

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

PHASE II REBUTTAL TESTIMONY OF

AUSTIN C. SUMMERS

FOR

ENBRIDGE GAS UTAH

October 16, 2025

EGU Exhibit 5.0R

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	COST-OF-SERVICE ALLOCATORS.....	2
	A. 60% Design Day / 40% Throughput	2
	B. Allocation of Large Diameter Mains	7
	C. TBF and Other Large Customers.....	9
	D. Miscellaneous CCOS Issues.....	11
	E. Gradualism.....	12
III.	RATE DESIGN	13
	A. Splitting the GS Class.....	13
	B. Low-Pressure Surcharge	14
	C. Block Breaks in TSL Class	16
	D. Basic Service Fees (“BSF”).....	17
	E. Administrative Charge.....	18
IV.	OTHER ISSUES	24
	A. Disincentives to be a Transportation Customer	24
	B. Restrictions on Timing for New Transportation Customers.....	25
	C. Purchase of Receivables Program.....	25
	D. Telemetry	25
	E. Parallel Service Provisions	26
	F. Work Group Items	27
	G. Electronic Model.....	28
V.	CONCLUSION	29

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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 Enbridge Gas Utah (“EGU”, “Enbridge Gas” 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 Phase II direct testimonies filed by Mr. Matt Pernichele, witness for the Division of Public Utilities (“DPU”), Mr. James Daniel, witness for the Office of Consumer Services (“OCS”), Ms. Courtney Higgins, witness for the Utah Association of Energy Users (“UAE”), Mr. Kaufman, witness for Nucor Steel-Utah, a Division of Nucor Corporation (“Nucor”), Mr. Matthew Smith, witness for the Federal Executive Agencies (“FEA”), and Mr. Bruce Oliver, witness for the American Natural Gas Council (“ANGC”), 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 other parties’ proposed changes to, or comments regarding, the allocation factors used in the Company’s class cost of service (“CCOS”) studies. I also address the gradualism proposals made by Mr. Kaufman and Mr. Oliver. With regard to rate design, I address the BSF and Administrative Charge claims raised by Mr. Oliver, Mr. Pernichele’s suggestion of splitting the GS class, and two proposals made by Mr. Kaufman. Finally, I address various other issues related to claims raised by the witnesses identified above. If I do not address particular claims raised by these witnesses, it should not be construed as EGU’s agreement with their positions.

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

30 A. No. My overall approach remains the same. The Company does not stand to gain
31 financially as a result of the CCOS process and believes its CCOS and rate design
32 proposals represent fair compromise for all customer classes.

33 **II. COST-OF-SERVICE ALLOCATORS**

34 **A. 60% Design Day / 40% Throughput**

35 **Q. Will you explain the Design Day/Throughput Allocator used in the Company's**
36 **CCOS?**

37 A. Yes. Enbridge Gas filed this case using a blended allocator (Allocator 230) that was
38 ordered in the Company's last general rate case. Specifically, the Company allocated
39 60% of the cost of feeder lines and other core assets using a Design Day allocator, while
40 the other 40% is allocated using a normal throughput allocator. This 60/40 blend
41 acknowledges that these assets are used for both Peak-Day conditions, as well as normal
42 throughput every day of the year.

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

44 A. Ms. Higgins proposes to use the system load factor as an approximation for average
45 throughput.¹ Since the system load factor is about 34%, she proposes that the allocator
46 change from 60% Design Day and 40% throughput to 66% Design Day and 34%
47 throughput. This proposal does shift some costs away from the large customers Ms.
48 Higgins represents but it also addresses the fact that large customers are using the system
49 and should pay for some of the costs.

50 Mr. Kaufman proposes that the Public Service Commission of Utah ("Commission") use
51 the 60/40 weighting but to change the throughput measure from annual throughput to

¹ UAE Exhibit COS 2.0 Higgins DIR Phase II at 16-19.

52 winter month throughput.² Though Mr. Kaufman proposes the same weighting, his
53 reduction in throughput does have an impact on the allocation of costs.

54 Mr. Smith recommends replacing the Company's allocation method with a calculation of
55 excess demand.³ Mr. Smith explains that the average demand (throughput) is counted
56 twice in the calculation of the Company's allocation; once as part of the demand and
57 once as part of the design day. Mr. Smith therefore proposes an allocation method that
58 decreases the amount of design day that is used in the weighted factor.

59 **Q. Did the other intervening parties suggest changes to this allocation factor?**

60 A. No. The DPU, OCS, and ANGC did not propose changes to this factor.

61 **Q. Should the Commission support the change in volumes as proposed by Mr. Kaufman
62 or Mr. Smith?**

63 A. No. The allocator relies on a weighting of gas usage on an average day and gas usage on
64 a Design Day. Though both parties suggest leaving the weighting at 60% Design Day and
65 40% throughput, they suggest changes to the volumes used for the weighting, which
66 adjusts the weighting in result.

67 **Q. Will you please explain why Mr. Kaufman's proposal should be rejected?**

68 A. Mr. Kaufman adjusts the throughput volume by using the winter throughput instead of
69 the annual throughput. In this proposal, the *winter* throughput would be weighted with
70 the *annual* design day, which is not a proper match of the two components. It would
71 effectively weight less on the throughput, which would reduce costs to customers like
72 Nucor that use a lot of gas consistently throughout the year.

73 **Q. Will you please explain why Mr. Smith's proposal should be rejected?**

74 A. Mr. Smith adjusts the Design Day volume by reducing the demand day volumes. His
75 claim is that the Company is double-counting the average throughput on a design day, but
76 I explain below why that is not the case.

² Nucor Exhibit 1.0 Kaufman DIR Phase II at 6-15.

³ FEA Exhibit 2.0 Smith DIR Phase II at 14-21.

77 **Q. Do you agree that the Design Day is double-counting the average throughput on a**
78 **design day?**

79 A. No. If the average throughput volumes are not included in the Design Day, it is no longer
80 a Design Day, but something less than a Design Day. It would effectively weight less on
81 the Design Day, which would reduce costs to customers represented by FEA that use a lot
82 of gas consistently throughout the year.

83 **Q. What do the differences in these proposals show?**

84 A. A comparison of these options makes clear that the Company's proposal is reasonable.
85 All three of the parties proposed a version of the "Average and Peak" method with
86 drastically different results. These results underscore the reasonableness of the
87 Company's proposal.

88 Of all the proposals, the one offered by Ms. Higgins carries the most analytical weight.
89 Ms. Higgins acknowledges that the system is used to meet customer needs (including TS
90 customer needs) on a Design Day, and that customers with a high load factor are still
91 using the system during the rest of the year and should be allocated some costs for that
92 use by including throughput in the allocation. In this respect, I view her proposal as the
93 most reasonable alternative to the Company's proposal.

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

96 A. The tables below were calculated using the revenue requirement in the Phase I Settlement
97 Stipulation. The tables show the COS results using the Company's proposal of the
98 blended factor and the proposals of the other parties that I describe above.

EGU 60/40

Customer Class	Cost Allocation %	Net Cost of Service		
		Collected in Rates	\$ Increase/Decrease	% Increase/Decrease
GS	86.46%	522,217,371	47,574,663	9.79%
FS	0.66%	3,969,461	300,344	8.05%
IS	0.05%	301,581	105,905	53.04%
TSS	2.88%	17,418,342	3,984,307	29.09%
TSM	3.58%	21,631,902	3,961,634	22.00%
TSL	4.27%	25,785,411	4,502,735	20.77%
TBF	1.83%	11,048,676	1,627,598	16.77%
NGV	0.27%	1,602,464	(57,185)	-3.42%
Total	100%	603,975,208	62,000,000	11.18%

99

UAE 66/34

Customer Class	Cost Allocation %	Net Cost of Service		
		Collected in Rates	\$ Increase/Decrease	% Increase/Decrease
GS	86.94%	525,103,989	50,451,712	10.39%
FS	0.64%	3,874,130	205,877	5.52%
IS	0.05%	278,604	83,107	41.70%
TSS	2.89%	17,455,370	4,021,836	29.36%
TSM	3.44%	20,794,339	3,131,335	17.41%
TSL	3.94%	23,796,703	2,530,351	11.69%
TBF	1.83%	11,069,695	1,632,967	16.77%
NGV	0.27%	1,602,378	(57,185)	-3.42%
Total	100%	603,975,208	62,000,000	11.18%

100

Nucor 60/40 Winter Throughput

Customer Class	Cost Allocation %	Net Cost of Service		
		Collected in Rates	\$ Increase/Decrease	% Increase/Decrease
GS	88.11%	532,169,213	57,430,805	11.82%
FS	0.60%	3,615,782	(51,332)	-1.38%
IS	0.05%	297,965	102,294	51.24%
TSS	2.88%	17,373,142	3,937,543	28.74%
TSM	3.11%	18,775,110	1,121,557	6.24%
TSL	3.17%	19,143,244	(2,098,463)	-9.72%
TBF	1.82%	10,998,503	1,614,781	16.77%
NGV	0.27%	1,602,249	(57,185)	-3.42%
Total	100%	603,975,208	62,000,000	11.18%

101

102

FEA 60/40 Excess Demand

Customer Class	Cost	Net Cost of		
	Allocation %	Service Collected in Rates	\$ Increase/ Decrease	% Increase/ Decrease
GS	88.82%	536,458,944	61,705,691	12.70%
FS	0.58%	3,489,182	(176,911)	-4.75%
IS	0.05%	300,131	104,455	52.32%
TSS	2.91%	17,589,750	4,153,597	30.31%
TSM	2.88%	17,418,196	(225,127)	-1.25%
TSL	2.66%	16,094,148	(5,125,489)	-23.78%
TBF	1.83%	11,022,729	1,620,970	16.77%
NGV	0.27%	1,602,128	(57,185)	-3.42%
Total	100%	603,975,208	62,000,000	11.18%

103

Customer Class	EGU 60/40 Allocation	UAE 66/34 Allocation	Difference from EGU 60/40	Nucor Winter Throughput Allocation	Difference from EGU 60/40	FEA Excess Demand Allocation	Difference from EGU 60/40
GS	86.46%	86.94%	0.48%	88.11%	1.65%	88.82%	2.36%
FS	0.66%	0.64%	-0.02%	0.60%	-0.06%	0.58%	-0.08%
IS	0.05%	0.05%	0.00%	0.05%	0.00%	0.05%	0.00%
TSS	2.88%	2.89%	0.01%	2.88%	-0.01%	2.91%	0.03%
TSM	3.58%	3.44%	-0.14%	3.11%	-0.47%	2.88%	-0.70%
TSL	4.27%	3.94%	-0.33%	3.17%	-1.10%	2.66%	-1.60%
TBF	1.83%	1.83%	0.00%	1.82%	-0.01%	1.83%	0.00%
NGV	0.27%	0.27%	0.00%	0.27%	0.00%	0.27%	0.00%
Total	100%	100%		100%		100%	

104

105 **Q. Having reviewed all the parties' proposals, what allocation factor (Allocator 230) do**
106 **you recommend?**

107 A. I recommend that the Company continue to use the 60% Design Day/ 40% throughput
108 ratio that the Commission ordered in Docket Nos. 19-057-02 and 22-057-03. As I
109 described above, most of the approaches have significant shortcomings that result in
110 unjust rates. While Ms. Higgins' proposal is reasonable, there is insufficient rationale to
111 deviate from the methodology that the Company has been using. Indeed, that
112 methodology has effectively, and fairly, allocated costs to those customers who cause
113 them.

114 **B. Allocation of Large Diameter Mains**

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

116 A. As I described in lines 152-178 of my direct testimony, the Company uses the
117 Distribution Throughput factor (Allocator 250) to allocate large-diameter main lines.

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

119 A. Yes. Ms. Higgins and Mr. Kaufman both recommend some changes to the allocation of
120 large-diameter mains. Ms. Higgins proposes that these mains be allocated using the same
121 66/34 ratio using Distribution Design-Day/Distribution Throughput.⁴ Mr. Kaufman
122 proposes a slight change to the allocator since all but 10 of the 47 TSL customers are
123 connected to high-pressure feeder lines and do not use the large diameter mains.⁵

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

125 A. Yes. I calculated the tables below using the revenue requirement provided in the Phase I
126 Settlement Stipulation. The tables compare the COS results of the Company’s proposal of
127 allocating large diameter mains with those resulting from Ms. Higgins’ and Mr.
128 Kaufman’s proposals.

EGU

Customer Class	Cost Allocation %	LD Mains	Net Cost of Service		
			Collected in Rates	\$ Increase/ Decrease	% Increase/ Decrease
GS	86.46%	149,610,954	522,217,371	47,574,663	9.79%
FS	0.66%	2,812,118	3,969,461	300,344	8.05%
IS	0.05%	264,707	301,581	105,905	53.04%
TSS	2.88%	10,457,856	17,418,342	3,984,307	29.09%
TSM	3.58%	11,964,023	21,631,902	3,961,634	22.00%
TSL	4.27%	6,288,733	25,785,411	4,502,735	20.77%
TBF	1.83%	1,388,746	11,048,676	1,627,598	16.77%
NGV	0.27%	185,856	1,602,464	(57,185)	-3.42%
Total	100%	182,972,994	603,975,208	62,000,000	11.18%

129

⁴ UAE Exhibit COS 2.0 Higgins DIR Phase II at 19-21.

⁵ Nucor Exhibit 1.0 Kaufman DIR Phase II at 17-18.

UAE

Customer Class	Cost Allocation %	LD Mains	Net Cost of Service		
			Collected in Rates	\$ Increase/Decrease	% Increase/Decrease
GS	87.13%	158,915,253	526,240,384	51,574,770	10.62%
FS	0.62%	1,934,455	3,740,602	72,096	1.93%
IS	0.04%	90,000	252,573	57,051	28.65%
TSS	2.88%	10,006,348	17,373,863	3,939,371	28.76%
TSM	3.36%	8,284,625	20,280,257	2,615,440	14.54%
TSL	3.88%	2,834,080	23,441,791	2,172,303	10.03%
TBF	1.83%	810,608	11,043,343	1,626,153	16.77%
NGV	0.27%	97,626	1,602,395	(57,185)	-3.42%
Total	100%	182,972,994	603,975,208	62,000,000	11.18%

130

Nucor

Customer Class	Cost Allocation %	LD Mains	Net Cost of Service		
			Collected in Rates	\$ Increase/Decrease	% Increase/Decrease
GS	86.61%	154,936,065	523,117,543	48,474,835	9.98%
FS	0.66%	2,912,210	3,985,896	316,779	8.49%
IS	0.05%	274,129	303,123	107,447	53.81%
TSS	2.89%	10,830,084	17,479,540	4,045,505	29.53%
TSM	3.59%	12,389,859	21,701,907	4,031,639	22.39%
TSL	4.10%	0	24,736,049	3,453,373	15.93%
TBF	1.83%	1,438,176	11,048,686	1,627,607	16.77%
NGV	0.27%	192,471	1,602,464	(57,185)	-3.42%
Total	100%	182,972,994	603,975,208	62,000,000	11.18%

131

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

134 **A.** As I discussed in lines 160-171 of my direct testimony, the Company's proposed use of
135 the Distribution Throughput factor is superior. Nothing Ms. Higgins and Mr. Kaufman
136 offer suggest that their alternatives are better approaches. The Company has applied the
137 allocation of large diameter mains consistently using the distribution throughput for many
138 years. There is no compelling reason to change that now.

139 **C. TBF and Other Large Customers**

140 **Q. Which parties discussed the Transportation Bypass Firm (“TBF”) rate class or other**
141 **large customers?**

142 A. The DPU, OCS, and UAE each address different areas of the TBF rate or large customers
143 in general.

144 **Q. Will you please summarize the positions of these parties?**

145 A. Mr. Pernichele on behalf of the DPU states that the discount appears to be 50% instead of
146 the 40% that was ordered by the Commission in Docket No. 22-057-03.⁶ The DPU does
147 not propose any changes to the TBF class but suggests that the actual cost of serving TBF
148 customers and adding additional TBF customers should be more thoroughly examined.

149 Mr. Daniel on behalf of the OCS discusses a tariff change that was proposed by the
150 Company and raises concerns related to not only the TBF class, but also related to large
151 customers in general.⁷ Mr. Daniel also discusses new legislation in Utah related to power
152 companies that he says could also come to natural gas companies. He also proposes a
153 change to some tariff language that would require the Company to charge more large
154 customers an up-front contribution when the Company is analyzing their initial request
155 for service.

156 Ms. Higgins on behalf of the UAE discusses the method the Company used to allocate
157 demand costs to the TBF class and the TBF volumes that were used in the rate design
158 process.⁸ Ms. Higgins ultimately proposed to increase the TBF volumes in the billing
159 determinants. Her claim is that her approach will properly align the TBF cost allocation
160 inputs with the billing determinants used for rate design.

161 **Q. Do you agree with these positions taken by the DPU, OCS, and UAE?**

162 A. No. The Company performed its COS allocation in the same way it has in the past, and
163 for the rate design, the Company used the most accurate information it had at the time of
164 filing its Application in this case. Under normal circumstances, nothing would stand out

⁶ DPU Exhibit 6.0 Pernichele DIR Phase II at 8.

⁷ OCS Exhibit 3 Daniel DIR Phase II at 23-28.

⁸ UAE Exhibit COS 2.0 Higgins DIR Phase II at 8-16.

165 in this case. But the one large customer that was referenced by Ms. Higgins uses enough
166 gas that it causes noticeable change to the TBF class. Although Ms. Higgins brings up
167 logical arguments, the Company used the best information it had at the time to build the
168 billing determinants used in rate design. Moving away from those determinants, as
169 suggested by UAE would have ramifications on the collection of the revenue
170 requirement.

171 **Q. What effect would the change proposed by UAE have on the revenue requirement?**

172 A. Using the approach proposed by Ms. Higgins has a negative effect on the overall revenue
173 requirement in the Phase I Settlement Stipulation. This is a significant change to the
174 Company's revenue and I do not agree with UAE that this adjustment should be made.
175 Therefore, I am proposing to keep the original billing determinants proposed by the
176 Company, but I am also proposing a gradualism adjustment to the TBF class.

177 **Q. Is the Company changing its proposal relating to the TBF rate class?**

178 A. In part, yes. First, I agree with Mr. Daniel that this class of customers is evolving quickly
179 and needs to be analyzed further before the Company's next general rate case. I also
180 agree with Mr. Daniel that it makes sense to temporarily close this rate class to new
181 customers until more analysis can be done. A moratorium on the class will give the
182 parties time to work out the best course of action for these types of customers going
183 forward.

184 Second, while I do not agree with Ms. Higgins' proposed change to the COS allocation
185 and the change to the billing determinants, I do think there is enough change by adding
186 one customer that it warrants a change to the Company's original proposal. For purposes
187 of this case, I am proposing that the revenue allocation that is assigned to the TBF class
188 be set equal to 1.5 times the overall increase in the revenue requirement. According to the
189 revenue requirement in the Phase I Settlement Stipulation and the Company's COS
190 allocations, that would lead to a 16.77% increase to the TBF class instead of the 33.3%
191 that it would be absent the gradual approach.

192 **Q. Should the Commission open an investigative docket, as Mr. Daniel suggests?**

193 A. No. I believe this issue can be blended with other issues I will address later in my
194 testimony in an informal working group.

195 **D. Miscellaneous CCOS Issues**

196 **Q. Do you support Mr. Daniel's proposal to allocate revenue from interest on past due**
197 **accounts using customers instead of DNG Revenue?**

198 A. No. The revenue from interest on past-due accounts should continue to be allocated based
199 on DNG Revenue. This is not only consistent with the Company's allocation in recent
200 cases, but Mr. Daniel also did not propose any evidence to support his claim that large
201 customers typically are not the source of past due accounts.

202 **Q. Are there corresponding expenses that are also related to past due accounts?**

203 A. Yes. Account 9032 is for collection expense and account 904 is for the Distribution Non-
204 Gas ("DNG") portion of uncollectible accounts. Both of these accounts have expenses
205 allocated to them using the DNG Revenue Allocator. If Mr. Daniel's proposal to allocate
206 more revenue to small customers were accepted, it would also be appropriate to allocate
207 more of the related expense to them as well.

208 **Q. What is Mr. Oliver's position regarding the Company's CCOS?**

209 A. He suggests that the Commission should not accept the CCOS allocations as presented by
210 EGU because of various supposed shortcomings.⁹ However, he largely does not propose
211 any outcomes for the Commission to adopt in connection with the issues he raises
212 regarding the Company's CCOS.

213 **Q. What allocation factors were addressed by Mr. Oliver?**

214 A. Mr. Oliver discussed his concerns with the classification of customer costs and
215 allocations of the following accounts: collection expenses, uncollectible accounts,
216 customer accounts supervision, customer records expense, distribution load dispatching,
217 injuries and damages, employee pensions, benefits, customer assistance expense,

⁹ ANGC Exhibit 1.00 Oliver DIR Phase II at 12-25.

218 furniture, transportation equipment, lab equipment, communication equipment, and
219 miscellaneous equipment.

220 **Q. Did the Company use the same allocation factors for these accounts as it has in the**
221 **past?**

222 A. Yes. These accounts have all been allocated using the same allocation factors for about
223 the last 20 years. This long-standing approach has provided consistent rates for customers
224 in every general rate case that the Company filed during that time.

225 **Q. Did Mr. Oliver propose any different allocation factors to use for these accounts?**

226 A. No.

227 *E. Gradualism*

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

229 A. Yes. Mr. Oliver and Mr. Kaufman both discuss gradualism in their testimonies.¹⁰ Mr.
230 Oliver proposes that no class of customers should have an increase that is more than 1.5
231 times the overall revenue increase. Mr. Kaufman proposes that acceptance of his
232 modified F230 allocation factor is a gradual approach toward an allocation factor that is
233 weighted 100% on the Design Day.

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

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

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

239 A. Interestingly, none of the parties suggested a specific gradual approach that would end
240 with all classes paying full-cost rates. Rather, they propose that the increases to any class
241 be limited and have those costs spread to other classes of customers. These are not
242 gradual approaches to all customers paying full-cost rates. Rather they are what I would
243 refer to as rate mitigation strategies.

¹⁰ ANGC Exhibit 1.00 Oliver DIR Phase II at 29-31; Nucor Exhibit 1.0 Kaufman DIR Phase II at 14.

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

245 A. Yes. The current Transportation Classes were not at full-cost rates until the middle of
246 2024. This was a highly-contested issue in each of the Company's recent general rate
247 cases. Enbridge Gas sees the value of reducing rate shock but prefers a plan that would
248 ultimately have each customer class paying full-cost rates. Choosing an approach that
249 simply reduces the rate impact to the TSL class could certainly make it more challenging
250 to get that class to full-cost rates later.

251 **Q. Does EGU have a proposal for gradualism?**

252 A. Enbridge Gas believes that it has correctly and consistently allocated costs to each class
253 of customers and that those customers should be paying those costs as allocated. If the
254 Commission believes a rate increase for a particular group of customers is too much, then
255 EGU suggests that the Commission consider one of two options. First, the three-step
256 approach that was used in the last general rate case fits the criteria of moving a class to
257 full-cost gradually over time. A similar approach could be applied to the changes in this
258 case and would allow all classes of customers to *stay* at full cost. As a second option, if
259 the Commission believes there is too much cost being allocated to a particular class, the
260 Commission could consider some of the cost allocation options discussed by Ms.
261 Higgins, Mr. Kaufman, and Mr. Oliver. The Company believes that its own cost
262 allocation approach is appropriate, but the options proposed by these other parties have
263 some logic and would accomplish the objective of limiting the increase while still
264 keeping rates of each class at full-cost.

265 **III. RATE DESIGN**

266 **A. *Splitting the GS Class***

267 **Q. Which parties proposed changes to the GS class?**

268 A. Only the DPU discussed a change to the composition of the GS class.¹¹

¹¹ DPU Exhibit 6.0 Pernichele DIR Phase II at 8-18.

269 **Q. What was the proposal of the DPU?**

270 A. The DPU proposed to open a new docket to explore the implications of splitting the GS
271 class. The DPU provided analysis in Mr. Pernichele’s Table 6.1 that shows some
272 intraclass subsidies. This shows that in a volumetric or BSF split of the class, the large
273 customers would be subsidizing the small customers. Mr. Pernichele correctly pointed
274 out that there are constraints related to the billing system that would make any change to
275 the GS class in this case impossible.

276 **Q. Given the evidence by Mr. Pernichele, do you think the GS class needs to be split?**

277 A. No. I do not believe it should be split at all, and it certainly should not be split in this case
278 given the constraints acknowledged by Mr. Pernichele.

279 **Q. Would the Company agree to a docket outside of a general rate case to explore ways
280 to reduce intraclass subsidies in the GS class?**

281 A. Yes. I believe a task force could explore potential options that would reduce intraclass
282 subsidies in the GS class.

283 **B. *Low-Pressure Surcharge***

284 **Q. What is Nucor proposing with respect to the Transportation Service Large (“TSL”)
285 rate class?**

286 A. On behalf of Nucor, Mr. Kaufman proposes a new “Low Pressure Surcharge” to be
287 applied to TSL customers who receive service through Intermediate High Pressure
288 (“IHP”) mains.¹² This surcharge would recover costs associated with IHP mains, which
289 are currently allocated across all TSL customers regardless of whether they use these
290 facilities.

291 **Q. What is the reasoning behind this proposal?**

292 A. Nucor argues that only a subset of TSL customers use IHP mains, and therefore only
293 those customers should bear the costs associated with those facilities. According to Mr.
294 Kaufman, this aligns with the principle of cost causation—where customers who drive

¹² Nucor Exhibit 1.0 Kaufman DIR Phase II at 16-18.

295 specific costs should be responsible for paying them. Nucor believes this targeted
296 surcharge improves fairness and economic efficiency in rate design.

297 **Q. Does the Company agree to adopt Nucor's proposed Low-Pressure Surcharge?**

298 A. No. The Company opposes the surcharge because it violates the principle of average rate
299 making, which has been a long-standing foundation of the Company's rate design. Under
300 average rate making, costs are allocated across customer classes, not individual
301 customers or subsets of customer classes, based on shared characteristics and usage
302 patterns.

303 **Q. What is the principle of average rate making?**

304 A. Average rate making ensures that rates are designed for customer classes rather than
305 tailored to individual customers. This approach recognizes that, while some costs may be
306 attributable to specific customers, many costs are shared across the system. It promotes
307 administrative simplicity and stability in rates.

308 **Q. Why is it problematic to charge only a subset of a class for specific costs?**

309 A. Nucor's proposal effectively creates a subclass within TSL, which undermines the
310 integrity of the class-based system. If every cost were assigned to individual customers
311 based on their unique circumstances, it would result in fragmented and overly complex
312 rate structures. There are numerous costs that could be argued to benefit only certain
313 customers, but the Company's approach is to average these costs across the class to
314 reflect shared system usage.

315 **Q. Has the Company used average rate making consistently in past rate cases?**

316 A. Yes. The Company has consistently applied the average rate making principle for years,
317 and the Commission has supported this approach in the Company's prior general rate
318 cases. Application of this principle ensures that rates are predictable, equitable, and
319 administratively manageable.

320 **Q. What would be the consequence of adopting Nucor's proposal?**

321 A. Adopting the Low-Pressure Surcharge would set a precedent for disaggregating costs
322 within rate classes, leading to increased complexity and potential inequities. It could open

323 the door to numerous proposals to isolate and assign costs to subgroups, eroding the
324 stability and fairness of the Company's current rate design framework.

325 **C. Block Breaks in TSL Class**

326 **Q. What did Nucor propose for the block breaks in the TSL class?**

327 A. On behalf of Nucor, Mr. Kaufman proposed to change the block breaks from their current
328 levels and proposed a larger discount to customers in later blocks.¹³

329 **Q. Does the Company agree with Mr. Kaufman?**

330 A. No. The Company believes the blocks should remain where they are currently
331 established. The blocks were set at that level in the Company's 2022 general rate case,
332 when the transportation classes were split. They were set at these levels because they are
333 equal to the TBF block breaks, which has similarly-sized customers. These blocks were
334 also used in the rate structure of the transportation class prior to 2013.

335 **Q. Are there benefits to having consistent rate structures?**

336 A. Yes. In his book, Principles of Public Utility Rates, James Bonbright discusses ten
337 attributes of a sound rate structure. One of the attributes he discusses is "Stability and
338 predictability of the rates themselves, with a minimum of unexpected changes seriously
339 adverse to rate payers and with a sense of historical continuity."¹⁴ The block breaks that
340 the Company proposes in this case have been used consistently and have received very
341 little opposition from customers or others during many general rate cases. Using these
342 existing block breaks is a stable option for the TSL class since many of those customers
343 have experienced these same blocks before.

¹³ Nucor Exhibit 1.0 Kaufman DIR Phase II at 19-25.

¹⁴ Bonbright, James C. Principles of Public Utility Rates, Second Edition, 1988, Print.

344 **D. Basic Service Fees (“BSF”)**

345 **Q. Which parties opposed the Company’s proposal to maintain the Basic Service Fees at**
346 **their current levels?**

347 A. The only witness that opposed the Company’s Basic Service Fee proposal was Mr. Oliver
348 on behalf of the ANGC.¹⁵

349 **Q. Will you please summarize Mr. Oliver’s opposition?**

350 A. Mr. Oliver uses the Company’s calculation of the BSFs in EGU Exhibit 5.08 to show that
351 the BSFs for all Meter Categories being proposed by the Company are less than what is
352 needed to achieve cost-based charges. He also states that if the BSFs are not set at cost,
353 then the Company cannot claim to be setting rates that follow the principle of cost
354 causation and that customers must pay a higher demand charge or volumetric charge in
355 order to collect the full revenue requirement of a given class. Mr. Oliver further testifies
356 that it will not cause problems for low-income customers or cause rate stability issues if
357 the BSFs are moved toward full-cost. Finally, Mr. Oliver suggests that there may be some
358 double counting of BSF costs in the Administrative Charge.

359 **Q. Is it possible for the Company to still collect full-cost rates from each class of**
360 **customers if the BSFs are less than the full cost?**

361 A. Yes. The Company measures full cost based on the total revenue collected from the class.
362 It does not matter if the revenue comes from a BSF, a demand charge, volumetric rates,
363 or some other rate design tool. If the revenue is not collected in the BSF, it will likely be
364 collected in a volumetric rate.

365 **Q. Would the demand charge for transportation customers be decreased if the BSF**
366 **increased?**

367 A. No. The demand charge is calculated based on a set amount of costs. Changing the BSF
368 would not alter that set amount of costs.

¹⁵ ANGC Exhibit 1.00 Oliver DIR Phase II at 36-42.

369 **Q. Would the volumetric charges for transportation customers be decreased if the BSF**
370 **increased?**

371 A. Yes. As I explained on lines 361-362 of my direct testimony, “The volumetric charge
372 collects the remaining revenue requirement for each class after the fixed charges have
373 been assessed.” An increase in the revenue collected in the BSF would cause less revenue
374 to be collected in the volumetric rates.

375 **Q. Would a higher BSF cause a negative impact to low-income customers?**

376 A. It could. Many customers on a fixed income significantly reduce their usage to save
377 money. If the fixed portion of their bill cannot be reduced, it weakens their efforts to save
378 money.

379 **Q. Has there been pressure to set the BSFs at the calculated amounts in recent rate cases?**

380 A. No. The current BSFs were set based on a settlement agreement in the Company’s 2013
381 general rate case. Since that time, the Company has provided a calculation of the BSF for
382 informational purposes, but the BSFs have stayed the same.

383 **Q. Will you please summarize Mr. Oliver’s proposed BSF for each meter size?**

384 A. Mr. Oliver did not propose a different BSF for the Commission to consider.

385 *E. Administrative Charge*

386 **Q. Which parties opposed the Company’s proposed Administrative Charge for**
387 **transportation service customers?**

388 A. The ANGC is the only party that opposed the calculation of the Administrative Charge.¹⁶

389 **Q. Will you please summarize Mr. Oliver’s position on the Administrative Charge?**

390 A. Mr. Oliver asserts the following claims as they relate to the calculation of the
391 Administrative Charge. According to Mr. Oliver:

392 1. There are inconsistencies in the calculation included in EGU Exhibit 5.09 when
393 compared to the calculation in the Company’s 2022 general rate case.

¹⁶ ANGC Exhibit 1.00 Oliver DIR Phase II at 42-66.

- 394 2. There are new departments that were not included in the Company's 2022 general
395 rate case.
- 396 3. The Administrative Charge is incorrectly calculated because the Gas Supply and
397 the Key Account groups do not interact with customers frequently.
- 398 4. Nominations for gas supplies is a highly-automated process and gas marketers do
399 most of the work for the customers.
- 400 5. Smaller customers do not take as much time to work with as large customers.
- 401 6. The Company's account representatives do not need to work with transportation
402 customers because the Company never curtails usage.
- 403 7. The Company's account representatives work with the marketers, and not with the
404 customers.
- 405 8. The Company does not track the time it spends meeting with customers in the
406 TSS class.
- 407 9. The Company cannot provide backup regarding metering and billing issues.
- 408 10. The maintenance required for metering and telemetry equipment is based on
409 estimates.
- 410 11. The Company is double-counting meter reading, billing, and account management
411 costs in the Administrative Charge and the BSF.
- 412 12. The BSF charge has an incorrectly calculated cost of telemetry.
- 413 13. In the context of continued use of the BSF, application of a separate
414 Administrative Charge to recover incremental costs is not objectionable in
415 concept.
- 416 14. Transportation customers are assessed charges that firm sales customers are not.
- 417 15. There should be different Administrative Charges for each of the transportation
418 classes.
- 419 16. Costs in the calculation of the Administrative Charges for each of the
420 transportation classes should be precise, and not based on estimates or allocations.

421 **Q. Do you have a general rebuttal to these claims?**

422 A. Yes. I will provide additional detail on Mr. Oliver's claims below, but I begin by noting
423 that the costs that are included in the Company's calculation of the Administrative
424 Charge are the same costs that have been included in the Company's recent rate cases.
425 The same surveys used in this case also have been used in recent cases. The Company
426 has been consistent in the calculation of the Administrative Charge in every general rate
427 case since at least 2013. I have been the witness in each of those cases. I explained in
428 lines 435-442 of my direct testimony the reasons for the increase in the Administrative
429 Charge. The Company's inclusion of a new gas control department and an increase in
430 headcount to the Key Accounts group are logical increases. Those responsible for
431 maintenance of telemetry equipment report needing an extra hour for maintenance every
432 year and these costs have been included. The labor and overhead costs are straight from
433 the Company's accounting records and a comparison to the last general rate case is only
434 one part of showing that the costs in *this case* are reasonable. The fact is that costs have
435 changed slightly to reflect current circumstances and the calculation of the
436 Administrative Charge is consistent with the calculation in prior rate cases.

437 **Q. Was the Company consistent with its calculation of the Administrative Charge since**
438 **the last general rate case?**

439 A. Yes. The Company used the same method, as explained in my direct testimony and
440 above.

441 **Q. Were any of the inputs different in this case when compared to the Company's last**
442 **general rate case?**

443 A. Yes. As I mentioned in my direct testimony, at the time of the last general rate case, the
444 Company's gas control department was shared with MountainWest Pipeline (now
445 Williams). Now that the gas control costs are no longer shared, the costs to provide this
446 service have increased. Growth in the transportation class also resulted in the need for
447 additional Key Accounts employees to manage services to these customers. As a result,
448 costs related to the Key Accounts department have increased.

449 **Q. How relevant to this case is the calculation of the Administration Charge in the last**
450 **rate case?**

451 A. It serves as a useful comparison of the validity of data inputs, but ultimately, it is the
452 calculation of the Administrative Charge in this case that will be used to calculate rates
453 approved by the Commission here. To be fair, Mr. Oliver's comparison to the calculation
454 in the last rate case is a good part of the Company's own audit process to make sure the
455 calculation is correct. But ultimately, the Company has updated its calculation in *this* case
456 and that is the data that is before the Commission.

457 **Q. Did the Company verify the accounting data that was used to calculate the**
458 **Administrative Charge?**

459 A. Yes. Before the Company filed its Application in this docket, it noticed an abnormal
460 increase in the labor and labor overhead for some departments, when compared with the
461 last rate case. The regulatory team met with the accounting department and reviewed its
462 method of providing data for this case. The Company feels confident that the data used
463 for this case is accurate.

464 **Q. Are there new departments included in the calculation of the Administrative Charge**
465 **in this case?**

466 A. Not necessarily. As part of the sale of EGU from Dominion Energy to Enbridge, some
467 personnel were reclassified, and some departments were renamed. For example, in prior
468 cases the gas control group was referred to as "nominations/scheduling." Though the
469 name has changed, the function remains the same. It is also important to note that, as I
470 mentioned before, the gas control function was previously shared with MountainWest
471 Pipeline. When Williams Company acquired MountainWest Pipeline, Enbridge Gas Utah
472 was required to separate those services, and to have its own gas control department. This
473 increase in costs would have occurred with or without the acquisition by Enbridge. And
474 they are appropriately included in the Administrative Charge in this case. This is true
475 with all of the costs that are reflected in the Administrative Charge. They were all in the
476 prior calculation in some form.

477 **Q. Do the gas supply and Key Accounts groups work with customers or with their**
478 **marketers?**

479 A. It is a little of both. Marketers do make the nominations for their customers. However,
480 representatives of the Company still work directly with transportation customers for
481 contracting, changes in contracting, the issuance of issue various restrictions, and in
482 aiding the customers when issues arise. The marketers are helpful, but transportation
483 customers require a considerable amount of Company support. Even when these
484 representatives work with the marketers, it is still on behalf of the customers, so those
485 interactions appropriately are included in the Administrative Charge.

486 **Q. Do you agree with Mr. Oliver's claim that the nomination process is highly-automated**
487 **and that marketers do most of the work for their customers?**

488 A. No. While there are portions of the process that are automated, there are also portions that
489 would require a human to think through and communicate about a problem. As I
490 explained above, the EGU employees whose labor is included in the calculation of the
491 Administrative Charge do not just work with marketers. They spend a considerable
492 amount of time working directly with customers.

493 **Q. Do you agree with Mr. Oliver's claim that smaller customers do not take as much**
494 **time to work with as large customers?**

495 A. No. As I mentioned in lines 464 – 467 of my direct testimony, no matter the size of the
496 customer, they will still require the Company's services that are included in the charge.

497 **Q. Do you believe the Company should charge a different Administrative Charge for**
498 **different sizes of transportation customers?**

499 A. No. There is no evidence on the record showing that any size of customers should have a
500 different Administrative Charge.

501 **Q. Mr. Oliver states that the Company has not had curtailments in recent years. Does**
502 **the Company ever issue restrictions or Hold Burn to Scheduled Quantities**
503 **("HBSQs")?**

504 A. Yes. Fortunately, the Company has not had to curtail (or stop service to) any customers in
505 recent years. However, restrictions and HBSQs are issued multiple times every year

506 during abnormal or extreme weather events or when the Company's gas supply group
507 needs nominations to be precise.

508 **Q. Does the Company track the time it spends working with and maintaining equipment**
509 **for different sizes of customers?**

510 A. No. Such an exercise would take an enormous amount of time by EGU employees, which
511 likely would increase the Administrative Charge. In ratemaking, it is reasonable to have
512 departments develop estimates based on their experience and expertise.

513 **Q. Is the Company double counting any costs between the BSF and the Administrative**
514 **Charge?**

515 A. If there are any costs that are double counted, they are de minimis in result. Both the BSF
516 and the Administrative Charge are calculated with some level of estimates, and are then
517 rounded. In the case of the BSF, the Company is not even proposing to use the calculated
518 BSFs but instead proposes to leave them at the amounts settled more than a decade ago.

519 **Q. Can the Company still claim to be charging full-cost rates if it is charging rate**
520 **components that are not at full cost or have been developed using estimates?**

521 A. Yes. The Company uses these individual components to develop an overall rate design
522 for the class. This overall rate design collects the total revenue requirement for the class.
523 While increasing or decreasing the individual rate design components within a class can
524 shift costs between customers in the same class, it is the total class revenue requirement
525 that determines if the class is paying full-cost rates or not.

526 **Q. Is the Company charging transportation customers different costs than its sales**
527 **customers?**

528 A. I explain this in more detail later in my testimony, but the short answer is that the
529 Company uses different rate design tools to collect similar costs from sales customers.

530 **Q. Do you agree that the calculation of the Administrative Charge should be precise and**
531 **not based on estimates or allocations?**

532 A. No. While accuracy could possibly be improved by tracking actual costs, that extra
533 accuracy would come at a cost. For example, asking a group of employees to log the time

534 they spend on every phone call, email, and text they make with customers could possibly
535 improve the accuracy of the corresponding costs, but it would significantly increase the
536 time that is spent working with those customers. The use of surveys and estimates,
537 combined with actual cost and accounting data where available, is a suitable method to
538 calculate the Administrative Charge.

539 **Q. Do you support any of Mr. Oliver's claims regarding the Administrative Charge?**

540 A. No. The calculation of the Administrative Charge as proposed by the Company is
541 consistent with the calculation in prior years and the Commission should not adopt any
542 adjustments to that calculation here.

543 **Q. Did Mr. Oliver provide an alternate calculation of the Administrative Charge for**
544 **consideration by the Commission?**

545 A. No.

546 **IV. OTHER ISSUES**

547 **A. *Disincentives to be a Transportation Customer***

548 **Q. Mr. Oliver asserts that EGU's proposed rates and tariff provisions create**
549 **unnecessary and inappropriate disincentives for customers to use transportation**
550 **services.¹⁷ How do you respond?**

551 A. I disagree with Mr. Oliver's assertion. The Company's transportation service rates and
552 tariff provisions are designed to reflect the actual costs and operational requirements
553 associated with providing transportation service. These provisions are not intended to
554 discourage customers from choosing transportation service, but rather to ensure that
555 customers who elect this option pay their fair share of the costs incurred to serve them
556 and do not cause operational burdens or supply planning challenges for the Company. I
557 will go into more detail on some of Mr. Oliver's claims in this section.

¹⁷ ANGC Exhibit 1.00 Oliver DIR Phase II at 66-71.

558 **B. Restrictions on Timing for New Transportation Customers**

559 **Q. Mr. Oliver recommends eliminating the July 1 restriction for firm sales switching to**
560 **transportation service in Tariff Section 5.01. Why does the Company maintain this**
561 **restriction?**

562 A. The July 1 restriction is essential for effective gas supply planning. The Company's
563 Integrated Resource Plan ("IRP") year runs from June to May, and gas procurement
564 decisions are made based on the expected number of firm sales customers. Allowing
565 customers to switch at arbitrary times throughout the year would introduce uncertainty
566 into the planning process, potentially leading to over or under procurement of gas. This
567 could lead to increased costs for all customers and jeopardize reliability. The July 1 date
568 ensures that customer commitments to a rate class are aligned with the IRP cycle,
569 enabling the Company to procure gas in a cost-effective and reliable manner.

570 **C. Purchase of Receivables Program**

571 **Q. Is Enbridge Gas interested in a program that combines the bill of a third-party**
572 **marketer and the utility?**

573 A. No. Mr. Oliver proposed a program he refers to as a purchase of receivables ("POR") that
574 would have the utility charge customers for the services of the marketer. The Company
575 has had experience in billing for other entities and currently has no appetite for doing it
576 again. Further, it is not the Company's responsibility to mitigate any challenges the
577 marketers may face with customer non-payment.

578 **D. Telemetry**

579 **Q. Why does the Company require telemetry equipment for transportation customers?**

580 A. The meters that are used for sales customers provide a monthly read that is used for
581 billing purposes. The meters used for transportation customers, on the other hand, need to
582 be able to provide daily reads. The difference is necessitated by the fact that
583 transportation customers are buying their gas from sources other than the Company and
584 they (or their marketer) need to nominate that gas every day. The Company needs these
585 nominations to be accurate and tracks the nominations, by customer, every day. If a
586 customer's daily nominations are out of a tariff-specified tolerance, that customer will be

645 continues to evaluate solutions and does not see value in assembling a working group
646 before it has exhausted these efforts.

647 With all that said, the Company values the input of the regulatory agencies and the key
648 stakeholders that are involved in this general rate case. If the Commission sees value or
649 would like more information on any of these topics and deems a working group
650 necessary, the Company is willing to participate.

651 **G. *Electronic Model***

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

653 A. Yes. Attached as EGU Exhibit 5.15R is a copy of the model filed as EGU Exhibit 5.14U
654 on May 14, 2025. This model shows the Company's updated revenue requirement as
655 agreed in the Phase I Settlement Stipulation filed on September 26, 2025, and the
656 Company's original proposed cost of service as modified for the TBF class gradualism
657 adjustment mentioned above. It also includes the Company's original rate design
658 proposal.

659 Though the Company is not accepting the proposals from other parties that are listed
660 below, the Company has included these allocation factors in EGU Exhibit 5.15R for the
661 sake of transparency. The Company is willing to help any party change an allocation
662 factor in the model upon request.

- 663 1. Ms. Higgins' proposal to change the weighted allocation factor from 60% Design
664 Day and 40% Throughput to 66% Design Day and 34% Throughput.
- 665 2. Mr. Kaufman's proposal to change the weighted allocation factor from 60%
666 Design Day and 40% Throughput to 60% Design Day and 40% Winter
667 (November to March) Throughput.
- 668 3. Mr. Smith's proposal to change the weighted allocation factor from 60% Design
669 Day to 40% Throughput to 60% Excess Demand (Design Day Demand less
670 Average Throughput) and 40% Throughput.
- 671 4. Ms. Higgins' proposal to change the allocation factor for large diameter mains
672 from Distribution Throughput to a weighted allocation of 60% Distribution

673 Design Day and 40% Distribution Throughput.

674 5. Mr. Smith's proposal to change the allocation factor for large diameter mains
675 from Distribution Throughput to 60% Excess Demand (Design Day Demand less
676 Average Throughput) and 40% Throughput. Mr. Smith also is proposing to use
677 this updated factor for feederline mains, compressor station equipment, and
678 regulation station equipment.

679 6. Ms. Higgins' proposal to change the billing determinants for the TBF class.

680 7. Comparison tables showing effects on 60/40 weighting using proposals by EGU,
681 UAE, and FEA.

682 8. Comparison tables showing effects on large diameter mains using proposals by
683 EGU, FEA, and Nucor.

684 **V. CONCLUSION**

685 **Q. Would you please summarize your recommendations?**

686 A. As I address above, the cost-of-service and rate design proposals in my direct testimony
687 continue to be the best options proposed in this case. Accordingly, the Commission
688 should approve the Company's proposals and decline to make any of the modifications
689 recommended by other parties.

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


691 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 16th day of October, 2025.


Notary Public

