

# Pass-Through Technical Conference

Docket No. 18-057-14

10-25-18

1

October 25, 2018



# Agenda

- DPU Questions
- Commission Question
- Reason for format update
- Flow of natural gas
- Commodity costs
- Supplier Non-Gas (SNG) costs
- Impact
- Summary of current exhibits to proposed exhibits
- Questions

# Other Transportation

# Exhibit 1.3 Page 1

17	CIG Commodity (SNG)			0		x	\$0.01660	=	\$0	
18	NWPL Commodity (SNG)			0		x	\$0.00832	=	\$0	
19	Total ACA			132,349,458		x	\$0.00130	=	172,054	
	<b>Kern River Commodity</b>									
20	January - December	0.41	x	34,885	x	365	x	\$0.00440	=	\$23,009
21	November - March	0.41	x	50,000	x	151	x	\$0.00440	=	13,643
22	November & March	0.41	x	6,000	x	61	x	\$0.00440	=	661
23	December - February	0.41	x	56,925	x	90	x	\$0.00440	=	9,258
24	November - March	0.41	x	27,000	x	151	x	\$0.00440	=	7,367
25	Total (SNG)									\$53,938
26	Total Transportation Commodity									\$546,634
	<b>OTHER CHARGES</b>									
27	Wexpro I Gathering Demand									\$11,774,616
28	Wexpro I Gathering Commodity									7,391,644
29	Total Wexpro I Gathering (SNG)									\$19,166,260 1/
30	Wexpro II Gathering									\$2,927,171
31	Other Wexpro I Gathering Charges									3,013,070
32	Other Transportation Charges									3,718,588
33	Total Wexpro II Gathering, Other Gathering & Transportation									\$9,658,829
	<b>PEAK HOUR SERVICE</b>									
34	Mid November - Mid February			25,000	x	3	x	\$11.65333	=	\$874,000
35	Mid November - Mid February			68,667	x	3	x	\$5.95056	=	\$1,225,815
36	Disallowance of Docket No. 17-057-20 Report and Order									(\$262,000)
37	Total Peak Hour Service									\$1,837,815

# Gathering

## Exhibit 1.3 Page 1

<u>OTHER CHARGES</u>				
27	Wexpro I Gathering Demand	\$11,774,616		
28	Wexpro I Gathering Commodity	7,391,644		
29	Total Wexpro I Gathering (SNG)		\$19,166,260	1/
30	Wexpro II Gathering	\$2,927,171		
31	Other Wexpro I Gathering Charges	3,013,070		
32	Other Transportation Charges	3,718,588		
33	Total Wexpro II Gathering, Other Gathering & Transportation		\$9,658,829	

### Wexpro I

Line 27 - systemwide gathering reservation charge by Marathon/Andeavor

Line 28 - systemwide gathering \$/dth by Marathon/Andeavor

Line 31 - gathering by Williams Field Services

### Wexpro II

Line 30 - gathering for all Trail, 2 Canyon Creek, & 4 Whiskey Canyon wells by Marathon/Andeavor

Wexpro II Operator Service Fee - gathering for all other Canyon Creek & Whiskey Canyon Wells by Wexpro

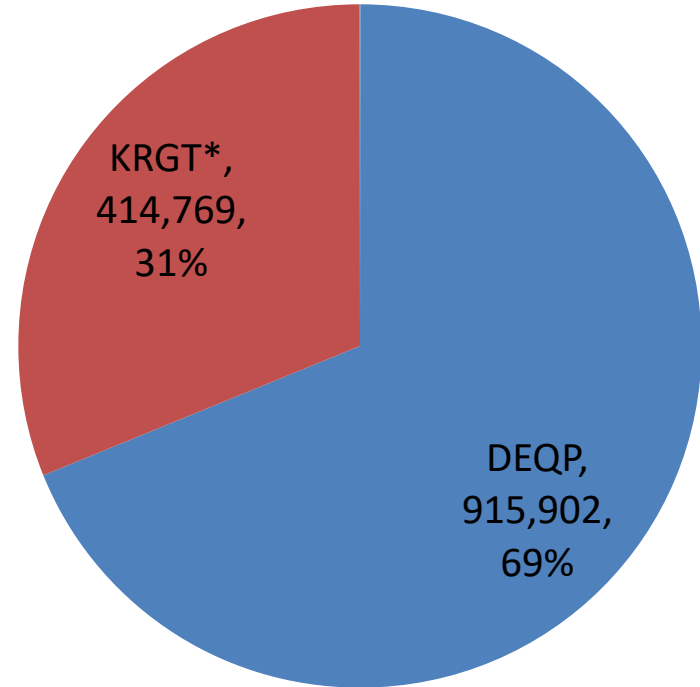
# Peak Hour Service Disallowance

## Docket No. 17-057-20 Report and Order

Considering all of those factors, we conclude that the outcome based on the best available evidence in the record, and best reflecting the nature of DEU's planning and modeling that were, and were not, reasonable, is to estimate the amount of the DEQP Contract that should be disallowed based on Mr. Mierzwa's modeling assumptions. According to Mr. Mierzwa's alternate modeling, the design peak hour demand estimate was overstated by 44,000 Dth/day.<sup>40</sup> This is equal to approximately 18 percent of 250,000 Dth/day of total volumetric resources provided by the DEQP Peak Hour Contract. We conclude that an 18 percent adjustment is the most appropriate to effectuate our finding with respect to DEU's modeling of wind speeds. Applying this 18-percent adjustment factor to the total DEQP Contract costs yields approximately \$262,000. This amount shall be returned to DEU ratepayers in a manner to be determined in the next Account 191 filing.

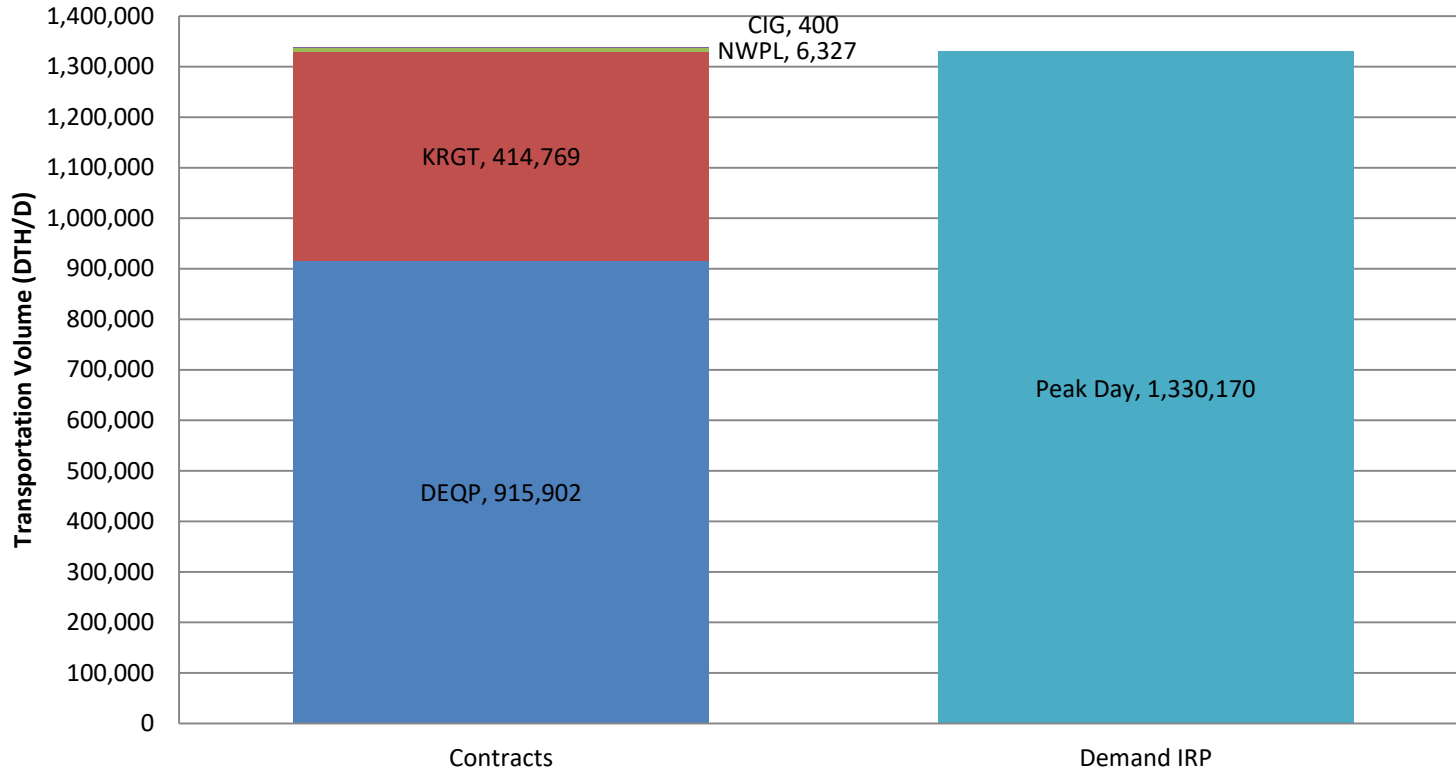
# DEQP vs KRGT Contracts

- DEQP Contracts
  - 241 798,902
  - 2945 87,000
  - 2361 30,000
- KRGT Contracts
  - 20029 83,000
  - 1829 1,885
  - Citadel Release 83,925



\*KRGT total won't add up due to segmentation

# Transportation Contract Coverage for a Peak Day



# Allocation Factors in Pass-Through

## Exhibit 1.5 Footnote

1/ Allocation Factors		Total	Wyoming	Utah
1 Peak Day Demand	Dth-	1,330,170	37,589	1,292,581
	Percent-	100.00%	2.83%	97.17%
2 Commodity Sales - All	Dth-	114,995,095	3,886,501	111,108,594
	Percent-	1	3.38%	96.62%



# Why change the Pass-Through exhibits format?

- Provide ease of calculating test year gas costs
- Clarify rate components
  - Commodity
  - Supplier Non-Gas (SNG)
- Change input
  - DEU Regulatory Department
  - DPU

# 191 Account



## DOMINION ENERGY UTAH UTAH NATURAL GAS TARIFF PSCU 500

Page 2-9

---

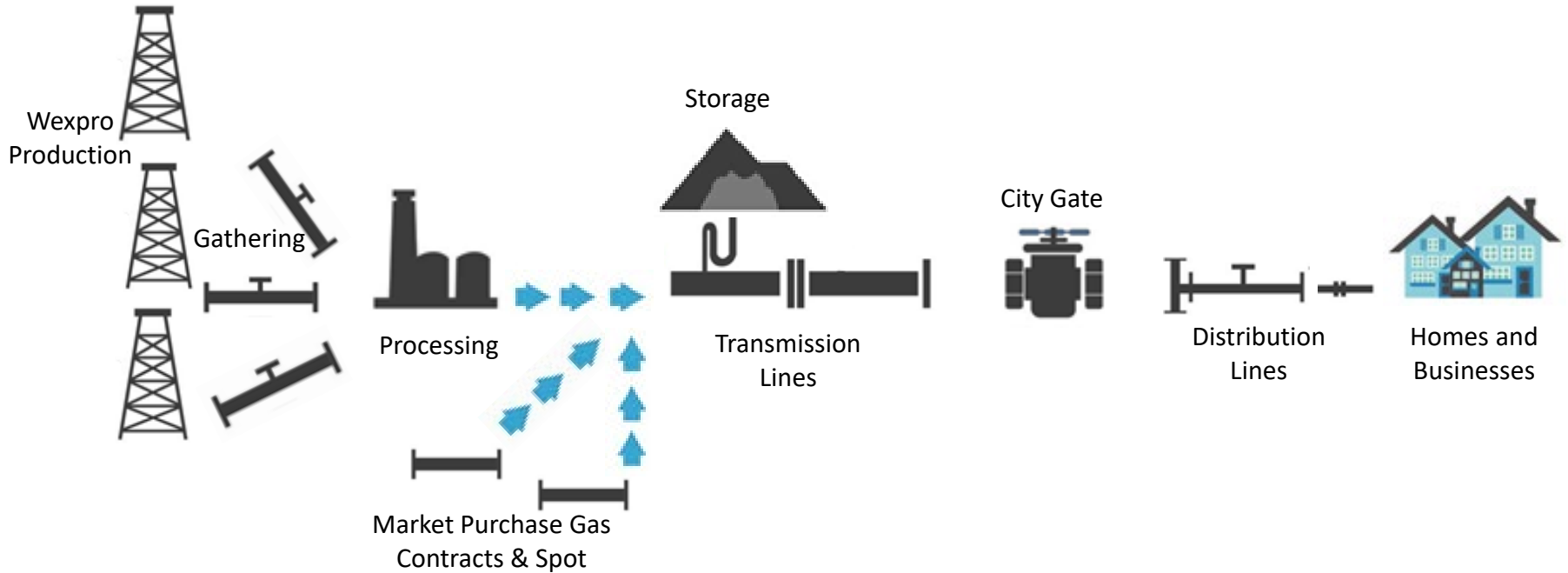
### 2.06 GAS BALANCING ACCOUNT ADJUSTMENT PROVISION

#### APPLICABILITY

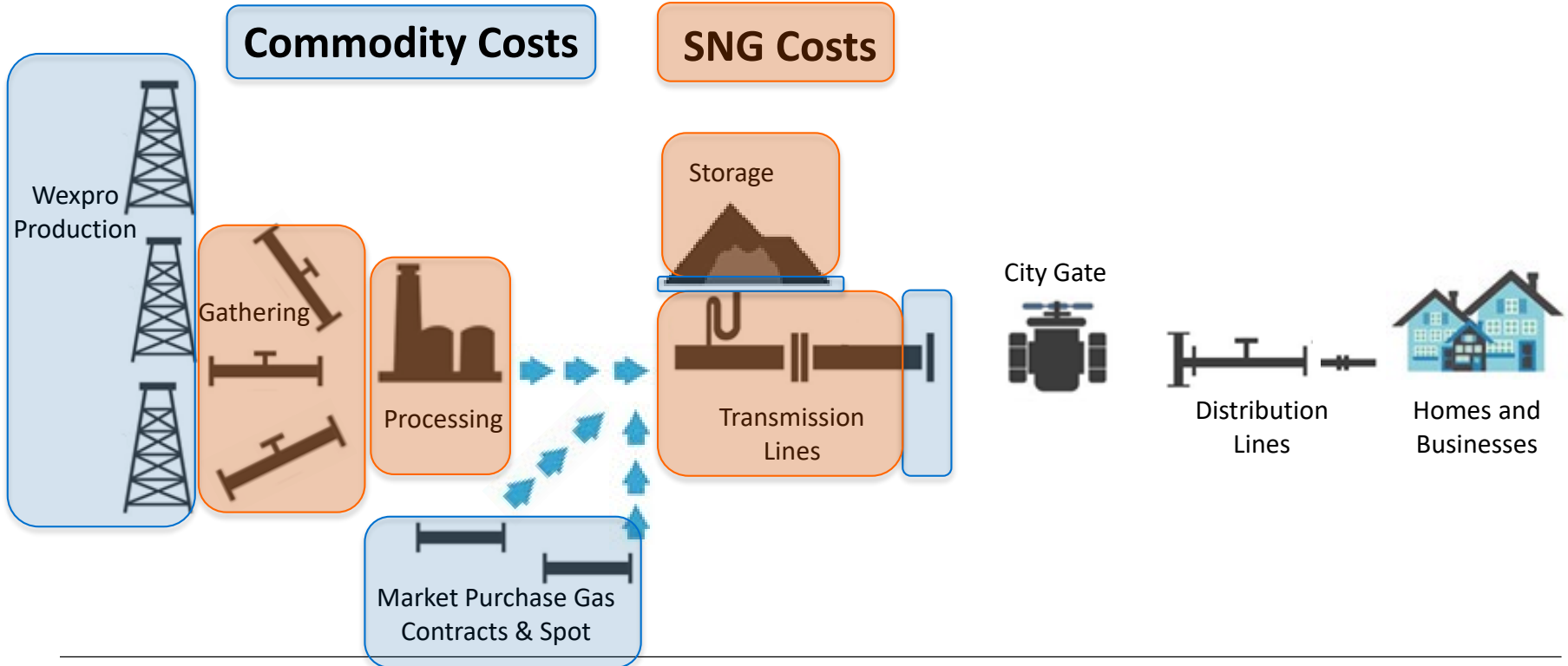
The purpose of the Gas Balancing Account is to recover, on a dollar-for-dollar basis, purchased gas costs and gas-cost-related expenses. Gas commodity costs are market driven and fluctuate with market prices. Non-gas costs include costs to transport the gas to the customer, the cost of producing company-owned production associated with purchases under the Wexpro Agreement and certain other Commission-approved expenses.

This gas balancing account adjustment provision applies to the Supplier Non-Gas (SNG) component of all applicable rate schedules and the commodity component of all sales rate schedules contained in this Tariff.

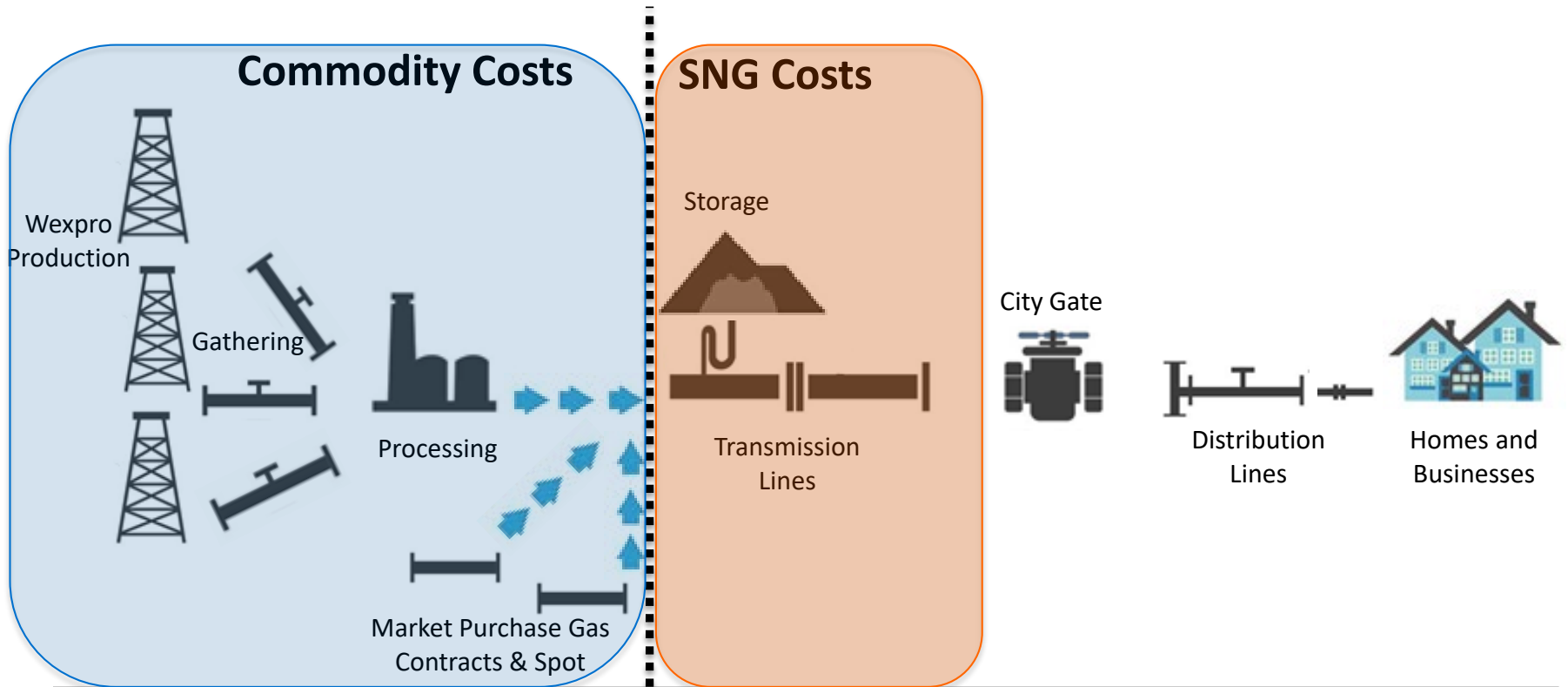
# Current Pass-Through Rate Components



# Current Pass-Through Rate Components



# Proposed Pass-Through Rate Components



# Impact from Current to Proposed Format Change

		CURRENT				PROPOSED			
Description	Commodity	Commodity UT	SNG	SNG UT	Commodity	Commodity UT	SNG	SNG UT	
1 Wexpro I Operator Service Fee	197,658,075	190,977,804			197,658,075	190,977,804			
2 Wexpro I Royalties	19,427,107	18,770,527			19,427,107	18,770,527			
3 Wexpro I Revenue Credits	(15,177,753)	(14,664,789)			(15,177,753)	(14,664,789)			
4 Wexpro II Operator Service Fee	44,164,130	42,671,511			44,164,130	42,671,511			
5 Wexpro II Royalties	5,062,928	4,891,816			5,062,928	4,891,816			
6 Wexpro II Revenue Credits	(1,515,989)	(1,464,753)			(1,515,989)	(1,464,753)			
7 Purchased Gas Current Contracts	56,502,148	54,592,539			56,502,148	54,592,539			
8 Purchased Gas Forecast Spot	74,195,613	71,688,016			74,195,613	71,688,016			
9 Purchased Gas Future Contracts	2,951,553	2,851,799			2,951,553	2,851,799			
10 Storage Adjustment	5,636,773	5,446,266			5,636,773	5,446,266			
11 Working Gas	3,384,874	3,270,475			3,384,874	3,270,475			
12 ACA (FERC)	172,054	166,239					172,054	166,239	
13 Storage Commodity	493,692	477,007					493,692	477,007	
14 Transportation Demand			61,293,375	59,561,298			61,293,375	59,561,298	
15 QPC Commodity			320,642	309,805			320,642	309,805	
16 Kern River Commodity			53,938	52,115			53,938	52,115	
17 QEPFS/Tesoro Field Services Demand			11,774,616	11,441,880	11,774,616	11,441,880			
18 QEPFS/Tesoro Field Services Commodity			7,391,644	7,141,828	7,391,644	7,141,828			
19 Wexpro II Gathering			2,927,171	2,828,241	2,927,171	2,828,241			
20 Other Wexpro I Gathering Charges			3,013,070	2,911,237	3,013,070	2,911,237			
21 Other Transportation Charges			3,718,588	3,592,911			3,718,588	3,613,505	
22 Storage Demand			16,725,058	16,252,428			16,725,058	16,252,428	
23 Peak Hour Service			2,099,815	1,778,477			2,099,815	1,778,477	
24 Total	392,955,205	379,674,458	109,317,918	105,870,220	417,395,960	403,354,398	84,877,162	82,210,874	
25 Total All Gas Costs			502,273,122	485,544,677			502,273,122	485,565,272	

# Trailing Twelve Month Cost-of-Service \$/Dth

Cost-of-Service Price/Dth Detail			
8/31/2018			
WEXPRO Consolidated		8/31/2018	8/31/2018
Account	Description	Actual	TTM Total
813001	Wexpro Operating Service Fee	\$ 19,950,791	\$ 270,522,548
495018	Wexpro Oil Sharing	(24,691)	(332,425)
495007	Overriding Royalties	(958,405)	(9,483,801)
758000	Royalties	1,789,478	28,340,653
490001	Sale of Extracts	(806,784)	(7,525,265)
492003	Crude Oil Revenue	-	(16,946)
492004	Condensate Revenue	(199,984)	(2,376,423)
483000	Sale for Resale	(104,402)	(1,686,207)
758001	Condensate Royalties	-	80,340
758002	Y Grade Oil Royalties	-	165
758004	Crude Oil Royalties	-	2,243
403/404	Depreciation	43,023	559,047
101/108/111	Pretax Return on Rate Base*	32,975	404,023
813003	Processing	90,145	1,144,750
759000	Gathering	2,250,664	27,331,336
	Total Cost of Wexpro Gas	\$ 22,062,810	\$ 306,964,038
	Wexpro Into Pipe Volumes (Dth)	5,565,238	72,951,467
	Wexpro COS Into Pipe Price/Dth		4.21

# Allocation Factors in Pass-Through

1/ Allocation Factors		Total	Wyoming	Utah
1 Peak Day Demand	Dth-	1,330,170	37,589	1,292,581
	Percent-	100.00%	2.83%	97.17%
2 Commodity Sales - All	Dth-	114,995,095	3,886,501	111,108,594
	Percent-	1	3.38%	96.62%

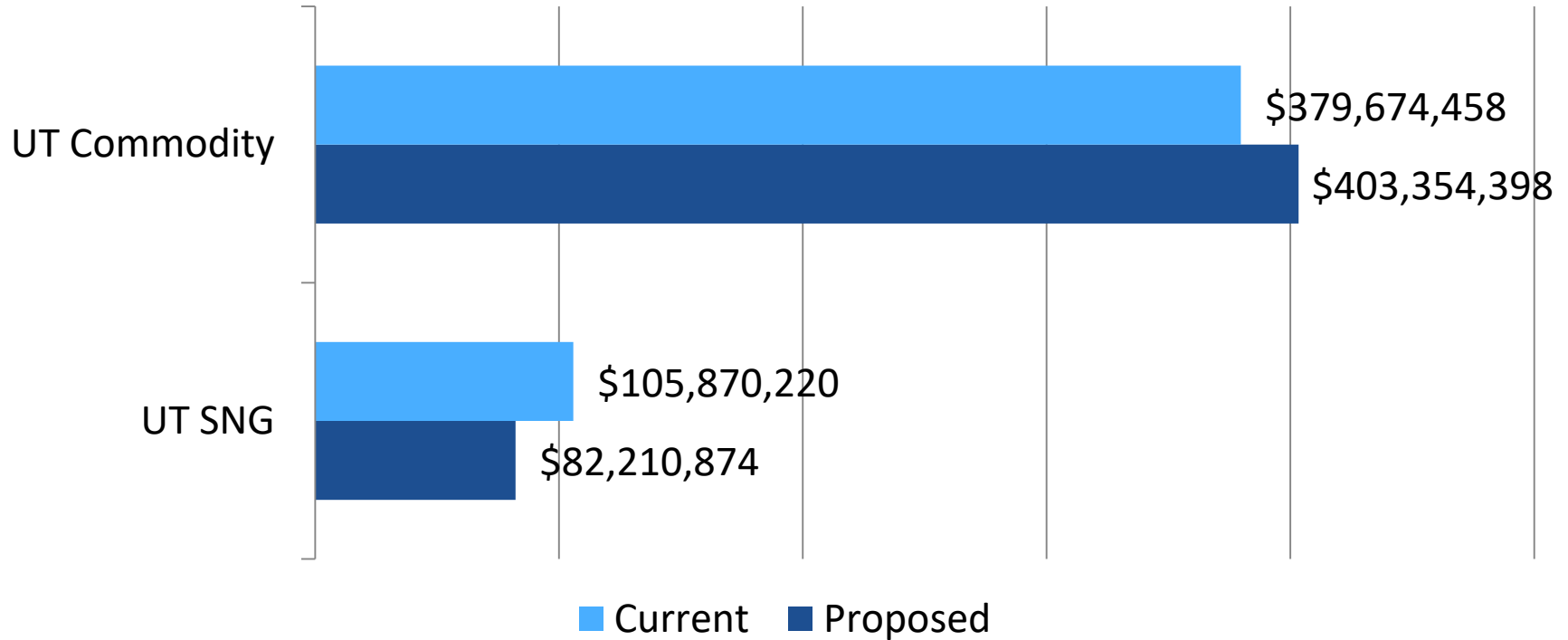


# Proposed Change in Allocations

- 1/ Allocation Factors
- 1 Peak Day Demand
- 2 Commodity Sales - All

		CURRENT				PROPOSED				
Description	Commodity	Commodity UT	SNG	SNG UT	Allocation Factor 1/	Commodity	Commodity UT	SNG	SNG UT	Allocation Factor 1/
1	Wexpro I Operator Service Fee	197,658,075	190,977,804			2	197,658,075	190,977,804		2
2	Wexpro I Royalties	19,427,107	18,770,527			2	19,427,107	18,770,527		2
3	Wexpro I Revenue Credits	(15,177,753)	(14,664,789)			2	(15,177,753)	(14,664,789)		2
4	Wexpro II Operator Service Fee	44,164,130	42,671,511			2	44,164,130	42,671,511		2
5	Wexpro II Royalties	5,062,928	4,891,816			2	5,062,928	4,891,816		2
6	Wexpro II Revenue Credits	(1,515,989)	(1,464,753)			2	(1,515,989)	(1,464,753)		2
7	Purchased Gas Current Contracts	56,502,148	54,592,539			2	56,502,148	54,592,539		2
8	Purchased Gas Forecast Spot	74,195,613	71,688,016			2	74,195,613	71,688,016		2
9	Purchased Gas Future Contracts	2,951,553	2,851,799			2	2,951,553	2,851,799		2
10	Storage Adjustment	5,636,773	5,446,266			2	5,636,773	5,446,266		2
11	Working Gas	3,384,874	3,270,475			2	3,384,874	3,270,475		2
12	ACA (FERC)	172,054	166,239			2		172,054	166,239	2
13	Storage Commodity	493,692	477,007			2		493,692	477,007	2
14	Transportation Demand			61,293,375	59,561,298	1		61,293,375	59,561,298	1
15	QPC Commodity			320,642	309,805	2		320,642	309,805	2
16	Kern River Commodity			53,938	52,115	2		53,938	52,115	2
17	QEPFS/Tesoro Field Services Demand			11,774,616	11,441,880	1	11,774,616	11,441,880		1
18	QEPFS/Tesoro Field Services Commodity			7,391,644	7,141,828	2	7,391,644	7,141,828		2
19	Wexpro II Gathering			2,927,171	2,828,241	2	2,927,171	2,828,241		2
20	Other Wexpro I Gathering Charges			3,013,070	2,911,237	2	3,013,070	2,911,237		2
21	Other Transportation Charges			3,718,588	3,592,911	2		3,718,588	3,613,509	1
22	Storage Demand			16,725,058	16,252,428	1		16,725,058	16,252,428	1
23	Peak Hour Service			2,099,815	1,778,477	1		2,099,815	1,778,477	1
24	Total	392,955,205	379,674,458	109,317,918	105,870,220		417,395,960	403,354,398	84,877,162	82,210,874
25	Total All Gas Costs			502,273,122	485,544,677			502,273,122	485,565,272	

# Impact from Current to Proposed Format Change



# Why are the rates different?

- Commodity Calculation:

$$\begin{array}{rcl} & \frac{\text{Commodity Costs}}{\text{Test Year Sales}} & = \text{New Commodity Rate} \\ \text{Current} & \frac{379,674,458}{111,108,594} & = \$ 3.41715 \\ \text{Proposed} & \frac{403,354,398}{111,108,594} & = \$ 3.63027 \end{array}$$

# Why are the rates different?

- SNG Calculation:

	Current SNG Total Rate	x (1 +	Percent Change	) =	New SNG Total Rate
Current	1.29530	x (1 +	-6.63%	) =	\$1.20948

	Current Rate	x (1 +	Percent Change	) =	New SNG Base Rate
Proposed Base Rate	1.20913	x (1 +	-26.02%	) =	\$0.89453
Proposed Amortization	0.08617	x (1 +	0.00%	) =	\$0.08617
Proposed Total Rate					\$0.98070

Example of GS Winter Rate

# Current Exhibits to Proposed Exhibits

Current Exhibit	Description of Exhibit	Proposed Exhibit	Comments
1.1	Company Production with detailed well information	1.2 p1	Detail of well info in electronic model
1.2	Purchased Gas Costs	1.2 p4	
1.3 p1	Transportation	1.3 p1	
	Gathering	1.2 p3	
1.3 p2	Storage	1.3 p3	
	Working Gas Charges	1.2 p5	
1.4 p1	Gas Related Costs and Revenue Credits	1.2 p3	
1.4 p2	Cost of Storage Gas	1.2 p5	
1.4 p3	Other Revenues	1.2 p2	
1.5	Gas Cost Allocation	1.1 p2	
1.6 p1	Commodity Change and New Rates	1.4 p1	
1.6 p2	Supplier Non-Gas Change	1.4 p2	
1.6 p3	Supplier Non-Gas New Rates	1.4 p3	
1.7	Effect on GS Typical Customer	1.5	
1.8	Legislative/Proposed Rate Schedules	1.6	
1.9	Dominion Energy Questar Pipeline, LLC Tariff Rates	-	Removed as an exhibit
1.10	Confidential Comparison of Natural Gas Price Forecast	1.2 p6	
1.11	Legislative/Proposed Combined Rate Schedules	1.7	

# Table of Contents

# Exhibit 1.1 Page 1 of 2

Exhibit	Description	Type
1.1 Page 2	Test Year Gas Cost Allocation	Summary
1.2 Page 1	Test Year Royalties & Company Production	Commodity
Page 2	Test Year Other Revenues	Commodity
Page 3	Summary of Wexpro Test Year Gas Costs and Revenue Credits	Commodity
Page 4	Test Year Purchased Gas Costs	Commodity
Page 5	Test Year Storage Gas & Working Gas Charges	Commodity
Page 6	CONFIDENTIAL Comparison of Natural Gas Price Forecasts	Commodity
1.3 Page 1	Test Year Transportation Charges	SNG
Page 2	Test Year Storage Charges	SNG
1.4 Page 1	Test Year Gas Cost Change	Commodity
Page 2	Test Year Supplier Non-Gas Cost Change	SNG
Page 3	Test Year Change in Supplier Non-Gas Costs by Rate Class	SNG
1.5	Effect on GS Typical Customer	Summary
1.6 Page 1-8	Legislative Rate Schedules	Summary
Page 9-17	Proposed Rate Schedules	Summary
1.7 Page 1-8	Legislative Combined Rate Schedules	Summary
Page 9-17	Proposed Combined Rate Schedules	Summary

# Next Steps

- Gather Feedback & adjust as necessary
- Use new format and cost allocations in Spring 2019 pass-through
- Make Tariff changes as necessary