



1. HB 107 would result in ratepayer harm.

- Customers would bear a significant increase of \$50 million for the STEP program over the five-year period, if fully expensed.
- Greater risk is shifted to Utah businesses and residents who are DEU customers with no reduction in shareholder earnings:
 - A hidden tax is created as a utility surcharge for projects that are unrelated to producing or delivering natural gas.
 - If the legislature believes such types of programs represent good public policy, they should be funded through the normal appropriation process where ALL Utah taxpayers fund the “clean air” programs, rather than putting the costs into utility bills where they are not transparent and subsidize a utility that does not serve the entire state.
 - DEU has indicated that residential rates would increase by about \$0.85 a month. If these provisions are implemented at only the full \$10 million cap with a 4% carrying charge, the largest industrial energy users will pay up to an increase of nearly \$20,000 a year.
 - These are companies that typically buy their own natural gas from other providers and spend millions of dollars to reduce their energy usage and their carbon footprints to meet their own company sustainability programs. They should not have to subsidize DEU’s programs in addition.

2. The legislation allows DEU to circumvent Public Service Commission authority.

- As occurred under SB 115 in 2016, RMP was able to circumvent the PSC regulatory process. Both utilities are monopoly utilities with little, to no, competition. The PSC was created by the legislature to create a balance between the utilities and customers -and to provide protection for the customers. UAE does not support bypassing the regulatory process.

3. The bill harms the market competition for NGV infrastructure and renewable natural gas.

- There are several competitors who build NGV infrastructure, as well as renewable natural gas projects (biomethane). They could very possibly build the infrastructure for a lower cost without ratepayer funds and the subsidy will stifle that competitive market.

4. The additional “protections” added to HB 107 in the 3rd substitute that was passed, are not sufficient.

- Quantifying potential air quality improvements are not in the Commission’s wheelhouse, and it will be impossible to determine if the actions taken by DEU are the single cause of the improvement.
- The Commission staff is small and trying to determine if the private sector COULD have provided a comparable or lower cost project will be difficult.

UAE is an organization with more than 35 members including many large energy users with operations in the State of Utah that represent a diverse group of universities, hospitals, and companies in the aerospace, retail, mining, steel and oil and gas industries, among others.

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