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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	DOCKET NO. 22-057-03 ANGC Exhibit 1
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PREFILED DIRECT TESTIMONY OF CURTIS CHISHOLM, PHASE II

The American Natural Gas Council, Inc. (“ANGC”) submits the following Prefiled
Direct Testimony of Curtis Chisholm in Phase II of this proceeding.

DATED September 15, 2022.

/s/Stephen F. Mecham

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, a member of the American Natural Gas
4 Council, Inc. ("ANGC"). My office is located at 201 South Main Street, 20th Floor,
5 Salt Lake City, Utah 84111.

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

7 A. From 1995 to 1998 I was the managing director of Wasatch Energy where we purchased
8 gas in the market for customers and transported it. In 1999 I became the director of
9 Questar Energy Trading and continued working there until 2002 when I went to work at
10 Summit Energy. Summit Energy buys natural gas in the market and transports it to its
11 customers using Dominion Energy Utah's ("DEU") pipeline facilities. I became chief
12 executive officer of Integrated Energy Companies and Summit Energy in 2010. I have a
13 Bachelor of Science degree in accounting from the University of Utah and a Master of
14 Business Administration from the David Eccles School of Business at the University of
15 Utah.

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

17 A. Yes. I testified in Docket No. 19-057-03, DEU's last rate case. I filed testimony in Docket
18 No. 16-057-01, the merger of Questar Corporation with Dominion Resources, and in
19 Docket No. 18-057-T04 in which DEU proposed tariff changes to Transportation Service,
20 but I did not personally testify because both matters were resolved by stipulation.

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

22 A. I am testifying on behalf of ANGC, an association of commercial and industrial utility
23 consumers who are transportation and/or sales customers of DEU that transport and use

small to medium volumes of natural gas. Other businesses that support and work for these customers are also members of ANGCO. As I stated before, Summit Energy is a member of ANGCO.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to express ANGCO's support for DEU's division of the TS Service class into three subclasses, small, medium, and large.

Q. Why does ANGCO support DEU's division of the TS Service class?

A. Separating the TS class begins to mitigate the significant intra-class subsidy of the larger customers by the smaller customers in the class about which ANGCO Witness Bruce Oliver testified in DEU's last rate case, Docket No. 19-057-02.

Q. What did Mr. Oliver testify in that docket with respect to the subsidy of large TS customers by small TS customers?

A. In his rebuttal testimony, Mr. Oliver illustrated that TS customers using fewer than 35,000 Dth per year were providing a rate of return to DEU's system of 9.11%. Customers using more than 35,000 Dth provided just a 0.75% return and were under recovering their cost of service by \$13.1 million. In his surrebuttal testimony, Mr. Oliver did a comparative chart using parties' positions in that case and Design Day/Annual Throughput Weighting to show how the small to large customer subsidy changes with those variables. Each example illustrates how significant the subsidy is. The smaller customers require rate relief. To the extent the TS Service class has been contributing to DEU's average system return, it has been primarily because of the smaller TS customers. I have attached part of Mr. Oliver's testimony from Docket No. 19-057-02 to my testimony as Exhibits ANGCO 1.1, 1.2 and 1.3 to show the source of these findings.

47 **Q. Why is this important to ANG?**

48 A. ANG represents many customers who use fewer than 35,000 Dth annually. In Docket
49 No. 19-057-02, DEU requested the Commission impose a minimum use requirement of
50 35,000 Dth, which would have prevented small customers from becoming TS customers.
51 DEU incorrectly assumed that large customers were subsidizing small customers. Mr.
52 Oliver showed that assumption was false based on DEU's response to UAE's data
53 request 2.01.¹ UAE recommended a moratorium instead of a minimum use requirement
54 which DEU accepted as the proceeding progressed.

55 **Q. How did the Commission treat these proposals?**

56 A. The Commission correctly rejected both DEU's minimum use proposal and UAE's
57 proposed moratorium. The Commission found the evidence demonstrated the smaller TS
58 customers were not the primary cause for the TS Service class's cost under-recovery.²
59 The larger users in the TS class in fact caused the under recovery.

60 **Q. What did Mr. Oliver recommend to address the subsidy and the TS Service class**
61 **cost under-recovery?**

62 A. Mr. Oliver recommended that the Commission divide the TS class into two classes and
63 encouraged the Commission to make that change in Docket No. 19-057-02. He used the
64 annual usage of 35,000 Dth for illustrative purposes based on testimony DEU presented,
65 but he acknowledged that other groupings might be more appropriate.³ More costs could
66 then be allocated separately to the larger customers in the TS class to overcome the
67 class's under-recovery.

¹ DEU witness Austin Summers agreed at hearing this assumption was not correct. See Reporter's Transcript, January 15, 2020, pp. 64-66.

² Commission Order issued in Docket No. 19-057-02 February 25, 2020, p. 35.

³ Oliver Phase II rebuttal testimony, p. 18.

68 **Q. Did the Commission accept Mr. Oliver's recommendations?**

69 A. No. Instead, they ordered that parties study the TS class issues in a separate investigatory
70 proceeding that became Docket No. 20-057-11 to which DEU witness Summers referred
71 in his testimony.

72 **Q. Did you participate in Docket No. 20-057-11?**

73 A. I did not personally participate, but my colleague Reed Page at Summit Energy did. He
74 kept me apprised of the information parties exchanged and shared.

75 **Q. Did the parties come to a consensus in that docket?**

76 A. No. DEU witness Summers summarized that proceeding in his testimony. The parties did
77 consider, discuss, and debate numerous scenarios and usage levels where the TS class
78 could be divided to address the small to large subsidy and the under-recovery of the class.

79 **Q. Did the parties consider DEU's proposal in this case to divide the TS class into three**
80 **annual usage levels: TSS up to 25,000 Dth; TSM from 25,001 Dth to 250,000 Dth;**
81 **and TSL over 250,000 Dth?**

82 A. Yes. The Division of Public Utilities asked for this analysis and the parties discussed it
83 several times.

84 **Q. Does DEU's proposal address some of the concerns ANGC had in Docket No. 19-057-**
85 **02?**

86 A. Yes. It may not be perfect, but the proposed class division and cost allocations will help
87 mitigate the intra-class subsidy between smaller and larger customers in the TS class and
88 will enable appropriate rate design to recover costs from larger customers who are not
89 currently contributing what they should to DEU's system rate of return. This is needed

90 relief for the smaller customers in the TS class and ANGC recommends the Commission
91 adopt DEU's proposal.

92 **Q. Does this conclude your Direct Testimony in Phase II?**

93 A. Yes.

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 II of Docket No. 22-057-03 was served by email this 15th day of September 2022 on the following:

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