What types of users are among the smaller customers that DEU would bar from**
61 **participating in competitive gas supply markets?**

62 A. Smaller customers currently taking TS service or considering transferring to TS service in
63 the coming year include a wide range of business and government entities. Some
64 examples include grocery stores, school districts, commercial office buildings, municipal
65 libraries, hotels, a hospital, an auto mall, warehouse facilities, a technical college, a
66 municipal wastewater facility, and industrial fabrication facilities. These customers may
67 seem small compared to some of the very large operations taking service under Rate

68 Schedule TS, but they are significantly larger than the average Rate Schedule GS
69 customer who only uses about 100 Dth per year.

70

71 **Q. Are the savings in distribution charges customers receive when they transfer from**
72 **GS or FS service to TS service a major consideration when customers decide to use**
73 **gas transportation service?**

74 A. No. Almost without exception, customers justify their decision to switch to gas
75 transportation service based on gas cost savings alone. Gas cost savings overwhelm any
76 savings in distribution service charges customers realize by moving to Rate TS. These
77 customers that switch have been subsidizing smaller GS customers. Even DEU
78 recognizes the rates these customers have been charged in the GS schedule are not cost-
79 based, yet DEU apparently wants to return them to the GS class. That is not just, fair, or
80 in the public interest.

81

82 **Q. Are there other public interest concerns DEU's proposals for TS customers cause?**

83 A. Yes. If the Commission were to adopt DEU's proposals for TS customers, competition in
84 Utah's gas market would virtually end. Competition has helped put significant downward
85 pressure on the price of Wexpro Gas's gas supply. Without competition and customer
86 choice, an important check on the costs of Wexpro Gas would be lost.

87

88 **Q. Are DEU's Administrative Charges for Rate TS customers reasonable?**

89 A. No. Those charges are unnecessary. We have surveyed gas utilities around the US and
90 found that only a minority of gas utilities have Administrative Charges for gas

91 transportation service. Of the utilities that do assess Administrative Charges, most have
92 charges well below both DEU's current and proposed Administrative Charges. I know
93 DEU is proposing to reduce its Administrative Charge for TS customers in this
94 proceeding, but even at the reduced level the Company's proposed charge is still the
95 highest in the industry. In addition, significant elements of the costs on which the
96 Company bases its Administrative Charges are inappropriate, unjustified and often
97 charge customers for services they do not need or want.

98

99 **Q. Are there other factors that contribute to DEU's efforts to impede customers'**
100 **efforts to obtain lower cost gas supplies?**

101 A. Yes. Two additional factors of particular significance include: (1) the Company's limited
102 annual window of opportunity for customers to switch to TS service; and (2) DEU's
103 charges for telemetry equipment required for transportation service customers are
104 unusually high and unduly burdensome.

105

106 Many gas distribution utilities offer rolling enrollment opportunities for gas
107 transportation services. Under rolling enrollment procedures, a customer may transfer to
108 gas transportation service at any time during a year with reasonable advance notice.

109 Concerns regarding potential adverse impacts on the utility's gas supply costs for firm
110 sales service customers are addressed through capacity assignment mechanisms. The
111 Commission should recognize that the Company's gas supply planning process faces
112 many uncertainties that can dwarf the impacts of customer transfers to gas transportation
113 service. Not the least of those factors are: (1) the impacts of weather variations; (2) the

114 often unpredictable timing of new customer additions; and (3) the impacts of customer
115 energy efficiency improvements.

116
117 Utilities that require telemetry¹ generally do not impose the level of upfront charges for
118 such metering that DEU requires. DEU typically assesses over \$6,000 for the installation
119 of telemetry for a new transportation service customer. Other utilities' charges for
120 installations of telemetry are in the range of \$2,000. Some of this increase has come from
121 the cost of outsourced electricians DEU uses to meet the needs of too many meters being
122 installed in a short amount of time due to the one-time per year that customers can begin
123 service on July 1st. The one-time per year sign up restriction causes many problems for
124 the utility and its customers and is an unnecessary restriction.

125

126 **Q. Does this conclude your Direct Testimony?**

127 A. Yes, it does.

¹Many utilities either do not require telemetry or only require telemetry for larger transportation service customers and/or for customers who use interruptible gas transportation services.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Direct Testimony of Curtis Chisholm for the American Natural Gas Council in Phase 2 of Docket No. 19-057-02 was served by email this 14th day of November 2019 on the following:

QUESTAR GAS COMPANY

Jenniffer Nelson Clark	jenniffer.clark@dominionenergy.com
Cameron Sabin	cameron.sabin@stoel.com
Kelly Mendenhall	kelly.mendenhall@dominionenergy.com
Austin Summers	austin.summers@dominionenergy.com
Ginger Johnson	ginger.johnson@dominionenergy.com

DIVISION OF PUBLIC UTILITIES

Chris Parker	chrisparker@utah.gov
William Powell	wpowell@utah.gov
Patricia Schmid	pschmid@agutah.gov
Justin Jetter	jjetter@agutah.gov

OFFICE OF CONSUMER SERVICES

Michele Beck	mbeck@utah.gov
Steven Snarr	stevensnarr@agutah.gov
Robert Moore	rmoore@agutah.gov

NUCOR STEEL-UTAH

Damon E. Xenopoulos	dex@smxblaw.com
Jeremy R. Cook	jcook@cohnekinghorn.com

UAE/US MAG

Gary A. Dodge	gdodge@hjdllaw.com
Phillip J. Russell	prussell@hjdllaw.com

FEA

Maj. Scott L. Kirk	scott.kirk.2@us.af.mil
Capt. Robert J. Friedman	robert.friedman.5@us.af.mil
Thomas A. Jernigan	thomas.jernigan.3@us.af.mil
TSgt Arnold Braxton	arnold.braxton@us.af.mil
Ebony M. Payton	ebony.payton.ctr@us.af.mil
	ULFSC.Tyndall@us.af.mil

/s/Stephen F. Mecham