

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah for Approval of a Special Contract with Fleet Saver, LLC for RNGT Service	<u>DOCKET NO. 19-057-11</u> <u>ORDER APPROVING RNGT SERVICE</u> <u>SPECIAL CONTRACT</u>
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ISSUED: June 26, 2019

SYNOPSIS

The Public Service Commission approves the Renewable Natural Gas Transportation (RNGT) Service Agreement between Dominion Energy Utah and Fleet Saver, LLC.

PROCEDURAL HISTORY

On April 11, 2019, Dominion Energy Utah (DEU) filed an application (“Application”) for approval of the confidential RNGT Service Agreement – RNGT001 (“Agreement”) between DEU and Fleet Saver, LLC (“Fleet Saver”) dated April 2, 2019. On April 25, 2019, the Public Service Commission (PSC) held a scheduling conference and, on April 29, 2019, issued a scheduling order and notice of hearing (“Scheduling Order”). On May 28, 2019, the Division of Public Utilities (DPU) filed comments in support of the Application, given certain conditions. On June 11, 2019, DEU and the Office of Consumer Services (OCS) each filed reply comments. No other comments were filed.

On June 18, 2019, the PSC’s designated Presiding Officer conducted a hearing to consider the Application. DEU, the DPU, and the OCS recommended the PSC approve the Application. No one opposed the Application. The evidence supporting the Application is briefly summarized below.

DISCUSSION, FINDINGS, AND CONCLUSIONS

A. RNGT Production and Transportation

Fleet Saver is part of the WRH Group (“WRH”), the owner of the gas rights to the Bayview Landfill in Elberta, Utah, which has expectations of growth in the production and supply of renewable natural gas (RNG). Through a pipeline collection system installed within the landfill’s layers, WRH captures naturally occurring raw biogas, which is then processed into commercial pipeline-ready RNG. In the case of Fleet Saver, it will be providing RNG specifically to fleet vehicles equipped with compressed natural gas (CNG) engines via the DEU network of natural gas vehicle (NGV) filling stations.

According to DEU, there has been a shift in the CNG market leading larger class engine fleet customers to pursue the type of arrangement with an RNG producer similar to the Fleet Saver Agreement. DEU states any gas volumes passing through the NGV class from these fleet customers would directly benefit current NGV customers, as the NGV rate is inversely related to those volumes. DEU states the Fleet Saver Agreement is just, reasonable and in the public interest because of the economic benefits that it will provide to current NGV users as well as the environmental benefits it will provide by delivering renewable natural gas to DEU’s gas system.

B. The Fleet Saver Agreement

The confidential Agreement will take effect on the first day of a calendar month within 120 days of approval by the PSC, during which period DEU will perform the programming and configuration required to enable the RNGT service. After the 120-day period, the Fleet Saver Agreement will continue in operation for the subsequent 60 months. DEU states the Fleet Saver

Agreement is consistent with the terms, conditions, and provisions set forth in DEU's Utah Natural Gas Tariff No. 500 ("Tariff") Section 5.07, including approved and alternate receipt points, and daily Fleet Saver Agreement limits for each station where RNG will be delivered.¹

B. Parties' Positions

1. DPU

The DPU recommends approval of the Agreement because it believes there is little downside to the Agreement as rate base will not increase and the administrative fee should mitigate the basic costs of the program. Furthermore, the DPU agrees with DEU that, absent the enactment of the Fleet Saver program or some other cross-class subsidy, NGV rates will likely increase significantly in the general rate case DEU expects to file later this year. In its comments, the DPU stated its approval on the condition that DEU address issues regarding shipper receipt points and indemnity language in the Agreement, and that DEU files an end-of-first-year report to include data to determine whether pre-existing CNG customers have been affected by the Agreement. The DPU recommends this report list: 1) the actual maximum one-day Fleet Saver amount at each station, 2) the actual maximum hourly usage at each station, and 3) any complaints by "normal" CNG customers and neighboring residents/businesses regarding Fleet Saver usage of the stations ("Reporting Recommendation"). At hearing, the DPU rescinded its approval recommendation conditions pertaining to indemnity protections and shipper receipt points as its concerns have since been adequately addressed by DEU's reply comments and

¹ See DEU Exhibit 1.2, Fleet Saver Agreement, Attachment A.

hearing testimony. The DPU also indicated at hearing that DEU's reply comments agreed to the DPU's end-of-first-year reporting proposal.

2. OCS

The OCS recommends the PSC approve the Fleet Saver Agreement because it could provide new volumes to NGV stations and mitigate an increase in NGV rates in DEU's next general rate case. The OCS agrees with the DPU's assessment that the risk of harm to existing residential or small commercial NGV customers from the Fleet Saver Agreement is low, and that potential additional usage pursuant to the Agreement could significantly benefit existing NGV customers when NGV rates are reset in DEU's next general rate case. The OCS also supports DPU's Reporting Recommendation, in particular, the requirement for DEU to report any complaints by normal CNG customers and neighboring residents/businesses regarding Fleet Saver usage of the NGV filling stations.

3. DEU

At hearing, DEU indicated that it and Fleet Saver established there is no need for the Agreement to contemplate alternate shipper receipt points. Upon additional review, DEU also testified, it concludes the Agreement language under "Applicable Law" (paragraph 14) of the Fleet Saver Agreement contains adequate indemnity language and that any amendment to this portion of the Agreement would be unnecessary. DEU agreed at hearing to accept the DPU's request to prepare and file with the PSC an end-of-first-year evaluation report on the disposition of DEU's NGV stations and any impacts on the NGV customer class.

C. Findings of Fact and Conclusions of Law

Based on DEU's agreement to the DPU's amended recommendations offered at hearing, and based on the Application, our review of the Fleet Saver Agreement, the comments filed in this docket, testimony provided at hearing, and there being no opposition, we find the terms and conditions of the Fleet Saver Agreement are just and reasonable in result, and conclude it is in the public interest. Based on the parties' comments and agreement, we find the DPU's Reporting Recommendation request reasonable and, therefore, we adopt it.

ORDER

Based on the foregoing discussion, findings and conclusions:

1. We approve the RNGT Service Agreement – RNGT001 between DEU and Fleet Saver, dated April 2, 2019;
2. Within 90 days after the first year the Fleet Saver Agreement takes effect, we direct DEU to file a report containing the following information:
 - a. the actual maximum one-day Fleet Saver amount at each station,
 - b. the actual maximum hourly usage at each station, and
 - c. any complaints by “normal” CNG customers and neighboring residents or businesses regarding Fleet Saver's usage of the NGV filling stations.

DATED at Salt Lake City, Utah, June 26, 2019.

/s/ Michael J. Hammer
Presiding Officer

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Approved and Confirmed June 26, 2019, as the Order of the Public Service Commission
of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#308899

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on June 26, 2019, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

Kelly Mendenhall (kelly.mendenhall@dominionenergy.com)
Austin Summers (austin.summers@dominionenergy.com)
Jenniffer Clark (jenniffer.clark@dominionenergy.com)
Dominion Energy Utah

Patricia Schmid (pschmid@agutah.gov)
Justin Jetter (jjetter@agutah.gov)
Robert Moore (rmoore@agutah.gov)
Steven Snarr (stevensnarr@agutah.gov)
Assistant Utah Attorneys General

Madison Galt (mgalt@utah.gov)
Division of Public Utilities

By Hand-Delivery:

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant