PASS-THROUGH APPLICATION OF	)	
DOMINION ENERGY UTAH FOR	)	Docket No. 22-057-08
AN ADJUSTMENT IN RATES	)	
AND CHARGES FOR NATURAL	)	
GAS SERVICE IN UTAH	)	APPLICATION

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these documents should be served upon:

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APPLICATION
AND
EXHIBITS

June 1, 2022

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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

PASS-THROUGH APPLICATION	)	
OF DOMINION ENERGY UTAH FOR	)	Docket No. 22-057-08
AN ADJUSTMENT IN RATES AND	)	
CHARGES FOR NATURAL GAS	)	
SERVICE IN UTAH	)	APPLICATION

Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company) respectfully requests Utah Public Service Commission (Commission) approval of this Application for an increase of $93,837,427 in its Utah natural gas rates, including new costs associated with the Company's liquified natural gas (LNG) facility. The Dominion Energy Utah Natural Gas Tariff PSCU No. 500 (Tariff), Section 2.06, provides for pass-through applications to be filed "no less frequently than semi-annually." Additionally, section 2.06 of the Company's Tariff, under the heading "191 ACCOUNT ENTRIES", says, "The company shall provide 60 days prior notice of (1) an inclusion of a new account or the first time inclusion of other new material items." The LNG facility in Magna, Utah will be placed into service during the test period for this filing. Certain LNG costs have been included in this filing as a new item and are highlighted on the accompanying exhibits in an orange color. The Company has requested an effective date of August 1, 2022 and thereby complies with the 60-day notice requirement.

The driving force behind the price increase requested in this Application is higher forecasted gas costs for the test period. The information contained in this Application is based on the April 2022 average of projected gas prices from two nationally recognized forecasting organizations and reflects Utah gas costs of $714,769,878. The Company proposes an overall increase of $93,837,427 which includes an increase of $94,043,676 in the commodity portion of rates and a decrease of $206,249 in the supplier non-gas (SNG) portion of rates. As Austin C. Summers states in his Direct Testimony in Docket No. 22-057-03, usage per customer has declined due to more energy efficient appliances and building measures, so the Company will begin using 70 Dth/year in each of its Utah filings going forward. If the Commission grants this Application, a typical residential customer using 70 dekatherms per year will see an increase in their total annual bill of $57.07 (or 8.15%). For comparison purposes, a typical residential customer using 80 dekatherms per year will see an increase in their total annual bill of $65.20 (or 8.27%).

In support of this Application, Dominion Energy states:

1. Dominion Energy's Operations. Dominion Energy, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Utah Public Service Commission, and the Company's rates, charges, and general conditions for natural gas service in Utah are set forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in Franklin County, Idaho. The rates for these Idaho customers are determined by the Utah Commission pursuant to an agreement between the Commission and the Idaho Public Utilities Commission. Volumes for these customers have been included in the Utah volumes.

2. Applicable Statutes. The Commission may grant relief requested in this case pursuant to its general authority pursuant to Utah Code Ann. § 54-4-1 and the energy balancing account authority embodied in Utah Code Ann. § 54-7-13.5 (2021).

3. Tariff Provision. The Commission has authorized Dominion Energy to implement Account No. 191 of the Uniform System of Accounts to balance its gas costs with revenues. This filing is made under §2.06 of the Tariff, pages 2-9 through 2-14, which sets forth procedures for recovering gas costs shown in Account No. 191 by means of periodic and special adjustments to rates and an amortization of that account over one year. Pursuant to the Order Approving

Dominion Energy's Modifications to Tariff Section 2.06 in Docket No. 19-057-T01, this Application categorizes costs based upon updated definitions of SNG and Commodity costs. As noted above, this Application also fulfills the requirement that the Company provide 60-days notice prior to including new items.

4. Test Year. The test year for this Application is based on expected sales, purchases, transportation, gathering, storage, and royalties for the 12 months ending July 31, 2023. DEU Exhibit 1.1 page 2 allocates system-wide costs to Utah and Wyoming jurisdictions on the basis of either peak-day demand or commodity sales, as appropriate. The LNG facility will only serve the Utah jurisdiction, so those costs are directly assigned to Utah. The result of these allocations is $714,769,878 in gas costs for Utah (DEU Exhibit 1.1 page 2, line 21).

5. Cost-of-Service Production. DEU Exhibit 1.2 page 1 shows the expected test-year costs for gas produced for Dominion Energy by Dominion Energy Wexpro (Wexpro) under the Wexpro I and Wexpro II Agreements. System-wide, total costs for Dominion Energy's production are expected to be $254,726,754, as shown on line 13. These costs comprise the following elements:

a. Royalty Payments. During the test year, Dominion Energy will make royalty payments of $35,327,212 (DEU Exhibit 1.2, page 1, line 3) on Company-owned gas produced under Wexpro I and royalty payments of $12,898,565 (DEU Exhibit 1.2, page 1, line 8) on Wexpro II production. These royalty payments are based on projected well head volumes for the test year and the price forecast for the test year explained below in paragraph 11.

b. Operator Service Fee. Dominion Energy pays Wexpro an operator service fee for operating cost-of-service wells pursuant to the Wexpro I and Wexpro II agreements and applicable settlement agreements. The Wexpro I operator service fee for gas produced from productive gas wells for Dominion by Wexpro is expected to be $160,237,976 (DEU Exhibit 1.2, page 1, line 4). The operator service fee for Wexpro II is expected to be $46,263,001 (DEU Exhibit 1.2, page 1, line 9). On April 14th, 2022 the Company filed applications with both Utah Commission and the Wyoming Public Service Commission seeking approval to include the Alkali

Gulch acquisition as a Wexpro II property. The projected volumes associated with that filing have not been included in this Application as that matter is still pending.

c. DEU Exhibit 1.2, page 2, shows other revenues that are treated as direct credits to gas costs, as required by the Commission in its Order in Docket No. 80-057-10 and as revised by Commission Order in Docket No. 01-057-14. Other revenues of $42,679,741 are the forecasted amounts for the 12 months of the test year as shown on DEU Exhibit 1.2, page 2, line 21. There are no anticipated credits for sales of gas under the Wexpro II Trail Unit Stipulation[1] in this test period (line 20).

6. Summary of Gas-Related Gas Costs. DEU Exhibit 1.2, page 3 summarizes Dominion Energy Wexpro's total gas costs by component. The total forecasted costs and volumes for Wexpro I, Wexpro II, and in total are shown on lines 8, 13, and 20, respectively.

a. Gathering Charges. Gathering charges are computed on the basis of forecasted production and gathering volumes for the test period. A portion of Wexpro I gathering services and the costs of that gathering continue to be provided under the terms of the 1993 system-wide gathering agreement as amended (Gathering Agreement). Other gathering charges associated with Wexpro I are $1,249,706 (DEU Exhibit 1.2, page 3, line 6). Wexpro II volumes are gathered under a separate agreement and are estimated to be $65,281 (DEU Exhibit 1.2, page 3, line 12). Wexpro acquired the majority of the Wexpro II gathering system in November 2021. Charges for the use of these systems had previously been included shown as gathering charges. Now costs associated with the gathering systems are now included in the Wexpro II operator service fee.

7. Purchased Gas Costs. Dominion Energy's total purchased gas costs are calculated to be $420,747,813 as shown in DEU Exhibit 1.2, page 4, line 6. For this test year, purchased gas costs are projected to average $6.33274. These costs are based on projected gas purchase volumes, existing contract terms, projected contracts, and a forecast of gas prices. In this case, the Company has used an average of gas-price forecasts from S&P Global Platts and IHS Markit. These purchased gas costs comprise the following elements:

[1] The Commission approved the Wexpro II Trail Unit Stipulation in Docket No. 13-057-13.

a. Dominion Energy currently expects to purchase 26,509,000 Dths through purchase contracts at a total cost of $214,461,996 as shown in DEU Exhibit 1.2, page 4, line 3.

b. In addition to purchase contracts, Dominion Energy anticipates buying 37,938,502 Dths on the spot market at a total estimated cost of $197,418,935 (DEU Exhibit 1.2, page 4, line 4).

c. Also, Dominion Energy expects to contract in the future for an additional 1,992,636 Dths at a total estimated cost of $8,866,882 as shown on DEU Exhibit 1.2, page 4, line 5.

8. Storage Adjustment. DEU Exhibit 1.2, page 5, line 3 shows an adjustment that is made to commodity prices due to the temporary difference between when gas is injected into and withdrawn from storage. This adjustment fluctuates due to seasonal timing of injections and withdrawals, along with the seasonal costs of gas going into and out of storage.

9. Working Storage Gas. The return on working storage gas for the most recent 12 months is $2,714,476 (DEU Exhibit 1.2, page 5, line 17).

10. LNG. The Company's voluntary request for pre-approval of its resource decision to construct the LNG facility was approved by the Commission in an Order in Docket No. 19-057-13. The LNG facility will be placed into service in the 4th quarter of 2022 and will provide additional gas supply reliability in the 2022-2023 winter heating season. The costs related to the LNG facility will be recovered by the General Service (GS) and Firm Sales Service (FS) customers in general rates. The commodity-related LNG costs will be recovered from GS and FS customers in this Application and comprise the following elements:

a. LNG Purchased Gas. The LNG tank will be filled from September to January for a total cost of $6,669,593 as shown in DEU Exhibit 1.2, page 6, line 1.

b. LNG Storage Adjustment. DEU Exhibit 1.2, page 6, line 4 shows an adjustment that is made to commodity prices due to the temporary difference between when gas is injected into and subsequently withdrawn from the LNG tank. This adjustment fluctuates due to seasonal timing of injections and withdrawals, along with the seasonal costs of gas going into and out of storage. The withdrawals shown are for 15% of the tank volume that must be vaporized each year to cycle the tank to ensure the heat content of the LNG remains within the Company's Wobbe limit.

c. LNG Working Charges. The return on working storage gas balances are estimated for the test period totaling $274,737 (DEU Exhibit 1.2, page 6, line 18). When actuals become available in future Pass Through Applications, the return will be calculated using the most recent 12 months of actuals.

11. Forecasted Gas Cost Comparison. Confidential DEU Exhibit 1.3 provides a comparison of the gas price forecasts, as well as the average of the forecasts, for the test year.

12. Transportation. Dominion Energy incurs system-wide charges for transportation of gas to its distribution system. The transportation, storage, and peak hour service costs are based on upstream pipelines' rates. These costs are calculated to be $74,856,817, as shown in DEU Exhibit 1.4, page 1, line 30. These costs include the following elements:

a. MountainWest Pipeline (MWP) (previously Dominion Energy Questar Pipeline, LLC), MountainWest Overthrust Pipeline (MWOP) (previously Dominion Energy Overthrust Pipeline, LLC), and Kern River Gas Transmission Company (Kern River) Demand Rates. Annual transportation demand charges to transport produced and purchased gas are calculated to be $68,243,901 system-wide (DEU Exhibit 1.4, page 1, line 15). This includes a capacity release credit of $1,248,803 (DEU Exhibit 1.4, page 1, line 5). The Company's contract with MWOP totals $166,056 (DEU Exhibit 1.4, page 1, line 7). This contract extends the path of capacity on an existing contract with MWP. This contract allows the Company to purchase gas at a more convenient location and transport it to the receipt point on a MWP contract.

b. MWP, MWOP, and Kern River Commodity Rates. The transportation volumes in this Application reflect the level of Wexpro I and Wexpro II production and purchased-contract gas transported during the test year and current FERC approved rates. Transportation commodity charges are calculated to be $553,022 (DEU Exhibit 1.4, page 1, line 25).

c. Peak Hour Service. Peak-hour demand is the demand occurring during the hours during the day when total customer usage is at its highest. Peak-day demand (also known as Design-Day demand) calculates the total usage flowed during a 24-hour period (day), while the peak-hour demand is the maximum flow rate during that day. The upstream pipelines that serve the Company can only meet those usage levels above the design-day demand on an operationally available (interruptible) basis. To guarantee firm service during peak-hour, Dominion Energy's most recent agreement with Kern River provides peak-hour services for a cost of $1,557,749 (DEU Exhibit 1.4, page 1, line 27). Dominion Energy's most recent agreement with MWP provides peak-hour services for a cost of $1,648,076 (DEU Exhibit 1.4, page 1, line 28).

13. Storage Charges. Dominion Energy also incurs system-wide storage and working gas charges for gas to be delivered during the winter heating season. These costs are $14,498,348 as shown in DEU Exhibit 1.4, page 2, line 13. The components of these costs are the following:

a. Storage Demand. The demand component of storage is calculated to be $14,025,058 (DEU Exhibit 1.4, page 2, line 5).

b. Storage Commodity. The charges during the test year for injections to and withdrawals from aquifer peaking and Clay Basin storage fields are calculated to be $473,290 (DEU Exhibit 1.4, page 2, line 12).

14. LNG Storage Related Electricity Costs. The process of liquifying natural gas requires electricity. Electric costs will fluctuate with the liquefaction of natural gas for storage into the LNG tank. Because these costs are directly related to the amount of gas that needs to be liquified each year, they could be highly variable from year to year. Additionally, the rate paid for these electricity costs could also fluctuate from year to year. The Company is proposing to include these variable electricity costs in this Application. Including these costs in the commodity balancing account is consistent with the treatment of these costs in other jurisdictions in the Dominion Energy service territory. Though these electricity costs are included in the revenue requirement calculations proposed by Jordan K. Stephenson in the Company's current General Rate Case in Docket No. 22-057-03. the Company will propose that they be removed from the

test period of the General Rate Case if the Commission approves their inclusion here. For the test year, electricity costs of the LNG plant are estimated to be $2,025,096 (DEU Exhibit 1.4, page 2, line 14). When actual costs become available, the return will be calculated using the most recent 12 months of actuals. In an effort to provide additional transparency related to these electric costs, the Company plans to provide an overview of the operation of the LNG facility, including electricity costs as part of the heating season review in the annual integrated resource plan.

15. <u>Supplier Non-Gas Cost Class Allocation</u>. In the Report and Order dated February 25, 2020 in Docket No. 19-057-02, the Commission approved a new method for allocating supplier non-gas costs to customers. This method allocates peak hour contract costs to transportation customers. DEU Exhibit 1.4, page 3, shows the allocation of SNG costs to all classes, as approved in that order.

16. <u>Unit Commodity Cost in Rates</u>. DEU Exhibit 1.5, page 1, shows the derivation of gas commodity unit costs to be reflected in Dominion Energy's Utah rate schedules. The portion of expected test-year gas costs to be recovered on a commodity basis is $624,880,707 (DEU Exhibit 1.5, page 1, line 1) and LNG Costs to be recovered by the GS and FS rate classes on a commodity basis is $1,275,176 (DEU Exhibit 1.5, page 1, line 2). The corresponding unit cost of gas applicable to Utah rates for GS and FS customers is $5.43597/Dth (DEU Exhibit 1.5, page 1, line 8). The unit cost of gas for Interruptible Sales (IS) and Natural Gas Vehicle (NGV) customers is $5.42485 (DEU Exhibit 1.5, page 1, line 11 and 14).

17. <u>Amortization of Commodity Portion of 191 Account Balance</u>. In the Company's last pass-through filing (Docket No. 21-057-28), the Commission established an amortization rate based on the balance in the commodity portion of the 191 Account at the end of October 2021. Section 2.06 GAS BALANCING ACCOUNT ADJUSTMENT PROVISION, under the heading "SURCHARGE RATE DETERMINATION," provides that the surcharge must be established "no less frequently than annually." The Company now proposes to maintain the current debit amortization for two reasons. First, leaving the amortization at the current rate until the fall pass-through should help provide rate stability. Second, the commodity balance in the 191 account is

still substantially under-collected as a result of the dramatically increased gas prices associated with the Texas extreme weather event in February 2021. Even though an amortization rate was set to recover the undercollected costs, high gas prices during the 2021/2022 heating season prevented that recovery. For these reasons, the Company proposes to continue the current debit amortization of $0.57020 (DEU Exhibit 1.5, page 1, lines 9, 12, and 15, column D).

18. Net Unit Commodity Cost. The net result of the changes in gas costs, summarized in paragraph 16, and the 191 Account amortization discussed in paragraph 17 yields a unit commodity cost of $6.00617/Dth for GS and FS customers, an increase of $0.81637/Dth (DEU Exhibit 1.5, page 1, line 10). Since IS customers do not pay for LNG costs, the unit commodity rate for the IS class is $5.99505/Dth, an increase of $0.80525/Dth (DEU Exhibit 1.5, page 1, line 13).

19. RIN (Renewable Identification Numbers) Proceeds from CNG. The Order issued on October 30, 2020, for Docket No. 20-057-14 directed the Company "to continue to evaluate other methods to more transparently account for the NGV RIN credit in the 191 Account model, rather than the method it used in this case in which it recognized the credit through the commodity portion of the test year forecast." The Company has evaluated and changed the method of handling the RIN proceed to be recognized in the amortization rate rather than the commodity rate. This treats the RIN proceeds similar to other known, or historical costs. In Docket No. 21-057-28, RIN proceeds were generated through RNG (renewable natural gas) sales at the Company's CNG Station. The RIN proceeds totaled $76,569 (DEU Exhibit 1.5, page 1, footnote 4). A total of $49,105 is expected to be amortized by August 1, 2022 with an amount of $27,464 remaining to be amortized. In addition, new RIN proceeds have been received from November 2021 through April 2022 totaling $68,727. The sum of remaining RIN proceeds and new RIN proceeds results in a total of $96,190 of RIN proceeds ($27,464 + $68,727) to be amortized over the test period. A credit of $0.33195 will reduce the commodity cost for NGV customers yielding a unit commodity cost of $5.66310 (DEU Exhibit 1.5, page 6, line 17, column B).

20. Supplier Non-Gas Costs. Since mid-1984, Dominion Energy's rate structure has incorporated a supplier non-gas component that reflects suppliers' non-gas costs billed to Dominion Energy. The Company has been tracking this supplier non-gas component of its Account No. 191 pursuant to the terms of its Tariff. The base test-year supplier non-gas costs are $88,613,996 (DEU Exhibit 1.5, page 2, line 1).

a. Net Unit SNG Cost. Current rates, including the amortization, are estimated to recover $91,645,356 in supplier non-gas costs (DEU Exhibit 1.5, page 2, line 6). DEU has provided a calculation of the SNG rates at DEU Exhibit 1.5 page 3. The GS and FS Summer/Winter differentials are also shown on pages 4 and 5 of DEU Exhibit 1.5.

b. Supplier Non-Gas Amortization. Consistent with the Division of Public Utilities' recommendation in Docket No. 11-057-08, the Company began amortizing the balance in the SNG portion of the 191 account annually instead of semi-annually. The change was meant to reduce volatility and interest costs by limiting the swings in the SNG account due to the changes in the definitions of commodity and SNG costs determined in Docket No. 19-057-T01. The Company now estimates that the SNG balance should swing between $14,000,000 over-collected and $14,000,000 under-collected. Therefore, the Company is proposing to amortize the $3,222,746 under-collected portion of this balance. The debit amortizations are shown on DEU Exhibit 1.5 page 3, lines 17-19.

c. In Docket No. 14-057-31, the Commission approved the Company's request to charge transportation customers for SNG costs associated with the services they use. The Company began charging these customers a "Transportation Imbalance Charge" in February 2016 and began collecting from customers in March 2016. A total of $572,115 was collected from transportation customers from November 2021 to April 2022 and included in the SNG balance used to calculate the debit amortizations. The Company is submitting an application concurrently with this Application to review and update the Transportation Imbalance Charge based on the most recent 12 months of data. See Docket No. 22-057-09 for more information.

21. Change in Typical Customer's Bill. The annualized consolidated change in rates calculated in this Application is an 8.15% increase, or an increase of $57.07 per year for a typical GS residential customer using 70 dekatherms per year or an 8.27% increase, ($65.20 per year) for a typical GS residential customer using 80 dekatherms per year. The projected month-by-month changes in rates are shown in DEU Exhibit 1.6 pages 1 and 2.

22. Proposed Tariff Sheets. Dominion Energy's proposed Utah Tariff sheets reflect the combination of the changes in commodity costs, and supplier non-gas costs allocable to Utah customers (DEU Exhibit 1.7).

23. Combined Tariff Sheets. In addition to this pass-through Application, the Company is also concurrently filing an Application for an adjustment to the Daily Transportation Imbalance Charge in Docket No. 22-057-09. DEU Exhibit 1.8 shows the proposed rate schedules that reflect the Tariff sheets that will be effective should the Commission approve both applications.

24. Effect on Earnings. Because the rate sought in this Application is a pass through of the direct costs of gas that Dominion Energy obtains for its customers, there will be no change in the Company's rate of return. Net profits are also unaffected except for the return on the changed amount of working storage gas which was approved by the Commission in Docket No. 19-057-02.

25. Exhibits. Dominion Energy submits the following DEU Exhibits in support of its request for an adjustment in its rates for natural gas service in Utah:

DEU Exhibit 1.1 Summary of Pass-Through Costs

DEU Exhibit 1.2 Test-Year Commodity Costs

DEU Exhibit 1.3 Confidential Comparison of Gas Price Forecasts

DEU Exhibit 1.4 Test-Year SNG Costs

DEU Exhibit 1.5 Calculation of Commodity and SNG Rates

DEU Exhibit 1.6 Effect on GS Typical Customer

DEU Exhibit 1.7 Legislative/Proposed Tariff Sheets

DEU Exhibit 1.8 Combined Legislative/Proposed Tariff Sheets

WHEREFORE, Dominion Energy respectfully requests that the Commission, in accordance with its authority, rules and procedures and the Company's Tariff:

1. Enter an order authorizing Dominion Energy to implement an increase in rates and charges applicable to its Utah natural gas service that reflect annualized gas costs of $714,769,878 as adjusted in DEU Exhibit 1.5 and as more fully set out in this Application and in DEU Exhibit 1.7.

2. Authorize Dominion Energy to implement the revised rates effective August 1, 2022 on an interim basis.

DATED the 1st day of June 2022.

Respectfully submitted,

DOMINION ENERGY UTAH

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Application was served upon the following persons by e-mail on June 1, 2022:

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