

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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APPLICATION OF DOMINION ENERGY  
UTAH FOR THE CREATION OF A  
VOLUNTARY RENEWABLE NATURAL  
GAS PROGRAM

Docket No. 19-057-T04

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**DIRECT TESTIMONY OF TED C. PETERSON**

**FOR DOMINION ENERGY UTAH**

**DEU Exhibit 2.0**

**March 29, 2019**

**TABLE OF CONTENTS**

**I. INTRODUCTION.....1**

**II. PROPOSED GREENTHERM™ PROGRAM .....2**

**III. PROGRAM BENEFITS.....6**

**IV. CONCLUSION .....7**



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**II. PROPOSED GREENTHERM™ PROGRAM**

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**Q. Please describe the Company's proposed voluntary GreenTherm™ program structure.**

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A. The Company proposes to create a voluntary program for interested customers who wish to demonstrate their commitment to RNG (as defined in Mr. Willey's Testimony) and their support of renewable initiatives and clean energy by making voluntary contributions via a surcharge to their bills. The Company proposes to modify its Tariff as shown in DEU Exhibit 2.2 to establish this program. The Company believes that offering this option will be beneficial to its customers, and the community.

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**Q. Has the Company previously met with interested parties and stakeholders regarding the creation of a voluntary Renewable Natural Gas program?**

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A. Yes. On August 23, 2018, in the Company's DSM Advisory Group Meeting, the Company discussed the possibility of creating a voluntary Renewable Natural Gas program. As part of that meeting, representatives suggested a workshop to provide more details on this proposal. On October 31, 2018, the Company conducted a workshop to outline a proposal for the Voluntary Renewable Natural Gas Program. Representatives from Dominion Energy, the Office of Consumer Services, the Utah Division of Public Utilities, and the Utah Public Service Commission all attended the workshop. In the meeting, the Company proposed several billing options and based on feedback from the group, the Company is proposing to implement the most straightforward option in terms of understandability for customers, and compatibility with the Company's billing system.

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**Q. Which customers would be eligible to participate in the program?**

43 A. Customers in all customer classes would be eligible to participate in the program.  
44 Customers may elect to enroll or exit this program at any time. The Company's proposed  
45 Tariff language, attached as DEU Exhibit 2.2, outlines special conditions that exist for  
46 customer participation.

47 **Q. How would the contributions work?**

48 A. Dominion Energy would provide customers with the option to participate in the program  
49 by either electing the option online at DominionEnergy.com under the customer portal, or  
50 contacting the Company via telephone. Customers would be permitted to select a  
51 specific number of "blocks" of gas they would like to buy. Each block represents one  
52 therm of gas the Company will purchase for the customer. The Company would add a  
53 surcharge to the participating customers' bills each month reflecting that election.

54 **Q. The Company typically refers to volumes of gas as dekatherms. How much gas is a**  
55 **therm?**

56 A. A therm is one-tenth of a dekatherm.

57 **Q. What cost does the Company propose for the initial surcharge per block (therm)?**

58 A. As the market continues to evolve for RNG, the Company proposes to set the price per  
59 block at \$4. The Company acknowledges that the price is significantly higher than the  
60 procurement cost of conventional natural gas. Nonetheless, as part of the collection, the  
61 Company will also cover administrative costs (marketing, labor, etc.). The Company  
62 proposes to allow for adjustments to this surcharge as market conditions significantly  
63 change with Commission approval.

64 **Q. Could you provide examples of how the surcharge would work for a customer?**

65 A. Yes. To illustrate if a customer selects to contribute to the program at the rate of two  
66 blocks per month, the customer would see a line item on their bill indicating the  
67 voluntary surcharge. In this case, the line item on the monthly bill would be \$8 (\$4 x 2  
68 blocks). Over the course of a year this customer could anticipate paying \$96 (12 annual  
69 bills x 8/month) extra on their annual gas bill. DEU Exhibit 2.3 shows an illustration of  
70 how a bill may look for an enrolled customer with one block.

71 **Q. What would the Company do with the funds collected from customers?**

72 A. Funds will be used for three different purposes. First, for every block that customers  
73 purchase, the Company will buy one therm of RNG. Second, a portion of the  
74 contribution will be used to pay for administrative expenses. Finally, once RNG has been  
75 purchased and expenses covered, any remaining funds will be used to fund qualifying  
76 initiatives.

77 **Q. How would the Company purchase Renewable Natural Gas?**

78 A. With available program funds, the Company would work with Renewable Natural Gas  
79 vendors, producers, and suppliers to purchase RNG on behalf of its customers. The  
80 Company has issued a request for proposal seeking responses from vendors, producers  
81 and suppliers in an effort to get the most favorable pricing. Also, the Company would  
82 make efforts to purchase local RNG where available. The Company understands that the  
83 RNG market is still developing and that it would take some time to accrue an adequate  
84 balance in its balancing account to acquire RNG at a reasonable rate. The Company  
85 estimates that it would purchase RNG for the first time in late-2019 and monthly  
86 thereafter.

87 **Q. What kind of administrative costs will the Company incur in creating the program?**

88 A. Upon program approval, the Company will incur one-time start-up costs prior to and  
89 during the first year of program implementation, including a branding awareness  
90 campaign, costs to develop a program website, and costs to modify the Company's  
91 billing system to accommodate the new customer options. The benefits of incurring these  
92 one-time start-up costs are not limited to the first year of the program, but will provide a  
93 foundation for long-term program success. The Company estimates that it will incur  
94 approximately \$265,000 in administrative costs for initial set up of the Program before  
95 and during the 2019 program year. The Company also estimates \$300,000 in ongoing  
96 administrative costs for the Program's second full year.

97 **Q. DEU Exhibit 2.2 indicates that excess funds will be used for "Qualifying Initiatives".**  
98 **Please explain describe those "Qualifying Initiatives".**

99 A. Qualifying Initiatives are meant to enhance the supply and use of RNG. The Company's  
100 proposed Tariff revisions in DEU Exhibit 2.2 outline three possible initiatives for which  
101 excess funds could be used. First, the Company could purchase additional RNG beyond  
102 the blocks already being purchased for customers. Second, the funds could be used to  
103 invest in infrastructure development that will support Renewable Natural Gas. Finally,  
104 the excess funds could be used to grant funds for energy efficiency projects for Utah  
105 customers that are non-profits and governmental institutions.

106 **Q. How would the balancing account operate?**

107 A. Collections and expenses would be placed into a balancing account. To illustrate  
108 activities in the Balancing Account, the Company has provided an illustrative example of  
109 the components that would be included in the balancing account described in DEU  
110 Exhibit 2.4. These numbers are not estimates of participation or expenses, they are

111 simply placeholders to show the type of reporting that would be provided to the  
112 Commission and other interested stakeholders. As shown in the DEU Exhibit 2.4, the  
113 balancing account not only shows an accounting of the contributions and expenditures  
114 but also the balance of the committed RNG therms (Line 9 and Line 23). The committed  
115 RNG therms reflect the total number of therms that customers have paid into the  
116 program. The balance in the account will increase with customer contributions and  
117 decrease as RNG is purchased and used on the system.

118 **Q. Would the Company report on the activities and results of the program to the**  
119 **Commission?**

120 A. Yes. The Company proposes to submit reporting to the Utah Public Service Commission  
121 (Commission) on an annual basis detailing, 1) Marketing and Customer Outreach Efforts,  
122 2) an accounting of the balance payments received and expenses incurred in the program  
123 year as shown in the example in DEU Exhibit 2.4, 3) statistics on program participation,  
124 4) how surplus funds have been used to fund Qualifying Initiatives, and 5) a description  
125 of Renewable Natural Gas purchased with program funds. The Company will also  
126 provide an annual correspondence to enrolled program participants containing similar  
127 information.

### 128 III. PROGRAM BENEFITS

129 **Q. How does this program benefit Utah customers?**

130 A. As outlined in the testimony of Travis S. Willey, a voluntary renewable energy program  
131 benefits Utah customers by providing them the opportunity (but not the obligation) to  
132 purchase Renewable Natural Gas. Moreover, customers help support the local and  
133 national development of Renewable Natural Gas while helping avert escaping methane



134 from going into the atmosphere. Dominion Energy's Utah customers will have a new the  
135 opportunity to support the development of a sustainable future.

136 **Q. Are Dominion Energy's customers likely to participate in such a program?**

137 A. Yes. Dominion Energy's energy efficiency programs have been very successful and highlight  
138 customer support for saving energy and conserving. To date nearly 50% of residential customers  
139 have participated in at least one ThermWise Energy Efficiency Rebate Program. In ongoing  
140 surveys commissioned by the Company for the ThermWise Energy Efficiency Programs, many  
141 natural gas customers cite the reason for participating in the program of improving the  
142 environment.<sup>1</sup> The Company seeks to match demands from its progressive customers to not only  
143 save energy and protect the environment but provide a renewable option for a customer's natural  
144 gas.

145 **IV. CONCLUSION**

146 **Q. Is the proposed Tariff change just, reasonable and in the public interest?**

147 A. Yes. Dominion Energy and its customers have demonstrated a commitment to minimize  
148 their impact on the environment. A new option that would aid in developing Renewable  
149 Natural Gas resources and making those resources available to environmentally-minded  
150 customers is a clear win-win. The proposed program is voluntary and, therefore, each  
151 customer has complete control over their contribution level. Administering the program  
152 in this manner will not burden customers who do not wish to participate in this program.  
153 Finally, as Mr. Willey testifies, this program has significant potential environmental  
154 benefits within Utah, perhaps even along the Wasatch Front. For these reasons, approval

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<sup>1</sup> DEU Exhibit 1.7 Market Transformation (Utah Docket 18-057-20)

155 of the proposed Tariff change and balancing account is just, reasonable and in the public  
156 interest.

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

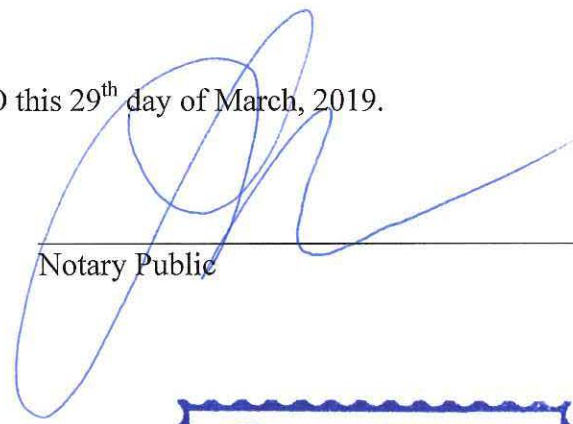
158 A. Yes.

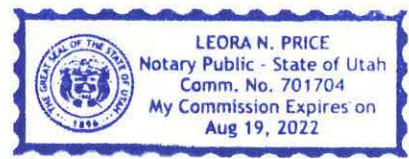
State of Utah )  
 ) ss.  
County of Salt Lake )

I, Ted C. Peterson, 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.

  
\_\_\_\_\_  
Ted C. Peterson

SUBSCRIBED AND SWORN TO this 29<sup>th</sup> day of March, 2019.

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



## **Qualifications of Ted C. Peterson**

### **Educational Background**

I received a Bachelor of Arts degree in Marketing from the University of Utah in 2007. I also received a Master's of Business Administration from Utah State University in 2008. I also hold a Master's of Science in Finance (2012), and a Master's of Science in Information Systems (2014) from the University of Utah. I am presently a PhD candidate in political science at the University of Utah.

### **Current Responsibilities**

I am currently employed by Dominion Energy as a Program Manager. I am responsible for ongoing project management for the company's home energy plan, IT product development, marketing analytics, and new program development.

### **Prior Experience**

I was hired by Questar Gas Company (Dominion Energy) in 2008 as a regulatory affairs analyst. There in the regulatory affairs department I assisted in the preparation of testimony and exhibits in several rate cases and other tariff filings.

# PROPOSED TARIFF SHEETS

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**8.09 GREENTHERM™ VOLUNTARY RENEWABLE NATURAL GAS PROGRAM****PURPOSE**

The GreenTherm™ Voluntary Renewable Natural Gas (RNG) Program is an optional program that provides a customer the option to support renewable energy development in Utah.

**APPLICABILITY:**

All Dominion Energy customers are eligible to participate in the program. Customers may begin or end participation at any point.

**DEFINITIONS:**

Block refers to one therm of Renewable Natural Gas, or 1/10 of a dekatherm.

Green Attribute is defined in Section 5.07, and, may be split from the Biomethane and assigned to a volume of conventional gas.

Renewable Natural Gas or RNG is defined in Section 5.07, and, in this section, refers to pipeline quality gas with all of the Green Attributes associated with production from the aforementioned sources.

Surplus funds mean any credit remaining in the Voluntary Renewable Natural Gas Program Balancing Account after RNG has been purchased and administrative costs have been paid.

**ADMINISTRATION:**

Funds received from customers participating in this program will be used to make purchases of RNG and to cover administrative costs (including but not limited to program marketing, labor costs, and information technology). Any surplus funds may be used to support qualifying initiatives (as described below).

**SURCHARGE:**

Customers participating in this program may opt to receive a surcharge on their bills to help pay for the costs described below. Customers may choose to pay a surcharge for one or more blocks at the cost of \$4 per Block.

Charges under this program will appear as a line-item on each participating customer's bill. The surcharge will be calculated by multiplying the number of Blocks the Customer has agreed to purchase by the charge per Block set forth herein. The surcharge will be applied to the Customer's bill regardless of actual energy consumption.

**QUALIFYING INITIATIVES:**

The Company may use Surplus Funds to fund qualifying initiatives. Qualifying initiatives include the following:

1. Purchase additional RNG beyond the Company's obligation as provided by customer funds.
2. Investment in infrastructure development that will support RNG.
3. Project grants for energy efficiency projects for Utah customers that are non-profits and governmental institutions.

**SPECIAL CONDITIONS:**

1. Customers may apply for or leave this program at any time throughout the year.
2. Changes to a customer's bill will take effect 30 days after election, and will appear on the next bill thereafter.
3. Customers who have, in the most recent twelve-month period (a) received a shut-off notice, (b) entered into a payment agreement with the Company for a delinquent bill, or (c) have had service terminated are not eligible to participate in this program.
4. To ensure that all costs and activities associated with this program are contained for program participants, all funds will be separately identified, and tracked within the approved balancing account.
5. The Company will purchase RNG within two years of a customer's contribution.

**VOLUNTARY RENEWABLE NATURAL GAS PROGRAM BALANCING ACCOUNT**

The Voluntary Renewable Natural Gas Program Balancing Account will include the following costs and expenses:

1. Customer contributions
2. Marketing and administrative costs
3. Interest expense
4. Expenses associated with the purchase of RNG
5. Expenses associated with funding of qualifying initiatives

**TWO-WAY CARRYING CHARGE**

An annual interest rate, as described in § 8.07 Calculation of Carrying Charge, shall be applied to the Voluntary Renewable Natural Gas Balancing Account (Account 191.4) as adjusted for the corresponding tax deferral balance in Account 283. Interest will be assessed on the monthly balance of this account.

Issued by C. L. Bell, VP & General Manager	Advice No.	Section Revision No.	Effective Date
			June 1, 2019



Thank you for your patronage. Your prompt payment assists us in providing our customers with high-quality natural gas service.

**Account Summary** as of March 15, 2019

Previous Balance Due - 3/12/2019	130.85
Payments Received - 2/26/2019	-130.85
<b>Current Charges - Gas Service</b>	<b>108.02</b>
<b>Total Amount Due Upon Receipt</b>	<b>\$112.02</b>

1% monthly interest (12% annually) charged on balance on or after 4/8/2019.

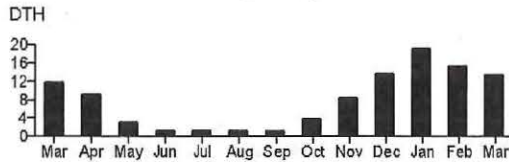
**Service Address:** 123 Gas Lane , , Salt Lake City, UT  
 1.009205 0.016037 706.770000 777.000000

**Residential Gas Service**

Service Agreement:

Comparison	Last Year	This Year
Decatherms/Day	0.44	0.48
Dollars/Day	\$4.22	\$3.86

Usage History



**Service from 2/16/2019 - 3/15/2019**

<b>Rate - GS</b>	
Charge for Gas Used (Avg cost per DTH \$ (6.91926))	93.41
Tax Reform Surcredit	-1.82
Tax Reform Surcredit2	-1.08
Basic Service Fee Total	6.75
Utah Sales Tax (4.9%)	4.77
Municipal Energy Tax (6%)(Salt Lake City)	5.84
Energy Assistance	0.15
Green Therm Program	4.00
Current Gas Billing	112.02

Meter ID	Current Meter Read		Previous Meter Read		Days	Dial Difference	Volume Multiplier	Billed DTH
	Date	Reading	Date	Reading				
	3/15/2019	2651	2/15/2019	2508	28	143 CCF	0.094198	13.5

*Questions, comments or mailing address corrections?*  
 Call Dominion Energy weekdays 7am-6pm (see back of page for details) or visit our website: [dominionenergy.com](http://dominionenergy.com)

Account Number	Current Charges Past Due After	Total Amount Due	Amount Enclosed
	4/8/2019	\$112.02	

Dominion Energy  
 PO Box 45841  
 Salt Lake City, UT 84139-0001

Joe Q. Customer  
[joecustomer@dominionenergy.com](mailto:joecustomer@dominionenergy.com)



Voluntary Renewable Natural Gas Program  
Illustrative Statement

	A) Jan-19	B) Feb-19	C) Mar-19	D) Apr-19	E) May-19	F) Jun-19	G) Jul-19	H) Aug-19	I) Sep-19	J) Oct-19	K) Nov-19	L) Dec-19	M) Total
<b>Contributions</b>													
1 Customers						150	500	750	1,000	1,250	1,500	1,750	
2 Therm (Blocks)						2	2	2	2	2	2	2	
3 Block Rate						4	4	4	4	4	4	4	
3 Total (\$)						1,200	4,000	6,000	8,000	10,000	12,000	14,000	55,200
4 Therms (Committed)						300	1000	1500	2000	2500	3000	3500	
<b>Expenses:</b>													
5 Marketing						50,000	10,000	10,000	10,000	10,000	10,000	10,000	110,000
6 Administration						21,429	21,429	21,429	21,429	21,429	21,429	21,429	150,000
7 Renewable Natural Gas												20,000	20,000
8 Total						71,429	31,429	31,429	31,429	31,429	31,429	51,429	280,000
9 Therm (Balance)						300	1,300	2,800	4,800	7,300	10,300	467	
<b>Balancing Account</b>													
10 Beginning Balance		-	-	-	-	-	(70,409)	(98,088)	(123,834)	(147,640)	(169,502)	(189,415)	
11 (Contributions - Expenses)		-	-	-	-	(70,229)	(27,429)	(25,429)	(23,429)	(21,429)	(19,429)	(37,429)	
12 Carrying Charge 3.08%		-	-	-	-	(180)	(251)	(317)	(378)	(434)	(485)	(582)	
13 Ending Balance (\$)		-	-	-	-	(70,409)	(98,088)	(123,834)	(147,640)	(169,502)	(189,415)	(227,425)	

/Unless otherwise stated all figures are in dollars.

/Therm balance indicates the commitment by the company to purchase RNG - a positive balance means that the Company needs to purchase RNG on behalf of customers.

Voluntary Renewable Natural Gas Program  
Illustrative Statement

<b>Contributions</b>	<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>	<b>Aug-20</b>	<b>Sep-20</b>	<b>Oct-20</b>	<b>Nov-20</b>	<b>Dec-20</b>	<b>Total</b>
14 Customers	2,000	2,250	2,500	2,750	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	
15 Therm (Blocks)	2	2	2	2	2	2	2	3	3	3	3	3	
16 Block Rate	4	4	4	4	4	4	4	4	4	4	4	4	
17 Total	16,000	18,000	20,000	22,000	24,000	26,000	28,000	45,000	48,000	51,000	54,000	57,000	409,000
18 Therms (Committed)	4,000	4,500	5,000	5,500	6,000	6,500	7,000	11,250	12,000	12,750	13,500	14,250	
<b>Expenses</b>													
19 Marketing	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
20 Administration	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
21 Renewable Natural Gas	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
22 Total	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	540,000
23 Therm (Balance)	4,467	8,967	13,967	19,467	25,467	31,967	25,633	23,550	22,217	21,633	21,800	22,717	
<b>Balancing Account</b>													
24 Beginning Balance	(227,425)	(257,083)	(284,812)	(310,606)	(334,462)	(356,373)	(376,336)	(394,345)	(395,356)	(393,362)	(388,356)	(380,329)	
25 (Contributions - Expenses)	(29,000)	(27,000)	(25,000)	(23,000)	(21,000)	(19,000)	(17,000)	-	3,000	6,000	9,000	12,000	
26 Carrying Charge 4.09%	(658)	(729)	(795)	(856)	(912)	(963)	(1,009)	(1,011)	(1,006)	(993)	(973)	(945)	
27 Ending Balance	(257,083)	(284,812)	(310,606)	(334,462)	(356,373)	(376,336)	(394,345)	(395,356)	(393,362)	(388,356)	(380,329)	(369,273)	

/Unless otherwise stated all figures are in dollars.

/Therm balance indicates the commitment by the company to purchase RNG - a positive balance means that the Company needs to purchase RNG on behalf of customers.

/ Assumes \$1.5 per therm cost for procurement.