

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Formal Complaint of)	Direct Testimony
InSite Towers Development, LLC against)	of LaDel Laub
Dixie-Escalante Rural Electric Association)	For Dixie Escalante
)	Rural Electric
)	Association

June 4, 2015

1 **INTRODUCTION**

2 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

3 A. My name is LaDel Laub. I am the Chief Executive Officer of Dixie
4 Escalante Rural Electric Association ("DEREA" or "Dixie Power"). My
5 Business address is 71 East Highway 56, Beryl Utah 84714.

6 **Q. CAN YOU PLEASE GIVE A BRIEF SUMMARY OF YOUR
7 QUALIFICATIONS AND EXPERIENCE?**

8 A. I currently serve as the President, CEO of Dixie Escalante Rural Electric
9 Association, and have held that position since 2008. I have worked in a
10 management role with the cooperative for many years, and was the Chief
11 Financial Officer prior to being selected as CEO. I started work with Dixie
12 in 1992. I hold a Bachelor's Degree in Business Administration from
13 Southern Utah University.

14 **Q. CAN YOU BRIEFLY DESCRIBE SOME ATTRIBUTES OF DIXIE
15 POWER?**

16 A. Dixie Power is a non-profit cooperative organized for the purpose of
17 distributing electricity to its members and the public at cost, including
18 interest costs and a reasonable rate of return as determined by the board
19 of directors. The cooperative's board of directors and, where required,
20 any appropriate agency of the federal government, have approved all rate
21 increases or other rate changes and all necessary tariff revisions in Dixie
22 Power's tariffs and service regulations. Before implementing any rate
23 increase(s), the cooperative holds public meetings for all its customers

24 and members, and provides mailed notice of meetings to all of the
25 cooperative's customers and members not less than 10 days prior to the
26 date of such meeting, and files its tariff revisions reflecting any rate
27 increases or other rate changes with the Commission, who makes the
28 tariffs available for public inspection.

29 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

30 A. I present the understanding of Dixie Power concerning facts and
31 circumstances related to electric service in the area primarily located in
32 the City of St. George, Utah and known generally as the "Green Valley"
33 area.

34 **Q. AS BACKGROUND, WHAT DO YOU MEAN BY THE "GREEN VALLEY**
35 **AREA"?**

36 A. Green Valley is an area lying along the current western boundary of St.
37 George City, beginning about a mile or two north of the Virgin River, which
38 runs east to west and bisects the City. "Green Valley" includes the area
39 that follows the Santa Clara river, about 1 mile wide, perhaps 3 miles in
40 length running from the intersection of 600 West and Dixie Drive on the
41 south, north to a point just beyond where the Santa Clara river crosses
42 Dixie Drive near the entrance drive to the Sunbrook golf course.

43 **Q. IS THERE A MAP THAT ACCOMPANIES YOUR TESTIMONY?**

44 A. Yes. A map depicting the area and showing certain property at issue in
45 this proceeding, relative to St. George City municipal service area and the
46 Dixie franchise area within the City is attached as Exhibit "A".

47 **Q. COULD YOU PLEASE SUMMARIZE THE FACTS AND HISTORY**
48 **CONCERNING ELECTRIC SERVICE IN GREEN VALLEY?**

49 A. The Green Valley area was included in Dixie's certificated Service
50 Area. As of 1981, Dixie provided service to at most a small number of
51 retail member loads remaining on yet-to-be annexed unincorporated
52 property in Green Valley. Dixie once provided service to a single
53 residential meter on property in Green Valley known as the Gubler Ranch
54 Property ("Gubler Property"). Decades ago, beginning approximately in
55 the 1970's or earlier, the City of St. George was in process of annexing
56 virtually all parcels of land adjoining what was at that time a much smaller
57 St. George City boundary. The southern portions of these annexation
58 plans fell within Dixie certificated territory. The City's plan included
59 completely annexing all property in Green Valley.

60 As the City undertook its annexation plans, it aggressively
61 dismantled Dixie service equipment and began service to customers both
62 within and outside City boundaries, including some that had been served
63 up to that time by Dixie.

64 In approximately 1980, Dixie commenced legal action against the
65 City to prevent further incursion into Dixie's service territory, seeking
66 reparation and equitable relief on account of the City's actions. In 1981
67 St. George City and Dixie agreed to settle the litigation (the "1981
68 Agreement"). As agreed between the two parties, the City indicated it
69 intended to completely annex and thereby would displace all of Dixie's

70 current and future electric service to any customers in the Green Valley or
71 other areas located generally north of the Virgin River. The northern two-
72 thirds of what is now a much expanded St. George City has since
73 developed and is currently served by the City of St. George as a municipal
74 service area.

75 The only electric facilities located in Green Valley all belong to St.
76 George City. All of the electric service provided to any customers in
77 Green Valley, is solely furnished by St. George City.

78 **Q. WAS THE 1981 AGREEMENT REDUCED TO WRITING?**

79 A A written agreement was executed that evidences the agreement, but only
80 a portion of the agreement is contained in the written document. Other
81 written components of the 1981 Agreement included city ordinances and
82 actions to convey a franchise to Dixie Power to serve electric distribution
83 customers in the southern "one-third" of St. George (the "Franchise
84 Area"0. Still other components were understood verbally between the
85 parties and/or by direct inference given the nature of the settlement
86 arrangement, and are evidenced by 35 years of experience by both the
87 City and Dixie Power during which Dixie has been restricted to serving
88 areas south of the Virgin River in the Franchise Area, and the City has
89 provided exclusive electric and other municipal services to areas located
90 both inside and outside City boundaries north of the Virgin River.

91 **Q. DID DIXIE ACQUIRE ANY UTILITY PROPERTY AS PART OF THE**
92 **AGREEMENT?**

93 A. No.

94 **Q. DID DIXIE DISPOSE OR SELL MATERIAL AMOUNT(S) OF UTILITY**
95 **PROPERTY IN THE AGREEMENT?**

96 A. No. Dixie transferred its interest in a small amount of distribution
97 equipment and facilities to St. George City totaling less than \$65,000, far
98 less than five percent (5%) of the total Utah book value of Dixie's utility
99 plant at the time.

100 **Q. DOES DIXIE POWER SERVE ANY MEMBERS OR CUSTOMERS IN**
101 **GREEN VALLEY?**

102 A. No. Beginning with the 1981 Agreement the few remaining cooperative
103 members in Green Valley agreed or otherwise accepted municipal electric
104 service from the City.

105 **Q. WHAT ELECTRIC FACILITIES DOES DIXIE POWER OWN IN GREEN**
106 **VALLEY?**

107 **A.** None. Since 1981, Dixie's service, and all of its utility facilities, have been
108 restricted to areas (the "Franchised Area") located generally to the south
109 of the Virgin River or in the Bloomington area at the southern portion of St.
110 George City.

111 **Q. IS ALL OF GREEN VALLEY NOW WITHIN ST. GEORGE CITY?**

112 A. I understand that everything except for one property has all been annexed
113 into the City. The un-annexed property is a remaining portion of property
114 that once belonged to members of a Gubler family.

115 **Q. DID THE PETITIONER IN THIS CASE, INSITE TOWERS LLC, APPLY**
116 **FOR ELECTRIC SERVICE FROM DIXIE POWER?**

117 A. No. Application for service requires a formal request and membership
118 application as member of the cooperative; InSite made informal inquiries
119 of Dixie personnel concerning feasibility of obtaining additional electric
120 service at the Gubler property, and were referred to the City of St. George,
121 which currently furnishes electricity to that property as agreed between
122 Dixie Power and St. George City.

123 **Q. IS IT POSSIBLE FOR DIXIE POWER TO PROVIDE SERVICE TO THE**
124 **GUBLER PROPERTY?**

125 A. Not without waiving Dixie's rights under the 1981 Agreement and not
126 without, in any event, constructing new facilities and obtaining necessary
127 property rights, permits, and government authorizations for construction of
128 electric utility facilities to reach the area.

129 **Q. IS INSITE REQUIRED TO PAY DIXIE FOR CONSTRUCTION OF NEW**
130 **FACILITIES?**

131 A. Yes, if it requests service from Dixie Power. Dixie's Electric Tariff includes
132 Electric Service Regulations that require advance payment for
133 constructions to extend new service that is requested. It is also required
134 to provide Dixie with all necessary property rights to complete the
135 construction prior to Dixie's undertaking construction.

136 **Q. DOES INSITE CONTEST DIXIE'S TARIFF REGULATIONS?**

137 A. I understand it does. InSite seeks to require Dixie Power to furnish
138 service to its facility at the Gubler Property without complying with Dixie's
139 tariff regulations, specifically to be excused from paying for construction
140 and providing necessary property rights to construct the facilities to the
141 location.

142 Q. **DOES THIS COMPLETE YOUR PREFILED DIRECT TESTIMONY?**

143 A. Yes.

EXHIBIT "A"

