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. 19-057-02**

Direct Testimony of

Brian C. Collins

On behalf of

Federal Executive Agencies

November 14, 2019

FEA Exhibit 2.0

BRUBAKER & ASSOCIATES, INC.

Project 10871

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Direct Testimony of Brian C. Collins

I. QUALIFICATIONS AND SUMMARY

I.A. Qualifications

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a consultant in the field of public utility regulation and a Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A My education and professional experience are detailed in my Appendix A to this testimony.

Q ON WHOSE BEHALF ARE YOU TESTIFYING?

A I am offering testimony on behalf of the Federal Executive Agencies ("FEA"), including Hill Air Force Base ("Hill AFB"), a customer in the Transportation Service ("TS") class.

<u>I.B. Summary</u>

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A I will provide comments and recommendations on the class cost of service ("CCOS"), the class revenue allocation, and the TS class rate design proposals of Dominion Energy Utah ("DEU" or "the Company"), also known as Questar Gas Company ("QGC"). My silence in regard to any issue should not be construed as an endorsement of DEU's position.

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.

A For the reasons outlined in this testimony, I recommend the following to the Public Service Commission of Utah (the "Commission"):

1. My proposed CCOS study uses Design Day Demand to allocate the costs of large-diameter intermediate high-pressure ("IHP") mains as

well as the costs of high-pressure feeder-line mains to customer classes. Because Design Day Demand reflects how the Company designs its system of mains and best reflects class cost causation, my CCOS study is appropriate to guide class revenue allocation.

2. The Company's CCOS study does not best reflect class cost of service because of its reliance on annual usage or commodity volumes to partially allocate the cost of distribution mains to customer classes. As a result, I recommend my proposed CCOS study be used as a guide for the Company's class revenue allocation.

3. I recommend that my proposed class revenue allocation be used to determine class revenue responsibility. This is appropriate because my proposed class revenue allocation is guided by my CCOS study which better reflects class cost causation with respect to the allocation of distribution main costs as compared to the Company's CCOS study.

4. My proposed class revenue allocation is based on the Company's fully requested revenue requirement. To the extent a reduction to the Company's requested revenue requirement is approved, I recommend an equal percent reduction for each class be applied after my class revenue allocation at the Company's fully requested revenue requirement is implemented.

5. Because the Company makes no changes to the TS class rate design, I recommend the existing rate design for the TS class be maintained at the Company's fully requested revenue requirement to collect the TS class revenue responsibility resulting from my proposed class revenue allocation. To the extent a change in the Company's fully requested revenue requirement is approved, I recommend the TS class overall percentage change be applied to each TS rate design element.

II. CLASS COST OF SERVICE

Q WOULD YOU PLEASE COMMENT ON THE BASIC PURPOSE OF A CCOS STUDY?

A After the utility's overall cost of service (or revenue requirement) is determined, a CCOS study is used to allocate the cost of service among the utility's customer classes. A CCOS study shows the extent to which each customer class contributes to the total cost of the system. For example, when a class produces the same rate of return as the total system, it returns to the utility just enough revenues to cover the costs incurred in serving that class (including a reasonable authorized return on investment). If a class produces a rate of return below the system average, the revenues it provides for the utility are insufficient to cover all relevant costs. If, on the other hand, a class produces a rate of return above the average, then that class pays revenues sufficient to cover the costs attributable to it, and it also pays for part of the costs attributable to other classes that produce below-average rates of return. The CCOS study therefore is an important tool, because it shows the revenue requirement or cost of service for each class along with the rate of return under current rates and any proposed rates.

Q SHOULD A CLASS'S RATES ALWAYS BE MOVED TO FULL COST OF SERVICE BASED ON THE RESULTS OF THE UTILITY'S CCOS STUDY?

A To the extent possible, a utility's rates for its classes should be based on each class's respective cost of service. However, in instances where a full movement to cost of service for a utility's rates would cause rate shock for a particular customer class or classes, gradualism can be used to mitigate the impacts on customer classes and avoid rate shock. For example, the increase in current rates for a particular class or classes could be limited to a certain multiple of the system average increase in order to avoid rate shock and recognize the principle of gradualism.

III. DEU'S CLASS COST OF SERVICE STUDY

Q HAVE YOU REVIEWED THE CCOS STUDY PREPARED BY DEU IN THIS PROCEEDING?

A Yes. I have reviewed the CCOS study prepared by Company witness Austin C. Summers.

Q IN ITS CCOS STUDY, HOW DOES THE COMPANY ALLOCATE THE COST OF DISTRIBUTION MAINS TO CLASSES?

A DEU proposes to divide its distribution main investments into three categories: small-diameter (6 inches or smaller) intermediate high-pressure ("IHP") mains, large-diameter (greater than 6 inches) IHP mains, and high-pressure feeder-line mains. Distribution mains are typically the largest cost rate base item for a local distribution gas utility.

The costs of small-diameter IHP mains are allocated to classes by the Company's Distribution Plant Factor study used to determine the amount of small mains necessary to provide service to customers.

The costs of large-diameter IHP mains connecting the small-diameter IHP mains to the high-pressure feeder-line mains are allocated to classes by the Company's Distribution Throughput Study which allocates cost to customer classes based on class throughput or commodity volumes.

The cost of high-pressure feeder-line mains are allocated to classes by a weighted-average combination of Design Day Demand (60%) and annual usage or commodity throughput (40%). The combination of these factors results in a composite allocation factor that is generally known as the Peak & Average allocation factor.

Q DO YOU OPPOSE THE COMPANY'S PROPOSAL FOR ALLOCATING THE COST OF SMALL-DIAMETER IHP MAINS TO CUSTOMER CLASSES?

A No, I do not. The Company's proposal results in allocating small-diameter IHP main costs to the customer classes that actually utilize small-diameter IHP mains. This allocator also appears to recognize the cost to connect customers to the Company's system of mains. Utilities design their system of mains to not only meet system peak demands but also to connect customers to the system of mains. As a result, I do not oppose this allocation.

Q DO LARGE TRANSPORTATION CUSTOMERS TYPICALLY UTILIZE SMALL-DIAMETER DISTRIBUTION MAINS?

A No, they do not. Large, high load factor transportation customers typically do not utilize small-diameter mains because they are incapable of delivering the quantity of gas supply that these customers require. As a result, they are typically allocated a small amount of the costs of small-diameter mains. A review of the Company's CCOS study shows that the Company's Distribution Plant Factor study does indeed allocate very little small-diameter IHP main cost to customer classes with larger gas demands.

Q THAT BEING SAID, DO YOU AGREE THAT DEU'S PROPOSED CCOS STUDY BEST REFLECTS CLASS COST OF SERVICE?

A No, I do not. I disagree with DEU's proposal in its CCOS study to allocate some categories of distribution main costs largely on annual usage or commodity throughput instead of on class contributions to the system peak day. As explained above, large-diameter IHP main costs are allocated on commodity throughput by the Company; high-pressure feeder-line main costs are allocated on Peak & Average. Allocating a portion of main costs on annual usage or commodity throughput does not reflect sound cost of service principles.

Q WHY DOES ALLOCATING A PORTION OF DISTRIBUTION MAIN COSTS ON AN ANNUAL USAGE OR COMMODITY THROUGHPUT BASIS NOT REFLECT SOUND COST OF SERVICE PRINCIPLES?

A When a gas distribution utility is considering whether to engage in a particular expansion of its distribution mains capacity, it must first determine the proper size and cost of the expansion. In making this determination, the key consideration is the customer classes' expected usage of the mains on the system peak day. The expected usage on the system peak day dictates the need for an expansion as well as the proper size of the expanded mains, which, in turn, dictates the total cost of the project. The cost of the expansion is a function of the anticipated peak day usage – and that cost is *the same* regardless of when customers are expected to use gas. For example, the cost is the same regardless of whether customers are expected to use gas throughout the year or during only a part of the year (i.e., the winter months).

Q IS ANNUAL USAGE OR COMMODITY THROUGHPUT A DESIGN CRITERION FOR A TYPICAL GAS DISTRIBUTION COMPANY FACILITY?

A No, it is not. To be sure, annual usage or commodity throughput is certainly a factor that should be and is considered in identifying the variable cost of operating the gas system. However, annual usage does not determine the amount of system peak capacity that is necessary to provide firm (i.e., non-interruptible) service to every customer every day of the year. Rather, the actual physical size of the distribution mains, regulators, compressors, and related equipment is based on customers' contributions to the system Design Day Demand. The system's capacity must be sized for Design Day Demand, so that all customers can utilize that system capacity to receive a firm, uninterrupted supply of gas every day of the year, including the day of the system peak demand.

As the Company states in its response to FEA 1.07:

> The distribution main system is designed to the appropriate size to meet current and expected future Design Day demand.

Q DOES THE COMPANY'S PROPOSAL TO ALLOCATE A PORTION OF THE COSTS OF DISTRIBUTION MAINS BASED ON ANNUAL USAGE OR COMMODITY THROUGHPUT BEST REFLECT CLASS COST CAUSATION?

A No, it does not. The Company's proposal fails to meet the cost of service principle of cost causation. As explained above, a typical gas utility (including DEU) does not use annual usage or commodity throughput to design its distribution facilities. Rather, it designs the distribution system based on its customers' contributions to the system's Design Day Demand and to connect customers to the system. Therefore, allocating the capacity-related costs associated with distribution mains (including both rate base and expenses) on the basis of annual usage or commodity throughput is inappropriate because it does not reflect how the costs are incurred by the Company.

Q IN ADDITION TO THE FACT THAT IT DOES NOT BEST REFLECT SOUND COST OF SERVICE PRINCIPLES, ARE THERE OTHER PROBLEMS WITH ALLOCATING COSTS ON THE BASIS OF ANNUAL USAGE OR COMMODITY THROUGHPUT?

A Yes. In particular, allocating costs based on annual usage or commodity throughput is unfair to the customers that make more efficient use of the facilities. This can best be illustrated by reference to a simple generic example. Assume that utility Customer A uses 5 Dth each and every day of the year (an annual total of 1,825 Dth), and that utility Customer B, who is located directly across the street, uses 5 Dth for 180 days of the year but nothing the rest of the year (an annual total of 900 Dth). Assume, further, that the annualized investment cost of the main needed to serve these two customers is $3,000. The total annual usage of the two customers is 2,725 Dth, of which approximately two-thirds is attributable to Customer A and approximately one-third to Customer B.

In order to serve these customers, the gas company must construct a main capable of delivering 10 Dth of Design Day capacity on the peak day

(Customer A's 5 Dth plus Customer B's 5 Dth). Because each customer uses one-half of the firm main capacity on the peak day, it seems reasonable that they should share equally in the cost – both would pay $1,500. In fact, that is how the costs would be shared under a demand-based allocation.

The results would be quite different, however, if the distribution main costs were allocated based on annual usage. In that situation, Customer A would be allocated $2,000 (2/3 of the total $3,000 cost) while Customer B would be allocated just $1,000 (1/3 of the total $3,000 cost) because it does not use its half of the facility's capacity for six months of the year. Thus, the fact that Customer A uses the facility efficiently every day of the year will cause Customer B to save money, but Customer B's less efficient use will cause Customer A to pay additional money. In fact, Customer A would likely be much better off if the gas company simply built a dedicated main with a capacity of 5 Dth solely to serve Customer A's load. Similarly, Customer B would likely be worse off if it had to pay for its own dedicated main.

With proper cost allocation, both customers should be better off sharing a facility because there would be economies of scale resulting from the larger capacity main.

Q DOES ALLOCATING THE DISTRIBUTION MAIN COSTS BASED ON ANNUAL USAGE OR COMMODITY THROUGHPUT CREATE AN UNBALANCED ALLOCATION OF SUCH COSTS AMONG CUSTOMER CLASSES?

A Yes. In the example above, even though both Customer A and Customer B have the same Design Day Demand, they effectively pay different costs of capacity per unit of Design Day Demand when costs are allocated based on annual usage or commodity throughput. The total capacity cost incurred by the gas distribution company is $300 per Dth of Design Day capacity ($3,000/10 Dth). However, the higher annual usage Customer A pays $400 per Dth of Design Day capacity ($2,000/5 Dth), while the lower annual usage Customer B pays $200 per Dth of Design Day capacity ($1,000/5 Dth). Thus, under an annual usage-based allocation, a customer that utilizes the distribution system more efficiently pays a premium for Design Day capacity ($400 per Dth - $200 per Dth = $200 per Dth) above what a customer that uses the system less efficiently must pay. This occurs despite the fact that the two customers have the same demands and have equal rights to Design Day capacity on the system peak day, and despite the fact that the average cost of Design Day capacity incurred by the utility is $300 per Dth.

This simple example illustrates why it is unreasonable to allocate distribution main costs on the basis of annual usage, when such costs are incurred to ensure adequate capacity on the system peak day for all customers that require firm service throughout the year.

Q DO YOU HAVE ADDITIONAL CONCERNS WITH THE COMPANY'S ALLOCATION OF HIGH-PRESSURE FEEDER-LINE MAIN COSTS ON PEAK & AVERAGE?

A Yes. A major problem with the Peak & Average allocator is the fact that it double counts the average component of demand. Thus, total usage, or average demand, is counted twice in the allocation of main costs – once in the peak allocation and again in the average allocation. The impact of using the Peak & Average method to allocate main costs is the over-allocation of capacity-related costs to high load factor customers who make efficient use of the Company's system of mains.

Q ARE THERE ANY AUTHORITIES THAT RECOGNIZE THE FACT THAT DISTRIBUTION MAIN COSTS ARE APPROPRIATELY ALLOCATED ON THE BASIS OF PEAK DEMANDS?

A Yes. The National Association of Regulatory Utility Commissioners ("NARUC") recognizes that distribution main costs should be allocated to customer classes based on: (1) Design Day Demands for the demand component of main costs; and (2) number of customers for the customer component of main costs. In this regard, the NARUC *Gas Distribution Rate Design Manual* states as follows:

> Demand or capacity costs vary with the size of plant and equipment. They are related to maximum system requirements which the system is designed to serve during short intervals **and do not directly vary with the number of customers *or their annual usage*.** Included in these costs are: the capital costs associated with production, transmission and storage plant and their related expenses; the demand cost of gas; **and most of the capital costs and expenses associated *with that part of distribution plant not allocated to customer costs, such as the costs associated with distribution mains in excess of the minimum size*.**[1]

Thus, NARUC recognizes that distribution main cost is not related to or caused by annual usage (i.e., throughput or commodity), but rather by peak demands and the number of customers.

Q SHOULD A COST ALLOCATION METHOD REFLECT HOW COSTS ARE ACTUALLY INCURRED ON THE COMPANY'S DISTRIBUTION SYSTEM?

A Yes. A utility's selection of a particular cost allocation method should be based on whether that allocation method appropriately reflects class cost causation and results in rates that provide accurate price signals to its customers.

Because rates should reflect class cost causation, the costs used in setting rates should be allocated to classes based on how each class causes the costs to be incurred by the Company. Distribution mains are designed to meet the demands of customers, and not their annual gas usages. A utility

[1]NARUC *Gas Distribution Rate Design Manual* at 23-24 (June 1989) (emphasis added).

incurs the cost to construct and operate distribution mains and related facilities to meet its customers' Design Day Demands. Therefore, Design Day Demand is an appropriate cost allocation method for allocating capacity related capital costs and expenses, because it allocates costs based on how they are incurred.

Allocating costs based on how they are incurred is consistent with the NARUC *Gas Distribution Rate Design Manual*, which states that:

> *Historic or embedded cost of service studies attempt to apportion total costs to the various customer classes in a manner consistent with the incurrence of those costs.* This apportionment must be based on the fashion in which the utility's system, facilities and personnel operate to provide the service.[2]

Q BUT DOESN'T THE COMPANY'S DISTRIBUTION SYSTEM ALLOW CUSTOMERS TO RECEIVE VOLUMES OF GAS THROUGHOUT THE YEAR?

A I do not dispute that, after the distribution system is designed and constructed to meet Design Day Demand, customers use the system to receive volumes of gas throughout the year. However, if customers expect supply sufficient to meet their Design Day Demand, then they should pay for adequate distribution capacity to allow gas to be delivered every day to meet their expected demands, including days with above-average demands. Otherwise, they will not be allocated adequate capacity to deliver gas on days with above-average

[2]NARUC *Gas Distribution Rate Design Manual* at 20 (emphasis added).

usage, which would be most cold days, and their service would be interrupted on all of those days.

It is the Design Day Demand which drives the capacity-related cost incurred in order to design, construct, implement and maintain a distribution system that is adequate to provide firm service throughout the year, including the system peak day, to all customers that want firm service. Distribution systems are sized based on Design Day Demands to ensure that firm gas supply can actually be delivered every single day of the year. Because cost causation is driven by Design Day Demand, distribution-related costs should be allocated based on Design Day Demand.

If the distribution system can meet the Design Day Demand of its customers, it can meet the demand of its customers on every single day of the year. Daily needs must be met, but the only way to ensure that will happen is through a system that is designed to meet the Design Day Demand. Only when the distribution main system is designed to meet the peak day demand of its classes is the Company able to deliver gas each and every day of the year to meet its customers' demands.

Q ARE YOU AWARE OF ANY OTHER AUTHORITIES' POSITIONS ON THE CLASSIFICATION AND ALLOCATION OF GAS PIPELINE COSTS?

A Yes. In its landmark Order No. 636, the Federal Energy Regulatory Commission ("FERC") endorsed the straight fixed variable ("SFV") cost methodology, which allocates fixed pipeline costs 100% on a demand basis. In the order, FERC states that:

> The Commission believes that requiring SFV comports with and promotes Congress' goal of a national gas market as discussed above and goes hand-in-hand with the equity principle.
>
> * * *
>
> Moreover, the Commission's adoption of SFV should maximize pipeline throughput over time by allowing gas to compete with alternative fuels on a timely basis as the prices of alternate fuels change. The Commission believes it is beyond doubt that it is in the national interest to promote the use of clean and abundant natural gas over alternate fuels such as foreign oil. SFV is the best method for doing that.[3]

The SFV allocation method endorsed by FERC appropriately treats fixed pipeline costs as demand-related. Similarly, distribution main costs on DEU's system should be treated as demand-related, except for those costs that are classified as customer-related. (Interstate pipelines do not normally use a customer component in allocating costs. Because they are designed to transport gas from the production area to local distribution companies, their costs are driven predominantly by demand, and not by the need to connect individual small customers to the interstate pipeline.)

[3] *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636 at 127-29 (Apr. 8, 1992).

Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO CCOS?

A I recommend that the costs of large-diameter IHP mains and high-pressure feeder-line mains should be allocated on a Design Day Demand basis to accurately reflect cost causation.

Q HAVE YOU PREPARED A CCOS THAT ALLOCATES LARGE-DIAMETER IHP MAIN COSTS AND HIGH-PRESSURE FEEDER-LINE MAIN COSTS ON A DESIGN DAY DEMAND BASIS?

A Yes. In addition, I have also allocated the Company's compressor and regulator costs on a Design Day Demand basis in my proposed CCOS study. As explained earlier, this equipment must also be sized to meet system peak day demands.

Q DOES ALLOCATING MAIN COST ON COINCIDENT DESIGN DAY DEMAND ALLOCATE A PORTION OF MAIN COSTS ON AVERAGE DEMANDS OR COMMODITY THROUGHPUT?

A Yes. Like the Peak & Average method, it does allocate a portion of demand-related costs on the basis of annual usage or commodity throughput because average demand is a subset of Design Day Demand. However, unlike the Peak & Average method, the coincident Design Day Demand counts average demand (annual usage or commodity throughput divided by 365 days) only once when developing the cost allocation factor.

Q HOW DO THE RESULTS OF YOUR PROPOSED CCOS STUDY COMPARE TO THE RESULTS OF DEU'S PROPOSED CCOS STUDY?

A This is shown in Table 1 below.

TABLE 1

Class Cost of Service Study Comparison

	DEU Proposed[1]			FEA Proposed[2]		
Rate Class	**Present Non-Gas Revenues**	**COSS Incr./Decr.**	**Percent Incr./Decr.**	**Present Non-Gas Revenues**	**COSS Incr./Decr.**	**Percent Incr./Decr.**
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
GS	$ 352,982,534	$ 3,273,048	0.93%	$ 353,297,375	$15,947,733	4.51%
FS	$ 2,733,561	$ 166,752	6.10%	$ 2,723,533	$ (274,061)	-10.06%
IS	$ 189,005	$ (32,815)	-17.36%	$ 187,405	$ (101,548)	-54.19%
TS	$ 28,974,801	$12,285,096	42.40%	$ 28,617,226	$ (2,242,664)	-7.84%
TBF	$ 1,597,518	$ 3,351,430	209.79%	$ 1,654,053	$ 5,808,748	351.18%
NGV	$ 2,649,353	$ 206,228	7.78%	$ 2,647,181	$ 111,530	4.21%
Total	$ 389,126,772	$19,249,740	4.95%	$ 389,126,772	$19,249,740	4.95%

Sources:
[1]DEU Exhibit 4.18
[2]FEA Cost of Service Workpaper

As shown in the table, instead of the large increase for the TS class as proposed by the Company, my CCOS study indicates that the TS class should actually receive a rate decrease, along with other particular classes. Because the Company's CCOS study allocates main costs using annual usage or commodity throughput, larger high load factor customer classes are allocated a higher percentage of main costs. As previously explained, because the Company does not use annual usage or commodity throughput to design the capacity of its main system, utilizing annual usage or commodity throughput to allocate the costs of mains to customer classes does not follow cost causation.

Q WHAT IS YOUR RECOMMENDATION REGARDING YOUR CCOS STUDY?

A I recommend that my CCOS study guide class revenue allocation and rate design. This is reasonable because my CCOS study best reflects class cost causation by allocating the cost of distribution mains based on how the Company designs its system and incurs the cost of installing the mains – to meet the coincident Design Day Demand of its customer classes.

IV. DISTRIBUTION OF GAS REVENUE INCREASE

Q HAVE YOU REVIEWED DEU'S PROPOSAL FOR DISTRIBUTING ITS REQUESTED REVENUE INCREASE TO THE VARIOUS RATE CLASSES?

A Yes. Except for the Transportation Bypass Firm ("TBF") rate class, DEU proposes to move all classes to cost of service.

Q WHY DOES THE COMPANY PROPOSE TO NOT MOVE THE TBF CLASS TO FULL COST OF SERVICE?

A Under the Company's CCOS study, the TBF class receives a very large increase. According to the Company, it proposes to not move this class to full cost of service to prevent these customers from bypassing the Company's system.

Q WHAT IS THE COMPANY'S PROPOSED REVENUE INCREASE FOR THE TS CLASS?

A The Company's proposed increase for the TS class is approximately 44.32%. The Company's CCOS study results indicate that the TS class would need an approximate 42.40% increase in current rates to bring it to cost of service. Furthermore, the Company proposes to not only move the TS class to full cost of service, it also proposes that this class provide some rate mitigation to the TBF rate class. This results in the 44.32% increase.

Q WHY DOES THE COMPANY MOVE THE TS CLASS TO FULL COST OF SERVICE BASED ON THE RESULTS OF ITS CCOS STUDY?

A The Company claims that TS rates have been subsidized for quite some time according to the testimony of Company witness Austin C. Summers. However, this claim assumes that the Company's proposed CCOS studies have appropriately reflected the TS class's cost of service in the past. Based on my CCOS study that uses Design Day Demand to allocate the costs of large-diameter IHP mains and high-pressure feeder-line mains to customer classes, which better reflects class cost causation with respect to the allocation of these main costs, the current TS rates are more than adequate to recover the TS class's cost of service. Based on a CCOS study that appropriately reflects class cost causation by allocating main costs on Design Day Demand, the TS class has likely been providing a rate subsidy to other customer classes during the time indicated in the testimony of Mr. Summers instead of actually receiving a rate subsidy.

Q IS THE COMPANY'S PROPOSED REVENUE INCREASE FOR THE TS CLASS REASONABLE?

A No. For the reasons detailed above, the Company's CCOS study is flawed because it allocates large-diameter IHP main costs and high-pressure feeder-line main costs partially on annual usage or commodity throughput. Annual usage or commodity throughput is not a correct basis to measure class revenue responsibility.

Q HAVE YOU DEVELOPED YOUR OWN CLASS REVENUE ALLOCATION OF THE COMPANY'S REQUESTED RATE INCREASE BASED ON THE RESULTS OF YOUR CCOS STUDY?

A Yes. My proposed class revenue allocation is guided by my proposed CCOS study and is shown in the table below:

TABLE 2

Class Revenue Allocation Comparison

Rate Class	DEU Proposed[1] Present Non-Gas Revenues (1)	Proposd Incr./Decr. (2)	Percent Incr./Decr. (3)	FEA Proposed[2] Present Non-Gas Revenues (4)	Proposed Incr./Decr. (5)	Percent Incr./Decr. (6)
GS	$ 352,982,534	$ 5,152,407	1.46%	$ 353,297,375	$18,992,658	5.38%
FS	$ 2,733,561	$ 200,760	7.34%	$ 2,723,533	$ -	0.00%
IS	$ 189,005	$ (32,023)	-16.94%	$ 187,405	$ -	0.00%
TS	$ 28,974,801	$12,843,063	44.32%	$ 28,617,226	$ -	0.00%
TBF	$ 1,597,518	$ 876,956	54.89%	$ 1,654,053	$ 122,737	7.42%
NGV	$ 2,649,353	$ 208,576	7.87%	$ 2,647,181	$ 134,345	5.08%
Total	$ 389,126,772	$19,249,740	4.95%	$ 389,126,772	$19,249,740	4.95%

Sources:
[1]DEU Exhibit 4.18
[2]FEA Cost of Service Workpaper

My proposed class revenue allocation is based on the Company's fully requested revenue requirement. To the extent that the Commission reduces the Company's requested revenue requirement, I would propose that any decrease be spread to customer classes on an equal percent basis after my class revenue allocation is implemented at the Company's fully requested revenue requirement.

Q HOW DID YOU DEVELOP YOUR CLASS REVENUE ALLOCATION?

A First, I utilized the principle of gradualism and limited classes to no more than 1.5 times the system average increase of 4.95%. This resulted in the TBF class receiving only a 7.42% increase, with the revenue difference being allocated to the other classes based on current total revenues. I then held classes that would get a rate decrease at full cost of service, to no change in current rates. This revenue difference is then allocated to the General Service ("GS") and Natural Gas Vehicle ("NGV") customer classes to lower their cost of service based increases.

Q WHY DO YOU BELIEVE YOUR PROPOSED CLASS REVENUE ALLOCATION IS REASONABLE?

A Based on the results of my CCOS study, the TS class and other particular classes should actually get a rate decrease. As a result, my class revenue allocation is more than fair. My proposal is a compromise between setting rates at full cost of service based on a CCOS study that uses Design Day Demand to allocate the costs of mains, and a CCOS study that uses annual usage or commodity throughput (large-diameter IHP mains) plus the Peak & Average method (high-pressure feeder-line mains) to allocate the costs of mains to customer classes.

V. DEU'S PROPOSED RATE DESIGN FOR THE TS CLASS

Q DOES THE COMPANY PROPOSE ANY CHANGES IN THE RATE DESIGN FOR THE TS RATE CLASS?

A According to the testimony of the Mr. Summers, DEU does not propose any changes in the rate design for the TS class.

Q HOW DOES YOUR CLASS REVENUE ALLOCATION PROPOSAL AFFECT THE RATES FOR THE TS CLASS?

A My class revenue allocation proposal results in no changes to the current rates of the TS class at the Company's fully requested revenue requirement. To the extent that the Commission's decision results in a reduction to the Company's requested revenue requirement, I would propose that the TS class's overall percentage change be applied to each rate design element of the TS class.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes, it does.

Qualifications of Brian C. Collins

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a consultant in the field of public utility regulation and a Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A I graduated from Southern Illinois University Carbondale with a Bachelor of Science degree in Electrical Engineering. I also graduated from the University of Illinois at Springfield with a Master of Business Administration degree. Prior to joining BAI, I was employed by the Illinois Commerce Commission and City Water Light & Power ("CWLP") in Springfield, Illinois.

My responsibilities at the Illinois Commerce Commission included the review of the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the Commission as well as the review of utilities' requests for certificates of public convenience and necessity for new electric transmission lines. My responsibilities at CWLP included generation and transmission system planning. While at CWLP, I completed several thermal and voltage studies in support of CWLP's operating and planning decisions. I also performed duties for CWLP's Operations Department, including calculating CWLP's monthly cost of production. I also determined CWLP's allocation of wholesale purchased power costs to retail and wholesale customers for use in the monthly fuel adjustment.

In June 2001, I joined BAI as a Consultant. Since that time, I have participated in the analysis of various utility rate and other matters in several states and before the Federal Energy Regulatory Commission ("FERC"). I have filed or presented testimony before the Arkansas Public Service Commission, the California Public Utilities Commission, the Delaware Public Service Commission, the Public Service Commission of the District of Columbia, the Florida Public Service Commission, the Georgia Public Service Commission, the Idaho Public Utilities Commission, the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities Commission, the Missouri Public Service Commission, the Montana Public Service Commission, the North Dakota Public Service Commission, the Public Utilities Commission of Ohio, the Oregon Public Utility Commission, the Rhode Island Public Utilities Commission, the Virginia State Corporation Commission, the Public Service Commission of Wisconsin, the Washington Utilities and Transportation Commission, and the Wyoming Public Service Commission. I have also assisted in the analysis of transmission line routes proposed in certificate of convenience and necessity proceedings before the Public Utility Commission of Texas.

In 2009, I completed the University of Wisconsin – Madison High Voltage Direct Current ("HVDC") Transmission Course for Planners that was sponsored by the Midwest Independent Transmission System Operator, Inc. ("MISO").

BAI was formed in April 1995. BAI and its predecessor firm has participated in more than 700 regulatory proceedings in forty states and Canada.

BAI provides consulting services in the economic, technical, accounting, and financial aspects of public utility rates and in the acquisition of utility and energy services through RFPs and negotiations, in both regulated and unregulated markets. Our clients include large industrial and institutional customers, some utilities and, on occasion, state regulatory agencies. We also prepare special studies and reports, forecasts, surveys and siting studies, and present seminars on utility-related issues.

In general, we are engaged in energy and regulatory consulting, economic analysis and contract negotiation. In addition to our main office in St. Louis, the firm also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

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. 19-057-02**

State of Missouri)
) ss.
County of Saint Louis)

I, Brian C. Collins, 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.

Brian C. Collins

SUBSCRIBED AND SWORN TO this 13th day of November, 2019.

TAMMY S. KLOSSNER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Mar. 18, 2023
Commission # 15024862

Notary Public

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing is sent on this 14th day of November 2019 by electronic mail to the individuals listed below:

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DATED this 14th day of November 2019.

*/s/ Ebony M. Payton*_________
Ebony M. Payton
FEA paralegal