

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION OF ENBRIDGE GAS UTAH FOR APPROVAL OF WEXPRO HORIZONTAL DRILLING PILOT PROGRAM	Docket No. 26-057-03
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**DIRECT TESTIMONY OF AUSTIN C SUMMERS**

**FOR ENBRIDGE GAS UTAH**

February 27, 2026

**EGU Exhibit 2.0**

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## I. INTRODUCTION

1 **Q. Please state your name and business address.**

2 A. My name is Austin C. Summers. My business address is 333 South State Street, Salt Lake  
3 City, Utah.

4 **Q. By whom are you employed and what is your position?**

5 A. I am employed by Enbridge Gas Utah, Idaho and Wyoming (“EGU”, “Enbridge Gas”, or  
6 “Company”) as Director of Regulatory and Pricing. I oversee and am responsible for state  
7 regulatory matters affecting Enbridge Gas in Utah and Wyoming.

8 **Q. What are your qualifications to testify in this proceeding?**

9 A. I have listed my qualifications in EGU Exhibit 2.01.

10 **Q. Attached to your written testimony are EGU Exhibits 2.01 through 2.03. Were these  
11 prepared by you or under your direction?**

12 A. Yes.

13 **Q. What is the purpose of your testimony in this Docket?**

14 A. The purpose of my testimony is to explain: 1) the need for a horizontal drilling program;  
15 2) the terms of the proposed pilot program for horizontal wells; 3) the Company’s support  
16 for the pilot program; and 4) the safeguards that have been included in the pilot program  
17 to protect EGU customer interests.

18 **Q. Has the Company had discussions with state regulatory agencies regarding the  
19 proposed horizontal drilling program?**

20 A. Yes. The Company met with the Utah Division of Public Utilities (“Division”), the Utah  
21 Office of Consumer Services (“Office”), The Wyoming Public Service Commission Staff  
22 (“Wyoming Staff”), and the Wyoming Office of Consumer Advocate (“OCA”) (together  
23 with Enbridge Gas and Wexpro, the “Parties”). The Company met with the Utah and  
24 Wyoming stakeholders referenced above separately on October 8, 2025 to introduce the  
25 concept of a horizontal drilling program and to understand any initial concerns of the  
26 Parties. The Company distributed documents explaining the terms of the proposed

27 program to the Parties and gave them time to review those materials during the month of  
28 November. The Company then again met with stakeholders from both states separately on  
29 December 3, 2025 to review the terms of the proposed pilot program. Finally, stakeholders  
30 from both states met together on January 9<sup>th</sup> to ask questions and give feedback.

31 **Q. Were the conversations productive?**

32 A. Yes. The Parties came to the meetings prepared with questions and proposals that would  
33 allow Wexpro to pursue the proposed horizontal drilling program while protecting  
34 customers. The Company appreciates the collaboration, time, and commitment from each  
35 of the Parties, and acknowledges that their input was critical to developing a workable pilot  
36 program.

37 **Q. How has the Wexpro agreement changed over time?**

38 A. The Company's Application explains the changes that have happened to the Wexpro  
39 programs over time. I have included EGU Exhibit 2.02 that summarizes the changes that  
40 have happened over time and the changes that will apply to the horizontal wells. Where  
41 the proposed pilot program would vary from the current Wexpro II program, I address  
42 those in my testimony.

## II. Need for a Horizontal Drilling Program

43 **Q. Why does Wexpro need a horizontal drilling program?**

44 A. Wexpro has been a benefit to Enbridge Gas customers since it began in 1981. It has  
45 provided low-cost, consistent natural gas supplies and has provided a natural hedge that  
46 has protected customers during high-price environments. Wexpro and the Company want  
47 those benefits to continue for customers, but continuation of the program and benefits  
48 requires the addition of new properties to the Wexpro portfolio, and/or new methods for  
49 developing existing properties. The wells Wexpro has developed in the past have been  
50 vertical wells, which have less risk than horizontal wells. Mr. Rasmussen explains these  
51 differences in his Direct Testimony. If Wexpro were to explore horizontal wells under the  
52 construct of the Wexpro II agreement, it wouldn't receive a high enough return on its

53 investment to justify the risk of exploring horizontal wells. Therefore, a pilot program  
54 separate from the Wexpro II program is necessary to determine if an ongoing horizontal  
55 program is appropriate and what that program should entail.

56 **Q. Does Wexpro have an inventory of vertical wells it can drill?**

57 A. Currently, under Wexpro II, Wexpro can only drill wells for the benefit of customers when  
58 the forecasted price of those wells beats the 5-year forward price curve. Since market  
59 prices are currently very low, Wexpro's inventory of new wells that would qualify under  
60 Wexpro II is very limited.

61 **Q. What will happen to costs if no new drilling happens?**

62 A. If production drops, fixed costs would be spread over fewer units of gas, increasing the  
63 cost/dth. Wexpro would need to keep a significant portion of its workforce to maintain the  
64 wells that are currently producing. Without new volumes coming on, the price of Wexpro  
65 gas would increase. That increased cost would be passed on to Enbridge customers.

### III. Terms of Pilot Program

66 Program Duration and Scope

67 **Q. How long does the Company propose the pilot program to last?**

68 A. The Company proposes that the pilot program would not exceed five years from the date  
69 of a Commission Order approving the Company's Application unless that date is extended  
70 by further order of the Commission.

71 **Q. How much would Wexpro invest during the pilot program?**

72 A. The capital investment for the program would be capped at \$150 million.

73 **Q. Would Wexpro be able to spend the entire \$150 million in the first year?**

74 A. No. The program would be limited to one well during the first year, with the remaining  
75 investment amount being spread over the remaining period of the program.

76 **Q. Where will Wexpro be drilling horizontal wells if the program is approved?**

77 A. The program wells would be drilled within the areas that have already been subject to  
78 vertical drilling operations under the Wexpro I and Wexpro II agreements.

79 **Q. If initial wells are not productive, would the drilling program continue through the  
80 end of the five years?**

81 A. Most likely not. The Company is interested in pursuing the pilot program to determine  
82 whether horizontal drilling in the Wexpro I and Wexpro II property areas could generate  
83 new gas supply to benefit customers. If the initial results are disappointing, the Company  
84 and Wexpro would likely not continue to propose drilling wells under the pilot program.  
85 Also, the Commission could modify, discontinue, or extend the program at any time.  
86 However, any investment already placed in the investment base as of the date of any change  
87 or discontinuance of the program should be recoverable on the program terms  
88 notwithstanding any such change or discontinuation.

89 **Q. How would the Commission modify or discontinue the program?**

90 A. The Commission will receive quarterly and annual reports, as discussed later in my  
91 testimony. If the Commission, upon review of the reports, believes Wexpro or the  
92 Company are taking imprudent action, the Commission could initiate further regulatory  
93 process to address those issues.

94 *Drilling Operations*

95 **Q. Will a horizontal well need to beat the 5-year forward curve before drilling begins,  
96 like a vertical well under the Wexpro II guidance?**

97 A. No. During the pilot program, Wexpro would provide information to the hydrocarbon  
98 monitor<sup>1</sup> and, if the hydrocarbon monitor determined drilling a well was not prudent, it  
99 would disapprove the well. If the monitor disapproved a well, Wexpro would not be  
100 authorized to drill that well.

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<sup>1</sup> The Hydrocarbon Monitor is an independent evaluator retained by the Utah Division of Public Utilities to review Wexpro's drilling program, as well as any new properties proposed to be included as Wexpro II properties. See Section IV of the Wexpro II Agreement.

101 **Q. How will the Commission and Parties know if the pilot program is successful or not?**

102 A. The Company and Wexpro will provide quarterly drilling reports to the hydrocarbon  
103 monitor, Commission staff, Wyoming Staff, the Division, the Office, and the Wyoming  
104 OCA. Those reports will show the drilling results for each well drilled under the program.  
105 Additionally, Wexpro and the Company will use those quarterly reports to develop an  
106 annual report that summarizes the drilling results for wells drilled under the program and  
107 includes any feedback that the hydrocarbon monitor provides on those results.

108 **Q. Would Enbridge Gas customers receive the gas from the horizontal wells?**

109 A. Yes. All natural gas produced from the pilot program wells would be sold by Wexpro to  
110 the Company for customer use at Wexpro's cost of service, as defined in the Wexpro II  
111 Agreement.

112 **Q. Would Wexpro continue to receive a portion of the revenue from the sale of oil or  
113 natural gas liquids produced from pilot program wells?**

114 A. No. In the case of pilot program wells, the revenue from the sale of oil or liquids would be  
115 credited to customers, with no portion of those revenues being received by or benefiting  
116 Wexpro. This is different than the current treatment of such credits under the Wexpro I or  
117 Wexpro II agreements. Currently, the benefit of all oil and liquid credits is shared 54/46  
118 between customers and Wexpro.

119 **Q. Would dry hole risk on horizontal wells be shared by Wexpro and Enbridge Gas  
120 customers?**

121 A. No. The dry hole risk will be borne by customers. If a horizontally drilled well turns out  
122 to be a dry hole, the entire cost of drilling that well would be included in the investment  
123 base and passed onto Enbridge Gas customers.

124 **Q. Why is it appropriate to shift this risk to customers under the pilot program?**

125 A. Given the exploratory nature of horizontal drilling in the Wexpro I and Wexpro II areas,  
126 Wexpro and the Company believe the horizontal wells would justify a much higher return  
127 than the utility-allowed rate of return provided by a vertical well drilled under the Wexpro

128 II program. As I explain later in my testimony, the pilot wells will receive the same return  
129 as the Wexpro II program would provide. Given the reduced rate of return and given that  
130 all credit from the sale of liquids produced from horizontal wells would go only to  
131 customers and would not be shared with Wexpro, it is appropriate that customers assume  
132 the risk associated with a dry hole.

133 **Q. If a well is productive, would that change the cost for Enbridge customers?**

134 A It may change the cost of gas for customers depending on how productive the well is, as is  
135 the case with other wells Wexpro has drilled in the past. Importantly these pilot wells  
136 would not only deliver gas to customers but would provide valuable information on how  
137 best to develop these fields and formations, which could lead to significant development at  
138 attractive cost of service for customers. Horizontal wells can be more productive than  
139 vertical wells. If that were to occur, that increase in efficiency would reduce the cost of  
140 the gas provided to customers.

141 *Investment Base, Rate of Return, and Cost Recovery*

142 **Q. Will horizontal wells be distinguished from other wells in Wexpro accounting records  
143 and reports?**

144 A. Yes. Currently, Wexpro accounts for and reports on five different types of wells based on  
145 the relative Wexpro criteria that governs each well. The horizontal wells would be included  
146 in a new category for accounting and reporting purposes.

147 **Q. Does Wexpro earn a different return on some of its wells?**

148 A. Yes. EGU Exhibit 2.02 shows that wells that were developed before 2016 earn a return of  
149 about 20%. This return is outlined in the original Wexpro agreement and is determined  
150 from a base rate of return plus 8%. This rate reflects the higher risk that a normal  
151 exploration and production company would receive if drilling for natural gas outside of an  
152 arrangement like the Wexpro II Agreement.

153 EGU Exhibit 2.02 also shows that, as a result of the Canyon Creek Stipulation, all wells  
154 drilled after 2016 earn the Enbridge Gas rate of return, which is significantly lower.  
155 Currently, that rate is 6.86%.

156 **Q. Why was the rate of return reduced?**

157 A. At the time, natural gas production in the United States was booming due to the shale  
158 revolution. The cost of natural gas on the open market was so low that Wexpro could not  
159 drill wells that were commercially viable with the high return. Wexpro and the other parties  
160 in the Canyon Creek Settlement Stipulation agreed that it would be beneficial to customers  
161 if Wexpro continued to drill wells, but if it did so and the costs of such drilling was included  
162 in customer rates, Wexpro would have to accept a lower return. In exchange for the lower  
163 return, customers bore 50% of the costs of noncommercial wells (i.e. dry holes).

164 **Q. What rate of return will be applied to the horizontal wells?**

165 A. Despite the additional risk of drilling a horizontal well, Wexpro and the Company are  
166 proposing that the wells in the pilot program would earn the same Commission-allowed  
167 return that vertical wells currently earn under the Wexpro II program.

168 **Q. Will you please explain the sharing of cost savings as it applies to Wexpro II wells?**

169 A. Yes. In paragraph 18 of the Canyon Creek Settlement Stipulation (Docket No. 15-057-  
170 10), the parties in that docket agreed that, when the actual annual cost-of-service price per  
171 dekatherm (COS Price) for Enbridge Gas' Integrated Resource Plan (IRP) year is less than  
172 the market price per dekatherm for the IRP year, then savings will be shared 50% to  
173 Enbridge Gas customers and 50% to Wexpro. The Canyon Creek Settlement Stipulation  
174 details how this calculation occurs.

175 **Q. Has the cost sharing provision ever been used?**

176 A. Yes. The first instance occurred in the winter of 2020-21 when an Arctic cold blast hit  
177 much of the United States in mid-February 2021. This caused well freeze-offs that sharply  
178 cut production. Subsequently, demand for natural gas increased faster than supply could  
179 be increased, reducing how much natural gas could be injected into storage over the next  
180 summer and fall. That in turn caused inventories to be relatively low going into winter  
181 2021-22. Market prices spiked, triggering the cost savings provision. A second instance  
182 of cost savings occurred in the winter of 2021-22, during a period of severe cold across the  
183 United States, particularly in the West, where prices of natural gas on the open market

184 spiked in December 2021 and January 2022. In both of these scenarios, Wexpro gas was  
185 much less expensive than gas purchased on the open market, which led to sharing of the  
186 cost savings under the Canyon Creek Settlement Stipulation agreements.

187 **Q. When Wexpro benefits from the cost savings, do Enbridge customers also benefit?**

188 A. Yes. In fact, Wexpro's share of the cost savings is capped at the base rate of return + 8%.  
189 This can effectively increase the share of savings for Enbridge Gas customers.

190 **Q. Will the horizontal wells under the program be subject to the same sharing of cost  
191 savings as the vertical wells?**

192 A. No. Under the pilot program, the financial results from all program wells will be excluded  
193 from the calculation of cost savings under section 18 of the Canyon Creek Stipulation.

#### IV. Company Support

194 **Q. Why does the Company support a program that could add risk for customers?**

195 A. The Company believes the potential benefit of supplies from horizontal wells is worth the  
196 risk that is being shifted to customers under the pilot program for a limited number of  
197 horizontal appraisal wells. To be clear, the risk that is being shifted to customers is the  
198 dry-hole risk. In addition, the forecast cost of service from these horizontal pilot wells  
199 would be evaluated by the hydrocarbon monitor instead of having to beat the 5-year  
200 forward curve. However, under the program, Wexpro would be giving customers 100% of  
201 the benefit of all oil and liquid revenues, would be exploring for a return that is lower than  
202 a normal E&P company, and would not be including the program wells in any future cost  
203 sharing. As such, the program proposes a reallocation of the risks and costs. It does not  
204 impose all risk on customers and would give customers benefits they do not receive under  
205 Wexpro II.

206 **Q. Are there additional benefits to customers?**

207 A. Yes. If the program wells are productive, customers would not only receive affordable gas  
208 during the pilot program, they would have the opportunity for those same benefits-going  
209 forward in a non-pilot program.

210 **Q. Was Wexpro supply a benefit to customers during the cold-weather events you**  
211 **described above?**

212 A. Yes. Since Wexpro provides natural gas to Enbridge customers at cost-of-service, having  
213 Wexpro supplies insulated customers from the full effect of the price spikes. EGU Exhibit  
214 2.03 page 1 shows that over time, the cost of Wexpro gas is far more consistent than the  
215 cost of gas purchased on the open market. During the cold-weather events described above,  
216 Wexpro saved customers nearly \$300 million (see EGU Exhibit 2.03 page 2).

217 **Q. Does the Company support a limited drilling program with the reallocation of risk**  
218 **specified above?**

219 A. Yes. The Company believes it is in the interest of customers. Though customers would  
220 assume the dry hole risk for a limited number of horizontal appraisal wells, customers  
221 would receive benefits under the program that would help to offset that increased risk.  
222 Additionally, this program may lead to the development of significant reserves of natural  
223 gas at attractive prices for customers. Exploring that possibility warrants some additional  
224 risk.

225 **Q. Are there other factors that weigh in favor of this risk?**

226 A. Yes. As Mr. Rasmussen explains in his testimony, Wexpro has a good track record of  
227 exploring for natural gas, and has done its due diligence in selecting the areas to drill during  
228 the pilot program. The technology for horizontal drilling is well understood and Wexpro  
229 staff and vendors have experience drilling horizontal wells. This gives Enbridge Gas  
230 confidence in Wexpro's plan for the horizontal wells.

231 **Q. What do the Company and Wexpro plan to do after the pilot program? Would**  
232 **Wexpro and the Company propose an ongoing horizontal drilling program with a**  
233 **higher return?**

234 A. That would depend on how the pilot program performs. If the pilot program were  
235 successful, EGU and Wexpro may propose a permanent horizontal drilling program. If  
236 not, it would not. EGU and Wexpro may gain learnings that would support advancement  
237 of a modified program going forward. The Company expects that, if the Commission

238           approves this program, it would collaborate with the Parties to review the pilot program  
239           results, and to discuss reasonable next steps. It is anticipated that the Parties would meet  
240           to review the pilot program results.

241   **Q.    Will Wexpro continue to drill vertical wells?**

242   A.    Yes. To the extent that Wexpro can drill vertical wells at or below the 5-year forward  
243           curve, it will continue to do so under the Wexpro and Wexpro II agreements. Vertical  
244           drilling has been largely successful and Wexpro will continue to pursue development of  
245           those supplies. Unfortunately, there is currently a limited number of vertical locations  
246           remaining in Wexpro's inventory that could be developed at low, or even moderate, natural  
247           gas prices.

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

249   A.    Yes.

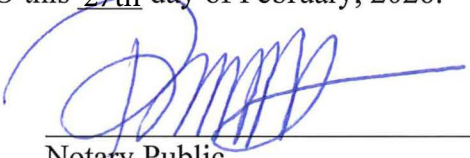
State of Utah )  
 ) ss.  
County of Salt Lake )

I, Austin C. Summers, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.



\_\_\_\_\_  
Austin C. Summers

SUBSCRIBED AND SWORN TO this 27th day of February, 2026.



\_\_\_\_\_  
Notary Public

