

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah for
Approval of a Natural Gas Clean Air Project
and Funding for the Intermountain Industrial
Assessment Center

DOCKET NO. 19-057-33
ORDER APPROVING SETTLEMENT
STIPULATION

ISSUED: August 31, 2020

SYNOPSIS

The Public Service Commission approves a Settlement Stipulation establishing a Natural Gas Clean Air Project proposed by Dominion Energy Utah.

I. BACKGROUND AND PROCEDURAL HISTORY

This docket arises out of Dominion Energy Utah’s (DEU) December 31, 2019 application (“Application”), filed pursuant to Utah Code Annotated §§ 54-4-13.1 and 54-20-105, that requests the Public Service Commission (PSC) to authorize: (1) a Natural Gas Clean Air Combined Heat and Power Project (“CHP”); (2) funding for the University of Utah’s Intermountain Industrial Assessment Center (IIAC), and (3) a balancing account to collect funds for the CHP and IIAC.

On January 10, 2020, the PSC issued a scheduling order, setting an adjudication schedule and noticing the matter for hearing on June 23, 2020. The Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) participated in the proceeding, and the Utah Association of Energy Users (UAE) and Rocky Mountain Power (RMP) intervened.

On February 14, 2020, OCS filed a motion to dismiss, which was fully briefed as of March 13, 2020. On March 16, 2020, DEU filed an unopposed motion to vacate the schedule and to stay discovery pending the PSC’s decision, which the PSC granted.

The PSC gave notice of its decision on April 16, 2020 and issued a written order denying the motion to dismiss on April 27, 2020. The PSC subsequently set a new adjudication schedule and noticed the hearing for July 30, 2020.

On June 12, 2020, DEU filed a motion for leave to amend its Application, attaching an amended application (“Amended Application”) that removed DEU’s request for approval of CHP. With no opposition filed, the PSC granted the motion on July 7, 2020.

On July 16, 2020, DEU, DPU, and OCS (collectively, the “Signatories”) filed a settlement stipulation (“Settlement”). The Settlement states that UAE and RMP authorized the Signatories to represent they do not object to the Settlement.¹

The PSC held a hearing on July 30, 2020, during which DEU, DPU, and OCS provided testimony in support of the Settlement.

a. The Sustainable Transportation and Energy Plan Act

The Sustainable Transportation and Energy Plan Act (“STEP Act”) permits the PSC, among other things, to authorize a large-scale natural gas utility to implement and fund programs the PSC determines are in the public interest.² In its Amended Application, DEU requests funding for IIAC under Utah Code Ann. § 54-20-105(3)(a), which contemplates numerous categories of eligible programs including “any other technology program.”

The statute lists five factors the PSC must consider in determining whether such projects are in the public interest and provides limits on the funding a particular project may receive.³ If approved, DEU may establish a balancing account (“STEP Balancing Account”) for the program

¹ Settlement at 1.

² See Utah Code Ann. § 54-20-105(3)(a).

³ Utah Code Ann. § 54-20-105(3)(c), (d).

that includes a carrying charge in an amount determined by the PSC.⁴ Finally, DEU's expenditures on the program are subject to the PSC's review to ensure they are prudent and in accordance with the purposes of the program.⁵

b. The Amended Application

The Amended Application seeks PSC authorization to provide \$800,000 per year during 2020, 2021, and 2022 in funding for the IIAC in support of its work in analyzing potential efficiency and clean air projects within DEU's service territory. According to DEU, under a current funding mechanism, IIAC uses United States Department of Energy grants to perform industrial audits at manufacturing facilities to promote implementation of energy efficiency projects.⁶ DEU states additional funding will expand IIAC's industrial assessments activities and this expansion could reveal opportunities for natural gas clean air programs or innovative utility programs, or related projects, to the benefit of DEU customers and the state of Utah.⁷ Among other things, DEU's Amended Application describes the partnership between DEU and the IIAC and identifies assessment activities, responsibilities, and reporting requirements. Consistent with Utah Code Ann. § 54-20-105(3)(e), the Amended Application proposes a balancing account using the PSC-approved interest rate in Section 8.07 of DEU's Utah Natural Gas Tariff PSCU 500 ("Tariff").

⁴ *Id.* at § 54-20-105(3)(e).

⁵ *Id.* at § 54-20-105(4).

⁶ Amended Application at 3, ¶ 4.

⁷ *Id.* at 3-4, ¶ 5.

c. The Settlement

The Signatories agree, for the purpose of settlement, to the PSC's approval of a 24-month IIAC pilot program under Utah Code Ann. § 54-20-105(3)(a)(vii), "any other technology program." The pilot program will commence October 1, 2020 at a funding level of \$500,000 per year, for a total of \$1,000,000 during the pilot period.⁸

The Settlement also identifies: the program annual budget and funding disbursement schedule;⁹ pre-screening and assessment requirements;¹⁰ IIAC-related procedures, guidelines, and limitations;¹¹ the process for DEU to seek additional funding for the IIAC program;¹² DEU's requirements for future requests for incentives related to the IIAC program;¹³ and reporting requirements.¹⁴

The Signatories agree that settlement of these issues is in the public interest and that the results are just and reasonable.¹⁵

d. Signatories' Testimony at Hearing

At hearing, DEU summarized the key terms and conditions of the Settlement, opined the Settlement is just, reasonable, and in the public interest, and recommended the PSC approve it. DEU identified items it had raised in testimony that the Settlement does not contemplate. First, DEU proposed applying the approved carrying charge in Section 8.07 of its Tariff to the STEP

⁸ Settlement at 3, ¶ 8.

⁹ *Id.* at 3-4, ¶¶ 8 and 9 and Exhibit A.

¹⁰ *Id.* at 3-5, ¶¶ 9 and 11 and Exhibit B.

¹¹ *Id.* at 5, ¶¶ 12-14 and Exhibit B.

¹² *Id.* at 4, ¶ 10.

¹³ *Id.* at 5, ¶ 14.

¹⁴ *Id.* at 6, ¶ 15.

¹⁵ *Id.* at 6, ¶ 16.

Balancing Account it is authorized to establish under Utah Code Ann. § 54-20-105(3)(e). Second, related to proposed tariff language, DEU states that it will submit a STEP surcharge filing associated with the costs of the IIAC program in which it will propose tariff language related to the STEP Balancing Account, including the carrying charge.¹⁶

DPU testified that DEU's request to fund the IIAC under the STEP Act is in the public interest and recommended the PSC approve the 24-month pilot as presented in the Settlement. DPU also testified the Settlement is just and reasonable in result. According to DPU, the IIAC pilot would be useful to DEU customers to find efficiencies in their processes, buildings, and plant facilities that may lead to conservation of energy and reduce pollution. DPU agreed with DEU's proposed process relating to the carrying charge and tariff filing.¹⁷

OCS testified the Settlement taken as a whole is just and reasonable in result and is in the public interest.¹⁸ OCS further represented the Settlement adequately addresses the issues OCS identified in its written testimony. Accordingly, OCS recommended the PSC approve the Settlement.¹⁹ Finally, OCS also indicated it was satisfied with DEU's proposals to establish the STEP Balancing Account and to address the STEP surcharge, carrying charge, and attendant changes to DEU's Tariff in a future proceeding before the PSC.

The PSC heard no opposition to the Settlement or to DEU's proposed STEP Balancing Account and associated carrying charge.

¹⁶ Hr'g Tr. at 15:9-16:18.

¹⁷ *Id.* at 21:5-8.

¹⁸ *Id.* at 22:17-21.

¹⁹ *Id.* at 25:11-14.

II. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW

As set forth in Utah Code Ann. § 54-7-1, settlements of matters before the PSC are encouraged at any stage of a proceeding. The PSC may adopt a settlement after considering the interests of the public and other affected persons, if the PSC finds it is in the public interest.

Having reviewed the Amended Application, the parties' written testimony, testimony provided at hearing, and absent any opposition to the Settlement, the evidence supports our finding that the Settlement is just and reasonable in result. In specific consideration of the factors enumerated in Utah Code Ann. § 54-20-105(3)(c), the PSC finds the IIAC — as conditioned and defined by the Settlement — is in the public interest. We also find the Settlement's reporting requirements serve the public's interest in transparency and should operate to protect ratepayers' interests.

In light of the Signatories' agreement at hearing that the STEP Balancing Account, carrying charge, and associated Tariff changes should be resolved in a future proceeding, the PSC reserves findings and conclusions on those issues to be addressed in a later docket.

Having found and concluded the Settlement is just and reasonable in result, in the public interest, and consistent with the STEP Act, we approve the Settlement.

III. ORDER

Based upon the foregoing findings and conclusions, the Settlement is approved.

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DATED at Salt Lake City, Utah, August 31, 2020.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed August 31, 2020 as the Order of the Public Service
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#315203

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 30 days after the filing of the request, 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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on August 31, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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