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dba Dominion Energy Utah*

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO EXTEND SERVICE TO GREEN RIVER, UTAH | Docket No. 21-057-12 REQUEST FOR REVIEW AND CONSIDERATION OF A NOTICE TO PROCEED |
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Pursuant to Utah Code Ann. §§ 54-17-404, Utah Admin. Code R746-440-3, the Settlement Stipulation filed on December 10, 2021 in this docket (the “Settlement Stipulation”), and the Order Approving Settlement Stipulation, issued on January 19, 2022 in this docket (“Order”), Questar Gas Company dba Dominion Energy Utah (“Company,” “DEU,” or “Dominion Energy”) respectfully requests that the Public Service Commission of Utah (“Commission”) review and consider certain changes in projected costs associated with the project previously approved in this docket (“the Green River Expansion Project”) and approve the cost increases set forth in this Request for Review and Consideration of a Notice to Process (“Request”) and the supporting testimony, and issue a Notice to Proceed with this approved resource decision.

1. On June 11, 2021, DEU filed an Application in this docket, requesting Commission approval to expand its natural gas system extend service to Green River, Utah, pursuant to Utah Code Ann. §§ 54-17-401 *et seq.*

2. At that time, the Company estimated that the costs associated with the project would be \$33.7 million. The Utah Division of Public Utilities (“Division”) participated in the docket.

3. On December 10, 2021, the Company and the Division submitted the Settlement Stipulation to the Commission. The Settlement Stipulation provided, among other things, that the Company should be authorized to proceed with the Green River Expansion Project, and to recover the costs as estimated in the Application through the Rural Expansion Rate Adjustment Tracker. Settlement Stipulation at ¶¶ 6 through 14. The Settlement Stipulation also provided, “that, should the costs of the [Green River Expansion Project] exceed the cost estimates provided in the pre-filed direct testimony of R. Scott Messersmith, the Company will seek Commission Approval of any excess costs prior to including those costs in the Rural Expansion Rate Adjustment Tracker.” *Id.* at ¶ 13.

4. The Commission approved the Settlement Stipulation on January 19, 2022.

5. Since that time, and due to inflationary pressures on material prices and labor, and other factors beyond the Company’s control, the Company has become aware that the estimated costs associated with the project are no longer sufficient to complete the project as previously anticipated. As more specifically set forth in the Notice to Proceed Direct Testimony of Michael L. Gill, attached hereto as DEU Exhibit 6.0 and incorporated herein by this reference, costs associated with the Green River Expansion Project have risen for reasons that were neither foreseeable nor within the Company’s control. Dominion Energy now anticipates that the Green River Expansion Project costs have increased by approximately \$11 million, for a total project cost of \$44.3 million. Despite this

increase, the project still qualifies under applicable law and completion of the project is still in the best interests of customers.

APPLICABLE STANDARD AND REQUEST FOR APPROVAL

6. Issuance of a Notice to Proceed is warranted because the change in costs satisfies the applicable legal standards set forth in Utah Code Ann. § 54-17-404 and Utah Admin Code R746-40-3.

7. Under Utah Code Ann. § 54-17-404(1)(b) provides: “In making a determination under this Subsection (1), the Commission shall use the standards identified in subsection 54-17-402(3)(b).” Utah Code Ann. § 54-17-402(3)(b)(ii) provides that, in determining whether a request is in the public interest, the Commission should consider the following factors:

- (a) the potential benefits to previously unserved rural areas;
- (b) the potential number of new customers;
- (c) natural gas consumption; and
- (d) revenues, costs, and other factors determined by the Commission to be relevant.

8. Utah Admin. Code R746-440-3 further provides that, when a utility seeks Commission review and determination for a notice to proceed, it must submit exhibits and testimony which provide:

- (a) An explanation of the nature and cause of the change in circumstances or projected costs, including how the Energy utility became aware of the change in circumstances or projected cost and any action it has taken,
- (b) An explanation of why an Order to Proceed is or is not, in the Energy utility’s view, the proper response to the changed circumstances,
- (c) The Energy utility’s updated projections regarding the impact of the changed circumstances or projected costs on the timing, cost and other aspects of the approved Resource decision,
- (d) The costs incurred to date in connection with the Resource decision,
- (e) The Energy utility’s updated projections of any unavoidable costs if the approved Resource decision is not pursued to completion, and

(f) Major proposed contracts or contract amendments, if any, to be used in the event of an Order to Proceed.

9. This Request and the supporting testimony fully complies with the requirements of the applicable statutes and regulations, and demonstrates that the issuance of a Notice to Proceed with the construction of the Green River Expansion Project is in the public interest. DEU Exhibit 5.01 sets forth where, in the accompanying testimony and exhibits, evidence satisfying each requirement may be found.

10. The Company's Request is supported by the pre-filed direct testimony of Austin C. Summers (Manager Regulation for Dominion Energy), and the pre-filed direct testimony of Michael L. Gill (Director Engineering Project Management for Dominion Energy), as well as other exhibits and materials accompanying their testimony.

11. In their testimonies, Mr. Summers and Mr. Gill explain the nature and cause of the change in projected costs, and how Dominion Energy became aware of the change. They also explain why an Order to Proceed is the proper response and how the extension of the Company's natural gas distribution system to Green River continues to provide the customer benefits described in the Application and accompanying testimony previously submitted in this docket.

12. In addition, Mr. Summers' testimony provides evidence of the revenues associated with the customer additions in Green River, as well as the impact that issuance of a Notice to Proceed and the Green River Expansion Project will have on all Utah natural gas customers. That impact for a typical natural gas customer using 70 Dth per year is minimal, at approximately \$2.77 per year.

13. Mr. Gill's testimony contains updated projections related to the anticipated increase in costs, the costs incurred to date in connection with the Green River Expansion Project, and an estimate of unavoidable costs should the Commission decline to issue a Notice to Proceed. Mr. Gill's testimony also describes the major contracts and contract amendments associated with the continued

implementation of the Green River Expansion Project, and information demonstrating that the increased costs will not have a material impact on the timing of implementation of the project.

REQUEST FOR RELIEF

WHEREFORE, based upon the Company's Request and the supporting testimony and exhibits, and pursuant to Utah Code Ann. § 54-17-403 and Utah Admin. Code R746-440-3, Dominion Energy respectfully requests that the Commission issue a Notice to Proceed, in accordance with its authority, rules and procedure.

DATED this 14th day of April, 2023.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the **REQUEST FOR REVIEW AND CONSIDERATION FOR A NOTICE TO PROCEED** was served upon the following persons by e-mail on April 14, 2023:

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