

Office of Pipeline and Producer Regulation
Washington, D.C. 20426

EXHIBIT NO. _____ (PRC-5)

PREPARED CROSS ANSWERING TESTIMONY OF
PATRICK R. CROWLEY

WILLIAMS NATURAL GAS COMPANY
DOCKET NO. RP91-152-000



**Federal
Energy
Regulatory
Commission**

WASHINGTON, D.C.
MARCH 23, 1991

WILLIAMS NATURAL GAS COMPANY
DOCKET No. RP91-152-000

PREPARED CROSS ANSWERING TESTIMONY OF
PATRICK R. CROWLEY

SUMMARY

STORAGE UTILIZATION

Staff witness Crowley responds to KIESCO witness Alan Chalfant with regard to the question of whether or not storage is, in fact, only used for sales service (page 2). Mr. Crowley then responds to Chalfant's assertion that only sales customers receive the "primary" benefits of storage (page 3). Mr. Crowley then responds to Chalfant's assertion that existing imbalance penalties force transportation shippers to remain in balance (page 4). Mr. Crowley then responds to Chalfant's assertion that the higher risk of curtailment argues against allocating storage costs to transportation customers (page 5).

Staff witness Crowley also responds to AMOCO witness Charles Eberst assertion that transportation customers receive few, if any, of the benefits of storage (page 6).

FEDERAL ENERGY REGULATORY COMMISSION
OFFICE OF PIPELINE AND PRODUCER REGULATION

WILLIAMS NATURAL GAS COMPANY

DOCKET NO. RP91-152-000

PREPARED CROSS ANSWERING TESTIMONY OF
PATRICK R. CROWLEY

1 Q. Are you the same Patrick R. Crowley who has previously
2 submitted prepared Direct Testimony in this proceeding?

3 A. Yes, I am.

4 Q. What is the purpose of this Prepared Cross Answering
5 Testimony?

6 A. The purpose of this Prepared Cross Answering Testimony is to
7 respond to the testimony of KIESCO's witness Alan Chalfant
8 and AMOCO's witness Charles Eberst.

9 RESPONSE TO MR. CHALFANT

10 Q. In Mr. Chalfant's Prepared Direct Testimony, Exhibit
11 No.____(AC-1), pages 13 - 18, on line 6 of page 13 he states
12 "storage capacity is largely required and, in fact, used for
13 system sales customers." Do you agree?

1 A. No. Mr Chalfant's testimony on pages 13 to 18 seems largely
2 based on a theoretical analysis of what storage operations
3 ought to be doing rather than on what they are doing. My
4 analysis of the gas account, and in particular the storage
5 operations, indicated that the storage operation was
6 required and, in fact, used to support both the sales and
7 the transportation services on Williams' pipeline.

8 Q. What evidence do you rely on to support that statement?

9 A. My Exhibit No.__(PRC-2), Schedules No. 14 and 15 show that
10 over the last two years transportation receipts and
11 deliveries have been out of balance on a seasonal basis.
12 The winter heating months September through January of
13 1989/1990 and again in October through January 1990/1991
14 show consistent deliveries in excess of receipts while the
15 intervening summer months show consistent receipts in excess
16 of deliveries. That gas has to physically be put somewhere
17 and the evidence is that it goes through storage. The graph
18 on Schedule 16, and more clearly on Schedule 18, shows that
19 net storage activity (injections into storage minus
20 withdrawals from storage) is made up of both net sales
21 (purchases minus sales) and net transportation (receipts
22 minus deliveries) volumes. Mr. Chalfant would have us
23 believe that storage is used only for sales service.
24 However, the facts do not support his conclusion. My
25 Schedule No. 19 shows that over the last three years the
26 share of monthly storage activity undertaken in support of

1 transportation services has risen from almost 16% in
2 1988/1989 to 43% in 1990/1991. My Schedule No. 19 shows
3 that on the average three day peak for 1990, 39% of the
4 storage activities were done in support of transportation
5 services. Williams has stated in its data responses that
6 storage activity is an integral part of its sales and
7 transportation services. This data bears out that
8 assertion.

9 Q. On page 14, lines 5 - 16, of his testimony, Mr. Chalfant
10 asserts that "all of the primary benefits of storage" go to
11 the sales customers and are barred from the transportation
12 customers. Do you agree?

13 A. No. Again, Mr. Chalfant's discussion lies in the realm of
14 theory rather than actualities. Mr. Chalfant lists the four
15 primary benefits of storage which are all based on the
16 ability to store gas from one season for use in the next.
17 In as much as some of Williams' transportation customers are
18 delivering more gas to Williams in the summer than they are
19 taking and taking more than they deliver in the winter, they
20 are, in fact, using the Williams system for the seasonal
21 storage of gas. And in response to these seasonal
22 imbalances, Williams is relying on storage operations to
23 seasonally balance the loads. Therefore "all" of the
24 primary benefits do not go only to sales customers.
25 Transportation customers are sharing in those benefits.

1 Q. On page 14, line 19, Mr. Chalfant begins a discussion in
2 which he asserts that imbalance penalties expose
3 transportation customers to "significant monetary penalties"
4 for imbalances which force shippers to stay in balance.
5 Would you comment?

6 A. Yes. While there is an imbalance penalty provision in the
7 tariff (Article 22.4, Substitute Original Sheet No. 248 and
8 249 of the General Terms and Conditions), it is clearly
9 insufficient to force some transportation customers from
10 using the system for seasonal balancing. The imbalance
11 penalty does not come into effect until the customer's
12 deliveries to Williams are 10% more than they took from
13 Williams (or deliveries are 10% less than they received from
14 Williams). And then the customer has two full billing
15 periods to make up that deficiency. Thus it is possible to
16 envision both an accumulation of small imbalances adding up
17 to seasonal storage with no imbalance penalty and a rolling
18 imbalance situation wherein this month's imbalance is used
19 to make up for an imbalance from two months ago. In either
20 case no penalties are applied and seasonal storage is
21 accomplished.

22 Q. Mr. Chalfant argues, on page 16, line 10 and following, that
23 because Williams would curtail interruptible shippers and
24 then firm shippers in the event of a curtailment situation,
25 even if those customers are delivering their full

1 nominations, it is unfair to assign storage balancing costs
2 to transportation customers. Do you agree?

3 A. No. Curtailment and balancing are two separate issues.

4 Curtailment of transportation services occurs when there is

5 a physical limitation on available capacity or volumes

6 usually due to circumstances beyond the pipeline's control.

7 Balancing, on the other hand, is necessary to adjust for the

8 customers' behavior and will occur throughout the year

9 whether there are curtailments or not. Differing levels of

10 risk of curtailment are inherent in the various levels of

11 service requested. If a customer wishes to reduce the risk

12 of curtailment, that customer should opt for a higher level

13 of service. Regardless of the curtailment possibilities, if

14 transportation customers are using the system for seasonal

15 storage (and they are), they should pay some of the costs of

16 the storage service.

17 Q. On page 17, lines 3 - 8, Mr. Chalfant states that Williams

18 "in fact" interrupts shippers rather than rely on storage to

19 balance transportation receipts and deliveries during

20 curtailment periods. Has Mr. Chalfant offered any evidence

21 to support that statement?

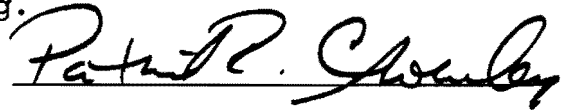
22 A. No.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Re: Williams Natural Gas Company
Docket No. RP91-152-000

Affidavit

Patrick R. Crowley, being first duly sworn, on oath states that he is the Patrick R. Crowley whose prepared cross answering testimony entitled PREPARED CROSS ANSWERING TESTIMONY was served on all parties to the above referenced proceeding. Patrick R. Crowley further states that if asked the questions contained in the text of such testimony he would give the answers that are therein set forth and that he adopts the aforesaid answers as his direct testimony in this proceeding.

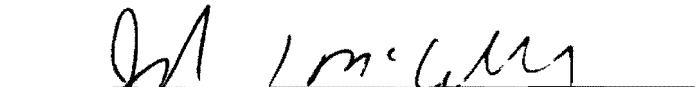


Patrick R. Crowley

District of Columbia

Sworn To and Subscribed Before Me

this 19th day of March, 1992



Notary Public
My Commission Expires November 14, 1994