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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Dominion  
Energy Utah to Increase Distribution Rates and  
Charges and Make Tariff Modifications

Docket No. 19-057-02

**DOMINION ENERGY UTAH'S  
OPPOSITION TO ANGC'S  
PETITION FOR AGENCY REVIEW  
AND REHEARING OF THE  
COMMISSION'S ORDER ISSUED  
FEBRUARY 25, 2020**

Pursuant to Utah Code §§ 54-7-15 and 63G-4-301, and Rule R746-1-801 of the Utah Administrative Code, Questar Gas Company dba Dominion Energy Utah (Company or Dominion Energy) hereby submits its Opposition (Opposition) to the American Natural Gas Council's (ANGC) Petition for Agency Review and Rehearing (Petition) of the Public Service Commission of Utah's (Commission) Order Issued February 25, 2020 (Order). As discussed below, the relief requested by ANGC in its Petition is procedurally and substantively unsupported and unjustified. As such, Dominion Energy respectfully requests that the Commission deny ANGC's Petition.

**I. There Is No Basis for Review or Rehearing Concerning Utah Natural Gas Tariff § 5.01.**

ANGC's Petition complains that the Order does not address its objection raised in this matter to Dominion Energy's Utah Natural Gas Tariff No. 500 § 5.01 (Tariff or § 5.01).<sup>1</sup> ANGC seeks review and rehearing on this issue, arguing that § 5.01 is anticompetitive and should be scrapped in favor of open enrollment for transportation service. But the Tariff was approved by the Commission more than a decade ago, and the Commission has repeatedly determined that the requirements of the Tariff (and amendments to the Tariff) are just, reasonable, and in the public interest. As such, the Commission did not need to re-address that question in the Order. Moreover, from a substantive standpoint, § 5.01 serves essential planning, gas supply, and operational functions associated with Dominion Energy's services. ANGC's arguments are procedurally and factually unsupported, and its request for review of and rehearing should be denied.

**A. The Commission Was Not Required to Address ANGC's Objection to the Tariff in the Order, as the Commission Has Previously Determined the Tariff Is Just, Reasonable and in the Public Interest.**

The Tariff, including its annual enrollment timeframe, has been in place for more than a decade. Indeed, at the time the Company's 2009 general rate case, the Tariff required any customer wanting to move to TS service to provide a "request for transportation service" to the Company by March 1 of the year for which transportation service was sought.<sup>2</sup> When the Tariff was originally approved prior to that time, and each time it has been subsequently amended, the Commission has assessed the Tariff (or requested amendments to it) and reaffirmed the Tariff and approved amendments as just, reasonable and in the public interest.

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<sup>1</sup> Petition at 1.

<sup>2</sup> See QGC Exhibit 5.7 § 5.01, *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16.

For instance, in Docket No. 12-057-19, the Company sought to add changes to § 5.01 to clarify the process a customer had to complete to receive transportation service, and the deadlines for various requirements to be completed during that process.<sup>3</sup> This included altering the notice deadline to request transportation service from March 1 to February 15 in any given year, imposed the requirement for the customer to have a fully executed contract and other requirements in place by February 28 of that year, required that all telemetry issues be resolved by May 15, and addressed other requirements and deadlines.<sup>4</sup> In approving these changes, the Commission stated, in relevant part, as follows:

The Company proposes to add language to Section 5.01 Conditions of Service of its Tariff clarifying the process a customer must complete in order to receive transportation service from the Company. Currently the Tariff requires an existing firm or interruptible sales service customer to provide the Company a written request for transportation service by March 1st in any given year, to be effective July 1st. The Company proposes adding specific dates for contracting, planning, and installation of telemetry. . . . Questar maintains these dates are being proposed in response to feedback from customers and will make the planning process easier for both customers and the Company. At hearing, the Company indicated it had informed its transportation service customers of the proposed change.

The Division indicates it has reviewed the proposed changes to the language in the Initial Service Agreement paragraph of Section 5.0 and concurs the changes better describe exactly what customers must do to qualify for the transportation service rate schedule and when those requirements must be completed. The Division recommends approval of the Company's modifications to Section 5.01 Initial Service Agreement as filed.

The Commission concurs the proposed modifications to Section 5.01 of the Company's Tariff will make the planning process easier and more transparent for both customers and the Company and are therefore in the public interest. The Commission approves the changes as filed.<sup>[5]</sup>

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<sup>3</sup> Application at 1-2, *In the Matter of the Application of Questar Gas Company for Authority to File a Change to Its Existing Tariff*, Docket No. 12-057-19 (Dec. 6, 2012).

<sup>4</sup> *Id.* at Ex. B, § 5.01.

<sup>5</sup> Order Approving Tariff Modifications at 3-4, *In the Matter of the Application of Questar Gas Company for Authority to File a Change to Its Existing Tariff*, Docket No. 12-057-19 (Feb. 12, 2013).

Similarly, in 2013, Dominion Energy filed its 2013 general rate case and sought to amend § 5.01 to clarify the delivery points where transportation customers would deliver gas into the Company's system.<sup>6</sup> The Tariff otherwise was unchanged, including all of the then-existing requirements, such as the enrollment period and service requirements.<sup>7</sup> While the proposed amendment was ultimately resolved through stipulated language that was approved by the Commission, the other requirements of the Tariff, including the enrollment period and process requirements, continued to be applicable as they had been previously approved.<sup>8</sup>

Given that the Commission has repeatedly addressed § 5.01 for more than a decade, originally approving it and then approving various amendments to it, the Commission certainly was not required in the Order to address ANGC's objection, which sought to undo all that has previously been approved as just, reasonable and in the public interest. Indeed, the Commission is not required to address every issue raised by every party during a rate case. No statute or administrative rule provides otherwise. The best ANGC offers is its claim, in a footnote, that Utah Code Ann. § 63G-4-403 "anticipates that the Commission will decide all issues that need resolution."<sup>9</sup> But this assertion misquotes the statute and only reinforces that not all issues have to be addressed in a rate case order—only those that *need* resolution. Indeed, § 63G-4-403 provides that appellate review is only available—where the requested review is based on an issue not having been addressed—where: (i) the agency did not "decid[ ] all of the issues *requiring* resolution"; and (ii) the complaining party was substantially prejudiced because a required issue was not addressed.<sup>10</sup> Neither is true here.

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<sup>6</sup> Application at 7 & QGC Ex. 3.37, *In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 13-057-05 (July 1, 2013).

<sup>7</sup> *Id.*

<sup>8</sup> Report and Order at 39-41, *In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 13-057-05 (Feb. 21, 2014).

<sup>9</sup> Petition at 1, n.1.

<sup>10</sup> Utah Code Ann. § 63G-4-403(4)(c) (emphasis added).

There is no reason the Commission was required to address ANG's § 5.01 argument in the Order, particularly where it had previously addressed and approved all of the requirements of the Tariff in prior proceedings. Further, ANG is not prejudiced if this issue is not re-addressed in the Order. Section 5.01 has been in place for many years, and ANG's customers have operated under the Tariff during that entire timeframe.<sup>11</sup>

**B. The Tariff Is Not Anticompetitive and Serves Functions Necessary for the Company's Operations.**

ANG's substantive argument concerning § 5.01 is equally deficient. The Tariff has been in place for many years and serves essential planning, gas supply, and operational functions associated with Dominion Energy's services. Despite this, ANG claims, without support, that the Tariff is anticompetitive, that "[v]irtually every other utility in the country has found ways to enable rolling or open enrollment," and that § 5.01's enrollment process is not justified by the Company's Wexpro commitment.<sup>12</sup> But ANG provides no basis for its claim that § 5.01 is anticompetitive, and it is not. The Tariff allows any customer that meets the requirements for TS service to sign up for that service, and allows enrollment every year during the same timeframe.

Moreover, the enrollment timeframe and other requirements in the Tariff serve a number of important objectives, which, as discussed above, have previously been considered and approved by the Commission. For instance, as Mr. Summers explained in his testimony, the enrollment timeframe provides the Company with the necessary information to prepare its IRP, to make gas supply purchase plans, and to address a host of operational issues, such as: (i)

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<sup>11</sup> In addition, ANG acknowledges that, to challenge a Commission finding, the party challenging the finding is obligated to marshal the record evidence in support of the finding. (Petition at 1-2 n.3.) ANG claims that it "has identified all evidence DEU provided on this issue in footnote 3 below." (*Id.*) However, there is no evidence cited in footnote 3 and, even if ANG intended to refer to some other footnote, ANG's brief does not include a marshalling of all the record evidence on the issue of § 5.01. *See, e.g.*, Phase II Hearing Transcript at 114:6-116:1, 118:15-19:17.

<sup>12</sup> Petition at 2.

contractual issues, (ii) confirmation that the customer has proper AC power at a meter location that satisfies Company standards, (iii) installation of telemetry equipment, and (iv) completion of internal processes by billing, measurement, and nomination personnel before gas can flow.<sup>13</sup> In addition, the enrollment timeframe avoids the increased costs for sales customers that would exist if customers could jump back and forth between classes, as ANGCO suggests should be allowed, even when the Company has already made gas production and purchase commitments.<sup>14</sup> Finally, as ANGCO acknowledges, having a set yearly enrollment timeframe allows the Company to forecast and manage its Wexpro production, which is capped based on a percentage of the total gas supplied.<sup>15</sup> Specifically, as the Commission knows, the Company has to manage production to a cap of 55%, and to calculate the proper production amount, must know who will and will not be receiving gas from the Company.

ANGCO provides no explanation for how the § 5.01 enrollment process is anticompetitive, nor does it explain how each of the objectives discussed above could be met with a rolling enrollment process. Section 5.01 has been in place for many years, and has worked well to balance operational, planning and customer rate considerations against the desire of certain customers to be able to move to transportation service. Dominion Energy submits that ANGCO's request for review and rehearing on § 5.01 should be denied.

## **II. The Administrative Charge Is Just and Reasonable, and Should Not Be Suspended.**

In its Order, the Commission made two related findings regarding the TS class administrative fee, which ANGCO contends are erroneous.<sup>16</sup> First, the Commission found that it

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<sup>13</sup> Phase II Rebuttal Testimony of Austin Summers at 18:427-19454; Phase II Hearing Transcript at 22:14:23:5, 114:12-116:1.

<sup>14</sup> Phase II Rebuttal Testimony of Austin Summers at 18:451-53; Phase II Hearing Transcript at 115:4-116:1.

<sup>15</sup> Phase II Rebuttal Testimony of Austin Summers at 18:445-52; Petition at 2; Phase II Hearing Transcript at 82:4-14; 114:12-116:1.

<sup>16</sup> Petition at 3.

is reasonable for Dominion Energy “to collect ongoing administrative costs with a monthly charge.”<sup>17</sup> Second, the Commission found that “DEU’s proposed administrative charge and customer charges will collect approximately the amount allocated to the ‘Customer Function’ in DEU’s unbundled CCOS Study presented in the ‘Classification’ tab of its rate case model.”<sup>18</sup> ANGC argues that these findings do “not provide a basis for determining that the costs included in DEU’s proposed administrative charge are reasonable, appropriate, or cost based.”<sup>19</sup> It further argues that DEU’s own studies show that the “current charges do not match well with unbundled customer-related costs for all classes,”<sup>20</sup> although it does not identify the “studies” to which it is referring.

ANGC’s arguments are based on incorrect assertions and misstatements about the Company’s administrative fee calculations. The data provided by the Company and relied upon by the Commission show that the administrative fee (in conjunction with the TS base rate) collects the TS class allocated costs of service, and nothing more.

ANGC’s claim that the administrative fee is higher than the fee charged by other utilities in other states is irrelevant.<sup>21</sup> The reasonability of a specific customer charge cannot be assessed by looking at its magnitude relative to charges in other states, because the costs incurred and the cost-allocation methodologies utilized to derive customer rates and charges vary from state to state, and utility to utility. Also, ANGC’s claim that “[n]othing in DEU’s operations in Utah justifies such a high administrative charge” is incorrect. Every cost that makes up the

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<sup>17</sup> Order at 33.

<sup>18</sup> *Id.*

<sup>19</sup> Petition at 3.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 3.

administrative fee is set forth in DEU Exhibit 4.01R. ANG C does not identify any costs in that exhibit that are not properly chargeable to the TS class.

Further, ANG C's statements that the costs included in the administrative charge are "already included" in the Company's overall cost-of-service study, and that Mr. Summers' administrative cost analysis simply reallocates those costs, are nothing more than an observation about how rate design works.<sup>22</sup> Mr. Summers did as all utilities do. He calculated the total cost of service, and then went through the process of assigning those costs between classes based on cost-causation principles. The costs that make up the administrative fee represent actual costs that are incurred by Dominion Energy and, because they are caused by the TS class, were assigned to the TS class and proposed to be collected through the administrative fee. If those costs are not recovered through an administrative fee, TS class customers would still have to pay those costs—they would just do so through some other rate component or charge.<sup>23</sup>

Further, and contrary to ANG C's argument, the Company's analysis *did not result* in an overcollection of allocated customer costs.<sup>24</sup> While ANG C argued as much during the hearing, the Company's cost allocation showed it was collecting only its actual cost of service, nothing more. While the Commission did not provide its calculations showing how the rates it set produce the revenue for each class, after the Order was issued, Dominion Energy ran the Commission's calculations through its model and confirmed that the base TS rates and administrative fee, taken together, only collect the cost of service allocated to the TS class, nothing more. It is simply not the case that the administrative fee results in an overcollection of allocated customer costs.

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<sup>22</sup> *Id.* at 2-3.

<sup>23</sup> Phase II Hearing Transcript at 127:19-128:7.

<sup>24</sup> Petition at 4.



In addition, ANG's claim that Dominion Energy's allocation of labor costs is arbitrary in that it is not based on hourly, documented timesheets—where employees allocate every minute of their day to one or the other of the classes—is unsupportable. In fact, taking the approach endorsed by ANG would be administratively unsustainable, and the mere fact that the approach is different than the one advanced by ANG is not a basis for finding the fee unreasonable.<sup>25</sup> Dominion Energy does not calculate labor costs for the purposes of the administrative fee by tracking, on an hourly basis, how much time an employee may spend on a particular task each day. Rather, labor costs for the administrative fee are based upon an allocation of a portion of the yearly salary of each employee who provides administrative services to the TS class.<sup>26</sup> This is a reasonable approach for allocating labor costs, and is the approach that has been utilized by utilities in this state for many years and approved by the Commission in successive rate proceedings.

Finally, the administrative fee proposed by the Company at hearing did not include inappropriate costs, as ANG asserts. Originally, the per-customer administrative cost was calculated to be \$3,098, which was rounded down to \$3,000.<sup>27</sup> The administrative fee was later recalculated to remove a software cost, which was a non-material expense. Its removal resulted in an updated per-customer cost of \$2,980, which the Company rounded up to \$3,000.<sup>28</sup> While ANG complains about the fact that the Company rounded up to \$3,000 in setting the fee, ANG did not complain when the fee was originally rounded down to \$3,000. This non-material rounding does not render the administrative fee arbitrary or unreasonable, as ANG

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<sup>25</sup> *Id.*

<sup>26</sup> Direct Testimony of Austin Summers at 29:772-30:784 & DEU Ex. 4.12.

<sup>27</sup> Summers' Phase II Rebuttal Testimony at 16:391-93.

<sup>28</sup> *Id.* 16:395-400.

suggests. Rather, it reflects a common practice in rate design calculations and was used here to make the monthly fee an even \$250.

The administrative fee is based on the actual costs caused by the TS class for administrative services and is consistent with how those costs have been recovered from TS class customers for many years. ANGC's Petition does not identify any error in the Commission's decision to approve the reduced administrative fee proposed by Dominion Energy in this proceeding. There is thus no basis for a review or rehearing on that issue.

### **CONCLUSION**

For the foregoing reasons, Dominion Energy requests that the Commission deny ANGC's Petition for review and rehearing.

RESPECTFULLY SUBMITTED this 9<sup>th</sup> day of April, 2020.

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## CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing **DOMINION ENERGY UTAH'S OPPOSITION TO ANGC'S PETITION FOR AGENCY REVIEW AND REHEARING OF THE COMMISSION'S ORDER ISSUED FEBRUARY 25, 2020** was served upon the following persons by email on April 9, 2020:

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