



State of Utah  
Department of Commerce  
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

Date: September 19, 2018

Subject: **Approve**, Docket No. 18-057-11, Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment

### 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 (Gas Utility) in its applications. After a preliminary review of the applications, the Division recommends approval, on an interim basis with an effective date of October 1, 2018. The Division recommends that these requested rate changes 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.

### BACKGROUND

On September 1, 2018, the Company filed the application identified above with the Commission in Docket No. 18-057-11. On September 4, 2018 the Commission issued its Action Request

directing the Division to review the application and make recommendations. On that same date the Commission issued a Notice of Scheduling Conference for September 12, 2018. The initial Action Request response was due October 4, 2018, however, following the Scheduling Conference revised due dates were established. The revised schedule calls for comments from the Division on September 19, 2018 with reply comments due on September 24, 2018, and a hearing scheduled on November 27, 2018 at 10:00 am. This is the Division's Action Request Response and its initial comments.

## **DISCUSSION**

In this filing, the Gas Utility shows the amounts and dates of when infrastructure investment was completed and placed into service. The Gas Utility now proposes to collect in rates the revenue requirement associated with these investment amounts. The Gas Utility supports this application with six exhibits. Also, included in this filing is a decrease to the Tracker as a result of the Interruptible Penalty in the amount of \$125,760. This credit represents the to-date total of the penalty collected from the interruptible customers resulting from the January 6, 2017 event. In summary, the proposal is a total revenue requirement of \$25.620 million or an Incremental Revenue Requirement increase of \$3.515 million from the current Revenue Requirement of \$22.105 million. This current Revenue Requirement was ordered on an interim basis in docket 18-057-T01 where the effect of the new tax rate changed the return from 10.79% to 9.33%, which took the \$24.623 million Revenue Requirement in place prior to the tax reform to the \$22.105 million currently in rates.

The Gas Utility's six exhibits are:

1. Exhibit 1.1 provides the dollar amounts showing the infrastructure investment from October 2017 through August 2018. Exhibit 1.1 page 4 of 4 summarizes the preceding exhibit pages and shows the calculations resulting in the revised incremental revenue requirement, which is an increase of approximately \$3.515 million (see Exhibit 1.1 page 4 of 4 line 16).

2. Exhibit 1.2 shows the proposed Cost of Service Allocation of the total \$25.620 million proposed revenue requirement.
3. 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.
4. Exhibit 1.4 shows the monthly change to a typical GS customer of an annual increase of \$2.45 or 0.39 %.
5. Exhibit 1.5 shows the legislative and rate schedule tariff sheets in the applicable classes of customers.
6. Exhibit 1.6 shows the legislative and rate schedule tariff sheets in the applicable classes of customers.

## **CONCLUSION**

This application complies with past Commission orders and the proposed tariff sheets accurately reflect the proposed changes filed by the Gas Utility. The Division has reviewed the filing along with the respective exhibits and tentatively agrees with the methods used.

Therefore, the Division recommends the Commission approve the proposed rates on an interim basis until the Division can complete its audits, at which time it will make a final recommendation to the Commission. This initial review does not constitute the Division's final post-audit position. The Division's final position will be included with its audit results.

CC: Kelly Mendenhall, Dominion Energy Utah  
Michele Beck, Office of Consumer Services