

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**Application of Enbridge Gas Utah to
Increase Distribution Rates and Charges
and Make Tariff Modifications.**

Docket No. 25-057-06

Surrebuttal Testimony and Exhibit of

Matthew P. Smith

On behalf of

The Federal Executive Agencies

FEA Exhibit 4.0

November 4, 2025



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Surrebuttal Testimony of Matthew P. Smith

I. INTRODUCTION

1

2 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A Matthew P. Smith. My business address is 16690 Swingley Ridge Road, Suite 140,
4 Chesterfield, MO 63017.

5 Q ARE YOU THE SAME MATTHEW P. SMITH WHO FILED BOTH DIRECT AND
6 REBUTTAL TESTIMONY IN THIS PROCEEDING?

7 A Yes, I am appearing in this proceeding on behalf of the Federal Executive Agencies
8 ("FEA").

9 Q ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR
10 TESTIMONY?

11 A Yes. My FEA Exhibit 4.01 presents the results of my proposed cost of service, updated
12 using Mr. Summers' EGU Exhibit 5.14U.

II. SUMMARY

13

14 Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

15 A There are two purposes to my surrebuttal testimony. First, I respond to the Phase II
16 rebuttal testimony of Enbridge Gas - Utah ("EGU" or "Company") witness Austin

17 Summers. In response to Mr. Summers, I update the results of my proposed Cost of
18 Service Study (“COSS”) modifications using Phase I settlement revenue requirement
19 filed by Mr. Summers. Then I provide an updated assessment of the revenue
20 requirement by rate class, and the revenue increase by rate class needed to adjust
21 class revenues to cost based on my COSS.

22 Second, I outline the consensus of all parties in this case that a gradual
23 movement to cost of service will protect all customers and will result in just and
24 reasonable rates to all customers.

25 **III. RESPONSE TO MR. SUMMERS’ REBUTTAL TESTIMONY**

26 **Q PLEASE PROVIDE A SUMMARY OF YOUR RESPONSE TO MR SUMMERS.**

27 A My testimony responds to Mr. Summers’ false characterization that my proposed
28 COSS Excess Design Day Demand and throughput allocator are essentially a Peak
29 and Average (“P&A”) methodology.¹ I also explain how Mr. Summers failed to provide
30 evidence to back up his assertion that the Company’s P&A allocator doesn’t double
31 count the average demand. Finally, I provide updated COSS and Revenue Spread
32 proposals based on the Phase I revenue requirement settlement.

33 **Q DOES MR. SUMMERS PROVIDE AN UPDATED COSS MODEL USING THE**
34 **AGREED TO REVENUE REQUIREMENT FROM THE PROPOSED PHASE I**
35 **SETTLEMENT?**

36 A Yes. Mr. Summers provided the updated COSS as EGU Exhibit 5.14U.

¹See e.g., Rebuttal Testimony of Austin Summers, EGU Exhibit 5.0R at 4.

37 **Q AS PART OF EGU EXHIBIT 5.14U, DID MR. SUMMERS PROVIDE CALCULATIONS**
38 **OF INTERVENOR PROPOSED ALTERNATIVE ALLOCATORS WITHIN THE**
39 **WORKBOOK?**

40 A Yes. Additionally, Mr. Summers provided tables in his rebuttal testimony showing the
41 results of applying intervenor proposed modifications to the updated COSS in his
42 rebuttal testimony.² While I did not verify the calculations for other intervenor positions,
43 the calculation of my proposed alternative allocator 230 appears to align with what I
44 have proposed in my direct testimony. To be specific, the calculation of allocator 230,
45 aligns with my direct testimony, I have other issues with the table Mr. Summers
46 presents on page 6 of his rebuttal testimony, which I will address below.

47 **Q WERE YOU ABLE TO RECREATE THE COSS RESULTS MR. SUMMERS**
48 **PRESENTS AS THE PHASE I SETTLEMENT UPDATED POSITION, ON PAGE 6 OF**
49 **HIS REBUTTAL TESTIMONY, USING THE PROVIDED WORKBOOK?**

50 A Yes. However, it should be noted the table Mr. Summers presents on page 6 of his
51 rebuttal testimony is not representative of my COSS position as a whole.

52 **Q YOU STATED THAT IN MR. SUMMERS' REBUTTAL TESTIMONY ON PAGE 6 HIS**
53 **FEA TABLE IS NOT REPRESENTATIVE OF YOUR POSITION AS A WHOLE,**
54 **PLEASE EXPLAIN.**

55 A Mr. Summers' table, labeled FEA 60/40 Excess Demand, on page 6 of his rebuttal
56 testimony, represents applying my proposed allocator 230 to large-diameter
57 Intermediate High Pressure ("IHP") mains, while applying the Company's revenue
58 spread positions for the NGV and TBF Classes.³ The Company's position for the TBF

²Rebuttal Testimony of Austin Summers, EGU Exhibit 5.0R at 5-8.

³*Id.* at 6.

59 class was revised in Mr. Summers' rebuttal testimony to assign the class revenue equal
60 to 1.5x the system average.⁴ These subsidies spread the subsidized revenue
61 deficiencies for the NGV & TBF classes to the other rate classes in this proceeding.

62 However, my COSS position calls for the application of my revised allocator 230
63 to be applied to IHP mains, high-pressure feeder-line mains, compressor station
64 equipment, and regulation station equipment. I also remove the subsidies for the NGV
65 and TBF classes for the purposes of COSS. While I did not oppose the subsidies for
66 the NGV and TBF classes in my direct testimony, they are revenue spread issues and
67 should not be reflected in my COSS results. Mr. Summers' table illustrates the impact
68 of my proposed allocator 230, on IHP mains only, with the Company's revenue spread
69 positions. While I do not take issue with Mr. Summers making this comparison for the
70 purposes of his rebuttal testimony, the distinction is important as I will be presenting
71 the results of my updated COSS and revenue spread proposals, using Mr. Summers'
72 Phase I proposed settlement revenue requirement workbook, later in this testimony.

73 **Q WHAT OTHER ISSUES DID YOU HAVE WITH MR. SUMMERS**
74 **CHARACTERIZATION OF YOUR COSS DIRECT TESTIMONY?**

75 A There are two other issues which I will go into detail on:
76 1. The double counting of demand which occurs in the Company's P&A allocator; and
77 2. Mr. Summers' claim that my proposed Excess Design Day Demand and
78 Throughput allocator is a version of P&A, and therefore lends credence to the
79 Company's P&A allocation method.

⁴*Id.* at 10.

80 Q DOES MR. SUMMERS PROVIDE EVIDENCE THE P&A ALLOCATION METHOD
81 DOESN'T DOUBLE COUNT AVERAGE DEMAND?

82 A No. Mr. Summers does state in his rebuttal testimony that he will explain why the
83 Company's method (P&A) doesn't double count average demand, but then he fails to
84 provide any such argument, or evidence in support of this assertion.⁵ Instead, Mr.
85 Summers simply states his belief that removing average throughput (average demand)
86 from Design Day makes Design Day something less than a Design Day.⁶ I don't
87 disagree, but that doesn't diminish the deficiency in the use of the P&A allocation
88 methodology.

89 The P&A allocator does not separate total system capacity into the two capacity
90 buckets that are needed for: (1) capacity needed to serve average demand; and (2) the
91 additional capacity that is needed above average demand capacity that can be used
92 periodically to serve excess demands up to the peak day demand. The first capacity
93 bucket reflects capacity that is needed to serve daily average daily demands, and the
94 second bucket of capacity is needed for service reliability or to maintain the ability to
95 serve demands above average in every day of the year. By not excluding the average
96 demand from the peak demand in the second group, Mr. Summers does indeed double
97 count the capacity needed to serve average demand in the development of his P&A
98 allocator. This double counting harms high load factors customers by under allocating
99 the capacity cost that is needed to reliably serve low load factor customer classes.

100 As such, it is inappropriate for Mr. Summers to claim my proposed method for
101 calculating allocator 230 is version of a P&A. Utah Office of Consumer Services
102 ("OCS") witness Mr. Daniel's rebuttal testimony confirms my conclusion, "Mr. Smith's

⁵*Id.* at 3.

⁶*Id.* at 4.

103 new demand allocation factor should not be referred to as a P&A methodology.”⁷
 104 Making Mr. Summers’ claim “A comparison of these options makes clear that the
 105 Company’s proposal is reasonable. All three of the parties proposed a version of the
 106 “Average and Peak” method with drastically different results. These results underscore
 107 the reasonableness of the Company’s proposal”⁸ to be fallacious.

IV. REVISED COSS AND REVENUE SPREAD

109 **Q HAVE YOU UPDATED YOUR PROPOSED COSS AND REVENUE SPREAD USING**
 110 **MR. SUMMERS’ PHASE I PROPOSED SETTLEMENT REVENUE REQUIREMENT**
 111 **COSS WORKBOOK?**

112 **A** Yes. The results of my revised proposals for COSS and revenue spread can be seen
 113 below in Tables 1 and 2, respectively.

TABLE 1						
Class Cost of Service Study (Phase I Settlement Update)						
<u>(EGU vs FEA)</u>						
Rate Class	EGU Proposed¹			FEA Proposed²		
	Present Non-Gas Revenues	Proposed Increase/ (Decrease)	Percent Increase/ Decrease	Present Non-Gas Revenues	Proposed Increase/ (Decrease)	Percent Increase/ Decrease
	(1)	(2)	(3)	(4)	(5)	(6)
GS	\$485,786,552	\$38,916,668	8.01%	\$486,002,362	\$54,086,978	11.13%
FS	3,731,722	\$195,212	5.23%	3,723,921	(447,797)	-12.02%
IS	199,664	\$100,514	50.34%	199,458	75,720	37.96%
TSS	13,697,511	\$3,451,195	25.20%	13,699,771	3,516,505	25.67%
TSM	18,005,322	\$3,275,984	18.19%	17,946,455	(1,174,681)	-6.55%
TSL	21,680,507	\$3,516,050	16.22%	21,556,498	(5,248,090)	-24.35%
TBF	9,703,971	\$11,839,434	122.01%	9,677,620	10,554,162	109.06%
NGV	1,673,992	\$704,944	42.11%	1,673,156	637,202	38.08%
Total	\$554,479,240	\$62,000,000	11.18%	\$554,479,240	\$62,000,000	11.18%
Sources:						
¹ EGU Exhibit 5.14U.						
² FEA SR Recommended COS Workpaper.						

⁷Rebuttal Testimony of James Daniel, OCS-3D at 6.

⁸*Id.* at 4.

TABLE 2								
Class Revenue Allocation (Phase I Settlement Update)								
(EGU vs FEA)								
Rate Class	EGU Proposed ¹				FEA Proposed ²			
	Present Non-Gas Revenues	Proposed Increase/ (Decrease)	Percent Increase/ Decrease	Increase Factor	Present Non-Gas Revenues	Proposed Increase/ (Decrease)	Percent Increase/ Decrease	Increase Factor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GS	\$485,786,552	\$47,574,663	9.79%	0.9	\$486,002,362	\$58,045,575	11.94%	1.1
FS	3,731,722	\$300,344	8.05%	0.7	\$3,723,921	0	0.00%	0.0
IS	199,664	\$105,905	53.04%	4.7	\$199,458	33,454	16.77%	1.5
TSS	13,697,511	\$3,984,307	29.09%	2.6	\$13,699,771	2,297,793	16.77%	1.5
TSM	18,005,322	\$3,961,634	22.00%	2.0	\$17,946,455	0	0.00%	0.0
TSL	21,680,507	\$4,502,735	20.77%	1.9	\$21,556,498	0	0.00%	0.0
TBF	9,703,971	\$1,627,598	16.77%	1.5	\$9,677,620	1,623,178	16.77%	1.5
NGV	1,673,992	(\$57,185)	-3.42%	(0.3)	\$1,673,156	0	0.00%	0.0
Total	\$554,479,240	\$62,000,000	11.18%	1.0	\$554,479,240	\$62,000,001	11.18%	1.0

Sources:
¹EGU Exhibit 5.14U.
²FEA SR Recommended COS Workpaper.

114 **Q HAVE YOU MADE ANY CHANGES TO YOUR PROPOSALS FOR COSS OR**
115 **REVENUE SPREAD?**

116 **A No.** The only change was to the COSS workbook, made by Mr. Summers, before I
117 input my proposed modifications. The Company's COSS workbook I started with is
118 Mr. Summers' EGU Exhibit 5.14U, which accounts for the proposed Phase I settlement
119 revenue requirement. For the purposes of COSS, I continue to propose the
120 Commission use my Excess Design Day Demand and Throughput allocator for IHP
121 mains, high-pressure feeder-line mains, compressor station equipment, and regulation
122 station equipment. My revenue spread employs the same approach to gradualism from
123 my direct testimony; a 1.5x the system average maximum increase for all classes, no
124 decrease to rates for any class which would receive a decrease, with the NGV rate
125 class set to no increase for this rate proceeding. The Company's updated position on
126 the TBF subsidy, as described earlier in my testimony, now aligns with my maximum
127 class increase of 1.5x the system average.

128 **V. GRADUAL MOVEMENT TO COSS IS REASONABLE**

129 **Q AFTER REVIEWING BOTH THE COMPANY’S AND INTERVENOR’S TESTIMONY,**
130 **WHAT ARE YOUR RECOMMENDATIONS IN THIS CASE?**

131 A The Company and intervenors have proposed a variety of COSS allocation
132 methodologies. As with the previous rate proceeding, there remains a lack of
133 consensus on the proper way to allocate certain aspects of the COSS study, particularly
134 for allocator 230 (IHP mains). This failure of parties to coalesce around a set of
135 allocators for the COSS in this rate proceeding emphasizes the Commission should
136 proceed with caution in this case in the final assignment of revenues to rate classes.
137 A cautious movement to COSS is consistent with prior Commission findings. In the
138 previous rate proceeding for the Company, the Commission decided to continue the
139 use of the Company’s 60/40 Design Day Demand/Annual Throughput allocator for IHP
140 mains (allocator 230) due to similarly contentious positions among parties:

141 Based on the lack of consensus among the parties, we find the
142 60%/40% weighting is consistent with the weightings in prior DEU
143 general rate case applications, and addresses the need for facilities
144 subject to the F230 factor to fulfill two functions including, (1) meeting
145 design day requirements, and (2) moving gas to all customers 365 days
146 per year. We find this ratio also recognizes the diversity of use of the
147 system by all customer groups. Recognizing the inherently subjective
148 nature of this factor, we find it reasonable to continue the use of the
149 60%/40% ratio that we have approved in previous rate cases.⁹

150 The Order by the Commission recognized the lack of consensus of parties, but
151 also the inherently subjective nature of the primary allocation factor in contention for
152 the previous rate case, and the current rate case. It is my position that I have provided
153 evidence in the record for this proceeding, via my direct and rebuttal testimonies,
154 showing the deficiency of the Company’s P&A allocator, and providing for the merits of
155 my own proposed allocator.

⁹Docket No. 22-057-03 Order at 36 (December 23, 2022).

156 However, I recommend that the Commission continue to prioritize safeguarding
157 all customers by employing a gradualistic approach to the adjustment of rate class cost
158 responsibility in this proceeding. My proposed revenue spread parameters can be
159 used to meet this gradual rate adjustment approach. I propose to cap all classes to a
160 1.5x system average increase on the high side, with no rate class receiving a decrease
161 on the low side. This gradual rate class adjustment can be used by the Commission
162 to ensure no rate class receives an increase that is too high and harmful, and no rate
163 class receives a rate decrease while other classes are receiving large increases.

164 This gradualistic approach has the virtue of mitigating undo harm for all
165 customers in every rate class by preventing rate shock and dampening any allocation
166 of costs which parties may not agree with. Additionally, as outlined in my rebuttal
167 testimony, mitigation in the revenue spread, unlike COSS allocation methodologies, is
168 a tool all parties have either expressed an explicit, or tacit, amenability towards.¹⁰
169 Giving the Commission a consensus position to work with irrespective of which COSS
170 allocation methodology(s) is adapted.

171 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

172 **A Yes, it does.**

551558

¹⁰Rebuttal Testimony of Matthew Smith, FEA Exhibit 3.0, at 5-8.

Enbridge Gas Utah
Utah - DEC 2026 Adjusted Avg Results CET
12 Months Ended : Dec-2026

FEA REVISED COST OF SERVICE SUMMARY AND ALLOCATIONS TO RATE CLASSES

(A) Description	(B) Utah Jurisdiction DNG Related	(C) Allocations to Rate Classes		(D)	(E)	(F)	(G)	(H)	(I)	(J)
		GS	FS	IS	TSS	TSM	TSL	TBF	NGV	
Current Revenue Analysis @ 6.17%										
1 Annual Revenue before Deficiency	554,479,240	486,002,362	3,723,921	199,458	13,699,771	17,946,455	21,556,498	9,677,620	1,673,156	
2 Return on Rate Base	6.17%	6.18%	9.50%	3.38%	4.54%	8.65%	12.57%	-0.01%	5.06%	
3 Increase (Decrease) to equal ROR	-	886,312	(651,547)	31,792	1,099,055	(3,303,690)	(7,852,459)	8,229,547	1,560,991	
4 Revenue Neutral Spread	554,479,240	486,888,673	3,072,374	231,249	14,798,826	14,642,765	13,704,039	17,907,166	3,234,147	
5 Percentage Change from Current Revenues	0.0%	0.2%	-17.5%	15.9%	8.0%	-18.4%	-36.4%	85.0%	93.3%	
6 Rate of Return Index	1.00	1.00	1.54	0.55	0.74	1.40	2.04	(0.00)	0.82	
Proposed Revenue Analysis @ 7.61%										
7 Annual Revenue before Deficiency	554,479,240	486,002,362	3,723,921	199,458	13,699,771	17,946,455	21,556,498	9,677,620	1,673,156	
8 Deficiency	62,000,000	54,086,978	(447,797)	75,720	3,516,505	(1,174,681)	(5,248,090)	10,554,162	637,202	
9 COS Adjustment TBF	0	0	0	0	0	0	0	0	0	
10 COS Adjustment NGV	0	0	0	0	0	0	0	0	0	
11 General Related Revenue Class Allocation	(12,504,033)	(11,249,109)	(57,828)	(3,781)	(263,618)	(303,132)	(336,861)	(275,860)	(13,843)	
12 Net Cost of Service Collected in Rates	603,975,208	528,840,232	3,218,296	271,396	16,952,658	16,468,642	15,971,548	19,955,921	2,296,515	
13 Increase (Decrease) to equal allowed ROR	62,000,000	54,086,978	(447,797)	75,720	3,516,505	(1,174,681)	(5,248,090)	10,554,162	637,202	
14 Percentage Change from Current Revenues	11.18%	11.13%	-12.02%	37.96%	25.67%	-6.55%	-24.35%	109.06%	38.08%	