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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director
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Date: October 15, 2019

Subject: Docket 19-057-01: Reply Comments

In the Matter of: Dominion Energy Utah's Integrated Resource Plan (IRP) for Plan Year: June 1, 2019 to May 31, 2020

INTRODUCTION

On June 13, 2019, Dominion Energy Utah (DEU or Company) filed its 2019 Integrated Resource Plan (IRP) for the planning period June 1, 2019 to May 31, 2020. On June 18, 2019, the Utah Public Service Commission (Commission) issued a scheduling order that set a deadline of September 13, 2019 for parties to file initial comments and October 11, 2019 for reply comments on the IRP in this proceeding. Subsequently, the Office requested a two business-day comment and reply comment extension for all parties on September 5, 2019. This motion was unopposed and was granted by the Commission on September 6, 2019, ordering a new initial comments deadline of September 17, 2019 and reply comments deadline of October 15, 2019.

The Office of Consumer Services (OCS or Office) submits these reply comments to the Commission in response to comments filed by the Division of Public Utilities (DPU or Division) in this docket on September 17, 2019. The Office provides reply comments on the following topics:

- Treatment of the LNG Plant in IRPs,
- Proposed rural expansion,
- Lack of required analyses in the IRP,
- Cost-of-Service gas shut-ins,
- Comparison of SENDOUT model actuals versus design-day forecast, and

- Design Peak Day supply levels provide a 30% cushion over historical actual peak usage.

OCS RESPONSE TO THE COMMENTS OF THE DIVISION OF PUBLIC UTILITIES

The Office supports several of the recommendations and issues raised by the Division in its September 17, 2019 comments on DEU's 2019-2020 IRP.

First, some of the issues discussed by the Division have also been raised by the Office. These include:

- *LNG Plant:* In response to DEU's proposed on-system LNG plant in its Distribution Non-Gas (DNG) Action Plan, the Division states, "…the absence of a concise explanation with cost/benefit analysis or other documentation that demonstrates how this proposed solution [LNG plant] will alleviate or mitigate the two stated concerns [supply disruptions and service outages]."[1] The Office raised this same issue in our comments on DEU's 2018-2019 IRP and in our testimony in both the first and second LNG filings (Docket Nos. 18-057-03 and 19-057-13). The Company has not adequately defined the supply disruption problem nor performed robust risk, resource portfolio or cost/benefit analyses to quantify the problem and determine an optimal set of solutions.

- *Rural Expansion:* In regard to a rural expansion program, the Division, "…recommends that this expansion analysis be separated out in the Quarterly IRP Variance Reports such that a clear cost/benefit of future plans is demonstrated."[2] The Office agrees that any rural expansion proposal should include a clear cost/benefit analysis that is presented in the IRP and in other appropriate proceedings.

- *Analyses That Should Be Included In IRPs:* The Division discusses past Commission guidance on technical and modeling sensitivity analyses and other information that should be included in the Company's IRP for major new resources such as peak hour services and an LNG facility. The Division notes that such information for the proposed LNG facility is lacking in this IRP.[3] The Office agrees with the Division's assessment and has also noted this deficiency in IRP analyses as discussed in our prior IRP comments and in our testimony in Docket Nos. 18-057-03 and 19-057-13.

Second, the Division has discussed some other issues that were not raised by the Office in its initial IRP comments. These include:

- *COS Gas Shut-Ins:* The Division noted that the actual amount of cost-of-service (COS) gas shut-in in 2018 was about triple the forecast (1,678,000 Dth versus

[1] Division Comments on DEU 2019-2020 IRP, September 17, 2019, page 6.
[2] Ibid, page 7.
[3] Ibid, page 9.

661,000 Dth). The Division stated, "…in future IRPs where actual shut-ins differ significantly from previous forecasts, the Division recommends the utility provide detail of the benefits and costs of doing so."[4] The Office agrees with this recommendation and also requests that the Company provide an explanation in the IRP as to why actual shut-ins differed from the forecasted amount.

- *SENDOUT Model Actuals versus Design Day Forecast:* The Division recommended, "…that the Gas Utility provide a comparison of the SENDOUT's peak demand verses [sic] the Company's Peak-Day forecast as shown on page 3-1 to compare and contrast the two forecasting methods or results. (Page 14-3)."[5] The Office assumes this to mean that the Company should provide a comparison of the forecasted SENDOUT amounts (supply stack) for the last IRP design peak day versus the actual peak demand day for that IRP year. This would enable stakeholders to compare the proposed design peak day supply stack with the actual peak day supply stack. The Office supports that this type of analysis be included in future IRPs.

Third, the Division raises an issue that requires additional discussion.

- *Design Peak-Day Supply Provides a 30% Cushion:* The Division notes in its comments that IRP Exhibit 3.9 shows that, "…there is a 30% cushion between the highest [actual] use and the estimated peak day."[6] . The Office notes that this 30% supply reserve equates to approximately 300,000 Dth per day. The Office also notes that this reserve is approximately twice the 150,000 Dth per day capacity of the Company's proposed LNG facility. Furthermore, the Office has reviewed each IRP Exhibit 3.9 going back to the Company's 2011-2012 IRP. These exhibits show that each year since 2007, this 30% supply reserve was built into the supply stack but remained unused each year. The Office asserts that a fundamental purpose of the IRP is to evaluate resource decisions in the context of various supply sources and risks. DEU has not explained why a 30% supply reserve is the appropriate level when considering other risk mitigation strategies, particularly the proposed LNG plant. To this point, the Division stated, "Another option might be to use a lower cushion over actual usage so as to not require ratepayers to continually pay much more than is required to provide a safe and reliable system."[7] . The Office recommends that the Commission order DEU to provide a more robust explanation and evaluation of peak day supply and its interaction with other risk mitigation strategies in the next IRP.

SUMMARY

As discussed above, the Office supports further review of several issues raised by the Division in its IRP initial comments. The Office recommends that the Commission

[4] Ibid, page 8.
[5] Ibid, page 10.
[6] Ibid, page 4 – 5.
[7] Ibid, page 5.

provide guidance to the Company to address these issues in future IRPs by requiring the Company to:

- In the filed IRP document, provide robust risk, resource portfolio and cost/benefit analyses, including necessary technical and modeling sensitivity analyses and other information, for the supply disruption problem and for any major proposed resources such as peak hour services and an LNG plant.

- For any rural expansion proposal, include a clear cost/benefit analysis that is presented in the IRP and in other appropriate proceedings.

- Provide an explanation in the IRP as to why actual shut-ins differed from the forecasted amount.

- Provide a supply comparison of SENDOUT model actuals versus the design-day forecast for the actual peak day of each IRP year.

- Considering the approximately 30% supply cushion built into the Company's design day supply stack, provide a more robust explanation and evaluation of peak day supply and its interaction with other risk mitigation strategies in the next IRP.

CC:

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