

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

May 27, 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' position regarding Dominion Energy Utah's (DEU) April 15,
7 2020 amended application and supplemental direct testimony seeking
8 approval to extend natural gas service to Eureka, Utah.

9 **Q. WHAT ARE THE MAJOR CHANGES FROM DEU'S INITIAL**
10 **APPLICATION TO ITS SUPPLEMENTAL APPLICATION?**

11 A. After the legislature passed changes to Utah Code 54-17-401 in the 2020
12 general legislative session, DEU withdrew a companion docket to this
13 filing (Docket No. 19-035-32) that dealt with how service lines between
14 new city street intermediate-high pressure mains (IHP) and new Eureka
15 customers' gas meters would be paid for. DEU originally sought to
16 implement a new GSE rate in order to recover those costs, but the recent
17 changes to statute now broadens what costs are allowed to be included in
18 the rural expansion funding mechanism. Previously the statute only
19 permitted inclusion of the costs associated with the proposed construction
20 of an interconnect to a major transportation pipeline, new high-pressure
21 (HP) mains, and IHP city street mains.

22 **Q. PLEASE DESCRIBE THE CHANGE TO STATUTE THAT NOW**
23 **PERMITS CUSTOMER SERVICE LINES TO BE INLCUED IN THE**
24 **RURAL EXPANSION FUNDING MECHANISM.**

25 A. As presented by DEU witness Mr. Summers in his supplemental direct
26 testimony starting on line 58, the recently passed HB 129 of the 2020
27 general legislative session amended the definition of rural gas
28 infrastructure in Utah Code 54-17-401 to include a more general term
29 “utility facilities”. This term is interpreted to now allow the inclusion of the
30 costs of customer service lines in the rural expansion funding mechanism
31 that spreads the cost of rural expansion across DEU’s entire customer
32 base.

33 **Q. WHAT IS DEU’S PROPOSAL WITH RESPECT TO THE INCLUSION OF**
34 **INDIVIDUAL SERVICE LINES?**

35 A. DEU provides estimated costs for the service lines to the estimated 360
36 potential customers in Eureka in its Confidential Exhibit 1.11S. Further,
37 DEU indicates that if costs substantially exceed that level, DEU would
38 seek Commission approval to revise the budget.¹ In addition, Mr.
39 Summers explains that potential customers would have two years from the
40 date main lines go into service to sign up for service under the rural
41 expansion program. He states:

42

¹ 19-057-31 Supplemental Direct Testimony of Austin C. Summers, line 135.

43 “In other words, if a Eureka customer wants a service line but
44 does not want to pay a portion of the service line costs up-front,
45 they must sign up for service within two years of the date the main
46 lines go into service. Using the proposed construction schedule,
47 this would result in a sunset date sometime in the 4th quarter of
48 2023.” [Summers supplemental direct testimony lines 111 – 114,
49 page 5]

50 **Q. BESIDES THE INCLUSION OF INDIVIDUAL SERVICE LINES IN THE**
51 **RURAL EXPANSION FUNDING MECHANISM AND THE WITHDRAWAL**
52 **OF DOCKET 19-057-32, ARE THERE ANY OTHER MAJOR CHANGES**
53 **TO DEU’S FILING IN THIS DOCKET?**

54 A. No. As stated, beginning on line 23 of Mr. Summer’s supplemental direct
55 testimony, the remaining funding and engineering proposals for the
56 service expansion to Eureka remain unchanged.

57 **Q. DID YOU HAVE ANY QUESTIONS OR CONCERNS REGARDING THIS**
58 **FILING AS AMENDED BY DEU?**

59 A. Yes. DEU’s testimony was not clear as to when, specifically, a residence
60 or business in the expansion area would be considered a DEU customer
61 and when a new Eureka customer would become eligible to participate in
62 DEU’s demand-side management (DSM) programs. Clarity on this issue is
63 particularly important with respect to rebates on costs incurred during the
64 transition to natural gas service, such as the purchase of rebate eligible
65 natural gas appliances.

66 **Q. HAS DEU BEEN ABLE TO RESOLVE THESE QUESTIONS?**

67 A. Yes. Based on discussions with DEU, my understanding is that a
68 residence or business officially becomes a DEU customer when gas is
69 flowing to its newly installed gas meter. The valve on the meter can be in
70 the off position (meaning gas is not flowing into the home to appliances)
71 and the residence or business is still considered a customer and is able to
72 take part in DSM programs.

73 **Q. DO YOU HAVE REMAINING CONCERNS ABOUT THE DEU
74 PROPOSAL?**

75 A. Yes. Under the new proposal, Eureka customers bear no individual
76 responsibility for the costs associated with the installation of the service
77 lines to their homes and businesses. Under current terms of service, a
78 residence or business could indicate they want DEU to construct a service
79 line paid for by all ratepayers and then never install a natural gas
80 appliance and become an actual ratepaying customer. OCS agrees that
81 the statutory changes allow for the inclusion of service lines into the costs
82 subsidized by all ratepayers, but believes the intent was that the
83 investment was to be used to facilitate actual new rural natural gas
84 service.

85 **Q. PLEASE FURTHER EXPLAIN YOUR CONCERN.**

86 A. My concern is not generally with the two-year window for potential
87 customers to sign up under the rural expansion program but more with the
88 lack of a requirement that those potential customers actually begin to take

89 service within any specified time limit after service lines are installed. If
90 these potential expansion customers are not taking service, they are not
91 paying anything toward the recovery of the costs incurred to bring natural
92 gas service to Eureka or the cost of the service lines to their homes. All
93 other DEU customers are required to bear those costs, which should go
94 toward facilitating new customers, not just providing free service lines.

95 **Q. HOW DO YOU RECOMMEND THIS CONCERN BE REMEDIED?**

96 A. If a potential customer in this rural expansion area requests service and
97 has a service line constructed yet does not actually begin taking natural
98 gas service within a reasonable amount of time, they should be treated
99 comparably to a customer on other parts of DEU's system who are subject
100 to section 9.04 of DEU's tariff (SERVICE LINE EXTENSIONS –
101 COMPANY INSTALLED). In order to accomplish this comparable
102 treatment and prevent installation of service lines that will not get used,
103 the terms of service for new rural expansion customers should require
104 repayment of the service line costs if a location does not begin taking
105 natural gas within a specified amount of time.

106 Section 9.04 of DEU's tariff states, in relevant part, "The customer
107 will be given written notice of the Service Line Costs, which shall be due
108 and payable prior to commencement of construction." In this case,
109 potential new expansion customers should be notified of the total costs
110 they would have been responsible for paying under DEU's tariff and given

111 a defined time period from the completion of construction until which they
112 must be actually taking natural gas as a DEU customer.

113 **Q. HOW DO YOU PROPOSE THAT DEU NOTIFY POTENTIAL NEW**
114 **RURAL EXPANSION CUSTOMERS OF THESE COSTS AND**
115 **REQUIREMENTS?**

116 A. DEU should articulate the terms and conditions of service under the rural
117 expansion program in a clear tariff. DEU witness Mr. Summers discusses
118 customers “signing up” for service (see lines 110 – 113 Summers
119 supplemental direct) but does not provide specific terms for service. To
120 ensure that all eligible customers are treated comparably and to clearly
121 articulate both rights and responsibilities of customers, DEU should draft a
122 tariff. An amendment to section 9.02 (NEW OR ADDITIONAL SERVICE)
123 after the section entitled “AVAILABILITY OF SERVICE TO NEW
124 SERVICE EXTENSION AREAS” appears to be an appropriate place in the
125 tariff to address the specific requirements for taking service under the rural
126 expansion, if approved.

127 **Q. DO YOU HAVE A RECOMMENDED TIME LIMIT REQUIREMENT FOR**
128 **CUSTOMERS TO TAKE SERVICE?**

129 A. Yes. My initial recommendation would be no more than one year.

130 **Q. WHAT IS YOUR RECOMMENDATION TO THE PSC REGARDING THIS**
131 **DOCKET?**

132 A. The PSC should condition approval on a change to the terms of service
133 requiring that any potential new rural expansion customer who receives a

134 service line as part of the expansion (i.e. within the two-year window) must
135 begin taking natural gas service within one year of completion of
136 construction of its service line. The PSC should also require DEU to
137 clearly identify all requirements for new rural expansion customers through
138 appropriate tariff language.

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

140 **A.** Yes, it does.