

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	
)	Docket No. 19-057-31
)	
In the Matter of the Application of)	Direct Testimony of
Dominion Energy Utah to Extend Natural)	Alex Ware
Gas Service to Eureka, Utah)	On behalf of the
)	Office of Consumer Services
)	

March 18, 2020

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

2 A. My name is Alex Ware. I am a utility analyst for the Office of Consumer
3 Services (OCS). My business address is 160 East 300 South, Salt Lake
4 City, Utah.

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

6 A. I provide OCS's position regarding Dominion Energy Utah's (DEU or
7 Company) application for approval to extend service to Eureka, Utah
8 (Application).

9 **Q. PLEASE BRIEFLY DESCRIBE DEU'S REQUEST IN ITS APPLICATION.**

10 A. DEU seeks approval to extend its natural gas service pipelines to the rural
11 community of Eureka, Utah. This Application goes hand-in-hand with its
12 application for approval to implement a new GSE rate in order to recover
13 the costs associated with providing service lines to citizens and
14 businesses in Eureka, Utah that elect to become new natural gas
15 customers [Docket No. 19-057-32]. Cheryl Murray presents the OCS
16 policy regarding the GSE rate in that docket.

17 **Q. WHAT IS THE IMPETUS OF DEU'S APPLICATION TO EXTEND
18 SERVICE TO EUREKA, UTAH?**

19 A. In the Application, DEU explains that in 2018, the Utah State Legislature
20 passed Natural Gas Infrastructure Amendments (HB 422 or Utah Code §
21 54-17-401¹) that authorizes the Company to extend service to currently

¹ <https://le.utah.gov/xcode/Title54/Chapter17/54-17-S401.html>

22 unserved rural communities. The statute also contains a provision that the
23 cost of such service extensions can be spread across all existing DEU
24 customers.

25 **Q. HOW MANY RURAL COMMUNITIES HAVE RECEIVED NATURAL GAS**
26 **SERVICE UNDER PROVISION OF HB 422?**

27 A. None yet. This docket is DEU's first application for rural expansion under
28 the legislation.

29 **Q. WHAT ACTIONS HAS DEU TAKEN PRIOR TO THE SUBMISSION OF**
30 **THIS APPLICATION?**

31 A. DEU explains that it contacted various unserved rural communities to
32 assess citizens' level of interest in becoming natural gas customers and to
33 determine which communities are the best candidates. Company witness
34 Mr. Summers details that Eureka, Utah was the best first candidate as the
35 cost to extend service to the community is lower than other potential
36 options, Eureka is relatively near DEU's current service territory in Utah
37 County, no additional staff would be needed to manage the daily service
38 needs of the extension, other nearby communities could later be added to
39 the extension line, and the citizens and the mayor have shown high levels
40 of interest through survey.²

41 **Q. WHAT ARE THE REQUIREMENTS IN STATUTE THAT MUST BE MET**
42 **TO EXTEND SERVICE TO A RURAL COMMUNITY AT THE EXPENSE**

² 19-057-31, Direct Testimony of Austin C. Summers, p.6-7.

43 **OF DEU'S CUSTOMER BASE, AND DOES THE COMPANY'S**
44 **APPLICATION IN THIS DOCKET MEET THE REQUIREMENTS?**

45 A. Utah Code 54-17-403(1)(c) provides two specific criteria that must be met
46 in order for DEU to collect the cost of rural expansion in its general rates.
47 These requirements are that the costs of including rural natural gas
48 expansion infrastructure cannot exceed:

- 49 1. two percent of non-gas revenue requirement in any three-year
50 period, and
- 51 2. five percent of non-gas revenue requirement in aggregate.

52

53 The statute also specifies the framework for comparison is the distribution
54 non-gas revenue requirement from the last general rate case.

55 According to the evidence presented by DEU, the proposal in this
56 application meets the statutory cost requirements. Company Witness Mr.
57 Summers states that the relevant revenue requirement at the time of filing
58 was \$305,213,965. He also states that the revenue requirement for the
59 Eureka Expansion is estimated at \$2,499,455, which is a 0.8% increase³
60 and clearly below the statutory limit. Since the result of the recent general
61 rate case was a small increase in the non-gas distribution revenue
62 requirement, the application meets the statutory requirement regardless of
63 which revenue requirement is used in the calculation. As this is the first

³ 19-057-31, Direct Testimony of Austin C. Summers, p.14-15.

64 and only rural expansion proposal at this point, the aggregate cap is not
65 yet applicable.

66 **Q. WHAT IS OCS'S POSITION REGARDING DEU'S APPLICATION?**

67 A. Since the application stays within the statutory cost requirements, OCS
68 does not oppose the expansion of natural gas service to Eureka, Utah.

69 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

70 A. Yes, it does.