BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF ENBRIDGE GAS UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 25-057-06

DIRECT TESTIMONY OF

AUSTIN C. SUMMERS FOR

ENBRIDGE GAS UTAH

May 1, 2025

EGU Exhibit 5.0

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

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

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

A. I am employed by Questar Gas Company dba Enbridge Gas Utah ("Enbridge Gas," "EGU" or "Company") as the Manager of Rates and Regulation. I am responsible for cost allocation, rate design, gas cost adjustments, and forecasting. My qualifications are detailed in EGU Exhibit 5.01.

Q. Were your attached exhibits EGU Exhibit 5.01 through EGU Exhibit 5.14 prepared by you or under your direction?

A. Yes, unless otherwise stated. Where otherwise stated, my exhibits are true and correct copies of the documents they purport to be.

Q. What general areas does your testimony address?

A. I discuss several matters, including (1) the Company's class cost-of-service ("COS") studies; (2) the Company's rate design proposals in this docket; and (3) the proposed allowed revenue under the Conservation Enabling Tariff ("CET").

II. CLASS COST OF SERVICE STUDIES ("COS STUDIES")

A. Class Cost of Service Studies

Q. Is the Company proposing any changes in its proposed COS?

A. No. All of the classes in the COS study are the same classes that have been in place since the Company's last general rate case.

Q. Would you please explain the approach the Company used to prepare its COS Studies?

A. Yes. I performed a complete series of COS Studies for the General Service ("GS"), Firm Sales ("FS"), Interruptible Sales ("IS"), Transportation Service Small ("TSS"),

Transportation Service Medium ("TSM"), Transportation Service Large ("TSL"), Transportation Bypass Firm ("TBF"), and Natural Gas Vehicle ("NGV") rate classes. Notably, there is only one Municipal Transportation ("MT") customer. I included the MT customer in the TSM class for purposes of the COS Studies because it is similar to the other TSM customers.

B. Allocation Factors

Q. Please describe the allocation factors used in the COS Studies.

A. The Company uses 33 allocation factors to perform its COS Studies. EGU Exhibit 5.02 provides a brief description of each allocation factor. I specifically discuss the Distribution Plant Factor, the Distribution Throughput Factor, and the Design-Day Factor in greater detail below.

C. Distribution Plant Factor Study

Q. Please describe the Distribution Plant Factor Study.

A. The Distribution Plant Factor Study is an analysis of distribution plant installed to provide service to customers in each rate class and is attached to my testimony as EGU Exhibit 5.03. The types of distribution plant analyzed are meters, regulators, service lines and small diameter (6 inches and smaller in diameter) intermediate high pressure ("IHP") main lines. The Distribution Plant Factor Study uses a random sample of 5,496 active meters to measure the average amount of plant installed for each meter type. In response to recommendations from the cost-of-service and rate design task force established in Docket No. 02-057-02, larger capacity meters are sampled at much higher rates than smaller capacity meters. Studies of this nature have been a central aspect of the Company's COS studies since the mid-1960s.

Q. Please describe the changes to the Distribution Plant Factor Study since the Company's 2022 Rate Case.

A. The random sample of active meters described above is used only for the GS class, where the bulk of the customers reside. In all other classes, the Company measured every active customer, instead of conducting a random sampling. EGU also updated

the current cost levels for each type of facility in the analysis. Finally, the Company used the book values as of December 31, 2024 for each plant category to keep the various aspects of the analysis in balance and matched to actual book value.

Q. How did the Company determine the amount of plant required to serve customers?

A. EGU evaluated each meter selected for the plant study using information from the Company's Customer Care and Billing ("CC&B") system, engineering files, and the Graphical Information System ("GIS"). The Company then determined the costs to reproduce the meter set, service line, and the portion of main line attributable to the selected meters based on current cost estimates.

Q. How did EGU determine the amount of main line attributable to the selected meters?

A. The study examined the main line directly connected to the service line serving a selected meter. Specifically, the study examined the main line within 1,000 feet of a service-tap point. Usually this translates into 500 feet in each direction. EGU recorded the length of each size of main line within the 1,000 feet, along with the number of service-line taps within the 1,000 feet. For example, EGU Exhibit 5.03, page 1, shows the map from the GIS for an individual selected meter. The map for this meter, designated with a star, includes the measurements for main (1000 feet of two-inch main line, with 22 service taps), and service line (51 feet of 3/4-inch service line). The Company then priced the main line attributable to this meter (1,000 feet/22 taps, or 45 feet) at current cost.[1] The costs associated with the identified main line divided by the number of meters on the identified service lines is included in the Distribution Plant Factor Study.

[1] There is one exception to this methodology. If main with a diameter greater than six inches is found in the sample, the excess cost above the cost of six-inch main line is excluded. These excess costs are allocated using the Distribution Throughput Factor discussed later in my testimony.

Q. Why did Enbridge Gas select 1,000 feet for the main line measurements?

A. The Company selected 1,000 feet as the measured length to have a full picture of the character of the area surrounding a customer's premises, including street crossings, while excluding characteristics that would likely be distinct between neighborhoods. Experience has shown that longer measurement lengths have a tendency to include dissimilar neighborhoods, while shorter lengths tend to capture too few or no intersection crossings. Also, the effort required to perform this analysis increases substantially as the measurement length increases. One thousand feet produces reliable information regarding the size of mains installed in the vicinity of a customer, as well as the local density of customers attached to the same main. Additionally, the use of 1,000 feet is consistent with the methodology employed since the early 1980s.

Q. How did EGU determine the service line cost?

A. The Company recorded the length and size of the service line that serves each selected meter. For the selected meter shown on EGU Exhibit 5.03, page 1, the service line associated with this meter was 51 feet of three quarters of an inch pipe. The length of service line was then multiplied by the current cost for the identified pipe size.

Q. How did EGU determine the meter and regulator costs?

A. For each active meter installed in the system, the Company identified a comparable model that is currently used by the Company. It then determined the current cost for the comparable model, along with standard ancillary facilities. This current total cost was then assigned to the selected meters.

Q. How did Enbridge Gas establish the current cost levels?

A. The Company's Distribution Engineering Department provided the current cost figures for each component included in the analysis. The costs for IHP main and service lines are based on the actual pricing in effect for 2024, weighted by the footage installed in 2024. The costs for high-pressure service lines are based on recent actual projects adjusted to 2024 price levels. The current costs for meter sets are based on current engineering estimates for standard meter sets of like size. EGU Exhibit 5.03, page 2,

lists the cost data for main, service line, and meter sets used to price the facilities identified through the sample measurements.

Q. How was the set of selected meters used to establish the small-diameter IHP main investment by rate class?

A. EGU Exhibit 5.03, page 3, shows the calculation of plant investment for small-diameter mains for each rate class. Column C, lines 1-39, shows the average investment in mains by installed meter capacity rating at current cost. EGU multiplied these average values by the number of active meters in each rate class. The products of these calculations are shown in columns D through K, lines 1-39. The unadjusted total for each rate class is shown on line 40. The sum of the values on line 40 is shown in column L. The total in column L, line 40, represents the total main-line investment at current cost attributable to the customers receiving service under the rate classes included in the COS Study. The next step was to proportion this total to match the book investment for small-diameter mains (column M, line 40). The percentage reduction required to proportion the unadjusted total investment (column L, line 41) to equal the book investment was then applied to each line of column M to arrive at the adjusted class totals shown on line 41.

Q. How was the set of selected meters used to establish the service-line and meter/regulator investment by rate class?

A. EGU Exhibit 5.03, page 4, shows the calculation of plant investment for service lines for each rate class. EGU Exhibit 5.03, page 5, shows the calculation of plant investment for meters/regulators for each rate class. The service-line and meter/regulator investment by rate class was calculated in the same manner as described above for small diameter IHP mains.

Q. Why are the plant investment values, calculated at current cost, proportioned down to match book cost?

A. The Company performs this step as part of the study to ensure that no component of plant (main, service or meter) is given too much weight when the three components of the Distribution Plant Factor Study are combined. While the investment costs to serve

a customer are calculated using current replacement costs, the rates used for cost recovery are based on historical accounting book costs. To synchronize the current replacement costs with the book value, the costs are proportioned down so that the replacement cost relationship between customers can be applied to the book costs used to calculate rates.

Q. What costs are allocated using the Distribution Plant Factor?

A. The costs allocated using this factor include: 1) the rate-base related costs, including return, taxes, and depreciation; 2) operation and maintenance expenses related to distribution activities; and 3) a portion of administrative and general expense.

Q. What was the result of the Distribution Plant Factor Study?

A. The results are shown in EGU Exhibit 5.03, page 6, columns B-J, rows 5-7. The Distribution Plant Factor Study shows that 96.77% of distribution facilities are installed to serve GS customers, 0.22% are installed to serve FS customers, 0.05% are installed to serve IS customers, 0.96% are installed to serve TSS customers, 1.39% are installed to serve TSM customers, 0.50% are installed to serve TSL customers, 0.12% are installed to serve TBF customers, and 0.01% are installed to serve NGV customers.

D. Distribution Throughput Factor Study

Q. Please describe the Distribution Throughput Factor Study.

A. The Distribution Throughput Factor Study calculates an allocation factor based on the commodity volumes delivered through the intermediate-high pressure ("IHP") distribution system and is attached as EGU Exhibit 5.04. The factor was developed by identifying customers that are <u>not</u> connected to the IHP system and then subtracting the Dths delivered to those customers from the commodity-throughput numbers.

Q. What costs are allocated using the Distribution Throughput Factor?

A. The costs associated with large-diameter IHP main lines (greater than 6 inches in diameter) are allocated using the Distribution Throughput Factor. These facilities are generally sized for more than just local delivery requirements and, therefore, are excluded from the Distribution Plant Factor Study. The Distribution Throughput

Factor is based on throughput quantities that reflect the underlying purpose of these facilities. Large-diameter main lines installed within the IHP system are typically designed to move gas from the high-pressure feeder-line system to the smaller distribution lines. These facilities benefit all customers connected to the IHP system. Customers that are not connected to the IHP system receive no benefit from these facilities and are therefore allocated none of these costs. The booked cost of the large-diameter main lines is used to determine the portion of the distribution cost associated with these facilities.

Q. What are the results of the Distribution Throughput Factor Study?

A. The factor developed from the study is shown on EGU Exhibit 5.04, line 6, columns B through I. The study shows on line 4 that rate classes other than the GS class, such as the TSL rate class, have very few customers connected to the IHP distribution system, while in the case of the GS class, nearly all of the customers are served from the IHP system. As a result, transportation customers should be allocated a relatively small portion of costs associated with large-diameter mains.

E. Design-Day Factor Study

Q. What is the Design-Day Factor Study?

A. The Design-Day Factor Study is conducted to assign responsibility for the Design-Day between the rate classes and is attached to my testimony as EGU Exhibit 5.05. This factor was used to allocate costs related to the coincident peak demand of customers under a Design-Day scenario.

Q. How was the Design-Day Factor calculated?

A. The first step was to determine the portion of the Design-Day demand that can be assigned directly to specific rate classes. These are the TSS, TSM, TSL, TBF and NGV rate classes. The contract demand attributable to customers served under these rate classes was identified and directly assigned to the respective classes. The total firm-contract demand for these transportation service classes is 325,268 Dth. The NGV class was assigned 396 Dth of peak demand based on the average use during December

2024. The balance of the design Peak-Day attributable to the GS and FS classes was 1,257,684 Dth. These calculations are shown on EGU Exhibit 5.05, lines 1 and 2.

Q. Has the Company allocated some of the Design-Day factor to interruptible customers?

A. No. This was a contested issue in the Company's 2022 rate case in Docket No. 22-057-03. Though there were many proposals by intervening parties, the Commission found that "the system is designed to meet the demands of firm customers and therefore conclude[d] it to be reasonable that IS customers be excluded from demand related costs." Commission Order in Docket No. 22-057-03 at 43. Therefore, the Company has not allocated Design-Day costs to interruptible customers.

Q. What design demand is used in developing the Design-Day Factor?

A. The Company used the Design-Day estimate for the 2025-2026 Integrated Resource Plan ("IRP") as the basis for this study. This IRP will be filed with the Commission in June 2025. The Utah Design-Day-Demand estimate, updated for transportation contracts, for 2026 is projected to be 1,583,348 Dth.

Q. How was the 1,257,684 Dth of Design-Day apportioned between the GS and FS rate classes?

A. The Company performed an analysis of the population for these classes using data from the CC&B system to establish the proportionate responsibility for each class. This study involved estimating the contribution to Design-Day for customers grouped by weather zones within the two remaining rate classes. The total estimated Design-Day demand was calculated using individual customer data and was then summed by rate class. The Design-Day demand not assigned to the other rate classes was allocated between these two classes based on their share of the calculated Design-Day.

Q. What was the result of the Design-Day Factor Study?

A. The results are shown on line 2 of EGU Exhibit 5.05. The GS class was determined to be responsible for 78.71% of the Design-Day demand, the FS class was determined to

be responsible for 0.72%, the transportation classes were determined to be responsible for 20.54%, and the NGV class was determined to be responsible for .03%.

Q. Are the results of the Design-Day Factor Study consistent with your expectations?

A. Yes. I have also shown on EGU Exhibit 5.05, line 4, the resulting load factor for each of the firm-sales classes. This shows that the GS class has an average load factor of 25.9%, and the FS customers have an average load factor of 53.9%.

F. NGV Class

Q. Is the Company proposing that the NGV customers pay their full cost of service?

A. No. The Company is proposing to subsidize the NGV class. If the Company left this class at full cost, it would make the price at the pump about $3.10 per gallon. That cost is comparable to the current price of gasoline. Compressed Natural Gas ("CNG") has historically been cheaper than gasoline. Usage has decreased and costs have increased causing the rate to increase substantially if left at full cost of service. The Company is proposing to leave the Distribution Non-Gas ("DNG") rates at current rates by having existing customers in all other classes subsidize the NGV class.

Q. How did the Company allocate costs to the other classes?

A. The Company allocated the NGV subsidy costs to the other classes using allocator 315 – DNG revenue less NGV to allocate the costs.

Q. How much does this allocation add to other classes?

A. Table 1 below shows both the dollar and the percentage increase to each class. The Company believes this is a small enough change to justify a subsidy that will help to mitigate future declines in NGV usage.

Table 1

	Description	GS	FS	IS	TSS	TSM	TSL	TBF	NGV
1	COS Adjustment NGV	$789,385	$6,089	$ 325	$22,245	$29,265	$35,194	$15,426	$(897,930)
2	Proposed Percent Change	18.91%	16.89%	65.81%	39.56%	31.88%	30.41%	44.74%	-3.42%
3	Proposed Percent Change without NGV subsidy	18.75%	16.73%	65.65%	39.40%	31.72%	30.25%	44.58%	50.22%
4	Difference	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	-53.64%

Q. Is this the first time the Company has requested that the NGV class be subsidized?

A. No. Other classes of customers subsidized this class from its inception in 1989 until the Company's general rate case in 2013. In the 2013 case, Company witness Barrie McKay testified that usage in the class was increasing and that moving the class to full cost could be justified.

Q. Have volumes continued to increase since that time?

A. No. EGU Exhibit 5.06 shows the annual volumes that the NGV stations have used since 2013. It shows that usage has been steadily decreasing since 2013. This decrease is due to several factors including vehicle manufacturers moving from NGV vehicles to electric vehicles. Some NGV users have also built their own fueling facilities that has taken volume away from Company-owned stations.

Q. Can the Public Service Commission approve a subsidized rate in the NGV class?

A. Yes. Utah Rule 54-4-13.1 gives the Commission this authority. It says:

> (1) 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.
>
> (2) 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.

Q. Is Enbridge exploring the potential of selling its public NGV fueling stations?

A. Yes. The Company has issued an RFP to sell a portion of its Utah NGV stations.

Q. Why is the Company interested in selling these stations?

A. As discussed earlier, these stations have been experiencing reduced sales over the last decade, which causes the rates in the NGV class to increase.

Q. Has the Company included the sale of these stations in its proposed COS results?

A. No. The Company has included the current NGV stations since the results of the RFP are still unknown. The Company will update the Commission and interested parties as the RFP progresses.

G. Cost-of-Service Results

Q. Please describe the results of the COS Studies.

A. EGU Exhibit 5.07, page 1, shows the results of the COS Studies. Lines 1-49 summarize the revenues, expenses, and rate base allocated to the different rate classes using the factors explained above. Lines 50 and 51 show the Rate of Return and Return on Equity by class before the deficiency. Line 53 shows how the deficiency needs to be assigned to each class to avoid inter-class subsidies. Line 55 is the NGV COS adjustment that was discussed above. Line 56 represents the total revenue requirement (COS with deficiency). Line 58 shows the revenue that needs to be collected from each class after giving each class a credited share of the general related revenues.

Q. Is the Company proposing that any rate classes pay less than their full cost of service?

A. As mentioned above, the Company suggests that the NGV class pay less than full cost in order to prevent rates that would discourage use of the NGV stations. The Company also recommends that the TBF class continue to pay less than full cost, as it has for decades, in order to prevent these customers from bypassing the Enbridge Gas Utah distribution system. This subsidy is shown on EGU Exhibit 5.07, page 1, Line 54.

Q. Is there a way to determine if a class is paying its full cost?

A. Yes. Using forecasted revenues, the Company has calculated that the return on equity would be 5.55% and the return on rate base for 2026 would be 4.94% without any of the additional revenue requested in this case. Exhibit 5.07, page 2, line 2, shows the return on rate base provided by each class. Line 6 shows a metric called the rate of return index. This metric reflects the degree to which a class is paying its full cost. If the rate of return index is lower than one, the class is paying a return that is lower than 4.94%, and hence, is providing revenue that is below full cost. If the number is higher than one, the class is paying more than full cost. Additionally, line 3 shows how much the class revenue would have to change for the class to pay exactly 4.94%.

Q. Are you proposing to change rates by the percentages shown on line 5?

A. No. This analysis simply reviews where the rate classes are, without any increase in revenue. The analysis is limited to existing rates, without the revenue deficiency and the adjustment from the subsidized TBF class. Lines 8 – 11 show the adjustments that are made to each class to reach the total revenue requirement requested in this case, and line 14 shows the percentage increases to the DNG portion of rates in each class.

H. Accounting Treatment of LNG-Related Costs

Q. Please summarize what happened to the Company's allocation of LNG facility costs in the last general rate case.

A. In the Company's original proposal, it failed to include certain appurtenant facilities in the costs of the LNG facility that were allocated to GS and FS customers. This included plant items as well as the related accumulated depreciation and accumulated deferred income taxes ("ADIT").

Q. What did the Commission order regarding the LNG-related costs?

A. The Commission ordered, "We find that the adjustment to the treatment of LNG facility costs that [EGU] proposed and UAE incorporated is unopposed, warranted, and reasonable, and we approve it. Nevertheless, we also find it to be just and reasonable for [EGU] to track LNG-related accumulated depreciation and ADIT separately from the non-LNG balances. We accept [EGU]'s unrebutted assertion that its accounting system is currently unable to accomplish that objective, and direct [EGU] to propose a method for doing so in its next general rate case." Commission Order in Docket No. 22-057-03 at 42.

Q. How did EGU fulfill the Commission's directive?

A. The Company's financial reports (grey backs) and the model it uses in its rate cases has always had certain assets broken out to show what state the asset is in or if the asset was used for production, distribution, or general purposes. The Company has added a new category for assets that are for storage. This allows the Company to assign the assets as well as the related depreciation directly to the LNG facility. Adding this

flexibility to the model ensures that the Company is correctly assigning all the LNG-related costs to only the firm sales customers.

IV. RATE DESIGN

A. Purpose of Rate Design

Q. What is the purpose of rate design?

A. The rate design process uses a variety of rates and charges to collect the class cost of service that was already determined. Similar to the COS process, the rate design process is used to make sure customers are paying for the costs they cause. The Company uses a variety of different rate components to collect revenue from customers in a way that reflects the different ways they each use the system.

Q. What types of costs are being collected in the rate design process?

A. There are four types of costs. They are:

1. **Customer Costs:** These are costs that are primarily determined by the number of customers served.
2. **Distribution Plant:** Plant costs are those related to the distribution infrastructure, main lines, service lines, and meters.
3. **Demand Costs:** These costs are associated with meeting the Design-Day demand of firm sales customers.
4. **Throughput Costs:** Throughput costs are not directly attributable to meeting Design-Day demand, distribution plant, general customer service; rather, they are miscellaneous or ancillary costs that can vary with the level of regular customer usage.

Q. What are the different rate design components?

A. The Company uses a combination of the charges that are summarized below.

1. **Basic Service Fee:** This is a fixed fee that is paid by each customer. It collects some customer and distribution plant costs. Due to the differences in plant required to serve some customers, there are four basic service fees that are dependent on the size of the meter at the customer's premises.

2. **Administrative Charge:** This is a fixed charge that is paid by transportation customers in the TSS, TSM, TSL, MT, and TBF classes. It collects costs specific to the administration of these classes. It includes costs for customer support, management of gas nominations, and some software.
3. **Firm Demand Charge:** This is also a fixed charge that is paid by transportation customers in the TSS, TSM, TSL, and TBF classes. It collects revenue from customers so they have access to firm gas supplies.
4. **Volumetric Charge:** The volumetric charge collects the remaining revenue requirement for each class after the fixed charges have been assessed.

I will explain the calculation of each of these components later in my testimony. In addition to these charges, the Company uses declining block breaks and summer/winter differentials in some classes as tools that can be used to more accurately collect revenue from customers within a class that might use the system differently.

Q. Do all of the classes use all of the rate components?

A. No. None of the classes use all of the components associated with all of the charges. Instead, the Company uses a combination of the charges to design rates that will most accurately collect revenue from customers who are causing the costs.

Q. Do the rate design components collect exactly the amount of revenue needed to fill the specific type of cost?

A. Not necessarily. The BSF does not necessarily collect all customer costs, nor does the Administrative Charge. The Company utilizes specific studies for the BSF and the Administrative Charge that have been used consistently over time to determine these costs. No attempt has been made to tie them directly to customer costs. In the case of the BSF, the charge is a settled amount that some parties in General Rate Cases prefer to keep low. Collecting all customer costs through these charges could disturb the stability that has been maintained for decades. The Firm Demand Charge does try to collect a total revenue amount that is equal to firm costs, but these costs are simply rate design tools that collect estimated costs from specific customers. Any costs not collected by these tools is collected through the volumetric rates.

Q. Can rate design affect the subsidies within a class?

A. Yes. By using block rates with rates that decline as usage increases, the Company can shift costs between different sizes of customers by either moving the point where the rates change ("Block Break Point") or by changing the amount the rate changes from one block to the next ("Block Break Differential"). Since the rates are designed to collect the total revenue requirement for each class, changing either of these factors would not affect the overall revenue collected by the Company but it would shift costs between small and large customers.

Q. Is the Company proposing any changes to the rate design that would affect the subsidies within any classes?

A. No.

B. Basic Service Fee

Q. How are the BSFs calculated?

A. Attached as EGU Exhibit 5.08, page 1, is a table summarizing the Basic Service Fee calculations. The details of this calculation are provided as EGU Exhibit 5.08, page 2. Referring to page 2, the calculation is performed by first determining the average gross investment for service lines, mains, and meters for each category. We then reduce the average gross investment to show only the relevant investment amounts to be included in the basic service fee. The reduction happens by multiplying the service line cost by 85%, gross main by 10%, and gross meter by 100% (Column B, lines 1 - 3). We then net the product of each down to the current book value (Lines 5 – 7). Finally, we add the return on that investment to taxes, billing and O&M costs, and depreciation costs (lines 9-14) to calculate the Basic Service Fee (line 17).

Q. Can you explain why you use 85% Service Line, 10% Main, and 100% meter for the Basic Service Fee calculation?

A. The Basic Service Fee should be set at a level sufficient to collect the minimum required amount to serve an average customer in that Basic Service Fee category regardless of their usage. The Company uses 85% service line because not all

customers have their own dedicated service line. For example, an apartment building may have four meters but only one service line serving all four meters. When the total number of system wide meters is divided by the total number of service lines system wide, the resulting figure is approximately 85%. Thus, 85% of the service line is assigned to the customer.

Similarly, mains are typically sized to serve multiple customers. We have included a very small portion of the cost of IHP main (10%) to reflect this fact. Additionally, each customer has an individual meter and receives 100% of the meter cost.

Q. What are the results?

A. EGU Exhibit 5.08, page 1, line 17, shows the proposed Basic Service Fee in each category, and line 20 shows the current Basic Service Fee charges.

Q. Are you proposing any changes to the Basic Service Fees ("BSF")?

A. No. Though the calculations in EGU Exhibit 5.08 show potentially higher BSFs, the existing Basic Service Fees were settled amounts. The Company has determined that the existing fees are sufficient.

C. Administrative Charge

Q. Are you proposing any changes to the Administrative Fee that is charged to the TBF, TSS, TSM, TSL, and MT customers?

A. Yes. This fixed fee was last updated in the 2022 Rate Case. At that time, the rate was set to $2,400/year or $200/month. The Company has realized several changes since that time that have increased the Administrative Charge in this case. As a result, the Company is proposing to increase the Administrative Fee to $3,000/year or $250/month.

Q. What changes have led to the increased costs?

A. There were two main drivers that lead to the increased costs. First, at the time of the last rate case, the Company was sharing its gas control function with MountainWest Pipeline (now Williams). Now that the gas control costs are no longer shared, the costs to provide this service have increased. The second driver was an increase in the

headcount of the Key Accounts department. This department spends significant time with transportation customers and has had the same headcount for at least the last decade. One new employee has been added to the department to meet the demand of additional transportation customers, which drives up the Administrative Charge.

Q. How is this rate calculated?

A. The rate is calculated by determining all of the costs that are incurred through administering the transportation rates for all transportation classes and dividing that cost by the total number of transportation customers.

Q. What costs are included in the numerator of the calculation?

A. Most of the cost is labor. Each transportation customer has an account representative at Enbridge Gas that helps the customer understand the terms of their contract and the effects of rate changes, and provides overall customer service. These representatives also work with customers and their nominating parties (marketers) during interruption events, hold-burn-to-scheduled-quantity events, and other matters impacting TS customers. The numerator also includes costs associated with the Company's gas supply department, which manages nominations of each of the 1,258 individual transportation customers on a daily basis. The gas supply department also tracks daily and monthly imbalances. Each transportation customer is required to have telemetry, which requires site visits for periodic maintenance. There are also EGU employees that monitor and trouble shoot metering and billing issues. Finally, the costs of certain software packages are included in the calculation. I have included EGU Exhibit 5.09, which shows how the proposed Administrative Fee is calculated. The calculations shown will be rounded to $3,000 per year or $250 per month.

Q. Are administration costs for smaller customers lower than those of larger customers?

A. Not necessarily. No matter the size of the customer, each will still require the same services that are included in the charge. In fact, smaller customers are often less familiar with nomination, interruption, and curtailment processes, and require more time with Company personnel to discuss and manage such matters.

Q. What would happen to rates if there was no Administrative Charge?

A. Bonbright's principles of ratemaking include the principle that rates need to be effective in yielding total revenue requirements under the fair-return standard. This means that, once a fair revenue requirement has been determined for a class of customers, the utility is allowed to earn that revenue requirement under any appropriate rate design. In an extreme case, if the Commission were to order that there be no Administrative Charge, the revenue that otherwise would have been paid through the Administrative Charge would need to be collected in some other charge to the customers. This could be accomplished through another fixed charge or a simple increase in the volumetric rates if the Company could still recover the same revenue from the transportation customers. Lowering or eliminating the Administrative Charge would simply result in an increase of other charges to the class. But the Company maintains that the Administrative Charge is the appropriate method of charging transportation customers and, importantly, provides greater transparency of such costs while adhering to cost causation principles in rate design.

D. Firm Demand Charge

Q. How does the Company calculate the firm demand charge for transportation customers?

A. The Company uses the total revenue requirement for the transportation classes and splits it further to determine how much of the total cost is related to demand. In this case, the transportation classes were allocated $12,288,263 of demand costs. This is the numerator of the equation. The denominator is the total Daily Contract Demand for the transportation classes. In other words, this is how much capacity the transportation customers reserved on the EGU system. The Firm demand charge is simply the quotient of these two numbers. This calculation is shown in the Company's model (See EGU Exhibit 5.14) on the green tab called "Sum-Win & Demand Charge."

Q. Does the Company charge GS and FS customers for firm demand?

A. Yes. But it is not a specific charge. Instead, the Company uses a summer/winter differential in the volumetric rates. This effectively charges GS and FS customers more

during the winter when their usage is high and they would need to reserve space on the Company's system. The differential is determined by calculating the demand cost per winter Dekatherm. Similar to the transportation classes, the numerator is based on the class costs that are classified as being used for demand purposes. The denominator is the dekatherms that will be burned during the winter months. The quotient is the "summer/winter differential" amount that will be charged to customers during the winter months. This calculation is shown in EGU Exhibit 5.14 on the green tab called "Sum-Win & Demand Charge."

E. Volumetric Charges

Q. What is the purpose of the volumetric rates?

A. The volumetric rates collect the Throughput Costs mentioned above and any other costs that have not been collected in the BSF, Administrative Charge or Firm Demand Charge.

Q. Is the Company proposing any changes to the block breaks or the block break differentials?

A. No. The block breaks and the block break differentials in the Company's proposal are the same as they have been since the Company's last general rate case.

F. Rate Design for GS and FS Classes

Q. Please explain how the Company has designed rates for the GS and FS classes.

A. The GS and FS classes will have rates designed in the same way as they have in the past. Both classes will pay a BSF with the remainder of the respective revenue requirement being collected through volumetric rates with a declining block structure. Firm Demand costs will be collected through a summer/winter differential as explained above. Both the block breaks and the block break differentials are the same as what is currently in effect.

Q. Why does the Company use a declining block structure?

A. The declining block allows different sizes of customers to be in the same class without intraclass subsidies. Typically, a small customer will pay more per dekatherm than a large customer. This is because a large customer is spreading its costs over a larger volume of gas. Except for the size of the customer, the two customers could be very similar. It makes sense to have those customers in the same class, but they should be paying different rates. Adding a declining block allows customers to be in the same class while still recognizing the need for a different rate.

Q. Why is the Company proposing to use existing block breaks?

A. In his book, Principles of Public Utility Rates, James Bonbright discusses 10 attributes of a sound rate structure. One of the attributes he discusses is "Stability and predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to rate payers and with a sense of historical continuity."[2] The block breaks that I am proposing have been used for several decades and have received very little opposition from customers or others during many general rate cases. Using these existing block breaks is a stable option for the GS and FS classes since many of those customers have used these blocks before.

Q. Does the declining block structure give a perverse incentive to use more gas?

A. No. The rates that are at issue in this rate case are for distribution costs only. These costs are only a portion of what a customer pays on their bill. A large portion of a bill is the cost of the gas itself, which is not recovered through a declining rate. Having the commodity portion of the bill be a volumetric cost means there is still an appropriate price signal to encourage customers to conserve gas.

[2] Bonbright, James C. Principles of Public Utility Rates, Second Edition, 1988. Print.

G. Rate Design for Transportation Customers

Q. Please explain how the Company has designed rates for the TSS, TSM, TSL, TBF, and MT classes.

A. These classes will have rates designed in the same way as they have in the past. Customers in these classes will pay a BSF, Administrative Charge, and Firm Demand Charge with the remainder of the revenue requirement in each class being collected through volumetric rates with a declining block structure. Both the block breaks and the block break differentials are the same as what is currently in effect.

H. Rate Design for Other Classes

Q. Is the Company proposing any changes to the rate design for any other classes?

A. No, not at this time. These classes will see a change in the respective cost allocations but will not see a change to the block breaks or the block differentials.

I. Design Rates and Fees to Collect the Required Revenue by Rate Schedule

Q. Has the Company calculated rates that correspond to the revenue requirement calculated by Mr. Stephenson and the COS Studies presented earlier in your testimony?

A. Yes, a summary of the proposed rates for each class is shown in EGU Exhibit 5.10.

Q. Can any party in this case change model inputs and see the effect on the rates?

A. The rate design is calculated in the green rate design tabs of EGU Exhibit 5.14. Components of the revenue requirement and cost-of-service can be modified in the model with changes flowing through to the final rates.

J. Current DNG Revenues

Q. Please summarize the mismatch of EGU revenues reflected in the COS and Rate Design Models in the last general rate case.

A. In Docket No. 22-057-03, there were two intervening parties that had concerns with the Company's use of different revenue amounts for comparison purposes. When using

one version of "current revenue" for comparison, it would show larger changes than if another version of "current revenue" was used. This led to understandable confusion.

Q. What was the difference between the two versions of current revenue?

A. One of the versions of current revenue assumed the rates stayed as they were when we filed. Another version included forecasts for tracker mechanisms involving replacement of main lines and rural expansion. Both of these amounts are relevant for different reasons.

Q. What did the Commission order in the 2022 general rate case regarding current revenue?

A. The Commission ordered the Company to provide additional information on this issue during a technical conference. That technical conference occurred on July 6, 2023.

Q. Did the participants in the technical conference have valuable insight on the issue?

A. Yes. There was good discussion in the technical conference, and there were several suggestions of what the Company could do to make the issue easier to understand. The ideas included leaving out one of the revenue numbers, relabeling column headings on exhibits, explaining the changes in testimony, and modifying certain exhibits.

Q. What did the Company do in this case to resolve the issue?

A. The Company labeled all revenues more clearly in the model and also provided the table below to show the changes in revenues. The Company left in all of the information, as it is all relevant and useful for various reasons, but to make the various revenues easier to understand, the revenues have been color-coded in the model. The Company has provided Table 2 below (also included as EGU Exhibit 5.11) that shows a summary of the different revenues. The different revenues are explained as follows:

- Booked Revenue (Blue) – Historical 12 months ending December 2024 actual booked revenue.
- Forecasted Revenue at Current Rates (Gold) – Revenue collected using current tariff effective rates as of February 1, 2025 and forecasted billing determinants for the year

2026. This does not include an adjustment for future tracker filings or Lakeside revenues.

- Average Projected Revenue (Red) – Projected 2026 revenue and forecasted billing determinants for the year 2026. Includes an adjustment for future tracker filings and Lakeside revenue. This is the revenue the Company would collect if no rate case were to be filed.
- Revenue Requirement (Green) – Average projected revenue plus the deficiency and cost of service adjustments. Projected 2026 revenue and forecasted billing determinants for the year 2026 plus the revenue the Company is seeking if the rate case was approved.

Table 2

	DNG Booked Revenue	Rate Class	Booked Revenue 2024 3/	Forecasted Revenue at Current Rates Tariff Effective 2/1/2025 4/		Adjustment for Future Tracker Filings and Lakeside Revenue 5/		Average Projected Revenue 2026 6/		Deficiency & COS Adjustments 7/		Revenue Requirement 2026 8/
1		GS	$446,193,838	$461,940,606	+	$12,702,102	=	$ 474,642,709	+	$ 91,870,108	=	$566,512,816
2		FS	$ 3,729,224	$ 3,554,500	+	$ 114,617	=	$ 3,669,117	+	$ 630,331	=	$ 4,299,448
3		NGV	$ 1,219,699	$ 1,601,443	+	$ 58,206	=	$ 1,659,649	+	$ (57,185)	=	$ 1,602,464
4		IS	$ 228,322	$ 189,532	+	$ 6,144	=	$ 195,676	+	$ 131,400	=	$ 327,076
5		TBF	$ 10,941,106	$ 8,799,983	+	$ 621,096	=	$ 9,421,078	+	$ 4,341,870	=	$ 13,762,948
6		TSS	$ 12,024,479	$ 12,986,676	+	$ 447,358	=	$ 13,434,035	+	$ 5,419,397	=	$ 18,853,431
7		TSM 2/	$ 18,515,841	$ 17,137,427	+	$ 532,841	=	$ 17,670,268	+	$ 5,740,083	=	$ 23,410,352
8		TSL	$ 18,501,753	$ 20,582,133	+	$ 700,543	=	$ 21,282,676	+	$ 6,593,746	=	$ 27,876,422
9	CET		$ (9,986,797)									
10	DSM		$ 21,555,043									
11	Totals		$ 522,922,508	$ 526,792,300	+	$15,182,908	=	$ 541,975,208	+	$114,669,749	=	$ 656,644,957

V. CET ALLOWED REVENUE PER CUSTOMER

Q. The CET requires that the annual revenue per GS customer be calculated. Has Enbridge Gas prepared a calculation of the allowed annual revenue and the monthly spread of the annual revenue per customer to be used in conjunction with the CET?

A. Yes. EGU Exhibit 5.12 shows the calculation of the allowed annual GS revenue per customer. Line 13, Column B, contains the total revenue requirement assigned to the GS class. This comes from the Rate Design Summary (EGU Exhibit 5.10 page 1,

column I, line 12). This amount was divided by the average number of GS customers in the test period to arrive at the annual revenue per customer of $464.17. EGU Exhibit 5.12 also shows the calculation of the monthly allowed CET amounts for the GS class. The calculation of the spread of the annual revenue per customer over the 12 months was based on the forecasted monthly revenues for 2026.

Q. Has the Company calculated the annual bill for a typical residential GS customer based on the Company's proposed revenue requirement, COS studies, and rate design?

A. Yes. EGU Exhibit 5.13, page 1, shows the difference between bill amounts for the typical customer using current rates and the proposed rates. Column F, row 14 shows that the typical GS customer using 70 Dth per year would realize an increase of 9.46%.

VI. ELECTRONIC MODEL

Q. Have you included a working Excel model for the cost-of-service and rate design?

A. Yes. Included in this filing as EGU Exhibit 5.14 Utah Rate Case Model, is a working Excel model that includes all revenue requirement, cost of service, and rate design calculations. The COS calculations are performed in the yellow tabs and the rate design calculations are in the green tabs. All other tabs are used for calculating the revenue requirement.

Q. Please summarize your testimony.

A. In the 2022 General Rate Case, the Commission approved a split in the transportation service classes that improved the accuracy of the cost allocation. The method the Company is proposing for cost allocation and rate design in all classes is consistent with methods the Company has used for nearly 20 years, except for the subsidization of the NGV class. The rates that are being proposed in all rate classes are just, reasonable, and in the public interest and should be approved by the Commission.

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. 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 1st day of May, 2025.

Notary Public

RENA PORTER
Notary Public State of Utah
My Commission Expires on:
April 25, 2027
Comm. Number: 730504