

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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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REBUTTAL TESTIMONY OF AUSTIN C. SUMMERS

FOR ENBRIDGE GAS UTAH

April 10, 2026

EGU Exhibit 2.0R

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

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

4 **Q. Are you the same Austin Summers that submitted Direct Testimony?**

5 A. Yes.

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

7 A. I am providing testimony to respond to statements made by Utah Division of Public
8 Utilities (“Division”) witness Ryan Daigle regarding historical natural gas price
9 comparisons, the evaluation of cost-of-service gas, and the role of Wexpro supply as a
10 hedge for customers. While historical comparisons provide some useful context, I explain
11 why those comparisons should be considered carefully when evaluating forward-looking
12 decisions that involve long-term supply reliability, volatility mitigation, and incremental
13 customer benefit.

14 I also describe how changes to the Wexpro program, including the reduced rate of return
15 and additional guardrails adopted in the Canyon Creek settlement, have impacted program
16 outcomes and have contributed to measurable customer benefits during higher-price
17 periods. These program changes are directly relevant to evaluating proposed incremental
18 investments today.

19 Finally, I explain why the proposed horizontal drilling pilot program should be evaluated
20 based on its potential to inform future decisions under current market conditions and
21 safeguards, rather than on aggregate historical outcomes, and clarify that adequate
22 information exists in the record to support Commission approval of the proposal.

23 **I. HISTORICAL PRICES**

24 **Q. Mr. Daigle presents a historical comparison of Wexpro cost-of-service gas prices**
25 **relative to market prices. Do you dispute that analysis?**

26 A. I do not dispute that Mr. Daigle has performed a retrospective comparison of
27 cost-of-service gas prices and market prices using historical data. My disagreement is not
28 with the arithmetic of that analysis, but with the conclusions drawn from it, and the manner
29 in which it is applied to decisions that are inherently forward-looking.

30 **Q. Please explain your concern.**

31 A. Historical average price comparisons provide limited insight when evaluating resource
32 strategies intended to manage long-term price volatility and supply risk. Decisions
33 regarding future development and hedging should not be based on historical market
34 averages or comparisons between historical average prices and past hedging outcomes. The
35 purpose of hedging is to manage and address future price volatility and risk. It serves the
36 role of providing physical gas and other resource plays during periods of market stress and
37 price stability during periods of market price volatility. Applying a retrospective look at
38 pricing data can result in mispriced hedging protection and missed timing, and leave an
39 entity exposed to unanticipated market shortages and price volatility. So, while I appreciate
40 Mr. Daigle's comparison as providing a relevant data point, his analysis excludes the more
41 important reasons for hedging and much of the value provided by the Wexpro drilling
42 program. That program has saved customers hundreds of millions of dollars, but it has also
43 provided an important physical and financial hedge against price volatility and minimized
44 the Company's exposure to market risks.

45 **Q. At lines 141 through 144 of his testimony, Mr. Daigle states that over the last fifteen**
46 **years, purchase of the Wexpro supply has resulted in net negative savings to**
47 **customers. Is there a reason for that outcome?**

48 A. Yes. The time period referenced by Mr. Daigle coincides largely with the aftermath of the
49 shale revolution, during which horizontal drilling in previously untapped formations


50 significantly increased natural gas supply across North America. That rapid expansion
51 placed sustained downward pressure on market prices, creating an environment where
52 purchased gas prices were unusually low relative to Wexpro prices.

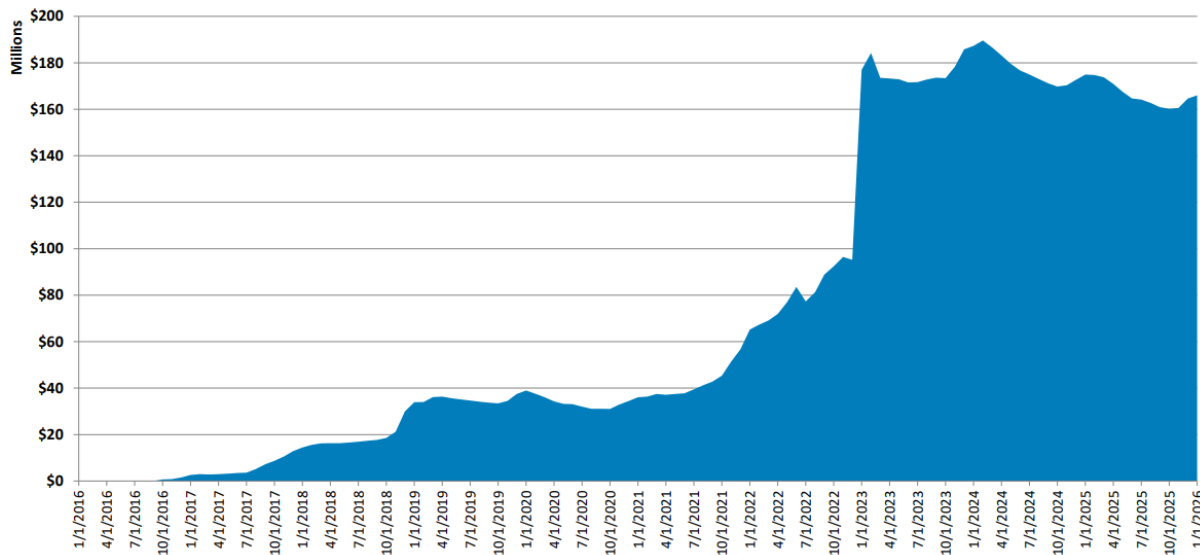
53 **Q. Why is that context important when evaluating Wexpro's cost-of-service**
54 **performance?**

55 A. It is important because the comparison reflects outcomes driven by a unique and
56 historically significant market shift rather than a structural failure of the Wexpro program.
57 During periods of sustained oversupply and low market prices, the relative value of
58 cost-of-service gas appears diminished when assessed solely on a backward-looking price
59 basis. Further, Mr. Daigle's evaluation does not account for or value the other hedging
60 benefits provided to the Company and customers from the Wexpro drilling program.

61 **Q. Since Wexpro began earning a reduced rate of return under the settlement terms in**
62 **the Canyon Creek Docket, has the program provided savings for customers?**

63 A. Yes. Since the program changes in 2015 that reduced Wexpro's allowed return and
64 introduced additional guardrails, Wexpro has provided measurable customer benefits. As
65 discussed during the technical conference in this docket, Wexpro has provided positive net
66 savings to customers on wells that were drilled after 2015. The chart below is from the
67 technical conference and shows the net-positive savings.

Cumulative Savings from post-2015 (lower return) COS Gas 
2016 – YTD 2026



68

12

69 **Q. Why is that distinction relevant to Mr. Daigle’s analysis?**

70 A. Mr. Daigle’s conclusions aggregate outcomes across periods governed by materially
71 different program structures and the period he has chosen is ultimately arbitrary. Evaluating
72 the performance of Wexpro without distinguishing between earlier frameworks and the
73 current guardrail-based structure does not fully reflect how the program operates today or
74 how incremental decisions should be considered going forward.

75 **Q. At line 152 of his testimony, Mr. Daigle states that, based on the performance of**
76 **cost-of-service gas compared to purchased gas, it is difficult to recommend a**
77 **horizontal drilling pilot program to increase cost-of-service supply. Is there anything**
78 **missing from that analysis?**

79 A. Yes. His conclusion does not fully reflect several important considerations discussed
80 above. As discussed above, there are elements of cost-of-service supply that are difficult
81 to quantify in purely price-based comparisons, including hedge value, price stability, and
82 supply reliability during periods of volatility. Those attributes are particularly relevant

83 when evaluating long-lived physical supply and the financial benefits provided by a long-
84 term hedge. Mr. Daigle's analysis entirely excludes any of these benefits.

85 **Q. Does cost-of-service gas represent a single, uniform cost across all Wexpro activities?**

86 A. No. The cost of service varies by asset, vintage, and development type, and it reflects
87 decisions made under different price environments. As a result, viewing cost-of-service
88 gas as a single homogeneous outcome can obscure the expected performance of
89 incremental investments made under current conditions.

90 **Q. How should the Commission evaluate whether additional Wexpro activity benefits**
91 **customers as a supply or price hedge?**

92 A. That determination should be based on the incremental customer benefit associated with
93 proposed actions, rather than on aggregate historical outcomes. The relevant question is
94 whether the next decision, such as a limited horizontal drilling pilot—has the potential to
95 provide net customer benefit under today's or the anticipated market conditions and in light
96 of the nature of the proposed action.

97 **II. HEDGING**

98 **Q. Mr. Daigle acknowledges that cost-of-service gas functions as a hedge but questions**
99 **the magnitude of that benefit. How do you respond?**

100 A. I agree that Wexpro gas functions as a hedge, and would say that it has provided a valuable
101 hedging benefit. Where I differ is in the assessment of how that hedging value should be
102 evaluated. Wexpro gas provides both a financial hedge as well as a physical, long-lived
103 source of supply at cost of service, which differs materially from financial hedges or
104 short-term market purchases. That distinction is important when considering customer
105 exposure to volatility over long planning horizons. In that respect, Wexpro provides a
106 multi-faceted hedge that is not available in the market and cannot be replicated through
107 existing hedging options.

108 **Q. Why is physical supply treated differently from market or financial hedges?**

109 A. One can purchase physical hedges in the market, but they are typically short term, certainly
110 not of the duration provided by Wexpro gas and they are more frequently repriced. Further,
111 financial hedges and market purchases are necessarily limited in duration, volume, and
112 availability, particularly during periods of constrained supply or extreme demand. Long-
113 term physical supply owned for the benefit of customers continues to deliver gas at
114 regulated cost during periods of constrained supply or extreme demand. That characteristic
115 provides risk mitigation benefits that are not fully captured through average price
116 comparisons.

117 **Q. Mr. Daigle notes customer savings during the winter of 2021-2022 but concludes that**
118 **those savings do not outweigh other periods. Do you agree with that conclusion?**

119 A. No. I agree that savings during extreme events may not, on their own, offset higher costs
120 in other periods when viewed solely on an average basis. However, the purpose of a hedge
121 is not necessarily to minimize average costs, but to mitigate exposure during periods of
122 extreme volatility when customer impacts are most significant. Though hedging does
123 sometimes provide the benefit of minimizing costs, hedging is intended to provide supply
124 and price stability. Mr. Daigle does not account for those benefits in his analysis. He is
125 largely only looking at price performance and, even then, only doing so on the basis of an
126 arbitrary time period.

127 **Q. How does this relate to the evaluation of the proposed horizontal drilling pilot**
128 **program?**

129 A. The proposed pilot program is intended to inform future decisions regarding whether
130 additional cost-of-service supply can be developed at reasonable cost and with appropriate
131 risk controls. The Commission's evaluation of that proposal should, therefore, be
132 forward-looking, taking into account long-term customer interests in price stability, supply
133 reliability, and risk management, rather than relying primarily on retrospective average
134 price outcomes.

135 **Q. Does declining to pursue the pilot program have implications for future risk**
136 **exposure?**

137 A. In my view, yes. Declining to evaluate potential future supply options carries risk,
138 including increased reliance on market purchases that will be subject to volatility,
139 unanticipated deliverability constraints, and limited alternative hedging opportunities
140 during extreme conditions.

141 **III. DISCOVERY AND DATA REQUESTS**

142 **Q. At lines 250 through 263 of his testimony, Mr. Daigle references challenges in**
143 **receiving data from the Company. Do you wish to respond?**

144 A. Yes. The Company made every effort to respond to discovery requests in this proceeding
145 within a compressed procedural schedule. The initial data requests referenced by Mr.
146 Daigle were received late on a Friday afternoon, the Company promptly reached out to Mr.
147 Daigle with questions and concerns pertaining to those requests, and the Company
148 immediately began coordinating responses with subject-matter experts. The Company is
149 happy to work with Mr. Daigle and the Division, as it always has, to resolve discovery
150 disputes and to avoid burdening the Commission unnecessary process.

151 **Q. Did the Company withhold information from the Division in this proceeding or delay**
152 **providing information in this proceeding?**

153 A. Absolutely not. The Company is committed to transparency and has been diligent in
154 responding to data requests from all parties. We understand the need for timely
155 information, especially in time-constrained dockets like this one. The Company made
156 every effort to provide responsive data in a timely manner. We regret that Mr. Daigle was
157 unsatisfied with those efforts and will take steps in the future to manage his, and the
158 interested parties' expectations about response time.

159 **Q. Should the Commission view the record as incomplete due to discovery timing?**

160 A. No. While this docket does require understanding of very technical issues, the Company
161 has provided ample information in the record to evaluate the proposed pilot program.
162 Additionally, the program's design includes expert review by the Hydrocarbon Monitor
163 and ongoing reporting and oversight mechanisms intended to address any remaining
164 uncertainties or questions as they arise.

165 **III. CONCLUSION**

166 **Q. Please summarize your response to Mr. Daigle's testimony regarding prices and**
167 **hedging?**

168 A. the Commission's evaluation of the proposed Wexpro horizontal drilling pilot program
169 should be grounded in a forward-looking assessment of incremental customer benefit, risk
170 management, and supply reliability. Historical pricing outcomes, while informative, do not
171 fully capture the long-term hedging value and risk mitigation benefits associated with
172 physical cost-of-service supply.

173 The Wexpro program has evolved significantly through collaborative efforts among the
174 Company, the Division, and the Office, and the guardrails now in place are designed to
175 align incentives and protect customers. The proposed pilot is a limited and controlled
176 opportunity to evaluate whether additional cost-of-service supply can be developed under
177 appropriate monitoring to benefit customers in the future, while preserving Commission
178 oversight and flexibility.

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

180 A. Yes.

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

I, Austin 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. 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 Summers

SUBSCRIBED AND SWORN TO this 10th day of April, 2026.



Notary Public

