

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

<p>IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO EXTEND SERVICE TO GOSHEN AND ELBERTA, UTAH</p>	<p>Docket No. 21-057-06</p> <p>REDACTED APPLICATION FOR APPROVAL OF A RURAL NATURAL GAS INFRASTRUCTURE DEVELOPMENT PROJECT TO EXTEND SERVICE TO GOSHEN AND ELBERTA, UTAH</p>
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Pursuant to Utah Code Ann. §§ 54-17-401 *et seq.* and 54-4-25, Utah Admin. Code R746-440-1 *et seq.*, and Section 9.02 of the Questar Gas Company dba Dominion Energy Utah's (Company, DEU, or Dominion Energy) Utah Natural Gas Tariff No. 500 (Tariff), the Company respectfully requests that the Public Service Commission of Utah (Commission) approve the Company's decision to construct natural gas infrastructure to extend service to Goshen and Elberta, Utah (Rural Infrastructure Decision) and permit the Company to recover the costs associated with the Rural Expansion Facilities through the Rural Expansion Rate Adjustment

Tracker. Specifically, as described in more detail below and in the Company's supporting pre-filed testimony, the Company requests that the Commission issue an order approving the construction of facilities necessary to provide natural gas service to Goshen and Elberta, including: approximately 4.5 miles of HP main passing through the community of Elberta and terminating in the town of Goshen; district regulator stations in Elberta and Goshen; 12,450 feet of IHP mains in Elberta; 3,785 feet of IHP service lines in Elberta; approximately 42,750 feet of IHP mains in Goshen; and 19,605 feet of IHP service lines in Goshen (collectively, the Rural Expansion Facilities). The Company further requests that the Commission approve inclusion of costs associated with the Rural Expansion Facilities in the Rural Expansion Rate Adjustment Tracker, pursuant to Section 9.02 of the Tariff.

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 Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission.

2. Dominion Energy has long worked with remote rural communities in Utah to find ways to provide 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 infrastructure to many of those communities has been prohibitive. The residents and businesses of those communities could not afford, on their own, to bear the costs of system expansion.

3. 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.* In 2020, the Legislature amended this statute, and on March 2, 2020, Governor Gary Herbert signed the bill amending the statute.

4. On August 27, 2020, the Commission approved the Company's first application brought pursuant to that statute, an application seeking approval to expand facilities to the rural community of Eureka, Utah. (Order, Docket No. 19-057-31, Issued August 27, 2020 (the Eureka Order)). In the Eureka Order, the Commission also approved the implementation of the Rural Expansion Rate Adjustment Tracker and new related language in Section 9.02 of the Tariff.

5. Section 9.02 of the Tariff provides, among other things, that "[t]he Rural Expansion Rate-Adjustment Tracker (Rural Expansion Tracker) allows the Company to track costs that are directly associated with Rural Expansion Infrastructure . . . through an incremental surcharge to the GS, FS, IS, TS, MT, TBF and NGV rate schedules."

6. After HB 422 became effective, the Company contacted presently-unserved rural communities to gather information necessary to determine those communities that were interested in natural gas service and that could be served under the statute given the legislative, financial, and other relevant considerations and limitations. The process the Company followed in making its determination to seek approval to extend gas service to Goshen and Elberta is detailed in the pre-filed Direct Testimony of Austin C. Summers, attached hereto as DEU Exhibit 1.0, which is incorporated herein. As Mr. Summers explains, Goshen and Elberta were identified as good candidates for natural gas service because the cost to serve Goshen and Elberta was the lowest among the candidate communities. In fact, serving Goshen and Elberta involves interconnecting

with the line currently being built to serve the community of Eureka. Also, the Company's existing personnel could operate a system in Goshen and Elberta, Goshen and Elberta are in close proximity to other unserved communities and existing interstate pipelines, and the government leaders, including the Mayor of Goshen, Steven Staheli, have represented that Goshen and Elberta desire gas service. Indeed, Mayor Staheli has offered support in advancing the opportunity, and is willing to undertake the work necessary to ensure a safe transition to natural gas service in their communities. Mayor Staheli, represented to the Company that there was broad support in the community for natural gas service to Goshen and that extending service to Goshen and Elberta would result in growth and economic development.

7. In addition to reaching out to government leaders, the Company reached out to the citizens of Goshen and Elberta to confirm that there was in fact broad support and enthusiasm for the expansion of natural gas service to those communities. Through a series of community meetings, a survey, and other activities, the Company was able to confirm that there is widespread support among the residents of Goshen and Elberta for having natural gas service extended to their communities. Specifically, on February 16 and 18, 2021, the Company held virtual open houses regarding the proposed expansion to Goshen and Elberta. Company personnel were present to discuss the prospective project, and to answer residents' questions. The Company also provided residents with a survey to gauge interest in receiving natural gas service and to obtain information about the current heating resources that are used by residents. The surveys showed that 87% of the respondents were interested in natural gas service, with 7% of respondents stating that they were undecided. The remaining 6% of customers stated that they were not interested in receiving natural gas.

8. Given the Company’s own analysis, and the response from Goshen and Elberta’s leadership and residents, the Company selected these two communities to receive natural gas service under HB 422.

THE PROPOSED RURAL EXPANSION FACILITIES

9. As discussed in more detail in the Company’s pre-filed testimony, Dominion Energy proposes to construct approximately 4.5 miles of HP main passing through the community of Elberta and terminating in the town of Goshen, district regulator stations in Elberta and Goshen, 12,450 feet of IHP mains in Elberta, 3,785 feet of IHP service lines in Elberta, 42,750 feet of IHP mains in Goshen, and 19,605 feet of IHP service lines in Goshen.

10. Company personnel created a detailed cost estimate for the Dominion Energy Utah interconnect facilities, the High Pressure main, the IHP main system within the towns of Goshen and Elberta, the required regulator stations, and the required service lines. Based on those estimates, the Rural Expansion Facilities are expected to cost approximately \$ [REDACTED] million. The Company breakdown for the Rural Expansion Decision is as follows:

Cost Item	Amount
High Pressure pipeline and regulator stations.	[REDACTED]
IHP plastic main and service lines in Elberta	[REDACTED]
IHP plastic main and service lines in Goshen	[REDACTED]

11. Based on this cost information, the Company performed an analysis, which, as explained in detail in Mr. Summers' direct testimony, results in a total cost estimate of approximately [REDACTED] million for the Rural Expansion Facilities. This equates to an annual bill impact for the Company's customers of \$1.08 or 0.16%. The Company proposes that this cost be allocated to all of its customers under HB 422 and the Company's Tariff.

REQUEST TO INCLUDE COSTS OF THE
RURAL EXPANSION FACILITIES IN A TRACKER

12. The Company recognizes that the costs associated with the Rural Expansion Facilities are significant and desires to avoid the regulatory lag that may occur if cost recovery is delayed. In the Company's pre-filed testimony, Mayor Staheli and Company witness Jeff Bybee explain that extension of natural gas service to Goshen and Elberta will result in immediate safety and reliability benefits to residents. Mayor Staheli further indicates that extension of natural gas service to Goshen could result in cost savings to residents. As described in the pre-filed direct testimony accompanying this Application, the Company proposes to commence construction of the Rural Expansion Facilities as soon as possible, and with cost recovery to be provided for as an actual cost in the Rural Expansion Rate Adjustment Tracker.

13. The Commission approved the Company's cost-recovery mechanism in Docket No. 19-057-31, along with Tariff provisions governing its application. Recovery of the costs associated with the Rural Expansion Facilities is appropriately recovered under Section 9.02 of the Tariff, and affording those costs treatment under the tracker is just and reasonable, for the reasons described in the pre-filed direct testimonies of Austin C. Summers (DEU Confidential Exhibit 1.0), Michael L. Gill (DEU Confidential Exhibit 2.0), Jeff N. Bybee (DEU Exhibit 3.0) and Mayor Staheli (DEU Exhibit 4.0), which are attached hereto and, along with their accompanying exhibits, incorporated herein.

APPLICABLE STANDARD AND REQUEST FOR APPROVAL

14. The Company’s proposal meets the applicable legal standard for approval of a rural gas infrastructure development project. Under Utah Code Ann. § 54-17-402(2)(c), “A request for approval of natural gas infrastructure development shall include:

- (i) a description of the proposed rural gas infrastructure development project;
- (ii) an explanation of 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.”

In addition, a request for approval of a resource decision must be accompanied by “testimony and exhibits” which provide the categories of information set forth in Utah Admin. Code R746-440-1.

15. Utah Code Ann. § 54-17-402(3) further provides that, in ruling on a request for approval of rural gas infrastructure development, the Commission shall consider:

- (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.

16. Dominion Energy’s Application for pre-approval of the Rural Expansion Facilities fully complies with the requirements of the applicable statutes and regulations, identifies where each requirement is satisfied, and demonstrates that the rural gas infrastructure development project is in the public interest.

17. A description of the proposed rural gas infrastructure development project appears in Michael L. Gill’s pre-filed Direct Testimony, attached hereto as DEU Exhibit 2.0 and incorporated herein.

18. As demonstrated in the Company's pre-filed testimony, the expansion of natural gas service to Goshen and Elberta, Utah will result in significant benefits to residents in those communities with only a negligible impact on the Company's other customers. Goshen's and Elberta's residents will enjoy lower, stable, regulated rates for energy instead of relying on unpredictable energy prices that currently vary significantly based on market forces. Those residents will also have the benefit of Dominion Energy's workforce who will provide support and respond to emergencies as it does elsewhere on its system. Further, residents of Goshen and Elberta will have the benefit of a more a safer and more reliable energy source that is not dependent upon the availability of propane, wood, coal and fuel oil.

19. The benefits also would extend beyond Goshen and Elberta, to the rest of the residents of Utah County. As Mayor Staheli testifies, when Goshen and Elberta residents burn coal and wood, as many do, it increases pollution in Utah County. Natural Gas is a cleaner burning fuel and will reduce pollution in and around Utah County.

20. Extension of the Company's natural gas distribution system to Goshen and Elberta could provide greater growth and economic development potential than Goshen and Elberta currently experience.

21. Mr. Summers offers evidence related to the revenues associated with the customer additions in Goshen and Elberta, as well as the impact that approval of this project will have on all Utah natural gas customers. As noted above, this equates to an annual bill impact for the Company's customers of \$1.08 or 0.16%.

22. The Company's Application is supported by the pre-filed direct testimonies of Austin C. Summers (Manager Regulation for Dominion Energy), Michael L. Gill (Director of Engineering and Project Management for Dominion Energy), Jeff N. Bybee (Manager Region

Operations), and Goshen Mayor Staheli, as well as other exhibits and materials accompanying their testimony.

23. The foregoing testimony and the attached exhibits contain the information that is required by Utah Admin. Code R746-440-1 to be filed with the rural gas infrastructure development proposal. Mr. Summers' testimony identifies where each category of information can be located within the Company's pre-filed testimony and exhibits.

**TIMING FOR APPROVAL AND COMMENCEMENT OF THE RURAL GAS
INFRASTRUCTURE DEVELOPMENT PROJECT**

24. Utah Code Ann. § 54-17-402(6) requires that a Commission determination on a request for a resource decision be made within 180 days of the filing of the request "unless the Commission determines that additional time to analyze a resource decision is warranted and is in the public interest." Prompt resolution of this matter will ensure that, if approved, construction can commence promptly and residents of Goshen and Elberta can begin to receive the benefits of natural gas service as soon as possible.

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 §54-4-25, 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. Issue an order:
 - i. approving the Resource Decision to construct natural gas facilities as described herein; and

ii. permitting the Company to recover the costs associated with the Rural Expansion Facilities utilizing a Rural Expansion Tracker as described more fully herein.

DATED this 5th day of April, 2021.

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 REDACTED APPLICATION FOR APPROVAL OF A RURAL NATURAL GAS INFRASTRUCTURE DEVELOPMENT PRJOECT TO EXTEND SERVICE TO GOSHEN AND ELBERTA, UTAH was served upon the following persons by e-mail on April 5, 2021:

Patricia E. Schmid
Justin C. Jetter
Assistant Attorneys General
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

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

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

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

/s/ Ginger Johnson _____