

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF DOMINION ENERGY UTAH TO
EXTEND GAS SERVICE TO GREEN
RIVER, UTAH

Docket No. 21-057-12

DIRECT TESTIMONY OF
AUSTIN C. SUMMERS
FOR
DOMINION ENERGY UTAH

April 14, 2023

DEU Exhibit 5.0

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. Austin C. Summers, 333 South State Street, Salt Lake City, Utah 84111.

4 **Q. Did you previously file testimony in this docket?**

5 A. Yes. I submitted direct and rebuttal testimony on behalf of Questar Gas Company dba
6 Dominion Energy Utah (“DEU”, “Dominion Energy” or “Company”) in this proceeding.

7 **Q. You have attached exhibits DEU Exhibit 5.0 through 5.03. Were these documents**
8 **prepared by you or under your direction?**

9 A. Yes, unless otherwise stated. Where otherwise stated, my exhibits are true and correct copies
10 of the documents they purport to be.

11 **Q. What is the Company proposing in its Request for Review and Determination in this**
12 **Docket?**

13 A. In its Order Approving Settlement Stipulation issued on January 19, 2022 within this docket
14 (“Order”), the Utah Public Service Commission (“Commission”) approved the Company’s
15 proposal to extend natural gas service to Green River, Utah. Since that time, the Company
16 has determined that there will be a change in the projected costs of the project. Accordingly,
17 the Company is now requesting that the Commission issue an order to proceed with
18 implementation of the approved resource decision according to Utah Code Ann § 54-17-404
19 (“Order to Proceed”) and approve the Company’s recovery of the increased costs to complete
20 the project.

21 **Q. What is the purpose of your testimony?**

22 A. I review the requirements of the applicable statutes and the Commission’s Order, under
23 which the Company is requesting the Commission’s review and determination. I also review
24 the revenue requirement calculations, the statutory spending caps for rural expansion
25 projects, and I verify that the Company can still complete its current rural expansion projects

26 within these limitations. I also demonstrate that, notwithstanding the cost increase, the
27 customers in Green River will still benefit by converting to natural gas.

28 **Q. Please introduce the other witness for the Company in this Docket.**

29 A. Michael L. Gill, DEU Director of Engineering, is responsible for managing the Company's
30 Engineering Department with primary responsibility for the design, construction, and
31 mapping of the capital infrastructure projects for the Company's HP and IHP distribution
32 systems. Mr. Gill offers testimony describing the change in projected costs for the Green
33 River project, the reasons for those changes, and how the Company proposes to complete the
34 project. Mr. Gill also discusses the costs incurred to date on the project and provides
35 additional evidence that proceeding with the project continues to be in the public interest.
36 Mr. Gill's testimony and supporting materials are contained in DEU Exhibits 6.0 through
37 6.05.

38 **II. STATUTORY AND REGULATORY REQUIREMENTS**

39 **Q. Why is the Company seeking an Order to Proceed?**

40 A. Utah Code Ann § 54-17-404(1)(a) provides, "In the event of a change in circumstances or
41 projected costs, an energy utility may seek a commission review and determination of
42 whether the energy utility should proceed with the implementation of an approved resource
43 decision." The Company expects a material change in the projected costs of the Green River
44 project and, pursuant to the statutory provision quoted above, the Company now seeks a
45 Commission determination that the Company should complete the project and approval of
46 the increased project costs.

47 **Q. Please describe the requirements for an Order to Proceed.**

48 A. In reviewing an application for an Order to Proceed, the Commission assesses whether
49 approval is in the public interest, taking into consideration: (a) the potential benefits to
50 previously unserved rural areas; (b) the potential number of new customers; (c) natural gas

51 consumption; and (d) revenues, costs, and other factors determined by the Commission to be
52 relevant. *See* Utah Code Ann. § 54-17-402(3)(b)(ii).

53 **Q. What are the filing requirements for approval of an Order to Proceed?**

54 A. Utah Admin. Code § R746-440-3 provides the filing requirements for an Order to Proceed.
55 These requirements include: (a) an explanation of the nature and cause of the change in
56 circumstances or projected costs, including how the Company became aware of the change
57 in circumstances or projected cost and any action it has taken; (b) an explanation of why an
58 Order to Proceed is or is not, in the Company's view, the proper response to the changed
59 circumstances; (c) the Company's updated projections regarding the impact of the changed
60 circumstances or projected costs on the timing, cost and other aspects of the approved
61 resource decision; (d) the costs incurred to date in connection with the resource decision, (e)
62 the Company's updated projections of any unavoidable costs if the approved resource
63 decision is not pursued to completion; and (f) major proposed contracts or contract
64 amendments, if any, to be used in the event of an Order to Proceed.

65 **Q. Has the Company provided evidence relating to each of these requirements?**

66 A. Yes. I have attached as DEU Exhibit 5.01 a summary of the statutory and regulatory
67 requirements and identified where in the Application, the Request for Review, and
68 accompanying testimony and exhibits the Company has provided evidence satisfying each
69 requirement.

70 As DEU Exhibit 5.01 shows, the Company has addressed each of these requirements in its
71 direct testimony and accompanying exhibits. The Request for Review and Determination in
72 this matter, along with my direct testimony and the direct testimony of Mr. Gill, provide the
73 evidence required to show that the issuance of an Order to Proceed is just, reasonable, and in
74 the public interest.

75 **Q. Is an Order to Proceed the proper response to the changes in costs?**

76 A. Yes. The extension to Green River still provides the benefits discussed by the witnesses in
77 the original Application. The Company has also spent more than \$12 million on the project
78 to date, and there will be an additional \$11 million of unavoidable costs through May 30,
79 2023, if the Green River expansion is not pursued to completion. As discussed in more
80 detail by Mr. Gill, the Company's analysis shows that this is still the lowest-cost option to
81 provide natural gas service to Green River.

82 **III. REVENUE REQUIREMENT IMPACT**

83 **Q. Have you prepared an updated calculation of the revenue requirement for the Green**
84 **River expansion project?**

85 A. Yes. A detailed revenue requirement calculation is shown in DEU Exhibit 5.02, which is
86 attached to my testimony.

87 **Q. Why does this analysis need to be performed in a request for an Order to Proceed?**

88 A. The analysis needs to be performed to ensure that the Company's revenue requirement does
89 not increase beyond the level permitted by statute as a result of making the required capital
90 expenditures. Utah Code § 54-17-403(1)(c) provides that Rural Gas Infrastructure
91 Development costs may be included in base rates if two conditions are satisfied. First, the
92 inclusion of those costs will not increase the base distribution non-gas revenue requirement
93 by more than 2% in any three-year period. Second, the distribution non-gas revenue
94 requirement increase related to the infrastructure development costs does not exceed 5% in
95 the aggregate. The applicable distribution non-gas revenue requirement is the annual
96 revenue requirement determined in the Company's most recent general rate case.

97 **Q. Does the change in capital spending for the Green River project keep the revenue**
98 **requirement below the cap?**

99 A. Yes. The distribution non-gas revenue requirement approved in Docket No. 22-057-03 is
100 \$481,158,558. Two percent of that amount is \$9,623,171, which is therefore the dollar limit
101 of revenue requirement increase permitted in any three-year period. The 2% or \$9.6 million
102 of revenue requirement corresponds to about \$88.7 million of capital spend. The \$88.7
103 million is, therefore, the amount the statute would permit the Company to spend over the
104 course of three years. The 5% aggregate cap is calculated to be \$221.6 million due to the
105 most recent general rate case. DEU Exhibit 5.03 shows the calculation of the 2% cap.

106 **Q. How much has the Company spent toward these caps so far?**

107 A. The Company has spent money on three expansion projects that fall in the three-year time
108 frame. The table below shows the original estimates and the updated estimates for each of
109 the projects that are currently being built. The total investment of these three projects is
110 about \$10 million below the 2% cap. The costs of these projects are also, collectively, below
111 the aggregate spending cap of \$221.6 million.

Original Estimates			
	Main	SL	Total
Eureka	21,521,000	746,000	22,267,000
Goshen	12,095,948	1,201,224	13,297,172
Green River	32,031,834	1,633,071	33,664,905
	65,648,782	3,580,295	69,229,077

Updated Estimates			
	Main	SL	Total
Eureka	21,521,000	1,646,000	23,167,000
Goshen	12,095,948	1,201,224	13,297,172
Green River	40,178,274	3,023,705	43,201,979
	73,795,222	5,870,929	79,666,151

112

113 In addition to the changes in the Green River estimates, Eureka is expected to cost about
114 \$900,000 more than originally planned. The Company is preparing a Request for Review
115 and Determination seeking an Order to Proceed for the Eureka project and anticipates filing

116 that request in May of 2023. The expansion projects to Goshen and Elberta, Utah are
117 expected to cost roughly the amount originally forecasted.

118 **Q. If the Commission issues a Notice to Proceed in this matter, what will the impact be for**
119 **a typical customer?**

120 A. I have calculated illustrative rates that would be charged to existing customers, including
121 those in Green River, if the Commission issues a Notice to Proceed in this matter. These
122 illustrative rates are calculated in DEU Exhibit 5.02 on page 3. The actual rates will not
123 change until construction is completed and the Company files an application to include the
124 investment in the Rural Expansion Rate Adjustment. Using these illustrative rates, a typical
125 customer using 70 Dth of gas each year would see an annual increase of \$2.77 or about
126 0.29%, as shown on DEU Exhibit 5.02, page 4¹.

127 **IV. OTHER FACTORS**

128 **Q. Does the change in anticipated costs affect the Company's financial capability to**
129 **implement the expansion project?**

130 A. No. The anticipated cost increase is reasonable, and the Company has the financial
131 capability to implement the expansion project, including the increased costs.

132 **Q. Does the change in cost estimates affect the potential number of new customers or the**
133 **natural gas consumption expected by those customers?**

134 A. No. As I testified previously in this docket, there are 483 potential customers in Green
135 River. That projection has not changed.

1 The effect on a typical GS customer was calculated using a customer with 70 Dth/year and rates effective March 1, 2023. A customer using 80 Dth/year would see an increase of \$3.20/year or 0.29% using the rates effective March 1, 2023. In the Company's original Application, an 80 Dth customer would see an annual increase of \$2.77. The Company notes that the original \$2.77 was based on rates that were calculated at a different Commission-allowed rate of return.

136 **Q. Will the change in the cost associated with the Green River expansion result in any**
137 **change in revenue to the Company?**

138 A. No. The residents and businesses in Green River will be GS customers and will provide the
139 same CET revenue as other customers in the state.

140 **Q. Will the previously unserved customers still benefit from this Project?**

141 A. Yes. Previously in this docket, Mr. Bybee, Mayor Bacon, and I all offered testimony and
142 evidence that this project will be very beneficial to customers in Green River. All of that
143 information and evidence is true and applicable today, even given the change in anticipated
144 costs. Customers will continue to save money on their energy costs, and bills will continue
145 to be consistent. These customers will also get an energy source that is safe, reliable, and
146 convenient. Finally, the community will be better able to compete for future economic
147 development opportunities. All of these benefits are still available for potential customers in
148 Green River.

149 **Q. Is an Order to Proceed in the public interest?**


150 A. Yes. When the Commission approved the Company's proposal to expand its system to
151 Green River, Utah, it found that DEU's decision to build the Green River facilities was in the
152 public interest. That determination was based upon specific considerations that remain true
153 today. The Company's decision to expand its system to Green River will give considerable
154 benefits to the residents and businesses in Green River. The Company has complied, and
155 continues to comply, with all statutory and regulatory requirements. The proposed approach
156 to serving Green River is still the best, and least-cost, alternative to offering that service.
157 Information pertaining to the Company's financial ability to pursue completion of the project
158 remains the same. The Company has complied, and will continue to receive and comply
159 with, the required authorizations necessary to complete the project. Expanding the
160 Company's system to serve Green River continues to be in the public interest.

161 **Q. Does this conclude your testimony?**


162 A. Yes.

State of Utah)
) ss.
County of Salt Lake)

I, Austin C. Summers, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.


Austin C. Summers

SUBSCRIBED AND SWORN TO this 13th day of April, 2023.


Notary Public

