
Request of Dominion Energy Utah to Extend Natural Gas Service to Genola, Utah	<u>DOCKET NO. 23-057-13</u> <u>ORDER APPROVING SETTLEMENT STIPULATION</u>
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ISSUED: February 26, 2024

SYNOPSIS

The Public Service Commission (PSC) approves a Settlement Stipulation that resolves the Application of Dominion Energy Utah to Extend Service to Genola, Utah.

1. PROCEDURAL HISTORY

On August 25, 2023, pursuant to Utah Admin. Code R746-440-1(2)(a), Dominion Energy Utah (DEU) filed a notice with the PSC of its intent to file a voluntary request for approval of a resource decision under Utah Code Ann. §§ 54-17-401 *et seq.* (“Voluntary Resource Decision Act”) to expand its natural gas distribution system to the rural community of Genola, Utah.

On September 8, 2023, DEU filed its application and supporting testimony and exhibits¹ (“Application”) seeking (a) approval of its decision to build gas infrastructure to extend service to Genola, Utah, (b) approval of DEU’s request for a Certificate of Public Convenience and Necessity (CPCN), and (c) permission to recover the associated costs through the rural expansion rate adjustment tracker set forth in Section 9.02 of DEU’s Natural Gas Tariff No. 600 (the “Rural Expansion Tracker”).

¹ DEU Exhibit 1.02 to the Direct Testimony of Austin C. Summers outlines the location of the information that DEU included to meet the requirements of the Voluntary Resource Decision Act.

On October 2, 2023, the PSC issued its Scheduling Order, Notice of Technical Conference, and Notice of Hearing. On December 1, 2023, the Division of Public Utilities (DPU) filed the direct testimony of Tyler McIntosh.² No party filed a petition to intervene.

On January 9, 2024, DEU and DPU jointly submitted a Settlement Stipulation resolving the issues raised in the docket (the “Settlement”). The Settlement states that while the Office of Consumer Services (OCS) is not a party in this proceeding, OCS has reviewed the Settlement and does not oppose the terms outlined within.

On January 23, 2024, the PSC held a hearing during which DEU and DPU provided testimony supporting the Settlement.

2. BACKGROUND

a. The Application

According to the Application, the proposed Genola infrastructure project will interconnect with two regulator stations located in Santaquin, Utah. DEU requests approval of its decision to further extend facilities by building approximately 30.3 miles of intermediate high-pressure (IHP) main through Genola, and approximately 79,000 feet of IHP service lines in Genola (the “Genola Infrastructure Facilities”).

DEU states it identified Genola, Utah as a good candidate for natural gas service in part because “service to Genola can be attained within the statutory spending

² This testimony expressed DPU’s support of the Application, outlined the scope of the Application and the parameters of the Voluntary Resource Decision Act, and provided various recommendations.

caps.”³ DEU further states that its existing personnel can maintain and serve a system in Genola, and residents expressed a strong desire to receive natural gas service.⁴ DEU explains that it confirmed the widespread support for the Genola Infrastructure Facilities through outreach efforts including by hosting meetings, issuing surveys, holding open houses, and other activities, as set forth in detail in the exhibits attached to its Application.⁵

To recover the Genola Infrastructure Facilities’ costs, estimated in the confidential testimony and exhibits of DEU witness William S. Radford, DEU proposes to use the Rural Expansion Tracker.

b. The Settlement

The Settlement resolves all issues raised in the docket. Among other things, the signatories to the Settlement agree that the PSC should (1) approve DEU’s resource decision to build the Genola Infrastructure Facilities; (2) authorize DEU to offer natural gas service to Genola, Utah; and (3) allow DEU to recover the costs related to the Genola Infrastructure Facilities through the Rural Expansion Tracker.

The signatories also agree that (1) DEU will file copies of the required permits once they are executed and finalized; (2) DEU will seek PSC approval of any Genola Infrastructure Facilities’ costs that exceed the confidential cost estimates set forth in

³ See September 8, 2023 Direct Testimony of Austin C. Summers at 6.

⁴ *Id.*

⁵ Application at 3.

the direct testimony of Mr. Radford and attached exhibits, before including them in the Rural Expansion Tracker; (3) DEU will coordinate with Genola officials to ensure that all appliances converted to use natural gas are inspected before natural gas service is started; and (4) the increase in DEU's base distribution non-gas revenue will be within the statutory limits outlined in Utah Code Ann. § 54-17-403(1)(c), based on DEU's confidential cost estimates of the Genola Infrastructure Facilities. Finally, the signatories agree that the Settlement is in the public interest and the results are just and reasonable.

c. Testimony at Hearing

At hearing, DEU witness Mr. Summers testified that “[t]hough this would be new infrastructure in a new rural community, the resource decision is nothing more than a continuation of the program that was approved in Eureka, Goshen, and the Green River dockets.”⁶ He testified that his direct written testimony addresses “the evidentiary requirements for the resource decision, discussed how and why [DEU] chose Genola, ... explained how many customers are expected to participate, how costs would be recovered, and provided other relevant financial and operational information.”⁷

Mr. Summers also testified that DEU witness Mr. Radford “explains the scope of the project, the construction schedule, the cost of the project, and the geographic

⁶ January 23, 2024 Hr’g Tr. at 9.

⁷ *Id.* at 9-10.

results of the community's interest in natural gas.”⁸ He then briefly described the testimony of Mr. Wither and Mayor Larson in support of the Application,⁹ asserting that “[t]aken together, the evidence provided shows that the resource decision is just and reasonable in result and that approval of the application is in the public interest.”¹⁰

Regarding the Settlement, Mr. Summers testified that “[it] largely accepts [DEU’s] proposal as filed.”¹¹ He also summarized the key terms and conditions of the Settlement and testified that OCS had reviewed the Settlement and authorized DEU to convey that it does not oppose the terms outlined within.¹²

At hearing, DPU witness Tyler McIntosh briefly summarized the number of potential customers in Genola along with the specific stipulation provisions in the Settlement that were of particular importance to DPU. Mr. McIntosh testified that DPU “analyzed the filings in this docket and engaged in meaningful and robust settlement discussions leading to the filing of the [S]ettlement. ... It is the testimony of [DPU] that the settlement stipulation is just and reasonable in result, supported by record[] evidence, and in the public interest.”¹³ Mr. McIntosh also indicated that OCS had reviewed the Settlement and does not oppose the terms outlined within.¹⁴

⁸ *Id.* at 10.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 8-11.

¹³ *Id.* at 24-25.

¹⁴ *Id.* at 22.

3. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW

a. The Voluntary Resource Decision Act

The Voluntary Resource Decision Act under Utah Code Title 54, Chapter 17, Part 4 gives utility companies the opportunity to seek the PSC's approval of a "resource decision" to acquire a resource that is involved in energy production, transmission, or distribution, including "rural gas infrastructure development."¹⁵ It requires our approval of the state's share of the costs the utility company incurs to implement the approved resource decision.¹⁶ To qualify for inclusion in the utility's base rates, the estimated costs of the proposed project must be within the statutory caps set forth in Utah Code Ann. § 54-17-403(1)(c). Specifically, the Voluntary Resource Decision Act limits the inclusion of natural gas infrastructure development costs to no more than a two percent increase in the utility's base distribution non-gas revenue requirement in any three-year period.

In evaluating whether to approve a resource decision, we must determine whether (i) the decision complies with applicable statutes and rules and (ii) is in the public interest.¹⁷ A utility company must provide, in its request for approval, a description of the proposed rural gas infrastructure development project; an

¹⁵ See Utah Code Ann. §§ 54-17-401(1)(b)(i)(C) and 54-17-401(1)(c).

¹⁶ See, e.g., *id.* at § 54-17-403.

¹⁷ See *id.* at § 54-17-402(3).

explanation of projected benefits from the proposed project; the estimated costs of the proposed project; and any other information the PSC requires.¹⁸

In specific consideration of the requirements of the Voluntary Resource Decision Act, the PSC finds and concludes that DEU filed all the information required therein, as confirmed by DEU witness Mr. Summers' direct testimony and his testimony at hearing. In addition, the PSC finds and concludes that the proposed costs referenced in the confidential direct testimony and attached exhibits of DEU witness Mr. Radford, are within the statutory cap set forth in Utah Code Ann. § 54-17-403(1)(c) and therefore qualify for inclusion in DEU's base rates, as confirmed by DPU witness Mr. McIntosh's direct written testimony, and as further confirmed by the signatories in the Settlement. The evidence also supports our finding and conclusion that DEU's resource decision to build the Genola Infrastructure Facilities is in the public interest.

b. Settlements

As set forth in Utah Code Ann. § 54-7-1, settlements of matters before the PSC are encouraged at any stage of a proceeding. The PSC may adopt a settlement after considering the interests of the public and other affected persons, if the PSC finds it is in the public interest. The existence of the Settlement, and the provisions allowing rural gas infrastructure development projects in Utah Code Ann. §§ 54-17-402 and

¹⁸ See *id.* at § 54-17-402(2)(c).

-403, support our finding and conclusion that DEU's resource decision to build the Genola Infrastructure Facilities provides a general public benefit, at an allowable cost, and is therefore in the public interest.

4. CONCLUSION

Having reviewed the Application, the written testimony, the testimony provided at hearing, and in the absence of any opposition to the Settlement, we conclude that the evidence supports our finding that the Settlement is in the public interest and is just and reasonable in result. We also find and conclude that DEU meets the requirements of Utah Code Ann. § 54-4-25 for a CPCN. Genola is not presently served by, or certificated to, any natural gas utility and its residents support natural gas service. DEU also has the ability to provide it. We also find that the present or future convenience or necessity does, or will, require construction of the Genola Infrastructure Facilities. Accordingly, we grant the CPCN, subject to DEU's filing documentation showing it has obtained the required consents, the permitting, and the like.

5. ORDER

Based on the findings and conclusions we reference above, we approve the Settlement and the underlying resource decision. We also grant the requested CPCN, and attach it hereto as Exhibit A, subject to DEU's filing documentation showing it has obtained the required consents, permitting, and the like under Utah Code Ann. § 54-4-25.

DATED at Salt Lake City, Utah, February 26, 2024.

/s/ John E. Delaney
Presiding Officer

Approved and Confirmed February 26, 2024 as the Order of the Public Service
Commission of Utah.

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#332601

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

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EXHIBIT A

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Extend Service to Genola, Utah	<u>DOCKET NO. 23-057-13</u> <u>CERTIFICATE 2645</u>
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ISSUED: February 26, 2024

The Public Service Commission of Utah issues a Certificate of Public Convenience and Necessity pursuant to, and subject to the complete compliance with, Utah Code Ann. § 54-2-25 authorizing Dominion Energy Utah to construct natural gas facilities to expand its system and to offer natural gas service to the residents and businesses in Genola, Utah as specifically described in the September 8, 2023, Application and the accompanying written direct testimony and exhibits in this docket.

DATED at Salt Lake City, February 26, 2024.

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#332601

CERTIFICATE OF SERVICE

I CERTIFY that on February 26, 2024, a true and correct copy of the foregoing was served upon the following as indicated below:

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