

Jenniffer Clark (7947)
Cameron Sabin (9437)
Dominion Energy Utah
333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145-0360
(801) 324-5392
(801) 324-5935 (fax)
Jenniffer.Clark@dominionenergy.com

Attorney for Dominion Energy Utah

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	
)	Docket No. 21-057-12
REQUEST OF DOMINION ENERGY UTAH)	
TO EXTEND NATURAL GAS SERVICE TO)	DOMINION ENERGY UTAH’S
GREEN RIVER, UTAH)	REPLY COMMENTS
)	
)	

Questar Gas Company dba Dominion Energy Utah (“Dominion Energy” or “Company”) respectfully submits these reply comments (“Reply Comments”) in response to the Comments submitted by the Utah Division of Public Utilities (“Division”) and the Utah Office of Consumer Services (“Office”) on May 10, 2023 (respectively, the “Division Comments” and the “Office Comments”).

I. BACKGROUND

On August 5, 2021, Dominion Energy filed an application and supporting testimony with the Commission, requesting approval to extend natural gas service to the city of Green River, Utah. On December 10, 2021, the Company, the Division, and the Office filed a Settlement Stipulation that resolved all issues raised by any party. On January 19, 2022, the Commission issued an Order approving the Settlement Stipulation.

On April 14, 2023, due to cost increases for the Green River extension, the Company filed a Request for Review and Consideration of a Notice to Proceed (“Request”). In response, on May 10, 2023, the Division and the Office filed their Comments.

II. DISCUSSION

In their Comments, both the Division and the Office (collectively, the “Parties”) have recommended that the Commission approve the Company’s Request and issue an Order to Proceed. In doing so, they also expressed concern regarding the Company’s process for developing estimates in rural expansion dockets and recommended that the Company improve that process in future rural expansion proceedings to avoid some of the issues that led to the Company’s request for an Order to Proceed in this docket. Additionally, the Parties made some specific requests for this Docket and future rural expansion projects. The Company addresses the Parties’ comments and concerns below.

A. Filing Permits

The Division requested that the Company file the permits relating to the Green River project or provide an explanation as to why the documentation has not yet been provided. As an initial point, the Company notes that the Company’s Request is unrelated to the filing of permits. In addition, the Company agreed in the Settlement Stipulation that it would file the permits with the Commission. To date, the Company has received 27 permits and is working to receive one more building permit from Emery County. The Company anticipates filing all the permits together as soon as it has obtained all of them. This is consistent with the Company’s treatment of filing permits for the Eureka rural expansion project in Docket No. 19-057-31. Filing these permits together will allow the Division the ability to review them in their totality and without the statutory time constraints applicable to the Request.

B. Clarification on Service Line Footage and Estimates

In its Comments, the Division expresses confusion regarding the Company's differing estimates for the length of service lines to be installed as part of the Green River extension project. The Company understands the Division's confusion and provides clarification below.

While the Company agrees that improvements can be made on its service line estimations in future rural expansion projects, the Company disagrees with the assertion that the Company "should have known" about all of the information it has learned prior to making its application to serve Green River. The rural expansion legislation was passed recently, and the Company only began pursuing rural expansion projects following the passage of that legislation. Due to the new and somewhat unique nature of these projects, the Company has learned a great deal regarding the complexities of extending service lines to existing residences and businesses in rural expansion areas. While the Company made significant efforts to consider all aspects of the projects, including community-specific considerations, it is unrealistic to expect that it would have a complete view of all issues that existed or could arise to impact the projects prior to developing estimates and filing applications with the Commission on its first three rural expansion projects (Eureka, Goshen/Elberta, Green River). The Company filed its application for the most recent project, Green River, in August of 2021. This is noteworthy because the Company did not install its first service line under the rural expansion program until after it had filed its application and supporting testimony in this docket. The re-estimating of service lines in Green River was a direct result of "lessons-learned" from the two previous projects under that program.

In addition, as noted, the Division has identified what it perceives as inconsistencies regarding the anticipated lengths of service lines in Green River. This is a fair issue for the

Division to have raised, and the Company understands how the Division could be confused. However, the confusion regarding service line lengths stems from a comparison of “apples to oranges.” In the Direct Testimony of Scott Messersmith that was filed with the Company’s original application in this docket, the total estimated service line length he included of 24,160 lf related to the potential for serving 483 customers under the service conditions assumed by the Company in its original application. The figure stated in the testimony of Michael Gill, by contrast, is for the amount shown in the bid documents and contracts with the IHP construction contractor. Specifically, in the original bid documents, the Company estimated serving 350 customers and estimated an approximate service line length per customer of 47 feet. As a result, the Company listed a length of 16,450 lf for the bid documents with contractors. (Note: the Company did not include all 483 potential customers in its bid documents because a portion of the customers will have services installed under the initial construction contract, and the rest will be installed under the zone bid. The Company was attempting to be accurate in the number of services that would be installed under the initial contract). After the Company realized it underestimated the average service line length, it re-estimated the length as described in the testimony of Michael Gill. This resulted in a revised length for the construction contract of 113 lf/customer x 350 customers for a new total length of 39,550 lf of service lines. The table below summarizes each of the estimated lengths discussed in the Division’s comments:

Summary of Estimated Service Line (SL) Lengths in Green River			
Source	Number of Customers	Estimated Length	Comments
Testimony of R. Scott Messersmith, August 5th, 2021	483	24,160 lf	Green River Customer Count
Testimony of Michael Gill, April 14th, 2021	350	16,450 lf	Bid Documents @ 47lf/SL
Testimony of Michael Gill, April 14th, 2021	350	39,550 lf	Revised Bid Documents @ 133 lf/SL

The Company is aware of the discrepancy in the service line estimates and realizes it may have to install more 483 service lines in Green River, not the 350 proposed in the Request. To facilitate the potential installation of up to 133 additional customers, the Company has estimated the

potential cost of serving these customers and has set aside project contingency to do so. The Company estimates the additional service lines could cost approximately \$572,000. This number is derived by multiplying the additional 133 customers by an average service line length of 113 lf/customer and multiplying the resulting length by the bid unit rate of approximately \$38/lf. The Company feels that “earmarking” these contingency funds for service line installation will not adversely affect the remaining project. As of May 17, 2023, the Company has spent \$18.2M on the Green River project. This represents approximately 42% of the anticipated total spend on the project. As of May 17, the Company also retains \$3.6993M in available contingency funds after funds have been earmarked for potential service line installations. This represents a contingency of approximately 15.9% on the remaining spend on the project. The Company is aware that utilizing contingency for potential customers additions is not ideal but believes it can manage the Green River Project to ensure that all interested potential customers receive gas service under the guidelines and rules of the rural expansion program.

As an additional correction, in the testimony of Michael Gill, it was noted that one of the reasons for increased service line lengths was due to the lack of “double maining.” However, while answering a data request from the Division (DPU 3.19), the Company located information indicating that the location of the main was in fact accounted for in its service line estimates and that it was not a factor causing the extra service line lengths. Because the Company is now satisfied that the lack of double maining was not a reason for cost increases, the sole reason for the service line cost increase was the need for longer service lines resulting from meter set locations being on the back of residences, rather than being located where the Company believed those inlet locations would be when it created its initial service line estimate. The Company regrets any confusion this may have caused.

C. Need for an Interconnection Shelter

In the Division's Comments, it recommended that "a more detailed explanation be given as to what determined that [the Company] needed to shelter now, and not earlier." *See* Division Comments at 7. The Division asked about this issue in Data Request 3.24. The Company explained that, during the design phase of the project, DEU Operations personnel expressed concerns about both the security of the facility, and the extreme heat impacting DEU's Remote Terminal Unit (RTU). The RTU contains the processor that controls the odorant and over-pressurization equipment. Because of these concerns, the Company determined that it in fact should install a 15' x 30' building to house all the equipment. The Company's response to Data Request 3.25 also explained that eight out of nine interconnects built in the last 20 years have had a building installed over the equipment due to an increased need for "security, for noise or odor control for neighbors, and in the snowier regions of DEU's system, to protect the equipment from snowfall and extreme weather." The only facility that did not have a building was the Company's remodel of the Central Gate Station. At that location, housing was not necessary because the facilities are in a moderate climate and are a greater distance from neighbors.

D. Effect on Statutory Caps

The Office Comments and the Division Comments both correctly point out that the increased capital spending in Green River is still within the bounds of the statutory caps. The Office points out that, "if DEU receives approval for the cost overruns discussed in these comments, total outlays for the rural expansion program overall will be within \$10 million of the 2 percent cap." Office Comment at 3. To offer more clarity, the Company received rate recovery for the Eureka rural project on February 1, 2022. As such, the almost \$21 million investment for Eureka will no longer be part of the 2% cap as of February 1, 2025.

E. Cathodic Protection of the PEMC Line

In its comments, the Division states that “Dominion anticipated the need for additional [cathodic protection] work” in its initial application and supporting testimony, and “therefore . . . should be required to provide detailed explanations as well as cost estimates from its contractors comparing the additional costs to the previous estimate as well as all justification for the changes.” Division Comments at 7. The Company responds as follows.

The Company feels it conducted proper due diligence regarding purchase of the PEMC line. While the Company did note in its original filing that it had considered cathodic protection issues, at that time, it had not had the opportunity to do a more complete inspection due to the fact that it had not closed on the purchase, and the Company could not close on the purchase until after receiving approval from the Commission to do so. When approval was obtained, and prior to closing on the purchase of the line, the Company reviewed material and test records, ROW documents, and available cathodic records. Even then, nothing in that review raised concerns about negative impacts that the co-located high voltage transmission line would have on the existing pipe. Inspection of the line indicated that there were wires in the ground that would typically be used to reduce AC current density to protect against AC-induced corrosion and protect workers from ground faults.

However, after closing and the Company’s review of initial documentation, the Company chose to hire a consultant to perform a more complete analysis using complex AC modeling software to evaluate the impact of both fault currents and to estimate the induced currents that could be expected along the pipeline. Unfortunately, that analysis revealed that the physical wires in the field were not to the recommended length or in locations that the study recommended. The Company estimated approximately \$220,000 for AC mitigation in the

original estimate and then revised that estimate to \$1,000,000 after taking into account the study recommendations as guidance. Beyond that increase, the rest of the cathodic system costs were accounted for in the original estimate exclude inflationary pressures, which have made the capital costs for the necessary material higher than previously estimated.

F. BLM Grant

In its comments, the OCS commented that, in its view, DEU “could have minimized cost increases in this case had it collaborated with the BLM and updated its engineering assumptions earlier in the project planning process.” OCS Comments at 3. The Company does not agree with this comment. As with its purchase of the PEMC line, the Company’s ability to work with the BLM on permitting the line were limited prior to approval of the project. The Company did review the existing BLM grant and attempted to work within the parameters of the grant on its project. However, after the BLM received detailed plan sets from the Company following closing on the purchase of the PEMC line, the BLM changed the alignment identified in the original grant and required additional studies and clearances. When the Company filed its original application in this docket, it could not have anticipated that the BLM would make this change. As such, the Company believes that its planning and estimates regarding the original BLM grant were a prudent use of resources and appropriate for the planning of a preliminary pipeline alignment. In the Company’s experience, the BLM (and most permitting agencies) would not have provided meaningful input without an official application being presented, and the Company would not have been able to pursue detailed plan sets prior to receiving Commission approval of the project.

G. Improving Estimates for Future Rural Expansion Projects

The Company agrees with the Division and the Office that its service line estimates for the Green River project were, with the benefit of knowledge learned from other rural expansion projects, less detailed and accurate than they could have been. In an effort to address this concern going forward, the Company proposes the following with regard to estimating service lines for rural expansion projects:

- The Company will use publicly available information to help develop and maintain a data base for each project that identifies every eligible structure within the proposed service area and identify estimated service line lengths for each structure based on survey results and satellite data.
- When identified in the survey results, the Company will use information regarding the prospective customer's existing heating source to determine the likely location to set the meter.
 - For prospective customers that likely have propane as a fuel source, the Company will make efforts to identify where the fuel line enters the home and where the meter will likely be set.
 - For prospective customers that likely have other heating sources, the Company will identify the front corner of the house as the likely meter location.
- If heating sources are not identified on the survey, or if surveys have not been submitted for the structure, the Company will utilize satellite images, or, to the extent practical in-person verification, of likely meter locations.
- All service lines will be measured from the anticipated meter location to the likely IHP main location in the street.

As with all of its projects, the Company strives to estimate projects as completely and as accurately as possible. In an effort to improve both the transparency and the accuracy of future rural expansion service line cost estimations, the Company proposes attaching the above-outlined data as an exhibit on all future rural expansion applications. The Company hopes this will provide additional clarity and accuracy for its estimated figures.

III. CONCLUSION

The Company appreciates the analysis that was done by the Division and the Office to ensure the Company's request is just, reasonable, and in the public interest. The Company has provided detail in these Reply Comments that adds to the explanations already provided in the direct testimonies of Mr. Summers and Mr. Gill. Though the costs for this project have exceeded the Company's original estimates for the project, many of the causes for those cost increases were out of the Company's control. For those aspects of rural expansion projects where the Company can make improvements in its estimates, the Company is committed to implementing the procedures outlined above to provide as detailed and accurate estimates as the Company reasonable can.

DATED this 17th day of May, 2023.

Respectfully submitted,

MAYER BROWN LLP



Cameron L. Sabin (9437)

QUESTAR GAS COMPANY dba
DOMINION ENERGY UTAH

Jenniffer Clark (7947)

Attorneys for Dominion Energy Utah
333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145-0360
(801) 324-5392

CERTIFICATE OF SERVICE

I certify that a true and correct copy of Dominion Energy Utah’s Reply Comments was served upon the following by electronic mail on May 17, 2023:

Patricia E. Schmid Patrick Greco Assistant Attorney Generals 500 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 pschmid@agutah.gov pgreco@agutah.gov	Chris Parker Brenda Salter Division of Public Utilities 400 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 chrisparker@utah.gov bsalter@utah.gov
Robert J. Moore Assistant Attorneys General 160 East 300 South P.O. Box 140857 Salt Lake City, UT 84114-0857 rmoore@agutah.gov	Michele Beck Director Office of Consumer Services 400 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 mbeck@utah.gov

