

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF DOMINION ENERGY UTAH FOR
APPROVAL OF A SPECIAL CONTRACT
WITH SNOWBIRD RESORT, LLC

Docket No. 24-057-02

**REDACTED DIRECT TESTIMONY OF AUSTIN C. SUMMERS
FOR DOMINION ENERGY UTAH**

January 16, 2024

DEU Redacted Exhibit 2.0

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I. INTRODUCTION

1
2
3 **Q. Please state your name and business address.**

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

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Dominion Energy Utah (“Dominion Energy,” “DEU” or
7 “Company”) as a Manager of Regulation. I am responsible for cost allocation, rate
8 design, gas cost adjustments, and forecasting. My qualifications are detailed in DEU
9 Exhibit 2.01.

10 **Q. What is the Company proposing in its Application in this docket?**

11 A. The Company is seeking approval from the Utah Public Service Commission
12 (“Commission”) of the Transportation Service Agreement (“Agreement”) between
13 Dominion Energy and Snowbird Resort, LLC (“Snowbird”). As discussed in greater
14 detail below, the Agreement diverges from certain provisions in Dominion Energy’s
15 Utah Natural Gas Tariff No. 600 (“Tariff”). Nevertheless, the terms of the Agreement
16 are just and reasonable in result, and approval of the Agreement is in the public interest.

17 **Q. What general areas does your testimony address?**

18 A. I address the purpose of the Basic Service Fee (“BSF”), and the Administrative Charge
19 in collecting the Company’s revenue requirement and why deviating from the Tariff
20 for those charges is an appropriate treatment of the rates Snowbird is required to pay.

21 **Q. Please introduce the other witnesses for the Company in this**
22 **Docket.**

23 A. Jason McGee, DEU Supervisor of High Pressure Engineering, is responsible for the
24 engineering and design of projects that exceed 45 psi on the Company’s system. Mr.
25 McGee describes the facilities that have been used to serve Snowbird and the
26 surrounding area, and why the Company chose to upgrade the facilities as it did. He
27 also discusses the timeline of the project and other options that the Company considered
28 and rejected in addressing needed upgrades and facilities at Snowbird. Finally, he

29 discusses the communication the Company had with Snowbird. Mr. McGee's
30 testimony and supporting materials are attached to the Application in this matter as
31 DEU Exhibits 3.0 through 3.02.

32 Brad Simons, Gas Services Coordinator in the Key Accounts Group, is responsible for
33 coordinating transportation agreements with new and existing transportation
34 customers. Mr. Simons describes the communications the Key Accounts group had
35 with Snowbird and when the Company realized there would be a billing conflict. Mr.
36 Simons' testimony is attached to the Application in this docket as DEU Exhibits 4.0
37 through 4.01.

38 **II. REGULATORY IMPACT OF THE CONSTRUCTION AT SNOWBIRD**

39 **Q. What costs does the BSF collect?**

40 A. DEU collects a portion of the return on its investment in mains, service lines, and
41 meters through the BSF. A portion of the annual depreciation expense related to these
42 assets is also collected in the BSF. The remainder of the BSF is made up of billing
43 costs, taxes, and some operating and maintenance costs related to the mains, services,
44 and meters. This charge is updated in the Company's general rate cases.

45 **Q. How is the BSF collected under the Tariff?**

46 A. There are four basic service fees that the Company assesses. The amount of a BSF is
47 based on the size of the meter. The BSF is paid by every customer every month. Section
48 8.03 of the Tariff says, "Customers taking service on rate schedules GS, FS, TBF, MT,
49 TSS, TSM, TSL and IS will be billed an annual BSF on a monthly basis for each meter
50 installed. In no event will a customer be billed more than one BSF for each meter."

51 **Q. What costs do the Administrative Charge collect?**

52 A. The Administrative Charge is based on the labor costs of several departments that
53 support transportation customers. This includes Key Accounts, Measurement &
54 Allocation, Billing, Gas Supply, Commercial Support, and Nominations/Scheduling.
55 These departments all support more than just transportation customers so only a portion

56 of the labor costs for each department is included in the Administrative Charge. This
57 charge is also updated in the Company's general rate cases.

58 **Q. How is the Administrative Charge collected under the Tariff?**

59 A. The Administrative Charge is explained in section 5.01 of the Tariff. It says,
60 "Customers taking service on any transportation service rate schedule will be billed an
61 annual administrative charge of \$2,400 for each end-use site in equal monthly amounts.
62 If a customer has more than one end-use site on contiguous property covered by a single
63 gas purchase contract, a \$2,400 annual administrative charge will be billed to one end-
64 use site. Other end-use sites for that customer will be billed a \$1,200 annual
65 administrative charge."

66 **Q. Why shouldn't Snowbird be charged for the BSF and the Administrative Charge?**

67 A. The work completed was not at Snowbird's request and Snowbird did not pay for the
68 work. All of the work was done as part of routine maintenance, as determined by the
69 Company. Snowbird's operations also did not change the scope of the construction.
70 The fact that Snowbird now has two meters for Company convenience should not
71 impact the way Snowbird is billed.

72 **Q. Would denial of the Agreement result in any other unintended consequences to
73 Snowbird?**

74 A. Yes. As Mr. Simon's testifies, Snowbird currently pays for *all* of its volumetric usage
75 based on the blocks set forth in Section 5.05 of the Tariff. If the Commission declined
76 to approve the Agreement, Snowbird would pay for its volumetric usage as that volume
77 runs through *each meter*. In other words, instead of paying the first block rates for the
78 first 2000 dth of usage, as it does now, it would pay the first block rates for the first
79 2000 dth of usage *through each meter* (i.e. a total of 4000 dth). The higher rates
80 associated with the first and second blocks in the TSM rate schedule would apply to a
81 greater portion of Snowbird's volumes than they would if Snowbird is billed as
82 proposed in the Application.

83 **Q. Should the lack of a BSF and Administrative Charge, and the revenue associated**
84 **with the application of block rates be considered as lost revenue that will be paid**
85 **for by other customers?**

86 A. No. The Utah Division of Public Utilities (“DPU” or “Division”) originally filed an
87 Action Request Response (“Response”) regarding this issue in Docket No. 23-057-12
88 on August 10, 2023. In its Response, the Division said, “If the Application is approved
89 and Snowbird is exempted from these charges, this lost revenue would have to be made
90 up by other DEU customers. The unpaid Basic Service Fees would be paid by all DEU
91 BSF 4 customers. The unpaid Administrative Charges and Volumetric Charges would
92 be paid by all DEU Transportation Customers.”

93 Mr. Simons’s calculations shown in DEU Confidential Exhibit 4.01 show that approval
94 of the Agreement would have resulted in the Company collecting approximately
95 ████████ less in *revenue* from Snowbird from November 2022 through December 2023
96 than if Snowbird were simply billed according to the Tariff. None of that loss of
97 revenue will result in an increase in rates to other customers. While it is true that
98 Dominion Energy would have received ██████████ less of revenue other customers will
99 not “make up” this revenue.

100 **Q. Will the cost of the project(not to be confused with the ██████████ revenue referenced**
101 **above) eventually be collected from other customers?**

102 A. Yes, and The *cost* of the actual system improvements constructed at the Snowbird
103 location, including the new regulator station, and the upgraded meters, will be included
104 in rate base in the Company’s next general rate case. The nature of this project is such
105 that its inclusion in general rates is appropriate. The Company was simply remodeling
106 and upgrading its existing facilities in order to continue to provide safe and reliable
107 service to communities near Snowbird.

108 **Q. Did Snowbird benefit from the project?**

109 A. Yes, to the same degree that nearby customers also benefitted. The project did not result
110 in any additional service to Snowbird. Though concurrent with the project, Snowbird
111 informed the Company of its plans to increase operations at its co-generation facility,

112 the existing metering facilities were sufficient to meet the increased load. Snowbird
113 received no greater benefit than any other customer.

114 **Q. Did Snowbird pay for any of the project?**

115 A. No.

116 **Q. Was the cost of the new equipment added to the Company's rate base?**

117 A. Yes. Any capital costs for a project like this are capitalized. This is similar accounting
118 treatment as the Company's other projects that replace aging infrastructure or increase
119 capacity.

120 **Q. Will the Company's proposal result in additional costs to DEU's other customers?**

121 A. The Company's project will increase costs for all customers like any other capital
122 project.

123 **Q. Should the Commission be concerned that other customers will bear a portion of
124 the costs of this project as part of general rates?**

125 A. No. Rates are designed using the principal of average rates. This means, for example,
126 that a customer in St. George may partially pay for system improvements in Salt Lake
127 City; and a customer in Salt Lake City could pay for a portion of a system expansion
128 project in Park City. Here, the Company was simply constructing a system
129 improvement and upgrade at the Snowbird location in order to maintain safe and
130 reliable service to the surrounding communities. As in the examples set forth above, it
131 is appropriate for these costs to be included in general rates and borne by all
132 customers—those in and around Snowbird, and those elsewhere in the state. In cases
133 like this, where the Company's design added the meter and Snowbird did not request
134 the changes, it is just, reasonable in result, and in the public interest to pass the costs
135 onto other rate payers.

136 **Q. Does the Company's request to make these changes effective October 1, 2022
137 constitute retroactive ratemaking?**

138 A. No. Again, the Company is not proposing to make any changes to rates for Snowbird
139 or any other customer. Instead, the Company proposes a waiver of certain Tariff

140 provisions such that Snowbird will continue to pay the Commission-approved rates for
141 TSM service, along with the BSF and Administrative Charge that it has always paid.
142 The Company simply seeks a Tariff waiver and approval of the Agreement in order to
143 ensure that Snowbird is not harmed by the Company's design decisions related to its
144 own system upgrades and improvements.

145 **Q. Will this type of deviation from the Tariff incentivize DEU or its customers to seek**
146 **these types of deviations in the future?**

147 A. No. The Company very rarely seeks deviations from the Tariff. This situation was
148 unique from a perspective that a decision made by the engineering department had an
149 unintended negative impact on a customer bill. The Company makes every effort to
150 communicate across departments to ensure that its decisions do not have unintended
151 consequences on customers like Snowbird. Mr. Simons and Mr. McGee testify that the
152 team responsible for the engineering the project at issue here were unaware of these
153 consequences. Had they been aware, the Company would have applied the same system
154 design, it simply would have sought the Commission approval of a special contract at
155 Tariff waiver earlier than it has. The particular set of circumstances necessitates a
156 deviation from the Tariff.

157 **Q. Will you please summarize your testimony?**


158 A. The Company contends that because it chose to split Snowbird's service into two
159 meters, and it did so for its own operational reasons not to offer additional service to
160 Snowbird, that Snowbird, should not be held responsible for paying unintended
161 increases in cost associated with the BSF and Administrative Charge as they are
162 dictated by the Tariff. The unique circumstances that led to this billing situation are
163 rare. Snowbird's operations were not enhanced as a result of the construction work.
164 Since the purpose of the project was to enhance the service of the surrounding area and
165 increase the Company's access to meter and regulator equipment in the buildings, these
166 costs should be capitalized and included in general rates. This is consistent with the
167 regulatory treatment of similar assets.

168 **Q. Does this conclude your testimony?**


169 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. I prepared exhibit attached to my testimony and it accurately represents my experience.


Austin C. Summers

SUBSCRIBED AND SWORN TO this 16th day of January, 2024


Notary Public

