

Pursuant to the Scheduling Order, Notice of Hearing, and Direction to Comment (“Order”), issued by the Public Service Commission of Utah (“Commission”) on September 10, 2019, and the Amended Scheduling Order and Notice of Hearing (“Amended Order”), issued by the Commission on September 16, 2019, Questar Gas Company dba Dominion Energy Utah (“DEU” or “Company”) provides the following legal reply comments in response to the Legal Comments from the Utah Division of Public Utilities (“Division’s Legal Comments”), submitted on September 20, 2019. As discussed in the Company’s Legal Comments in Response to the Commission Order and Amended Order (“Company’s Comments”), the Utah Supreme Court’s ruling in *Utah Office of Consumer Services and Utah Association of Energy Users v. Public Service Commission et al.*, 2019 UT 26, 445 P.3d 464 (“Opinion”), is inapplicable to the Company’s Application in Docket No. 19-057-18 (“Pass-Through Application”). As discussed below, the Opinion is also wholly inapplicable to the Applications filed in the other dockets at issue, including the Application in Docket No. 19-057-19 (“Transportation Imbalance Charge Application”).

LEGAL REPLY COMMENTS

A. The Opinion Is Not Applicable to any of the DEU Dockets Before the Commission.

The Division concedes in its Legal Comments that the Opinion is inapplicable to the Conservation Enabling Tariff Application (Docket No. 19-057-21) and the Low Income Assistance Rate Application (Docket No. 19-057-22). (Division Legal Memo at 2.) Similarly, the Division concedes that the Infrastructure Rate Adjustment Tracker (Docket No. 19-057-20) “is not a statutory Gas Balancing Account” and that therefore the Opinion is inapplicable in that docket as well. (*Id.*) However, the Division incorrectly asserts that the Opinion is applicable to both the Pass-Through Application and the Transportation Imbalance Charge Application.

As the Company discussed in its Comments, the Pass-Through Application is and the proceedings related to it are legally and factually distinguishable from those addressed in the Opinion. Even setting this aside, the Company further explained that it has met the burden of proof to support a request for either interim or final rates. Therefore, the Opinion has no impact upon these proceedings. The Company reiterates the arguments made in the Company's Comments, by reference, here.

The Division's contention that the Opinion somehow applies to the Transportation Imbalance Charge Application is not just erroneous, it is confounding. As the Division accurately notes, Utah Code Ann. § 54-7-13.5 defines "Gas Balancing Account" to mean "a gas corporation account to recover on a dollar-for-dollar basis, purchased gas costs, and gas cost related expenses." The Transportation Imbalance Charge is plainly not an account that recovers such costs, nor could it do so on a dollar-for-dollar basis.

The Transportation Imbalance Charge is precisely what the name suggests—an *imbalance charge*. Though the charge is calculated based upon the costs of certain upstream services, it was established for two purposes: (1) to charge transportation customers for the SNG services that they used that are paid for in the pass-through by firm sales service customers, and (2) to provide an economic incentive to transportation customers to be more accurate in their nomination practices. In its Order dated November 9, 2015, in Docket No. 14-057-31, the Commission agreed that both of these objectives needed to be addressed. The Transportation Imbalance Charge is not and has never been characterized as a cost-recovery mechanism for the Company.

In addition, the Transportation Imbalance Charge cannot, under the statutory definition, be considered a "gas balancing account." Indeed, the Transportation Imbalance Charge is not an

“account.” A cursory review of the Transportation Imbalance Charge Application shows that the Company simply seeks, under the provisions of its Tariff, to re-calculate the charge. Its costs are not tracked on a dollar for dollar basis in a balancing account and over or under recoveries are not trued up in future proceedings.

The Transportation Imbalance Charge also is not a means of cost recovery of gas costs or gas-cost-related expenses. Transportation customers purchase their own supplies, and gas supply costs are wholly unrelated to the Transportation Imbalance Charge. Neither is the Transportation Imbalance Charge a means for the Company to recover the costs of gas-related services. The Company purchases upstream gas-related services for its sales service customers, and those sales customers pay for those services via the pass-through applications. When transportation customers are out of balance, the Company must utilize those same storage and upstream transportation services to manage those imbalances. The Transportation Imbalance Charge is merely a way for transportation customers to reimburse sales customers for the use of those upstream services. In fact, the dollars collected through the Transportation Imbalance Charge are credited to sales customers (who paid for the gas-related services) in the Company’s Pass Through proceedings. To suggest that such reimbursement somehow constitutes the Company’s recovery of gas-related costs is an unreasonably broad reading of Utah Code Ann. §54-7-13.5.

Even setting aside the fact that the Transportation Imbalance Charge is not an account or a means for the Company to recover gas-related costs under Utah Code Ann. § 54-7-13.5, the charge also cannot be a “Gas Balancing Account” because the alleged “recovery” is not on a dollar-for-dollar basis. Section 5.01 of the Tariff provides that the imbalance charge applies to “services used each day to manage the difference between the customer’s actual usage on any given day that are outside of a 5% tolerance.” The transportation customers expressly *do not*

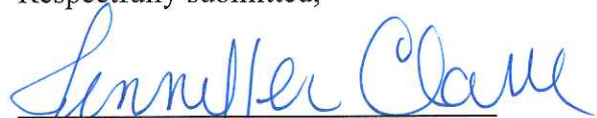
pay a charge on the first 5% that they are out of balance. Therefore, any purported “recovery” would never be on a “dollar-for-dollar” basis.

Finally, the Opinion does not apply to the Company’s Transportation Imbalance Charge Application because that charge can and should be approved on a final basis. The charge is based on a relatively simple calculation and though the Division has sought to audit the calculation, it has not made adjustments to the proposed charge in the past. The Company requests in this docket that the calculation of this charge be approved on a final basis—not an interim basis. Under no circumstance could the Opinion be applicable to a request for final approval.

Based on the foregoing, the Company respectfully requests that the Commission approve all of the Applications referenced herein on a final basis, including the Transportation Imbalance Charge Application.

DATED this 23rd day of September, 2019.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing **QUESTAR GAS COMPANY DBA DOMINION ENERGY UTAH'S LEGAL REPLY COMMENTS IN RESPONSE TO COMMISSION ORDER** was served upon the following persons by email on September 23, 2019:

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