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Request of Dominion Energy Utah to Extend Natural Gas Service to Goshen and Elberta, Utah	<u>DOCKET NO. 21-057-06</u> <u>ORDER APPROVING SETTLEMENT STIPULATION</u>
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ISSUED: August 17, 2021

SYNOPSIS

The Public Service Commission (PSC) approves a Settlement Stipulation that resolves the Application of Dominion Energy Utah to Extend Service to Goshen and Elberta, Utah.

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**1. PROCEDURAL HISTORY**

On March 18, 2021, pursuant to Utah Admin. Code R746-440-1(2)(a) and 2(b), Dominion Energy Utah (DEU) filed a notice with the PSC of its intent to file a voluntary request for approval of a resource decision under Utah Code Ann. §§ 54-17-401 *et seq.* (“Voluntary Resource Decision Act”) to expand its natural gas distribution system to the rural communities of Goshen and Elberta, Utah.

On April 5, 2021, DEU filed its application and supporting testimony and exhibits<sup>1</sup> (“Application”) seeking (a) approval of its decision to build high pressure and intermediate high pressure mains and related infrastructure to extend service to Goshen and Elberta, Utah and (b) permission to recover the associated costs through the rural expansion rate adjustment tracker set forth in Section 9.02 of DEU’s Natural Gas Tariff No. 500 (the “Rural Expansion Tracker”).

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<sup>1</sup> DEU Exhibit 1.02 to the Direct Testimony of Austin C. Summers outlines the location of the information that DEU included to meet the requirements of the Voluntary Resource Decision Act.

On April 13, 2021, the PSC issued its Scheduling Order, Notice of Virtual Technical Conference, and Notice of Hearing. On July 7, 2021, the Division of Public Utilities (DPU) filed the direct testimony of Eric Orton. No party filed a petition to intervene.

On July 28, 2021, DEU, DPU, and the Office of Consumer Services (OCS) jointly submitted a Settlement Stipulation resolving the issues raised in the docket (the “Settlement”).

On August 5, 2021, the PSC held a hearing during which DEU and DPU provided testimony in and OCS represented its support of the Settlement.

## **2. BACKGROUND**

### **a. The Application**

According to the Application, the proposed Goshen and Elberta infrastructure project will interconnect with the line currently being built to serve the rural community of Eureka, Utah.<sup>2</sup> DEU requests approval of its decision to further extend facilities by building approximately 4.5 miles of high pressure (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 intermediate high pressure (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 (the “Goshen/Elberta Infrastructure Facilities”).

DEU states it identified Goshen and Elberta, Utah as good candidates for natural gas service in part because “the cost to serve [the communities] was the lowest among candidate

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<sup>2</sup> The Eureka, Utah line was the first rural natural gas infrastructure development project the PSC approved for DEU under the Voluntary Resource Decision Act in Docket No. 19-057-31, by Order issued August 27, 2020.

communities.”<sup>3</sup> DEU further states that its personnel can operate a system in the communities, and government leaders support the facilities due to their communities’ desire for natural gas service.<sup>4</sup> DEU explains that it confirmed the widespread support for the Goshen/Elberta Infrastructure Facilities through outreach efforts including by hosting meetings, issuing surveys, holding virtual open houses, and other activities, as set forth in detail in the exhibits attached to its Application.<sup>5</sup>

To recover the Goshen/Elberta Infrastructure Facilities’ costs, estimated in the confidential testimony and exhibits of DEU witness Michael L. Gill, DEU proposes to use the Rural Expansion Tracker.

**b. The Settlement**

The Settlement resolves all issues raised in the docket. Among other things, the signatories to the Settlement agree that the PSC should (1) approve DEU’s resource decision to build the Goshen/Elberta Infrastructure Facilities; (2) authorize DEU to offer natural gas service to Goshen and Elberta, Utah; and (3) allow DEU to recover the costs related to the Goshen/Elberta Infrastructure Facilities through the Rural Expansion Tracker.

The signatories also agree that (1) DEU will file copies of the franchise agreements between DEU and Goshen and DEU and Elberta when they are fully executed and finalized; (2) DEU will seek PSC approval of any Goshen/Elberta Infrastructure Facilities’ costs that exceed the confidential cost estimates set forth in the direct testimony of Mr. Gill and attached exhibits,

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<sup>3</sup> The Application, at 3.

<sup>4</sup> *Id.*, at 4.

<sup>5</sup> *Id.*

before including them in the Rural Expansion Tracker; and (3) the increase in DEU's base distribution non-gas revenue will be within the statutory limits outlined in Utah Code Ann. § 54-17-403(c), based on DEU's confidential cost estimates of the Goshen/Elberta Infrastructure Facilities. Finally, the signatories agree that the Settlement is in the public interest and the results are just and reasonable.

**c. Testimony at Hearing**

At hearing, DEU witness Mr. Summers testified that “[t]hough this would be new infrastructure in [the] new rural communities [of Goshen and Elberta, Utah], the resource decision is nothing more than a continuation of the program that was approved in the Eureka docket.”<sup>6</sup> He testified that his direct written testimony addresses “the evidentiary requirements for the resource decision, discussed how and why [DEU] chose Goshen and Elberta, ... explained how many customers are expected to participate, how costs would be recovered, and also provided other relevant financial and operational information.”<sup>7</sup>

Mr. Summers also testified that DEU witness Mr. Gill “explains the scope of the project, the construction schedule, the cost of the project, and the geographic results of the ... [communities’] interest in natural gas.”<sup>8</sup> He then briefly described the testimony of Mr. Bybee and Mayor Staheli in support of the Application,<sup>9</sup> asserting that “[t]aken together, the evidence provided shows that the resource decision is just and reasonable in result and that approval of the application is in the public interest.”<sup>10</sup>

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<sup>6</sup> August 5, 2021 Hr’g Tr. at 8.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*, at 8-9.

<sup>9</sup> *Id.*, at 9.

<sup>10</sup> *Id.*

In regard to the Settlement, Mr. Summers testified that “[it] largely accepts [DEU’s] proposal as filed.”<sup>11</sup> He also summarized the key terms and conditions of the Settlement, explained the history that led to the Settlement, and indicated that the Settlement is just and reasonable in result and in the public interest.<sup>12</sup>

DPU witness Eric Orton testified that DEU “carries the burden of proof of just and reasonable rates based on substantial evidence, complete information, well-supported documentation, and substantially justified assumptions, safeguards, and commitments.”<sup>13</sup> He testified that from DPU’s review of the Application and responses to data requests, DPU is satisfied that DEU has met the required conditions. Mr. Orton also explained that the Settlement “fulfills the statutory requirements, and [that] approval of the application ... is in the public interest.”<sup>14</sup> Finally, Mr. Orton testified that DPU “supports the [Settlement] which allows extending natural gas service to Goshen and Elberta as just and reasonable in result and fulfills the legislative intent.”<sup>15</sup>

The OCS attended the hearing but did not offer a witness. Rather, counsel for OCS represented that the OCS “believes the [S]ettlement is just and reasonable in result and ... in the public interest.”<sup>16</sup> The PSC heard no opposition to the Settlement at hearing or otherwise.

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.*, at 9-10.

<sup>13</sup> *Id.*, at 13.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*, at 14.

### **3. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW**

#### **a. The Voluntary Resource Decision Act**

The Voluntary Resource Decision Act under Utah Code Title 54, Chapter 17, Part 4 gives utility companies the opportunity to seek the PSC's approval of a "resource decision" to acquire a resource that is involved in energy production, transmission, or distribution, including "rural gas infrastructure development." *Id.*, at §§ 54-17-401(1)(b)(i)(C) and 54-17-401(1)(c). It requires our approval of the state's share of the costs the utility company incurs to implement the approved resource decision. *See, e.g., id.*, at § 54-17-403. To qualify for inclusion in the utility's base rates, the estimated costs of the proposed project must be within the statutory caps set forth in § 54-17-403(1)(c) of the Act. Specifically, the Act limits the inclusion of natural gas infrastructure development costs to no more than a two percent increase in the utility's base distribution non-gas revenue requirement in any three-year period.

In evaluating whether to approve a resource decision, we must determine whether (i) the decision complies with applicable statutes and rules and (ii) is in the public interest. *Id.*, at § 54-17-402(3). A utility company must provide, in its request for approval, a description of the proposed rural gas infrastructure development project; an explanation of projected benefits from the proposed project; the estimated costs of the proposed project; and any other information the PSC requires. *Id.*, at § 54-17-402(2)(c).

In specific consideration of the requirements of the Voluntary Resource Decision Act, the PSC finds DEU filed all of the information required therein, as confirmed by DEU witness Mr. Summers' direct testimony and his testimony at hearing. In addition, the PSC finds that the proposed costs referenced in the confidential direct testimony and attached exhibits of DEU

witness Mr. Gill, are within the statutory cap set forth in § 54-17-403(1)(c) of the Act and therefore qualify for inclusion in DEU's base rates, as confirmed by DPU witness Mr. Orton's direct written testimony and his testimony at hearing, and as further confirmed by all the signatories in the Settlement. The evidence also supports our finding that DEU's resource decision to build the Goshen/Elberta Infrastructure Facilities is in the public interest.

**b. Settlements**

As set forth in Utah Code Ann. § 54-7-1, settlements of matters before the PSC are encouraged at any stage of a proceeding. The PSC may adopt a settlement after considering the interests of the public and other affected persons, if the PSC finds it is in the public interest.

Having reviewed the Application, the written testimony, the testimony provided at hearing, and in the absence of any opposition to the Settlement, the evidence supports our finding that the Settlement is just and reasonable in result.

**4. ORDER**

Based on the findings of fact and conclusions of law we reference above, we approve the Settlement and the underlying resource decision.

DATED at Salt Lake City, Utah, August 17, 2021.

/s/ Yvonne R. Hogle  
Presiding Officer

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Approved and Confirmed August 17, 2021 as the Order of the Public Service  
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#319989

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.



CERTIFICATE OF SERVICE

I CERTIFY that on August 17, 2021, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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Administrative Assistant