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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO EXTEND SERVICE TO GREEN RIVER, UTAH</p>	<p>Docket No. 21-057-12</p> <p>REDACTED APPLICATION FOR APPROVAL OF A RURAL NATURAL GAS INFRASTRUCTURE DEVELOPMENT PROJECT TO EXTEND SERVICE TO GREEN RIVER, 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 Questar Gas Company dba Dominion Energy Utah’s (“Company,” “DEU,” or “Dominion Energy”) Utah Natural Gas Tariff No. 500 (“Tariff”), Dominion Energy respectfully requests that the Public Service Commission of Utah (“Commission”): (1) approve the Company’s decision to purchase existing facilities, pay to modify interconnect facilities associated with Northwest Pipeline (“NWP”), and construct natural gas infrastructure to extend service to Green River, Utah (Rural Infrastructure Decision); (2) approve the Company’s request for a Certificate of

Public Convenience and Necessity to serve Green River, Utah and the surrounding communities; (3) approve the Company's Conversion to Service Plan and discontinue the Hazardous Facilities Order issued on April 10, 2019 in Docket No. 18-2602-01 (the "HFO") and any other restrictions associated with the HFO; and (4) declare that Dominion Energy is not responsible to pay any fine associated with the HFO. The Company refers to the acquisition of existing facilities, the modification of existing interconnecting facilities at NWP, and the construction of facilities necessary for the Rural Infrastructure Decision, all of which is described in more detail herein and in the attached pre-filed testimony, collectively as the Rural Expansion Facilities.

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. 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. The residents and businesses of those communities could not alone afford 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 rural 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. This Application is the Company’s third application brought pursuant to that statute. The Commission approved the Company’s proposal to expand service to Eureka, Utah in Docket No. 19-057-31, and the Company’s application seeking approval to extend service to the communities of Goshen and Elberta, Utah is currently pending in Docket No. 21-057-06.

4. 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 could be served under the statute given the legislative, financial, and other relevant considerations. The process the Company followed in making its determination to seek approval to extend gas service to Green River 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 testifies, Green River was identified as a good candidate for natural gas service because it is in a unique position along I-70 and could see industrial and commercial growth if affordable energy sources were available. It can also be easily served by existing personnel in the Company’s Moab office. The Mayor of Green River, Travis Bacon, has represented that Green River desires gas service and supports advancing the opportunity. Indeed, Mayor Bacon represented to the Company that there is broad support in the community for natural gas service to Green River and that extending service to Green River will result in greater opportunities for growth and economic development.

5. The Company reached out to the citizens of Green River to confirm that there is broad support and enthusiasm for the expansion of natural gas service to Green River. Through a series of open houses, a survey, and other activities, the Company has confirmed that the residents of Green River are very supportive of natural gas service being extended to their community. Specifically, on April 14 and April 15, 2021, the Company held virtual open houses. Company personnel were present to discuss the prospective project, and to answer residents' questions. In addition, residents were asked to fill out a survey to gauge their interest in natural gas service in Green River. Survey results demonstrate that 96% of the respondents are interested in natural gas service. Only 4% of respondents are unsure, and only one of the respondents is not interested in gas service.

6. Given the Company's own analysis, and the responses from Green River's leadership and residents, the Company selected Green River as the third candidate to receive natural gas service under HB 422, and maintains that extending gas service to Green River would be just, reasonable, and in the public interest.

REQUEST FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

7. As described in greater detail below, the Company proposes to serve Green River, in part, by way of the purchase of an existing natural gas pipeline that interconnects with NWP. In addition, the Company proposes to extend that existing pipeline and to construct additional facilities necessary to provide gas service to Green River and adjacent communities.

8. Utah Code Ann. § 54-4-25 provides that "a gas corporation . . . may not establish, or begin construction or operation of a line, route, plant, or system or of any extension of a line, route, plant, or system, without having first obtained from the commission a certificate that present or future public convenience and necessity does or will require the construction." The statute further indicates that it "may not be construed to require any corporation to secure a certificate for an

extension . . . into territory, either within or without a city or town, contiguous to its line, plant, or system, that is not served by a public utility of like character . . .” *Id.*

9. Green River is located in the eastern-most section of Emery County near other communities that receive natural gas service from Dominion Energy. Nonetheless, the best way to provide service to Green River would be to extend service from an interconnect with NWP’s interstate pipeline and through an existing gathering pipeline that the Company would purchase if this Application is approved. While the proposed extension would serve an area adjacent to the Company’s existing natural gas system, the proposed extension may not be deemed to be “contiguous” with the Company’s existing facilities. Therefore, out of an abundance of caution, the Company respectfully requests a Certificate of Public Convenience and Necessity to serve Green River and surrounding areas as set forth in this Application and the supporting testimony.

10. There are no other natural gas utilities operating in the area. Therefore extending service to Green River, as proposed, will not interfere with any existing line, plant or system of any other public utility.

11. Dominion Energy is in the process of working with Mayor Bacon and the city of Green River to ensure that the Company obtains any franchise rights and permits it will need to serve the town.

THE PROPOSED RURAL EXPANSION FACILITIES

12. As discussed in more detail in the Company’s pre-filed testimony, Dominion Energy proposes to purchase an existing 21.2 mile 16” diameter pipeline that interconnects with NWP and construct approximately 17 miles of additionally 6” HP pipeline. The Company also proposes the construction of two district regulator stations, one on each side of the Green River. The Company also proposes to construct approximately 73,000 feet of IHP mains and approximately 24,000 feet of IHP service lines throughout Green River.

13. The Company obtained estimates from NWP in order to estimate the costs associated with modifying interconnect facilities, and the Company has negotiated a Purchase and Sale Agreement to acquire the existing natural gas pipeline that runs from NWP to a processing plant site near Ruby Ranch Road and Power Line Road (the “PEMC Pipeline”). Company personnel have prepared a detailed cost estimate for the High Pressure main, the IHP main system within the town of Green River, the required regulator stations, and the required service lines. Based on those estimates, the Rural Expansion Facilities are estimated to cost [REDACTED] million. As explained in detail in Mr. Messersmith’s direct testimony, the Company breakdown for the Rural Expansion Facilities is as follows:

Cost Item	Amount
NWP Interconnect Modification Costs	[REDACTED]
Purchase of PEMC pipeline and Required Modifications	[REDACTED]
HP Main Costs, Regulator Stations, Interconnect costs	[REDACTED]
IHP Main Costs [do we include regulator station costs here?]	[REDACTED]
Service Lines	[REDACTED]

This total estimated cost of the Rural Expansion Facilities equates to an annual bill impact for customers of \$2.77 or 0.39%. The Company proposes that this cost be allocated to all of its customers through the Rural Expansion Rate Adjustment Tracker pursuant to Section 9.02 of the Tariff.

REQUEST TO APPROVE THE CONVERSION TO SERVICE PLAN AND TO DISCONTINUE THE HFO AND ANY OTHER PIPELINE RESTRICTIONS

14. The Company has negotiated a Purchase and Sale Agreement for the purchase of the PEMC Pipeline. The closing on that purchase is contingent upon, among other things, the Commission's approval of this Application. Dominion Energy recognizes that the PEMC Pipeline is the subject of the HFO, a subsequent Notice of Hazardous Facility Order to Provide Confirmation of Compliance, and Action Request to the Division of Public Utilities issued on June 14, 2019 ("HFO Notice"), and other possible restrictions issued in connection with Docket No. 18-2602-01 ("PEMC Restrictions"). The HFO Notice specifically provides that, "[w]hile the HFO contained directives and penalties specific to PEMC, anyone who operates the Pipeline without successfully petitioning the PSC to discontinue the HFO could face new fines and penalties." (HFO Notice at 3.) Based on due diligence conducted prior to the execution of the Purchase and Sale Agreement and the Company's Conversion to Service Plan—which is detailed in the direct testimony of R. Scott Messersmith, attached hereto as DEU Confidential Exhibit 2.0, if this Application is approved, the PEMC Pipeline, and the Company's operation of that line, would be in compliance with all federal and state requirements, and the PEMC Restrictions would no longer be necessary.

15. Specifically, the HFO identified twelve violations by PEMC. As described in greater detail in Mr. Messersmith's testimony, the violations referenced in the HFO would either abate immediately upon closing of the purchase of the line because the Company's existing policies, procedures, employee training, and other operations that are already compliant with federal and state law, or would be fully resolved prior to or through the due diligence, investigation, and actions included in the Company's Conversion to Service Plan. Accordingly, the Company requests that the Commission approve the Company's Conversion to Service Plan and, if this Application is approved and the Company closes on the purchase of the PEMC Pipeline, discontinue all PEMC Restrictions, and vacate the HFO and the HFO Notice.

16. In addition, in the HFO, the Commission fined the operator of the PEMC Pipeline \$100,000.00. (HFO at 20.) The Company respectfully requests that the Commission issue a declaratory order indicating that Dominion Energy is not and will not be responsible to pay that fine.

17. Should the Commission decline to approve the Conversion to Service Plan and discontinue the HFO and the PEMC Restrictions, or issue the declaratory order requested, the Company would not construct the Rural Expansion Facilities, and it would not seek to extend natural gas service to Green River for the foreseeable future.

APPLICABLE STANDARD AND REQUEST FOR APPROVAL

18. The Company’s proposal satisfies 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 include “testimony and exhibits” which provide the categories of information set forth in Utah Admin. Code R746-440-1.

19. 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.

20. Dominion Energy's Application for pre-approval of the Rural Infrastructure Decision and the Rural Expansion Facilities fully complies with the requirements of the applicable statutes and regulations, and demonstrates that the rural gas infrastructure development project is in the public interest.

21. The Company's Application is supported by the pre-filed direct testimony of Austin C. Summers (Manager Regulation for Dominion Energy), the pre-filed direct testimony of R. Scott Messersmith (Manager Engineering for Dominion Energy), the pre-filed direct testimony of Jeff Bybee (Manager Region Operations for Dominion Energy), and the pre-filed direct testimony of Green River Mayor Travis Bacon, as well as other exhibits and materials accompanying their testimony.

22. Mr. Messersmith's pre-filed Direct Testimony, attached hereto as DEU Confidential Exhibit 2.0 and incorporated herein, describes the proposed rural gas infrastructure development project and the Rural Expansion Facilities.

23. Mr. Summers', Mr. Bybee's and Mayor Bacon's direct testimonies, which are incorporated herein and attached, respectively as DEU Confidential Exhibit 1.0, DEU Exhibit 3.0 and DEU Exhibit 4.0, demonstrate that the expansion of natural gas service to Green River, Utah will result in significant benefits to Green River residents with only a negligible conversion cost for Green River residents and a minimal impact on the Company's other customers. Green River'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. Further, residents of Green River will have the benefit of a more reliable energy source that is not dependent upon the availability of propane, wood, coal, and fuel oil. Those residents will also have the benefit of increased safety and Dominion Energy's workforce, who will provide support and respond to service needs and emergencies as it does elsewhere on its system.

24. Extension of the Company's natural gas distribution system to Green River will also provide greater opportunities for growth and economic development in and around Green River than are currently available. As Mayor Bacon testifies, Green River has not been considered for a number of economic development opportunities because of the lack of natural gas service.

25. In addition, Mr. Summers' testimony provides evidence of the revenues associated with the customer additions in Green River, as well as the impact that approval of the Rural Infrastructure Decision and the Rural Expansion Facilities will have on all Utah natural gas customers. As explained above, that impact for a typical natural gas customer using 80 Dth per year is minimal, at approximately \$2.77 per year.

26. 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**

27. 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, and residents of Green River 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. granting the Company a Certificate of Public Convenience and Necessity to serve Green River and surrounding areas;
 - ii. approving the Rural Infrastructure Decision and the Rural Infrastructure Facilities as described herein and in the Company's supporting testimony and exhibits;
 - iii. permitting the costs of the Rural Infrastructure Decision and the Rural Infrastructure Facilities to be recovered through the Rural Expansion Rate Adjustment Tracker as set forth in Section 9.02 of the Tariff;
 - iv. approving the Company's Conversion to Service;
 - v. discontinuing the HFO and the PEMC Restrictions as described herein; and
 - vi. declaring that Dominion Energy will not be responsible for the fine levied against the operator of the PEMC Pipeline in the HFO.

DATED this 5th day of August, 2021.

Respectfully submitted,



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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 PROJECT TO EXTEND SERVICE TO GREEN RIVER, UTAH was served upon the following persons by e-mail on August 5, 2021:

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/s/ Ginger Johnson _____