

Jenniffer Clark (7947)
Dominion Energy Utah
333 S. State Street
P.O. Box 45360
Salt Lake City, Utah 84145-0360
Phone: (801) 324-5392
Fax: (801) 324-5935
Jenniffer.clark@dominionenergy.com

Cameron L. Sabin (9437)
Stoel Rives LLP
201 South Main Street, Suite 1100
Salt Lake City, UT 84111
Phone: (801) 578-6985
Fax: (801) 578-6999
Cameron.sabin@stoel.com

*Attorneys for Questar Gas Company
dba Dominion Energy Utah*

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF DOMINION ENERGY UTAH FOR
APPROVAL TO IMPLEMENT A GSE RATE
TO PROVIDE SERVICE LINES TO
CUSTOMERS IN EUREKA, UTAH

Docket No. 19-057-32

**APPLICATION FOR APPROVAL TO
ESTABLISH A NEW GSE RATE TO
PROVIDE SERVICE LINES TO
CUSTOMERS IN EUREKA, UTAH**

Pursuant to Utah Code Ann. §§54-4-1, Utah Admin. Code R746-440-1 *et seq.*, and Utah Admin. Code R746-405-1 and 2, Questar Gas Company dba Dominion Energy Utah (Company, DEU, or Dominion Energy) respectfully requests that the Public Service Commission of Utah (Commission) approve the implementation of a new GSE rate to provide service lines to customers in Eureka, Utah. Specifically, as described in more detail below, in Docket No. 19-057-31 the Company has requested Commission pre-approval for the construction of high pressure and intermediate high pressure mains to serve the town of Eureka, Utah pursuant to Utah Code Ann. § 54-17-401 *et seq.* The Company made that application because the cost of

such a system expansion is prohibitive if the town of Eureka must bear the cost burden alone. Therefore, if the Application in that docket is approved, then the Company will construct the mains to serve Eureka, and the costs of those mains would be borne by all of the Company's customers, reducing the economic burden on Eureka residents. Since the referenced statute does not permit a similar cost-recovery treatment for service lines, the Company has brought this application seeking Commission approval to finance the cost of those service lines over time, and recovering those costs through a GSE rate that would be charged to the residents of Eureka. The Company requests that the Commission issue an order approving the construction of approximately 360 natural gas service lines from facilities proposed to be constructed in Docket No. 19-057-32 to individual customer sites in the town of Eureka, Utah and permit the Company to recover the costs associated with those service lines through a GSE rate, as more fully set forth below.

In support of this Application, Dominion Energy provides the following information:

BACKGROUND

1. Dominion Energy, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in Utah and Wyoming. Its Utah public utility activities are regulated by the Commission, and the Company's rates, charges, and general conditions for natural gas service in Utah are set forth in the Company's Utah Natural Gas Tariff No. 500 (Tariff). Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in Franklin County, Idaho. The rates for these Idaho customers are determined by the Utah Commission pursuant to an agreement between the Commission and the Idaho Public Utilities Commission. Volumes for these customers have been included in the Utah volumes.

2. Dominion Energy has long worked with remote rural communities in Utah to find ways to extend its natural gas distribution infrastructure to those communities. The availability of safe, reliable, affordable energy resources is critical to growth and economic development in those communities. Historically, the cost of extending the Company's natural gas distribution to many of those communities has been prohibitive. Said another way, the residents and business of those communities could not afford to bear the costs of system expansion.

3. After HB 422 became effective, the Company contacted presently-unserved rural communities to gather information necessary to determine which communities were interested in natural gas service and which were the best candidates for such service. The process the Company employed in making this determination is detailed in the pre-filed Direct Testimony of Austin C. Summers, attached here to as DEU Exhibit 1.0 and incorporated herein. As Mr. Summers testifies, Eureka was identified as a good candidate for natural gas service because the cost to serve Eureka was lower than the cost to serve other candidate communities, the Company's existing personnel could operate a system in Eureka, and because the Mayor of Eureka, Nick Castleton, offered great support in advancing the opportunity. Indeed, Mayor Castleton represented to the Company that there was broad support in the community for natural gas service to Eureka and that extending service to Eureka would result in growth and economic development.

4. The Company reached out to the citizens of Eureka to confirm that there was in fact broad support and enthusiasm for the expansion of natural gas service to Eureka. Through a series of community meetings, a survey, and other activities, the Company was able to confirm that the residents of Eureka are in fact very supportive of having natural gas service extended to their community. Specifically, on October 21st and October 23rd, the Company held open houses at Tintic High School in Eureka. Company personnel were present to discuss the prospective

project, and to answer residents' questions. The Company also provided attendees with a written survey to gauge interest in receiving natural gas service. The surveys showed that 92% of the respondents were interested in natural gas service, with the remaining 8% of respondents saying they weren't sure. None of the respondents answered that they did not want gas service.

5. Given the Company's own analysis, and the response from Eureka's leadership and residents, the Company selected Eureka as the first candidate to receive natural gas service under HB 422.

6. In 2018, the Utah State Legislature (Legislature) passed House Bill 422, Natural Gas Infrastructure Amendments. With HB 422, the Legislature established the opportunity for these communities to obtain natural gas service funded by the Company's customer base. HB 422 is now embodied in Utah Code Ann. § 54-17-401 *et seq.*

7. Concurrent with this Application, the Company filed an Application to request Commission approval to extend its natural gas distribution system to Eureka, Utah, in Docket No. 19-057-31. Because Utah Code Ann. § 54-17-401 *Et. Seq.* applies only to construction of mains, the Company is unable to include service lines as part of that rural infrastructure development project.

8. While, if approved, Docket No. 19-057-31 will effectively reduce the economic burden upon Eureka residents associated with the costs of construction of mains to serve the town, the cost of service lines still poses a significant economic hurdle for individual customers. The Company believes that this cost barrier is insurmountable for many residents and businesses in Eureka and that if that cost must be paid prior to construction, pursuant to Section 9.04 of the Tariff, few of the residents of Eureka would connect to the Rural Expansion Facilities (as defined in Docket No. 19-057-31).

9. Therefore, the Company proposes to pay to construct the service lines to the customers in Eureka and to recover the costs of those facilities over time utilizing a GSE rate.

THE PROPOSED FACILITIES

10. As discussed in more detail in the Company's pre-filed testimony, Dominion Energy proposes to construct approximately 360 natural gas service lines.

11. Company estimates the cost of installing the service lines to 360 premises to be *****.

THE GSE RATE CALCULATION

12. As discussed in the pre-filed Direct Testimony of Austin C. Summers, the Company proposes to provide up to \$1,000,000 to fund the construction of service lines. It proposes to charge those customers in Eureka who receive service lines two-times the DNG base rates to aid in paying back the service line costs. This charge is referred to as the GSE rate. Over the next 10 years, the Company will install service lines to those customers in Eureka that sign up for service, until it has exhausted the designated \$1 million or 10 years is reached, whichever first occurs. The Company will stop charging Eureka customers the GSE rate when the investment in service lines is completely paid, or at the end of 20 years, whichever first occurs. If, after 20 years, the Eureka customers have not yet paid off the entire service line investment, these customers will be moved from the GSE rate to the GS rate schedule and no additional incremental contributions will be required.

REQUEST FOR RELIEF

WHEREFORE, based upon the Company's Application, testimony and exhibits, and pursuant to Utah Code Ann. § 54-17-401 *et seq.* and Utah Admin. Code R746-440-1 *et seq.*, Dominion Energy respectfully requests that the Commission, in accordance with its authority, rules and procedure:

- a. Notice a scheduling conference to set a schedule for interested persons to file comments on Dominion Energy's voluntary request for approval of the Resource Decision, any technical conferences deemed useful to the Commission or interested parties, a hearing on the Company's Application and request for approval and other processes and procedures deemed reasonable or necessary by the Commission in reviewing Dominion Energy's voluntary request;
- b. Issue an order approving the proposed Tariff provisions establishing the GSE rate, and approving the Company's request to recover costs associated with the service lines in Eureka utilizing the GSE rate.

DATED this 2nd day of December, 2019.

Respectfully submitted,



Jennifer Clark (7947)
Dominion Energy Utah
333 S. State Street
PO Box 45433
Salt Lake City, Utah 84145-0433
(801) 324-5392
Jennifer.clark@dominionenergy.com

Cameron L. Sabin (9437)
Stoel Rives LLP
201 S. Main Street, Suite 1100
Salt Lake City, Utah 84111
(801) 328-3131
Cameron.sabin@stoel.com

*Attorneys for Respondent Dominion Energy
Utah*

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH FOR APPROVAL TO ESTABLISH A NEW GSE RATE TO PROVIDE SERVICE LINES TO CUSTOMERS IN EUREKA, UTAH was served upon the following persons by e-mail on December 2, 2019:

Patricia E. Schmid
Justin C. Jetter
Assistant Attorney Generals
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
pschmid@agutah.gov
jjetter@agutah.gov
Counsel for the Division of Public Utilities

Chris Parker
William Powell
Utah Division of Public Utilities
160 East 300 South
PO Box 146751
Salt Lake City, Utah 84114-6751
chrisparker@utah.gov
wpowell@utah.gov

Robert J. Moore
Steven Snarr
Assistant Attorney General
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
rmoore@agutah.gov
stevensnarr@agutah.gov
Counsel for the Office of Consumer Services

Michele Beck
Director
Office of Consumer Services
160 East 300 South
PO Box 146782
Salt Lake City, UT 84114-6782
mbeck@utah.gov

