BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. R-2018-3006818
V.	:	
	:	
PEOPLES NATURAL GAS COMPANY LLC	:	

PREPARED SURREBUTTAL TESTIMONY OF
JOSEPH A. GREGORINI
SENIOR VICE PRESIDENT, CHIEF OPERATING OFFICER
PNG COMPANIES LLC

PUBLIC VERSION

DATE SERVED: June 12, 2019 Peoples Statement No. 2-SR
DATE ADMITTED: _____________

**PREPARED SURREBUTTAL TESTIMONY OF
JOSEPH A. GREGORINI**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joseph A. Gregorini, and my business address is 375 North Shore Drive, Suite 600, Pittsburgh, PA 15212.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by PNG Companies LLC as Senior Vice President, Chief Operating Officer.

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes. My direct testimony is set forth in Peoples Statement No. 2, and my rebuttal testimony is set forth in Peoples Statement No. 2-R.

Q. HOW HAVE YOU ARRANGED YOUR SURREBUTTAL TESTIMONY?

A. I will respond to: (1) the issues related to the Company's Main Line Extension Proposal that were raised in OCA Statement No. 3-R, the rebuttal testimony submitted by Glenn Watkins on behalf of the Office of Consumer Advocate ("OCA"); and (2) the discounted rate issues raised in OCA Statement No. 3-Supp, the supplemental direct testimony submitted by Glenn Watkins on behalf of the OCA. That testimony was served on May 29, 2019, and my rebuttal testimony was served on May 28, 2019. Therefore, I did not have an opportunity to address the issues raised in OCA Statement No. 3-Supp in my rebuttal testimony, and the Company has had a very limited time to file this response to Mr. Watkins's supplemental direct testimony.

I. MAIN LINE EXTENSION PROPOSAL

Q. PLEASE SUMMARIZE OCA WITNESS GLENN WATKINS'S POSITION ON THE MAIN LINE EXTENSION PROPOSAL.

A. In his rebuttal testimony, Mr. Watkins proposes that the 150 foot main line allowance be applicable to all customers instead of only residential customers, as originally proposed by the Company.

Q. HOW DO YOU RESPOND TO MR. WATKINS'S PROPOSAL?

A. The Company is not opposed to Mr. Watkins's proposal to expand the 150 foot per customer mains allowance to all customer classes. However, for any new potential customers that would use more gas than the typical residential customer, the Company would need to utilize its current economic allowable analysis to determine a contribution in aid of construction amount because their revenues would support extensions that are greater than 150 foot per customer.

Q. DO YOU HAVE ANY REVISIONS TO YOUR REBUTTAL TESTIMONY ON THIS ISSUE?

A. No, I do not.

II. DISCOUNTED RATES

Q. PLEASE PROVIDE AN OVERVIEW OF THE RECOMMENDATION MADE IN OCA STATEMENT NO. 3-SUPP RELATED TO CERTAIN CUSTOMERS' DISCOUNTED RATES.

A. In his supplemental direct testimony, Mr. Watkins recommends that the Commission disallow $37,487,734 relating to the Company's discounted rates for certain customers, of which $1,952,060 is associated with discounts for Gas-on-Gas competition and $35,535,674 is associated with discounts for threats of bypass, alternative energy sources, and economic reasons. The purported bases for this recommendation are Mr. Watkins's concern about "the spiraling effect of the discounts offered to some customers" and his analysis of whether individual customers' discounted rates are warranted.

In this section of my surrebuttal testimony, I generally respond to Mr. Watkins's allegations about the Company's discounted rate practices. In the following section, I specifically respond, on a customer-by-customer basis, to Mr. Watkins's proposed disallowances related to the Company's discounts for threats of bypass, alternative energy sources, and economic reasons. In Carol A. Scanlon's surrebuttal testimony (Peoples Statement No. 5-SR), Ms. Scanlon responds specifically to Mr. Watkins's proposed disallowances related to discounts for Gas-on-Gas competition.

Q. BEFORE ADDRESSING MR. WATKINS'S ARGUMENTS IN DETAIL, WOULD YOU PLEASE GENERALLY EXPLAIN WHY THESE DISCOUNTS SHOULD NOT BE DISALLOWED?

A. The discounts should not be disallowed because they are necessary and beneficial to both the Company and its non-discounted customers, as demonstrated by the information and materials provided in discovery and as explained in detail in my testimony below. Therefore, Mr. Watkins's recommended disallowance should be rejected.

I further observe that if the Company's claimed discounts are disallowed, Peoples will be forced to raise the discounted customers' rates. This would be problematic and inequitable for several reasons.

First, these customers have relied upon the discounts in their operations for years. If Peoples suddenly were to go back to them and raise their rates, the customers' bottom-lines and operations will be negatively affected. Indeed, assuming Peoples would have to increase the customers' rates back to the full tariffed rates, these customers' annual operating expenses would increase, collectively, by $37,487,734. It should be noted that most of this amount, **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**, consists of discounts to **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** commercial and industrial customers in highly competitive industries. As a result and in the near term, the customers may look to reduce their other expenses and investments in an effort to maintain their current profit levels, such as by laying off existing employees, not hiring prospective employees, or reducing their production and operations. All of these would have negative effects on jobs and the local economy. Peoples estimates that these **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** customers employ approximately **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** people in total.

Second, in Peoples' and Equitable Gas Company's ("Equitable") prior rate cases, several of these discounts were not opposed or were approved as part of Commission-approved settlements. In fact, some of these same discounted delivery rate customers also receive discounted gas retainage charges. These customers include Customers #9, #27, #31, #35, and #41. In recent and ongoing annual 1307(f) proceedings, these five discounted delivery rate customers had their competitive options and their associate retainage discounts reviewed and approved or not opposed in 1307(f) settlements. There is no justifiable reason why, several years after many of these cases, that the Company's claimed discounts should now be disallowed.

Third, the proposed disallowances, if adopted, will force some of the discounted customers to reduce or eliminate production at facilities on Peoples' system or, in many cases, switch to alternative sources of fuel. This will have a substantial negative impact on the Company's non-discounted customer rates because the incremental cost to serve these customers is less than the discounted revenues generated as natural gas customers of Peoples. This is supported by the fixed cost analyses presented in this proceeding and in this testimony.

Although the discounted customers do not pay full tariffed rates, they still generate millions of dollars in annual revenue for Peoples and contribute to the Company's fixed costs. If those customers leave, however, the Company's non-discounted customers' rates will need to be increased to offset that lost revenue in future base rate cases.

I have been advised by counsel that the Commission recognized this well-established principle in its August 2, 2012 Final Implementation Order at Docket No. M-2012-2293611, which established procedures and guidelines to implement Act 11 of 2012 related to the Distribution System Improvement Charge ("DSIC"). *See Implementation of*

Act 11 of 2012, 2012 Pa. PUC LEXIS 1223 (Order entered Aug. 2, 2012). Specifically, the Commission stated:

> [W]e agree with EAP and other commenters . . . that utilities should have the flexibility to *not* apply the DSIC surcharge to customers with competitive alternatives and customers having negotiated contracts from the utility. Where the customer has negotiated rates based on competitive alternatives, it would be contrary to the contract terms and counterproductive in the long term to add costs that may induce the customer to leave the system and provide no support for infrastructure costs. Accordingly, the DSIC need not be applied to these specific customers, but the general DSIC rate applicable to the customer class itself must be the same for all customer classes.

Id. at *72-73 (emphasis added). Thus, although parties may disagree about whether there is sufficient support for the Company's discounts, the parties cannot dispute that the discounts, when justified, provide benefits to the Company and its ratepayers.

Q. DOES THE COMPANY SIMPLY ACCEPT THE CUSTOMER'S POSITION WITHOUT ANALYSIS OR NEGOTIATION?

A. Absolutely not. The Company continually seeks to maximize the revenues it can receive through negotiations. This is obviously in the non-discounted customers' best interest, but it also is in the Company's best interest because, between rate cases, any further discounting will be borne solely by the Company.

In addition, for the Equitable Division, the Company has performed fixed cost analyses of the discounts pursuant to the settlement approved in Equitable's 2008 base rate case. These analyses are used to determine whether the customer's request for a discounted rate, and the level of such discount, is justified. Specifically, the settlement in that case stated the following:

> B.3. Equitable will agree to maintain a highly confidential log of negotiated delivery service agreements available for review by the OTS, the OCA and the OSBA. The log will contain the following information related to negotiated agreements:
>
> Customer number, effective date of the agreement, the reason(s) for offering a negotiated delivery agreement, supporting work papers relied upon to substantiate the negotiated agreement, and an analysis which evaluates the contribution to overall fixed costs provided by each customer.

Peoples provided these fixed cost analyses for the Equitable Division customers with discounted rates in discovery. In the discussion below, I also explain the justifications that the Company provided to parties in this proceeding for each of the proposed adjustments by the OCA.

Q. WAS THE COMPANY REQUIRED TO PERFORM THESE FIXED COST ANALYSES FOR THE PEOPLES DIVISION CUSTOMERS?

A. No. I have been advised by counsel that this settlement provision only applied to the Equitable Division (formerly Equitable before its acquisition by Peoples). Therefore, the fixed cost analyses were only performed: (1) after the February 26, 2009 effective date of the Commission's order approving the settlement in Equitable's 2008 base rate case; and (2) for Equitable Division locations.

Q. DO YOU BELIEVE THAT PEOPLES SHOULD BE REQUIRED TO CONDUCT FORMALIZED QUANTITATIVE ANALYSES FOR THE PEOPLES DIVISION'S DISCOUNTED RATES IN ORDER FOR THOSE DISCOUNTS TO BE RECOVERED BY THE COMPANY IN THIS PROCEEDING?

A. No. It would be unreasonable to deny recovery of the lost revenues for the Peoples Division absent a formalized quantitative analysis, as Mr. Watkins appears to suggest. Peoples has been providing discounts in order to compete with bypass alternatives for many years. While the Company routinely provides explanation and justifications for these discounted rates in annual gas cost and base rate cases, there has never been a heightened requirement for the Company to conduct formalized quantitative analyses in order for the revenue discounts to be recovered from other customers.

Moreover, it is unrealistic that every competitive rate that the Company establishes is directly and exclusively tied to the cost of the customer's alternative service, which is what I believe the quantitative analysis is intended to show. The Company's relationship with the customer changes once a customer establishes that it has a competitive service option, such as gas-on-gas competition, interstate pipeline bypass, or any other option. Indeed, a customer who believes it has an alternative service option expects to be treated differently. This is true not just for natural gas delivery service customers but for customers seeking any service or product. The competitive customer expects to receive expressions of being valued, and that generally means that the Company's interaction with the customer becomes more relationship oriented. In that situation, the customer will not necessarily make a decision based solely on its best economic interests, meaning that it may not be enough to offer the customer a rate based on a quantitative analysis of the customer's alternative costs. Rather, if Peoples mishandles the customer relationship, the customer may opt for a competitive option even if that option ultimately turns out to be more expensive than the Company's offer based on alternative costs. For these reasons, the process is a negotiation between the customer and the Company, and the

Company's analysis of the costs and benefits of an alternative cannot be the limit to the reasonableness of a negotiated discount.

This flows into the second reason that Peoples' relationship with a competitive customer changes. Once a customer establishes a possibility of bypassing the Company's system, Peoples must properly balance the competing demands of rate maximization against revenue retention. As an example, assume a customer uses 100,000 Mcf per year and the utility's quantitative analysis would indicate that it is in the customer's interest to stay with the Company's service at a rate of $0.90/Mcf. Also assume that the customer demands a rate of $0.80/Mcf from the Company. In the negotiations with the customer, the Company could offer $0.90 as a take or leave it rate, could attempt to negotiate a rate between $0.90 and $0.80, or could accept the customer's proposal of $0.80. The quantitative analysis would support only the first option. However, if the customer decides to leave the Company's system for the alternative service, for whatever reason, the Company will lose the entire $90,000 (100,000 Mcf x $0.90). If the Company negotiates for a rate between $0.90/Mcf and $0.80/Mcf and the customer leaves the Company's system, the Company again loses the entire $90,000. If the Company accepts the customer's offer to pay $0.80/Mcf, the Company has perhaps given up anywhere between $0 and $10,000 (100,000 Mcf x $0-$0.10/Mcf), but has assured the retention of $80,000. My point here is that in the Company's relationship with this customer, Peoples is not only dealing with the amount of the discount; Peoples also is, more importantly, dealing with the retention of the other revenues.

Q. YOU ALSO MENTIONED THAT MR. WATKINS REFERS TO AN ALLEGED "SPIRALING EFFECT" THAT MAY BE CREATED BY THE COMPANY PROVIDING DISCOUNTED RATES FOR CUSTOMERS WITH STEAM ALTERNATIVES AND FOR STEAM DISTRIBUTION COMPANY CUSTOMERS. WOULD YOU PLEASE RESPOND?

A. I do not agree with Mr. Watkins's concern. His entire argument is theoretical, and he does not provide any actual data supporting his position. Moreover, he fails to recognize that Peoples' competition with steam is rare. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** Thus, Mr. Watkins's concern about Peoples' discounting practices having some "spiraling effect" on customers with steam alternatives and on steam distribution company customers is unsupported and very limited.

Q. DO YOU AGREE WITH MR. WATKINS'S "STANDARDS" TO DETERMINE WHETHER DISCOUNTED RATES FOR THREATS OF BYPASS, ALTERNATIVE FUELS, AND ECONOMIC REASONS ARE JUSTIFIED?

A. I agree that the Company must produce information sufficient to support its claimed levels of discounts. Moreover, for the Equitable Division, Peoples must perform the fixed cost analyses as required by the Equitable 2008 base rate case settlement. However, as previously explained, I disagree that Peoples was also required to perform quantitative analyses for its Peoples Division's discounts in order for those discounts to be recovered in this case. However, Peoples is willing to perform the fixed cost analyses prospectively for both Equitable and Peoples Division's discounts.

Q. DO YOU HAVE ANY FURTHER GENERAL COMMENTS ABOUT MR. WATKINS'S SUPPLEMENTAL DIRECT TESTIMONY?

A. Yes. I want to emphasize that I have prepared this testimony to the best of my ability in the severely limited time the OCA gave the Company to address these substantial issues. The day after the Company served its rebuttal testimony on May 28, 2019, the OCA served Mr. Watkins's supplemental direct testimony, which proposes, for the first time, an over $37 million disallowance related to customers' discounted rates. (*See* OCA Statement No. 3-Supp, p. 2, lines 7-10.) Mr. Watkins attempts to explain the OCA's actions by claiming that "the Company had not provided full responses to OCA's discovery requests on this issue until the day before [Mr. Watkins's direct] testimony was written and that [his] limited review of these discovery requests at that time indicated that the documents provided thus far were lacking." (OCA Statement No. 3-Supp, p. 1, lines 11-14.) Mr. Watkins also states that the "OCA propounded additional discovery requests which have been received and examined." (OCA Statement No. 3-Supp, p. 1, lines 14-15.)

If the OCA believed that the Company's discounted rates were unsupported, as Mr. Watkins claims in OCA Statement No. 3-Supp, then Mr. Watkins should have proposed disallowing those discounts in his original direct testimony. Then, Peoples would have had notice about the proposed disallowance, could have addressed the discounted rates in its rebuttal testimony, and even reached out to the affected customers so that they could further support the basis for the discounts.

Instead, the OCA waited 30 days to supplement Mr. Watkins's direct testimony and to propose, for the first time, a disallowance of over $37 million related to certain customers' discounted rates. As a result, Peoples was unable to present evidence supporting the discounted rates in its rebuttal testimony on May 28, 2019. Moreover, the Company has had severely limited time to reach out to the affected customers so that they could provide additional support for their discounted rates to be included in this surrebuttal testimony.

In addition, Peoples served its responses to the OCA's discovery with more than sufficient time before the OCA's direct testimony and all parties' rebuttal testimony were due on April 29, 2019, and May 28, 2019, respectively. Indeed, the HIGHLY CONFIDENTIAL responses to OCA-IV-5 and 6 were served on April 4 and 5, 2019, which is over three weeks before direct testimony was due on April 29, 2019. In addition, these responses were later supplemented at the OCA's request on April 24, 2019. The OCA had the supplemental responses in its possession before its direct testimony was due and for over a month before serving Mr. Watkin's supplemental direct testimony.

Meanwhile, Peoples reviewed all the other parties' direct testimony and exhibits, propounded discovery, and served 12 pieces of rebuttal testimony in the 29 days between April 29, 2019, and May 28, 2019.

Further, even assuming that the OCA did not have all the information that it requested until May 10, 2019, when the Company served its HIGHLY CONFIDENTIAL responses to OCA to PNG Set XI, the OCA never explains why it took 19 days before it served Mr. Watkins's supplemental direct testimony on May 29, 2019.

Finally, I note that the OCA's proposed disallowance of over $37 million is approximately 40% of Peoples' proposed overall net distribution rate increase of $94.6 million per year. (*See* Peoples Statement No. 3-R, p. 5, line 3.) Furthermore, the OCA's original proposed revenue requirement increase was $22,949,558, which was approximately $71 million lower than Peoples' proposal. (*See* OCA Statement No. 1, p. 5, lines 1-3.) The OCA's proposed disallowance related to the discounted rates certainly is the largest adjustment being proposed by the OCA, or any party in the case, and will, in all likelihood, result in the OCA proposing a revenue requirement decrease, rather than an increase, in its surrebuttal testimony. Such a substantial proposal should have been raised in the OCA's original direct testimony or, at the very least, several weeks before all the parties served their rebuttal testimony.

Notwithstanding, as demonstrated below and in the surrebuttal testimony of Ms. Scanlon (Peoples Statement No. 5-SR), the OCA's proposed disallowance is completely unsupported and should be rejected.

III. CUSTOMER-BY-CUSTOMER ANALYSIS OF DISCOUNTS DUE TO THREATS OF BYPASS, ALTERNATIVE FUELS, AND ECONOMIC REASONS

Q. PLEASE EXPLAIN HOW YOUR TESTIMONY IN THIS SECTION IS ORGANIZED.

A. This section of my surrebuttal testimony addresses Mr. Watkins's proposed disallowances of discounts due to threats of bypass, alternative fuels, and economic reasons. Although Mr. Watkins addressed the customers' disallowances sequentially by customer identifier number, I have decided to address the largest of Mr. Watkins's proposed adjustments first.

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #41.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMERS #1, #2 AND #31.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #5.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #32.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #27.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #35.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #4.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[END HIGHLY CONFIDENTIAL]

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #9.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #14.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[END HIGHLY CONFIDENTIAL]

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #16.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[END HIGHLY CONFIDENTIAL]

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #26.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #33.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #34.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #37.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[END HIGHLY CONFIDENTIAL]

Q. PLEASE RESPOND TO MR. WATKINS'S TESTIMONY CONCERNING THE DISCOUNTED RATES AND REVENUES ASSOCIATED WITH CUSTOMER #42.

A. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted]

[redacted] **[END HIGHLY CONFIDENTIAL]**

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes. However, as noted previously, the OCA served Mr. Watkins's supplemental direct testimony on May 29, 2019, *i.e.*, the day after parties served their rebuttal testimony on May 28, 2019. Therefore, I have had severely limited time to prepare testimony responding to all of Mr. Watkins's allegations. As a result, I reserve the right to supplement my surrebuttal testimony, particularly if customers provide additional information supporting the need for their discounted rates.