

<p>APPLICATION OF ENBRIDGE GAS UTAH TO EXTEND NATURAL GAS SERVICE TO FAIRFIELD, UTAH</p>	<p>DOCKET No. 25-057-20 Exhibit No. DPU 1.0 DIR</p>
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December 2, 2025

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1 **INTRODUCTION**

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

3 A. My name is Kelley O'Connor. 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 B.S. in Economics and a J.D. from Baylor University. I have a background in
10 financial analysis working in the private sector.

11 **Q. IS THIS APPLICATION SIMILAR TO ENBRIDGE GAS UTAH'S PREVIOUS**
12 **APPLICATIONS TO EXTEND SERVICE TO OTHER RURAL AREAS?**

13 A. Yes. However, each application has its own nuances specific to the size of the
14 community, its location and proximity to existing infrastructure, as well as its
15 contribution to Enbridge Gas Utah's (Company, Enbridge, EGU) system. The
16 Division examined each of these factors in its evaluation of this application.

17 **Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST.**

18 A. Enbridge asked the Commission to approve its "decision to construct natural gas
19 infrastructure to extend service to Fairfield, Utah (Rural Infrastructure Decision)"¹
20 and "Issue an order approving the Rural Infrastructure Decision and the Rural
21 Infrastructure Facilities."² permitting the Company to recover the costs associated
22 with the Rural Expansion Facilities through the Rural Expansion Rate Adjustment
23 Tracker, as found in Section 9.02 of the Company's Tariff.

¹ Application at 1.

² *Id.* at 8.

24 **PURPOSE OF TESTIMONY**

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

26 A. The purpose of my testimony is to provide the Commission the Division's
27 recommendation concerning approval of Enbridge's application to extend natural gas
28 distribution service to Fairfield, Utah.

29 **Q. PLEASE BRIEFLY DESCRIBE THE ACTIVITIES YOU UNDERTOOK IN THIS**
30 **DOCKET.**

31 A. I have reviewed the Application and its associated testimonies, the accompanying
32 exhibits, submitted data request questions, and participated in the Technical
33 Conference held on October 28, 2025. Additionally, I consulted with other Division
34 personnel and reviewed previous rural expansion dockets.

35 **Q. PLEASE PROVIDE A SUMMARY OF YOUR RECOMMENDATIONS AND**
36 **CONCLUSIONS.**

37 A. The Company has filed the statutorily required documents³ which are consistent with
38 past rural expansion Applications. However, in determining if a rural gas
39 infrastructure development is in the public interest⁴, additional factors are
40 considered. The Division maintains that rural expansion in general can be in the
41 public interest, but at this time, this rural expansion is not in the public interest. For
42 the reasons set forth in detail below, the Division recommends that the Commission
43 deny the Application.

44 **BACKGROUND**

45 **Q. PLEASE TELL US ABOUT THE FAIRFIELD COMMUNITY.**

46 A. The Fairfield community is in Utah County, approximately 9 miles south of Eagle
47 Mountain, on the west side of Utah Lake. Fairfield has a population of approximately
48 158 people within 87 buildings that could be connected to natural gas service lines.

³ Utah Code Ann. §54-17-401, -402 and Utah Admin. Code R746-440.

⁴ Utah Code Ann. §54-17-402(3)(b)(ii).

49 **Q. EXPLAIN HOW THE COMPANY PROPOSES TO SERVE FAIRFIELD.**

50 A. The Company's proposed least cost expansion option will require approximately
51 68,783 linear feet of Intermediate High Pressure (IHP) main lines, and 21,861 linear
52 feet of IHP service lines to connect the gas main lines to the individual buildings⁵.

53 **ANALYSIS**

54 **Q. WHAT FRAMEWORK DID THE DIVISION USE FOR ITS ANALYSIS?**

55 A. Utah Code Ann. §54-17-402(3)(b)(ii) states what the Commission will consider when
56 determining whether a rural expansion project is in the public interest. The Division
57 has addressed the following: (A) the potential benefits to previously unserved rural
58 areas, (B) the potential number of new customers, and (D) revenues, costs, and
59 other factors determined by the commission to be relevant.

60 **Q. WHAT ARE THE POTENTIAL BENEFITS TO THE PREVIOUSLY UNSERVED**
61 **COMMUNITY OF FAIRFIELD?**

62 A. The Company has provided information regarding potential benefits consistent with
63 the statutory requirements and previous rural expansion applications. These benefits
64 include potential cost savings with natural gas compared to propane, saving time by
65 not having to procure propane or other heating sources⁶, and Enbridge's safety and
66 emergency services⁷.

67 The Company provided a cost comparison, estimating annual savings of
68 approximately \$1,128⁸ compared to propane, however the ancillary costs to convert
69 to natural gas vary greatly among households⁹. The exact costs saving a customer
70 will realize cannot be precisely determined but may take several years.

71 **Q. SHOULD COMMUNITY GROWTH BE CONSIDERED A POTENTIAL BENEFIT?**

⁵ Application at 1, 2.

⁶ Direct Test. of Hollie McKinney at 4:86-93.

⁷ Direct Test. of E. Reid Hess at 5:133-136.

⁸ EGU Ex. 1.16.

⁹ Direct Test. of E. Reid Hess at 3:66-76.

72 A. Possibly. The Company has historically and continues to provide testimony about a
73 possible relationship between natural gas services and industrial, commercial, and
74 residential growth. This testimony is often provided by the community's Mayor; one
75 section present in both Portage¹⁰ and Fairfield reads, "I believe there will be greater
76 interest in commercial development if natural gas service becomes available. Access
77 to natural gas will better position [town] to compete for commercial development
78 opportunities in the future."

79 However, with no supporting demographic data or independent projections provided
80 by the Company, it is not possible to assess whether the testimony is purely
81 speculative in nature. In the absence of this supporting information, community
82 growth should not be considered a factor in evaluating the potential benefits for the
83 rural expansion program. The Division does not foreclose community growth
84 becoming a factor once sufficient information is provided.

85 **Q WHAT IS THE LIKELY NUMBER OF NEW CUSTOMERS IN FAIRFIELD ONCE**
86 **THE PROJECT IS COMPLETED?**

87 A By analyzing the number of meters installed compared to the number of "potential
88 customers", which is enumerated by service lines extending to structures¹¹, an
89 estimate of the likely number of new customers as the project is completed can be
90 calculated¹².

91 The Eureka and Goshen/Elberta projects have been completed. For Eureka, 263
92 meters were installed compared to 360 potential customers, indicating that new
93 customers represent 73% of potential customers. For Goshen/Elberta, 283 meters
94 were installed compared to 379 potential customers, resulting in new customers
95 comprising 74.6% of potential customers. The Green River expansion was recently
96 completed with only 224 meters installed compared to 483 potential customers. This

¹⁰ *Application of Enbridge Gas Utah to Extend Natural Gas Service to Portage, Utah*, Docket No. 24-057-13. EGU Ex. 4.0, Direct Test. of Max Huggins at 2:49-51 (September 20, 2024).

¹¹ DPU Exhibit 1.03 - Enbridge Technical Conference Presentation slide 2.

¹² Confidential DPU Exhibit. 1.01 – Expansion Data Table

expansion has resulted in the lowest percentage of meters installed, 46.4%, within the required 4-year time frame.

Using the higher estimate of 75% of "potential customers" yields an optimistic estimate for the number of new customers upon project completion. For Fairfield, this translates to 65 customers, a figure considerably lower than those observed in prior projects. In comparison, Genola's estimated new customers stand at 380. The scope of the Fairfield project, in terms of potential customers, is notably constrained. While the Division refrains from recommending a minimum threshold of potential customers for approval, a rural expansion project with fewer than 100 potential customers warrants scrutiny.

Q. HOW IS THE FAIRFIELD EXPANSION DIFFERENT THAN THE PORTAGE EXPANSION?

A. Although the Fairfield and Portage Applications have a similar number of potential customers, 87 and 107 respectively, there are notable differences which support the Division's differing recommendations.

The most significant difference between the communities is their locations. Portage is just south of the Idaho border, 40 miles north of Box Elder county's largest city, Brigham City. Fairfield is west of Utah Lake on Utah Route 73, 20 miles from Lehi. Another difference is density; calculated as customer per square mile. Fairfield's density is 92.5 while Portage is 275.9¹³, this could indicate that the size of customer lots in Fairfield are greater than those in Portage. The median household income between Fairfield and Portage also differ significantly, \$122,500 and \$55,313 respectively¹⁴.

These differences highlight potential issues of rural expansion projects and public interest factors including customer's socioeconomic status and the cost burden relationship among developers, the Company, and existing customers.

¹³ Docket No. 24-057-13, EGU Ex. 1.03.

¹⁴ U.S. Census Data, 2023 American Community Survey 5-Year Estimates.

Q. SINCE THE REST OF THE GENERAL SERVICE (GS) CLASS IS REQUIRED TO ABSORB THE COST OF RURAL EXPANSION PROGRAMS, WHAT EFFECT DOES THIS HAVE ON THE CURRENT CUSTOMERS OF THE COMPANY?

A. According to the company's application, it will cost all GS customers \$.54 per year¹⁵. However, accounting for all previous expansion projects and the additional South Rim application, rural expansion projects will cost GS customers \$10.28 per year.

Q. IS THE PROJECT SIZE AND BUDGET JUST AND REASONABLE?

A. The Company estimated peak-hour demand based solely on existing structures in Fairfield as 3.080 MCFH¹⁶ (volumetric flow rate of one thousand cubic feet an hour) Yet the 8-inch plastic mains proposed would be able to deliver approximately 330 MCFH to Fairfield¹⁷. This is roughly a 10,614% increase in the volumetric flow rate. The estimated hourly average usage in Fairfield is 2.857 MCFH, whereas an estimated hourly average usage for a town of 100,000 people is 108.7 MCFH¹⁸. The Company's proposed expansion of 330 MCFH enables a very large amount of natural gas flow that is unlikely to be fully used and useful to Fairfield.

The cost difference between the proposed primary and redundant feed of 8" to 2" is \$1,080,300, and the cost difference of 8" to 4" is \$844,850. The Company states that 2" IHP mains were determined to be the minimum main size based on the current structure count and gas load. The proposed 8" line, was determined to be cost effective and appropriate to upsize to account for potential growth in the area¹⁹. However, the Company also stated that the proposed system was *not* sized to serve a potential load of a 1,300-acre residential development²⁰. 8-inch IHP requires additional equipment, personnel, and deeper trenches to install. The company has not provided sufficient evidence that the project is appropriately sized for Fairfield.

¹⁵ Application at 5.

¹⁶ EGU Ex. 2.05 at 2.

¹⁷ DPU Exhibit 1.03 - Enbridge Technical Conference Presentation Slide 7.

¹⁸ DPU Exhibit 1.02 - Gas Consumption

¹⁹ EGU Ex. 2.05 at 2.

²⁰ DPU Exhibit 1.03 - Enbridge Technical Conference Presentation slide 14.

Q. HOW WOULD THE FAIRFIELD EXPANSION CONTRIBUTE TO THE COMPANY'S EXISTING NETWORK?

A. Examining how the proposed rural expansion fits into the Company's existing network is a relevant factor in considering the public interest and has been included in previous applications. In Docket No. 21-057-12, the Company's Green River proposal highlighted its unique position along I-70 as well as the inclusion of the purchase of an existing natural gas pipeline known as the PEMC Pipeline, and the purchase and upgrade of an interconnect with Northwest Pipeline²¹. This expansion allowed the nearby communities of Moab and Monticello to be better served.

Additionally, in Docket No. 19-057-31, the Eureka expansion contributed to the network by increasing the feasibility of extending service to nearby communities such as Elberta and Goshen, which had both expressed interest in receiving natural gas²². Goshen and Elberta expansions were approved in subsequent dockets. In contrast, the proposed Fairfield expansion would not uniquely or meaningfully contribute to the Company's network, it would simply continue along Utah State Route 73 where the existing IHP ends.

STATUTORY REQUIREMENTS

Q. DOES THIS APPLICATION COMPLY WITH THE FILING REQUIREMENTS NECESSARY FOR UTILITY EXPANSION IN RURAL UTAH?

A. The Voluntary Request for Resource Decision Review, set forth in Utah Code sections 54-17-401, -402, and -403 and associated rules in Utah Administrative Code R746-440, permits the Company to seek approval to expand to unserved rural communities and to seek cost recovery for the expansion. Fairfield is currently an unserved rural community.

²¹ *Application of Dominion Energy Utah to Extend Service to Green River*, Utah, Docket No. 21-057-12, DEU Ex. 2.0 Direct Test. of R. Scott Messersmith at 2:48-5:134 (August 5, 2021).

²² *Application of Dominion Energy Utah to Extend Service to Eureka, Utah*, Docket No. 19-057-31, DEU Ex. 1.0 Direct Test. of Austin C. Summers at 6:165-167 (December 2, 2019).

The Division and Company must adapt how these rural expansion projects are reviewed and evaluated as the program continues. The statutory requirements underpinning the program provide consistency regarding the Company's filing expectations but also allow the Division and Commission flexibility in what factors it considers when determining whether a project is in the public interest. Information or analysis that may have been sufficient in the past may no longer be adequate given the changing landscape of rural communities.

Q. PLEASE EXPLAIN THE REQUIREMENTS TO APPROVE RURAL GAS INFRASTRUCTURE DEVELOPMENT PROJECTS.

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

- (i) The inclusion of those costs will not increase the base distribution non-gas revenue requirement by more than 2% in any three-year period;
- (ii) The distribution non-gas revenue requirement increase related to the infrastructure development costs does not exceed 5% in the aggregate; and
- (iii) The applicable distribution non-gas revenue requirement is the annual revenue requirement determined in the gas corporation's most recent rate case.

RECOMMENDATION

Q. WHAT IS THE DIVISION'S RECOMMENDATION REGARDING THE COMPANY'S REQUEST IN THIS DOCKET?

A. The Division recommends that the Commission deny the Application as filed.

**Q. PLEASE SUMMARIZE YOUR TESTIMONY AND THE DIVISION'S
RECOMMENDATIONS.**

A. The Division supports the extension of natural gas service to rural communities in principle if there is sufficient evidence to support the extension and costs are justified and reasonable under Utah law and in the public interest. The Company carries the burden of proof of just and reasonable rates based on substantial evidence. As a result of its review of the information provided in this case, the Division does not support extending service to Fairfield because the proposal in this filing is not in the public interest. Changes to the design, better evidence concerning benefits, and other factors could alter the Division's conclusion. However, the question of the number of potential customers and what system benefits accrue from these expansions will continue to be an important one for the Commission to consider as the Company's efforts reach more Utahns. Future applications addressing these issues will be helpful in Commission evaluations.

The Division has begun discussions with the Company concerning sufficient analysis of issues and plans to have periodic meetings with the Company representatives, irrespective of this case's outcome. The Company has been cooperative and accommodating in these discussions.

CONCLUSION

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.