

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

SURREBUTTAL TESTIMONY OF
AUSTIN C. SUMMERS
FOR
DOMINION ENERGY UTAH

July 8, 2020

DEU Exhibit 1.0SR

1 **Q. Please state your name and business address.**

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

3 **Q. Did you file direct testimony in this docket?**

4 A. Yes. I submitted direct testimony, supplemental direct testimony, and rebuttal testimony on
5 behalf of Questar Gas Company dba Dominion Energy Utah (“DEU”, “Dominion Energy” or
6 “Company”).

7 **Q. What is the purpose of your surrebuttal testimony in this Docket?**

8 A. The purpose of my surrebuttal testimony is to address certain issues raised in the Cost-
9 Benefit Analysis of Expanding Natural Gas Pipeline Capacity to Eureka, Utah Area dated
10 May 20, 2019 (Cost-Benefit Analysis) that was submitted in this docket. The Cost-Benefit
11 Analysis was performed by Gavin Roberts of Weber State University on behalf of Rocky
12 Mountain Propane Association (RMPA). Though RMPA is an intervening party in this
13 Docket, it has not filed testimony or identified any witness in this matter. I am providing
14 these comments in the event the Cost-Benefit Analysis is considered as evidence on the
15 record by the Utah Public Service Commission (Commission).

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

17 A. I explain why a cost-benefit analysis is unhelpful in determining whether to grant the request
18 contained in the Company’s Application in this matter. I also address specifically the
19 shortcomings of the Cost-Benefit Analysis, and how the prices used to compare propane to
20 natural gas in the Cost-Benefit Analysis support, rather than undermine, the Company’s
21 Application.

22 **Q. Why didn’t the Company provide a cost-benefit analysis with its original filing?**

23 A. The Company brought its Application under Utah Code Ann. §54-17-401 and 54-4-25. Not
24 surprisingly, neither statute includes a requirement that a cost-benefit analysis support a rural
25 gas infrastructure development project. In fact, because the legislature recognized that the
26 expense of a rural expansion project would likely surpass the resources of small, currently-

unserved communities, §54-17-402(4) authorizes the commission to allow the costs of such a development to be spread over the utility's customer base. The rural expansion statute was specifically intended for circumstances precisely like those present here, where it would not be economic for the residents of Eureka to fund the expansion. Indeed, if extending service to Eureka could have passed a standard cost-benefit analysis, the Company would have extended service to the Eureka community years ago. The legislature's purpose in enacting the statute was to provide a way to extend utility service to rural communities that could not be served under a traditional economic analysis.

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

As a result, the Cost-Benefit Analysis, or any cost-benefit analysis, is of limited use in this docket. All parties recognize the proposed extension could not be justified under a traditional cost-benefit analysis. We propose to serve Eureka under the statutory framework advanced by the legislature instead, which requires a review of the specific factors set forth in that statute. As set forth in my other pre-filed testimony, a consideration of the applicable factors demonstrates that the extension of gas service to Eureka is in the public interest.

54 **Q. Did you have any concerns with the Cost-Benefit Analysis as it was presented?**

55 A. I didn't review each calculation, but I would note that Mr. Roberts included the costs to
56 extend service to Eureka in his analysis. However, those costs will not be paid by the Eureka
57 customers alone. Rather, as discussed above, the Company's one-million-plus customers
58 will all contribute toward the cost of the line. As such, this would significantly defray the
59 cost that will be paid by the Eureka customers for the portion they are responsible to pay.
60 The "consumer conversion costs" shown in Table 1 of the Cost-Benefit Analysis are the only
61 costs that will be paid by the Eureka customers.

62 **Q. Do the price comparisons between propane and natural gas in the Cost-Benefit**
63 **Analysis support your conclusion that converting to natural gas is in the best interest of**
64 **the residents of Eureka?**

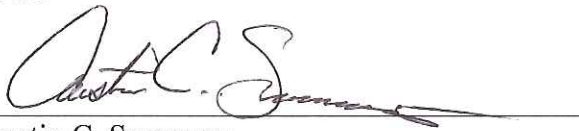
65 A. Yes. Mr. Roberts's analysis uses \$19.16/MMBtu as the price for propane and \$7.92 as the
66 price for natural gas. This is a difference of \$11.24. One MMBtu is roughly equal to one
67 Dekatherm ("DTH") of gas. The Company's estimates for the Eureka area are that 360
68 residential and commercial customers will each consume about 92 Dth per year (*see* DEU
69 Exhibit 2.05). This means that, based on Mr. Robert's cost comparisons, these customers
70 will save \$1,034 each year (92 Dth x \$11.24) by switching to natural gas. If I apply these
71 savings to the Consumer Conversion Costs in Table 1 of the Cost-Benefit Analysis,
72 customers in Eureka could achieve a simple payback of their conversion costs within three
73 years, even if the conversion costs are what RMPA considers to be "Very High Cost." This
74 savings is further increased if I use the Company's current winter rates of \$7.36500/Dth
75 instead of the \$7.92 used by Mr. Roberts.

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


77 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. Except as stated in the testimony, 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 8th day of July, 2020.


Notary Public

