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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Eric Orton, Technical Consultant
Carolyn Roll, Technical Consultant

Date: September 22, 2017

Subject: Action Request Response and Initial Comments regarding Docket Nos. 17-057-15, 17-057-16, 17-057-17 and 17-057-18.

In the Matter of the Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff – 17-057-15; for a Tariff Change and Adjustment to the Low Income Assistance/Energy Assistance Rate – 17-057-16; to Amortize the Energy Efficiency Deferred Account Balance – 17-057-17; and to Change the Infrastructure Rate Adjustment – 17-057-18.

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) authorize the proposed new rates as requested by Dominion Energy Utah (Company) in its applications. After a preliminary review of the applications, the Division recommends approval on an interim basis in Docket Nos. 17-057-15, 17-057-17, and 17-057-18, with an effective date of October 1, 2017. The Division recommends that these requested rate changes should be approved on an interim basis in order to allow additional time for the Division to complete an audit of the individual entries in the respective accounts. The Division also recommends that the Commission approve the requested rate change in Docket No. 17-057-16, the Low Income Assistance/Energy Assistance Rate. This docket does not require an audit and the Division recommends final approval, not interim approval.

BACKGROUND

On September 1, 2017, the Company filed the applications identified above with the Commission for Docket Nos. 17-057-15, 16, 17, and 18. On that same date, the Commission issued Action Requests for each directing the Division to review the applications and make recommendations. On September 12, 2017 the Commission held a Scheduling Conference where it was decided that the Initial Comments in all of these dockets would be due September 22, 2017, which supplants the original due date of the Action Requests. On September 20, 2017 the Commission issued a Supplemental Action Request to the Division directing it to address part of the Commission's order from last year's case (Docket No.16-057-11). This memo is the Division's response to the Commission's four Action Requests and the Commission's Supplemental Action Request.

ISSUES

Docket No. 17-057-15 – to Amortize the Conservation Enabling Tariff (CET).
The Company is requesting to continue the current amortization and amortization rate so the requested rate change is $0.00. Additionally, the Company is requesting to leave the over-collected balance of $1,999,790 in this balancing account.

Docket No. 17-057-16 – to Adjustment to the Low Income Assistance/Energy Assistance Rate
The request is to adjust the collection rate in order to collect the approved $1.5 million. The projected account balance at the end of this year was $1,441,018, adding in an over collected amount of $317,529, resulting in a total projected collection/disbursement amount of $1,758,547.

Docket No. 17-057-17 – to Amortize the Energy Efficiency Deferred Account Balance

The current 182.4 account has an under collected balance of $816,312 as shown in Exhibit 1.1. In this request the Company is proposing to increase the current amortization level, which should bring the average balance for the year at or near zero. The Company is proposing to increase the current rate of $0.19054 to $0.20370 per Dth. The Company will monitor the balance during the winter months where usage is higher, and will make any adjustments in a spring filing, if necessary.

Docket No. 17-057-18 – to Change the Infrastructure Rate Adjustment

In this filing the Company is requesting an increase to the infrastructure replacement rate. The Company has increased plant-in-service and retired plant resulting in a net gain of just over $47.6 million ($212.4 million less $164.8 million).

DISCUSSSION

Docket No. 17-057-15 – to Amortize the Conservation Enabling Tariff (CET).

This filing is a request to leave the current collection amount unchanged and leave the over-collected balance of just under $2 million in the account. The Company proposes to leave this amount in the account as a cushion to soften the impact of expected lower usage per customer. The Division does not object to this balance remaining in the account as the Company will pay interest to the ratepayers on the balance. If approved, a typical GS residential customer will see no change in their annual bill as a result of this CET filing.

Docket No. 17-057-16 –Adjustment to the Low Income Assistance/Energy Assistance Rate

This is a request to adjust the collection rate in order to collect and disperse the approved $1.5 million annually. The proposed customer credit will increase the disbursement amount from

$70.00 to $72.50 per participant. If approved individually, a typical GS residential customer will see a decrease of approximately $0.06 or 0.01% in their annual bill attributable to this program.

Docket No. 17-057-17 – to Amortize the Energy Efficiency Deferred Account Balance

Based on the current balance, projected volumes and the Energy Efficiency budget, the Company believes it can collect the required revenue while minimizing interest expense with a slight increase to the amortization rate. In the Company's application it states it is requesting that the amortization rate remain at the current rate; at the hearing it will correct the application to reflect that an increase to the current amortization is requested.

The Division examined the exhibits as filed with the application. Exhibit 1.1 is a summary of the Energy Efficiency deferred expenses accounting entries for the period from September 2016 through July 2017. Exhibit 1.2 is a summary of the deferred Energy Efficiency related expenditures by Energy Efficiency program (page 1) and by Energy Efficiency expenditure type (page 2) since August 2016. The Energy Efficiency balance, as of the end of July 2017, is $816,312. The projected Energy Efficiency balance for December 2018 is shown in Exhibit 1.3. On September 18, 2017, the Company filed an updated exhibit 1.5, which altered the effect of this filing; if approved by the Commission, a typical GS rate class customer will see an increase in their annual rates of $1.07 or 0.15% not $1.11 or 0.16% as originally filed.

Additionally, with respect to the Commission's Supplemental Action Request, the Division has re-examined the docket, the Commission's order, and had discussions with the Company and has concluded that the balance in the account this past spring was adequate and that the calculations in this filing are appropriate. There was no need for a filing this past spring and adjustments to this filing are not necessary. The Company will provide a more detailed description to the Commission at the hearing. However, as far as the Division is concerned, the DSM/EE account is functioning as it should.

Infrastructure 17-057-18 - to Change the Infrastructure Rate Adjustment

In this filing, the Company shows the amounts and dates of when infrastructure investment was closed and placed into service since the last filing. The Company now proposes to collect the revenue requirement associated with this investment amount in rates.

The Company's application includes six exhibits. Exhibit 1.1 provides the dollar amounts showing the infrastructure investment from September 2016 through August 2017. Exhibit 1.1 page 4 of 4 summarizes the preceding exhibit pages and shows the calculations resulting in the incremental revenue requirement requested of approximately $5.9 million (see Exhibit 1.1 page 4 of 4 line 15). This amount, in addition to what is already allowed to be collected, provides a total proposed revenue requirement of $25.3 million.

Exhibit 1.2 shows the proposed Cost of Service Allocation of this $25.3 million per prior Commission order in Docket No.13-057-19. Exhibit 1.3 shows how this amount will be divided using the demand charge and volumetric rates to collect the proper amount from each customer class. The monthly change to a typical GS customer is shown in exhibit 1.4 (an annual increase of $3.92 or 0.57 %). Exhibit 1.5 shows the legislative and rate schedule tariff sheets in the applicable classes while Exhibit 1.6 shows the legislative and proposed tariff sheets if all four dockets (17-057-15,16,17, and 18) are approved (Docket No. 17-057-15 is proposing a zero change so it has no effect so no new tariff sheets were submitted).

Combined

If all four dockets are approved, the combined annual rate increase to the average customer would be $4.87 or 0.70%.

CONCLUSION

These applications appear compliant with past Commission orders and the proposed tariff sheets accurately reflect those changes. The Division has reviewed these filings along with their respective exhibits and tentatively agrees with the methods used by the Company.

Therefore, the Division recommends that the Commission approve the proposed rates on an interim basis (except for the Low Income docket, which would be final rates) until the Division can complete its audits, at which time it will make a final recommendation to the Commission. This initial review, (except for the low income docket) does not constitute the Division's final post-audit position, which will be presented when the Division submits the results of its audits, to be completed after the Company's 2017 books are closed.

CC: Kelly Mendenhall, Questar Gas Company
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