

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 21-057-12

DIRECT TESTIMONY OF AUSTIN C. SUMMERS

FOR DOMINION ENERGY UTAH

August 5, 2021

DEU Exhibit 1.0

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I. INTRODUCTION

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

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

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

6 A. I am employed by Dominion Energy Utah (“Dominion Energy,” “DEU” or
7 “Company”) as a Manager of Regulation. I am responsible for cost allocation, rate
8 design, gas cost adjustments, and forecasting. My qualifications are detailed in DEU
9 Exhibit 1.01.

10 **Q. Were your attached exhibits DEU Exhibit 1.01 through 1.11 prepared by you or**
11 **under your direction?**

12 A. Yes, unless otherwise stated, in which case my exhibits are true and correct copies of
13 the documents they purport to be.

14 **Q. What is the Company proposing in its Application in this docket?**

15 A. The Company seeks Utah Public Service Commission (“Commission”) approval to
16 expand its system to serve the currently-unserved community of Green River, Utah
17 (“Community”), as permitted by Utah Code Ann. § 54-17-401 *et seq.* Dominion
18 Energy proposes to serve Green River by purchasing an existing 21.2 mile 16” diameter
19 pipeline that interconnects with Northwest Pipeline (“NWP”) and constructing
20 approximately 17 miles of 6” HP pipeline. The Company also proposes construction of
21 two district regulator stations, one on each side of the Green River. The Company also
22 proposes to construct over 73,000 feet of IHP mains and approximately 24,00 feet of
23 IHP service lines throughout Green River. I refer to the proposed expansion project
24 throughout my testimony as the “Expansion Project”.

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

26 A. I discuss several matters including (1) how the Company’s filing satisfies the statutory
27 requirements of Utah Code Ann. §§ 54-17-401, 402, and 403 and the associated
28 regulations; (2) the selection process that resulted in the Company selecting Green

29 River as an expansion area; (3) the revenue requirement impacts of expansion to Green
30 River; (4) the anticipated customer participation; (5) the Company's proposed cost
31 recovery for the Expansion Project; and (6) gas supply and other miscellaneous items.

32 **Q. Please introduce the other witnesses for the Company in this Docket.**

33 A. R. Scott Messersmith, DEU Manager of Engineering, is responsible for managing the
34 Company's Engineering Department with primary responsibility for the design,
35 construction, and mapping of the capital infrastructure projects for the Company's HP
36 and IHP distribution systems. Mr. Messersmith describes the HP and IHP systems that
37 are proposed to be constructed to serve Green River as part of the Expansion Project,
38 and the construction timeline. He also discusses the costs associated with the
39 construction of the planned facilities. Finally, he discusses the Company's proposal to
40 purchase an existing natural gas pipeline and the process for reinstating that line into
41 service, including how the Company intends to address an existing Hazardous Facilities
42 Order associated with that pipeline. Mr. Messersmith's testimony and supporting
43 materials are contained in DEU Exhibits 2.0 through 2.14

44 Jeff N. Bybee, Manager of Regional Operations in Wyoming, is responsible for
45 managing the Company's operations in Wyoming and Summit County, Utah. Mr.
46 Bybee describes the process of converting homes from propane to natural gas and
47 discusses the benefits of natural gas over other fuel sources. Mr. Bybee's testimony is
48 contained in DEU Exhibit 3.0.

49 Travis Bacon is the Mayor of Green River and was one of the key contacts in Green
50 River for the Expansion Project. His testimony addresses Green River's support for
51 the Expansion Project and the benefits that a natural gas system will bring residents
52 and businesses of Green River. Mayor Bacon's testimony is contained in DEU Exhibit
53 4.0.

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II. RURAL EXPANSION EVIDENTIARY REQUIREMENTS

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Q. Please describe the requirements for a Voluntary Resource Decision application for a Rural Gas Infrastructure Development Project.

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A. The Company seeks the Commission's pre-approval for the construction of the Expansion Project pursuant to the Voluntary Resource Decision Statute, Utah Code Ann. §54-17-401 *et seq.*, and applicable Commission rules and regulations. In reviewing an application for a Voluntary Resource Decision relating to a rural natural gas infrastructure development project, the Commission assesses whether approval is in the public interest, taking into consideration: (i) the potential benefits to previously unserved rural areas; (ii) the potential number of new customers; (iii) natural gas consumption; and (iv) revenues, costs, and other factors determined by the Commission to be relevant. *See* Utah Code Ann. § 54-17-402(3)(b)(ii).

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Additionally, a request for approval of a rural natural gas infrastructure development project like the one proposed in this docket must include "(i) a description of the proposed rural gas infrastructure development project; (ii) an explanation of the projected benefits from the proposed rural gas infrastructure development project; (iii) the estimated costs of the rural gas infrastructure development project; and (iv) any other information the commission requires." Utah Code Ann. § 54-17-402(2)(c).

72

Q. What are the filing requirements for approval of a Voluntary Resource Decision?

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A. Utah Admin. Code § R746-440-1 provides the filing requirements for a Voluntary Resource Decision application. These requirements include: (a) a description of the resource decision; (b) information to demonstrate that the utility has complied with applicable requirements; (c) the purpose and reasons for the resource decision; (d) projected costs and engineering studies, data, information and models used in the utility's analysis; (e) descriptions and comparisons of other resources or alternatives evaluated in lieu of the proposed resource decision; (f) sufficient data and information to support the proposed resource decision; (g) an analysis of the estimated effect on the utility's revenue requirement; (h) financial information demonstrating adequate financial capability to implement the resource decision; (i) major contracts proposed

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83 for execution or use in connection with the resource decision; (j) information showing
84 that the utility has or will obtain any required authorizations from the appropriate
85 governmental bodies; and (k) other information as the Commission may require.

86 **Q. Has the Company provided evidence relating to each of these requirements?**

87 A. Yes. I have attached as DEU Exhibit 1.02 a summary of the all statutory and regulatory
88 requirements and identified where in the Application and accompanying testimony and
89 exhibits the Company has provided evidence satisfying each requirement.

90 As DEU Exhibit 1.02 shows, the Company has addressed each of these requirements
91 in its direct testimony and accompanying exhibits. The Application in this matter,
92 along with my direct testimony and the direct testimonies of Mr. Messersmith, Mr.
93 Bybee, and Mayor Bacon, provide the evidence required to show that approval of the
94 Expansion Project to Green River is just, reasonable, and in the public interest.

95 **III. CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

96 **Q. In its Application, the Company has also requested that the Commission grant a**
97 **Certificate of Public Convenience and Necessity for the Company to serve Green**
98 **River. Why has the Company included this request?**

99 A. The Company proposes to serve Green River by way of an existing natural gas pipeline
100 that interconnects with the NWP, an interstate natural gas pipeline. Utah Code Ann. §
101 54-4-25 provides that “a gas corporation . . . may not establish, or begin construction
102 or operation of a line, route, plant, or system or of any extension of a line, route, plant,
103 or system, without having first obtained from the commission a certificate that present
104 or future public convenience and necessity does or will require the construction.” The
105 statute further indicates that it “may not be construed to require any corporation to
106 secure a certificate for an extension . . . into territory, either within or without a city or
107 town, contiguous to its line, plant, or system, that is not served by a public utility of
108 like character . . .” *Id.*

109 Green River is located in the easternmost portion of Emery County, immediately
110 adjacent to Grand County and other communities that receive natural gas service from

111 Dominion Energy. Nonetheless, the best way to offer service to Green River would be
112 to extend service from an existing natural gas pipeline that interconnects with NWP's
113 interstate pipeline system rather than connecting directly to the Company's existing
114 natural gas system. While the proposed extension would serve an area adjacent to the
115 Company's existing natural gas system, it is unclear whether the proposed extension
116 would be deemed to be "contiguous" with the Company's existing operations.
117 Therefore, out of an abundance of caution, the Company respectfully requests a
118 Certificate of Public Convenience and Necessity to serve Green River and surrounding
119 areas.

120 **Q. Is there any other natural gas utility in the area that could serve Green River?**

121 A. No. There are no other natural gas utilities operating in the area, and therefore
122 extending service to Green River, as proposed, will not interfere with any line, plant or
123 system of any other public utility.

124 **Q. Has the Company obtained all of the franchise rights and permits it will need to**
125 **serve the town?**

126 A. The Green River City Council approved and signed a franchise agreement on July 13,
127 2021. That agreement is included in the direct testimony of Mayor Bacon as DEU
128 Exhibit 4.02. Dominion Energy is in the process of working with Mayor Bacon and
129 the town of Green River to ensure that the Company obtains any additional permits it
130 will need to serve the town.

131 **IV. SELECTION OF GREEN RIVER AS AN EXPANSION AREA**
132

133 **Q. Please explain the process that was used to select Green River as an area for**
134 **natural gas service expansion.**

135 A. Rural communities in Utah have been working with the Company to find ways to bring
136 natural gas service to currently-unserved communities for years. Unfortunately, the
137 costs associated with extending the Company's system to these communities were such
138 that individual communities could not bear the burden of paying for the facilities on
139 their own. The communities were too small and the costs too great to permit those

140 extensions to occur. However, in 2018, the Utah State Legislature amended existing
141 law to allow gas service to be extended to these rural areas by having all customers
142 share the costs associated with the system expansion. In other words, the Legislature
143 recognized that it could help rural communities meet the cost of gas expansion by
144 spreading the cost over the Company's one-million-plus customers where doing so was
145 determined to be in the public interest. The bill, House Bill 422 (HB422), has paved
146 the way for those expansions to occur.

147 After the Legislature passed HB 422, the Company assembled a team to discuss the
148 best approach for identifying communities for potential natural gas service under the
149 new statute. That team determined that, for each community, the Company would need
150 to compile and obtain information from the candidate communities in order to conduct
151 its analysis and to make a recommendation about which projects would satisfy the legal
152 requirements and be just, reasonable and in the public interest.

153 **Q. How did the Company obtain information from candidate communities?**

154 A. The Company began the process by sending questionnaires to Dugway, Eureka, Garden
155 City, Genola, Goshen, Green River, Kanab, Rockville, Springdale, and Virgin. The
156 Company has received responses from Eureka, Green River, Kanab, Rockville,
157 Springdale, Goshen, Elberta, and Genola. Stockton expressed interest but has not
158 submitted a questionnaire.

159 **Q. What information did the Company seek?**

160 A. A copy of the questionnaire filled out by Green River is attached as DEU Exhibit 1.03.
161 The questionnaires were given to local government officials who gathered information
162 specific to Green River such as the number of potential customers, growth forecasts for
163 the next 5 – 20 years, how natural gas could be helpful to Green River and its growth
164 plans, and when Green River would want natural gas service.

165 **Q. How did the Company utilize the information that the communities provided?**

166 A. The Company used the responses from the communities as well as its own internal
167 analysis to determine which potential projects best met the statutory requirements and
168 would be just, reasonable, and in the public interest. The Company considered such

169 factors as proximity to the existing system, transit times for Company personnel to
170 reach the area, additional employees that might be needed to serve the area, any risks
171 that might slow or halt the project, community interest and support, and cost. The
172 Company developed a matrix to summarize all qualitative and quantitative information
173 that was considered in this process. The Company used the results to prioritize, among
174 those communities that wanted gas service, the communities that could reasonably be
175 served through a natural gas expansion project. The matrix is attached as DEU
176 Confidential Exhibit 1.04.

177 **Q. Did the Company rank the communities shown in Confidential Exhibit 1.04?**

178 A. No. The matrix simply summarizes information that the Company considered.

179 **Q. Why did the Company choose to advance natural gas service to Green River?**

180 A. Several factors contributed to the selection of Green River as a rural area for system
181 expansion now. First, Green River wants gas service. Second, service to Green River
182 can be attained within the statutory spending caps discussed later in my testimony.
183 Third, Green River can also be easily served by existing personnel in the Company's
184 Moab office. Green River is in a unique position along I-70 and could see industrial
185 and commercial growth if affordable energy sources were made available. Finally, as
186 discussed more by Mr. Messersmith, the Company was able to negotiate to purchase
187 the existing high-pressure natural gas pipeline in the area. If the Company's
188 Application in this proceeding is approved, it is this purchase that would make
189 providing service to Green River feasible and sufficiently cost-effective.

190 **Q. Did the Company prepare a cost-benefit analysis to determine if expanding to
191 Green River is economic?**

192 A. No. The Company is not required to conduct a cost-benefit analysis for rural expansion
193 projects. As I discussed above, some rural communities have been unable to receive
194 natural gas service because the costs were too high for the communities to bear on their
195 own. The Utah legislature expressly passed HB422 in order to overcome these cost
196 barriers, and to get natural gas service to rural communities that would otherwise go
197 without service. While the Company is required to show that there are benefits to the

198 rural expansion, it is not required to conduct a cost-benefit analysis or show that the
199 economic value of the benefits outweighs the cost of the project.

200 The Commission addressed this issue in its Order dated August 27,2020 in Docket No.
201 19-057-31, the docket addressing the Company’s expansion to Eureka, Utah. It stated:

202 We do not interpret either Utah Code Ann. § 54-17-
203 402(3)(b)(ii) or Utah Admin. Code R746-440-1 as requiring
204 a cost benefit analysis in this Docket. While all other project
205 acquisitions under the Voluntary Resource Decision Act
206 must demonstrate that the acquisition will most likely result
207 in the lowest reasonable cost project for customers as set
208 forth in Utah Code Ann. § 54-17-402(3)(b)(i)(A), a rural
209 infrastructure development is not subject to the same
210 showing. The public interest inquiry for rural gas
211 infrastructure developments is unique and includes
212 consideration of entirely different factors. Whereas we
213 acknowledge that a cost benefit analysis would be useful in
214 the public interest determination applicable to project
215 acquisitions requiring a showing of “lowest reasonable
216 costs,” it is not as useful (nor is it required) for a rural gas
217 infrastructure development like the Eureka Rural Expansion
218 Project. Accordingly, we conclude DEU provided
219 information that both is sufficiently reliable and
220 appropriately satisfies the requirements in our applicable
221 statutes and rules

222 **Q. If the Company began conducting its analysis for expansion communities in 2018,**
223 **why didn’t it discuss its plans to extend its system to Green River in its 2020-2021**
224 **Integrated Resource Plan (“2020-2021 IRP”)?**

225 A. At the time the 2020-2021 IRP was filed, the Company was still conducting analysis
226 regarding all of the candidate communities to determine which could best be served.
227 In the 2020-2021 IRP, the Company said it would provide updates about its analysis of
228 future rural expansion projects. The Company made its decision to file this Application
229 seeking approval to serve Green River after the Company filed the first quarter variance
230 report. As such, the Company discussed the selection of Green River in its second
231 quarter variance report, which was filed on February 22, 2021, and again in the 2021-
232 2022 Integrated Resource Plan that was filed on June 14, 2021.

233

V. CUSTOMER PARTICIPATION

234

Q. How many potential customers are there in the Community?

235

A. In its survey response, DEU Exhibit 1.03, Green River indicated there are potentially
236 483 customers as determined based on the number of local water connections. Green
237 River also indicated that there may be considerably more potential customers than those
238 with water connections. DEU performed its own analysis to determine an estimate of
239 customers by counting structures in Green River. This count came in at nearly 600
240 structures, but some of those structures are unoccupied. The Company has used the
241 483 figure provided by Green River as it is a conservative estimate of potential
242 customers.

243

**Q. How did the Company determine if these potential customers would have any
244 interest in receiving gas?**

245

A. The Company held virtual open houses on April 14 and April 15, 2021. During these
246 meetings, residents had the opportunity to speak with Company representatives from
247 the Operations, Engineering, Regulatory, Key Accounts, Pre-Construction, and
248 Customer Experience departments. During the open houses, visitors were asked to fill
249 out an online survey that gathered information about their home/business, what
250 appliances they have, what their current source of energy is for certain appliances, and
251 whether they would be interested in receiving natural gas service. A copy of the survey
252 is attached as DEU Exhibit 1.05. The Company recorded the open house from April
253 15th, and it can be viewed at: <https://vimeo.com/539653248/6a0c81f67a>.

254

**Q. Did the Company utilize other methods to reach out to Green River to determine
255 interest?**

256

A. Yes. Due to restrictions imposed due to the current COVID-19 pandemic, the
257 Company utilized the virtual open houses and the online survey to determine interest.
258 Unfortunately, Company personnel were not able to communicate with residents face-
259 to-face. The online survey was the best way to get input from residents and businesses
260 in Green River, so a lot of emphasis was placed on asking residents to answer the
261 survey. The survey was also advertised on Green River's Facebook page, and in the

262 Green River city offices. Beginning May 17, the Company sent a reminder by mail to
263 all of the businesses and residents of Green River to take the survey. The post card that
264 was mailed is attached as DEU Exhibit 1.06. The Company also sent personnel to
265 Green River on May 20 to distribute flyers to each home or business, inviting potential
266 customers to take the survey. Ultimately, surveys were received from 226 of the 483
267 potential customers.

268 **Q. Is the Company satisfied with the number of surveys it received?**

269 A. Yes. While the Company would ideally like to hear from all of the residents of Green
270 River, it is very pleased with the response rate it received, given the current
271 circumstances. The COVID-19 pandemic has changed the way we all go about our
272 lives, and it also limited the methods the Company was able to use to reach out to the
273 people in Green River. For example, when the Company surveyed the Eureka
274 community, it was able to meet with potential customers face to face at open house
275 meetings and on their doorsteps while canvassing. This approach was simply not
276 possible during the pandemic. The Company utilized alternate methods that, while not
277 ideal, were effective. As discussed below, of those who did respond, 96% expressed
278 interest in receiving natural gas service.

279 **Q. What information did the Company provide to prospective customers to help**
280 **them evaluate natural gas service?**

281 A. The open houses had slides that provided information about natural gas, Dominion
282 Energy, and the Expansion Project. These slides are attached as DEU Exhibit 1.07. In
283 addition, as I mentioned above, the virtual open houses were recorded and are available
284 for residents to view at their convenience. All of this information was available to
285 residents on the Company's rural expansion website
286 (www.DominionEnergy.com/UtahRuralExpansion)

287 **Q. What did the surveys show?**

288 A. A summary of the survey results is attached as DEU Exhibit 1.08. This exhibit shows
289 that, of the homes and businesses surveyed, 96% expressed interest in signing up for
290 natural gas service, with 4% stating that they are undecided. Only one of the
291 respondents said they were not interested in natural gas. This high level of interest

292 exists largely because of the cost and inconvenience of the existing energy sources
293 available in Green River. I found their responses to question #12 on the survey to be
294 the most informative measure of why they would want natural gas. That question
295 asked, “What do you see as the benefits of having natural gas in Green River?” Below,
296 I have listed several comments that were written by Green River residents.

297 “Would be an economic booster, and a savings to all.”

298 “ Gives me a lower more reliable source of heat for my home and will help to bring
299 larger businesses to Green River which will help our economy.”

300 “ It is on demand will not have to contact supplier and wait for 2-3 weeks.”

301 “ Cost. Convenience to not run out. I have an agricultural business that burns
302 several thousands of dollars in propane annually. It is located in the center of GR.”

303 “Not to have to fill the coal bin”

304 “ The residents have more options to heat their house. Business would grow in our
305 town. We have water, railroads, major highways. We need natural gas to grow.”

306 “Better cost also will give more room in our yard without the big old white whale
307 (tank)”

308 **Q. Did any customers indicate that they did not have interest in natural gas service?**

309 A. Yes. There was 1 respondent that indicated they were not interested. The reason listed
310 was not completely clear, but it sounds like they prefer limited growth in Green River.

311 **Q. Does the Company consider all of the positive responses to be firm commitments
312 to sign up for service?**

313 A. No. If the Commission approves this Application, the Company still intends to reach
314 out to all of the prospective customers to discuss costs, appliances, construction
315 schedule, and other aspects of the expansion. The Company will obtain firm
316 commitments from customers during that process.

317

VI. COST RECOVERY FOR THE PROJECT

318 **Q. Mr. Messersmith discusses the capital costs associated with the infrastructure for**
319 **the Expansion Project to serve the Community. How does the Company propose**
320 **to recover those costs?**

321 A. The Company proposes to treat the costs associated with the expansion the same way
322 it treated costs associated with the Eureka expansion. Specifically, the Company
323 proposes that all of the costs associated with the expansion, including the costs of
324 purchasing the existing pipeline, modifying the Northwest Pipeline interconnect, and
325 constructing the main and service lines, be included in the Rural Expansion Rate
326 Adjustment Tracker that was approved in Docket No. 19-057-31 (the proceeding
327 relating to the expansion to the town of Eureka, Utah). This program is set forth in
328 Section 9.02 of the Company's Utah Natural Gas Tariff No. 500 ("Tariff"). When
329 construction is complete, the Company will file an application with the Commission
330 requesting rate recovery of the investment made to serve Green River.

331 **Q. Could the Company include the costs of rural expansion in its 2022 general rate**
332 **case rather than using a tracker mechanism?**

333 A. The bulk of construction will happen in 2023, but there may be some service lines and
334 meters that will not be completed during the test period. The ongoing nature of the
335 expansion projects makes a tracker the best mechanism for recovering the costs of
336 construction.

337 **Q. Is the Company proposing any changes to the Tariff sheets in Section 9.02 that**
338 **describe the rural expansion rate adjustment mechanism?**

339 A. No. The Tariff provisions were established in Docket No. 19-057-31 and no changes
340 are necessary or proposed at this time.

341 **Q. Have you calculated the rate impact on existing customers if the Expansion**
342 **Project is approved?**

343 A. Yes. Using the cost estimates provided by Mr. Messersmith, I have calculated
344 illustrative rates that would be charged to existing customers, including those in Green
345 River. These illustrative rates are calculated in DEU Confidential Exhibit 1.09 on page

346 3. The actual rates will not change until construction is completed and the Company
347 files an application to include the investment in the Rural Expansion Rate Adjustment.
348 Using these illustrative rates, a typical customer using 80 Dth of gas each year would
349 see an annual increase of \$2.73 or about 0.41%, as shown on DEU Confidential Exhibit
350 1.09, page 4.

351 **Q. What costs is the Company proposing to include in the Expansion Project?**

352 A. Commission Rule 54-17-401(1)(c) defines Rural Gas Infrastructure as “The planning,
353 development, and construction of an extension or expansion of natural gas utility
354 facilities to serve previously unserved rural areas of the state.” Therefore, in this
355 docket, the Company seeks Commission approval to purchase the PEMC pipeline,
356 construct main lines (interconnects, regulator stations, high-pressure main lines, and
357 intermediate high-pressure main lines), as well as service lines, and to recover the
358 associated costs through the tracker mechanism described in Section 9.02 of the Tariff.

359 **Q. Will the customers in Green River incur costs in order to receive natural gas**
360 **service?**

361 A. Yes. As Mr. Bybee explains in his pre-filed direct testimony, some customers may
362 need to have internal fuel lines replaced. Some may need to modify or replace
363 appliances. Some may need to modify plumbing or duct work in order to safely operate
364 the appliances. These costs will be the responsibility of the customer and will vary
365 from home to home, or business to business.

366 **VII. REVENUE REQUIREMENT IMPACT**

367 **Q. Commission Rule R746-440-1(g) requires that the Company perform an analysis**
368 **of the estimated effect that a resource decision will have on the utility’s revenue**
369 **requirement. Has the Company performed such an analysis?**

370 A. Yes. A detailed revenue requirement calculation is shown in DEU Confidential Exhibit
371 1.10, which is attached to my testimony.

372 **Q. Why does this analysis need to be performed in a Rural Gas Infrastructure**
373 **Development Application?**

374 A. The analysis needs to be performed to ensure that the Company's revenue requirement
375 does not increase beyond the level permitted by statute as a result of making the
376 required capital expenditures. Utah Code § 54-17-403(1)(c) provides that Rural Gas
377 Infrastructure Development costs may be included in base rates if two conditions are
378 satisfied. First, the inclusion of those costs will not increase the base distribution non-
379 gas revenue requirement by more than 2% in any three-year period. Second, the
380 distribution non-gas revenue requirement increase related to the infrastructure
381 development costs does not exceed 5% in the aggregate. The applicable distribution
382 non-gas revenue requirement is the annual revenue requirement determined in the
383 Company's most recent general rate case.

384 **Q. Does the capital spending in Green River keep the change in revenue requirement**
385 **below the cap?**

386 A. Yes. The distribution non-gas revenue requirement approved in Docket No. 19-057-
387 02 is \$391,436,970. Two percent of this amount is \$7,828,739, which is therefore the
388 dollar limit of revenue requirement increase permitted in any three-year period. The
389 2% or \$7.8 million of revenue requirement corresponds to about \$69.5 million of
390 capital spend. The \$69.5 million is, therefore, the amount the statute would permit the
391 Company to spend over the course of three years. The 5% aggregate cap is calculated
392 to be \$173.8 million as a result of the most recent general rate case.

393 In addition to proposing to building the system to serve Green River, the Company is
394 also building the system to serve Eureka, and is also seeking approval to serve Goshen
395 and Elberta, which will also affect the cap. DEU Confidential Exhibit 1.10 was used
396 to calculate the increased revenue requirement using the combined construction
397 estimates from all three projects. Constructing the systems for Goshen and Elberta,
398 combined with the Eureka project, would increase revenue by \$7.8 million, which is
399 right at the 2% cap but still well-below the 5% cap.

427 as Mr. Messersmith discusses in greater detail, in the future, the Company may seek to
428 purchase supply from a producer near Green River.

429 **C. *Timing Limits of Expansion Program***

430 **Q. How long will the benefits of this expansion be available to new customers?**

431 A. The main lines described in Mr. Messersmith's pre-filed direct testimony will be
432 installed as part of the Expansion Project. These main lines will be ready for any
433 currently-anticipated customer to use. Any future main lines will be installed and paid
434 for pursuant to Section 9.03 of the Tariff.

435 The timing limits for service lines will be treated according to Section 9.02 of the Tariff
436 under the heading, "Service Lines in Rural Expansion Areas." Specifically, that section
437 states:

438 Where the Commission approves inclusion of service line costs in
439 the Rural Expansion Infrastructure Tracker, customers who qualify
440 for a no-charge service line must enter into a contract for installation
441 of that service line within two years of the completion of main lines
442 to the subject community. The contract will specify the service line
443 costs and will provide that if the customer has not commenced
444 taking natural gas service either (1) within two years of the
445 completion of the main lines to the community, or (2) within two
446 years of the execution date of the service line agreement, whichever
447 later occurs, then the customer must repay the Company for the
448 specified service line costs.

449 **D. *Resources Available to Help Customers***

450 **Q. What resources are available to help customers convert their appliances or get
451 their homes ready for natural gas?**

452 A. The Southeastern Utah Association of Local Governments (SEUALG) has two
453 programs that are available for these residents. First, its weatherization programs allow
454 it to assist in making homes more energy-efficient. Changing out an old furnace is one
455 of the things this program can address, but based on the results of an energy audit,
456 additional work could be completed. This program can assist households that are
457 eligible for the HEAT program.

458 SEUALG also has a “Housing Rehab Program” that assists households that would like
459 to switch a furnace to natural gas or do any other home repair by offering low-interest
460 loans. This program can assist households that are at or below 200% of the poverty
461 level. Income is verified through the HEAT program. These loans are based on annual
462 income, and the interest rate is between 1-3%, depending on the annual income level.
463 To qualify for this program, the applicant’s income must be 60% or less of area median
464 income.

465 **Q. Does Dominion Energy offer any programs that could help customers with new**
466 **appliances?**

467 A. Yes. The Company’s Thermwise™ program offers rebates on qualifying high-
468 efficiency appliances. These rebates could be used by Green River customers to obtain
469 new furnaces and water heaters. In addition to appliance rebates, the Thermwise
470 programs also offers a Home Energy Plan, Weatherization Rebates, and a Low-Income
471 Efficiency Program.

472 *E. Benefits to Customers*

473 **Q. How do the customers in Green River stand to benefit from this system expansion?**

474 A. The residents in Green River will benefit significantly from the proposed system
475 expansion. Bringing natural gas to Green River will reduce energy costs for many of
476 the residents who take natural gas service, and will provide cost stability and
477 predictability, making budgeting easier for those customers, especially those on fixed
478 incomes. The Commission’s oversight of natural gas costs will ensure that the rates
479 these residents pay is just and reasonable, rather than paying for propane and other fuel
480 sources with prices that fluctuate in an unregulated market.

481 These customers will also benefit from future economic growth. Green River will be
482 better able to compete for future economic development opportunities once natural gas
483 service becomes available there.

484 **Q. Would customers who use natural gas in Green River save money?**

485 A. Yes, I believe they would. It's true that there is a cost to convert appliances to natural
486 gas. However, the investment in natural gas is a long-term investment and, when
487 compared to other sources of energy, natural gas offers significant savings. DEU
488 Exhibit 1.11 compares the costs a customer would expect to pay to use propane or
489 electricity, compared to natural gas. Column E, row 2 shows that a customer switching
490 from propane to natural gas could save over \$750 each year.

491 **Q. What assumptions did you use to calculate the expected usage and pricing in DEU**
492 **Exhibit 1.11?**

493 A. For natural gas, the Company used 80 Dth per year, which is the amount of natural gas
494 the Company uses to calculate a typical customer bill. I used the Company's currently
495 effective rates to show an estimated annual cost of \$705.33.

496 Column A, row 1 of DEU Exhibit 1.11 shows that 873 gallons of propane would be
497 used. This 873 gallons of propane would provide the same energy as 80 Dth of natural
498 gas. The price for propane came from the U.S. Energy Information Administration
499 ("EIA")¹. The lowest price recorded since January 2020 was \$1.56/gallon, which was
500 used in the calculation as a conservative estimate. The highest price in that same period
501 was \$2.12/gallon in March 2021. Using this higher, more recent cost would increase
502 savings for natural gas users. Column C, row 1 shows an estimated delivery/tank rental
503 fee of \$100. This cost will be different for each customer, but it is included as a
504 conservative estimate.

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

506 A. Yes.

¹ https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPLLPA_PRS_SUT_DPG&f=W


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. 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 5th day of August, 2021.



Notary Public