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Lieutenant Governor

State of Utah

Department of Commerce Division of Public Utilities

CHRIS PARKER
Executive Director

ARTIE POWELL
Director, Division of Public Utilities

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

Gary Smith, Utility Technical Consultant

Date: December 8, 2020

Re: **Docket No. 20-057-22**, Dominion Energy Utah's Replacement Infrastructure 2021 Annual Plan and Budget.

Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Dominion Energy Utah's (Dominion) proposed 2021 annual plan and budget filed in accordance with its Tariff 500 § 2.07. The filing fulfills the annual budget filing requirement identified in the Commission's February 25, 2020 Report and Order in Docket No.19-057-02.

Issue

In this filing, Dominion provided its "annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2021," which complies with the Commission's Order in Docket No. 19-057-02.

As shown in Exhibit 5 of the filing, Dominion is allowed to invest up to the \$73.9 million cap for 2021 which is composed of the Commission-allowed \$72.2 million budget cap plus the GDP

deflator. Dominion has committed to continue to submit quarterly reports to the Division showing the progress and costs associated with this Infrastructure Tracker Program (ITP). The budget covers the replacement of feeder lines, belt lines (also known as Intermediate High Pressure (IHP) lines) and undisclosed future projects.

Background

On February 25, 2020, the Commission issued its Report and Order in Dominion's General Rate Case, Docket No. 19-057-02, which approved the continuation of the ITP with a spending cap of \$72.2 million. It also provided for the continuation of the GDP deflator to be used as an annual index to adjust the cap on an ongoing basis.

On November 18, 2020, Dominion filed a "Notice of Intent to File Replacement Infrastructure 2021 Annual Plan and Budget and Motion for Extension of Time." Dominion's tariff section 2.07 provides that it will "file its next year's annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure with the Commission no later than November 15 of each year." However, in this filing it asked the Commission to extend the deadline because its "employee responsible for preparing the budget has unexpectedly been out of the office on bereavement leave". As a result the budget was not ready at the required time and therefore, it asked for an extension of the deadline to November 30, 2020. On that same day the Commission granted Dominion's request.

On November 25, 2020, Dominion submitted the required forward-looking budget, entitled Replacement Infrastructure 2021 Annual Plan and Budget (2021 Budget), to the Commission along with exhibits outlining the planned infrastructure replacement projects for the upcoming 2021 calendar year. On that same day, the Commission issued an Action Request to the Division requesting that the Division "Review for Compliance and Make Recommendations" with a due date of December 24, 2020. On November 30, 2020, the Commission issued a Notice of Filing and Comment Period stating that interested parties could submit initial comments on or before December 30, 2020, with reply comments due on or before January 14, 2021. This is the Division's response to the Action Request as well as its comments.

Discussion

According to this filing, Dominion expects to replace 277,989 linear feet (LF) of feeder lines (FL), which is over 2.4 times the amount proposed in 2020 (114,869 LF). The Company also plans on replacing 5,321 LF of belt line (BL) pipe, which is the exact same amount it proposed to replace in 2020 (5,321 LF). The proposed budget of \$73,929,069 million is determined by adjusting the 2020 allowed budget amount of \$72,200,000 million for inflation as ordered in Docket No. 19-057-02.

As indicated in Dominion's Exhibit 1, of the total \$73,929,069 million budget, \$63.4 million is allocated to replacing segments of four FLs: 13, 22, 23, and 43 (Approximately \$228 per linear foot). Another \$10 million is allocated to replacing IHP lines in Salt Lake County (Approximately \$1,879 per linear foot). The remaining balance, approximately \$0.55 million, is allocated to pre-engineering studies or future work.

Exhibit 2, page 1 shows the sections of pipe Dominion plans to replace in the FL system, correlated with the size and date of installation. Specifically, it plans on replacing parts of FL 22 (22,751 LF) made up of 2"-20" diameter pipe with original installation dates ranging from 1957 to 2018. Also, it plans are replacing 92,118 LF of FL 23 which is comprised of 2"-6" and 12" diameter pipe with original installation dates ranging from 1957 to 2018. Additionally, it plans on replacing (163,120 LF) of FL 43 which includes 3"-6" diameter pipe with original installation dates ranging from 1966 to 2018. In total, some 49,656 LF of the pipe being replaced is pipe manufactured under the newer standards (post 1970). Although Dominion budgeted for work to be done on FL 13, it says that the project is not scheduled to be completed by 2021 and as such, the footages and vintage of those sections of pipe are not included in this exhibit.

Exhibit 2, page 2 shows the sections of pipe Dominion plans to replace in the IHP system, correlated with the size and date of installation for each county, all of which are said to have an original installation date of 1940-1969 and 10" diameter. The budget anticipates replacing 5,321 LF in Salt Lake County with an estimated budget of \$10.0 million. There is no IHP replacement work scheduled for other counties in 2021.

Exhibit 3 offers photographs of the geographic sections where the pipe planned for replacement is located.

Exhibit 4 provides a Gantt chart projecting the time-line of the replacement work. According to the chart, the work on FL23/22 is expected to be completed before June. The work on FL 43 is expected to continue throughout the year, and FL 13 will commence in April and be completed sometime after December. The IHP work in Salt Lake County is expected to continue from March through the end of November.

Exhibit 5 provides information for the DGP Deflator Rate which Dominion used to annually inflate the allowed budget to the new budget amount.

Dominion proposes to spend \$550,000 on “Future Projects” or preliminary work (the same amount as each previous year).

Conclusion

The letter Dominion filed with the Commission on November 25, 2020, outlining the Replacement Infrastructure 2021 Annual Plan and Budget, complies with the Commission’s February 25, 2020 Report and Order in Docket No.19-057-02. Therefore, the Division recommends the Commission acknowledge the letter as compliant. The Division notes that this recommendation pertains to only the annual budget filing requirement identified, and should not be construed in anyway as an endorsement or preapproval that these costs are prudently incurred or should be recovered in the ITP.

This filing is not requesting any change in the Company’s current rates.

Cc: Kelly B. Mendenhall, Dominion Energy Utah
Michele Beck, Office of Consumer Services