

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 20-057-21</u>
Application of Dominion Energy Utah to Modify the Sustainable Transportation and Energy Plan Surcharge	<u>DOCKET NO. 20-057-23</u> <u>ORDER</u>

ISSUED: December 24, 2020

SYNOPSIS

The Public Service Commission (PSC) approves the applications Dominion Energy Utah (DEU) filed in the dockets referenced above which, combined, will increase the annual bill of a typical GS residential customer, using 80 dekatherms of natural gas, by approximately \$3.64 or 0.55 percent.

Specifically, the PSC approves the (1) Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment (Docket No. 20-057-21), on an interim basis, subject to audit, effective December 31, 2020, and (2) Application of Dominion Energy Utah to Modify the Sustainable Transportation and Energy Plan Surcharge (Docket No. 20-057-23), on a final basis, effective December 31, 2020.

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I. PROCEDURAL BACKGROUND

DEU filed the applications on November 25, 2020, each proposing discrete rate changes, effective December 31, 2020.

On December 2, 2020, the PSC held a consolidated scheduling conference for Dockets No. 20-057-21 and No. 20-057-23. During the conference, the parties agreed to a schedule, which the PSC accepted. The PSC issued a Scheduling Order and Notice of Consolidated Hearing (“Scheduling Order”). On December 7, 2020, DPU filed comments and recommendations in both dockets. No other party filed comments or reply comments.

On December 21, 2020, the PSC held a hearing in both dockets to consider the applications, during which DEU and DPU provided testimony.

## II. FACTUAL BACKGROUND

### A. **Docket No. 20-057-21: Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment**

In 2010, the PSC approved the Infrastructure Tracker Pilot Program (“Tracker”)<sup>1</sup> to allow DEU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. Subsequently, in the Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications in Docket No. 19-057-02 (“2019 General Rate Case”), the PSC authorized the continuation of the Tracker with a test year spending cap of \$72.2 million, adjusted each year based on the GDP Deflator Index.<sup>2</sup> The PSC also permitted any Tracker investment over \$80.4 million on or after January 1, 2019, to be included in the Tracker.<sup>3</sup>

In this docket, DEU requests to modify the Tracker-related Distribution Non-Gas (DNG) portions of GS, FS, Natural Gas Vehicle (NGV), IS, TBF, Municipal Transportation (MT), and Transportation Service (TSF and TSI) rate schedules, effective December 31, 2020 (“Tracker Application”).

DEU represents, consistent with Exhibit 1.1 Page 4 of the Tracker Application, that approximately \$44.051 million in cumulative infrastructure investment was placed in service

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<sup>1</sup> See *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16, Report and Order (issued June 3, 2010).

<sup>2</sup> See 2019 General Rate Case, Report and Order, issued February 25, 2020, at 45.

<sup>3</sup> *Id.*, at 14, and 2019 General Rate Case, Order Granting Petition for Agency Review and Rehearing of the PSC’s February Order issued March 27, 2020, at 3.

from January 2019 through November 2020. The Application reflects a revenue requirement of \$5.178 million on the investment in excess of \$80.4 million at the time of filing.

In the Tracker Application, DEU also presents the amount of infrastructure investments, calculations showing the revenue increase required by DEU for its tracked investments, and revised tariff sheets reflecting the proposed rate adjustments in several exhibits, which reflect DEU’s calculation of the Tracker revenue requirement as follows:

**Revenue Requirement Calculation<sup>4</sup>**

	<b>Revised Revenue Requirement</b>
1. Total Net Investment	\$124,451,442
2. Less: Amount currently in rates	(\$80,400,000)
3. <b>Replacement Infrastructure in Tracker</b>	<b>\$44,051,442</b>
4.       Less: Accumulated Depreciation	(\$1,017,283)
5.       Accumulated Deferred Income Tax	(188,568)
6. <b>Net Rate Base</b>	<b>\$42,845,591</b>
7. Current PSC-Allowed Pre-Tax Rate of Return	8.90%
8. <b>Allowed Pre-Tax Return</b>	<b>\$3,813,258</b>
9.       Plus: Net Depreciation Expense	\$850,193
10.       Net Taxes Other Than Income	\$514,147
11. <b>Total Revenue Requirement</b>	<b>\$5,177,597</b>
12. Previous Revenue Requirement	\$0
13. <b>Incremental Revenue Requirement</b>	<b>\$5,177,597</b>

**B. Docket No. 20-057-23: Application of Dominion Energy Utah to Modify the Sustainable Transportation and Energy Plan Surcharge**

In Docket No. 20-057-23, DEU requests approval to modify the Sustainable Transportation and Energy Plan (STEP) surcharge to reflect the cost-of-service allocation associated with DEU’s 2019 General Rate Case Step 2 rate increase, consistent with the PSC’s

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<sup>4</sup> See Tracker Application, Ex. 1.1 at 4, filed November 25, 2020.

Report and Order in the 2019 General Rate Case (“STEP Surcharge Application”).<sup>5</sup> If approved, the STEP Surcharge Application will result in a \$0.01 decrease to a typical residential customer’s annual bill.

### III. DPU REVIEW

In its comments, DPU states its support for the Tracker Application, and recommends approval on an interim basis. No other party filed comments or reply comments. DPU testified the rates proposed in the Tracker Application are just and reasonable, and in the public interest. In addition, at hearing, DPU recommended the PSC approve the requested rate change on an interim basis, effective December 31, 2020, subject to audit and review. If approved, the Tracker Application will result in an increase in a typical residential customer’s annual bill of approximately \$3.65, or 0.55 percent.

DPU also states its support for the STEP Surcharge Application, and recommends approval. No other party filed comments or reply comments. DPU states that DEU’s proposed modification to the STEP Surcharge complies with the PSC’s 2019 General Rate Case Report and Order. DPU further states that the accompanying Tariff sheets are consistent with the STEP Surcharge modifications. In addition, DPU testified the rates proposed are just and reasonable for Utah customers, and that approval of the STEP Surcharge modifications is in the public interest. Accordingly, DPU recommends the PSC approve the requested rate change, effective December 31, 2020.

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<sup>5</sup> STEP Surcharge Application, DEU Exhibit 1.01.

According to the DPU, if we approve both the Tracker Application and the STEP Surcharge Application, the annual bill of a typical GS residential customer will increase by approximately \$3.64 or 0.55 percent:

Infrastructure Rate Adjustment:	\$3.65 increase, or 0.55%
STEP Surcharge Modification:	<u>\$0.01 decrease, or 0.00%</u>
<b><i>Combined Impact:</i></b>	<b><i>\$3.64 increase, or 0.55%</i></b>

IV. FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

Based on the Infrastructure Application and attached exhibits, the DPU's comments, the testimony and evidence presented at hearing, and given there was no opposition, the PSC finds the rates DEU requests in the Infrastructure Application are just, reasonable, and in the public interest. We therefore approve the rates proposed therein on an interim basis, effective December 31, 2020, pending the results of DPU's forthcoming audit.

Based on the STEP Surcharge Application and attached exhibits, the DPU's comments, the testimony and evidence presented at hearing, and given there was no opposition, the PSC finds the rates DEU requests therein are consistent with our 2019 General Rate Case Report and Order, and are just and reasonable, and in the public interest. We therefore approve the rates proposed as final, effective December 31, 2020.

DATED at Salt Lake City, Utah, December 24, 2020.

/s/ Yvonne R. Hogle  
Presiding Officer

Approved and confirmed December 24, 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#316835

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 30 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 December 24, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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Administrative Assistant