

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF DOMINION ENERGY UTAH FOR
APPROVAL OF FUNDING FOR THE
INTERMOUNTAIN INDUSTRIAL
ASSESSMENT CENTER

Docket No. 19-057-33

**AMENDED DIRECT TESTIMONY OF KELLY B MENDENHALL
FOR DOMINION ENERGY UTAH**

June 11, 2020

DEU Exhibit 3.0

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Kelly B Mendenhall. My business address is 333 South State Street, Salt Lake City, Utah.

Q. By whom are you employed and what is your position?

A. I am employed by Dominion Energy Utah (Dominion Energy, DEU or Company) as the Director of Regulatory and Pricing. I am responsible for state regulatory matters in Utah and Wyoming.

Q. Attached to your written testimony are DEU Exhibits 3.01 and 3.02. Were these prepared by you or under your direction, or if not, are they true and correct copies of the documents you purport them to be?

A. Yes.

Q. What is the purpose of your testimony in this Docket?

A. The purpose of my testimony is to request a balancing account for the costs associated with the programs outlined by Mr. Orton and Mr. Powell. Additionally, I discuss the proposed accounting treatment and cost recovery for these programs.

II. BALANCING ACCOUNT

Q. Please describe why the Company needs a new balancing account for these programs.

A. Because there is a timing difference between when expenditures are made from these programs and when costs for these programs are recovered, a balancing account is necessary. Additionally, Utah Code Ann. § 54-20-105(3)(e) provides that “[a] large-scale natural gas utility *shall* establish a balancing account that includes: (i) funds allocated for projects that have been approved by the commission under Subsection (3)(a); and (ii) a carrying charge in an amount determined by the commission.” (Emphasis added). Both the project and the

26 funding mechanism proposed in this docket fall within subsection (3)(a) and therefore the
27 Company must propose the balancing account. There is clearly a legislative mandate for a
28 balancing account and the Company believes a balancing account is appropriate under the
29 circumstances.

30 **Q. Please describe the timing differences between the expenditures and the cost recovery.**

31 A. The expenditures being requested in this case are costs that will be made at different times
32 during the year. The recovery of these costs will begin after the expenditures are made but
33 will be collected throughout the year through a volumetric surcharge.

34 **Q. Does the Company have other programs with timing differences of this nature?**

35 A. Yes. The Energy Efficiency program is very similar in nature. The Company makes
36 expenditures at different times of the year and then makes after-the-fact cost recovery filings
37 to be reimbursed for these expenditures. The one difference between the energy efficiency
38 programs and the balancing account in this proceeding is that the expenditures related to this
39 proceeding will be infrequent, where the energy efficiency expenditures are ongoing every
40 month and not as easy to predict.

41 **Q. Please explain how the balancing account would work.**

42 A. When the Company makes expenditures, they will be debited to this account. As the
43 Company collects reimbursement for these expenditures, those revenues collected would be
44 credited to the account to offset the expenditure. Interest expenses on the under- or over-
45 collected balance in the account would be assessed interest each month.

46 **Q. What interest rate is the Company proposing to use in this calculation?**

47 A. The Company proposes to use the Commission approved interest rate as shown in Section
48 8.07 of the Company's Utah Natural Gas Tariff No. 500. That interest rate is currently
49 3.88%.

50

III. TIMING OF COST RECOVERY

51 **Q. Please explain the proposed timeline for cost recovery in this docket?**

52 A. The Company proposes that it be allowed to spend \$800,000 at the conclusion of this docket
53 and to include those costs as a Sustainable Transportation Energy Plan (STEP) surcharge to
54 be effective the first of the month following a Commission order in this docket. The
55 Company proposes to collect amounts through this surcharge for the next three years. If, at
56 the conclusion of three years the Company deems it beneficial to continue, the Company will
57 return and request Commission approval to extend the program.

58

IV. BILL IMPACT

59 **Q. Have you calculated the bill impact of the proposed programs?**

60 A. Yes. I have performed two typical bill calculations in this docket. DEU Exhibit 3.01 shows
61 the first bill impact of the \$800,000 that will be included in the clean air program surcharge
62 at the conclusion of this proceeding. The proposed funding amount will be allocated to the
63 various rate classes using the currently Commission approved cost of service allocation. As
64 DEU Exhibit 3.01 shows, this results in an increase of \$0.56 or 0.09% for the typical
65 customer.

66

V. TARIFF SHEETS

67 **Q. Have you included proposed tariff sheets with this filing?**

68 A. Yes. The tariff sheets are shown in DEU Exhibit 3.02. The Company has included tariff
69 sheets with an effective date of April 1. Should this proceeding extend past the April 1
70 effective date the Company will make a tariff filing to correct the effective date and match
71 the rates with the appropriate test period.

72 **Q. Has the Company included additional tariff language related to the proposed balancing**
73 **account described earlier?**

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74 A. Yes. A more detailed discussion of the deferred account and rate calculation can be found in
75 the new tariff section 2.18, titled Sustainable Transportation Energy Plan (STEP).

76 **Q. Does this conclude your testimony?**

A. Yes.

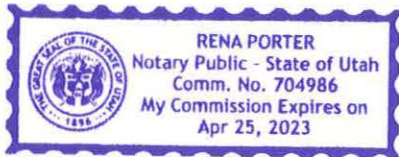
State of Utah)
) ss.
County of Salt Lake)

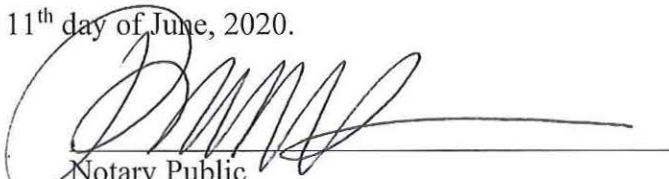
I, Kelly B Mendenhall, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.



Kelly B Mendenhall

SUBSCRIBED AND SWORN TO this 11th day of June, 2020.





Notary Public