Jenniffer Clark (7947)
Dominion Energy Utah
333 South State Street
P.O. Box 45433
Salt Lake City, UT 84145-0433
(801) 324-5392
(801) 324-5935 (fax)
Jenniffer.Clark@dominionenergy.com

Attorney for Dominion Energy Utah

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

PASS-THROUGH APPLICATION OF DOMINION ENERGY UTAH FOR AN ADJUSTMENT IN RATES AND CHARGES FOR NATURAL GAS SERVICE IN UTAH	Docket No. 23-057-03 DOMINION ENERGY UTAH'S REPLY COMMENTS AND SUBMISSION OF UPDATED DEU EXHIBITS 1.1U through 1.9U

Questar Gas Company dba Dominion Energy Utah (Dominion Energy or Company) respectfully submits these Reply Comments to the Action Request Response issued by the Division of Public Utilities (Division) on February 15, 2023 in the above-referenced docket, as well as updated DEU Exhibits 1.1U through 1.9U.

On February 1, 2023, the Company filed its Application to increase rates in this docket, its first Pass-through filing of 2023. On February 7, 2023, the Utah Public Service Commission (Commission) issued a Scheduling Order which set a deadline of February 15, 2023 for interested parties to file comments. On February 15, 2023, the Division filed its Action Request Response (Division's Response). The Company respectfully submits this Reply in response to the Division's Response.

The Company initially approached this pass-through application as it would every other pass-through application, using the forecasted cost of gas for the test period and amortizing the known balance in the 191 account. The requested increase included an increase to recover the under-collected balance occurring as of the end of December 2023, combined with a decrease associated with a lower gas price forecast, and a slight decrease in SNG rates.

More specifically, the under-collected balance at the end of December was $225 million, reflecting an increase of $163.3 million in one month. The Company proposed collecting the balance over a one-year period through an amortization rate. Additionally, the forecasted commodity had decreased for the 2023-2024 heating season. Using these new forecasts would reduce the amount being collected by commodity rates by $69.2 million, resulting in a lower base commodity rate. Finally, the Company proposed a routine adjustment to the SNG rates that lowered the base SNG rate by $2.1 million.

The Company then met with the Division to further discuss the Application. The Division expressed concern that the Company's proposal effectively reduced the base commodity rate at a time when the 191 account is severely under-collected. The Division supported collecting rates that would more quickly reduce the under-collected balance in the coming months before warm weather results in reduced customer usage. More quickly reducing the under-collected balance would also help reduce interest expense to customers going forward.

Based on these discussions with the Division, the Company conducted further modeling. Specifically, the Company modeled the impact of leaving the *base commodity* rates unchanged, rather than decreasing them. In order to follow prior rate calculation methodologies and model a more meaningful and timely collection from customers, the Company simply started with the last pass-through model that established the current commodity and SNG rates in Docket No.

22-057-16, then included the under-collected commodity balance. The Company did not incorporate any change to the SNG rate in its model because doing so would not materially change the proposed rates.

On February 15, 2023, the Division filed its Response. In the Response, the Division recommended that the Company maintain SNG rates at the current rate, rather than reducing them slightly. The Company agrees with this change, and notes that doing so would result in an increase to the overall rates of $2.1 million.

Though the Division did not recommend additional changes to the Company's proposal, it did note that the under-collected amount in the 191 account had reached $225.7 million by December 31, 2022, and that the under-collected balance grew further during the month of January. The Division indicated that "the Commission may want to consider a slight modification to the proposed application since an additional increase in rates will be required due to the additional under-collected amount that occurred in January after this application was filed." Response at p. 11.

Based upon its discussions with the Division, and the Division's response, the Company recommends keeping base commodity rates unchanged. Doing so would address the Division's concerns by more quickly reducing the under-collected balance in the 191 account, reducing the interest expense associated with that balance, and reducing the impact of large increases in the future. Accordingly, the Company now proposes that the Commission approve rates reflected as a result of the updated modeling, as shown in more detail in the attached DEU Updated Exhibits 1.1U through 1.9U. If those rates were to go into effect, a typical Utah GS customer using 70 Dth/year would experience an annual increase of $99.91 or 11.52 %.

To be clear, the Company only proposes to increase to the commodity amortization rate. The base commodity rate, the base SNG rate, and the SNG amortization would remain the same as they have been since November 1, 2022. The Company recognizes that this is a departure from what the Company would propose in a routine pass-through application. However, the circumstances that have led to this pass through are anything but routine and this approach is warranted.

The Company has conferred with the Division and is authorized to represent that the Division supports the admission of the updated Exhibits attached hereto, and the approval of the updated rates reflected therein. The Company has also spoken with the Office of Consumer Services (Office) and is authorized to represent that the Office also supports the rates proposed herein. Given this consensus between the parties, and the time sensitive nature of implementing the rates in the Company's billing system, the Company requests that the Commission approve these updated rates.

The Division also correctly noted that the Company would be filing future increases. The updates contained in these Reply comments are meant to collect the $225 million under-collected balance in just under one year, based on normal weather and stable prices. The $225 million is based on the under-collected account balance as of the end of December 2022. Since that time, the January balance has grown to $494 million, and February also is expected to add to the under-collected balance. The Company will monitor the balance for the rest of the heating season and anticipates filing another pass through around May 2023 to adjust rates to collect the remaining under-collected balance. The Company plans to work with the Division and the Office to ensure that future filings minimize impacts to customers, to the extent possible.

The Company respectfully submits updated exhibits containing modifications addressed above. The attached updated exhibits also correct an error in the Division's exhibit provided by the Company. The model that was provided with the Division's Response as DPU Exhibit 1.1 does calculate the correct rates but had an error in the calculation of an impact on a typical customer. Accordingly, the model attached hereto as DEU Updated Exhibit 1.9U more accurately calculates the change to a typical customer based on the January 1, 2023 rates from the Company's general rate case in Docket No. 22-057-03.[1] This is also reflected in DEU Exhibit 1.6U.

DEU has prepared the following Exhibits to accompany the model:

DEU Exhibit 1.1U Summary of Pass-Through Costs

DEU Exhibit 1.2U Test-Year Commodity Costs

DEU Exhibit 1.3U Confidential Comparison of Gas Price Forecasts

DEU Exhibit 1.4U Test-Year SNG Costs

DEU Exhibit 1.5U Calculation of Commodity and SNG Rates

DEU Exhibit 1.6U Effect on GS Typical Customer

DEU Exhibit 1.7U Legislative/Proposed Tariff Sheets

DEU Exhibit 1.8U Combined Legislative/Proposed Tariff Sheets

[1] The Company's original proposal in the Application in this docket resulted in an increase of 6.43%. DPU Exhibit 1.1 incorrectly showed an increase of 8.15%. The correct change to a typical customer using the new proposal is 11.52%.

The Company therefore respectfully requests that the Commission accept the updated exhibits referenced herein, and approve the updated rates as more fully described above. The updated exhibits and proposed Tariff changes are just and reasonable and in the public interest.

DATED this 21st day of February 2023.

Respectfully submitted,

DOMINION ENERGY UTAH

Jenniffer Nelson Clark

Jenniffer Nelson Clark
Attorney for Dominion Energy Utah

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Reply Comments and Submission of Updated Exhibits was served upon the following persons by e-mail on February 21, 2023:

Patricia E. Schmid
Patrick Grecu
Assistant Attorneys General
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
pschmid@agutah.gov
pgrecu@agutah.gov
Counsel for the Division of Public Utilities

Chris Parker
Utah Division of Public
Utilities 160 East 300 South
P.O. Box 146751
Salt Lake City, Utah 84114-6751
chrisparker@utah.gov

Robert J. Moore
Assistant Attorney General
500 Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111
rmoore@agutah.gov
Counsel for the Office of Consumer Services

Michele Beck, Director
Office of Consumer Services
160 East 300 South
P.O. Box 146782
Salt Lake City, UT 84114-6782
mbeck@utah.gov