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 REVISIONS.	**Docket No. 25-057-06** **Exhibit No. 1.00 SUR**

SUR-REBUTTAL TESTIMONY OF AMERICAN

NATURAL GAS COUNCIL WITNESS

PHASE 2

Sur-Rebuttal Testimony of

Bruce R. Oliver

On Class Cost of Service

and Rate Structure Issues

November 4, 2025

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications	Docket No. 25-057-06

ANGC EXHIBIT 1SUR

Phase 2

SUR-REBUTTAL TESTIMONY OF ANGC WITNESS
BRUCE R. OLIVER
ON CLASS COST OF SERVICE
AND RATE STRUCTURE ISSUES

November 4, 2025

Testimony on Behalf of

American Natural Gas Council

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Bruce R. Oliver. My business address is 7103 Laketree Drive, Fairfax Station, Virginia, 22039.

Q. ARE YOU THE SAME BRUCE R. OLIVER WHO HAS PREVIOUSLY SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING ON BEHALF OF ANGC?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR PHASE II SUR-REBUTTAL TESTIMONY?

A. This Sur-Rebuttal testimony responds to portions of the Phase II Rebuttal Testimonies of witness Summers for Enbridge, witness Daniel for the Office of Consumer Services ("OCS"), and Nucor Steel ("Nucor") witness Kaufman.

Q. WERE THIS TESTIMONY AND THE ACCOMPANYING EXHICITS PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION AND CONTROL?

A. Yes, they were.

II. RESPONSE TO REBUTTAL OF OTHER PARTIES

A. RESPONSE TO REBUTTAL OF OCS WITNESS DANIEL

Q. DOES WITNESS DANIEL'S REBUTTAL PROPERLY CHARACTERIZE YOUR DIRECT TESTIMONY WITH RESPECT TO THE APPLICATIONS OF GRAD-UALISM IN THE DETERMINATION OF CLASS REVENUE REQUIREMENTS AND THE DESIGN OF CHARGES WITHIN RATE CLASSES?

A. No. Witness Daniel's Rebuttal portrays my position as seeking rigid adherence to a limit of 1.5 times the system average increase for all rate classes that would otherwise receive large rate increases. That is not an accurate or appropriate representation of my position regarding the use of gradualism in the determination of class revenue requirements. As stated in my Direct Testimony:

> *…limits on deviations from the overall revenue increase percentage that may be applied to an individual rate class gain increased importance as the size of utility revenue requests increases. For example, a commission may determine that an increase of greater than 1.5 times the overall increase is inconsistent with "gradualism" and maintenance of reasonable "rate continuity." Although parties may suggest arbitrary limits on rate increases for individual rate classes,* ***determinations regarding limits*** [on individual class revenue increase percentages] ***are ultimately a reflection of the discretion of regulators***.[1] (Emphasis added).

I also specifically observe that:

> *Acceptable amounts of variation from an overall average increase percentage are not fixed. Acceptable variance from the size of the Company's overall increase can vary with the size of the overall increase that is requested or approved. If the overall increase declines significantly, greater percentage variations in the increases applied to individual rate classes may be found reasonable even though their variation from the overall average may be larger in percentage terms.*[2]

However, I do suggest that in the context of the 20.68% overall increase that EGU requested in its initial filing in this proceeding, "*the Commission should*

[1] ANGC Exhibit 1.00 DIR at page 30, lines 638-645.
[2] ANGC Exhibit 1.00 DIR at page 30, footnote 9.

find proposals that impose more than 1.5 times the overall revenue increase percentage [are] *inappropriate and unacceptable*."[3]

1. **Cost of Service Allocations and Classifications**

Q. WITNESS DANIEL ASSERTS THAT YOU "APPEAR" TO ACCEPT EGU'S ALLOCATION FACTOR #230. IS THAT AN ACCURATE REPRESENTATION OF YOUR DIRECT TESTIMONY?

A. No. There is no specific reference to EGU's Allocation Factor #230 anywhere in my Direct Testimony, and Witness Daniel offers no citation to any page or lines within my Direct Testimony where I made such a representation. In fact, I specifically chose not to address EGU's Allocation Factor #230 in my Direct Testimony.[4] Contrary, to Witness Daniel's representations, I did not "*claim*" that EGU's Allocation Factor #230 reclassifies part of the distribution system costs as throughput or volume related. Rather, I simply observed what was shown in the detail of the Company's Cost of Service Allocations. I did note, for example, that EGU's classification of costs for Account 875, Measuring & Regulating Station Expenses split costs that were EGU identified as "Demand" costs for allocation purposes but were split within the Company's Demand and Throughput categories for cost classification purposes. However, that observation was strictly used to contrast applications in which costs were split between categories based on the allocation factor chosen for an account and applications in which composite

[3] Ibid., page 30, lines 648-650.

[4] I anticipated that, as in past cases, issues associated with the development of EGU's Allocation Factor #230 would be addressed by other parties, and in that context, I chose to focus my Direct Testimony on other issues of importance to ANGC.

allocation factors were applied but all costs in the account are classified to a single cost classification that does not reflect the diversity of factors used to allocate the costs in the account. Witness Daniel apparently overlooks, or does not appreciate, that distinction.

When I stated, "*I have no problem with that split classification for Measuring and Regulating Expenses*,"[5] it was in the context of cost classification considerations. It was not intended to represent an endorsement of the Company's Allocation Factor #230 or any of EGU's other allocation factors. Rather, the intent of my discussion of EGU's classifications and allocations of costs is to demonstrate the lack of sound development of costs-causative relationships in those important elements of EGUs development of its costs of service by rate class and the costs it relies upon to support specific charges (*e.g.*, its Basic Service Fees and Administrative Charges).

Q. WOULD YOU COMMENT ON WITNESS DANIEL'S ATTEMPT TO USE WHAT HE REFERENCES AS "THE NARUC GAS MANUAL" TO SUPPORT HIS ARGUMENTS RELATING TO EGU'S ALLOCATION FACTOR #230?

A. Yes. The "NARUC Manual" to which Witness Daniel refers is a decades old document. NARUC first published its Gas Rate Design Manual in August 1981. The Manual was intended to serve as a "guide" for rate design considerations. It was not intended to be a proscriptive document. The NARUC Manual was originally created and published in August 1981 in response to the enactment of

[5] ANGC Exhibit 1.00 DIR, page 15, lines 322-323.

the **1978 National Energy Act,** the changes in gas **supply costs** that followed the passage of that Act, and the impacts on of the Act on gas supply costs for utilities which were the **only sources** of gas supply for most users of natural gas at that time.

The most recent update of the NARUC Manual was published in June 1989 (over 36 years ago). It should also be noted that the June 1989 update was written prior to the opening of retail markets to gas supply competition and the offering of gas transportation (or delivery) service rates by large numbers of gas distribution utilities.[6] Although the NARUC Manual retains some value as a general guide to gas cost allocation and rate design considerations, there have been **dramatic** changes in the industry, in technology, and in analytic approaches to development of rates since the current NARUC Manual was last updated. The Commission needs to understand the NARUC Manual and current references to its content in this context.

Q. DO YOU FIND THAT OCS WITNESS DANIEL PROVIDES A REASONABLY COMPREHENDSIVE REVIEW OF YOUR ASSESSMENT OF THE COMPANY'S CUSTOMER CLASS COST OF SERVICE ALLOCATIONS?

A. No. OCS Witness Daniel substantially misconstrues and misrepresents my concerns regarding EGU cost classifications and allocations. He states he does

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[6] The "*Brief History of the Natural Gas Industry*" presented at the beginning of the June 1989 version of the NARUC Manual ends with the following statement: "*It should also be remembered that, in the federal arena of expanded competition, the concept of gas distribution as a natural monopoly still exists. That concept continues to exert significant influence on the industry*."

not share my concerns regarding inconsistencies in EGU's classifications and allocations of costs, and suggests that it is not unusual of utilities, after classifying their costs as Customer-related, Demand-related, or commodity-related, to allocate such costs among rate classes using a more general, or composite, allocation factor. Nothing in my Direct Testimony disagrees with that highly generalized premise. However, use of a generalized or composite allocation factor should serve to reasonably reflect the factors contributing to the incurrence of costs. As documented in my Direct Testimony, EGU's classifications and allocations of costs frequently do not achieve that objective. Also, as I have noted in my Direct Testimony, EGU's cost classifications identify over 65% of the Company's total costs as not related to the three major cost causative factors for gas utilities (*i.e.*, class contributions to numbers of customers, annual throughput, and system demands). Furthermore, the purpose of employing "composite" allocation factors is to improve the cost-causative foundations for a utility's allocations of costs among rate classes, recognizing that costs in certain accounts may be influenced by multiple factors (customer, demand, and/or throughput measures). Applications of generalized or composite allocation factors without establishing reasonable ties to the manner in which costs are incurred is inappropriate and can distort assessments of class cost responsibilities. Apparently, Witness Daniel is much less concerned about producing cost of service allocations that reasonably reflect cost-causative relationships.

Q. DOES OCS WITNESS DANIEL PROVIDE ANY SUBSTANTIVE RESPONSE TO YOUR DEMONSTRATION OF INCONSISTENCIES AND INACCURACIES IN EGU'S ALLOCATIONS OF UNCOLLECTIBLE ACCOUNTS EXPENSE?

A. No. At pages 17-21 of my Direct Testimony I discuss a number of elements of EGU's customer-related costs that are allocated in a manner that does not reasonably reflect cost-causation. As part of that discussion I provide a demonstration of the inaccuracies introduced by EGU's use of DNG revenues to allocate Uncollectible Accounts Expenses in Account 904.0. Clearly, there are factors other than just DNG revenue that influence the Company's incurrence of Uncollectible Accounts expenses by rate class. Yet, witness Daniel avoids explicit response to those matters.

Q. DOES WITNESS DANIEL'S REBUTTAL PROVIDE ANY EVIDENCE TO SUPPORT A CONCLUSION THAT EGU'S ALLOCATION OF COSTS IN ACCOUNTS 901 (CUSTOMER ACCOUNTS SUPERVISION), ACCOUNT 903.1 (CUSTOMER RECORDS EXPENSE), AND ACCOUNT 903.2 (COLLECTION EXPENSE) REFLECT OF COST-CAUSATIVE RELATIONSHIPS?

A. No. He does not. In fact, Witness Daniel does not specifically address EGU's allocations of costs for any of those accounts. His Rebuttal Testimony only specifically addresses two elements of my Direct Testimony with respect to class costs of service issues. Those are:

(1) EGU's allocation factor #230, which I did not specifically critique anywhere in my Direct Testimony, and

(2) A very generalized reference to my concerns regarding EGU's classification of all Administrative and General ("A&G") Expenses as Customer-related costs.

Furthermore, nowhere does Witness Daniel's present any factual or analytic support for the Company's classification of all A&G accounts as Customer-related costs, nor does he justify EGU's allocation of **all** A&G expenses using a Gross Plant allocation factor.

Q. IN SUPPORT OF HIS ARGUMENTS REGARDING WHAT HE CHARACTERIZES GENERALLY AS "*OTHER ANGC COST ALLOCATION AND CLASSIFICATION CONCERNS,*" WITNESS DANIEL'S OFFERS A QUOTATION FROM THE NARUC GAS RATE DESIGN MANUAL.[7] IS THE PARAGRAPH THAT WITNESS DANIEL QUOTES FROM THE NARUC MANUAL INCONSISTENT WITH ANY OF THE POSITIONS YOU HAVE ARGUED?

A. No. Where I observe that EGU has classified all A&G expenses as Customer-related costs, the cited passage from the NARUC Manual states that such expenses "*are not normally categorized as either customer, energy, or demand*." Rather, the cited passage from the NARUC Manual suggests that such costs are "*generally allocated on a* ***composite*** *basis of certain other categories*." (Emphasis added). Although EGU has allocated **ALL** of it's A&G expenses on the basis of

[7] Witness Daniel simply references page 26 of the NARUC Manual, and fails to indicate the date of publication of that manual. However, the quoted passage is identical to language found at the top of page 26 of the June 1989 edition of that Manual.

"**Gross Plant,**" a measure that reflects a composite of the Company's plant allocations, the use of that allocator ignores the influence of other factors on the Company's incurrence of A&G expenses. Other gas utilities, for which I have reviewed class costs of service studies, generally make substantial use of **Labor-related allocators** to distribute cost responsibilities for A&G expense.

Although Gross Plant is generally an appropriate allocator for costs in Account 924, Property Insurance, it does not reasonably capture the factors that influence EGU's incurrence of costs for Account 920 (Administrative & General Salaries), Account 921 (Office Supplies & Expenses), Account 923 (Outside Services Employed), Account 926 (Injuries & Damages), Account 926 (Employee Pensions & Benefits), Account 928 (Regulatory Expense), and Account 930.1 (General Advertising Expenses).

Q. DOES WITNESS DANIEL'S RESPONSE TO YOUR CONCERNS ADDRESS ISSUES YOU HAVE IDENTIFIED WITH RESPECT TO THE COMPANY'S ALLOCATION OF LOAD DISPATCHING COSTS, CUSTOMER RECORDS?

A. No. He does not explicitly address my stated concerns regarding EGU's allocation of load Dispatching costs in Account 871.

Q. WHY DID YOU NOT PRESENT AN ALTERNATIVE TO EGU'S COST ALLOCATION MODEL IN YOUR DIRECT TESTIMONY?

A. I assessed that the preparation of an alternative set of cost allocations based on EGU's initially filed Rate Model would not be particularly meaningful given the noticeable change in the Company's overall revenue requirement. Although EGU distributed a Rate Model to reflect the Phase I Settlement, there was insufficient time between the Company's distribution of its Electronic Model for Settlement and the filing of Phase II Direct Testimony to allow for development and documentation of changes required to compensate for the numerous shortcomings in EGU's cost classifications and allocations that I have identified in my Direct Testimony.

Q. WHAT ARE THE KEY FINDINGS THAT YOU ASK THE COMMISSION TO DRAW FROM YOUR PRESENTATION WITH RESPECT TO EGU'S CUSTOMER CLASS COST ALLOCATIONS IN THIS PROCEEDING?

A. First, the Company's classifications and allocations of costs lack necessary foundation in cost-causation. Second, any effort to equalize class rates of return must be pursued with recognition of the imprecise and non-cost-based nature of multiple elements of the Company's cost allocations. In light of EGU's failure to demonstrate cost-causative relationships between incurrence of costs and the dollar amounts it allocates to each rate classes, proposals for precise matching of class revenue requirements with EGU's class cost of service results place unjustified reliance on the precision of those results.

2. <u>Gradualism Considerations</u>

Q. IS WITNESS DANIEL OPPOSED TO APPLICATIONS OF GRADUALISM?

A. Witness Daniel's Rebuttal states, "*I do not oppose applying gradualism if the Commission's approved COSS results in significant rate increases for certain customer classes*." However, Witness Daniel's argues:

(1) The percentage increases in class revenue requirements EGU proposes in this case are within the range of increases approved by the Commission in the Company's last rate case; and

(2) The Company has not experienced good outcomes when applying gradualism adjustments in the past.[8]

Q. DO YOU DISAGREE WITH WITNESS DANIEL'S REPRESENTATION THAT THE PERCENTAGE INCREASES BY CUSTOMER CLASS THAT EGU PROPOSES IN THIS CASE ARE WITHIN THE RANGE OF INCREASES APPROVED BY THE COMMISSION IN THE COMPANY'S LAST RATE CASE?

A. No. However, I strongly disagree with the use of that past determination as precedent for approval of EGU's proposed Revenue Increases by rate class in this proceeding. For the Commission's efforts to equalize class rates of return in the last case to be considered productive, we would expect to see the rates of return for most, if not all, rate classes move closer to the system average rate of return in this case. That clearly is not the result that is reflected in EGU's analyses for this proceeding.

Table 1 compares the results of EGU's customer class cost allocations in this proceeding with those the Company presented in its last rate case (Docket No. 22-057-03).

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[8] OCS Exhibit 3.0R, the Phase II Rebuttal Testimony of Witness Daniel, page 15, lines 349-355.

Table 1

**Comparison of Rate Class
RORs and DNG Revenue Increase Percentages
by Rate Class
Docket No. 22-057-03 Versus Docket No. 25-057-06**

			Revenue Increase % by Class		
			Docket No.	Docket No. 22-057-03	
Rate	Computed Class RORs[9]		22-057-03	Initial	EGU Ph I
Class	22-057-03	25-057-06	Approved[10]	Proposal[11]	Settlement[12]
GS	5.58%	5.31%	9.9%	22.3%	12.4%
NGV	5.08%	4.33%	15.1%	0.0%	0.0%
FS	3.02%	5.75%	**37.5%**	20.4%	10.7%
IS	**9.01%**	**1.13%**	**-11.4%**	**72.0%**	**58.2%**
TBF	**-0.77%**	**-1.49%**	**28.1%**	**54.4%**	**41.8%**
TSS	**9.92%**	**3.27%**	**-16.1%**	**44.4%**	**32.7%**
TSM	**5.17%**	**4.15%**	**14.6%**	**35.9%**	**24.9%**
TSL	**1.85%**	**4.36%**	**55.8%**	**34.5%**	**23.6%**
Total TS	5.09%	4.01%	15.3%	**37.5%**	**26.4%**
Overall	5.38%	4.94%	10.8%	24.1%	14.2%

Q. WITNESS DANIEL'S REBUTTAL TESTIMONY AT PAGE 13, LINES 283-292, PROVIDES SEVERAL SENTENCES OF QUOTED MATERIAL FROM THE JUNE 1989 EDITION OF THE NARUC MANUAL. DOES THAT QUOTED MATERIAL CONTRADICT ANYTHING YOU HAVE STATED?

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[9] Rates of Return by rate class are from Docket No. 22-057-03, DEU Exhibit 4.21R, "COS Sum TS Split," line 50. Class Rates of Return for Docket No. 25-057-06 are taken from EGU Exhibit 5.14U, "COS Sum," line 50.

[10] UPSC December 23, 2022 Order in Docket No. 22-057-03, page 46, Table 4.

[11] Computed from EGU Exhibit 5.14U, "Rate Design 10yr," comparison of Forecasted Revenues at Current Rates Tariff Effective 02/01/25 and EGU's Proposed rates.

[12] The percentage increases shown are computed from the "Rate Design 10yr" tab that is found in the "*Electronic Model for Settlement*" that was distributed by EGU in September 2025.

A. No. It simply says that there are elements of costs associated with Common Plant, Working Capital, and Administrative and General Expenses that cannot be readily categorized as customer, energy (throughput), or demand costs, and therefore, such costs are not normally allocated on the basis of a single factor. Rather, they are generally allocated using "***composite***" allocation factors.

Moreover, as documented in my Direct Testimony, EGU has frequently used a single allocation factor (*e.g.*, Numbers of Customers or Gross Plant) to allocate costs for Administrative and General Expense accounts without constructing any causal relationship between the manner in which such costs are incurred and the allocation factor applied. For example, EGU classifies costs recorded in Account 926, Employee Pensions and Benefits, as Customer-related costs, and allocates those costs among rate classes on the basis of Gross Plant. However, Employee Pensions and Benefits are clearly Labor-related costs, and have only limited ties to the Company's "Gross Plant" investment. Other utilities for which I reviewed class cost of service studies separately identify capitalized portions of Pension and Benefits expense and allocate those costs on the basis of Plant-related allocators. Moreover, in that process only a portion of Pension and Benefits expense is considered Customer-related for cost classification and allocation purposes.

Q. IS WITNESS DANIEL OPPOSED TO THE APPLICATION OF GRADUALISM IN THE ADJUSTMENT OF CLASS REVENUE REQUIREMENTS?

A. No. His Rebuttal testimony states, "*I would not be opposed to applying a gradualism adjustment*."[13] However, his recommended class revenue increases actually amplify the disparity in class revenue increase percentages with the classes facing the largest rate increases under EGU's proposed revenue increase distribution being given even larger increases under his proposals. Witness Daniel's presumption is that the Commission's decision to attempt to equalize class rates of return in the Company's last base rate case will be carried forward into this case and applied using OCS cost of service allocation results.

As I discussed in my Direct testimony, as well as elsewhere in this testimony, there are sound reasons for not adhering to a strict equalization of class rates of return as the basis for the "revenue spread" in this proceeding. EGU's class cost of service allocations fall well short of precise determinations of class cost responsibilities and fail to consistently reflect cost-causative relationships. In addition, consideration must be given to the fact that the service conditions, rates, and penalty structures that EGU applies to its Transportation Service Customers make those customers far less risky for the Company to serve than Firm Sales Service customers.

I recognize that differences in risk between classes of service can be difficult to quantify. However, the differences in EGU's terms of service for Transportation Service customers and Firm Sales Service customers warrant this Commission's

[13] OCS Exhibit 3D, page 22, line 477.

subjective consideration when assessing the propriety of forcing all classes to equalized rate of return as part of determining class revenue requirements.

Q. IS IT APPROPRIATE TO SIMPLY ASSUME THAT THE COMMISSION'S EFFORTS TO EQUALIZE CLASS RATES OF RETURN IN THE LAST CASE SHOULD ALSO BE APPLIED IN THIS CASE?

A. No. Despite the Commission's effort to equalize class rates of return in the Company's last GRC, large disparities in computed class rates of return are, once again, found in the Company's class cost of service results in this proceeding. As Witness Daniel observes, the Company offers no explanation for the cause of the disparity in class rates of return in this proceeding.[14] In fact, the Commission's efforts to equalize class rates of return in the last case have produced even larger disparities in this case.[15] In addition, the mix of classes requiring greater than average increases in this case to achieve equalized rates of return has changed. For these reasons, the Commission would be well advised to tread more carefully on this matter going forward. By applying gradualism considerations to the levels of rate increases approved for individual rate classes, the Commission can move toward the objective of more equalized class rates of return and possibly lessen the potential for large swings in class rate of return results in future cases.

3. <u>Basic Service Fees</u>

Q. DOES OCS WITNESS DANIEL PROVIDE ANY SUBSTANTIVE SUPPORT FOR NOT INCREASING EGU'S CURRENT BSF CHARGES?

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[14] OCS Exhibit 3D, page 21, lines 456-459.

[15] See Table 1, above.

A. No. Without any reference to supporting data or analytics, Witness Daniel submits that "*EGU adequately supports it proposal to not increase the current BSF charges in this case*." However, Witness Daniel offers no citations to EGU's testimony or exhibits to support that assessment. As I discussed in my Direct Testimony, and I will discuss further herein, EGU's position on this matter is not well supported. The Company's only support for not increasing its current BSF charges lies in two considerations. First, EGU Witness Summers broadly suggests that an increase in the BSF charge for any meter category may have adverse impacts on low-income households. Second, witness Summers suggests that raising BSF charges would disrupt "rate stability" that has been maintained for decades.

While I understand some sensitivity to BSF increases for low-income households, there are few, if any, low-income households that would be adversely affected by raising BSF charges for Meter Categories II, III, and IV. Further, as I demonstrated in ANGC Exhibit 1.02 that accompanies my Direct Testimony, Witness Summers' claim of decades of stability in the Company's BSF charges is factually incorrect.

Witness Daniel's unsupported response to my more detailed assessment of BSF cost support and pricing considerations warrants no weight. It is clear from the analyses presented in EGU Exhibit 5.08 that there are very large differences between the results of the Company's analysis of its BSF costs and EGU's current BSF charges, particularly for larger meter sizes (*i.e.*, Category III and Category IV meters).

B. RESPONSE TO DPU WITNESS SUMMERS

Q. CAN YOU PROVIDE AN OVERVIEW OF YOUR RESPONSE TO THE REBUTTAL TESTIMONY OF EGU WITNESS SUMMERS REPLY TO YOUR DIRECT TESTIMONY?

A. As is often the case in utility rate proceeding, EGU's presentation in this proceeding pursues what is expedient for the Company to obtain an increase in its authorized revenues while impacts on individual customer classes and customers within rate classes, particularly those outside the dominant GS class, are given at best secondary consideration. Witness Summers' Rebuttal Testimony underscores these aspects of the Company's proposals. As in his Direct Testimony, Witness Summers' arguments and positions are frequently self-contradictory and/or inconsistent with other information the Company has provided. Witness Summers relies heavily on what he considers past precedents and/or historic practices to justify the procedures and assumptions underlying the Company's class cost of service and rate structure recommendations without meaningful investigation of their continued appropriateness and accuracy.

Q. WHAT SPECIFIC ELEMENTS OF WITNESS SUMMERS' REBUTTAL TESTIMONY DO YOU ADDRESS?

A. My response to Witness Summers' Rebuttal Testimony addresses a number of elements of that testimony including Class Costs of Service; Rate Design; Tariff Issues, and Witness Summers' Concept of Average Ratemaking. However, I emphasize that the omission of comment of any specific element of Witness

Summers' Rebuttal Testimony should not be interpreted as acceptance of, or support for, his positions or recommendations regarding such matters.

1. <u>Class Costs of Service</u>

Q. WHAT IS YOUR GENERAL ASSESSMENT OF WITNESS SUMMERS' REBUTTAL ON CLASS COST OF SERVICE ISSUES?

A. As in his Direct Testimony, plant cost allocations, particularly those related to mains and services, are the primary focus of his discussion of class cost of service issues. Everything else he simply classifies as "miscellaneous" cost of service issues. I appreciate that plant-related costs represent a large component of EGU's overall costs of service and as such are important. However, allocations of operating expenses can have noticeable impacts on class relative rates of return. This is a matter of particular sensitivity for customers in classes other than the dominant GS class. As DPU witness Pernichele observes, reliance on a single rate class (*e.g.*, the GS class), is not a typical practice among U.S. gas distribution utilities. Although the Company's non-cost-based allocations of operating expenses may have little impact on the dominant GS class, departures from cost-causative relationships in the Company's allocation of costs for numerous customer-related and general and administrative expense accounts can distort perceived earnings for the Company's other smaller rate classes.

In addition, the Commission needs to consider the fact that EGU's customer class cost of service allocations are premised on forecasted costs, forecasted numbers of customers, and forecasted measures of Dth use and demands. Those forecasts introduce additional limits to the precision that can be associated with EGUs class cost of service results. The data previously presented in Table 1, in this testimony, illustrate the fact that the Commission's efforts in the Company's last general rate case, Docket No. 22-057-03, to balance class rates of return has produced some **dramatic swings** in EGU's computed rates of return by class for the forecasted period addressed in the Company's class cost of service study (*i.e.*, the twelve months ended December 2026). For example, in Docket No. 22-057-03 the Company computed a 9.01% rate of return for the IS class, but in this case EGU Exhibit 5.14U shows a 1.13% rate of return for the same class. Further, in Docket 22-057-03 the Company computed a rate of return of 9.92% for the TSS class. However, EGU's CCOS in this case (EGU Exhibit 5.14U) shows the TSS class producing a rate of return of only 3.27%. In each of these instances, the class moved from having a substantially above system average rate of return to a noticeably below system average rate of return.

Before accepting EGU's proposal to once again attempt to equalize class rates of return based on forecasted data and at best poorly supported attempts to simulate cost-causative relationships, a more careful examination should be made of the factors that produced such large swings in the Company's class costs of service results. In the absence of well-developed and supported explanations for such dramatic swings in EGU's class cost of service results, the Commission may be well advised to move more gradually toward equalized class rates of return in this case.

a. <u>Miscellaneous CCOS Issues</u>

Q. WITNESS SUMMERS' REBUTTAL TESTIMONY STARTING AT PAGE 11, LINE DISCUSSES WHAT HE CHARACTERIZES AS "MISCELLANEOUS CCOS ISSUES." WHAT IS YOUR GENERAL RESPONSE TO THAT PORTION OF WITNESS SUMMERS' REBUTTAL?

A. As enumerated in Witness Summers' Rebuttal the allocations he describes as "*miscellaneous*" address the Company's allocations for more than a dozen separate accounts. In total, the expense accounts affected by the Company's unsupported allocations impact over $100 million or roughly 60% of EGU's annual operating expense. These are not trivial considerations. Things have changed over the last 20 years. Not the least of those changes is the observed growth in customers' use of Transportation Services.[16] Witness Summers argues that the Company's allocation methods were developed 20 years ago, before there was a significant expansion of Transportation Services, which may have been deemed acceptable when the Company had comparatively few customers outside of the GS class. That is not a sound basis for continuing those practices without meaningful re-examination as we move forward in time.

b. <u>Splitting the GS Class</u>

Q. WITNESS SUMMERS' REBUTTAL TESTIMONY ADDRESSES ISSUES RAISED BY DPU WITNESS PERNICHELE REGARDING SPLITTING THE GS

[16] Docket No. 19-057-02, DEU Exhibit 4.0, dated July 1, 2019, at page 29, lines 764-766, indicates the Company's Transportation Service class experienced **728% growth** over the roughly 10-year period between 2009 (Docket No. 09-057-16) and Docket No. 19-057-02.

CLASS AS PRIMARILY A RATE DESIGN ISSUE.[17] **IS IT ALSO A COST OF SERVICE CONSIDERATION?**

A. Yes. The current GS class is very broad in its application and the diversity of customers and usage within that class makes it difficult for the Company to allocate costs and design rates in a manner that properly reflects cost-causation for all customers within the GS class. Moreover, as I have previously stated in my Direct Testimony, the dominant size of the GS class creates a situation in which comparatively small errors in the costs allocated to the GS class can result in more significant departures from cost-based relationships for other smaller classes. For these reasons, I fully agree with DPU Witness Pernichele that the GS class needs to be divided or otherwise reconfigured to achieve rates that more accurately and fairly reflect cost causation.

Witness Summers' Rebuttal argues that there are EGU billing system constraints that would make any change to the GS class "***impossible***." I strongly urge the Commission to reject that representation. I recognize that it is not reasonable for the Commission or any other party to expect that a restructuring of the GS class could be implemented between the time of a Commission order in this proceeding and the effective date of new rates. However, to suggest that a restructuring of the GS class would be "**impossible**" for implementation at a later date (*e.g.*, in the Company's next general rate case) is wholly inappropriate.[18] I

[17] EGU Exhibit 5.0R, page 13, line 266, through page 14, line 282.
[18] The Commission should take notice of the fact that EGU's gas distribution utility affiliates in both North Carolina and Ohio have rate structures that differentiate charges for residential, non-residential, and large volume customers within their General Service rate offerings. Enbridge has experience with billing systems

further suggest that the Commission could order a limited first phase of the transition to a restructured GS class that could be implemented at the conclusion of this proceeding if that first phase addressed only the restructuring of charges for Large Firm Sales Service, and assessment of demand charges to those customers is delayed to provide reasonable time for their establishment of contract demands.

2. Rate Design and Tariff Issues

a. EGU's Basic Service Fees

Q. HAVE YOU REVIEWED WITNESS SUMMERS' REBUTTAL TO YOUR REVIEW OF THE COMPANY'S BASIC SERVICE FEE ANALYSIS?

A. I have.

Q. DO YOU ACCEPT WITNESS SUMMERS' REPRESENTATION THAT IT IS POSSIBLE FOR EGU TO COLLECT ITS FULL COSTS OF SERVICE FROM EACH RATE CLASS WITHOUT INCREASING ITS BASIC SERVICE FEES?

A. Certainly, but that rationale ignores all consideration of cost-based charges within rate schedules. Witness Summers' Direct Testimony states that "*the rate design process is used to* ***make sure that customers are paying for the costs they cause***."[19] However, Witness Summers' rationale for not increasing the Company's Basic Service Fees does not conform with the rate design objective he cites. Yes, the total costs assigned to a class may be recovered without increasing BSF

for more disaggregated General Service offerings, and thus, claims that the splitting EGU's existing GS class is an impossible task should be disregarded.

[19] EGU Exhibit 5.0, page 13, lines 332-333. (Emphasis added.)

charges, but that does not ensure that individual customers within each class "***pay for the costs they cause***."

I submit that the establishment of just and reasonable rates requires that charges applied to individual customers within each rate class should also be cost-based unless sound rationales for departures from cost-based ratemaking determinations are presented. For example, gradualism and/or rate continuity may temporarily justify less than fully cost-based charges. Yet, EGU Witness Summers offers no sound basis for the Company's decision to retain its current Basic Service Charges and not make any attempt to move those charges closer to their identified costs of service when the Company's own analyses show large disparities between EGU's existing BSF charges and its identified BSF costs by Meter Category. Witness Summers continues to rely on poorly developed concerns regarding potential impacts on low-income households as the Company's sole reason for not increasing any of its BSF charges. That is an inappropriate and unnecessary result. The Company's Basic Service Fees comprise separate charges for each of four Meter Categories that can, and have in past proceedings, been, separately adjusted. Any representation that the Company's existing Basic Service Fees for Meter Categories II, III, and IV is simply not supported by EGU's own analysis of its BSF costs.

Witness Summers' Direct Testimony recognizes that rate design can affect the subsidies within a class.[20] However, he only addresses such subsidies in the

[20] EGU Exhibit 5.0, page 15, lines 383-384.

context of the Company's volumetric charges (*e.g.*, Block Break Points and Block Break Differentials). He fails to provide recognition of the fact that shifting cost recovery between Basic Service Fees and Volumetric Charges can also be expected to impact intra-class rate subsidies.

Q. DO YOU AGREE THAT RAISING THE COMPANY'S BASIC SERVICE FEES FOR LARGER METER CATEGORIES WOULD NOT LOWER DEMAND CHARGES FOR TRANSPORTATION SERVICE CUSTOMERS?

A. I agree that lower demand charges is not a necessary outcome. However, Witness Summers' position that the level of the Company's Demand Charges would not be altered if BSF charges are increased reflects nothing more than the Company's position on the matter. It does not in any way limit the Commission's ability to determine what it believes are appropriate adjustments to each of the charges applied to a class of customers. Importantly, the very fact that EGU proposes to maintain its BSF charges at below cost levels, necessarily implies that some or all of the other charges applied to each rate class must also not conform with cost-based determinations. Moreover, if both the Company's BSF charges and Volumetric Charges for a class deviate from cost-based levels, then the rationale for arbitrarily maintaining cost-based levels for other charges (*e.g.*, Demand Charges) is substantially eroded.

As I discussed in my Direct Testimony, the Company's decision to not adjust its Demand Charges for Transportation Service customers may be, in part, a product of efforts to discourage broader use of transportation service options by existing Firm Sales Service customers. My assessments find that the Demand Charges assessed of TSS customers but not applied to comparably sized GS and FS customers are a major barrier to broader use of Transportation Service alternatives.[21] The Company's Demand Charges constitute monthly fixed costs that can only be overcome with increased usage volumes, that many TSS and comparable GS and FS customers do not need and cannot justify. Yet, the Company has failed to quantitatively evaluate either the impacts of the differences in its rate designs for TSS, GS, and FS customers or the size of the barriers those differences create. If the Commission wishes to support customer's ability to utilize gas supply alternatives in a functioning competitive market these inconsistencies in rate design need to be eliminated. Such action would also create greater incentives for EGU's efficient and cost-effective management of the gas supplies it procures for Utah consumers.

Q. SHOULD THE COMMISSION ACCEPT WITNESS SUMMERS' ARGUMENT THAT RAISING BSF CHARGES COULD ADVERSELY IMPACT LOW-INCOME CUSTOMERS?

A. No. This is little more than a "***red herring***." I explicitly address such concerns in my Direct Testimony at page 40, lines 861-872. Avoidance of higher BSF charges

[21] *See* ANGC Exhibit 1.02 SUR. The analysis in ANGC Exhibit 1.02 SUR shows the billed charges customers with identical usage characteristics would pay under EGU's Current Rates, EGU's Initial Rate Proposals in this Proceeding, and Under EGU's computed charges under the Phase I Settlement. The nine pages of bill comparisons presented show rate differences between TSS and GS Rates and between TSS and FS rates at differing levels of annual gas use, differing levels of summer and winter gas use, and differing levels of contract demand. In many of the scenarios examined, EGU's initial rate proposals and its Phase I Settlement rates amplify the economic disadvantages for TSS customers relative to EGU's charges for TS and GS service.

for low income households does not necessitate a conclusion that the Company cannot raise its BSF charges for **any** Meter Category. As EGU's analysis of Basic Service Fee costs clearly demonstrates, the magnitudes of the deviations from cost-based levels are far greater for Category III and Category IV meters. Few, if any, low-income households impacted by increasing the Company's Basic Service Fees for those meter categories. Further, at Phase I Settlement overall revenue requirement, the need for a significant increase in the BSF charge for Category I meters is somewhat diminished. After reflecting the Settlement revenue requirement, the cost-based BSF for Category I meters is reduced.

EGU's current BSF charge for Category I meters is $6.75 per month or $81.00 per year. Exhibit 5.08 indicates that the Company's full initial revenue increase request would have raised its BSF for Category I meters to $91.14 annually or $7.50 per month. That would represent an increase of 12.5% in the context of an overall DNG revenue increase in excess of 20%. At the Phase I Settlement revenue level, the cost-based BSF charge for Category I meters would fall to not more than $7.30 per month, and that would require an increase of only about 8.28% from the current BSF for Category I meters, a charge that Witness Summers indicates, has not been increased since 2013.

Neither rate continuity nor rate stability is achieved by keeping one charge at an outdated level while making significant adjustments to other charges. Maintenance of a charge at a below cost level over an extended number of years tends to amplify the extent to which other charges must deviate from cost-based ratemaking determinations. Moreover, as deviations from cost-based levels increase overtime, the instability in rates tends to increase as the Company's incremental revenues fail to reasonably track the costs generated by incremental numbers of customers or incremental gas service volumes.

When neither the Company's overall revenue requirements nor its other charges for service have remained constant over the period since 2013, true "rate stability" is not achieve by ignoring increases in the Company's BSF costs. Witness Summers appears to give considerable weight to rate "stability" considerations, but he fails to address the role other charges (*e.g.*, volumetric charges) play in his concept of rate stability. I submit that "stability" in the level of a single charge within a multi-charge rate schedule does not yield "*rate stability*" for affected customers.

I share concerns regarding the impacts of rate increases on low-income households. However, EGU's expressed concerns regarding impacts on low-income households are presented without any discussion of established governmental and utility programs that are designed specifically to address the needs of low-income customers. The Utah Office of Consumer Services ("OCS") website identifies both federally funded and ratepayer funded low-income assistance programs that are already in place.

Finally, I submit that the Company's positions regarding maintenance of BSF at below cost levels for all meter categories challenges the credibility of Witness Summers' statement in his Direct Testimony that the Company is not proposing any changes to the rate design that "***would affect the subsidies within any classes***."[22]

b. <u>EGU's Proposed Administrative Charges</u>

Q. EGU WITNESS SUMMERS ATTEMPTS TO RESPOND TO A NUMBER OF THE ARGUMENTS AND POSITIONS REGARDING THE COMPANY'S ASSESSMENT OF ITS ADMINISTRATIVE COSTS THAT WERE PRESENTED IN YOUR DIRECT TESTIMONY. HAS HE PRESENTED SUBSTNTIAL NEW INFORMATION OR ANALYSES ON THESE MATTERS?

A. No. The portion of his Rebuttal that relates to the Company's proposed Administrative Charge provides no new analytics and no additional information that can be readily verified. Witness Summers continues to claim that EGU's Administrative Charge analysis for this proceeding uses the same data, methods, and costs that the Company presented in other recent cases. However, as I have documented in my Direct Testimony, that obviously is not accurate. I have documented multiple differences in the data and methods employed. Yet, Witness Summers provides no substantive and verifiable response to my analysis.

Witness Summers claims that the Company verified the accounting data that was used to calculate the proposed Administrative Charge. However, he provides no documentation of the analyses performed to make that verification. Witness Summers' Rebuttal on Administrative Charges issues also references "the

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[22] EGU Exhibit 5.0, page 15, lines 391-393.

Company's own audit process." Yet, once again, no documentation of the procedures followed, and the analyses performed, as a part of that audit is provided.

Q. DOES WITNESS SUMMERS ADEQUATELY EXPLAIN THE INCREASES IN LABOR COSTS INCLUDED IN EGU'S ADMINISTRATIVE CHARGE ANALYSIS THAT YOU DOCUMENTED?

A. No. He simply asserts that the numbers were derived from the Company's accounting records without documenting and further explaining how those costs were derived. In the absence of further support, the substantial increases in the Labor costs included in EGU's Administrative Charge analysis should be rejected.

Q. WITNESS SUMMERS' REBUTTAL TESTIMONY AT PAGE 22, LINES 477-496, ATTEMPTS TO ADDRESS THE EXTENT OF INTERACTION BETWEEN EGU'S GAS SUPPLY AND KEY ACCOUNTS PERSONNEL WITH INDIVIDUAL TRANSPORTATION SERVICE CUSTOMERS. DO YOU FIND THOSE ARGUMENTS COMPELLING?

A. No. I recognize that some activities may involve direct interactions between the Company's Gas Supply and/or Key Accounts personnel and individual Transportation Service customers, but nothing in Witness Summer's Rebuttal Testimony enlightens the Commission or the parties regarding the frequency and duration of those interactions. Although assertions are made that tracking the time for EGU personnel on such activities would be burdensome on the Company, those assertions should be rejected. Tracking of time is required in many activities throughout our economy and with modern technology many organizations track employee activities in significant detail and without undue burdens. Off-handed representations that "*transportation customers require a* ***considerable amount of support***,"[23] and "[EGU employees] ***spend a considerable amount of time working directly with customers***," are of little value in regulatory determinations. Those statements suggest a lack of needed accountability to justify costs that are being identified for collection from a specific subset of the EGU's customers (*i.e.*, users of transportation services in Utah).

My Direct Testimony specifically referenced the Company's response to ANGC Data Request 2.05 in which the Company states, "***Currently there is only one customer who is NOT set up to be nominated for by a gas supplier***." However, Witness Summers does not address that response, and again, he provides no verifiable support for his assertions regarding the activities of the Company personnel whose costs are included in EGU's Administrative Charge costs.

Similarly, Witness Summers recognizes that the Company has not had service curtailments in recent years for any customers. However, he indicates the Company issues multiple Hold Burn to Schedule Quantity ("HBSQ") restrictions ever year. Yet, nowhere in Witness Summers' Rebuttal does he identify the numbers of HBSQ events actually experienced by Transportation Service customers nor does he document the extent of interactions with individual Transportation Service customers that those events required. In fact, given that

[23] EGU Exhibit 5.0R, page 22, lines 482-483.

marketers generally manage load balancing for their customers, restrictions under HBSQ events are generally just another element of those activities. Thus, once again, there is reason to question the level of activity by EGU personnel that is required by such events. It is also my understanding that notifications regarding HBSQ events are generally communicated electronically and require limited direct involvement by either EGU personnel or individual customers.

c. <u>Disincentives for Use of Transportation Services</u>

Q. YOUR DIRECT TESTIMONY DETAILED A NUMBER OF FACTORS THAT CONTRIBUTE TO DISINCENTIVES FOR USE OF COMPETITIVE GAS SUPPLY ALTERNATIVES. DOES WITNESS SUMMERS PROVIDE SUBSTANTIVE RESPONSES TO THOSE CONCERNS?

A. No. For example, my Direct Testimony addressed the costs of Telemetry that is required for monitoring and billing of Transportation Service customers but is not required of large Firm Sales Service Customers. Witness Summers responds by simply indicating that Telemetry is necessary for management and billing for Transportation Service. Yet, nothing in my testimony questioned the use of Telemetry as part of the Company's provision of service to Transportation customers.[24] Rather, my point was that Telemetry could be equally valuable in managing loads for large GS and FS customers, but it is not currently used for that purpose.

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[24] I would note that many gas distribution utilities offer gas transportation services to customers without requirements for installation of Telemetry equipment.

Further, the Company's policies impose substantial upfront costs for Telemetry on new Transportation Service customers. Those costs, coupled with the Company's policies that require customers to incur the full costs of Telemetry as an upfront expense (*e.g.*, presently in excess of $7,600),[25] as well as absorb the full costs of Telemetry equipment even if they remain on Transportation Service for only one or two years.[26] Clearly, EGU's policies with respect to Telemetry further magnify the hurdles that TSS level customers face when attempting to pursue competitive gas supply alternatives.

d. <u>Witness Summers' "Average Ratemaking" Concept</u>

Q. SHOULD THE COMMISSION ACCEPT WITNESS SUMMERS' RESPRESENT-ATIONS REGARDING THE PROPRIETY OF WHAT HE REFERS TO AS "*THE PRINCIPLE OF AVERAGE RATE MAKING*"?

A. No. Witness Summers' discussion of "**average rate making**," directly contradicts his claim that the "*the rate design process is used to make sure customers are paying for the costs they cause*." Basically, his "*average rate making*" concept implies that how rate burdens are distributed within a rate class is of little importance as long as the rates designed for each class can be shown to recover the Commission's approved revenue requirement for a given rate class. However, the billing determinants used to design rates rarely match the actual billing

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25 EGU's Response to ANGC Data Request 2.08 Attachment 1.

26 Telemetry equipment is generally assumed to have a useful life of at least 10-15 years. If a customer leaves the Company's Transportation Service before the end of the expected life of such equipment, the customer should, at a minimum, be credited with the value of the remaining useful life of the required Telemetry equipment less the costs of removal. Alternatively, the costs of Telemetry could be included in the Company's rate base and billed to customers over time as is the typical practice for dial meters.

determinants reported when approved rates are applied to compute actual bills. Moreover, rates designed, without reasonable adherence to cost-causative relationships, increase the potential for significant departures from authorized revenues when approved rates are applied to actual billed units of service. Thus, EGU's "*average rate making*" concept increases the likelihood that approved rates will not reasonably approximate authorized levels of revenue by rate class.

Q. DOES WITNESS SUMMERS PROVIDE CITATION TO A COMMISSION ORDER OR AN AUTHORITATIVE PUBLICATION FOR HIS PURPORTED "*AVERAGE RATE MAKING PRINCIPLE*"?

A. No. Despite my lengthy engagement in utility ratemaking issues in multiple states across the U.S., I am unfamiliar with that purported "principle." Average ratemaking is not a principle referenced in the NARUC Gas Rate Design Manual that several parties have referenced in this proceeding. I also find no reference to an "average rate making" principle in any in professor Bonbright's publications.

C. Response to Nucor Witness Kaufman's Rebuttal

1. Adjustment of Basic Service Fees

Q. WITNESS KAUFMAN FOR NUCOR CALLS FOR ALL BASIC SERVICE FEES TO BE SET AT EGU'S CALCULATED BASIC SERVICE FEE COSTS BY METER CATEGORY. DO YOU AGREE?

A. No, I do not. As stated in my Direct Testimony, "*there are substantial reasons to seek gradualism in the adjustment of BSF charges, particularly for Meter*

Categories 3 and 4."[27] Witness Kaufman represents my position as advocating full recovery of Basic Service Costs through the Company's BSF Charges. That is not my testimony, nor is it reflective of my position on this matter.

As shown in Table 2, below, based on the Phase I Settlement the Company's monthly costs per meter for each Meter Category would be reduced. However, extremely large percentage increases would still be suggested based on EGU's cost analyses for Category III and Category IV Meters. For gradualism and rate continuity purposes, I would recommend that the Commission constrain those increases to **not more than two times** the overall average percentage increase that results from the Phase I revenue requirement determination in this proceeding. In addition, with the reduced overall level of DNG revenues that results from the Phase I Settlement, the cost-based level of the BSF for Category 1 Meters would require only about an 8% increase to conform with EGU's computed BSF for that meter category. In other words, an increase in the BSF for Category 1 meters would already produce a lesser increase than the overall increase percentage that would result from the Phase I settlement. However, the Commission certainly has the discretion to apply a lesser increase or no increase to that charge. Yet, it would do so with the understanding that any such determination will necessarily erode the cost basis for some or all of the other charges applied to each rate class and will create subsidies among the customers within an affected rate class.

[27] ANGC Exhibit 1.00 DIR, page 42, lines 901-902.

Table 2

Comparison of Current, Proposed, and Settlement-Based BSF Costs

Meter Category	Current Monthly Charge	EGU BSF Cost Analysis[28] Annual BSF Cost	EGU BSF Cost Analysis[28] Monthly Charge	Settlement Based Monthly BSF Cost[29]	Required Increase % for Cost-Based BSF Charge
I	$ 6.75	$ 91.14	$ 7.50	$ 7.30	8.28%
II	$ 18.25	$ 289.34	$ 24.00	$ 23.20	27.12%
III	$ 63.50	$ 1,515.27	$ 126.00	$ 121.70	91.65%
IV	$ 420.25	$11,984.15	$1,000.00	$ 960.00	128.60%

2. Alignment of Rates for TSS and Large Firm Sales Services

Q. WITNESS KAUFMAN INDICATES THAT HE OPPOSES ANGC'S EFFORTS TO ACHIEVE GREATER ALIGNMENT OF RATES FOR TRANSPORTATION AND LARGE FIRM SALES SERVICE CUSTOMERS. HOW DO YOU RESPOND?

A. Witness Kaufman's opposition appears to be guided by his concerns regarding the impact of such an alignment of rates on the TSL customer he represents. He seems to overlook the fact that **Transportation Service customers are simply Large Firm Sales Service customers who choose a different source for purchasing their gas supplies**. A customer's choice regarding their gas supplier should have little, if any, impact on EGU's costs of providing Distribution Services to the customer. Differences in EGU's costs of providing service to Transportation

[28] From EGU Exhibit 5.08p1, line 15.

[29] These Settlement-based Monthly BSF costs were estimated by simply replacing the Company's proposed overall rate of return of 7.61% that was used in EGU's BSF cost analysis with the overall rate of return approved for the Company in Docket No. 22-057-03 which was 6.856%. ***See* ANGC Exhibit 1.01 SUR**. While there may also be other cost reductions under the terms of the Phase I Settlement that would be appropriate to reflect in EGU's assessment of BSF costs by Meter Category.

Service customers and Large Firm Sales Service customers can be (and arguably have been) addressed to separate charges (*e.g.*, the Administrative Charge) applied only to Transportation Service customers. However, no sound basis has been established for differentiating their charges for the distribution service they receive.

I generally agree with Witness Kaufman's desire for cost-based charges for EGU's services, but I also recognize that the Company's historic rates and policies have created biases that will require an adjustment process to resolve. Importantly, Transportation Service customers pay significant fixed charges on a monthly basis to which Large Firm Sales Service customers are not exposed. These problems are most acute for the lower end of the TSS rate class. The lack of parallel rate structures for TSS and Large Firm Sales service creates a need for potential TSS customers to overcome substantial monthly fixed costs (*i.e.*, cost that are not assessed of Large Firm Sales Service customers) before they can justify an election to use EGU's Transportation Service offerings. This bias is unnecessary and inappropriate. It is also not a bias found in the Transportation Service offerings of other U.S. gas distribution utilities with which I am familiar.

My Direct Testimony outlines an approach to remedying these inconsistencies in EGU's pricing of its distribution services. However, the completion of that process without imposing rate shock on some Large Firm Sales Service customers suggests the need for at least temporarily lowering EGU's Transportation Demand Charge for Small Transportation Service ("TSS") customers.

Based on the billing determinants EGU has used to design rates in this proceeding, I compute that average annual use for TSS customers is about 8,540 Dth while average annual gas use by FS customers is about 5,085 Dth, and average gas use for GS customers who would meet the TSS minimum use threshold (*i.e.*, 1,500 Dth annually) is about 3,400 Dth annually. Thus, the customers that would be most affected by my proposed realignment of rates typically have annual service requirements well below the minimum requirements for the TSM and TSL rate classes, and there is no reason rates for those classes would need to be altered in any way.

1. <u>Transportation Service Demand Charge</u>

Q. WITNESS KAUFMAN'S REBUTTAL TESTIMONY ADVOCATES A TRANSPORTATION DEMAND CHARGE OF $8.77 PER DTH PER MONTH.[30] DO YOU SUPPORT HIS EFFORT TO INCREASE THE TRANSPORTATION DEMAND CHARGE ABOVE THE $4.67 PER DTH-MONTH LEVEL THAT EGU HAS PROPOSED?

A. No. His recommendation for a rather dramatic increase in the TSL Demand Charge is premised on an ill-conceived and poorly supported analysis. Although I understand his concerns regarding the influence of EGU's use of its "Distribution Plant" cost classification on the identification of Demand-related costs, I do not find his attempt to identify **incremental** demand-related costs as a basis for his

[30] Nucor Exhibit 2.0, page 5, lines 106-107. It should also be noted that in response to ANGC Data Request 1.01 of Nucor, Witness Kaufman indicates that his recommendation of a $8.77 per therm-month charge was incorrectly stated. It should be read as a charge **per Dth-month**.

Demand Charge recommendation appropriate. Although EGU's CCOS includes a "Classification" table that summarizes its "classified" costs (*i.e.*, Customer, Distribution Plant, Throughput, and Demand costs) by rate schedule, Witness Kaufman does not provide a revised version of that component of EGU's CCOS. The Incremental Demand costs analysis that Witness Kaufman presents is conceptually flawed. His analysis simply reflects the impact of a one Dth increase in Design Day Demand for the TSL class (and for the total system) without any consideration of the manner in which EGU's total costs would be affected by the assumed one Dth increase. In essence, Witness Kaufman's analysis of Incremental Demand costs reflects little more than a reallocation of costs among rate classes based on a hypothetical one-Dth increase in Design Day Demand that would be implemented without any associated total system cost impacts.

I further caution that both Witness Kaufman's Demand Cost analysis and EGU's support for its proposed Transportation Service Demand Charge of $4.69 per Dth per month are premised on the Company's requested 7.61% overall rate of return. Both of those charges would need to be recomputed to reflect the lowered overall revenue requirement and the 6.856% ROR approved by the Commission in the Company's last general rate case.

Q. DOES WITNESS KAUFMAN CORRECTLY PRESENT YOUR POSITION WITH RESPECT TO THE TSL DEMAND CHARGE?

A. No, he does not. First, I never specifically address the Company's demand charge for the TSL rate class. Second, the discussion in my Direct Testimony that Witness

Kaufman references to support his characterization of my position[31] was a generic statement. It was intended to recognize that when a charge applicable to a rate class is set below its identified cost-based level, one or more other charges applicable to the class must be adjusted upward to compensate. EGU Witness Summers' explicitly recognizes this when he indicates in his Direct Testimony that any customer-related costs not recovered through Basic Service Fees are collected through higher Volumetric Charges.[32] That generic statement was intended to simply leave open the possibility that rate adjustments to compensate for below cost Basic Service Fees could include adjustments to other charges (*e.g.*, Demand Charges). Nowhere do I state that the Company's proposed Demand Charges for Transportation Service customers are set above the demand-related costs identified in EGU's CCOS.

III. CONCLUSION

Q. DO YOU HAVE A CONCLUDING STATEMENTS YOU WOULD LIKE TO PRESENT AS PART OF THIS REBUTTAL TESTIMONY?

A. Yes. Both EGU's Electronic Model for Settlement and the Electronic Model provided with Witness Summers' Rebuttal Testimony continue to apply the Company's requested overall rate of return of 7.61% when computing class revenue requirements as well as charges by rate class. That appears to be inconsistent with the terms of the Phase I Settlement which requires the use of the Commission's rate of return determination in the Company's last general rate case

31 Witness Kaufman references my Direct Testimony, ANGC Exhibit 1.00 DIR, at 39:841-844.
32 EGU Exhibit 5.0, page 14, lines 381-382.

(*i.e.*, the **6.856%** ROR approved by the Commission in Docket No. 22-057-03) for all rate determinations until the conclusion of the Company's next general rate case. For this reason, the Commission should require evidence that the Company has properly computed its class revenue requirements and charges using a 6.856% ROR before rendering its final determinations on class revenue requirements and pricing issues.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. It does.

VERIFICATION

I, Bruce R. Oliver, have reviewed the foregoing Direct Testimony and verify that I have prepared the attached Direct Testimony for the American Natural Gas Council in Phase II of Docket No. 25-057-06.

(DATE) November 4, 2025 (SIGNATURE) */s/ Bruce R. Oliver*
Bruce R. Oliver

CERTIFICATE OF SERVICE
Docket No. 25-057-06

I hereby certify that a true and correct copy of the foregoing **SUR-REBUTTAL TESTIMONY OF ANGC WITNESS, BRUCE R. OLIVER** was served by email this 4th day of November 2025, on the following:

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Enbridge Gas Utah
UPSC Docket No. 25-057-06

ANGC Revision of EGU Analysis in Exhibit EGU 5.08p1

Utah Basic Service Fee

Costs per Meter

Updated for 2024 Distribution Plant Study

	(A)	(B)	(C)	(D)	(E)	(F)
			METER CATEGORY			
			I	**II**	**III**	**IV**
	Meter Capacity in CFH		***0 - 899***	***900 - 6,999***	***7,000 - 23,999***	***24,000+***
		% of Plant				
	Gross Average Investment					
1	Service Lines	85.00%	$ 340.12	$ 797.13	$ 2,005.56	$ 12,810.89
2	Mains	10.00%	$ 78.57	$ 180.74	$ 373.12	$ 468.79
3	Meters & Regulators	100.00%	$ 355.00	$ 1,369.01	$ 8,568.52	$ 75,660.22
4	Average Gross Investment		$ 773.70	$ 2,346.88	$ 10,947.19	$ 88,939.89
	Net Average Investment					
5	Service Lines		$ 140.44	$ 329.13	$ 828.10	$ 5,289.62
6	Mains		$ 56.21	$ 129.30	$ 266.93	$ 335.37
7	Meters & Regulators		$ 255.81	$ 986.51	$ 6,174.47	$ 54,520.75
8	Average Net Investment		$ 452.46	$ 1,444.95	$ 7,269.50	$ 60,145.74
	Basic Service Fee Costs					
9	Return on Net Investment		$ 31.02	$ 99.07	$ 498.40	$ 4,123.59
10	Grossed Up Income Tax		$ 8.23	$ 26.27	$ 132.17	$ 1,093.57
11	O&M: Based on Gross Plant		$ 14.91	$ 45.21	$ 210.90	$ 1,713.48
12	Weighted Avg Billing Cost/Meter		$ 0.04	$ 2.33	$ 97.38	$ 268.67
13	Property Tax on Net Investment		$ 3.09	$ 9.87	$ 49.67	$ 410.92
14	Annual Depreciation		$ 30.43	$ 95.64	$ 471.68	$ 3,918.23
15	**Annual Total Costs**		**$ 87.71**	**$ 278.40**	**$ 1,460.20**	**$ 11,528.46**
16	**Monthly Cost** *(Rounded)*		**$ 7.30**	**$ 23.20**	**$ 121.70**	**$ 960.00**
17	**Rounded Annual Cost**		**$ 87.60**	**$ 278.40**	**$ 1,460.40**	**$ 11,520.00**
18	**Current Monthly BSF Charge**		**$ 6.75**	**$ 18.25**	**$ 63.50**	**$ 420.25**
19	**Current Annual BSF Charge**		**$ 81.00**	**$ 219.00**	**$ 762.00**	**$ 5,043.00**
20	**% Incr. for Full Cost-Based Charge**		**8.28%**	**27.12%**	**91.65%**	**128.60%**
	Cost of Capital and Tax Rates					
21	Overall Cost of Capital				**6.86%**	
22	Weighted Equity Cost				5.62%	
23	Income Tax Rate				24.45%	
24	Property Tax Rate				0.6832%	
25	O&M per Gross Investment Factor				1.9266%	
26	Service Lines Depr.				3.64%	
27	Mains Depr.				2.42%	
28	Meters & Regulators Depr.				4.55%	

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **1,500**

Assumed TSS Contract Demand per Customer (Dth) **15** *Class Average Demand Scaled in Proportion to Annual Dth Use*

			Current Rates			EGU Initial Proposal			EGU Settlement Rates		
	Billed Dth	**Mos**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**
Scenario 1 (Uniform Monthly Usage)											
Win Mos	125	5	$ 339.71	$ 286.40	$ 418.87	$ 455.34	$ 348.78	$ 548.13	$ 339.71	$ 329.44	$ 525.70
Sum Mos	125	7	$ 260.93	$ 223.92	$ 418.87	$ 353.51	$ 242.36	$ 548.13	$ 305.19	$ 223.08	$ 525.70
Annual	**1500**		**$ 3,525.07**	**$ 2,999.41**	**$ 5,026.45**	**$ 4,751.29**	**$ 3,440.41**	**$ 6,577.55**	**$ 3,834.87**	**$ 3,208.74**	**$ 6,308.36**
	TSS - GS				$ 1,501.38			$ 1,826.26			$ 2,473.49
	% Diff				42.6%			38.4%			64.5%
	TSS - FS				$ 2,027.04			$ 3,137.14			$ 3,099.61
	% Diff				67.6%			91.2%			96.6%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	195	5	$ 486.08	$ 436.56	$ 502.95	$ 666.46	$ 533.88	$ 665.47	$ 590.97	$ 503.71	$ 630.47
Sum Mos	75	7	$ 187.89	$ 141.65	$ 358.82	$ 243.44	$ 152.71	$ 464.32	$ 214.45	$ 141.15	$ 450.86
Annual	**1500**		**$ 3,745.67**	**$ 3,174.36**	**$ 5,026.45**	**$ 5,036.41**	**$ 3,738.40**	**$ 6,577.55**	**$ 4,455.99**	**$ 3,506.56**	**$ 6,308.36**
	Diff (TSS - GS)				$ 1,280.78			$ 1,541.14			$ 1,852.37
	% Diff				34.2%			30.6%			41.6%
	Diff (TSS - FS)				$ 1,852.09			$ 2,839.15			$ 2,801.80
	% Diff				58.3%			75.9%			79.9%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	230	5	$ 559.27	$ 511.64	$ 530.31	$ 772.02	$ 626.43	$ 709.46	$ 665.73	$ 590.84	$ 668.18
Sum Mos	50	7	$ 151.38	$ 100.52	$ 304.33	$ 188.41	$ 107.89	$ 422.41	$ 151.38	$ 100.18	$ 388.98
Annual	**1500**		**$ 3,855.96**	**$ 3,261.83**	**$ 4,781.88**	**$ 5,178.97**	**$ 3,887.39**	**$ 6,504.18**	**$ 4,388.29**	**$ 3,655.46**	**$ 6,063.79**
	Diff (TSS - GS)				$ 925.92			$ 1,325.21			$ 1,675.50
	% Diff				24.0%			25.6%			38.2%
	Diff (TSS - FS)				$ 1,520.05			$ 2,616.79			$ 2,408.33
	% Diff				46.6%			67.3%			65.9%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use	**3,000**	
Assumed TSS Contract Demand per Customer (Dth)	**30**	*Class Average Demand Scaled in Proportion to Annual Dth Use*

			Current Rates			EGU Initial Proposal			EGU Settlement Rates		
	Billed Dth	**Mos**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**
Scenario 1 (Uniform Monthly Usage)											
Win Mos	250	5	$ 808.07	$ 554.55	$ 595.03	$ 832.34	$ 679.31	$ 803.55	$ 735.56	$ 640.63	$ 758.69
Sum Mos	250	7	$ 443.52	$ 429.58	$ 595.03	$ 628.68	$ 466.46	$ 803.55	$ 628.68	$ 427.91	$ 758.69
Annual	**3000**		**$ 7,144.95**	**$ 5,779.82**	**$ 7,140.42**	**$ 8,562.49**	**$ 6,661.82**	**$ 9,642.63**	**$ 8,078.57**	**$ 6,198.49**	**$ 9,104.23**
	TSS - GS				$ (4.53)			$ 1,080.14			$ 1,025.66
	% Diff				-0.1%			12.6%			12.7%
	TSS - FS				$ 1,360.60			$ 2,980.81			$ 2,905.74
	% Diff				23.5%			44.7%			46.9%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	320	5	$ 954.43	$ 704.71	$ 644.87	$ 1,043.46	$ 864.41	$ 886.65	$ 919.58	$ 814.90	$ 829.22
Sum Mos	200	7	$ 370.48	$ 347.32	$ 559.44	$ 518.61	$ 376.82	$ 744.20	$ 441.29	$ 345.97	$ 708.30
Annual	**3000**		**$ 7,365.55**	**$ 5,954.77**	**$ 7,140.42**	**$ 8,847.61**	**$ 6,959.81**	**$ 9,642.63**	**$ 7,686.95**	**$ 6,496.30**	**$ 9,104.23**
	TSS - GS				$ (225.13)			$ 795.02			$ 1,417.29
	% Diff				-3.1%			9.0%			18.4%
	TSS - FS				$ 1,185.65			$ 2,682.82			$ 2,607.93
	% Diff				19.9%			38.5%			40.1%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	390	5	$ 893.82	$ 854.87	$ 694.71	$ 1,254.58	$ 1,049.51	$ 969.75	$ 1,103.60	$ 989.16	$ 899.76
Sum Mos	150	7	$ 297.45	$ 265.05	$ 523.84	$ 408.55	$ 287.18	$ 684.84	$ 350.55	$ 264.04	$ 657.92
Annual	**3000**		**$ 6,551.25**	**$ 6,129.72**	**$ 7,140.42**	**$ 9,132.73**	**$ 7,257.80**	**$ 9,642.63**	**$ 7,971.88**	**$ 6,794.12**	**$ 9,104.23**
	TSS - GS				$ 589.17			$ 509.90			$ 1,132.35
	% Diff				9.0%			5.6%			14.2%
	TSS - FS				$ 1,010.70			$ 2,384.83			$ 2,310.12
	% Diff				16.5%			32.9%			34.0%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **4,500**

Assumed TSS Contract Demand per Customer (Dth) **45** *Class Average Demand Scaled in Proportion to Annual Dth Use*

			Current Rates			EGU Initial Proposal			EGU Settlement Rates		
	Billed Dth	**Mos**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**
Scenario 1 (Uniform Monthly Usage)											
Win Mos	375	5	$ 1,069.44	$ 822.70	$ 734.51	$ 1,209.34	$ 1,009.85	$ 1,022.29	$ 1,064.17	$ 951.82	$ 954.99
Sum Mos	375	7	$ 626.11	$ 635.25	$ 734.51	$ 903.85	$ 690.57	$ 1,022.29	$ 903.85	$ 632.73	$ 954.99
Annual	**4500**		**$ 9,729.94**	**$ 8,560.22**	**$ 8,814.17**	**$ 12,373.69**	**$ 9,883.23**	**$ 12,267.48**	**$ 11,647.82**	**$ 9,188.23**	**$ 11,459.89**
	TSS - GS				$ (915.77)			$ (106.20)			$ (187.92)
	% Diff				-9.4%			-0.9%			-1.6%
	TSS - FS				$ 253.95			$ 2,384.26			$ 2,271.66
	% Diff				3.0%			24.1%			24.7%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	480	5	$ 1,082.01	$ 1,047.94	$ 809.27	$ 1,526.02	$ 1,287.49	$ 1,146.94	$ 1,547.18	$ 1,213.22	$ 1,060.79
Sum Mos	300	7	$ 516.55	$ 511.85	$ 681.12	$ 738.75	$ 556.11	$ 814.55	$ 622.77	$ 509.84	$ 879.42
Annual	**4500**		**$ 9,025.93**	**$ 8,822.65**	**$ 8,814.17**	**$ 12,801.37**	**$ 10,330.21**	**$ 11,436.51**	**$ 12,095.27**	**$ 9,634.95**	**$ 11,459.89**
	TSS - GS				$ (211.76)			$ (1,364.86)			$ (635.38)
	% Diff				-2.3%			-10.7%			-5.3%
	TSS - FS				$ (8.48)			$ 1,106.30			$ 1,824.94
	% Diff				-0.1%			10.7%			18.9%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	620	5	$ 1,420.00	$ 1,348.27	$ 908.94	$ 1,948.26	$ 1,657.69	$ 1,313.13	$ 1,753.49	$ 1,561.75	$ 1,247.11
Sum Mos	200	7	$ 415.73	$ 347.32	$ 655.17	$ 518.61	$ 376.82	$ 814.55	$ 486.54	$ 345.97	$ 823.90
Annual	**4500**		**$ 10,010.12**	**$ 9,172.55**	**$ 9,130.92**	**$ 13,371.61**	**$ 10,926.19**	**$ 12,267.48**	**$ 12,173.25**	**$ 10,230.58**	**$ 12,002.89**
	TSS - GS				$ (879.20)			$ (1,104.12)			$ (170.36)
	% Diff				-8.8%			-8.3%			-1.4%
	TSS - FS				$ (41.63)			$ 1,341.29			$ 1,772.31
	% Diff				-0.5%			12.3%			17.3%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **1,500**
Assumed TSS Contract Demand per Customer (Dth) **20** *Class Average Demand Scaled in Proportion to Annual Dth Use and Increased by 1/3*

	Billed Dth	Mos	Current Rates GS	Current Rates FS	Current Rates TSS	EGU Initial Proposal GS	EGU Initial Proposal FS	EGU Initial Proposal TSS	EGU Settlement Rates GS	EGU Settlement Rates FS	EGU Settlement Rates TSS
Scenario 1 (Uniform Monthly Usage)											
Win Mos	125	5	$ 339.71	$ 286.40	$ 435.70	$ 455.34	$ 348.78	$ 571.58	$ 203.34	$ 329.44	$ 549.15
Sum Mos	125	7	$ 260.93	$ 223.92	$ 435.70	$ 353.51	$ 242.36	$ 571.58	$ 305.19	$ 223.08	$ 549.15
Annual	**1500**		**$ 3,525.07**	**$ 2,999.41**	**$ 5,228.40**	**$ 4,751.29**	**$ 3,440.41**	**$ 6,858.95**	**$ 3,153.00**	**$ 3,208.74**	**$ 6,589.76**
	TSS - GS				$ 1,703.32			$ 2,107.66			$ 3,436.75
	% Diff				48.3%			44.4%			109.0%
	TSS - FS				$ 2,228.99			$ 3,418.54			$ 3,381.01
	% Diff				74.3%			99.4%			105.4%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	195	5	$ 486.08	$ 436.56	$ 519.77	$ 666.46	$ 533.88	$ 688.92	$ 590.97	$ 503.71	$ 653.92
Sum Mos	75	7	$ 187.89	$ 141.65	$ 375.65	$ 243.44	$ 152.71	$ 487.77	$ 214.45	$ 141.15	$ 474.31
Annual	**1500**		**$ 3,745.67**	**$ 3,174.36**	**$ 5,228.40**	**$ 5,036.41**	**$ 3,738.40**	**$ 6,858.95**	**$ 4,455.99**	**$ 3,506.56**	**$ 6,589.76**
	Diff (TSS - GS)				$ 1,482.73			$ 1,822.54			$ 2,133.77
	% Diff				39.6%			36.2%			47.9%
	Diff (TSS - FS)				$ 2,054.04			$ 3,120.55			$ 3,083.20
	% Diff				64.7%			83.5%			87.9%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	230	5	$ 559.27	$ 511.64	$ 547.14	$ 772.02	$ 626.43	$ 732.91	$ 665.73	$ 590.84	$ 691.63
Sum Mos	50	7	$ 151.38	$ 100.52	$ 321.16	$ 188.41	$ 107.89	$ 445.86	$ 151.38	$ 100.18	$ 412.43
Annual	**1500**		**$ 3,855.96**	**$ 3,261.83**	**$ 4,983.83**	**$ 5,178.97**	**$ 3,887.39**	**$ 6,785.58**	**$ 4,388.29**	**$ 3,655.46**	**$ 6,345.19**
	Diff (TSS - GS)				$ 1,127.87			$ 1,606.61			$ 1,956.90
	% Diff				29.2%			31.0%			44.6%
	Diff (TSS - FS)				$ 1,722.00			$ 2,898.19			$ 2,689.73
	% Diff				52.8%			74.6%			73.6%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **3,000**

Assumed TSS Contract Demand per Customer (Dth) **40** *Class Average Demand Scaled in Proportion to Annual Dth Use and Increased by 1/3*

			Current Rates			EGU Initial Proposal			EGU Settlement Rates		
	Billed Dth	**Mos**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**
Scenario 1 (Uniform Monthly Usage)											
Win Mos	250	5	$ 808.07	$ 554.55	$ 628.69	$ 832.34	$ 679.31	$ 850.45	$ 735.56	$ 640.63	$ 805.59
Sum Mos	250	7	$ 443.52	$ 429.58	$ 628.69	$ 628.68	$ 466.46	$ 850.45	$ 628.68	$ 427.91	$ 805.59
Annual	**3000**		**$ 7,144.95**	**$ 5,779.82**	**$ 7,544.31**	**$ 8,562.49**	**$ 6,661.82**	**$ 10,205.43**	**$ 8,078.57**	**$ 6,198.49**	**$ 9,667.03**
	TSS - GS				$ 399.36			$ 1,642.94			$ 1,588.46
	% Diff				5.6%			19.2%			19.7%
	TSS - FS				$ 1,764.50			$ 3,543.61			$ 3,468.54
	% Diff				30.5%			53.2%			56.0%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	320	5	$ 954.43	$ 704.71	$ 678.53	$ 1,043.46	$ 864.41	$ 933.55	$ 919.58	$ 814.90	$ 876.12
Sum Mos	200	7	$ 78.34	$ 347.32	$ 450.71	$ 518.61	$ 376.82	$ 791.10	$ 441.29	$ 345.97	$ 755.20
Annual	**3000**		**$ 5,320.55**	**$ 5,954.77**	**$ 6,547.60**	**$ 8,847.61**	**$ 6,959.81**	**$ 10,205.43**	**$ 7,686.95**	**$ 6,496.30**	**$ 9,667.03**
	TSS - GS				$ 1,227.04			$ 1,357.82			$ 1,980.09
	% Diff				23.1%			15.3%			25.8%
	TSS - FS				$ 592.83			$ 3,245.62			$ 3,170.73
	% Diff				10.0%			46.6%			48.8%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	390	5	$ 893.82	$ 854.87	$ 728.36	$ 1,254.58	$ 1,049.51	$ 1,016.65	$ 1,103.60	$ 989.16	$ 946.66
Sum Mos	150	7	$ 297.45	$ 265.05	$ 602.75	$ 408.55	$ 287.18	$ 731.74	$ 350.55	$ 264.04	$ 704.82
Annual	**3000**		**$ 6,551.25**	**$ 6,129.72**	**$ 7,861.06**	**$ 9,132.73**	**$ 7,257.80**	**$ 10,205.43**	**$ 7,971.88**	**$ 6,794.12**	**$ 9,667.03**
	TSS - GS				$ 1,309.82			$ 1,072.70			$ 1,695.15
	% Diff				20.0%			11.7%			21.3%
	TSS - FS				$ 1,731.35			$ 2,947.63			$ 2,872.92
	% Diff				28.2%			40.6%			42.3%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **4,500**
Assumed TSS Contract Demand per Customer (Dth) **60** *Class Average Demand Scaled in Proportion to Annual Dth Use and Increased by 1/3*

	Billed Dth	Mos	Current Rates GS	Current Rates FS	Current Rates TSS	EGU Initial Proposal GS	EGU Initial Proposal FS	EGU Initial Proposal TSS	EGU Settlement Rates GS	EGU Settlement Rates FS	EGU Settlement Rates TSS
Scenario 1 (Uniform Monthly Usage)											
Win Mos	375	5	$ 1,069.44	$ 822.70	$ 785.00	$ 1,209.34	$ 1,009.85	$ 1,092.64	$ 1,064.17	$ 951.82	$ 1,025.34
Sum Mos	375	7	$ 626.11	$ 635.25	$ 785.00	$ 903.85	$ 690.57	$ 1,092.64	$ 903.85	$ 632.73	$ 1,025.34
Annual	**4500**		**$ 9,729.94**	**$ 8,560.22**	**$ 9,420.01**	**$ 12,373.69**	**$ 9,883.23**	**$ 13,111.68**	**$ 11,647.82**	**$ 9,188.23**	**$ 12,304.09**
	TSS - GS				$ (309.92)			$ 738.00			$ 656.28
	% Diff				-3.2%			6.0%			5.6%
	TSS - FS				$ 859.79			$ 3,228.46			$ 3,115.86
	% Diff				10.0%			32.7%			33.9%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	480	5	$ 1,288.99	$ 1,047.94	$ 859.75	$ 1,526.02	$ 1,287.49	$ 1,217.29	$ 1,547.18	$ 1,213.22	$ 1,131.14
Sum Mos	300	7	$ 516.55	$ 511.85	$ 731.61	$ 738.75	$ 556.11	$ 884.90	$ 622.77	$ 509.84	$ 949.77
Annual	**4500**		**$ 10,060.83**	**$ 8,822.65**	**$ 9,420.01**	**$ 12,801.37**	**$ 10,330.21**	**$ 12,280.71**	**$ 12,095.27**	**$ 9,634.95**	**$ 12,304.09**
	TSS - GS				$ (640.81)			$ (520.66)			$ 208.82
	% Diff				-6.4%			-4.1%			1.7%
	TSS - FS				$ 597.36			$ 1,950.50			$ 2,669.14
	% Diff				6.8%			18.9%			27.7%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	620	5	$ 1,420.00	$ 1,348.27	$ 959.43	$ 1,948.26	$ 1,657.69	$ 1,383.48	$ 1,753.49	$ 1,561.75	$ 1,317.46
Sum Mos	200	7	$ 415.73	$ 347.32	$ 660.41	$ 518.61	$ 376.82	$ 884.90	$ 486.54	$ 345.97	$ 894.25
Annual	**4500**		**$ 10,010.12**	**$ 9,172.55**	**$ 9,420.01**	**$ 13,371.61**	**$ 10,926.19**	**$ 13,111.68**	**$ 12,173.25**	**$ 10,230.58**	**$ 12,847.09**
	TSS - GS				$ (590.11)			$ (259.92)			$ 673.84
	% Diff				-5.9%			-1.9%			5.5%
	TSS - FS				$ 247.46			$ 2,185.49			$ 2,616.51
	% Diff				2.7%			20.0%			25.6%

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Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use **1,500**
Assumed TSS Contract Demand per Customer (Dth) **10** *Class Average Demand Scaled in Proportion to Annual Dth Use and Reduced by 1/3*

	Billed Dth	Mos	Current Rates GS	Current Rates FS	Current Rates TSS	EGU Initial Proposal GS	EGU Initial Proposal FS	EGU Initial Proposal TSS	EGU Settlement Rates GS	EGU Settlement Rates FS	EGU Settlement Rates TSS
Scenario 1 (Uniform Monthly Usage)											
Win Mos	125	5	$ 339.71	$ 286.40	$ 402.04	$ 455.34	$ 348.78	$ 524.68	$ 203.34	$ 329.44	$ 502.25
Sum Mos	125	7	$ 260.93	$ 223.92	$ 402.04	$ 353.51	$ 242.36	$ 524.68	$ 305.19	$ 223.08	$ 502.25
Annual	**1500**		**$ 3,525.07**	**$ 2,999.41**	**$ 4,824.50**	**$ 4,751.29**	**$ 3,440.41**	**$ 6,296.15**	**$ 3,153.00**	**$ 3,208.74**	**$ 6,026.96**
	TSS - GS				$ 1,299.43			$ 1,544.86			$ 2,873.95
	% Diff				36.9%			32.5%			91.1%
	TSS - FS				$ 1,825.09			$ 2,855.74			$ 2,818.21
	% Diff				60.8%			83.0%			87.8%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	160	5	$ 412.90	$ 361.48	$ 444.08	$ 560.90	$ 441.33	$ 583.35	$ 498.96	$ 416.57	$ 554.63
Sum Mos	100	7	$ 224.41	$ 182.78	$ 372.01	$ 298.48	$ 197.54	$ 482.77	$ 259.82	$ 182.11	$ 464.83
Annual	**1500**		**$ 3,635.37**	**$ 3,086.88**	**$ 4,824.50**	**$ 4,893.85**	**$ 3,589.40**	**$ 6,296.15**	**$ 4,313.52**	**$ 3,357.65**	**$ 6,026.96**
	Diff (TSS - GS)				$ 1,189.13			$ 1,402.30			$ 1,713.44
	% Diff				32.7%			28.7%			39.7%
	Diff (TSS - FS)				$ 1,737.62			$ 2,706.75			$ 2,669.30
	% Diff				56.3%			75.4%			79.5%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	230	5	$ 559.27	$ 511.64	$ 513.48	$ 772.02	$ 626.43	$ 686.01	$ 665.73	$ 590.84	$ 644.73
Sum Mos	50	7	$ 151.38	$ 100.52	$ 287.50	$ 188.41	$ 107.89	$ 398.96	$ 151.38	$ 100.18	$ 365.53
Annual	**1500**		**$ 3,855.96**	**$ 3,261.83**	**$ 4,579.94**	**$ 5,178.97**	**$ 3,887.39**	**$ 6,222.78**	**$ 4,388.29**	**$ 3,655.46**	**$ 5,782.39**
	Diff (TSS - GS)				$ 723.97			$ 1,043.81			$ 1,394.10
	% Diff				18.8%			20.2%			31.8%
	Diff (TSS - FS)				$ 1,318.10			$ 2,335.39			$ 2,126.93
	% Diff				40.4%			60.1%			58.2%

Enbridge Gas Utah

UPSC Docket No. 25-057-06

Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use	**3,000**
Assumed TSS Contract Demand per Customer (Dth)	**20** *Class Average Demand Scaled in Proportion to Annual Dth Use and Reduced by 1/3*

			Current Rates			EGU Initial Proposal			EGU Settlement Rates		
	Billed Dth	**Mos**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**	**GS**	**FS**	**TSS**
Scenario 1 (Uniform Monthly Usage)											
Win Mos	250	5	$ 808.07	$ 554.55	$ 561.38	$ 832.34	$ 679.31	$ 756.65	$ 735.56	$ 640.63	$ 711.79
Sum Mos	250	7	$ 443.52	$ 429.58	$ 561.38	$ 628.68	$ 466.46	$ 756.65	$ 628.68	$ 427.91	$ 711.79
Annual	**3000**		**$ 7,144.95**	**$ 5,779.82**	**$ 6,736.52**	**$ 8,562.49**	**$ 6,661.82**	**$ 9,079.83**	**$ 8,078.57**	**$ 6,198.49**	**$ 8,541.43**
	TSS - GS				$ (408.43)			$ 517.34			$ 462.86
	% Diff				-5.7%			6.0%			5.7%
	TSS - FS				$ 956.71			$ 2,418.01			$ 2,342.94
	% Diff				16.6%			36.3%			37.8%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	320	5	$ 954.43	$ 704.71	$ 656.46	$ 1,043.46	$ 864.41	$ 839.75	$ 919.58	$ 814.90	$ 782.32
Sum Mos	200	7	$ 370.48	$ 347.32	$ 571.03	$ 518.61	$ 376.82	$ 697.30	$ 441.29	$ 345.97	$ 661.40
Annual	**3000**		**$ 7,365.55**	**$ 5,954.77**	**$ 7,279.52**	**$ 8,847.61**	**$ 6,959.81**	**$ 9,079.83**	**$ 7,686.95**	**$ 6,496.30**	**$ 8,541.43**
	TSS - GS				$ (86.02)			$ 232.22			$ 854.49
	% Diff				-1.2%			2.6%			11.1%
	TSS - FS				$ 1,324.76			$ 2,120.02			$ 2,045.13
	% Diff				22.2%			30.5%			31.5%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	390	5	$ 893.82	$ 854.87	$ 661.05	$ 1,254.58	$ 1,049.51	$ 922.85	$ 1,103.60	$ 989.16	$ 852.86
Sum Mos	150	7	$ 297.45	$ 265.05	$ 535.43	$ 408.55	$ 287.18	$ 637.94	$ 350.55	$ 264.04	$ 611.02
Annual	**3000**		**$ 6,551.25**	**$ 6,129.72**	**$ 7,053.27**	**$ 9,132.73**	**$ 7,257.80**	**$ 9,079.83**	**$ 7,971.88**	**$ 6,794.12**	**$ 8,541.43**
	TSS - GS				$ 502.03			$ (52.90)			$ 569.55
	% Diff				7.7%			-0.6%			7.1%
	TSS - FS				$ 923.56			$ 1,822.03			$ 1,747.32
	% Diff				15.1%			25.1%			25.7%

Enbridge Gas Utah

UPSC Docket No. 25-057-06

Bill Comparisons for Customers with Identical Usage Served under Rate Schedules GS, FS and TSS

Assumed Dth of Annual Gas Use	**4,500**	
Assumed TSS Contract Demand per Customer (Dth)	**30**	*Class Average Demand Scaled in Proportion to Annual Dth Use and Reduced by 1/3*

	Billed Dth	Mos	Current Rates GS	Current Rates FS	Current Rates TSS	EGU Initial Proposal GS	EGU Initial Proposal FS	EGU Initial Proposal TSS	EGU Settlement Rates GS	EGU Settlement Rates FS	EGU Settlement Rates TSS
Scenario 1 (Uniform Monthly Usage)											
Win Mos	375	5	$ 1,069.44	$ 822.70	$ 684.03	$ 1,209.34	$ 1,009.85	$ 951.94	$ 1,064.17	$ 951.82	$ 884.64
Sum Mos	375	7	$ 626.11	$ 635.25	$ 684.03	$ 903.85	$ 690.57	$ 951.94	$ 903.85	$ 632.73	$ 884.64
Annual	**4500**		**$ 9,729.94**	**$ 8,560.22**	**$ 8,208.33**	**$ 12,373.69**	**$ 9,883.23**	**$ 11,423.28**	**$ 11,647.82**	**$ 9,188.23**	**$ 10,615.69**
	TSS - GS				$ (1,521.61)			$ (950.40)			$ (1,032.12)
	% Diff				-15.6%			-7.7%			-8.9%
	TSS - FS				$ (351.89)			$ 1,540.06			$ 1,427.46
	% Diff				-4.1%			15.6%			15.5%
Scenario 2 (Greater Average Winter Month Usage)											
Win Mos	480	5	$ 1,288.99	$ 1,047.94	$ 758.78	$ 1,526.02	$ 1,287.49	$ 1,076.59	$ 1,547.18	$ 1,213.22	$ 990.44
Sum Mos	300	7	$ 516.55	$ 511.85	$ 630.63	$ 738.75	$ 556.11	$ 744.20	$ 622.77	$ 509.84	$ 809.07
Annual	**4500**		**$ 10,060.83**	**$ 8,822.65**	**$ 8,208.33**	**$ 12,801.37**	**$ 10,330.21**	**$ 10,592.31**	**$ 12,095.27**	**$ 9,634.95**	**$ 10,615.69**
	TSS - GS				$ (1,852.50)			$ (2,209.06)			$ (1,479.58)
	% Diff				-18.4%			-17.3%			-12.2%
	TSS - FS				$ (614.32)			$ 262.10			$ 980.74
	% Diff				-7.0%			2.5%			10.2%
Scenario 3 (High Average Winter Month Usage)											
Win Mos	620	5	$ 1,420.00	$ 1,348.27	$ 858.45	$ 1,948.26	$ 1,657.69	$ 1,242.78	$ 1,753.49	$ 1,561.75	$ 1,176.76
Sum Mos	200	7	$ 415.73	$ 347.32	$ 604.69	$ 518.61	$ 376.82	$ 744.20	$ 486.54	$ 345.97	$ 753.55
Annual	**4500**		**$ 10,010.12**	**$ 9,172.55**	**$ 8,525.08**	**$ 13,371.61**	**$ 10,926.19**	**$ 11,423.28**	**$ 12,173.25**	**$ 10,230.58**	**$ 11,158.69**
	TSS - GS				$ (1,485.04)			$ (1,948.32)			$ (1,014.56)
	% Diff				-14.8%			-14.6%			-8.3%
	TSS - FS				$ (647.47)			$ 497.09			$ 928.11
	% Diff				-7.1%			4.5%			9.1%