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

.

REBUTTAL TESTIMONY OF

AUSTIN C. SUMMERS

FOR

DOMINION ENERGY UTAH

December 13, 2019

DEU Exhibit 4.0R

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1		I. INTRODUCTION
2	Q.	Please state your name and business address.
3	А.	Austin C. Summers, 333 South State Street, Salt Lake City, Utah 84111.
4	Q.	Did you file direct testimony in this docket?
5	A.	Yes. I submitted direct testimony on behalf of Questar Gas Company dba Dominion Energy
6		Utah ("DEU", "Dominion Energy" or "Company").
7	Q.	What is the purpose of your rebuttal testimony in this Docket?
8	Α.	The purpose of my rebuttal testimony is to address certain issues raised in the direct
9		testimonies filed by Mr. Oliver, Mr. Chisolm, Mr. Higgins, Mr. Lubow, Mr. Daniel, Mr.
10		Swenson, and Mr. Collins in this matter.
11	Q.	What general areas does your testimony address?
12	А.	My testimony explains why the cost-of-service and rate design proposals in my direct
13		testimony continue to be the best options proposed in this case. I address the proposed
14		changes to the allocation factors used in the class cost of service ("CCOS") studies. I also
15		address the gradualism proposals made by Mr. Swenson, Mr. Lubow and Mr. Higgins. With
16		regard to rate design, I address some misunderstandings on the purpose and function of the
17		Company's proposed 35,000 dth minimum use requirement and the use of cost curves in this
18		
		case. I further address Mr. Oliver's testimony addressing a variety of charges and fees
19		case. I further address Mr. Oliver's testimony addressing a variety of charges and fees including the Company's administrative charge and the peak hour charge. Finally, I address
19 20		case. I further address Mr. Oliver's testimony addressing a variety of charges and fees including the Company's administrative charge and the peak hour charge. Finally, I address the migration of customers that may occur as a result of this case, the reasons for Company's
19 20 21		case. I further address Mr. Oliver's testimony addressing a variety of charges and fees including the Company's administrative charge and the peak hour charge. Finally, I address the migration of customers that may occur as a result of this case, the reasons for Company's contracting policies and processes associated with TS customers, the forecasted usage
19 20 21 22		case. I further address Mr. Oliver's testimony addressing a variety of charges and fees including the Company's administrative charge and the peak hour charge. Finally, I address the migration of customers that may occur as a result of this case, the reasons for Company's contracting policies and processes associated with TS customers, the forecasted usage volume discrepancies identified by Mr. Higgins, and the competition and open markets

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Q. Based on the analysis and discussion of the items mentioned above, are you proposing a change to the cost-of-service and rate design proposed in this case?

26 A. I propose one change to a cost-of-service allocator and also explain an approach to gradualism, but my overall approach remains the same. In lines 585 through 601 of my 27 direct testimony, I explained four problems the Company encountered while performing the 28 29 cost-of-service studies and the calculation of rate design. I said, "Having customers in the classes that weren't designed for them has raised anomalies in nearly every aspect of the 30 31 cost-of-service and rate design processes. The Company believes that, to solve the widening 32 subsidies, it will be best to make the steps proposed below in this case, with additional anticipated steps to follow in the next general rate case." As the Company prepared data 33 request responses during the discovery phase of this Docket and read the numerous varying 34 proposals in testimony submitted by other parties, the Company's review of those proposals 35 only reinforces the Company's recommended approach of a multi-step process. The 36 37 Company recognizes that its proposal cannot solve every problem now, but the proposal does eliminate the inter-class subsidies that have lingered for nearly a decade and the Company's 38 39 proposal provides a path to solve the intra-class subsidies in the Company's next general rate 40 case. The Company's proposed approach is already a gradual approach to rate making, but it 41 involves some immediate steps that are necessary to address the cost-of-service problems that 42 exist.

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II. COST-OF-SERVICE ALLOCATORS

44

A. 60% Design Day 40% Throughput

45 Q. Will you explain the Design Day/Throughput Allocator?

46 A. Yes. Dominion Energy filed this case using a blended allocator. Specifically, the Company
47 allocated 60% of the cost of feeder lines using peak day, while the other 40% is allocated
48 using normal throughput. This 60/40 blend acknowledges that feeder lines are used for both
49 peak conditions and normal throughput every day of the year.

50 Q. Did any of the intervening parties propose a different weighting of this factor?

A. Yes. As Mr. Lubow points out on line 179 of his testimony, "This type of factor is ultimately
somewhat subjective as to how to weight peak and annual usage among customer classes."
Accordingly, the weights proposed by the intervening parties range from 50/50 to 68/32 with
a corresponding range of explanations as to why one is better than another. One intervening
party, Federal Executive Agencies ("FEA"), fell outside this range by proposing a 100/0
weighting that would assign significant costs to customers with low load factors.

57 Q. Did you find value in any of the options offered by the witnesses in this case?

A. Of all the proposed options, the option proposed by Mr. Higgins, Mr. Oliver and Mr.
Swenson carry the most analytical weight. These witnesses proposed using the system load
factor as an approximation for average throughput. Since the system load factor is about
32%, these witnesses proposed that the allocator change from 60/40 to 68/32.

62 Q. What is the effect of using the 68/32 weighting instead of the 60/40 weighting?

A. Using the 68/32 weighting relative to the Company's proposal would shift costs away from
all classes except the GS class, which would see an increase of \$2.2 million or .6% using the
model provided in the rebuttal testimony of Jordan Stephenson. Of the classes that would
see a reduction under this proposal, the TS class would see the largest decrease of \$2.3
million or 7% of the class revenue requirement. These comparisons are calculated at full
cost. If the Company's proposed gradualism approach (discussed below) is approved, the
effects of this change will also be gradual.

70 Q. Having reviewed all the parties' proposals, what allocation factor do you recommend?

A. While the Company's proposal is reasonable and represents a compromise between the other
 parties, I find the proposal by Mr. Higgins, Mr. Oliver, and Mr. Swenson to have meaningful
 logic. This allocation factor is significant and has a big effect on the amount paid by the
 transportation customers. The allocation factor allocates costs for assets that are used for
 both design day conditions and average conditions. It makes sense to use the system-wide

load factor as a proxy for the average throughput on the system. This proposal makes sense
and represents a nationally-recognized standard. Therefore, the Company accepts the 68/32
weighting that they propose, combined with a move of the TS class to full cost of service. If
the final determination in this case is not full cost of service, then I would propose to leave
the allocator at 60/40 to help offset some of the subsidy being paid by the GS class to the TS
class.

82

B. General Plant Depreciation Allocation

83 Q. Please explain the general plant allocation factor proposed by Mr. Daniel?

A. Mr. Daniel points out that the Company proposed to allocate depreciation expense for
general plant based on total gross plant. Mr. Daniel argues that general plant depreciation
should be based on a general plant allocation factor, not total gross plant. He says, "The
problem with using the total gross plant allocation factor is that general plant, and therefore,
general plant depreciation expenses, has no relationship to total gross plant." Daniel Direct,
Lines 131 to 133.

90 Q. Do you agree with Mr. Daniel's argument?

A. No. Mr. Daniel's proposal is misguided. Mr. Daniel's use of the general plant allocation
factor is, in fact, heavily dependent on the very same gross plant factor he criticizes. Most of
the accounts Mr. Daniel uses are allocated using the gross plant factor. As a result, the only
difference between the gross plant factor proposed by the Company and Mr. Daniel's general
plant factor is that Mr. Daniel's calculation results in general plant costs being assigned to
the CNG stations, resulting in significant increases to the NGV class.

97 Q. Mr. Daniel notes that using his general plant allocation factor would reduce costs for
98 GS customers by \$803,000. Are these the costs that would shift to the NGV customers?

99 A. Yes. As I mentioned above, the general plant includes the compressor stations used for the
 100 NGV class. The Company's original proposal to allocate depreciation expense for general
 101 plant using the gross plant factor is consistent with prior rate cases, and is still appropriate.

102Q.What consequences would occur if the Company shifted these additional costs to the103NGV class?

A. If the Commission accepts Mr. Daniel's proposal, the NGV rate would increase from \$8.55
 to \$12.05. This increased price would further reduce demand for the stations, and it would
 ultimately lead to circumstances where the Company would have to close stations. As prices
 continue to rise and demand at the stations continues to decrease, some stations would be
 uneconomical and the NGV class would cease to exist.

109 Q. Would this have a negative effect on other rate classes?

A. Yes. The NGV class helps to shoulder some of the general costs of the system and
eliminating this class from the system would ultimately shift those costs to other customers.

Q. If the Commission determines that the allocation factor should be changed as proposed by Mr. Daniel, what do you recommend?

A. I recommend that the costs shifted to the NGV class be removed and be reallocated back tothe other classes.

116 Q. Wouldn't this result in an NGV rate that is less than full cost of service?

- A. Yes, but the Utah Code 54-4-13.1. Natural gas vehicle rate Natural gas clean air
 programs allows for this type of arrangement.
- 119 Q. What is the language in this statute?

A. Paragraph (1) of this statute states, "The commission may find that a gas corporation's request for a natural gas vehicle rate that is less than full cost of service is:

- 122 (a) in the public interest; and
- 123 (b) just and reasonable."

Further, paragraph (2) of this section states, "If the commission approves a gas corporation's request under subsection (1), the remaining costs may be spread to other customers of the gas corporation." Utah Code Ann. §54-4-13.1

127 Q. Is the NGV rate currently at full cost of service?

A. Yes. Under my cost of service allocation proposal, the NGV rate is contributing its fair share of the cost of service. If the Commission rejects Mr. Daniels proposal, then the class will remain at a full cost of service. If the Commission accepts it, then the Company respectfully requests that those excess costs allocated to the NGV class be allocated back to the other classes and that the NGV rate be subsidized per Utah Code Ann. §54-4-13.1 in order to preserve the NGV class.

134

C. Design-Day Allocation Factor

135 Q. What changes does Mr. Lubow recommend in the design day allocation factor?

A. Mr. Lubow recommends that the Company deviate from its use of the design day and instead
use the highest day of natural gas sendout for a year. He refers to this as the "peak day." To
be clear, the Company has historically referred to Design Peak Day, Design Day and Peak
Day interchangeably to reference a day with a daily mean temperature of -5 degree
Fahrenheit or lower in the Salt Lake Valley. It is important to recognize that Mr. Lubow is
not using the term "peak day" the same way. He is using the term "peak day" to mean
highest-sendout day.

143 Q. Does Mr. Lubow propose an allocation factor?

A. No. Mr. Lubow notes that the actual peak-day use by class is not available. In order to know how much gas is being used on any day by each class of customers, the Company would need to know the gas consumption at every customer's meter daily. Since customers are billed on a monthly basis, the Company only gathers monthly meter reads. Therefore, the allocation factor proposed by Mr. Lubow would be based on an estimate. Though the Company's Design-Day factor is also based on estimates for sales customers, it is the same estimate used in the Company's annual Integrated Resource Plan ("IRP"). Using the IRP calculation keeps

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- the allocation factor consistent from one rate case to another. Therefore, the Company's
 proposal to use the Design-Day factor remains the appropriate solution.
- 153 D. Allocation of Design-Day Costs to Interruptible Customers
- Q. Please summarize the positions of the intervening parties regarding the allocation of
 design day costs to interruptible customers.
- A. Mr. Daniel and Mr. Lubow both recommend that interruptible customers should be charged
 for Design-Day costs. They reason that because interruptible customers are rarely interrupted
 (even on cold days with high sendout), they should bear a portion of the Design-Day costs.
 Mr. Higgins disagrees with this assertion and is aligned with the Company's proposal.
- 160 Q. Do you agree with Mr. Lubow and Mr. Daniel?
- 161 No. Interruptible customers should not pay any Design-Day costs at all. The Company has A. 162 designed its system to meet the needs of its firm customers. Its system design, gas supply 163 and other planning all presumes that interruptible customers will be interrupted on a Design Day. Moreover, the Interruptible Sales (IS) class of customers is unique from all other 164 165 classes because those customers are interruptible. These customers would be subsidizing 166 costs that the Company would likely deny them on a Design-Day. Allocating Design-Day costs to interruptible customers would essentially eliminate any difference between the IS 167 168 class and a firm sales class. There would likely be no reason to have an interruptible class at 169 all. Additionally, if the Company were to interrupt these customers and they failed to 170 comply, they would be assessed penalties.

Q. Mr. Daniel says that charging the interruptible customers for Design-Day costs would reduce the costs allocated to the GS class by approximately \$54,000. How would you characterize this reduction?

A. This reduction is so small that it would not be noticeable to the GS class customers.
 However, the related cost increase to the IS class, which is a much smaller class, would be
 more significant. In fact, making this change would reduce costs from other classes as well
 and ultimately has an impact of \$67,000 on the IS class revenue requirement. This increase

- in the IS class represents an increase of 43%. This is a material subsidy of a service the class
 is not guaranteed. As both Mr. Daniel and Mr. Lubow have noted in direct testimony,
 customers in this class have been curtailed several times during the last five years, and these
 curtailments did not occur under Design-Day conditions. These customers should not be
 paying for firm service when they are clearly treated as interruptible.
- 183

E. Gradualism

184 Q. Will you please summarize the positions of the other parties regarding gradualism?

185 Α. Yes. There seems to be a general agreement about a gradual rate increase for the TS class, 186 and most parties have proposed some form of gradualism. For example, Mr. Daniel and Mr. Lubow both propose that all classes be charged full cost-of-service rates in this case, but 187 188 propose to extend the timing on making changes to either the GS or TS class until the next 189 general rate case. Mr. Swenson proposes annual, gradual increases to the TS class while rate 190 design issues are resolved in a new docket. Mr. Higgins also proposes annual, gradual increases but suggests extending this docket to work through rate-design issues. Mr. Oliver 191 192 proposes that no class should be required to bear a revenue increase of more than 20% or 1.5 193 times the system average increase but does not propose any approaches for the TS class to 194 reach full cost. Finally, Mr. Collins does not recommend a specific gradualism approach but 195 does mention on page five of his testimony that he supports gradualism as a method of 196 reducing rate shock.

197 Q. Is the Company willing to accept a new gradualism approach?

A. Yes, so long as gradualism does not come at the expense of perpetuating the current interclass subsidization. The Company can support a gradualism approach that moves all classes,
other than the TBF class, to full-cost rates in a timely manner, provided that the approach
resolves the TS class subsidy in a reasonable time period.

202 Q. Do any of the proposed gradualism approaches fit these criteria?

A. Yes. Mr. Higgins' approach proposes to move the TS class customers to full cost by the time
 the next general rate case is filed in 2022 through annual increases. Mr. Higgins' proposal

also prevents the TS class subsidy issue from worsening because he proposes a moratorium
 on new TS customer growth.

207 Q. Does the Company accept Mr. Higgins' proposal as he outlined it?

- A. No, but the Company can accept much of Mr. Higgins' gradualism proposal. I propose a few
 changes to Mr. Higgins' proposal, to offer additional assurance that the TS class will
 ultimately reach full cost before the next general rate case is filed.
- 211 Q. Please describe your proposal for gradualism.

I propose to utilize Mr. Higgins' three-step phase-in of the TS class. He suggests that since 212 Α. 213 the rate effective date of this case is anticipated to be March 1, 2020, rates in the TS class should be increased by 25% of the total increase to the class on that date. I agree with this 214 proposal. I also agree that, after this first increase, there should be two additional increases, 215 216 but I would suggest that the second and third increases occur in conjunction with the 217 Company's first annual feeder-line tracker application in both 2020 and 2021, rather than on March 1st of each year. The second step would be another 25% of the total in the fall of 2020 218 and the third step would make up the last 50% of the increase to the TS class in the fall of 219 220 2021. The table below shows the revenue changes for each class for each of the annual 221 changes.

222

					Step 2 DNG R	ev Change	Step 3 DNG Rev Change	
			Step 1 DNG F	tep 1 DNG Rev Change		ep 1	from Step 2	
		Current DNG	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
Class	Revenue		/Decrease	/Decrease	/Decrease	/Decrease	/Decrease	/Decrease
GS	\$	352,718,275	13,391,663	3.80%	-2,537,314	-0.72%	-5,074,628	-1.44%
FS	\$	2,728,980	323,086	11.84%	-64,211	-2.35%	-128,422	-4.71%
IS	\$	188,598	(42,190)	-22.37%	0	0.00%	0	0.00%
TS	\$	28,869,123	2,607,649	9.03%	2,607,649	9.03%	5,215,298	18.07%
TBF	\$	1,603,217	1,029,973	64.24%	0	0.00%	0	0.00%
NGV	\$	2,648,763	213,194	8.05%	-6,124	-0.23%	-12,248	-0.46%
Total	\$	388,756,956	\$ 17,523,375		0		0	

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224 Q. How do you propose to prevent the subsidy in the TS class from getting worse?

225 In my direct testimony, I proposed a minimum use requirement of 35,000 Dth per year for Α. any new customers that want to join the TS class. Mr. Higgins proposed that this be a 226 227 moratorium (instead of a prohibition) until full-cost rates are reached. The Company 228 supports this moratorium and once full-cost rates are in place, the moratorium would be 229 lifted. This would give the parties time to work through cost-of-service and rate design 230 issues without significant changes to the class. It is important to note that no party, including 231 the Company, has argued that existing TS customers using less than 35,000 Dth per year 232 should be *removed* from the TS class. The Company and Mr. Higgins agree that the 233 moratorium would apply only to customers moving *into* the TS class. I will discuss this 234 proposal in greater detail below.

Q. Some of the parties proposed to continue working through rate design as either a continuation of this docket, or by opening a new docket next year. Do you support such a proposal?

A. No. I do not support extending this docket or starting a new docket next year for several reasons. First, extending the docket is not permitted because Utah Code Ann. § 54-7-12 mandates that the Commission issue an order within 240 days or the Company's proposed rates become final. The governing statute does not permit extending the docket. Second, the Company is concerned that, depending on how the issues are addressed, opening a new docket could result in prohibited single-item ratemaking. The Company recognizes that there are a number of different views and welcomes a collaborative process to resolve the issues.

Q. In your direct testimony you discussed moving the GS block break to 30 Dth. Do you intend to gradually implement that change as well?

A. No. The 30 Dth block break already represents a gradual move toward the optimized block
break of 8 Dth. This move will reduce rate shock in future rate cases when the Company
proposes a smaller block break.

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III. RATE DESIGN

A. 35,000 Dth Minimum Use Requirement Q. You previously mentioned a proposal to impose a moratorium on allowing customers joining the TS rate class if their usage is below 35,000 Dth per year. Please describe that proposal in greater detail?

A. The Company has been trying to resolve problems associated with the rapid growth and constantly-changing makeup of the TS class for some time. The rapid growth and change causes problems in every aspect of cost-of-service and rate design. The Company proposes the moratorium in order to prevent further growth in the class until the class is paying fullcost rates, and until rate-design issues have been resolved. Mr. Oliver, in particular, seems to misunderstand the Company's proposal.

Q. Will current TS customers using less than 35,000 Dth per year be forced out of the TS rate class, as Mr. Oliver suggests?

A. No. If an existing TS customer uses less than 35,000 Dth/year, that customer will be
grandfathered into the TS class and will continue to pay for the gas they use.

Q. Will the 35,000 dth minimum create a minimum bill for TS customers that use less than 35,000 Dth per year, as Mr. Oliver fears?

A. No. Again, existing TS customers would be permitted to remain in the TS class, and to pay for only the gas they use. If that customer uses 15,000 Dth/year, they will be billed for 15,000 Dth. The Company simply proposes to limit the influx of new customers into the class. The Company cannot resolve the cost-of-service and rate-design issues associated with the TS class if the data for the class is constantly changing. The Company's proposal would simply limit entry of new low-use customers until that work can be completed.

Q. Does this usage requirement protect customers that are considering moving to the TSclass?

A. Yes. As Mr. Oliver discusses in lines 86-90 of his testimony, TS customers enter into gas supply contracts that may involve multiple-year gas purchase commitments and switching from the TS class back to a sales class could result in significant economic penalties.
Imposing a moratorium while the rates are transitioning to full-cost and rate designs are being resolved will provide these customers time to plan to avoid penalties in the future. The Company's measured approach will give customers greater clarity and transparency, as well as better information upon which to make those kinds of economic decisions in the future.

Q. In Mr. Oliver's testimony, he states: "The imposition of that minimum usage requirement is expected, if not specifically intended, to cause a "mass migration from TS back to sales service." Oliver Direct, Lines 203 to 205. He also added emphasis on the words "mass migration." Is this statement accurate?

Absolutely not. In fact, as I previously testified, the Company's approach is also designed to 286 A. avoid mass migration in either direction. Mr. Oliver's reference to slide 9 in the Company's 287 September 12th Technical Conference simply misstates what I presented on that day. Slide 9 288 shows three options for rate design with pros and cons under each of the options. One option 289 was to "split class or optimize rates in next rate case." The second option was to "use 290 optimized rate design now." The third option was to "split [the] class now." The Company 291 proposal was the first option – to split the class or optimize rates in the next rate case. None 292 of the bullets under that option say it will cause or is intended to cause a mass migration. 293 294 That bullet is under the second option – to use optimized rate design now. This option, 295 which neither the Company nor any intervening party is proposing, is the only option that the 296 Company expects could cause a mass migration. This is one of the reasons the Company 297 decided not to use the optimized rates in the first place. The green box on the slide that says 298 "35,000 Dth Minimum" was only meant to show where the minimum use requirement would 299 be in effect if any of the options were chosen. The Company's proposal, combined with reasonable gradualism, will not result in a mass migration of customers from the TS class tothe GS class.

302 Q. Is Dominion Energy trying to get TS customers to move back to the sales classes?

A. No. As I explained in lines 384-387 of my direct testimony, the Company is indifferent on
 which class these customers are in. However, the Company is sensitive to the costs paid by
 each class. The important issue is that inter-class subsidies need to be eliminated by having
 each class of customers pay for the costs it causes.

307 Q. Mr. Oliver further suggests that the proposed 35,000 Dth/year moratorium is
308 "discriminatory". How did the Company determine that 35,000 dth/year was an
309 appropriate level for the moratorium?

- A. I describe how the 35,000 Dth level was determined in lines 637-653 of my testimony.
 There is nothing discriminatory about how the moratorium level was determined or would
 function. Usage levels are a regular part of the rate-making process.
- 313

B. Use of Cost Curves and Proposed Block Breaks

314 Q. Did you use cost curves to calculate the proposal in the GS class?

I used the cost curves for the GS class only. Unlike the TS class, the GS class has a 315 A. 316 consistent customer base with most customers using natural gas for space heating purposes. 317 These customers have similar load profiles, so the biggest difference between these customers is their usage. Different levels of usage can be accounted for in rate design using 318 319 declining rate blocks. I discuss the GS class later in discussing splitting the class, but for rate 320 design purposes, the cost curve analysis discussed in my direct testimony used reliable data 321 and robust analysis. Though these curves showed an optimal block break at 8 Dth, the 322 Company has proposed to move only part of the way in this rate case by setting the break at 323 30 Dth.

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Q. Mr. Daniel is concerned that changing to a 30 Dth block break will change if TS customers move to the GS class. Would the movement of TS customers back to the GS class have a significant impact on the cost curves?

A. No. The GS class has more than 1 million customers in it, including large customers. This large base leads to stability in rates. Adding several hundred customers is unlikely to influence the rate design very much, if at all. It should also be noted that the 30 Dth block break was NOT the optimal block break. The optimal break was at 8 Dth. Moving gradually, only part of the way to the optimal break, leaves plenty of room for any changes that might happen in the class over the next three years. The Company's proposal protects against Mr. Daniel's concern.

334 Q. Are the cost curves used to determine the summer/winter rate differential in the GS 335 class?

A. No. To clarify this for Mr. Daniel, the summer/winter differential is used to collect demand
charges for the class. In transportation classes, the Company uses customer-specific
information to assess a volumetric demand charge, but the Company does not have this level
of information for the sales customers, so a summer/winter rate differential is used instead.
The differential is calculated by determining the demand costs for the class and dividing
those costs by the winter Dth for the class. This differential is calculated in DEU Exhibit
4.18 in the "Sum-Win & Demand Charge" tab.

343 Q. Did you use cost curves to calculate the proposal in the TS class?

A. No. The TS class has the same rate design as it has for the last six years. The Company's rate design proposal for this case was simply to percentage-increase the existing rates for this class. The Company did provide ANGC with the cost curve calculation as asked for in a data request. Mr. Oliver analyzed and discussed those calculations, but to be very clear, they were not used in the Company's rate design proposal for the TS class.

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C. Splitting the TS and GS classes

350 Q. Some parties have proposed to split the GS class into residential/commercial, or some 351 size-based groups. Does the Company support this approach?

No. While this may be a new issue to some of the witnesses in this case, it is not a new issue 352 Α. for the Utah Division of Public Utilities (DPU), the Office of Consumer Services (OCS) or 353 354 the Utah Association of Energy Users (UAE). In fact, the Company, the DPU, the OCS and 355 the UAE have participated in multiple working groups in the past to analyze this very issue, and none have resulted in splitting the GS class. There are several reasons the Company 356 continues to include residential and commercial customers in one class. First, no matter the 357 358 size of the customer, GS customers are using natural gas for space heat. This means they all 359 have a similar load profile. The only real difference between a customer with low usage and a customer with high usage is the usage itself. The Company can ensure customers are 360 361 paying their share through declining block breaks. Second, large customer classes have more 362 stability in rates. Having a large customer base makes a class less-susceptible to changes in 363 customer counts and rate changes. The current issues in the TS class evidence what can 364 happen to a small class when changes occur. The GS class, on the other hand, has not been impacted severely by customers leaving. Finally, there are challenges to splitting the 365 366 customers in the GS class into separate classes. One proposal that often comes up is a residential/commercial split. This is a challenge because some residences use as much gas as 367 a commercial building. Other residences, such as a home office are used for commercial 368 369 purposes. There is also the challenge of classifying a building such as a nursing home or an 370 apartment complex. These buildings are used for residential purposes but can be classified as 371 commercial buildings. If, instead of a residential/commercial split, one would prefer a 372 volumetric split, the Company already uses declining block rates, which accurately charge 373 customers of different sizes so long as the blocks are set at appropriate intervals. For these 374 reasons, the current classification of customers in the GS class is appropriate.

375 Q. Does the TS class need to be split into large and small customer classes?

A. It is certainly worth considering and analyzing. Unlike the GS class, customers in the TS
class differ drastically in size as well as load profile. Given the phased approach I

recommend moving the TS class to full cost, there could be some customers moving from TS 378 back to sales service classes over the next few years. This movement could change the 379 makeup of the class still further. As I testified in my direct testimony, the best approach is to 380 move the TS class to full cost of service, let the class makeup stabilize, and then conduct 381 analysis about the best rate design given the makeup of the class. The first step is to 382 383 implement a moratorium that prevents customers from joining the TS class unless they use 384 over 35,000 Dth/year. The second step is to move the TS class to full-cost rates. The third step would be to address the rate design in the next general rate case when rates are at full 385 cost, and the TS class makeup is better established, and accurate data is available. At that 386 387 time, the Company and interested parties could effectively evaluate options for TS Class rate design, as well as possibly splitting the TS class. 388

389

D. Administrative Charge

390 Q. Is the Administrative Charge a cost-based fee?

A. Yes. The calculation of the administrative charge was included in my testimony as DEU
Exhibit 4.12 and showed that the cost per customer was \$3,098. The Company rounded this
cost down to \$3,000.

394 Q. Were there any errors in this calculation?

A. Yes. The calculation originally included costs associated with software that is used by the gas supply department but is not used specifically to manage nominations by transportation customers. I have attached DEU Exhibit 4.01R which shows the corrected calculation of the administrative charge. The corrected exhibit shows that the new administrative charge is \$2,980, which the Company would round up to \$3,000. In other words, the correction was immaterial and does not have any impact on the proposed cost-based administrative charge.

401 Q. Mr. Oliver complains that Dominion Energy's affiliates do not have similar charges 402 and that, therefore, Dominion Energy Utah should not have such a charge. Do you 403 agree?

- A. No. Dominion Energy's affiliates are distinct entities with different business structures and
 completely different rate designs. Suggesting that simply because two companies are
 affiliated, means that they have identical rate designs is unfounded and contrary to the data.
 In DEU's case, if DEU eliminated the administrative charge, the Company would need to
 collect those costs some other way. Removing the administrative charge would simply result
 in an increase somewhere else in the rate design.
- 410

E. Peak Hour Charge

411 Q. ANGC proposed they not pay for peak hour services in the SNG rate. Do you agree?

412 A. For customers who use natural gas for space and water heat, there is a mismatch between 413 when that gas is used and how the gas is delivered. As a result, Dominion has purchased 414 peak hour contracts to allow it to bring excess gas over nominated amounts during peak 415 hours to serve all customers. Transportation customers may not believe they use this service 416 but if they have an uneven load profile during the day with a peak that occurs in the morning 417 they are using this service. They should be required to pay for services they use. Further, the penalties and procedures mentioned by Mr. Oliver are imposed for different reasons than 418 419 what the peak hour charges cover.

420 Q. Will transportation customers benefit from the Company's LNG facility, as Mr. Daniel 421 suggests on line 182 of his Direct Testimony?

A. No. The LNG facility is being built to provide system reliability for firm sales customers
only. If the Company needs to use the LNG facility to meet system needs, it may be
curtailing interruptible customers at the same time. Transportation customers also may be
placed on a hold burn to scheduled quantity restriction during its use.

426		IV. OTHER ISSUES
427		A. Timing of TS Customer Enrollment
428	Q.	Mr. Chisolm and Mr. Oliver both argue that customers should be permitted to join the
429		TS class at any time during the year, or that there should be rolling enrollment. Do you
430		agree?
431	Α.	No, for several reasons. First, the Company is responsible to procure gas supply for its sales
432		customers. In the early spring of each year, the Company conducts a request for proposal for
433		supplies necessary to serve those customers. It needs to know how much gas to plan to
434		purchase. When large numbers of higher-use GS customers change to the TS rate schedule,
435		as they have in recent years, it can have an impact on gas supply decisions. Rolling
436		enrollment or open enrollment in the TS class would impair the Company's ability to plan for
437		the heating season and could result in increased costs to sales customers.
438		In addition, when a customer joins the TS rate class, a number of events must occur prior to
439		them taking service. The customer must execute a contract with the Company and install AC
440		power at the meter location that meets standards required by the Company. Once this is
441		complete the Company can install telemetry equipment. Then, internal processes by billing,
442		measurement, and nomination personnel need to take place before the customer can flow as a
443		transportation service customer. Having all of these steps occur at a predictable time
444		eliminates confusion and allows for a more manageable process.
445		Finally, the Company must also know how much supply it will need in the coming heating
446		season in order to complete a forecast of Wexpro production. Since Wexpro production
447		supplied to the Company is capped based on a percentage of total gas supplied, Wexpro
448		needs to know sales forecasts early in the year to adjust production and drilling plans.
449		Having this information spread throughout the year could cause serious problems for both
450		gas purchases and Wexpro production.

451 Allowing open or rolling enrollment in the TS class would impair the Company's ability to 452 make gas purchases, manage Wexpro production, and provide service to TS customers under

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- 453 the terms of the Company's Tariff. It could also result in increased costs to other customers. 454 Therefore, the Commission should reject ANGC's proposal. 455 **B.** Current Revenue 456 Do you have any clarification regarding Mr. Higgins' comments on the presentation of Q. 457 revenue? 458 Yes. Mr. Higgins points out that the Company uses different revenues for its presentation of А. 459 revenue requirement, cost-of-service, and rate design. Each of these uses a different revenue 460 figure because each is calculating something different. This is complicated by the 461 Company's proposed change to the normal heating degree days ("NHDD") used to determine 462 sales. The revenue presented in the revenue requirement is used to calculate the deficiency 463 from the current rates. Therefore, this must use the NHDD currently approved by the 464 Commission. Otherwise it wouldn't be a current revenue forecast. In the rate design 465 process, the Company is proposing to change from 30-year NHDD to 20-year NHDD. Since 466 this change does affect the volumes being forecast, the Company provided different scenarios in DEU Exhibit 4.18 showing the effect of the different volumes. These scenarios are 467 468 explained more in my direct testimony, lines 866-876. The revenue on the cost-of-service 469 summary is based on existing rates but also includes revenue growth in the infrastructure 470 tracker that would occur in 2019 and 2020. While this undoubtedly adds confusion to the 471 process, the Company believes that each of these needs to be included in the ratemaking 472 process. The rates are calculated correctly to collect the overall revenue requirement.
- 473

C. Changes to the MT and IS Classes

474 Q. Mr. Oliver complains about charges that apply to the TS class but aren't applied to the
475 MT class. Should this class be charged for administrative charges and demand
476 charges?

A. These charges could be assessed to the MT customer, but it would not make any difference in
the amount collected from that customer. The MT class is one customer, a municipality, that
receives natural gas from Dominion Energy's distribution system. As the Company told the
ANGC in its response to Data Request ANGC 4.02, "The gas that is purchased on the MT

rate is used to provide gas to a municipality. Once the gas goes through the meter, Dominion 481 Energy is not aware of the end-use of the gas. Therefore, there would be no basis on which 482 to assess this customer a demand charge. It is important to note that if a demand charge were 483 to be charged, it would reduce the volumetric rates so that the total revenue collected from 484 the class would remain the same." The same explanation is true for the administrative 485 486 charge. If the Company were to assess an administrative charge, the one MT customer would 487 still need to pay the same amount to cover its share of the revenue requirement. If the 488 Commission were to order that the MT customer be charged these fees, the Company would 489 do so, but again, it would not change the amount paid by that customer.

490

D. Open Markets and Competition

Q. Do you agree with Mr. Chisolm's assertion that the Company is trying to stifle competition?

493 No. The Company goes to great lengths to ensure that all its rates and polices are determined Α. 494 using cost-based approaches that are frequently subject to regulatory scrutiny. This is the 495 case for the costs paid to Wexpro to acquire gas, the costs of the equipment required to serve 496 transportation customers, administration charges, demand charges, and other rate design 497 issues. Many of these issues are the results of decades of regulatory negotiations and good-498 faith collaborations that happened long before ANGC existed. For ANGC to make simple 499 comparisons to other states and claim these policies and rates are anti-competitive 500 completely ignores the important history that resulted in these polices, rates, and agreements, 501 and the specific nature of DEU's system.

502

E. Electronic Model

503 Q. Have you included a new model with your changes to cost of service and rate design?

A. Yes. Attached as DEU Exhibit 4.02R is a copy of the model filed by Jordan Stephenson in
his rebuttal testimony. This model shows the cost of service and rate design with the
following changes.

- 507 1. Allocator 230 (weighted design day/throughput) was changed from a 60/40 weighting to a
 508 68/32 weighting.
- 509 2. I have added tabs that calculate the three gradual increases to the classes. These are 510 shown on the purple tabs in the cost-of-service and rate design sections of the model.
- 511 Q. Does this conclude your testimony?
- 512 A. Yes.

State of Utah)) ss. County of Salt Lake)

I, Austin C. Summers, 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. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

Austin C. Summers

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



Notary Public