In the Matter Of:

In Re: Dominion Energy Utah Pass-Through

HEARING, DOCKET NO. 19-057-04, 05, 06

March 20, 2019

Job Number: 533485

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	)	Docket Nos. 19-057-04
Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge	)	19-057-05
Application of Dominion Energy Utah Company to Amortize the Conservation Enabling Tariff Balancing Account	)	19-057-06 HEARING

March 20, 2019
10:04 a.m.

Location: Public Service Commission
160 East 300 South, 4th Floor
Salt Lake City, UT 84111
(801) 530-6769

Reporter: Teri Hansen Cronenwett
Certified Realtime Reporter, Registered Merit Reporter
Job No. 533485

A P P E A R A N C E S

Presiding Officer:	Michael Hammer
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I N D E X

March 20, 2019 10:00 a.m.

P R O C E E D I N GS

PRESIDING OFFICER HAMMER: Good morning. This is the time and place noticed for a hearing in a three dockets, commission Docket Nos. 19-057-04 through 06. My name is Michael Hammer, and I am the commission's designated presiding officer for this hearing. Let's go ahead and take appearances, please.

MS. CLARK: This is Jenniffer. I am Jenniffer Clark. I'm counsel for the company, and I have with me Jessica Ipson. She will be the company's witness on the pass-through docket. That's 19-057-04. And I also have with me Mr. Austin Summers, who will be the witness for the company on the other two dockets.

HEARING OFFICER HAMMER: Thank you.

MS. SCHMID: Good morning. Patricia E. Schmid with the Attorney General's office representing the Division Of Public Utilities. With me as the division's witness is Douglas Wheelwright.

HEARING OFFICER HAMMER: All right. I think it probably makes sense, if there's no objection, to have Ms. Clark call both of her witnesses on direct before we proceed to Ms. Schmid. Are there any other preliminary matters before we get started?

MS. CLARK: There are not.

HEARING OFFICER HAMMER: All right. The witnesses can remain seated if you are comfortable with that.

MS. CLARK: And the company will call both Jessica Ipson and Austin Summers in that order.

HEARING OFFICER HAMMER: Okay. Go head, Ms. Clark.

MS. CLARK: Would you like to swear them in?

HEARING OFFICER HAMMER: Yes, of course. So we're -- we're Ms. Ipson first. Ms. Ipson, do you swear to tell the truth?

THE WITNESS: Yes.

HEARING OFFICER HAMMER: Thank you.

THE WITNESS: Yes.

JESSICA IPSON,

was called as a witness, and having been first duly sworn to tell the truth, testified as follows:

DIRECT EXAMINATION

BY MR. CLARK:

Q. So Ms. Ipson, would you please state your full name and business address for the record.

A. My name is Jessica Ipson. My address is 333 South State Street, Salt Lake City, Utah.

Q. And what position do you hold with the company?

A. I am a regulatory analyst 3.

Q. And was the application in Docket No. 19-057-04 and the accompanying exhibits, DEU Exhibits 1.1 through 1.11, were all of those things prepared by you or under your direction?

A. Yes.

Q. And do you have any corrections to any of those?

A. No.

Q. And do you adopt the contents of those documents here today as your testimony?

A. Yes.

MS. CLARK: The company would move for the admission of the application and the accompanying exhibits.

HEARING OFFICER HAMMER: They are admitted.

MS. CLARK: Thank you.

Q. (By Ms. Clark) Would you please summarize the company's position in this application?

A. Yes. In pass-through Docket No. 19-057-04 Dominion Energy Utah respectfully asks the Utah Public Service Commission for approval of 464,000 -- or I'm sorry, $464,740,593 in Utah gas cost coverage. This represents an overall increase of $13,227,000.

The components of this increase are, first, an

increase of $17,480,018,000 in commodity costs, and second, a decrease of $4,191,000 in supplier non-gas costs. This request includes an amortization of the commodity portion of the actual January 2019 undercollected 191 balance of $7,691,292 by a 6.922 cent per decatherm debit surcharge.

The company is also requesting an amortization of the undercollected SNG costs. The SNG balance is slightly undercollected from forecasted expected levels at the end of March by 42,440,017, which leads to a debit amortization. The charges are shown on Exhibit 1.6, page 3.

The costs of purchased gas was developed using forecasted gas prices from both Pirate Energy Group and Cambridge Research -- Cambridge Energy Research Associates. If this application is approved, a typical Utah GS customer using 80 decatherms would see an increase of $9.58 or a total annual increase of about 1.58 percent.

These rates are just, reasonable, and in the public interest. Therefore, we request the rates proposed in commodity and SNG be allowed to go into effect on an interim basis on April 1st, 2019.

MS. CLARK: And the company has no further questions for Ms. Ipson.

HEARING OFFICER HAMMER: Ms. Schmid?

MS. SCHMID: No questions.

HEARING OFFICER HAMMER: And I don't have any. Thank you, Ms. Ipson.

THE WITNESS: Thank you.

MS. CLARK: Thank you. The company would call Mr. Austin Summers to speak to Docket No. 19-057-05, which is the transportation imbalance charge adjustments docket.

HEARING OFFICER HAMMER: Mr. Summers, do you swear to tell the truth?

THE WITNESS: Yes.

HEARING OFFICER HAMMER: Thank you.

AUSTIN SUMMERS,

was called as a witness, and having been first duly sworn to tell the truth, testified as follows:

DIRECT EXAMINATION

BY MS. CLARK:

Q. Could you please state your full name and business address for the record.

A. Yes. It is Austin Summers, and my business address is 333 South State Street, Salt Lake City, Utah.

Q. And what position do you hold with the company?

A. I am the manager of regulation.

Q. And did you prepare or oversee the preparation of the application and accompanying Exhibits 1.1 through 1.3 in this docket?

A. Yes.

Q. And do you have any corrections to any of those documents?

A. I have. Sorry, we're just -- are we just working on --

Q. Just the transportation imbalance.

A. The 05? So I have no changes to that one.

Q. And do you adopt the contents of those documents as your testimony today?

A. Yes.

MS. CLARK: The company would move for the admission of the application in Docket No. 19-057-05 and the accompanying exhibits.

HEARING OFFICER HAMMER: They are admitted.

MS. CLARK: Thank you.

Q. (By Ms. Clark) Mr. Summers, would you please summarize for the court or the commission the company's request for relief in this docket.

A. Yes. In Docket No. 19-057-05 Dominion Energy Utah seeks to update the daily transportation imbalance charge using the historical data for the 12 months end of January 31st, 2019. Based on this historical data,

the company is proposing to increase the rate slightly from 8.122 cents to 8.323 cents per decatherm.

The company believes that this rate increase is just, reasonable and in the public interest. And therefore, the company requests that the rates be approved on an interim basis with an effective date of April 1st of 2019, and that concludes my summary.

MS. CLARK: The company has no further questions for Mr. Summers. He is available for other questioning.

HEARING OFFICER HAMMER: Ms. Schmid?

MS. SCHMID: No questions.

HEARING OFFICER HAMMER: And I don't have any. Thank you.

MS. CLARK: Finally, the company would call Mr. Summers once again to testify to Docket No. 19-057-06.

HEARING OFFICER HAMMER: All right. Mr. Summers, you are still under oath.

THE WITNESS: Thank you.

Q. (By Ms. Clark) Mr. Summers, I think we know who you are and what you do for the company. So I will ask you, did you prepare or oversee the preparation of the application and accompanying Exhibits 1.1 through 1.4 in Docket No. 18 -- 19-057-06?

A. Yes.

Q. And do you have any corrections to any of those documents?

A. I do have one -- I have one minor correction. It's on an exhibit. It's on Exhibit 1.2. Give everybody just a second to turn there. While you are turning to that, I'll point out that this doesn't have any effect on the rates that are calculated or anything that's in the application. It's just part of a footnote of sorts.

So if you are on Exhibit 1.2, which is calculation of proposed CET rates, under that first section, it looks like there's a footnote that reads, "The proposed rates were calculated by allocating the total CET balance of," and then it says 9,153,146.02. That number was a carryover from the prior CET application. So that number should read $2,866,545.19.

Like I said, that doesn't have any effect on any of the calculations anywhere in the application or the rates that are proposed, just a clarification on that footnote.

Q. Mr. Summers, with that correction, would you adopt the application and accompanying exhibits as your testimony today?

A. Yes.

MS. CLARK: The company moves for the admission of the application in Docket 19-057-06 and the accompanying exhibits.

HEARING OFFICER HAMMER: They are admitted.

MS. CLARK: Thank you.

Q. (By Ms. Clark) Mr. Summers, can you please summarize the relief the company seeks in this docket?

A. Yes. In this docket company is requesting to amortize the conservation enabling tariff balancing account. The amortization was adjusted last fall when the account was about 9 million dollars overcollected. Most of that 9 million dollars has been returned to customers during the heavy use winter months, so that rates can now be adjusted.

The company proposes to increase the amortization rate to eliminate the remaining overcollected balance of $2,866,545. This credit amortization is simply a reduction in the amount being given back to customers and will result in an annual increase of $5.11 for a typical customer or about a .84 percent increase.

These proposed rates are just, reasonable and in the public interest, and therefore the company requests that the rates be approved with rates going into effect on November 1st, 2018.

MS. CLARK: The company has no further questions.

THE WITNESS: 2019, I apologize.

MS. CLARK: Thank you. The company has no further questions, and Mr. Summers is available for questioning from other parties or the commission.

HEARING OFFICER HAMMER: Ms. Schmid.

MS. SCHMID: I have questions actually.

CROSS-EXAMINATION

BY MS. SCHMID:

Q. Mr. Summers, could you please restate the proposed effective date. I think I missed that.

A. Oh, I think I said November, didn't I? The proposed effective date is April 1st of 2019.

Q. Thank you.

A. More carryovers from the last.

Q. In the company's application it discusses the effect of proposed changes on a typical GS residential customer using 80 decatherms per year. Could you please describe how the company has determined that this is a typical GS residential customer and that this is the typical GS residential customer's usage?

A. Yes. So the way that that typical customer is calculated or looked at is, it's based on -- I wouldn't say it's an average or a median. It's not an exact

calculation like that. But what the company will do is, we will look at what the average use is for a GS customer. But that average will change from year to year, month to month.

But for consistency in comparing one application to another, we don't change it every filing. We just change -- we will stick with 80, which it's close to, and we'll go with that for a while. And then once, once the usage drops enough that we can change it, we will change it to -- it might be 75. I know that that's something we are going to look at in our next general rate case.

But then we take that 80 decatherms, and we look at how a typical customer would use that gas from -- throughout the year. So in January they are using more gas. In the summer they are using less gas, and so that's how that typical customer is used.

So we, we are careful not to say an average GS customer using 80 decatherms. We just say it's a typical customer that uses 80 decatherms, and it allows us to have that comparison from filing to filing.

MS. SCHMID: Thank you. That was very helpful. Those are all my questions.

HEARING OFFICER HAMMER: Thank you, Mr. Summers. Ms. Clark, anything else?

MS. CLARK: No, thank you.

HEARING OFFICER HAMMER: Ms. Schmid?

MS. SCHMID: The division would like to call Mr. Douglas Wheelwright as its witness. May he please be sworn.

HEARING OFFICER HAMMER: Mr. Wheelwright, do you swear to tell the truth?

THE WITNESS: Yes, I do.

HEARING OFFICER HAMMER: Thank you.

DOUGLAS D. WHEELWRIGHT,

was called as a witness, and having been first duly sworn to tell the truth, testified as follows:

DIRECT EXAMINATION

BY MS. SCHMID:

Q. Good morning.

A. Good morning.

Q. Could you please state your name, title, employer and business address for the record?

A. My name is Douglas D. Wheelwright. I am a technical consultant with Division of Public Utilities. My address is 160 East 300 South in Salt Lake City.

Q. In connection with your employment at the division, did you prepare or cause to be prepared the division's action request response filed on March 15th, 2019, in Dockets 19-057-04, 19-057-05 and 19-057-06?

A. Yes, I did.

Q. Do you have any changes or corrections to the division's action request response?

A. No.

Q. Do you adopt the content of the division's action request response as your testimony today?

A. Yes, I do.

Q. Do you have a summary?

A. Yes. In Docket No. 19-057-04, known as the 191 pass-through application, it asks for commission approval for an increase of 17.4 million dollars in the commodity component and a 4.2 million dollar decrease in the supplier non-gas component of natural gas rates for a net increase of 13.2 million dollars.

The primary reason for the increase in the commodity cost is due to the removal of the credit amortization from the previous overcollected balance and the amortization of the current undercollected balance of 7.7 million dollars.

The decrease in the supplier non-gas portion of rates is related to a lower undercollected balance and the subsequent amortization.

For the test year ending March 31st, 2020, it is anticipated that approximately 56 percent of the total gas requirement will be satisfied from the Wexpro

cost of service production, and the remaining 44 purchased through existing and future contracts, along with spot market purchase transactions.

If this docket is approved individually, a typical GS customer will see an increase in their annual bill of $9.58 or an increase of 1.58 percent. The division recommends that the proposed rate be approved on an interim basis until a full audit of the 191 account can be complete.

The division believes that the requested changes are in the public interest and recommend the rates be approved on an interim basis with an effective date of April 1st, 2019. That concludes my summary.

MS. SCHMID: Thank you. Mr. Wheelwright is now available to take questions.

HEARING OFFICER HAMMER: Ms. Clark?

MS. CLARK: We have no questions. Thank you.

HEARING OFFICER HAMMER: Thank you, Mr. Wheelwright. Ms. Schmid, anything else?

MS. SCHMID: Nothing further from the division.

HEARING OFFICER HAMMER: All right. Is there anything else before we adjourn?

THE WITNESS: We didn't do the other dockets.

HEARING OFFICER HAMMER: Oh. I thought your

testimony was light.

THE WITNESS: That was just for the first docket.

MS. SCHMID: Oh.

HEARING OFFICER HAMMER: Do you want to do --

MS. SCHMID: Pardon me. Yes, yes.

A. In Docket No. 19-057-05, the transportation imbalance charge, this was established to charge transportation customers for the supplier non-gas services that are being used on the company's natural gas distribution system and to approve the accuracy of transportation customers' nomination practices.

The calculation of this rate is based on a methodology approved in Docket No. 14-057-31 and is to be adjusted with each pass-through filing and in the next general rate case. The proposed change represents an increase from 8.122 cents per decatherm to 8.323 cents per decatherm and is calculated based on the actual volumes of transportation customers for the 12 months ending January 31st, 2019.

This rate applies to transportation customers that are taking service under the MTTTS and FT1 rate schedules, and any amount collected under the rate is credited to GS customers through the 191 account. This rate does not impact all transportation customers in the

same way and applies only if customers' daily nominations are outside of the plus or minus 5 percent daily tolerance limit. Transportation customers can minimize and possibly avoid this charge through accurate daily gas nominations.

The imbalance charge has been in place since February 2016, and it does appear that the nominations for many customers have become more accurate since this rate was imposed. The division believes the requested change is in the public interest and recommends the proposed rate be approved on an interim basis until the full audit can be completed of the 191 account.

Q. (By Ms. Schmid) And do you have a summary of your comments on 19-057-06?

A. Yes. Docket No. 19-057-06 known as the conservation enabling tariff asks for commission approval to amortize the January 2019 overcollected balance of 2.9 million dollars. The proposed rate represents a reduction in the credit amount that is currently included in customer rates.

The division has reviewed and supports the application and the calculations as submitted by the company. If this docket were approved independently, a typical GS customer will see an increase in their annual bill of $5.11 or a .84 percent increase. The division

recommends that the proposed rates be approved with an effective date of April 1st, 2019.

In summary, the division supports and recommends approval of the rate changes requested in all three of the dockets discussed today. The division would recommend interim approval for the 191 pass-through and the transportation imbalance charge dockets in order to allow additional time for the division to complete an audit of the individual entries in the respective accounts. The conservation enabling tariff does not need interim approval.

While each docket has been presented independently, the division has completed a summary of the combined impact of the proposed changes. With increases in both the pass-through and the CET, a typical GS customer will see a net increase of approximately $14.67 per year or a 2.42 percent increase from the rates currently in effect. The division believes that the requested changes are in the public interest and represent just and reasonable rates. That concludes my summary.

MS. SCHMID: Mr. Wheelwright is available for questions concerning the 05 and the 06 docket.

HEARING OFFICER HAMMER: Ms. Clark, any questions regarding the later two dockets?

MS. CLARK: No questions. Thank you.

HEARING OFFICER HAMMER: Thanks. And Ms. Schmid, nothing else?

MS. SCHMID: Nothing else.

HEARING OFFICER HAMMER: Thank you. Is there anything else before we adjourn?

MS. CLARK: No. Thank you.

HEARING OFFICER HAMMER: Thank you, everyone.

MS. SCHMID: Thank you.

(The hearing concluded at 10:20 a.m.)

C E R T I F I C A T E

STATE OF UTAH)

COUNTY OF SALT LAKE)

THIS IS TO CERTIFY that the foregoing proceedings were taken before me, Teri Hansen Cronenwett, Certified Realtime Reporter, Registered Merit Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in Stenotype, and thereafter transcribed by computer under my supervision, and that a full, true, and correct transcription is set forth in the foregoing pages, numbered 3 through 21 inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND and official seal at Salt Lake City, Utah, this 3rd day of April, 2019.

Teri Hansen Cronenwett, CRR, RMR
License No. 91-109812-7801

My commission expires:
January 19, 2023