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

REBUTTAL TESTIMONY OF

AUSTIN C. SUMMERS

FOR

DOMINION ENERGY UTAH

October 13, 2022

DEU Exhibit 4.0R – Phase II

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I. INTRODUCTION

Q. Please state your name and business address.

A. Austin C. Summers, 333 South State Street, Salt Lake City, Utah 84111.

Q. Did you file direct testimony in this docket?

A. Yes. I submitted direct testimony on behalf of Questar Gas Company dba Dominion Energy Utah ("DEU", "Dominion Energy" or "Company").

Q. What is the purpose of your rebuttal testimony in this Docket?

A. The purpose of my rebuttal testimony is to address certain issues raised in the direct testimonies filed by Mr. Abdulle, Mr. Daniel, Mr. Higgins, Mr. Mullins, and Mr. Collins in this matter.

Q. What general areas does your testimony address?

A. My testimony explains why the cost-of-service and rate design proposals in my direct testimony continue to be the best options proposed in this case. I address the proposed changes to the allocation factors used in the class cost of service ("CCOS") studies. I also address the gradualism proposals made by Mr. Daniel, Mr. Abdulle, Mr. Higgins, and Mr. Collins. With regard to rate design, I address the split of the current TS class, and the volumetric rate proposals of Mr. Higgins.

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

A. No. My overall approach remains the same, but I do recommend two minor changes to my approach. First, I recommend an adjustment to the allocation of LNG plant. This adjustment is similar to what Mr. Higgins proposed, but is modified for accuracy as I explain below. I also accept some minor rate adjustments proposed by Mr. Higgins. I also indicate that a gradual approach to the proposed rate changes is reasonable. The parties in

this case have proposed varied methods and calculations for CCOS. However, with the exception of the Utah Division of Public Utilities ("DPU"), which doesn't represent a particular class of customers, the other parties in this case have chosen a method that directly benefits the specific customers of the class they represent. The Company does not stand to gain financially as a result of the CCOS process and believes its CCOS proposal is a fair compromise for all customer classes.

II. COST-OF-SERVICE ALLOCATORS

A. Design-Day Allocation Factor

Q. Do the other parties propose changes to the Design-Day Allocation Factor?

A. Some did propose changes, while others accepted the Company's proposal to continue the Design Day Allocation Factor. Specifically, Mr. Abdulle and Mr. Daniel proposed some form of peak-day calculation while the rest of the witnesses support the Company's use of design-day with no modifications to the calculations.

Q. What changes do Mr. Abdulle and Mr. Daniel recommend to the Design-Day allocation factor?

A. Mr. Abdulle proposes a 3-year average of actual peak days because he claims that will smooth out some variability from year to year. He states that a design-day rarely happens and that, "It is useful for designing the system but inadequate for allocating costs according to actual system *usage* and benefits." Abdulle at lines 126-128 (emphasis added).

Mr. Daniel proposes to use the Peak-Day allocation factor that was included as DEU Exhibit 4.06. This is the estimate that was developed during the task force in Docket No. 20-057-11. He states that "peak-day demand is more current and is a better representation of how DEU's system is actually being *used* by ratepayers." Daniel at 161-163 (emphasis added).

Q. Should costs of a system be allocated based on how they are used or based on how they are designed?

A. With regard to those assets at issue, the Design-Day factor should be used. The cost allocation under consideration includes costs associated with feeder line mains, compressor stations, and measuring/regulation stations. The *costs* associated with these assets are the costs to install them. When considering the principle of cost causation, consideration should be given to why the asset cost what it did. These assets are designed and installed to meet customer demand on a design day and therefore, the *costs* have design-day capacity built into them.

Q. Does "using" the system have any impact on the original cost of an asset?

A. No. After an asset is installed, its cost and its designed purpose do not change. I'd like to draw an analogy. Consider a person buying a new vehicle. The vehicle will be used most days by that one person for a commute to work, but on weekends it will be used to drive transport seven children to soccer games. The vehicle that is chosen needs to be "designed" to seat the driver plus seven kids. As such, the *cost* of the vehicle will be the cost to accommodate use by eight people, regardless of whether it's driving one person every day of the week, or eight people on a Saturday. Assume now that the owner is charging the parents of the children to ride to practice. Using the Peak-Day allocation proposals by the DPU and the OCS is like saying that, if children do not show up to practice, the parents paying for the car do not need to pay the total original price of the car, even though the car size was chosen to accommodate them. My proposal, on the other hand, assumes that seven children may need a seat each week and, as such, a paid seat is there for them, even if a child may miss a practice.

Q. Are you giving any consideration to how these assets are *used* by customers outside of a Design-Day?

A. Yes. The costs of the assets I listed are not allocated on the Design-Day factor alone. In fact, the Design-Day factor, by itself, is not used to allocate any assets or O&M expenses. The Design-Day factor is combined with the Throughput factor so that these assets are

allocated using 60% Design-Day and 40% on how the system is *used* the rest of the year (throughput). In the vehicle example above, including throughput (use of the system) ensures that the person who is using the vehicle to commute every day still pays a portion for the benefit of using it every day. This concept will be discussed in more detail later in my testimony when I address the 60/40 weighting of Design-Day and Throughput, but to reiterate the point, The Company's proposal *does consider* how customers are *using* the system by blending the Throughput factor (how the system is used) with the Design-Day factor (how the system was designed).

Q. Why isn't the Peak-Day approach a good substitute for the Design-Day?

A. In addition to those reasons set forth in my direct testimony, the Peak-Day is a poor approach to allocating costs because it does not effectively match the causes of the costs with those who are paying for them. Returning to my analogy, a vehicle can seat eight people, even if it has only ever transported seven people. The *cost* of the vehicle is based on the need to seat eight (Design-Day) so it should not be allocated based on a lower number representing actual usage (Peak-Day). Design-Day is a better implementation of the principle of cost causation.

Q. Does the National Association of Regulated Utility Commissions ("NARUC") provide an example of demand allocation set on Design-Day demand?

A. Yes. NARUC's *Gas Distribution Rate Design Manual*, published in June of 1989, includes a sample CCOS with a demand cost allocation factor that is derived from Design-Day demand. As explained on page 31 of the manual: "The Peak Day Demand (Allocation Factor 100) is the computed quantity of gas which would be supplied on a day when the mean temperature of the utility's service territory is 5 degrees Fahrenheit (the coldest day in 20 years for this particular system)…" It is noteworthy that NARUC itself demonstrated a demand allocation using an estimated Design Day demand.

Q. Do you agree with Mr. Abdulle's proposal to use a three-year average of peak-day to increase consistency from one period to another?

A. No. The calculation Mr. Abdulle proposes uses a time period of 2019-2021. Using the average of those three years will certainly increase consistency for those three years, but it will not necessarily be consistent from one rate case to another. The charts below show the allocation of costs in this general rate case using a calculation of a Peak-Day from 2016-2018 and another using Peak-Day data from 2019-2021. Comparing the GS class using the two different time periods shows a difference of nearly $8 million. This is not a large change for the GS class, but the same $8 million is also changed in the transportation classes, where $8 million makes a big difference in cost allocation. Utilizing Mr. Abdullah's approach creates significant inconsistency from one three-year period to the next. When the allocator is based on a cold day instead of a design day, the allocation factor will change depending on how cold the day actually is.

16-18 Avg Peak Day

Customer Class	Rev to be collected	$ Increase/ Decrease	% Increase/ Decrease
GS	441,222,820	57,710,648	14.68%
FS	4,167,723	1,342,954	46.49%
IS	634,392	366,065	132.92%
TSS	10,510,120	(3,738,103)	-25.88%
TSM	16,059,568	2,082,838	14.64%
TSL	20,358,480	9,112,013	79.06%
TBF	4,597,439	(122,515)	-2.53%
NGV	3,160,819	554,956	21.17%
Total	500,711,361	67,308,857	15.16%

19-21 Avg Peak Day

Customer Class	Rev to be collected	$ Increase/ Decrease	% Increase/ Decrease
GS	433,337,007	49,898,352	12.70%
FS	4,162,340	1,337,658	46.31%
IS	436,908	170,371	62.66%
TSS	12,284,514	(1,979,632)	-13.68%
TSM	18,521,673	4,522,880	31.69%
TSL	23,783,588	12,506,452	107.94%
TBF	5,045,971	319,125	6.57%
NGV	3,139,360	533,651	20.36%
Total	500,711,361	67,308,857	15.16%

B. 60% Design Day 40% Throughput

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

A. Yes. Dominion Energy filed this case using a blended allocator that was ordered in the Company's last general rate case. Specifically, the Company allocated 60% of the cost of feeder lines and other core assets using a Design Day allocator, while the other 40% is allocated using a normal throughput allocator. This 60/40 blend acknowledges that these assets are used for both Peak-Day conditions, as well as normal throughput every day of the year.

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

A. Yes. The intervening parties proposed a variety of Design Day/Throughput factor weighting approaches, including ratios of 52/48, 54/46, 67.5/32.5, and 100/0. Each of these approaches would produce vastly different cost allocation results.

Q. Please summarize the positions of the other parties on this allocation factor.

A. Mr. Higgins proposes to use the system load factor as an approximation for average throughput. Since the system load factor is about 32.5%, he proposes that the allocator change from 60 percent Design Day and 40 percent throughput to 67.5/32.5. This proposal does shift some costs away from the large customers Mr. Higgins represents but it isn't as severe as the proposal by Mr. Collins and Mr. Mullins. This proposal does address the fact that large customers are using the system and should pay for some of the costs.

The comments by Mr. Collins and Mr. Mullins provide intriguing explanations of the relationship between how a system is designed and the costs of the system. Mr. Collins also included a good discussion regarding how the system benefits from having high load factor customers. However, the proposal of allocating costs 100% on demand ignores the fact that the high load factor customers are indeed using the system. This proposal would place a lot of costs on residential customers and others with a low load factor.

Mr. Abdulle included several options in his testimony with a preference on a blended factor of 54 percent Design Day/46 percent throughput that utilizes a different calculation of what the system load factor is. Since he uses the coldest day of the year as a proxy for a Design Day, his proposed allocation factor assigns more costs to industrial customers than the Company's proposal would.

Mr. Daniel also proposed a blended factor based on using a Peak-Day input instead of the Design-Day allocation factor proposed by the Company. This difference results in a proposed weighting of 52 percent Design-Day/48 percent Throughput. Since more of the costs are being allocated based on throughput, it places more costs on industrial customers, relative to the Company's proposal.

Q. What do the differences in these proposals show?

A. A comparison of these options makes clear that the Company's proposal is reasonable. Three of the parties proposed a version of the "Average and Peak" method with drastically different results. These results give weight to the reasonableness of the Company's proposal, which falls squarely between the results the other parties have proposed.

Of all the proposals, the one offered by Mr. Higgins carries the most analytical weight. Mr. Higgins could have joined other witnesses in choosing a calculation that heavily favors the large TS customers, but instead, he chose to offer a proposal in which he acknowledges that the system is used to meet customer needs (including TS customer needs) on a design day, and that customers with a high load factor are still using the system during the rest of the year and should be allocated some costs for that use by including throughput in the allocation. In this respect, I view his proposal as the most reasonable alternative to the Company's proposal.

Q. Why are Lakeside volumes not included in the system load factor?

A. Lakeside has a special contract with the Company. The Company excludes the volumes, the revenue, and every other component of that contract from the cost allocation process. It has done so because, including any of those components skews the costs that are being allocated or the revenues that need to be collected from a group of customers.

Q. How much difference does it make in the overall cost-of-service results when the weighting options from other parties are used?

A. The tables below were calculated using the revenue requirement provided as DEU Exhibit 3.36R in Mr. Stephenson's rebuttal testimony. The tables show the COS results using the Company's proposal of the blended factor and the proposals of the other parties.

DEU 60% Design Day/40% Throughput

Customer Class	Allocation %	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	74.8%	439,428,952	55,950,096	14.24%
FS	1.2%	4,062,908	1,240,058	42.99%
IS	0.1%	243,188	(21,644)	-8.06%
TSS	4.3%	12,404,619	(1,862,311)	-12.86%
TSM	6.3%	16,718,806	2,733,962	19.19%
TSL	8.3%	18,353,209	7,123,470	61.98%
TBF	4.9%	6,376,958	1,628,240	33.21%
NGV	0.1%	3,122,722	516,985	19.72%
Total	100%	500,711,361	67,308,857	15.16%

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DPU (Abdulle) 54% Avg Peak Day/46% Throughput

Customer Class	Allocation %	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	72.2%	433,656,821	50,236,583	12.79%
FS	1.3%	4,259,564	1,434,422	49.64%
IS	0.1%	398,728	132,152	48.52%
TSS	4.2%	12,180,031	(2,084,726)	-14.40%
TSM	7.1%	18,318,025	4,314,802	30.20%
TSL	10.8%	23,331,869	12,045,784	103.71%
TBF	4.1%	5,438,002	707,329	14.55%
NGV	0.1%	3,128,321	522,513	19.93%
Total	100%	500,711,361	67,308,857	15.16%

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OCS (Daniel) 51.9% Peak Day/48.1% Throughput

Customer Class	Allocation %	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	71.6%	432,386,613	48,981,028	12.47%
FS	1.3%	4,267,865	1,442,639	49.92%
IS	0.1%	311,018	45,424	16.82%
TSS	4.3%	12,391,356	(1,875,739)	-12.95%
TSM	7.3%	18,723,955	4,716,238	32.99%
TSL	11.1%	23,984,207	12,690,900	109.11%
TBF	4.2%	5,514,329	782,196	16.08%
NGV	0.1%	3,132,019	526,171	20.07%
Total	100%	500,711,361	67,308,857	15.16%

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UAE (Higgins) 67.5% Design Day/32.5% Throughput

Customer Class	Allocation %	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	76.1%	441,893,108	58,386,167	14.85%
FS	1.2%	3,989,536	1,167,491	40.49%
IS	0.1%	219,465	(45,103)	-16.83%
TSS	4.3%	12,363,916	(1,902,600)	-13.14%
TSM	5.9%	16,059,460	2,081,895	14.63%
TSL	7.5%	16,808,799	5,596,167	48.84%
TBF	4.8%	6,269,675	1,523,006	31.09%
NGV	0.1%	3,107,403	501,835	19.15%
Total	100%	500,711,361	67,308,857	15.16%

FEA & Nucor (Collins & Mullins) 100% Design Day/0% Throughput

Customer Class	Allocation %	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	81.5%	452,549,124	68,920,483	17.52%
FS	1.0%	3,672,281	853,722	29.68%
IS	0.0%	116,888	(146,539)	-55.15%
TSS	4.2%	12,187,955	(2,076,768)	-14.35%
TSM	4.5%	13,208,456	(737,570)	-5.21%
TSL	4.2%	10,130,717	(1,007,790)	-8.91%
TBF	4.4%	5,804,781	1,066,994	21.86%
NGV	0.1%	3,041,159	436,326	16.66%
Total	100%	500,711,361	67,308,857	15.16%

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

A. I recommend that the Company continue to use the 60 percent Design Day/ 40 percent throughput ratio that the Utah Public Service Commission ("Commission") ordered in Docket No. 19-057-02. As I described above, most of the approaches have significant shortcomings that result in unjust rates. While Mr. Higgins' proposal is reasonable, there is insufficient rationale to deviate from the methodology that the Company has been using. Indeed, that methodology has effectively, and fairly, allocated costs to those customers who cause them.

C. Allocation of Large Diameter Mains

Q. How does the Company currently allocate large-diameter mains?

A. As I described in lines 252-262 of my direct testimony, the Company uses the Distribution Throughput factor to allocate large-diameter main lines.

Q. Did other parties propose any changes to the allocation of large-diameter mains?

A. Mr. Higgins and Mr. Collins both recommended some changes to the allocation of large-diameter mains. Mr. Higgins proposes that these mains be allocated using the same 67.5/32.5 ratio of Design-Day/Throughput that he uses to allocate feeder lines. Mr. Collins proposes that the distribution main lines and feeder lines be allocated based 100% on demand.

Q. Do these options result in a significant difference in the overall cost-of-service results?

A. Yes. I calculated the tables below using the revenue requirement provided as DEU Exhibit 3.36R to Mr. Stephenson's rebuttal testimony. The tables compare the COS results of the Company's proposal of allocating large diameter mains, with those resulting from Mr. Higgins' and Mr. Collins' proposals.

DEU - Distribution Throughput

Customer Class	Allocation %	LD Mains	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	81.2%	100,916,899	439,428,952	55,950,096	14.24%
FS	1.8%	2,177,781	4,062,908	1,240,058	42.99%
IS	0.2%	238,763	243,188	(21,644)	-8.06%
TSS	5.5%	6,836,807	12,404,619	(1,862,311)	-12.86%
TSM	7.6%	9,441,360	16,718,806	2,733,962	19.19%
TSL	2.5%	3,106,440	18,353,209	7,123,470	61.98%
TBF	1.1%	1,362,972	6,376,958	1,628,240	33.21%
NGV	0.2%	261,541	3,122,722	516,985	19.72%
Total	100%	124,342,563	500,711,361	67,308,857	15.16%

UAE (Higgins) - 67.5% Design Day/32.5% Throughput

Customer Class	Allocation %	LD Mains	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	76.1%	94,600,968	441,123,219	57,616,279	14.66%
FS	1.2%	1,460,170	3,878,685	1,056,640	36.66%
IS	0.1%	63,339	191,628	(72,939)	-27.24%
TSS	4.3%	5,357,492	12,141,314	(2,125,202)	-14.68%
TSM	5.9%	7,388,787	15,750,484	1,772,919	12.46%
TSL	7.5%	9,360,658	17,830,469	6,617,837	57.71%
TBF	4.8%	5,987,420	6,709,841	1,963,172	40.02%
NGV	0.1%	123,730	3,085,721	480,153	18.32%
Total	100%	124,342,563	500,711,361	67,308,857	15.16%

FEA (Collins) - 100% Design Day/0% Throughput

Customer Class	Allocation %	LD Mains	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	81.5%	101,356,187	452,846,168	69,217,527	17.60%
FS	1.0%	1,266,706	3,529,716	711,156	24.74%
IS	0.0%	-	78,784	(184,643)	-69.58%
TSS	4.2%	5,257,951	11,947,757	(2,316,966)	-16.01%
TSM	4.5%	5,638,131	12,614,120	(1,331,905)	-9.40%
TSL	4.2%	5,246,195	10,483,948	(654,560)	-5.78%
TBF	4.4%	5,494,424	6,198,022	1,460,235	29.87%
NGV	0.1%	82,970	3,012,847	408,013	15.58%
Total	100%	124,342,563	500,711,361	67,308,857	15.16%

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

A. As I discussed in lines 251-262 of my direct testimony, the Company's proposed use of the Distribution Throughput Factor is superior. Nothing Mr. Higgins and Mr. Collins offer suggest that their alternatives are better approaches. The Company has applied the allocation of large diameter mains consistently using the distribution throughput for many years. There is no compelling reason to change that now.

D. General Plant Depreciation Allocation

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 states, "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 268-270.

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.

Q. What is the result of changing this allocation factor?

A. Using Mr. Daniel's proposed allocation factor would shift $889,876 to the NGV class. The table below was calculated using the revenue requirement provided as DEU Exhibit 3.36R from Mr. Stephenson's rebuttal testimony. The tables compare the CCOS results of the Company's proposal and Mr. Daniel's proposal. The Company's original proposal to allocate depreciation expense for general plant using the gross plant factor is consistent with prior rate cases, and is still appropriate.

DEU -Gross Plant

Customer Class	Allocation %	General Depreciation Expense	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	87.67%	14,774,507	439,428,952	55,950,096	14.24%
FS	0.81%	136,891	4,062,908	1,240,058	42.99%
IS	0.04%	7,354	243,188	(21,644)	-8.06%
TSS	2.36%	398,020	12,404,619	(1,862,311)	-12.86%
TSM	3.30%	555,588	16,718,806	2,733,962	19.19%
TSL	3.60%	606,716	18,353,209	7,123,470	61.98%
TBF	2.16%	364,515	6,376,958	1,628,240	33.21%
NGV	0.05%	9,209	3,122,722	516,985	19.72%
Total	100.00%	16,852,800	500,711,361	67,308,857	15.16%

OCS

Customer Class	Allocation %	General Depreciation Expense	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	83.04%	13,993,944	438,640,769	55,161,913	14.03%
FS	0.77%	129,659	4,055,563	1,232,714	42.73%
IS	0.04%	6,965	242,793	(22,038)	-8.21%
TSS	2.24%	376,991	12,383,198	(1,883,731)	-13.01%
TSM	3.12%	526,235	16,688,886	2,704,043	18.98%
TSL	3.41%	574,662	18,320,418	7,090,680	61.70%
TBF	2.05%	345,257	6,365,380	1,616,662	32.97%
NGV	5.33%	899,085	4,014,353	1,408,615	53.74%
Total	100.00%	16,852,800	500,711,361	67,308,857	15.16%

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

A. If the Commission accepts Mr. Daniel's proposal, the NGV rate would increase from $10.77 to $13.85. 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.

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 to the other classes.

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

A. Yes, but *Utah Code 54-4-13.1. Natural gas vehicle rate – Natural gas clean air programs* allows for this type of arrangement to encourage vehicle owners to use natural gas to fuel their vehicles.

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:

(a) in the public interest; and
(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

Q. Would the NGV rate remain at full cost of service under the Company's proposal?

A. Yes. Under the Company's cost of service allocation proposal, the NGV rate pays its full 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 Mr. Daniel's proposal, then the Company recommends that those costs previously 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.

E. Distribution Depreciation

Q. Which parties discussed the depreciation of distribution assets?

A. Mr. Mullins briefly recommends that "depreciation expenses be calculated for each FERC plant account and allocated using the same allocation factor that is used for underlying FERC Account." Mullins at lines 288-289.

Q. What is the result of changing this allocation factor?

A. The table below were calculated using the revenue requirement provided as DEU Exhibit 3.36R from Mr. Stephenson's rebuttal testimony. The tables show the CCOS results using the Company's proposal of allocating distribution depreciation and the proposal from Mr. Mullins.

DEU -Distribution Gross Plant

Customer Class	Allocation %	Distribution Plant Depreciation Expense	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	87.48%	78,741,340	439,428,952	55,950,096	14.24%
FS	0.78%	706,401	4,062,908	1,240,058	42.99%
IS	0.04%	40,025	243,188	(21,644)	-8.06%
TSS	2.41%	2,166,329	12,404,619	(1,862,311)	-12.86%
TSM	3.36%	3,023,936	16,718,806	2,733,962	19.19%
TSL	3.67%	3,302,223	18,353,209	7,123,470	61.98%
TBF	2.20%	1,983,979	6,376,958	1,628,240	33.21%
NGV	0.05%	45,786	3,122,722	516,985	19.72%
Total	100.00%	90,010,020	500,711,361	67,308,857	15.16%

Nucor - Allocation of Underlying Assets

Customer Class	Allocation %	Distribution Plant Depreciation Expense	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	90.39%	81,356,179	441,960,950	58,482,094	14.88%
FS	0.69%	617,737	3,972,644	1,149,795	39.86%
IS	0.02%	21,060	224,112	(40,719)	-15.17%
TSS	2.36%	2,126,492	12,359,614	(1,907,316)	-13.17%
TSM	2.69%	2,421,405	16,107,708	2,122,865	14.90%
TSL	1.92%	1,730,753	16,768,873	5,539,134	48.20%
TBF	1.89%	1,704,884	6,209,169	1,460,451	29.78%
NGV	0.04%	31,509	3,108,291	502,554	19.17%
Total	100.00%	90,010,020	500,711,361	67,308,857	15.16%

Q. Is Mr. Mullins' approach reasonable?

A. Allocating the deprecation for the assets in the same manner as the underlying assets were allocated could be justified. However, in the Company's proposal, it continues to use the gross plant allocator. The gross plant allocation factor has been consistently used as a reasonable allocation factor for distribution depreciation, is a reasonable allocation methodology, and does not need to be changed.

F. Costs of LNG Facility

Q. Mr. Higgins claims that the Company did not properly identify the costs of the LNG facility so that these costs can be appropriately allocated. Is this correct?

A. The Company properly identified the costs of the LNG facility, but some of the costs of the facility discussed by Mr. Mendenhall were assets classified as main lines, meters, and other appurtenant facilities. These other assets are booked in their respective FERC accounts, not as part of the LNG facility. Table KCH-1 on line 267 of Mr. Higgins' testimony shows that there was $14,177,088 of gross plant that was not allocated to the firm sales customers.

Q. How did Mr. Higgins adjust for this difference in his model?

A. Mr. Higgins increased the LNG-related rate base to be consistent with the amounts shown in Table KCH-1, column (a). He also decreased the non-LNG distribution rate base by reducing the amount of investment in account 378 – Measuring & Regulation Station Equipment.

Q. Is this the appropriate method to make this adjustment?

A. The missing $14,177,088 of appurtenant facilities was not in account 378, but rather was spread between 16 other FERC accounts. DEU Exhibit 4.21R shows the other accounts where LNG assets were closed to. Mr. Higgins' approach was in the right direction, but he mistakenly failed to move investment from the correct accounts.

Q. Was all of the $14,177,088 allocated incorrectly?

A. No. Though the costs were included in the totals of other FERC accounts, most of the costs were still allocated to the GS and FS classes. Of the $14,177,088, only $2,240,846 was allocated to classes outside of the firm sales classes.

Q. Is the Company proposing to make an adjustment for the misclassified investment amounts?

A. Yes. DEU Exhibit 4.21R on the LNG Adjustment tab shows the calculations the Company used to correctly assign this investment to the firm sales customers. This exhibit took the investment in each account and determined how the total was allocated to each class using the allocation factor originally proposed by the Company. The totals on line 21, rows G-L were subtracted from the investment amount of each class and added to the GS and FS classes. The result of these allocations is shown in DEU Exhibit 4.21R, on the "COS Detail TS Split" tab, Excel line 989.

Q. Do the amounts in account 364 (LNG Plant) and 364.1 (LNG Plant – Land) add up to the $218,063,414 shown in Mr. Mendenhall's direct testimony?

A. No. The appurtenant facilities are still in their respective FERC accounts, but the adjustment described above ensures that costs are being allocated to the correct customers.

Q. Mr. Higgins also mentions that the accumulated depreciation and ADIT for the LNG facility was not allocated properly. Do you agree with his claim?

A. As I mention above, the Gross Plant allocator is an appropriate way to allocate accumulated depreciation. However, since the LNG facility is so unique and is intended only for specific customers, it makes sense to use a different technique to allocate the depreciation associated with that facility. The approach Mr. Higgins uses in UAE COS 2.3, pages 1 and

2 is an appropriate way to make this adjustment. Mr. Higgins' approach was used to calculate the CCOS in DEU Exhibit 4.21R.

G. 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. Abdulle and Mr. Daniel both recommend that interruptible customers should be charged for at least a portion of 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.

Q. Do you agree with Mr. Abdulle and Mr. Daniel?

A. No. Interruptible customers should not pay any design-day costs at all. The Company has designed its system to meet the needs of its firm customers. Its system design, gas supply and other planning all presume that interruptible customers will be interrupted on a design day. Moreover, the Interruptible Sales (IS) class of customers is unique from all other classes because those customers are *interruptible.* These customers would be subsidizing costs for facilities to which they would have no access on a Design-Day. Allocating Design-Day costs to interruptible customers would essentially eliminate any difference between the IS class and a firm sales class. There would likely be no reason to have an interruptible class at all. Additionally, if the Company were to interrupt these customers and they failed to comply, they would be assessed penalties.

Also, NARUC has weighed in on this subject. On page 27 of its 1989 NARUC *Gas Distribution Rate Design Manual*, it states: "Generally, interruptible customers would receive no allocation of demand costs under this formula since they should be off the system during the peak period."

Q. Are any customers completely interruptible?

A. There are a few, but most customers pay for at least a portion of their service to be firm. In the IS class, 15 of the 18 customers also have firm service on either the GS or FS rate schedule. In 2021, 23% of total IS demand was billed at a firm sales rate. In the TS class, customers subscribe to firm service through a contracted daily demand and all the volumes they use beyond that are considered to be interruptible. In 2021, 1,052 delivery points had usage. Of those, 30 are 100% interruptible, 880 are 100% firm, and the remaining 142 use both firm and interruptible volumes. Of the total TS volumes used in 2021, only 15% were interruptible. These customers are already paying for a portion of demand costs through the firm sales rate applied to their firm usage.

Q. Does the application of Mr. Abdulle's and Mr. Daniel's recommendations make a difference in the overall cost-of-service results?

A. I calculated the tables below using the revenue requirement provided as DEU Exhibit 3.36R from Mr. Stephenson's the rebuttal testimony. The tables show the CCOS results of the Company's proposal of allocating costs to interruptible customers, as well as the results when using Mr. Abdulle's and Mr. Daniel's proposals.

DEU - Design Day

Customer Class	Allocation %	Design Day Dth	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	81.51%	1,189,838	439,428,952	55,950,096	14.24%
FS	1.02%	14,870	4,062,908	1,240,058	42.99%
IS	0.00%	-	243,188	(21,644)	-8.06%
TSS	4.23%	61,724	12,404,619	(1,862,311)	-12.86%
TSM	4.53%	66,187	16,718,806	2,733,962	19.19%
TSL	4.22%	61,586	18,353,209	7,123,470	61.98%
TBF	4.42%	64,500	6,376,958	1,628,240	33.21%
NGV	0.07%	974	3,122,722	516,985	19.72%
Total	100.00%	1,459,679	500,711,361	67,308,857	15.16%

DPU (Abdulle) - Avg Peak

Customer Class	Allocation %	Avg Peak Day	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	78.53%	807,049	433,656,821	50,236,583	12.79%
FS	1.16%	11,871	4,259,564	1,434,422	49.64%
IS	0.13%	1,304	398,728	132,152	48.52%
TSS	4.02%	41,333	12,180,031	(2,084,726)	-14.40%
TSM	5.57%	57,271	18,318,025	4,314,802	30.20%
TSL	7.75%	79,608	23,331,869	12,045,784	103.71%
TBF	2.79%	28,690	5,438,002	707,329	14.55%
NGV	0.06%	631	3,128,321	522,513	19.93%
Total	100.00%	1,027,757	500,711,361	67,308,857	15.16%

OCS (Daniel) - 25% IS

Customer Class	Allocation %	Peak Day Dth (25% IS)	Net Cost of Service Collected in Rates	$ Increase/ Decrease	% Increase/ Decrease
GS	77.82%	766,846	432,386,613	48,981,028	12.47%
FS	1.15%	11,317	4,267,865	1,442,639	49.92%
IS	0.04%	406	311,018	45,424	16.82%
TSS	4.20%	41,430	12,391,356	(1,875,739)	-12.95%
TSM	5.83%	57,406	18,723,955	4,716,238	32.99%
TSL	8.10%	79,796	23,984,207	12,690,900	109.11%
TBF	2.80%	27,609	5,514,329	782,196	16.08%
NGV	0.06%	597	3,132,019	526,171	20.07%
Total	100.00%	985,405	500,711,361	67,308,857	15.16%

Q. Applying Mr. Abdulle's and Mr. Daniel's proposals increase costs to the IS class by $153,795 and $67,067 respectively. How would you characterize this increase?

A. The reduction to GS customers is so small that it may not be noticeable. 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 $155,541 (Mr. Abdulle's proposal) or $67,830 (Mr. Daniel's proposal) on the IS class revenue requirement. This increase in the IS class represents an increase of 64% for Mr. Abdulle's proposal and 27.89% for Mr. Daniel's proposal. This is a material subsidy of a service the class is not guaranteed. As Mr. Daniel noted in direct testimony, customers in this class have been curtailed in the past, 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.

H. Gradualism

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

A. Yes. Most of the parties discusses gradualism as it relates to the current TS class and the rate increases that were proposed by the Company. Mr. Abdulle did not propose anything specific but did suggest that "If the Commission wishes to take a gradual approach with changes within this [TS] class, it should implement that gradualism by adjusting the rates of the subclasses in a manner that does not affect rates for the other classes." Abdulle at lines 328-331.

Mr. Daniel used the results of his CCOS study, which showed that the TBF class would receive a 46% increase and used that as a cap that all classes would be held to. Daniel at lines 631-634.

Mr. Higgins contends that the "Commission should consider implementing a rate mitigation plan among the new TS classes that would limit the extent of any rate reduction the TSS class while mitigating the increases on TSL and TSM." Higgins at lines 356-358.

Mr. Collins suggested that no class of customers receive an increase more than 1.5 times the system average increase. The system-wide increase will vary depending on the results of the Revenue Requirement. Collins at Page 31, lines 15-16.

Finally, Mr. Mullins did not propose a gradualism approach since his CCOS results did not show any increases to the transportation customers.

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

A. Yes. As long as gradualism is not overly burdensome for the Company to administer, recovers the correct revenue requirement, and results in rates that are reasonably fair, the Company is open to gradualism.

Q. What type of gradual approach would you consider to be administratively burdensome?

A. If the Commission decides the TS class should be split, that split should take effect immediately. It would be burdensome to make gradual approaches to which customers are in which class. Instead, the gradualism should be applied to the rates in the particular classes.

Q. Do any of the proposed gradualism approaches have flaws?

A. Interestingly, none of the parties suggested a specific gradual approach that would end with the three transportation classes paying full-cost rates. Rather, they propose that the increases to any class be limited and have those costs spread to other classes of customers. These are not gradual approaches to all customers paying full-cost rates. Rather they are, as Mr. Higgins calls them, "rate mitigation strategies."

Q. Has the Company had problems with rates that are not full-cost in the past?

A. Yes. The current TS class was not at full-cost rates until the end of 2021. This was a highly-contested issue in each of the Company's recent general rate cases. Dominion Energy sees the value of reducing rate shock but prefers a plan that would ultimately have each customer class paying full-cost rates. Choosing an approach that simply reduces the rate impact to the TSL class could certainly make it more challenging to get that class to full-cost rates later.

Q. Does DEU have a proposal for gradualism?

A. Dominion Energy believes that it has correctly and consistently allocated costs to each class of customers and that those customers should be paying those costs as allocated. If the Commission believes a rate increase for a particular group of customers is too much, then DEU suggests that the Commission consider one of two options. First, the three-step approach that was used in the last general rate case fit the criteria of moving a class to full-cost gradually over time. A similar approach could be applied to the changes in the TS class and would allow all classes of customers to *stay* at full cost. As a second option, if

the Commission believes there is too much cost being allocated to a particular class, the Commission could consider some of the cost allocation options discussed by Mr. Higgins, Mr. Collins, and Mr. Mullins. The Company believes that its own cost allocation approach is appropriate, but the options proposed by these other parties have some logic and would accomplish the objective of limiting the increase while still keeping rates of each class at full-cost.

III. RATE DESIGN

A. Splitting the TS Class

Q. Given the evidence in this case, do you think the TS class needs to be split?

A. Yes. The evidence I introduced in my direct testimony shows that there are differences in the costs to serve small TS customers and large TS customers. Splitting these customers into three classes and performing the Company's CCOS studies shows that there are intra-class subsidies in the existing TS class. The Company's CCOS proposal is consistent with the CCOS allocations that are currently in effect and have been consistently used by the Company for the last several rate cases. Though other parties have proposed CCOS studies that give different results, they still show cost differences between the classes.

B. Calculation of Volumetric Rates

Q. What does Mr. Higgins propose for the rate design in the IS, TSS, and TSL classes?

A. Mr. Higgins shows that the Company's proposal for volumetric rates for these classes were based on an absolute differential between each volumetric block. This means when the overall revenue requirement is reduced, it can produce odd rates, sometimes even rates that are negative. Mr. Higgins proposes that a "reduction in the class volumetric revenue requirement compared to DEU's proposal be applied on an equal percentage basis to each of DEU's proposed volumetric rates for the TSS, TSL, and IS classes." Higgins at lines 413-414.

Q. Have you adopted Mr. Higgins' proposal in your rate design for the IS, TSS, and TSL classes?

A. Yes. This is a reasonable approach that will result in reasonable rates. The rates calculated in the rate design tab of DEU Exhibit 4.21R use this methodology.

Q. What does Mr. Higgins propose for the rate design in the TBF class?

A. Mr. Higgins proposes to link the TBF rates to the rates of the TSL class. He proposes that the volumetric rates would "be calculated by applying an equal percentage discount to the TSL volumetric rate for each block in order to achieve the targeted TBF volumetric revenue requirement." Higgins at lines 412-414.

Q. Have you adopted Mr. Higgins' proposal in your rate design for the TBF class?

A. Yes. The customers in the TSL and TBF classes are very similar in terms of annual usage. The only real difference is that the TBF customers are closer to an interstate pipeline and could bypass the system. The TSL and TBF classes share the same block breaks, which is another similarity. It is important to note that the Company's CCOS studies did calculate a revenue requirement specifically for the customers in the TBF class so the rates that are set need to collect that revenue requirement. Mr. Higgins' proposal accomplishes that objective and links the two similar classes. Therefore, the calculation of TBF rates in the Rate Design tab of DEU Exhibit 4.21R are based on Mr. Higgins' proposal.

IV. OTHER ISSUES

A. Typical Bill Options for GS class

Q. Mr. Abdulle proposes that the Company should do a typical bill calculation for GS customers of different sizes in future filings. Is this necessary?

A. It is not necessary. This doesn't affect the calculation of rates or the collection of revenue. The information that is provided in every filing is for comparison purposes only and using the median customer captures a large majority of customers in the GS class. The Company is willing to include them in future filings and has no preference of the DPU's proposals.

B. Electronic Model

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

A. Yes. Attached as DEU Exhibit 4.21R is a copy of the model filed by Jordan Stephenson in his rebuttal testimony as DEU Exhibit 3.36R. This model shows the Company's revenue requirement calculated by Mr. Stephenson and the Company's proposed cost of service and rate design with the following changes.

1. Cost-of-Service – Accepted Mr. Higgins' proposal (with modifications explained above) to make changes to the allocation of LNG plant, accumulated depreciation, and accumulated deferred income taxes (ADIT).

2. Rate Design – Accepted Mr. Higgins' proposals for volumetric rates in the IS, TSS, TSL, and TBF classes

Though the Company is not accepting the proposals from other parties that are listed below, the Company has included these allocation factors in DEU Exhibit 4.21R. The Company is willing to help any party change an allocation factor in the model upon request.

1. Mr. Higgins proposal to change the weighted allocation factor from 60/40 to 67.5/32.5

2. Mr. Abdulle's proposal to change the weighted allocation factor from 60/40 to 54/46

3. Mr. Daniel's proposal to change the weighted allocation factor from 60/40 to 52/48

4. Mr. Collins' and Mr. Mullins' proposal to change the weighted allocation factor from 60/40 to 100/0

5. Mr. Collins' and Mr. Mullins' proposal to change the allocation of large-diameter mains from distribution throughput to 100% design-day

6. Mr. Higgins' proposal to change the allocation of large-diameter mains from distribution throughput to a weighted design-day/average throughput factor of 67.5/32.5

7. Mr. Daniel's proposal to change the allocation of general plant depreciation expenses from gross plant to his weighted factor between gross plant and tools, shop and garage equipment

8. Mr. Mullins' proposal to change the allocation of distribution plant depreciation from gross plant to a method that allocates based on the underlying asset allocation.

Q. Does this conclude your testimony?

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 October, 2022.

Notary Public

GINGER JOHNSON
Notary Public State of Utah
My Commission Expires on:
August 4, 2023
Comm. Number: 707241