

–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–

**IN THE MATTER OF DOMINION ENERGY UTAH
TO EXTEND SERVICE TO GREEN RIVER UTAH**

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**DOCKET No. 21-057-12
Exhibit No. DPU 1.0 DIR**

REDACTED

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Russell Cazier

October 29, 2021

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1 **INTRODUCTION**

2 **Q: PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

3 A: My name is Russell Cazier. I am a Utility Analyst for the Division of Public Utilities
4 (Division). My business address is 160 East 300 South, Salt Lake City, Utah 84111.

5 **Q: ON WHOSE BEHALF ARE YOU TESTIFYING?**

6 A: The Division.

7 **Q: PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
8 **EXPERIENCE.**

9 A: I have a bachelor's degree in Finance and Business Administration from Weber State
10 University. Prior to joining the Division this year, I worked as a financial analyst for the
11 State of Utah focusing on th mining and utility industries. I have attended regulatory and
12 industry courses, seminars, conferences, and trainings.

13 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE**
14 **COMMISSION OF UTAH (COMMISSION)**

15 A: Yes. I was recently the witness for the Division in three Dominion Energy Utah
16 (Dominion or Company) Docket Nos. 21-057-17, 21-057-20, and 21-057-23.

17 **Q: WERE YOU THE DIVISION'S WITNESS FOR ANY OF DOMINION'S RECENT**
18 **APPLICATIONS TO EXTEND NATURAL GAS DISTRIBUTION SERVICE**
19 **INTO RURAL UTAH AREAS?**

20 A: No. I was not the primary witness for those dockets. However, I am generally familiar
21 with specifics in the Eureka, and the Elberta and Goshen dockets.

22 **Q: IS THIS APPLICATION SIMILAR TO DOMINION’S 2019 APPLICATION TO**
23 **EXTEND NATURAL GAS SERVICE TO EUREKA IN DOCKET NO. 19-057-32**
24 **AND DOMINION’S 2021 APPLICATION TO EXTEND NATURAL GAS**
25 **SERVICE TO ELBERTA AND GOSHEN IN DOCKET NO. 21-057-06?**

26 A: Yes, each docket has a core of similarities. However, this docket differs from the
27 previous dockets in important ways. The Company is seeking a Certificate of
28 Convenience and Necessity (CPCN) here, which it did also in the Eureka docket, but did
29 not in the Elberta and Goshen Docket. And, for the first time, the Company is using a
30 relatively new part of the Voluntary Resource Decision Statute as the Company is
31 seeking to acquire existing natural gas facilities. It is my understanding the Eureka, and
32 Elberta and Goshen projects did not have any full or partial existing pipelines to consider
33 as purchase alternatives to new construction in their respective dockets.

34 **SCOPE OF TESTIMONY**

35 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

36 A: The purpose of my testimony is to provide information, analysis, and the Division’s
37 position to the Commission regarding Dominion’s Application to extend natural gas
38 distribution service to Green River, Utah. I address all the requests in the Application
39 other than what pertains to pipeline safety.

40 I present the Division’s review, analysis, conclusions, and recommendations concerning
41 the Company’s request for a CPCN. In addition, I also discuss the Division’s review,
42 analysis, conclusions, and recommendations concerning Dominion’s request for approval
43 of the Rural Infrastructure Decision and the Rural Infrastructure Facilities. Finally, I
44 share the Division’s review, analysis, conclusions, and recommendations concerning
45 Dominion’s request that the Commission permit use of the Rural Expansion Rate
46 Adjustment Tracker to recover the costs of the Rural Infrastructure Decision and the
47 Rural Infrastructure Facilities.

48 Mr. Jimmy Betham from the Utah Pipeline Safety Section of the Division will provide
49 testimony concerning pipeline safety related considerations involved with what is
50 commonly called the PEMC Pipeline in his direct testimony, DPU Exhibit 2.0.

51 **Q: PLEASE BRIEFLY DESCRIBE THE ACTIVITIES YOU UNDERTOOK IN THIS**
52 **DOCKET.**

53 A: I have independently read the application and its associated testimonies, reviewed the
54 exhibits, and made data requests for additional evidence and explanation. I've also looked
55 at applicable statutes to understand the requirements. Collaboratively, I've discussed and
56 reviewed items within this Docket with Company representatives as well as some of my
57 coworkers and management also involved with this Docket. I have also reviewed the
58 Eureka, and Elberta and Goshen Rural Infrastructure filings and orders.

59 **Q: PLEASE PROVIDE A SUMMARY OF YOUR CONCLUSIONS AND**
60 **RECOMMENDATIONS.**

61 A: I've concluded from my review, findings, and understanding of this Application that the
62 Company has generally satisfied the necessary requirements under the applicable statutes
63 and the Commission's rules pertaining to the Company's request for a CPCN. I Find,
64 however, that the public convenience and interests will be best served if the CPCN
65 contains certain conditions. I recommend that the Commission issue a conditional CPCN
66 adopting the Division's recommendations I discuss below.

67 I conducted a similar analysis with concerning the Company's request for approval of the
68 Rural Infrastructure Decision and the Rural Infrastructure Facilities. I recommend that the
69 Commission grant this request and approve the Application in this regard. Finally, I
70 performed a similar analysis concerning the Company's request that it be permitted to
71 recover the costs of the Rural Infrastructure Decision and the Rural Infrastructure
72 Facilities through the statutorily permitted Rural Rate Tracker. I recommend that the
73 Commission also approve this request.

74 **ANALYSIS**

75 **A. COMPLIANCE WITH FILING REQUIREMENTS**

76 **Q: DOES THIS APPLICATION COMPLY WITH THE FILING REQUIREMENTS**
77 **FOUND IN THE VOLUNTARY REQUEST SECTION CONCERNING UTILITY**
78 **EXPANSION TO RURAL UTAH?**

79 A: Yes. The Voluntary Request for Resource Decision Review, set forth in Utah Code § 54-
80 17-401, 402, and 403 permits Dominion to seek approval to expand to unserved rural
81 communities and to seek cost recovery through process. I have verified that the
82 Company’s filing satisfies the statutory requirements of this statute and the associated
83 regulations set forth in Utah Admin. Code § R746-440-1. Green River is currently an
84 unserved rural community. I address the Company’s specific questions for a CPCN and
85 other approvals below.

86 **B. REQUEST FOR A CPCN**

87 **Q: WHAT STATUTE GOVERNS THE ISSUANCE OF A CPCN?**

88 A: Utah Code § 54-4-25 details the requirements and issuance of a CPCN.

89 **Q: WHAT MUST BE SHOWN FOR A CPCN TO BE ISSUED?**

90 A: The Company needs to provide information regarding the proposed expansion line route,
91 line size, placement of existing facilities, and placement of new facilities to be
92 constructed. The Company also needs to file a statement that “any proposed line, plant, or
93 system will not conflict with or adversely affect the operations of any existing certificated
94 fixed public utility which supplies the same product or service to the public and that it
95 will not constitute an extension into the territory certificated to the existing public
96 utility”¹ Company witness Austin C. Summers discusses the proximity of the new and

¹ Utah Code Ann. § 54-4-25.

97 acquired facilities to Moab, where it serves, and whether or not a CPCN is needed given
98 that proximity.²

99 **Q: DOES THE CPCN STATUTE SET FORTH OTHER REQUIREMENTS THAT**
100 **MUST BE SATISFIED FOR A CPCN TO BE ISSUED?**

101 A: Yes. The statute contains other requirements which I do not address explicitly here.

102 **Q: THE NEXT QUESTION SEEMS TO PERTAIN TO BOTH THE REQUEST FOR**
103 **A CPCN AND THE REQUEST FOR APPROVAL UNDER THE VOLUNTARY**
104 **STATUTE. WHY DID DOMINION DECIDE TO APPLY UNDER THESE**
105 **STATUTES TO BRING NATURAL GAS TO GREEN RIVER?**

106 A: There are several reasons. Green River is an unserved rural area wanting natural gas
107 service. It is isolated in the southeastern most portion of Emery County and has adjacent
108 communities that receive natural gas service from the Company.³ Mr. Summers
109 testimony provides additional reasons.

110 **Q: WHAT IS THE DIVISION'S CONCLUSION REGARDING THE CPCN**
111 **REQUEST?**

112 A: The Division's analysis concluded that the Company has largely satisfied the statutory
113 requirements for its requested CPCN, but that CPCN should be issued with conditions.

114 **Q: PLEASE DETAIL THE DIVISION'S RECOMMENDED CONDITIONS.**

115 A: The Division recommends that Dominion be required to obtain and file copies of the
116 franchise agreements, permits, and the like for Green River including the outstanding
117 items mentioned in Mr. Summers testimony.

² See the Company witness Austin C. Summers direct testimony at lines 114-119

³ See the Company witness Austin C. Summers direct testimony at lines 109-119.

118 **C. REQUEST FOR APPROVAL OF THE RURAL INFRASTRUCTURE DECISION**
119 **AND THE RURAL INFRASTRUCTURE FACILITIES**

120 **Q: PLEASE TELL US ABOUT THIS PART OF THE APPLICATION.**

121 A: In 2018, by way of House Bill 422, the Utah State Legislature amended existing law to
122 allow gas service to be extended to rural communities in Utah by having all customers
123 share the costs associated with the system expansion.⁴ Commission Rule R746-440-1(g)
124 requires that the Company perform an analysis of the estimated effect that a resource
125 decision will have on the utility's revenue requirement to ensure it does not increase
126 beyond the level permitted by statute as a result of making the required capital
127 expenditures. Utah Code § 54-17-403(1)(c) provides that Rural Gas Infrastructure
128 Development costs may be included in base rates if two conditions are satisfied. I discuss
129 these later.

130 **Q: WHAT STATUTE APPLIES TO THE REQUEST FOR APPROVAL?**

131 A: Utah Code § 54-17-401 et seq.

132 **Q: PLEASE TELL US MORE ABOUT HOW THE COMPANY PROPOSES TO**
133 **SERVE GREEN RIVER.**

134 A: The Company seeks to purchase an existing interconnect and 21.2-mile portion of pipe,
135 sometimes referred to as the "PEMC Pipeline". Additionally, the Company also seeks to
136 pay Northwest Pipeline (NWP) to reverse the configuration of the interconnect with the
137 PEMC Pipeline. This modification reverses the direction of gas flow in interconnect so
138 that the PEMC Pipeline receives gas from the NWP instead of delivering gas into the
139 NWP. Additionally, the Company seeks to newly construct an additional 17 miles of six-
140 inch high pressure (HP) pipe, two regulator stations, and approximately 73,000 feet of

⁴ See the Company witness Austin C. Summers direct testimony at lines 135-146.

141 intermediate high pressure (IHP) plastic main pipe, and approximately 24,000 feet of IHP
142 plastic service lines.

143 In doing so the Company will have a sufficient infrastructure to provide gas to Green
144 River from the NWP. Dominion is already transporting gas on NWP from existing
145 resources using contracts to serve the nearby communities of Moab and Monticello, Utah
146 with interconnects close to those communities.⁵

147 **Q: PLEASE TELL US MORE ABOUT THE PEMC PIPELINE THE COMPANY**
148 **PROPOSES TO ACQUIRE.**

149 A: It is a 16” steel pipe running from Pacific Energy & Mining Company’s processing plant
150 near the intersection of Ruby Ranch Road and Power Line Road to the interconnect tap of
151 NWP which is located near the south side of the Archview RV Resort & Campground
152 northwest of Moab.⁶ Because the PEMC Pipeline is routed Northwest into a gathering
153 field in Southeast Emery County Utah, it is very well located to serve as a part of the
154 infrastructure route between Green River and Moab. If the Company were to construct its
155 own line from Moab it would need to be in the same easement grant from the Bureau of
156 Land Management (BLM).

157 **Q: WHAT IS THE STATUS OF THE ACQUISITION?**

158 A: Dominion has negotiated a Purchase and Sales Agreement to acquire a 21.2-mile portion
159 of pipeline and its interconnect to the NWP from Pacific Energy & Mining Company
160 (PEMC) for the price of \$ [REDACTED]. Additionally, the agreement specifies Dominion pay
161 \$ [REDACTED] to Williams Companies, the owner/operator of the NWP, for a “turnaround”
162 reconfiguration of the interconnect. This change will allow gas to flow from NWP into
163 the PEMC Pipeline instead of the opposite. In total, Dominion will pay \$ [REDACTED] for

⁵ See the Company witness R. Scott Messersmith’s direct testimony at lines 131-134.

⁶ See the Company exhibit 2.07 – Notice of Hazardous Facility Order paragraph 1.

164 the 21.2 miles of pipeline and its interconnect to the NWP. The project costs to construct
165 a similar segment of pipe at 8” diameter would exceed \$ [REDACTED]

166 **Q: ARE THERE OTHER FACILITIES FOR WHICH DOMINION SEEKS**
167 **APPROVAL THROUGH THIS APPLICATION?**

168 A: Yes. In addition to the purchase of the PEMC Pipeline, the Company will need to
169 construct an additional 17 miles of HP feeder main and two regulator stations to service
170 Green River. The 17-mile segment and two regulator stations will cost \$ [REDACTED] In
171 total, the cost to purchase the PEMC pipeline and construct the additional length amounts
172 to a cost of \$ [REDACTED] The Company will also install IHP main lines and IHP service
173 lines which are estimated to cost \$ [REDACTED] In total, the project costs will be \$ [REDACTED]
174 [REDACTED] The Company seeks approval of these facilities.

175 **Q: DID THE COMPANY EXPLORE ALTERNATIVES TO ITS RURAL**
176 **INFRASTRUCTURE DECISION AND RURAL INFRASTRUCTURE**
177 **FACILITIES? IF SO, PLEASE BRIEFLY DESCRIBE THOSE ALTERNATIVES,**
178 **INCLUDING COST INFORMATION.**

179 A: Yes. The Company closely considered three other alternatives. Each alternative option is
180 more costly and difficult. One alternative was a completely new build, of constructing an
181 interconnect north of Moab on the NWP and routing it underground for the same
182 approximate 40-mile route to Green River. Company estimates that it will cost
183 approximately \$ [REDACTED] for the Company to acquire the PEMC Pipeline. The
184 Company’s estimates costs exceeding \$ [REDACTED] otherwise to construct new the
185 equivalent 21.2 miles and interconnect with six-inch plastic HP main and an interconnect
186 on NWP. Another option was to construct a 50-mile route of 6” HP main underground
187 from the nearest point of system connection in Price, Utah. That price estimate exceeded
188 that of the previously mentioned option. The other alternative option was to construct a
189 satellite LNG System in Green River, modify the Magna LNG plant for truck loadouts,

190 and transport product to Green River thereafter by truck. The LNG would have
191 significant operation and maintenance costs unrelated to a pipe infrastructure.

192 **Q: WHAT DID YOU CONCLUDE AFTER REVIEWING THE ALTERNATIVES**
193 **AND THEIR COSTS?**

194 A: For the Company to construct a satellite LNG facility in Green River as a substitute to a
195 HP main would cost at least \$ [REDACTED] Further considerations would remain
196 pertaining to the costs to modify the Magna LNG facility, and the significant operational
197 and maintenance costs of trucking. This eliminates any advantage this alternative might
198 have.

199 **Q: UTAH CODE SECTION 54-17-402 REQUIRES THE COMMISSION TO**
200 **CONSIDER THE CRITERIA SPECIFIED THEREIN, INCLUDING**
201 **DETERMINING IF GRANTING THE APPLICATION WOULD BE IN THE**
202 **PUBLIC INTEREST. HAVE YOU ANALYZED THE INFORMATION**
203 **PRESENTED BY DOMINON AND OTHERS IN LIGHT OF THESE**
204 **STATUTORY REQUIREMENTS?**

205 A: Yes. My analysis included evidentiary requirements, project plans, public surveys and
206 outreach results, population and economic growth, geography, alternative energy sources,
207 energy costs, potential customer base in outlined area of service, environmental impacts,
208 route planning, agreements and permits all in consideration to extending natural gas
209 service to Green River.

210 **Q: DOES THE DIVISION HAVE ANY CONCERNS REGARDING DOMINION**
211 **EXTENDING SERVICE TO GREEN RIVER?**

212 A: Yes. Public safety is always a primary concern. As residential and business customers
213 switch to this energy source, they will need to purchase new equipment or convert the
214 appliances in homes and business from propane to natural gas. The Division

215 acknowledges this can be a safety concern if improperly conducted. Thus, the Division
216 recommends only qualified individuals be allowed to perform the work and complete the
217 necessary inspections for each home and business. Other concerns include proper and
218 timely removal and disposal of current fuel sources by qualified individuals.

219 **Q: UTAH CODE SECTION 54-17-402 PERMITS THE COMMISSION TO SPREAD**
220 **COSTS TO THE LARGER CUSTOMER BASE IF IT IS FOUND TO BE IN THE**
221 **PUBLIC INTEREST. DOES THE DIVISION SUPPORT THIS?**

222 A: Yes.

223 **Q: IS IT THE DIVISION'S RECOMMENDATION THAT THE COMMISSION**
224 **APPROVE THE RURAL INFRASTRUCTURE DECISION AND THE RURAL**
225 **INFRASTRUCTURE FACILITIES? AND, IF SO, FOR AN AMOUNT CERTAIN?**

226 A: Yes, the Division supports the expansion of natural gas service into rural Utah
227 communities and recommends the Commission grant conditional approval of the decision
228 and the facilities and allow cost recovery in the amount of \$ [REDACTED]

229 **Q: WHAT ARE THE CONDITIONS THE DIVISION RECOMMENDS?**

230 A: First, Dominion should work closely with the local officials in Green River to help the
231 transition to using natural gas be as safe as possible for the residents and businesses.
232 Second, Dominion should file with the Commission copies of its franchise agreement
233 with Green River. Third, Dominion should contain its costs under the projected budget as
234 filed or request Commission approval prior to incurring any increased costs. The
235 Commission should include these conditions in its order.

236 **D. REQUEST TO PERMIT THE USE OF THE RURAL EXPANSION RATE**
237 **ADJUSTMENT TRACKER TO RECOVER THE COSTS OF THE RURAL**
238 **INFRASTRUCTURE DECISION AND THE RURAL INFRASTRUCTURE**
239 **FACILITIES**

240 **Q: WHAT STATUTE SPECIFICALLY GOVERNS COST RECOVERY FOR**
241 **VOLUNTARY RESOURCE DECISIONS?**

242 A: Utah Code § 54-17-403 et seq. governs cost recovery.

243 **Q: HOW DOES THE COMPANY PROPOSE TO RECOVER THE COSTS OF THE**
244 **RURAL INFRASTRUCTURE DECISION AND THE RURAL**
245 **INFRASTRUCTURE FACILITIES?**

246 A: The Company proposes to recover all the costs associated with the infrastructure
247 expansion to Green River as it did with the Eureka infrastructure expansion and plans to
248 do with the Elberta and Goshen infrastructure expansion. The costs will include the
249 purchasing of the existing PEMC Pipeline, modifying the NWP interconnect,
250 constructing the new portion main and all the new service lines, and all other associated
251 project costs.⁷ The Company seeks to spread these costs among the greater customer
252 base. The Company seeks approval to recover these costs through Utah Code § 54-17-
253 403.

254 **Q: COULD YOU PLEASE BRIEFLY DESCRIBE YOUR ANALYSIS REGARDING**
255 **COST RECOVERY?**

256 A: Yes. I reviewed the filings and the statute and conducted and participated in other related
257 analytical activities, I also reviewed the Commission's orders in the Eureka, and the
258 Elberta and Goshen dockets.

⁷ See the Company witness Austin C. Summers direct testimony at lines 321-330.

259 **Q: WHAT ARE THE DIVISION'S CONCLUSIONS AND RECOMMENDATIONS,**
260 **IF ANY, REGARDING THE COMPANY'S PROPOSED COST RECOVERY FOR**
261 **THE RURAL INFRASTRUCTURE FACILITIES?**

262 A: The Division concludes that conditioned cost recovery should be allowed via Utah Code
263 § 54-17-403 for costs in the amount of \$ [REDACTED] subject to the limitations set forth in
264 this and other applicable statutes.

265 **SUMMARY**

266 **Q: PLEASE SUMMARIZE THE DIVISION'S RECOMMENDATIONS.**

267 A: In summary

- 268 a. The Division recommends that the Commission grant the CPCN as conditioned
269 above;
- 270 b. The Division recommends that the Commission approve the Rural Infrastructure
271 Decision and the Rural Infrastructure Facilities in the amount of \$ [REDACTED] and as
272 conditioned above. The Division also recommends that these costs be spread among
273 the greater customer base;
- 274 c. The Division recommends that the Commission approve cost recovery via Utah Code
275 § 54-17-403 in the amount of \$ [REDACTED] and that those costs be included in base
276 rates as permitted by that statute; and
- 277 d. The Division recommends that the Commission approve the Company's requests
278 related to pipeline safety as specified and conditioned in Mr. Betham's testimony.

279 **CONCLUSION**

280 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

281 A: Yes.