

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 19-057-31

IN THE MATTER OF THE APPLICATION
OF DOMINION ENERGY UTAH TO
IMPLEMENT A GSE RATE TO PROVIDE
SERVICE LINES TO CUSTOMERS IN
EUREKA, UTAH

Docket No. 19-057-32

**DIRECT TESTIMONY OF
NICK CASTLETON IN SUPPORT OF
DOMINION ENERGY UTAH'S APPLICATION**

December 2, 2019

DEU Exhibit 3.0

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I. INTRODUCTION

Q. Please state your name and business address.

A. Nick Castleton, 15 N Church St., Eureka, UT 84628.

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

A. I am employed by Eureka City as Mayor. In a small city like Eureka, I am responsible for the general oversight of all city operations, future planning and public relations. The management and economic strength of Eureka through proper planning is a role I take very seriously. The proposed project to bring natural gas to my community is a project that will ultimately change the future for the city. I have been the key contact from Eureka working with Dominion Energy Utah (“Dominion Energy” or “Company”) on this project.

Q. Were your attached exhibits DEU Exhibit 3.0 through 3.03 prepared by you or under your direction?

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

Q. What general areas does your testimony address?

A. I discuss several matters centered around the benefits of bringing natural gas to Eureka.

II. BENEFITS OF NATURAL GAS IN EUREKA

A. *Growth in Eureka*

Q. Is Eureka growing?

A. Yes. There are currently seven homes under construction in Eureka. While this may be a relatively small figure for some communities, for Eureka it demonstrates that the city is growing and represents 2% growth over the existing residential base.

26 **Q. Is Eureka forecasting growth in the coming years?**

27 A. Yes. Eureka is located southwest of Utah Lake just outside of Utah County. Utah
28 County is already expanding to the west and south of Utah Lake, and Eureka
29 anticipates that this growth will begin impacting Eureka in the coming years. There
30 are currently two neighborhoods in the planning phase that will bring as many as 180
31 new homes to the community in the next 2-10 years. Eureka updated its General Plan
32 in 2017 and forecasted growth of about 1% each year for the next 10 years. This can
33 be seen in the introductory section (1.3.6) of the city's General Plan, which I have
34 attached as DEU Exhibit 3.01.

35 **Q. Is there potential for industrial or commercial growth in Eureka?**

36 A. Yes. There are two mines in the area, and discussions have been ongoing about those
37 mines opening and beginning operations. Those mines would use natural gas for their
38 mining operations. Additionally, the city has land to the west that may be used for
39 commercial development. If the land is used for commercial development, the city
40 anticipates that prospective commercial business owners will want access to natural
41 gas to heat and operate their businesses.

42 **Q. Has the City had interest from commercial developments in the past?**

43 A. Yes. I am aware of at least one manufacturer that was interested in operating in
44 Eureka, but could not run a profitable business with access only to propane, which is
45 currently used by many in the city. Eureka would have been a much more attractive
46 option had natural gas been available. Eureka has also been considered as a candidate
47 for economic development projects or as a location for business or manufacturing
48 operations, but our lack of access to natural gas as an energy source has routinely kept
49 the city near the bottom of the list of possible locations for such projects. Access to
50 natural gas in our community will enable Eureka to compete for those economic
51 development opportunities in the future.

52 **Q. Does the Community want to see growth?**

53 A. The vast majority of residents would like to see growth. As part of updating its
54 General Plan, the city surveyed residents about residential and commercial growth.
55 The results of the survey are included in Appendix B of the General Plan, which I
56 have attached as DEU Exhibit 3.02. While some people enjoy Eureka being a small
57 town, most would prefer to see growth. Having natural gas in the city will make
58 Eureka a more attractive area for people to live and start businesses.

59 *B. Cost Savings*

60 **Q. Is it anticipated that customers will save money on their energy bills by having**
61 **access to natural gas?**

62 A. Yes, absolutely. When Dominion Energy held its open houses in Eureka, it
63 mentioned that a typical customer currently pays about \$635 each year for natural
64 gas. Although each customer is different, this could represent enormous savings for
65 customers in Eureka. I personally use firewood to heat my home, but if I were to use
66 propane, it would cost \$500-\$700 per month in a cold winter month. In the survey
67 responses gathered by Dominion Energy from Eureka customers, cost savings was the
68 largest reason that customers are interested in having access to natural gas.

69 **Q. Does the propane price fluctuate a lot during the year?**

70 A. Yes. The cost of propane fluctuates dramatically, as it is subject to supply and
71 demand forces. For example, during the summer, when demand is low, prices are
72 low. But in winter, when demand is high, it is not unusual for prices to double or
73 even triple. For customers that are on a fixed income, these price fluctuations can
74 cause serious budget problems.

75 **Q. Do these price fluctuations cause customers to sacrifice their comfort to save**
76 **money?**

77 A. Yes. Customers in Eureka will frequently try to fill their tank during summer months
78 when prices are low, and then try to make that propane last as long as they can before

79 refilling at higher prices. This attempt to save on the cost of fuel often leads to
80 customers keeping their homes colder than is ideal. Based on my understanding of
81 Dominion Energy's pricing, its rates are much lower and more stable throughout the
82 year.

83 *C. Convenience and Reliability*

84 **Q. Would natural gas be more convenient than existing energy sources in Eureka?**

85 A. Yes. As I mentioned before, I burn wood to heat my home. This means I have to cut
86 wood for my fires. I also have to be home to monitor a fire if I want the house to *stay*
87 warm. With natural gas, I could set my thermostat and leave for work, knowing that
88 the house wouldn't be freezing when I got home.

89 Even those who heat their homes with propane would see improved convenience. It
90 is not uncommon for a customer to have to shovel snow to make a path to the propane
91 tank to make sure it has propane. Even when there is a path to the tank, it doesn't
92 mean propane is available immediately. A customer still needs to wait for a propane
93 truck to deliver fuel. On a cold winter day, customers don't want to wait for the
94 warmth that is always available with natural gas.

95 *D. Environmental*

96 **Q. Is Eureka in a non-attainment area, or does it have poor air quality?**

97 A. No. Eureka sits at an elevation of about 6500 ft, so it is usually above any inversions
98 that you see in Utah County. However, since many of our residents are burning wood
99 and coal to heat their homes, Eureka is directly contributing to the air problems in
100 Utah County. Switching these heating sources to natural gas would improve the air
101 quality in Utah County.

102 **Q. Is Eureka making commitments to clean air?**

103 A. Yes. Eureka has signed a Joint Cooperation Agreement with Dominion Energy to
104 help clean Utah air by working cooperatively to use programs and innovative

105 technologies associated with natural gas development, transportation and energy
106 efficiency. A copy of this agreement is attached as DEU Exhibit 3.03.

107 **Q. Will extending natural gas service to Eureka help advance these goals?**

108 A. Yes. Having natural gas service in Eureka would make advancing these projects a
109 reality. For example, when the residents of Eureka start taking natural gas service,
110 they will have access to all of Dominion Energy's ThermWise Energy Efficiency
111 programs. Not only can the Eureka residents have access to clean energy resources,
112 they will have access to programs that help them conserve that energy so they are
113 using less, and doing more to improve the environment.

114 *E. Other Options for Natural Gas Service.*

115 **Q. Has Eureka pursued natural gas service in the past?**

116 A. Yes, but the cost has always been prohibitive. However, I understand that Utah
117 Legislature passed a bill that would allow Dominion Energy to seek approval to
118 extend natural gas service to rural areas, if that extension is approved by the Utah
119 Public Service Commission. Natural gas would be a great benefit to our community,
120 but we can't shoulder the cost ourselves. Dominion Energy's request in this docket is
121 the best, and perhaps the only way for Eureka to receive natural gas service.

122 **Q. Do you support a Commission order approving Dominion Energy's request in
123 this docket?**

124 A. Yes. Eureka cannot finance the extension of Dominion Energy's natural gas
125 distribution system. The only way the residents of Eureka can receive the safety,
126 environmental and cost-savings benefits from natural gas service would be for
127 Dominion Energy to extend its system under the rural expansion legislation. The
128 extension of natural gas service to Eureka will provide immediate benefits to Eureka
129 residents, and will set the stage for future economic growth in the area.
130 I request that the Commission approve Dominion Energy's application to extend
131 natural gas service to Eureka.

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

133 **A.** Yes.

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

I, Nick Castleton, 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.



Nick Castleton

SUBSCRIBED AND SWORN TO this 2nd day of December, 2019.



Notary Public