

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION  
OF DOMINION ENERGY UTAH TO  
EXTEND GAS SERVICE TO EUREKA,  
UTAH

Docket No. 19-057-31

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**DIRECT TESTIMONY OF  
AUSTIN C. SUMMERS FOR  
DOMINION ENERGY UTAH**

December 2, 2019

**DEU REDACTED Exhibit 1.0**

**TABLE OF CONTENTS**

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>II.</b>	<b>RURAL EXPANSION EVIDENTIARY REQUIREMENTS .....</b>	<b>2</b>
<b>III.</b>	<b>CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY .....</b>	<b>4</b>
<b>IV.</b>	<b>SELECTION OF EUREKA AS AN EXPANSION AREA.....</b>	<b>5</b>
<b>V.</b>	<b>CUSTOMER PARTICIPATION .....</b>	<b>7</b>
<b>VI.</b>	<b>COST RECOVERY FOR THE EUREKA PROJECT .....</b>	<b>9</b>
<b>A.</b>	<b>Calculation of Rate-Adjustment Mechanism .....</b>	<b>11</b>
<b>VII.</b>	<b>REVENUE REQUIREMENT IMPACT .....</b>	<b>14</b>
<b>VIII.</b>	<b>OTHER INFORMATION .....</b>	<b>15</b>
<b>A.</b>	<b>Financial Capability.....</b>	<b>15</b>
<b>B.</b>	<b>Gas Supply.....</b>	<b>16</b>
<b>C.</b>	<b>Timing Limits of Expansion Program .....</b>	<b>16</b>
<b>D.</b>	<b>Resources Available to Help Customers .....</b>	<b>16</b>
<b>E.</b>	<b>Benefits to Customers .....</b>	<b>17</b>

I. INTRODUCTION

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2  
3 **Q. Please state your name and business address.**

4 A. Austin C. Summers, 333 South State Street, Salt Lake City, Utah 84111.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Dominion Energy Utah (“Dominion Energy,” “DEU” or  
7 “Company”) as a Manager of Regulation. I am responsible for cost allocation, rate  
8 design, gas cost adjustments, and forecasting. My qualifications are detailed in DEU  
9 Exhibit 1.01.

10 **Q. Were your attached exhibits DEU Exhibit 1.01 through 1.09 prepared by you or**  
11 **under your direction?**

12 A. Yes, unless otherwise stated. Where otherwise stated, my exhibits are true and  
13 correct copies of the documents they purport to be.

14 **Q. What is the Company proposing in its Application in this docket?**

15 A. The Company seeks the Utah Public Service Commission’s (“Commission”) approval  
16 to expand its system to serve the currently-unserved community of Eureka, Utah, as  
17 permitted by Utah Code Ann. § 54-17-401 *et seq.* The Company proposes to  
18 construct interconnect facilities with Dominion Energy Questar Pipeline’s (“DEQP”)   
19 interstate natural gas pipeline, 9.1 miles of high pressure main (HP) from that  
20 interconnect to Eureka, 47,600 linear feet of intermediate-high pressure (IHP) main  
21 throughout Eureka (Eureka Main System).

22 **Q. What general areas does your testimony address?**

23 A. I discuss several matters including (1) how the Company’s filing meets the statutory  
24 requirements set forth in Utah Code Ann. §§ 54-17-401, 402, and 403; (2) revenue  
25 requirement impact of the expansion to eureka; (3) anticipated customer participation;  
26 (4) cost recovery for the project; (5) rates paid by new customers in Eureka; and (6)  
27 gas supply and other miscellaneous items.

28       **Q.     Please introduce the other witnesses for the Company in this Docket.**

29       A.     Michael L. Gill, DEU Director of Engineering, is responsible for managing the  
30       Company's Engineering Department with primary responsibility for the design,  
31       construction, and mapping of the capital infrastructure projects for the Company's HP  
32       and IHP distribution systems. Mr. Gill describes the HP and IHP systems that will be  
33       built to serve the Eureka area and the construction timeline. Mr. Gill also discusses  
34       the costs associated with the construction of these facilities. Mr. Gill's testimony and  
35       supporting materials are contained in DEU Exhibits 2.0 through 2.09

36       Nick Castleton is the Mayor of the city of Eureka and was the key contact in Eureka  
37       for this project. His testimony addresses the benefits that a natural gas system will  
38       bring residents and businesses of Eureka. Mayor Castleton's testimony and  
39       supporting materials are contained in DEU Exhibits 3.0 through 3.03.

40               **II.     RURAL EXPANSION EVIDENTIARY REQUIREMENTS**

41       **Q.     Please describe the requirements for a voluntary resource decision application**  
42       **for a Rural Gas Infrastructure Development Project.**

43       A.     The Company seeks the Commission's pre-approval for the construction of the  
44       Eureka Main System pursuant to the Voluntary Resource Decision Statute, Utah Code  
45       Ann. §54-17-401 *et seq.*, and applicable Commission rules and regulations. In  
46       reviewing an application for a voluntary resource decision relating to a rural natural  
47       gas infrastructure development project, the Commission assesses whether approval is  
48       in the public interest, taking into consideration: (i) the potential benefits to previously  
49       unserved rural areas; (ii) the potential number of new customers; (iii) natural gas  
50       consumption; and (iv) revenues, costs, and other factors determined by the  
51       commission to be relevant. *See* Utah Code Ann. § 54-17-402(3)(b)(ii).

52       Additionally, a request for approval of rural natural gas infrastructure development  
53       project like the one proposed in this docket must include "(i) a description of the  
54       proposed rural gas infrastructure development project; (ii) an explanation of the  
55       projected benefits from the proposed rural gas infrastructure development project;

56 (iii) the estimated costs of the rural gas infrastructure development project; and (iv)  
57 any other information the commission requires.” Utah Code Ann. § 54-17-402(2)(c).

58 **Q. What are the filing requirements for approval of a Voluntary Resource**  
59 **Decision?**

60 A. Utah Admin. Code § R746-440-1 provides the filing requirements for a Voluntary  
61 Resource Decision application. These requirements include: (a) a description of the  
62 resource decision; (b) information to demonstrate that the utility has complied with  
63 applicable requirements; (c) the purpose and reasons for the resource decision; (d)  
64 projected costs and engineering studies, data, information and models used in the  
65 utility’s analysis; (e) descriptions and comparisons of other resources or alternatives  
66 evaluated in lieu of the proposed resource decision; (f) sufficient data and  
67 information to support the proposed resource decision; (g) an analysis of the  
68 estimated effect on utility’s revenue requirement; (h) financial information  
69 demonstrating adequate financial capability to implement the resource decision; (i)  
70 major contracts proposed for execution or use in connection with the resource  
71 decision; (j) information showing that the utility has or will obtain any required  
72 authorizations from the appropriate governmental bodies; and (k) other information as  
73 the Commission may require.

74 **Q. Has the Company provided evidence relating to each of these requirements?**

75 A. Yes. I have attached as DEU Exhibit 1.02 a summary of the requirements of  
76 applicable statutes and regulations and identified where in the Application and  
77 accompanying testimony and exhibits the Company has provided evidence satisfying  
78 each requirement.

79 As DEU Exhibit 1.02 shows, the Company has addressed each of these requirements  
80 in its direct testimony and accompanying exhibits. The Application in this matter,  
81 along with my direct testimony and the direct testimony of Mr. Gill and Mayor  
82 Castleton, provide the evidence required to show that approval of a project to extend  
83 natural gas service to Eureka is just and reasonable and in the public interest.

84           **III.     CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

85           **Q.     In its Application, the Company has also requested that the Commission grant a**  
86           **Certificate of Public Convenience and Necessity for the Company to serve**  
87           **Eureka and surrounding communities. Why has the Company included this**  
88           **request?**

89           A.     The Company proposes to serve Eureka by way of an interconnect with DEQP's  
90           interstate natural gas pipeline. Utah Code Ann. § 54-4-25 provides that "a gas  
91           corporation . . . may not establish, or begin construction or operation of a line, route,  
92           plant, or system or of any extension of a line, route, plant, or system, without having  
93           first obtained from the commission a certificate that present or future public  
94           convenience and necessity does or will require the construction." The statute further  
95           indicates that it "may not be construed to require any corporation to secure a  
96           certificate for an extension . . . into territory, either within or without a city or town,  
97           contiguous to its line, plant, or system, that is not served by a public utility of like  
98           character . . ." *Id.*

99           Eureka is located in the easternmost portion of Juab County, immediately adjacent to  
100           Utah County and other communities that receive natural gas service from Dominion  
101           Energy. Nonetheless, the best way to offer service to Eureka would be to extend  
102           service from an interconnect with DEQP's interstate pipeline system rather than  
103           connecting directly to the Company's existing natural gas system. While the  
104           proposed extension would serve an area adjacent to the Company's existing natural  
105           gas system, it is unclear whether the proposed extension would be determined to be  
106           "contiguous" with the Company's Utah County operations in the strict sense of the  
107           word. Therefore, out of an abundance of caution, the Company respectfully requests  
108           a Certificate of Public Convenience and Necessity to serve Eureka and surrounding  
109           areas.

110 **Q. Is there any other natural gas utility in the area that could serve Eureka?**

111 A. No. There are no other natural gas utilities operating in the area and therefore  
112 extending service to Eureka, as proposed, will not interfere with any line, plant or  
113 system of any other public utility.

114 **Q. Has the Company obtained all of the franchise rights and permits it will need to**  
115 **serve the town?**

116 A. Dominion Energy is in the process of working with Mayor Castleton and the town of  
117 Eureka to ensure that the Company obtains any franchise rights and permits it will  
118 need to serve the town.

119 **IV. SELECTION OF EUREKA AS AN EXPANSION AREA**  
120

121 **Q. Please explain the process that was used to select Eureka as an area to which the**  
122 **Company should look to extend service.**

123 A. Rural communities in Utah have been working with the Company to find ways to  
124 bring natural gas service to currently-unserved communities for years. Unfortunately,  
125 the costs associated with extending the Company's system to these communities was  
126 such that the individual communities could not bear the burden of paying for the  
127 facilities. The communities were too small and the costs too great to permit those  
128 extensions to occur. However, in 2018 the Utah State Legislature amended existing  
129 law to allow gas service to be extended to these rural areas and to have all customers  
130 share the costs associated with the system expansion. In other words, the Legislature  
131 recognized that it could help rural communities meet the cost of gas expansion by  
132 having that cost be borne by all of the Company's one-million-plus customers where  
133 doing so was determined to be in the public interest. The bill, House Bill 422  
134 (HB422), has paved the way for those expansions to occur in the future.

135 After the Legislature passed HB 422, the Company assembled a team to discuss the  
136 best approach for selecting communities to receive natural gas service under the new  
137 statute. That team determined that for each community, the Company would need to  
138 compile information and obtain information from the candidate communities in order

139 to conduct its analysis and to make a recommendation about which projects would be  
140 best.

141 **Q. How did the Company obtain information from candidate communities?**

142 A. The Company started by sending questionnaires to Dugway, Eureka, Garden City,  
143 Genola, Goshen, Green River, Kanab, Rockville, Springdale, and Virgin. The  
144 Company received responses from Eureka, Green River, Kanab, Rockville, and  
145 Springdale.

146 **Q. What information did the Company seek?**

147 A. A copy of the community questionnaire filled out by Eureka is attached as DEU  
148 Exhibit 1.03. The questionnaire was given to local government officials who  
149 gathered information specific to the community such as the number of potential  
150 customers, growth forecasts for the next 5 – 20 years, how natural gas could be  
151 helpful to the community and its growth plans, and when the community would want  
152 natural gas service.

153 **Q. How did the Company utilize the information that the communities provided?**

154 A. The Company used the responses from the communities as well as its own internal  
155 analysis to determine which potential projects best met the statutory requirements.  
156 The Company considered benefits to the system such as proximity to the existing  
157 system, transit times for Company personnel to reach the area, additional employees  
158 that might be needed to serve the area, and any risks that might slow or halt the  
159 project.

160 **Q. Why did the Company choose to advance natural gas service to Eureka?**

161 A. Several factors contributed to the selection of Eureka as a rural area for system  
162 expansion. First, it is the lowest cost of any of the options. Eureka can also be easily  
163 served by existing personnel in the Company's Springville office. Eureka is also  
164 close to Utah County and is currently growing and expected to grow over the coming  
165 decades. Additionally, the main line extension would also increase the feasibility of  
166 extending service to nearby communities such as Elberta and Goshen, which have  
167 both expressed interest in receiving natural gas service. Finally, the cooperation and

168 enthusiasm of the community, while not an explicit determining factor, did offer  
169 some assurance that prospective customer interest and participation would be high.

170 **Q. If the Company has been conducting this analysis since 2018, why didn't it**  
171 **discuss its plans to extend its system to Eureka in its 2019-2020 Integrated**  
172 **Resource Plan ("2019-2020 IRP")?**

173 A. At the time the IRP was filed, the Company was still finalizing the decision to serve  
174 Eureka and working through internal approval processes. The Company discussed  
175 the selection of Eureka in its first quarter variance report, which was filed on  
176 December 2<sup>nd</sup>.

177 **V. CUSTOMER PARTICIPATION**

178 **Q. How many potential customers are there in Eureka?**

179 A. Currently, there are approximately 360 potential customers. The city recently  
180 replaced the water services to its residences. During that process, it obtained detailed  
181 mapping information. That mapping information shows, there are at least 340  
182 potential residential customers and at least 20 potential commercial customers that  
183 could receive gas service. In addition, as discussed by Mayor Castleton, all  
184 indications are that Eureka is likely to experience both residential, industrial and  
185 commercial growth in the coming years.

186 **Q. How did the Company determine if these potential customers would have any**  
187 **interest in receiving gas?**

188 A. The Company held open houses on October 21<sup>st</sup> and October 23<sup>rd</sup> at Tintic High  
189 School in Eureka. During these meetings, residents were able to speak with  
190 Company representatives from the Operations, Engineering, Regulatory, Key  
191 Accounts, Pre-Construction, and Customer Experience departments. Representatives  
192 from Six County, an organization that helps low income families in rural Utah with  
193 utility bills, weatherization, and appliance replacement, also had representatives  
194 present to answer questions about appliance replacement and utility service. While at  
195 the open house, visitors were asked to fill out a survey that gathered information  
196 about their home/business, what appliances they have, what their current source of

197 energy is for certain applications, and whether they would be interested in receiving  
198 natural gas service. A copy of the survey is attached as DEU Exhibit 1.04.

199 In addition to the open house, the survey was available online<sup>1</sup> and was advertised  
200 through an insert in each customer's water bill, as well as on Eureka's website. The  
201 open houses produced 94 unique survey responses and the online survey provided  
202 another 50.

203 The Company then sent personnel to Eureka. These representatives worked with  
204 Mayor Castleton to talk with residents that hadn't yet filled out a response. The  
205 Company ultimately gathered surveys from 206 of the 360 potential customers.

206 **Q. What information did the Company provide to prospective customers to help**  
207 **them evaluate natural gas service?**

208 A. The open house had 11 display boards that provided information about natural gas,  
209 Dominion Energy, and the Eureka project. These display boards are attached as DEU  
210 Exhibit 1.05. Pages two and six of the attachment are specific to the Eureka project  
211 and were provided as a handout that customers could take home with them.  
212 Additionally, DEU had personnel present to answer questions and discuss concerns  
213 with prospective customers.

214 **Q. What did the surveys show?**

215 A. A summary of the survey results is attached as DEU Exhibit 1.06. This exhibit shows  
216 that of the homes and business surveyed, 92% would be interested in signing up for  
217 natural gas service and the other 8% saying they weren't sure. This high level of  
218 interest exists largely because of the cost and inconvenience of the existing energy  
219 sources available in Eureka. While the survey data shows the percentage of  
220 customers using a certain source of energy, I found their responses to question #8 on  
221 the survey to be the most informative measure of why they would want natural gas.  
222 That question asked, "What do you see as the benefits of having natural gas in

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1 The survey can be found at: <https://www.surveymonkey.com/r/P5VTSJ3>

223 Eureka?” Below, I have listed several comments that were written by the Eureka  
224 residents.

225 “The price and never having to worry about running out of propane.”

226 “Never having to worry about running out.”

227 “Cost and not having to remember to check my propane level ‘cause I forgot  
228 once.”

229 “More business opportunities. Cost of living decrease. The town would become  
230 more inviting to others looking to move in.”

231 “Least expensive, most efficient and environmentally friendly.”

232 “More convenient, monthly bill.”

233 “One source of heat and energy instead of having four different sources to pay.”

234 **Q. Did any customers indicate that they did not have interest in natural gas service?**

235 A. No. Every respondent answered that they would either be interested or that they  
236 weren’t sure.

237 **Q. Does the Company consider all of the positive responses to be firm commitments  
238 to sign up for service?**

239 A. No. If the Commission approves this Application, the Company will reach out to all  
240 of the prospective customers to discuss costs, appliances, construction schedule, and  
241 other aspects of the expansion. The Company will obtain firm commitments from  
242 customers during that process.

## 243 VI. COST RECOVERY FOR THE EUREKA PROJECT

244 **Q. Mr. Gill discusses the capital costs associated with constructing the  
245 infrastructure necessary to serve Eureka. How does the Company propose to  
246 collect those costs?**

247 A. The Company proposes that the construction costs of the main lines would be  
248 included in a tracker like the Company’s Infrastructure Rate Adjustment Tracker.  
249 When construction is complete, the Company will file an application with the  
250 Commission requesting rate recovery of the investment made to serve Eureka.

251       **Q.     Why does the Company need this tracker when it already has the ability to file a**  
252       **major plant addition/single-item rate case?**

253       A.     The “major plant addition” statute, Utah Code § 54-7-13.4, does not lend itself to this  
254       type of expansion project. This is the first of the expansion areas that the Company  
255       will propose, but the Company is conducting analysis to determine whether other  
256       areas would be candidates for expansion in the near future. The ongoing nature of  
257       these expansion projects either calls for recovery through a general rate case or a  
258       tracker. After reviewing the issue, the Company believes a tracker is the best option.

259       Developing a tracker for rural infrastructure expansion projects will also create a  
260       template for the Company to use for future projects. It will enable the Company to  
261       streamline both the application process, and clarify the cost recovery mechanism to  
262       be used in these projects.

263       The capital investment related to this project is above and beyond the amount that is  
264       currently being requested for the 2020 test period in Docket 19-057-02. It is  
265       anticipated that this project will be complete by the end of 2021. Absent a tracker,  
266       the Company would have to wait three years before it received recovery for this  
267       investment or decide to delay the project until a rate case year to reduce regulatory  
268       lag.

269       **Q.     Would denial of cost recovery through a tracker delay the Eureka Project?**

270       A.     Yes. If the Company’s request for a tracker were not approved, the Company would  
271       adjust the construction schedule for the Eureka infrastructure to coincide with its  
272       next general rate case, which will likely be filed in 2022. It would also influence the  
273       timing of any future projects the Company may propose. Said another way, the  
274       Company would time the construction of such projects to coincide with general rate  
275       cases and it is likely that commencement of construction would be delayed to avoid  
276       unnecessary regulatory lag.

277

*A. Calculation of Rate-Adjustment Mechanis*

278 **Q. Please provide an example of the costs that would be included in the calculation?**

279 A. Dominion Energy is planning to spend approximately \$\*\*\*\*\* million for this  
280 expansion. DEU Confidential Exhibit 1.07, page 1 is an example of the revenue  
281 impact of this capital expenditure and how that figure was calculated. This is the  
282 same model that is used to calculate the annual infrastructure replacement tracker.  
283 The total net plant attributed to the rural expansion is multiplied by the Commission-  
284 allowed pre-tax return on rate base (line 5). Annual depreciation expense of 1.93% is  
285 added on line 7). The annual property taxes on the replacement plant, roughly 1.2%  
286 is also added (line 8). The net result is the incremental revenue requirement related to  
287 this plant.

288 **Q. How will this amount be assigned to the various rate classes?**

289 A. The Company proposes spreading this increase in costs to all rate classes through a  
290 change to DNG Tariff revenues based on the bottom-line total Tariff revenues  
291 approved in the most recent general rate case. Page 2 of DEU Confidential Exhibit  
292 1.07 illustrates how the replacement plant and its associated costs will be allocated.  
293 This allocation to the various rate classes will remain the same between general rate  
294 cases.

295 **Q. Has the Company provided proposed Utah Natural Gas Tariff No. 500 (Tariff)**  
296 **sheets describing the rural expansion rate adjustment mechanism?**

297 A. Yes. The Tariff pages are attached as DEU Exhibit 1.08. The rural expansion rate  
298 adjustment will be included as a new subheading at the end of section 9.02 (New or  
299 Additional Service). This section is very similar to the existing Infrastructure Rate  
300 Adjustment Tracker in Section 2.07 of the Tariff.

301 **Q. Have you calculated the rates that will be charged to existing customers?**

302 A. Yes. The rates are calculated in DEU Confidential Exhibit 1.07 page 3. I have  
303 included a legislative version of the Tariff sheets in DEU Exhibit 1.08 and the  
304 proposed clean Tariff sheets in DEU Exhibit 1.09. These rates and Tariff sheets are  
305 only for illustrative purposes. The rates will not change until construction is complete

306 and the Company files an application to include the investment in the rural expansion  
307 rate adjustment.

308 **Q. Have you calculated the effect of these changes on a typical customer bill?**

309 A. Yes. If these illustrative rates were to be approved by the Commission, a typical  
310 customer using 80 Dth of gas each year would realize an annual increase of \$1.80 or  
311 about 0.28% as shown on DEU Exhibit 1.07, page 4.

312 **Q. What will happen to the rural expansion surcharge when the Company files a  
313 future general rate case?**

314 A. The Company recommends that the surcharge be included in the establishment of  
315 general rates and the surcharge be reset to zero. That way any changes in the cost-of-  
316 service (COS) allocation and rate-design methodology would be reflected.

317 **Q. Will the rural expansion rate-adjustment mechanism be discontinued when the  
318 rural expansion projects are complete?**

319 A. The Company would continue to charge customers until the first general rate case  
320 after completion of the program. At that time the investment and expenses will be  
321 rolled into rates and this type of expansion cost will no longer be tracked.

322 **Q. What costs is the Company proposing to include in the Commission's approval  
323 of the Eureka expansion?**

324 A. Commission Rule 54-17-401(1)(c) defines Rural Gas Infrastructure as "The planning,  
325 development, and construction of an extension or expansion of natural gas main lines  
326 to serve previously unserved rural areas of the state." Therefore, in this docket, the  
327 Company proposes to include the cost of main lines (interconnects, regulator stations,  
328 high-pressure main lines, and intermediate high-pressure main lines) in the pre-  
329 approval request and the tracker mechanism.

330 **Q. Are there other costs that will be incurred in order for the residents of Eureka to  
331 receive natural gas service?**

332 A. Yes. In addition to the main lines, each customer will need a service line and meter.  
333 Some customers may need to have internal fuel lines replaced. Some may need to

334 modify or replace appliances. Some may need to modify plumbing or duct work in  
335 order to safely operate the appliances.

336 **Q. Does the Company seek for any of these additional costs to be included in the**  
337 **tracker?**

338 A. No. The governing statute limits approval to main lines. It does not mention service  
339 lines or meters.

340 **Q. Does the Company propose to charge customers for service lines?**

341 A. Yes. The Company proposes to charge the residents of Eureka for service lines  
342 utilizing a GSE (general service expansion) rate. The Company has proposed this  
343 new rate in Docket No. 19-057-32, which has been filed concurrently with this  
344 docket.

345 **Q. Why is the Company proposing to finance service lines utilizing the proposed**  
346 **GSE rate and why is that relevant here?**

347 A. As I discussed earlier, extending service to Eureka has historically been cost-  
348 prohibitive. The legislation passed in HB422 gives communities like Eureka the  
349 chance to obtain natural gas service. However, if individual customers in Eureka  
350 were made to pay for their individual service lines up front, it would likely pose an  
351 insurmountable barrier for those customers to receive natural gas service,  
352 notwithstanding the extension of mains. For comparison purposes, the median  
353 income for residents in Eureka is \$46,250<sup>2</sup>, which is below the state and national  
354 averages of \$60,727 and \$55,775, respectively. The surveys filled out by Eureka  
355 customers clearly show that their biggest concern is cost. Reducing or eliminating  
356 any costs would help customers afford the service. Put simply, extending mains  
357 without also addressing the cost of the service lines would defeat the entire project.  
358 The best way to ensure customer participation is to remove as many barriers as is  
359 reasonable and in the public interest.

360 **Q. Has the Company contemplated ways to remove or reduce the barriers?**

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2 General Plan of Eureka, Introduction section, [https://www.eurekautah.org/documents/52/General\\_Plan\\_-\\_Introduction.pdf](https://www.eurekautah.org/documents/52/General_Plan_-_Introduction.pdf)

361 A. Yes. This could be accomplished by including additional costs in the tracker, or by  
362 reducing up-front out-of-pocket costs by offering a special expansion rate to Eureka  
363 customers. Concurrent with this docket, the Company has filed an Application in  
364 Docket No. 19-057-32 seeking to do exactly that.

365 **VII. REVENUE REQUIREMENT IMPACT**

366 **Q. Commission Rule R746-440-1(g) requires that the Company perform an analysis**  
367 **of the estimated effect that a resource decision will have on the utility's revenue**  
368 **requirement. Has the Company performed such an analysis?**

369 A. Yes. A detailed revenue requirement calculation is shown in DEU Exhibit 1.07,  
370 which is attached to my testimony.

371 **Q. Why does this analysis need to be performed in a Rural Gas Infrastructure**  
372 **Development Application?**

373 A. The analysis needs to be performed to ensure that the Company's revenue  
374 requirement does not increase beyond that permitted by statute as a result of making  
375 the required capital expenditures. Commission Rule § 54-17-403(1)(c) states that  
376 Rural Gas Infrastructure Development costs may be included in base rates if two  
377 conditions are met. First, the inclusion of those costs will not increase the base  
378 distribution non-gas revenue requirement by more than 2% in any three-year period.  
379 Second, the distribution non-gas revenue requirement increase related to the  
380 infrastructure development costs does not exceed 5% in the aggregate. The  
381 applicable distribution non-gas revenue requirement is the annual revenue  
382 requirement determined in the Company's most recent general rate case. I will  
383 demonstrate below how both conditions are met in this filing.

384 **Q. Does the Eureka Main System meet these requirements?**

385 A. Yes. The Company's most recent general rate case was in Docket No. 13-057-05.  
386 However, as part of the Settlement Stipulation in that Docket, the parties agreed to  
387 finalize the depreciation rates in a separate Docket. That was Docket No. 13-057-19.  
388 In the Settlement Stipulation that was filed in the depreciation Docket, the total  
389 revenue requirement was \$305,213,965. DEU Exhibit 1.07, page 1 shows that the

390 increase in revenue requirement for the Eureka Expansion is \$2,499,455. This  
391 represents an increase of 0.8 percent which is under the 2% cap within three years.  
392 Since this is the first expansion project requested by the Company, the 5% aggregate  
393 cap isn't relevant.

394 **Q. Have you forecast the revenue that will be provided by the Eureka customers,**  
395 **per Utah Code Ann. § 54-17-402(3)(b)(ii)(D)?**

396 A. Yes. It is anticipated that the existing Eureka residents and businesses will be GS  
397 customers and will provide the same CET revenue as other customers in the state. At  
398 current Tariff rates, that revenue is \$297.06 per year, per customer. Assuming all of  
399 the 360 potential customers sign up for service, this would provide annual revenue of  
400 \$106,942.

401 **VIII. OTHER INFORMATION**

402 ***A. Financial Capability***

403 **Q. Commission Rule R746-440-1(h) requires that the Company provide financial**  
404 **information demonstrating adequate financial capability to implement the**  
405 **Resource decision. Does the Company have this financial capability?**

406 A. Yes. While the Eureka Main System will be a considerable investment for DEU, it is  
407 comparatively small when compared to the \$2.9 billion in assets that the Company  
408 currently has on its balance sheet. For the last few years, the Company has spent over  
409 \$200 million per year in capital investment. Even with these large levels of capital  
410 investment, the rating agencies still give Dominion Energy Utah an investment grade  
411 credit rating. The Company is financially capable of implementing the expansion of  
412 its system to Eureka. Additionally, if the tracker mechanism is approved it will  
413 eliminate regulatory lag and ensure that the Company is receiving cost recovery on a  
414 reasonable basis.

415 **B. Gas Supply**

416 **Q. Will Dominion Energy need to enter into new gas supply or transportation**  
417 **contracts to supply Eureka with gas?**

418 A. No. The Eureka area will be supplied by the same transportation contracts that the  
419 Company currently has in place. Though the Company may need to increase  
420 commodity purchases to serve Eureka, there is no need for new or additional  
421 contracts.

422 **C. Timing Limits of Expansion Program**

423 **Q. How long will the benefits of this expansion be available to new customers?**

424 A. The main lines that are proposed in the testimony of Michael L. Gill will be installed  
425 as part of the expansion program. These main lines will be ready for any currently-  
426 planned customer to use. Any future main lines will be installed and paid for under  
427 the Company's existing Tariff policy.

428 **D. Resources Available to Help Customers**

429 **Q. What resources are available to help customers convert their appliances or get**  
430 **their homes ready for natural gas?**

431 A. As I mentioned earlier, representatives of Six County attended the open houses to  
432 discuss its programs with Eureka residents. Six County has two programs that would  
433 be available to Eureka residents. First, its weatherization programs allow it to assist  
434 in making homes more energy-efficient. Changing out an old furnace is one of the  
435 things this program can address, but based on the results of an energy audit,  
436 additional work could be completed. This program can assist households that are at  
437 or below the 150% poverty level. Income is verified through the HEAT program.

438 Six County also has a "Single-Family Home rehab program" that assists households  
439 that would like to switch a furnace to natural gas or do any other home repair by  
440 offering low-interest loans. These loans are based on annual income, and the interest  
441 rate is between 1-3%, depending on the annual income level. The loans are custom-

442 built, so the payment can be as low as \$25/month. The income guidelines for this  
443 program are higher than the weatherization program. This program's income is 80%  
444 of the area median income.

445 **Q. Does Dominion Energy offer any programs that could help customers with new**  
446 **appliances?**

447 A. Yes. The Company's Thermwise program offers rebates on qualifying high-  
448 efficiency appliances. These rebates could be used by Eureka customers to obtain  
449 new furnaces and water heaters. In addition to appliance rebates, the Thermwise  
450 programs also offer a Home Energy Plan, Weatherization Rebates, and a Low-Income  
451 Efficiency Program.

452 *E. Benefits to Customers*

453 **Q. How do the customers in Eureka stand to benefit from this system expansion?**

454 A. The residents in Eureka will benefit significantly from the proposed system  
455 expansion. Bringing natural gas to Eureka will reduce energy costs for nearly all of  
456 the residents, and will provide cost stability and predictability making budgeting  
457 easier for all residents, especially those on fixed incomes. The Commission's  
458 oversight of natural gas costs will ensure that the rates these residents pay is just and  
459 reasonable, rather than paying for propane and other fuel sources with prices that  
460 fluctuate in in an unregulated market.

461 Eureka customers will also benefit from future economic growth. Eureka has missed  
462 out on economic development opportunities because of lack of access to safe, reliable  
463 and affordable energy resources. Eureka will be better able to compete for future  
464 economic development opportunities once natural gas service becomes available  
465 there.

466 Finally, Dominion Energy Utah provides enormous reliability and safety benefits for  
467 those customers. Residents currently rely on the local fire department to address any  
468 emergencies, and have limited resources when other fuel sources run out.

DIRECT TESTIMONY OF  
AUSTIN C. SUMMERS

469            Additionally, Dominion Energy Utah provides support personnel 24 hours a day, 7  
470            days a week and 365 days a year. If a customer faces a safety concern, the Company  
471            will dispatch employees to help that customer safely address those concerns. Propane  
472            companies and fuel-oil companies may not offer that same benefit.

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

474            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. 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 2<sup>nd</sup> day of December, 2019.

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