

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF DOMINION ENERGY UTAH TO
EXTEND SERVICE TO GENOLA UTAH

)
)
)
)
)
)
)

DOCKET No. 23-057-13
Exhibit No. DPU 1.0 DIR

Redacted

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

Direct Testimony of

Tyler McIntosh

December 1, 2023

CONTENTS

| | |
|--|---|
| Introduction..... | 1 |
| Scope of Testimony..... | 2 |
| Analysis | 3 |
| A. COMPLIANCE WITH FILING REQUIREMENTS..... | 3 |
| B. REQUEST TO PERMIT THE USE OF THE RURAL EXPANSION RATE ADJUSTMENT TRACKER TO RECOVER THE COSTS OF THE RURAL INFRASTRUCTURE DECISION AND THE RURAL INFRASTRUCTURE FACILITIES | 7 |
| Summary | 8 |
| Conclusion..... | 9 |

1 **INTRODUCTION**

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

3 A. My name is Tyler McIntosh. 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 information systems from The University of
10 Utah. Prior to joining the Division, I worked as a financial analyst for the State of
11 Utah focusing on the mining and utility industries. I have been with the Division for
12 just over 2 years and have attended regulatory and industry training during that time.

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

15 A. Yes. I was a witness in Docket No. 22-057-08 which was a 191 pass-through
16 application of Dominion Energy Utah (Dominion or Company) for an adjustment in
17 rates and charges for natural gas service in Utah. I also testified in Docket No. 23-
18 035-27 which was Rocky Mountain Power's 2023 Wildland Fire Cost and
19 Compliance Report.

20 **Q. WERE YOU THE DIVISION'S WITNESS FOR ANY OF DOMINION'S RECENT**
21 **APPLICATIONS TO EXTEND NATURAL GAS DISTRIBUTION SERVICE INTO**
22 **RURAL UTAH AREAS?**

23 A. No.

24 **Q. IS THIS APPLICATION SIMILAR TO DOMINION'S 2019 APPLICATION TO**
25 **EXTEND NATURAL GAS SERVICE TO EUREKA IN DOCKET NO. 19-057-32,**

26 **2021 APPLICATION TO EXTEND NATURAL GAS SERVICE TO ELBERTA AND**
27 **GOSHEN IN DOCKET NO. 21-057-06, AND 2021 APPLICATION TO EXTEND**
28 **NATURAL GAS SERVICE TO GREEN RIVER IN DOCKET NO. 21-057-12?**

29 A. Yes, each docket has a core of similarities.

30 **SCOPE OF TESTIMONY**

31 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

32 A. The purpose of my testimony is to provide to the Commission information, analysis,
33 and the Division’s position regarding Dominion’s Application to extend natural gas
34 distribution service to Genola, Utah.

35 **Q. PLEASE BRIEFLY DESCRIBE THE ACTIVITIES YOU UNDERTOOK IN THIS**
36 **DOCKET.**

37 A. I have independently read the Application and its associated testimonies, reviewed
38 the exhibits, and made data requests for additional evidence and explanation. I’ve
39 also looked at applicable statutes to understand the requirements. Collaboratively,
40 I’ve discussed and reviewed items in this docket with Company representatives as
41 well as some of my coworkers and Division management.

42 **Q. PLEASE PROVIDE A SUMMARY OF YOUR CONCLUSIONS AND**
43 **RECOMMENDATIONS.**

44 A. I’ve concluded from my review, findings, and understanding of this Application that
45 the Company has generally satisfied the necessary requirements under the
46 applicable statutes and the Commission’s rules pertaining to the Company’s request.
47 After reviewing the Application, testimonies, and asking additional questions, the
48 Division concludes that this extension to Genola would be a benefit to that
49 community and would not create a negative impact on Dominion or its customers.
50 Mayor Marty Larson of Genola testified, “The extension of natural gas service to our
51 community will provide immediate benefits to its residents and will set the stage for

52 possible future economic growth and cleaner air in the area.”¹ The Division
53 maintains that the expansion is in the public interest and would benefit the citizens in
54 the proposed expansion area.

55 **ANALYSIS**

56 **A. COMPLIANCE WITH FILING REQUIREMENTS**
57

58 **Q. DOES THIS APPLICATION COMPLY WITH THE FILING REQUIREMENTS FOR A**
59 **REQUEST FOR REVIEW OF A RESOURCE DECISION CONCERNING UTILITY**
60 **EXPANSION TO RURAL UTAH?**

61 A. Yes. The applicable Voluntary Request for Resource Decision Review statutes, set
62 forth in Utah Code sections 54-17-401 to -403, permit Dominion to seek approval to
63 expand to unserved rural communities and to seek cost recovery of rural gas
64 infrastructure development costs. I have verified that the Company’s filing satisfies
65 the statutory requirements and the requirements of Commission Rule R746-440-1.
66 Genola is currently an unserved rural community.

67 **Q. PLEASE DETAIL THE DIVISION’S RECOMMENDATION FOR ADDITIONAL**
68 **FILING REQUIREMENTS.**

69 A. The Division recommends that Dominion be required to obtain and file copies of the
70 franchise agreements, permits, and similar items for the Genola expansion. As
71 stated in Mr. Summers’s testimony, Dominion “is in the process of working with
72 Mayor Larson and the town of Genola to ensure that the Company obtains any
73 additional permits it will need to serve the town.”²

¹ Direct Test. of Marty Larson at 6, lines 136-38.

² Direct Test. of Austin C. Summers at 17, lines 470-72.

74 **Q. PLEASE EXPLAIN THE REQUIREMENTS OF A REQUEST FOR REVIEW OF A**
75 **RESOURCE DECISION AND RURAL GAS INFRASTRUCTURE DEVELOPMENT**
76 **PROJECTS.**

77 A. In 2018, the Utah State Legislature passed H.B. 422, which amended existing law to
78 allow gas service to be extended to rural communities in Utah by having all
79 customers share the costs associated with the system expansion.³ Commission Rule
80 R746-440-1(g) requires that the Company perform an analysis of the estimated
81 effect that a resource decision will have on the utility's revenue requirement to
82 ensure it does not increase beyond the level permitted by statute as a result of
83 making the required capital expenditures. Utah Code section 54-17-403(1)(c)
84 provides that rural gas infrastructure development costs may be included in base
85 rates if:

- 86 • The inclusion of those costs will not increase the base distribution non-gas
87 revenue requirement by more than 2% in any three-year period;
- 88 • The distribution non-gas revenue requirement increase related to the
89 infrastructure development costs does not exceed 5% in the aggregate;
90 and
- 91 • The applicable distribution non-gas revenue requirement is the annual
92 revenue requirement determined in the gas corporation's most recent rate
93 case.

94 **Q. WHAT STATUTES APPLY TO THE REQUEST FOR APPROVAL?**

95 A. Utah Code sections 54-17-401 to -404.

96 **Q. PLEASE TELL US MORE ABOUT HOW THE COMPANY PROPOSES TO SERVE**
97 **GENOLA.**

³ Direct Test. of Austin C. Summers at 4, lines 96-102.

98 A. Genola is a city in Utah County with a population of approximately 1,593 residents
99 and covers approximately 6.2 square miles.⁴ Genola residents currently use
100 propane, wood, coal, and fuel oil as heat sources. The Genola expansion has the
101 potential to serve 507 customers (this number was counted by service lines going to
102 structures, not the number of residents).⁵ This extension to Genola will not require
103 new high-pressure pipe or new regulator stations.⁶ Dominion is proposing to
104 construct approximately 30.3 miles of Intermediate High Pressure (IHP) main to
105 extend the natural gas infrastructure from Santaquin into Genola.⁷ The piping that
106 will be used to do this is 11,500 feet of 8", 7,000 feet of 6", 38,650 feet of 4", and
107 115,000 feet of 2".⁸

108 Dominion is also proposing to construct approximately 79,000 feet of IHP service
109 lines in Genola.⁹ The Company is planning to use existing pressure regulated
110 stations to provide natural gas to Genola. One of these stations (which is labeled
111 WA1582) is located near the Staker Parson Keigley Quarry aggregate and asphalt
112 pit (off HP Feeder Line 114), and the other station is located on the south end of
113 Genola adjacent to US highway 6 (off HP feeder line 100).¹⁰

114 **Q. WHAT IS THE STATUS OF THE EXPANSION?**

115 A. The Company is estimating that it will take approximately 8 months to construct.¹¹ If
116 the Commission were to approve the project, the Company expects to begin
117 construction during the second quarter of 2024.¹² It expects the main and first
118 service lines to be in service by November 2024, and construction on the remaining

⁴-Direct Test. of William S. Radford at 2, Lines 26-27
⁵ Technical Conference Presentation for Oct. 18, 2023, at 2.
⁶ Direct Test. of William S. Radford at 2, Lines 39-41
⁷ Direct Test. of William S. Radford at 2, Lines 41-43
⁸ Direct Test. of William S. Radford at 2, Line 42
⁹ Direct Test. of William S. Radford at 2, lines 43-44.
¹⁰ Direct Test. of William S. Radford at 3, Lines 75-76
¹¹ Direct Test. of William S. Radford at 6, Line 144
¹² Direct Test. of William S. Radford at 6, Lines 144-147

119 service lines to continue after the system is in service.¹³ The Company is expecting it
120 to cost [REDACTED] to complete the extension to serve Genola.¹⁴

121 **Q. UTAH CODE SECTION 54-17-402 REQUIRES THE COMMISSION TO CONSIDER**
122 **THE CRITERIA SPECIFIED THEREIN, INCLUDING DETERMINING IF GRANTING**
123 **THE APPLICATION WOULD BE IN THE PUBLIC INTEREST. HAVE YOU**
124 **ANALYZED THE INFORMATION PRESENTED BY DOMINION AND OTHERS IN**
125 **LIGHT OF THESE STATUTORY REQUIREMENTS?**

126 A. Yes. My analysis of Dominion’s Application included review and evaluation of
127 evidentiary requirements, project plans, public surveys and outreach results,
128 population and economic growth, geography, alternative energy sources, energy
129 costs, potential customer base in outlined area of service, environmental impacts,
130 route planning, and agreements and permits.

131 **Q. DOES THE DIVISION HAVE ANY CONCERNS REGARDING DOMINION**
132 **EXTENDING SERVICE TO GENOLA?**

133 A. Yes. Public safety is always a primary concern. As residential and business
134 customers switch to this energy source, they, not Dominion, will be responsible for
135 purchasing new equipment or converting existing appliances in homes and business
136 from propane to natural gas. The Division acknowledges this can be a safety
137 concern if improperly conducted. Thus, the Division recommends that only qualified
138 individuals be allowed to perform the work and complete the necessary inspections
139 for each home and business. It is highly recommended that the conversion to natural
140 gas be completed by a licensed HVAC or plumbing contractor. Other concerns
141 include the proper and timely removal and disposal of current fuel sources by
142 qualified individuals.


¹³ Direct Test. of William S. Radford at 6, Lines 146-148

¹⁴ Direct Test. of William S. Radford at 6, lines 144-51

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

146 A. Yes.

147 **Q. IS IT THE DIVISION'S RECOMMENDATION THAT THE COMMISSION APPROVE**
148 **THE EXPANSION INTO GENOLA? AND, IF SO, FOR AN AMOUNT CERTAIN?**

149 A. Yes, the Division supports the expansion of natural gas service into rural Utah
150 communities, including Genola in this case. The estimated cost for this expansion is
151 

152 **Q. WHAT ARE THE CONDITIONS THE DIVISION RECOMMENDS?**

153 A. First, Dominion should work closely with the local officials in Genola to help the
154 transition to using natural gas be as safe as possible for the residents and
155 businesses. Second, Dominion should file with the Commission copies of its
156 franchise agreement with Genola and any required permits. Third, Dominion should
157 contain its costs under the projected budget as filed or request Commission approval
158 prior to incurring any increased costs. The Commission should include these
159 conditions in its order.

160 **B. REQUEST TO PERMIT THE USE OF THE RURAL EXPANSION RATE**
161 **ADJUSTMENT TRACKER TO RECOVER THE COSTS OF THE RURAL**
162 **INFRASTRUCTURE DECISION AND THE RURAL INFRASTRUCTURE**
163 **FACILITIES**

164

165 **Q. WHAT STATUTE SPECIFICALLY GOVERNS COST RECOVERY FOR**
166 **VOLUNTARY RESOURCE DECISIONS?**

167 A. Utah Code section 54-17-403 governs cost recovery.

168 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER THE COSTS OF THE**
169 **RURAL INFRASTRUCTURE DECISION AND THE RURAL INFRASTRUCTURE**
170 **FACILITIES?**

171 A. The Company proposes to treat the costs associated with the expansion the same
172 way it treated costs associated with the Eureka expansion.¹⁵ The costs will include
173 the piping that will be used to extend the service. The Company is proposing to
174 construct approximately 79,000 feet of IHP service lines in Genola.¹⁶ The Company
175 seeks approval to recover these costs through Utah Code section 54-17-403 and
176 spread these costs among the greater customer base.

177 **Q. COULD YOU PLEASE BRIEFLY DESCRIBE YOUR ANALYSIS REGARDING**
178 **COST RECOVERY?**

179 A. Yes. I reviewed the filings and the statute and conducted and participated in other
180 related analytical activities.

181 **Q. WHAT ARE THE DIVISION'S CONCLUSIONS AND RECOMMENDATIONS, IF**
182 **ANY, REGARDING THE COMPANY'S PROPOSED COST RECOVERY FOR THE**
183 **RURAL INFRASTRUCTURE FACILITIES?**

184 A. The Division concludes that conditioned cost recovery should be allowed in
185 accordance with Utah Code section 54-17-403 for costs in the amount of
186 [REDACTED], subject to the limitations set forth in this and other applicable statutes.
187 The total estimated cost of the rural expansion facilities equates to an annual bill
188 impact for Dominion's customers of \$1.55 or 0.16% for a typical customer using 70
189 Dth per year.

190 **SUMMARY**

191 **Q. PLEASE SUMMARIZE THE DIVISION'S RECOMMENDATIONS.**

¹⁵ Direct Test. of Austin C. Summers at 10, lines 273-74

¹⁶ Direct Test. of William S. Radford at 2, lines 43-44

192 A. In summary:

- 193 a. The Division recommends that the Commission approve the Company's
194 Application in the amount of [REDACTED] and as conditioned above. The
195 Division also recommends that these costs be spread among the greater
196 customer base; and
- 197 b. The Division recommends that the Commission approve cost recovery in
198 accordance with Utah Code section 54-17-403 in the amount of [REDACTED] and
199 that those costs be included in base rates.

200 **CONCLUSION**

201 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

202 A. Yes.