

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Application of Enbridge Gas Utah to)	
)	Docket No. 25-057-06
Increase Distribution Rates and Charges)	
)	Phase II Surrebuttal Testimony of
)	James W. Daniel
and Make Tariff Modifications)	On behalf of the
)	Office of Consumer Services

November 4, 2025

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Exhibit OCS-3.1S Data Center Articles, Reports, and News Releases

1 **Q., PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is James W. Daniel. My business address is 6836 Bee Caves Road,
3 Bldg. 1, Suite 225, Austin, Texas, 78746.

4 **Q. ARE YOU THE SAME JAMES DANIEL THAT PROVIDED PHASE II DIRECT**
5 **AND REBUTTAL TESTIMONY ON BEHALF OF THE OFFICE OF CONSUMER**
6 **SERVICES (“OCS”)?**

7 A. Yes.

8 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

9 A. The purpose of my surrebuttal testimony is to respond to certain claims and
10 proposals made by American Natural Gas Council (“ANGC”) witness Bruce Oliver,
11 by UAE witness Courtney Higgins, and by Enbridge Gas Utah (“EGU”) witnesses
12 Austin C. Summers and Kelly Mendenhall in their rebuttal testimony in Phase II of
13 this proceeding.

14 ***New Large Customers***

15 **Q. DOES ANGC WITNESS MR. OLIVER RESPOND TO YOUR PROPOSED NEED**
16 **FOR ADDITIONAL REQUIREMENTS FOR NEW LARGE LOADS?**

17 A. Yes. ANGC witness Mr. Oliver’s rebuttal testimony mostly makes arguments that
18 additional requirements for large new customers, such as data centers, are
19 unnecessary or premature. Instead, Mr. Oliver suggests waiting until new large
20 loads cause problems that cannot be addressed in EGU’s current tariff.

21 **Q. REGARDING NEW LARGE ELECTRIC LOADS IN THE STATE, DID THE**
22 **LEGISLATURE AND COMMISSION TAKE A WAIT AND SEE APPROACH FOR**
23 **PROTECTING THE ELECTRIC UTILITY'S OTHER CUSTOMERS?**

24 A. No. In response to the Legislature's SB132, the Commission initiated a rulemaking
25 docket to determine how to best address potential issues caused by new large
26 loads, such as data centers. I mentioned this Commission proceeding (Docket No.
27 25-R318-01) in my direct testimony.

28 **Q. DO YOU BELIEVE IT WOULD BE PRUDENT FOR THE COMMISSION TO NOT**
29 **BE PROACTIVE IN ADDRESSING POTENTIAL PROBLEMS WITH LARGE**
30 **NEW LOADS OF GAS UTILITIES?**

31 A. No. As I mentioned in my direct testimony, EGU states in its 2025 IRP that it has
32 already received multiple "requests" to serve direct power generation at specific
33 data center locations.

34 **Q. ARE NEW DATA CENTERS ALSO LOOKING FOR NEW OPTIONS TO**
35 **PROVIDE THEIR SUBSTANTIAL ENERGY NEEDS?**

36 A. Electric utilities and generators are strained to meet the rapidly increasing needs
37 of new data centers. This has caused data centers to independently develop
38 alternative energy supplies, many of which could impact EGU. My Exhibit OCS-
39 3.1S provides copies of articles, reports and news releases related to these recent
40 activities, including examples of natural gas related energy resources developed
41 or considered for new large loads, such as data centers. These announced
42 examples of natural gas related energy resources are all in 2025 and mostly in the
43 past few months

44 **Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING ANGC'S PROPOSAL**
45 **FOR THE COMMISSION TO WAIT TO ADDRESS ISSUES RELATED TO NEW**
46 **LARGE LOADS UNTIL A FUTURE PROCEEDING?**

47 A. The Commission should reject ANGC's recommendation. New large loads have
48 already requested service from EGU. Waiting until a future proceeding will be too
49 late to protect EGU's current ratepayers.

50 ***Proposed Revenue Distribution and Gradualism***

51 **Q. DOES ANGC WITNESS MR. OLIVER RESPOND TO YOUR REVENUE**
52 **DISTRIBUTION AND GRADUALISM DIRECT TESTIMONY?**

53 A. Yes. On pages 17 and 18 of his rebuttal testimony, Mr. Oliver discusses his
54 concerns with my recommended revenue distribution. I would note that it appears
55 that Mr. Oliver misunderstood at least part of my revenue distribution proposal.

56 **Q. PLEASE EXPLAIN.**

57 A. The revenue distribution discussion in my direct testimony is based on EGU's
58 proposed revenue requirement and proposed COSS model. I stated that the
59 results of that COSS model and EGU's recommendation to move all customer
60 class revenues to cost of service, other than the TBF class, seemed reasonable
61 and was similar to the revenue distribution results approved by the Commission in
62 EGU's prior rate case. Like in any rate case, the approved total revenue increase
63 and COSS are never what the utility initially proposes. Obviously, the Commission
64 will review the impact of its final decisions on customer classes to make sure
65 classes do not receive huge rate increases. My observation in my direct testimony
66 is that if the Commission's decisions in this case result in customer class percent

67 rate increases similar to those in the Commission's Order in the prior EGU rate
68 case, then I would expect that the Commission would reach a similar conclusion
69 that gradualism is not necessary. I also state that if there are larger class percent
70 increases under the Commission's approved COSS in this case, then I am fine
71 with applying gradualism.

72 **Q. IN YOUR REBUTTAL TESTIMONY, DID YOU ALSO PROVIDE INFORMATION**
73 **ON THE COMMISSION'S RELUCTANCE TO APPLY GRADUALISM IN THE**
74 **PRIOR EGU RATE CASE?**

75 A. Yes. As stated in my rebuttal testimony, the Commission has observed that most
76 prior applications of gradualism have not been successful in moving customer
77 classes to full cost of service rates.

78 **Q. IN ITS REBUTTAL TESTIMONY, DID EGU FILE A REVISED COSS MODEL**
79 **AND REVENUE DISTRIBUTION?**

80 A. Yes. In his rebuttal testimony, EGU Witness Austin Summers provides a revised
81 COSS model that uses the Phase I Stipulation revenue increase and the
82 Company's revised cost allocations. The customer class percent rate increases
83 based on this revised COSS are not excessive in view of the class percent rate
84 increases approved by the Commission in EGU's prior rate case. If EGU's revised
85 COSS model is similar to the results of the Commission's final decisions in this
86 case, then based on the Commission's prior Order gradualism would not be
87 necessary.

88 **Q. SHOULD ANGC'S REBUTTAL TESTIMONY ON CLASS REVENUE**
89 **DISTRIBUTION CARRY ANY WEIGHT?**

90 A. No. As EGU's updated COSS model and related class percentage increases
91 demonstrate, ANGC's proposal for gradualism is not necessary and therefore
92 unfounded.

93 ***Commission Review of Conservation Enabling Tariff ("CET")***

94 **Q. DID ANY PARTY OPPOSE YOUR RECOMMENDATION THAT THE**
95 **COMMISSION SHOULD DISCONTINUE EGU'S CET?**

96 A. Yes. As expected, EGU witness Kelly Mendenhall recommends in his rebuttal
97 testimony that the Commission allows EGU to continue using the CET in the future.

98 **Q. DID MR. MENDENHALL PROPOSE ANY ADDITIONAL SUGGESTIONS**
99 **REGARDING THE CET?**

100 A. Yes. As discussed on page 8, line 162 through page 9, line 166 of Mr. Mendenhall's
101 rebuttal testimony, the Company plans to hire a third-party energy efficiency firm
102 to conduct an independent assessment of EGU's energy efficiency programs.

103 **Q. DO YOU BELIEVE AN INDEPENDENT ASSESSMENT WILL BE HELPFUL?**

104 A. Yes. As discussed in my direct testimony, the CET adjusts rates for changes in
105 average customer usage caused by factors other than just energy efficiency
106 programs. As such, it is difficult to determine if the CET is performing as originally
107 intended, i.e., to adjust rates for decreased energy usage caused by energy
108 efficiency programs.

109 **Q. COULD THE RESULTS OF EGU'S PLANNED INDEPENDENT ASSESSMENT**
110 **IMPACT YOUR RECOMMENDATION TO DISCONTINUE THE CET?**

111 A. Yes, it could.

112 **Q. WOULD IT MAKE SENSE FOR THE COMMISSION TO DELAY MAKING A**
113 **DECISION ON THE FUTURE OF THE CET UNTIL AFTER THE INDEPENDENT**
114 **ASSESSMENT HAS BEEN COMPLETED?**

115 A. Yes. I believe that would be an acceptable and logical plan. As I discussed in my
116 rebuttal testimony, in this case the Commission should approve DPU's proposed
117 revisions to the CET in addition to requiring the study described by Mr. Mendenhall.

118 ***Allocation of interest on Late Payments***

119 **Q. DID ANY PARTIES REBUT YOUR PROPOSED ALLOCATION OF INTEREST**
120 **ON LATE PAYMENTS?**

121 A. Yes. The rebuttal testimony of UAE witness Ms. Higgins, ANGC witness Mr. Oliver,
122 and EGU witness Mr. Summers oppose my proposed adjustment to the allocation
123 of interest on late payments.

124 **Q. PLEASE SUMMARIZE THEIR REBUTTAL TESTIMONY ON THIS ISSUE.**

125 A. ANGC witness Mr. Oliver agrees with my recommended adjustment to allocate
126 interest on late payments on the basis of the number of customers in each class.
127 In addition, he proposes that for consistency purposes that uncollectible expenses
128 should also be allocated on the number of customers allocation factor. UAE
129 witness Ms. Higgins opposes my recommended allocation because she claims I
130 have not established that interest on late payments is related to the number of
131 customers in each class. This is contrary to ANGC which agrees that interest on

132 late payments are more related to the number of customers than EGU's use of
133 customer class DNG revenues. Ms. Higgins also states that for consistency
134 purposes, uncollectible expenses and collection expenses should be allocated
135 using the number of customers in each class. EGU witness Mr. Summers opposes
136 my recommended allocation because it is different from what EGU has done in
137 prior cases and because I have not supported my claim that large customers
138 generally are not the source of past due accounts.

139 **Q. BASED ON THIS REBUTTAL TESTIMONY, DO YOU HAVE ANY REVISIONS**
140 **TO YOUR RECOMMENDATION ON ALLOCATING THE INTEREST ON PAST**
141 **DUE ACCOUNTS.**

142 A. I continue to recommend that the allocation of interest on past due accounts on
143 the basis of the number of customers in each class is superior to the Company's
144 use of a DNG revenue allocation factor. I also accept ANGC's and UAE's
145 recommendation that for consistency purposes, uncollectible accounts expenses
146 and collection expenses should also be allocated using the number of customers
147 allocation factor.

148

149 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

150 A. Yes. I would note, however, that I have chosen not to present surrebuttal testimony
151 on every issue raised in the other parties' rebuttal testimony since I have previously
152 addressed those other issues in my direct and rebuttal testimony. In particular, I
153 have not repeated my arguments rebutting intervenors representing larger
154 customers on cost of service issues that I have already explained have been

155 rejected by this Commission and should not be again considered again in this case
156 since nothing material has changed.