BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO MAKE TARIFF MODIFICATIONS RELATING TO TRANSPORTATION SERVICE	**))))))))))**	**DOCKET NO. 18-057-T04** **DPU Exhibit 1.0 DIR** **Direct Testimony** **Eric Orton**

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of
Eric Orton

September 12, 2018

INTRODUCTION AND SUMMARY

Q: Please state your name, business address and title.

A: My name is Eric Orton; my business address is 160 East 300 South, Salt Lake City, Utah 84114. I am a Technical Consultant with the Division of Public Utilities (Division).

Q: On whose behalf are you testifying?

A: The Division of Public Utilities.

OVERVIEW

Q: What is the purpose of your testimony in this matter?

A: To put forth the Division's position regarding the tariff changes proposed by Dominion Energy Utah (Gas Utility) directed at its interruptible and transportation customers as proposed in this docket.

Q: Please explain briefly what the Gas Utility is proposing.

A: The proposed tariff changes mainly address the transportation customer's curtailment and interruption processes (generically called Operational Flow Order or OFO). Under current tariff provisions, when the Gas Utility issues an OFO, a transportation customer can be curtailed for either a capacity issue on the Gas Utility's system or because the customer's nominated volumes fail to arrive at the Gas Utility's system. If the customer fails to interrupt, the tariff provides for certain penalties. The Gas Utility is proposing separating these two conditions in its tariff. This would be accomplished by introducing a new tariff called the Hold Burn to Scheduled Quantity Burn (Hold Burn) restriction. The proposal separates the current interruption OFO into two different interruption processes that are differentiated based on the cause of the OFO. The Hold Burn restriction is designed to motivate the transportation customer to burn only up to its delivered amount in the event when the Gas Utility issues this particular type of an OFO notice.

Q: What is the Division position and recommendation?

A: The Division believes these proposed changes are a progressive step toward a clearer and more manageable tariff. They provide an additional mechanism to encourage transportation customers to match their use with their supply.

Q: What is the Gas Utility's stated purpose for these changes?

A: It claims two benefits. Namely that, if approved, these tariff changes will: 1) "provide clarity to customers, and will facilitate improved communication and collaboration between the Company, transportation customers, and nominating parties", and 2) "aid the Company in streamlining interruption and curtailment processes such that customers and the Company will benefit." It claims that these changes "do not constitute a violation of state law, or Commission rule…" so they should be approved.

Q: What evidence does the Gas Utility offer to support its claims?

A: It offered the direct testimony of Abigail Thomas with the attached exhibits consisting of her qualifications, a summary page of the proposed tariff changes, the proposed tariff sheets in both Legislative and proposed format and finally some revised meeting slides.

HOLD BURN TO SCHEDULED QUANTITY RESTRICTION

Q: Please explain what Hold Burn to Scheduled Quantity restriction is.

A: The Division understands the tariff changes for the Hold Burn to Scheduled Quantity restriction to be specifically related to the volume of gas that is being delivered to the utility's distribution system. Under this proposed tariff, if the utility calls for a restriction due to supply concerns and a transportation customer burns more gas than it has nominated for delivery, the customer would be penalized for what the Utility calls an "overrun."

Q: This means that interruptible customers can receive at least two different types of OFO directives from the Gas Utility. Is that correct?

A: Yes. The Gas Utility indicated that it will notify customers 'electronically or via phone" informing them whether the OFO is a Hold Burn restriction or an Interruption request or additionally there may be OFO's based on a Daily Imbalance. In extreme conditions, the Utility could call an OFO for both a supply restriction and an interruption for capacity constraints on the utility's system. The Gas Utility indicated that, in general, previous restrictions have been related to supply concerns and expects to issue OFO restrictions of the Hold Burn more frequently than interruption OFO restrictions.

Q: What is the current penalty for a failure to interrupt?

A: Customers that fail to interrupt are assessed a $40/Dth charge and 'the customer will be moved from the interruptible rate schedule to an available firm rate schedule for three years for those interruptible volumes it failed to interrupt." It is possible to that the customer "may be subject to immediate termination or restriction of service." Dominion Energy Utah Tariff 500 section 3.2

Q: What is the proposed penalty for exceeding the nominated amount during a Hold Burn restriction OFO?

A: Customers that burn more than the confirmed nomination amount would be subject to a $25/Dth charge plus index-based gas cost.

Q: So if this proposal is approved, there will be one additional type of OFO.

A: Yes. There are currently three and the inclusion of the Hold Burn restriction will make four options the Gas Utility has available to use in its tariff Section 5.06 addressing Imbalances. They are:

1) Monthly Imbalance,
2) Daily Imbalance,
3) Restrictions on daily Imbalance, and
4) Hold Burn to Scheduled Quantity Restriction

Q: Does this separation of OFO types seem reasonable to the Division?

A: Yes. It seems to make sense and be a reasonable step in the continuing process to refine the Gas Utility's tariff.

OTHER PROPOSED TARIFF CHANGES

Q: Please briefly review the other changes to its tariff that the Gas Utility is proposing.

A: The proposed changes are identified in DEU Exhibit 1.2, but basically they are as follows:

1) Change the name of three transportation classes (FT-1 becomes TBF, TS becomes TSF and TS becomes TSI),
2) If, during the three year penalty period, the customer fails to interrupt again, the penalty period would begin again.
3) The requirement to re-apply for Interruptible Service annually is removed,
4) The requirements for existing customers will be different than new customers,
5) Several legal-type changes are proposed for section 5.1.
6) The one year minimum term for By-pass customers would be eliminated,
7) The TS rate schedule will become either TSF or TSI for firm or interruptible to help differentiate the two
8) The process for reducing the customers' nominations based on the Gas Utility's system capacity is specified
9) The Glossary is updated

10) The Utah State sales tax and Municipal Energy Sales and Use tax rates are no longer provided in detail, but are referenced in general at the currently applicable rates

CONCLUSION

Q: Does the Division believe that the proposed tariff changes will add clarity to the Gas Utility's OFO policies and procedures?

A: Yes. These steps appear to help aid customers in adhering to the Gas Utility's tariff.

Q: Does the Division have concerns about the how the tariffs might be managed?

A: Yes. The Division is concerned about the possibility of unequal treatment of customers based on the latitude the Gas Utility has in interpreting tariff language such as: "Tolerance for restriction period will be given:, and "A penalty of $25/Dth may be imposed…" and "repeatedly ignore restrictions". Phrases such as these add to the possibility of "confusion surrounding the interruptible provisions "[1] as has been the case in the past. These tariff revision propose to help reduce confusion but the language provides discretion that could retain confusion.

Q: Does the Division have any additional concerns about the proposed tariff language?

A: Yes. Part of the proposed language in tariff section 3.02 on page 3-3 referring to the amount burned over that which was allowed during an OFO states "so that the total firm amount for the next three years is equal to the amount burned during the interruption." The Division is concerned that this may be interpreted to read that the "firm amount for the next three years" is equal to 1/3 of the firm amount per year, rather than the firm amount each and every year for the next three years as we believe is the intent. A simple clarification is possible.

[1] Direct testimony of Abigail Thomas line 29-31, 61

Q: Do these concerns give sufficient cause for the Division to oppose these proposed tariff changes?

A: No. The Division believes these proposed changes are a progressive step toward a clearer and more manageable tariff language. Specifically these proposed changes provide an additional mechanism to penalize the transportation customers.

Q: Does this conclude your direct testimony?

A: Yes.