

# Dominion Energy

Technical Conference

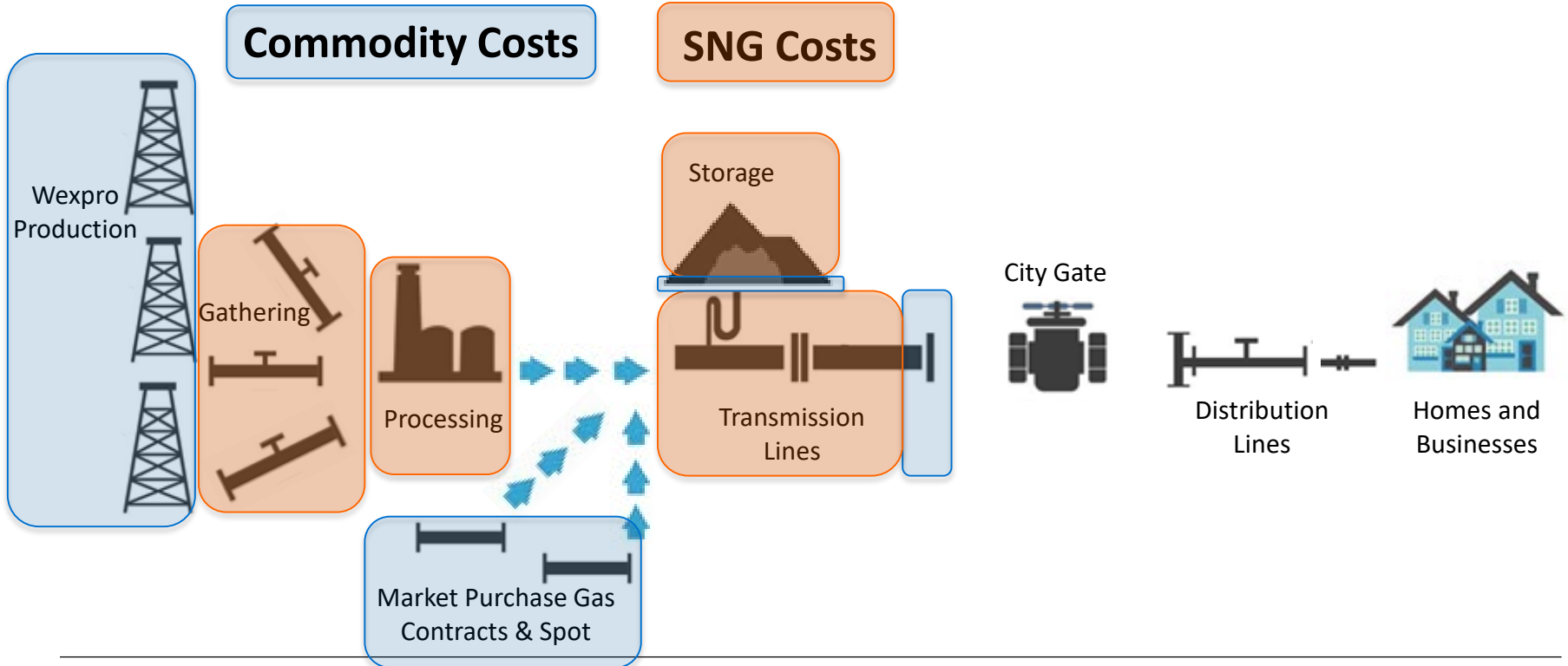
Docket No. 19-057-T01

March 11, 2019

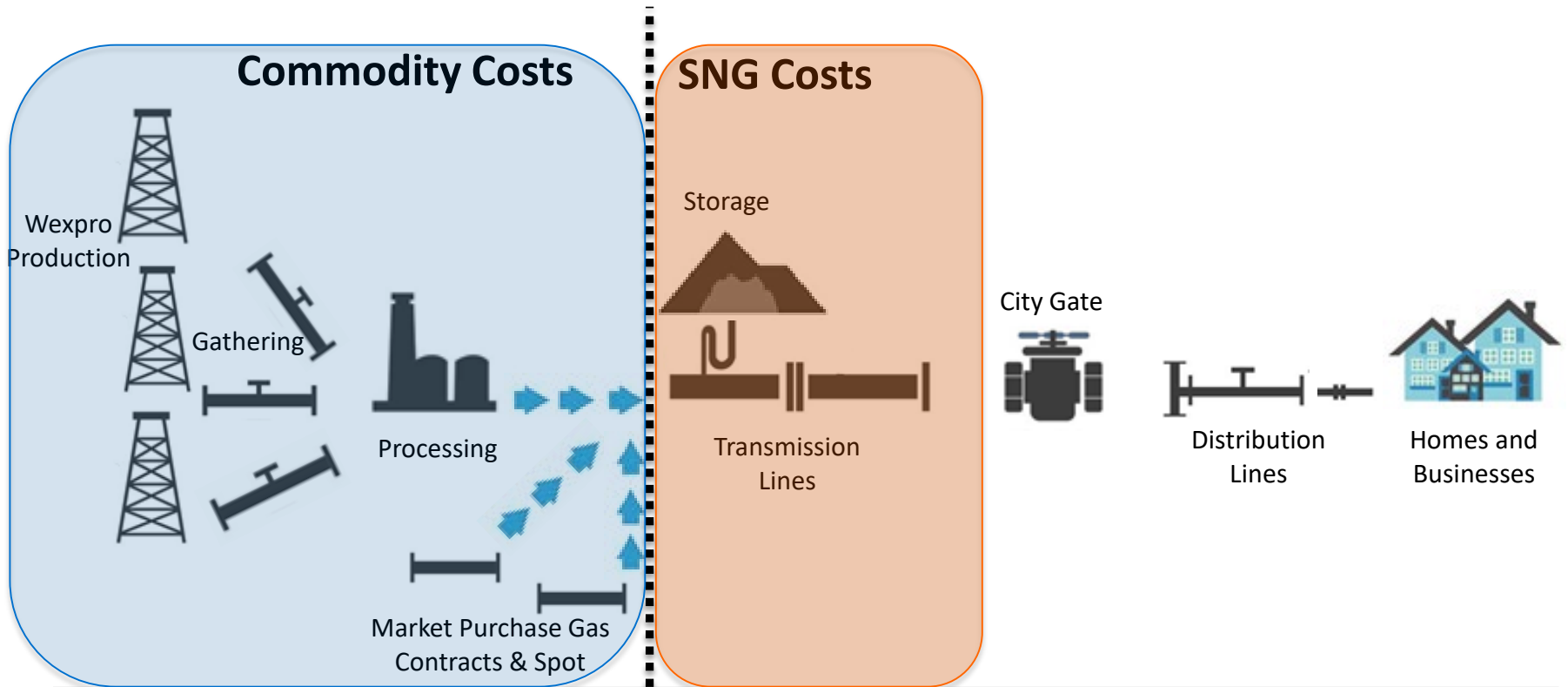
# Agenda

- Overview of Tariff Change
- Division Questions
- Commission Question
- Illustrated Example

# Current Pass-Through Rate Components

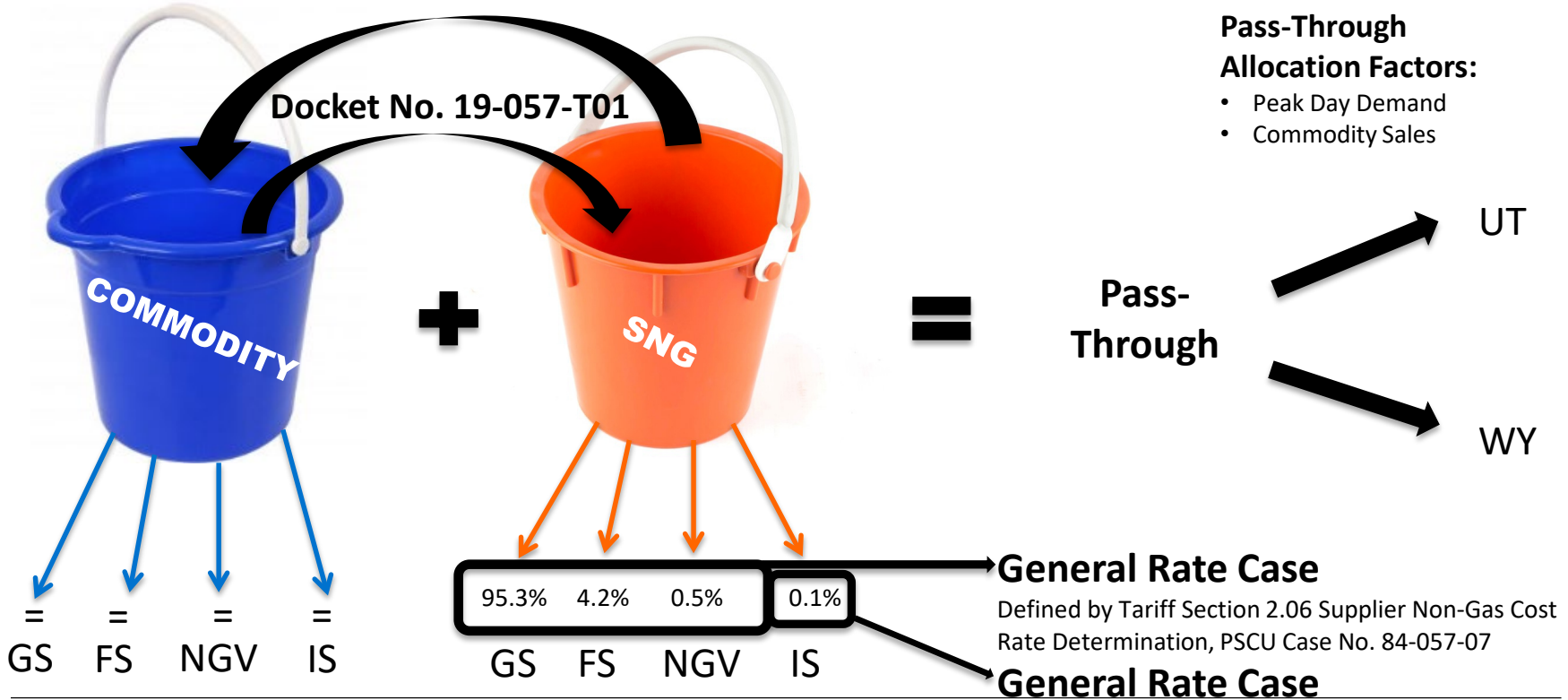


# Proposed Pass-Through Rate Components



# **1. Please explain how commodity and SNG costs are allocated to customer classes in a general rate case.**

Defined by Tariff Section 2.06  
 Gas Balancing Account Adjustment Provision



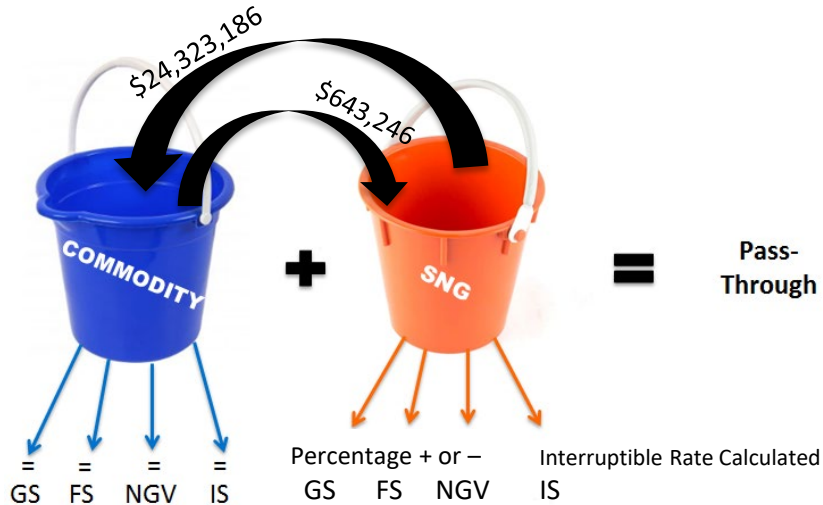
**Pass-Through Allocation Factors:**

- Peak Day Demand
- Commodity Sales

## 2. Please explain how SNG costs are allocated to interruptible customers.

DEQPC Interruptible Transportation T2 Rate		ACA (FERC)		Adjustment for Lost & Unaccounted and Bad Debt		IS SNG Rate
0.17652	+	0.00130	+	0.00125	=	\$0.17907

### 3. Please explain why the proposed tariff change will impact interruptible customers differently than GS customers.



- Commodity and SNG rates are calculated differently
- IS SNG rate calculated using DEQPC T2 Interruptible rate
- Currently IS class is not paying for gathering and processing costs that are proposing to be shifted from SNG to Commodity
- Currently IS class is paying for Storage Commodity and ACA that are to be shifted from Commodity to SNG

\$ based on Pass-Through 18-057-14



## 4. Please explain why the proposed change will result in changes to GS customer's monthly bills as identified in DPU Exhibit 1.1 compared to DPU Exhibit 1.2.

- Dollars shifting Commodity/SNG buckets

- Total dollars recovered the same

- Rates calculated differently:

- Commodity = costs/volumes
    - GS, FS, NGV, IS
  - SNG = % increase/decrease
    - GS, FS, NGV

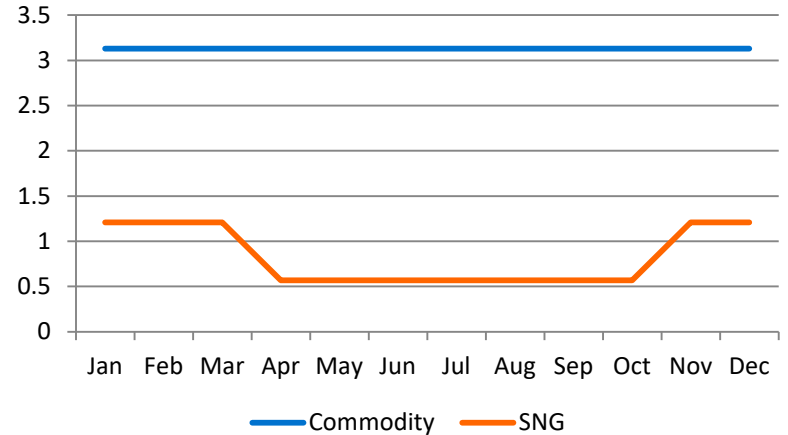
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Rate		Usage	Billed at Current	Billed at		Billed at Proposed	
	Schedule	Month	In Dth	Rates Effective	Proposed Rates	Change	Tariff Change	Change
				10/1/2018	18-057-14		19-057-T01	
1	GS	Jan	14.9	\$116.34	\$110.01	(\$6.33)	\$109.44	(\$6.90)
2		Feb	12.5	98.69	93.38	(5.31)	92.90	(5.79)
3		Mar	10.1	81.04	76.74	(4.30)	76.36	(4.68)
4		Apr	8.3	56.86	53.70	(3.16)	54.49	(2.37)
5		May	4.4	33.31	31.64	(1.67)	32.06	(1.25)
6		Jun	3.1	25.46	24.29	(1.17)	24.58	(0.88)
7		Jul	2.0	18.82	18.06	(0.76)	18.25	(0.57)
8		Aug	1.8	17.62	16.93	(0.69)	17.10	(0.52)
9		Sep	2.0	18.82	18.06	(0.76)	18.25	(0.57)
10		Oct	3.1	25.46	24.29	(1.17)	24.58	(0.88)
11		Nov	6.3	53.09	50.41	(2.68)	50.17	(2.92)
12		Dec	11.5	91.33	86.45	(4.88)	86.00	(5.33)
13		Total	80.0	\$636.84	\$603.96	(\$32.88)	\$604.18	(\$32.66)
14						Percent Change: (5.16)%	Percent Change: (5.13)%	

**5. Referring to the exhibits in the previous question, please explain why the proposed tariff change will impact GS customers with lower cost during the heating season and higher cost during the summer months.**

	(A)	(B)	(C)	(D)	(E)	(F)
	Rate		Usage	Billed at Current	Billed at Proposed	
	Schedule	Month	In Dth	Rates Effective	Tariff Change	Change
				18-057-14	19-057-T01	
1	GS	Jan	14.9	\$110.01	\$109.44	(\$0.57)
2		Feb	12.5	93.38	92.90	(\$0.48)
3		Mar	10.1	76.74	76.36	(\$0.38)
4		Apr	8.3	53.70	54.49	\$0.79
5		May	4.4	31.64	32.06	\$0.42
6		Jun	3.1	24.29	24.58	\$0.29
7		Jul	2.0	18.06	18.25	\$0.19
8		Aug	1.8	16.93	17.10	\$0.17
9		Sep	2.0	18.06	18.25	\$0.19
10		Oct	3.1	24.29	24.58	\$0.29
11		Nov	6.3	50.41	50.17	(\$0.24)
12		Dec	11.5	86.45	86.00	(\$0.45)
		Total	80.0	\$603.96	\$604.18	0.22

## 5. continued

- Gathering/processing costs consistent throughout the year
- Currently gathering/processing costs are being discounted in the summer months via SNG rate
- Proposed tariff change gathering/processing costs collected through the Commodity rate
  - Rate collected evenly throughout year
  - Expect summer increased and winter decreased



**6. The Company's reply comments dated February 12, 2019 state that the proposed tariff change will not immediately change the SNG cost. If the proposed tariff change is approved, when would the Company begin accounting for the revised SNG and commodity cost in the 191 balancing account?**

- Accounting Change – at effective date of approval
- Rate Change – Pass-Through filings after effective date

## **7. With the proposed change in SNG and commodity cost, please discuss the potential impact to the 191 balancing account.**

- No impact to the total 191 balancing account
- Same dollars recovered
- Distribution of those dollars between Commodity and SNG is modified

## **8. Is it anticipated that the proposed change in SNG and commodity cost will have an impact on the volatility of customer rates?**

The same “bucket” of dollars will be collected, so volatility shouldn’t change.

# 9. One of the proposed changes is to move Wexpro gathering cost from SNG to commodity. If the proposed change is approved, would Wexpro gathering cost be easily identified and remain separate from other commodity cost for review and comparison?

Yes

SUMMARY OF WEXPRO TEST-YEAR GAS COSTS AND REVENUES CREDITS				18-057-14
COMMODITY				
	(A)	(B)	(C)	(D)
	Component	Costs	Dth 1/	\$ per Dth
<b>WEXPRO I</b>				
1	Dominion Energy Production 2/	\$217,085,181		
2	Wexpro I Revenue Sharing Credits 3/	(15,177,753)		
3	Net Dominion Energy Production Costs	\$201,907,428	53,144,705	\$3.79920
4	Gathering Demand	\$11,774,616		
5	Gathering Commodity	7,391,644		
6	Gathering Other Charges	3,013,070		
7	Gathering	22,179,330		
8	Total Wexpro I Cost of Production	\$224,086,759	53,144,705	\$4.21654
<b>WEXPRO II</b>				
9	Wexpro II Production 4/	\$49,227,058		
10	Wexpro II Revenue Sharing Credits 5/	(1,515,989)		
11	Net Cost of Wexpro II Production	\$47,711,069	13,507,807	\$3.53211
12	Gathering	\$2,927,171		
13	Total Wexpro II Cost of Production	\$50,638,240	13,507,807	\$3.74881

## **10. Would gathering cost remain separated under Wexpro I and Wexpro II?**

Yes



**1. Please provide a history of any changes to cost assignments (annotated by gas account number) to distribution non-gas and supplier non-gas categories; please indicate any pertinent dockets or general rate cases related to this history.**

Docket No.	Description*	Gas Acct. No.
97-057-03	Capacity Release Credits	858
00-057-08; 00-057-10	Costs to improve price stability	813
01-057-14	Bad debt expense related to SNG & Commodity Carrying cost of working storage gas	904
05-057-01	CO <sub>2</sub> gas processing expense	813

# Annual Impact of IS Customer

# Proposed Tariff Change Pass-Through 19-057-04

IS Customer Bill Total 2018 Actual Volumes					
Customer	19-057-04 Proposed Rates	19-057-T01 Proposed Rates	Difference	% change	Ribboned
1	\$ 50,020	\$ 52,416	\$ 2,396	4.79%	IS
2	97,593	101,671	4,078	4.18%	IS FS
3	30,720	30,786	65	0.21%	IS FS
4	29,511	30,910	1,398	4.74%	IS
5	57,554	59,226	1,672	2.90%	IS FS
6	110,976	114,691	3,715	3.35%	IS GS
7	74,215	74,567	352	0.47%	IS GS
8	74,597	76,583	1,986	2.66%	IS FS
9	30,396	30,356	(40)	-0.13%	IS GS
10	7,742	7,716	(26)	-0.34%	IS FS
11	77,181	79,628	2,447	3.17%	IS GS
12	55,236	57,912	2,676	4.84%	IS
13	29,154	30,569	1,414	4.85%	IS
14	44,590	46,722	2,132	4.78%	IS
15	59,234	60,507	1,273	2.15%	IS FS
16	41,266	42,111	845	2.05%	IS GS
17	76,569	79,238	2,668	3.48%	IS FS
18	11,252	11,194	(58)	-0.52%	IS GS
Total	\$ 957,807	\$ 986,801	\$ 28,994		
Average	\$ 53,212	\$ 54,822	\$ 1,611	2.65%	