

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah

DOCKET NO. 15-057-11

In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah

DOCKET NO. 16-057-05

ORDER SETTING FINAL RATES

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ISSUED: January 10, 2020

**BACKGROUND**

**A. Docket No. 15-057-11**

On September 2, 2015, Dominion Energy Utah (DEU) filed a 191 Pass-Through Account (191-Account) application in Docket No. 15-057-11, requesting an annualized gas cost-related rate decrease of \$17.63 million, consisting of an \$18.15 million decrease in commodity costs and an increase in supplier non-gas (SNG) costs of \$0.52 million. In an order issued October 26, 2015, the Public Service Commission (PSC) approved this application on an interim basis, effective October 1, 2015, pending the completion and review of an audit by the Division of Public Utilities (DPU).

**B. Docket No. 16-057-05**

On May 2, 2016, DEU filed a 191-Account application requesting an overall rate decrease in Docket No. 16-057-05.<sup>1</sup> The application requested an overall annualized gas cost-related rate decrease of \$28.58 million, consisting of a \$22.12 million decrease in commodity costs and a decrease of \$6.46 million in SNG costs. In its order confirming bench ruling issued

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<sup>1</sup> Subsequently, on May 27, 2016, DEU requested to withdraw the May 2 application in order to refile a corrected Pass-Thru Application in this docket that same day. Corrections pertained to the mis-designation of certain information as confidential.

July 11, 2016, the PSC approved the application on an interim basis, effective June 1, 2016, pending the completion and review of an audit by the DPU.

**C. The DPU's Audits in Docket Nos. 15-057-11 and 16-057-05**

On July 17, 2019, the DPU filed an Audit Report of DEU's 191-Account for CY 2016, including a Summary of 191-Account Audit Procedures and Results (collectively, "Audit Report"). Based on the Audit Report, the DPU recommends the PSC approve an adjustment to the 191-Account in the amount of -\$15,022.74. The DPU also recommends the PSC approve as final the interim rates in Docket Nos. 15-057-11 and 16-057-05. On October 16, 2019 and January 8, 2020, the DPU filed comments verifying that the audit adjustments identified in its Audit Report have been recorded onto DEU's accounting system.

**THE AUDIT REPORT**

The Audit Report presents the DPU's analysis and recommendations based on a detailed review of the various cost elements included in the 191-Account. The DPU explains it has retained an independent certified public accountant appointed as "Accounting Monitor" to examine those costs incurred pursuant to the Wexpro Stipulation and Agreement and the Wexpro II Agreement (collectively, "Wexpro Agreements"). In addition, the Audit Report contains a confidential third-party report prepared by a "Hydrocarbon Monitor" also appointed to examine performance under the Wexpro Agreements.

The DPU's audit procedure evaluated Utah's allocation of net costs (costs offset by revenues) included in the 191-Account by recalculating the monthly 191-Account balances, applying carrying charges to the balances rolling forward, and accounting for adjustments. The Audit Report indicates in November 2016 DEU applied a demand percentage inconsistent with

the PSC's decision in Docket Nos. 12-057-08 and 13-057-03<sup>2</sup> when allocating certain costs to Utah.<sup>3</sup> The DPU inquired of DEU about this inconsistency and what treatment it proposed for remedy. In response, DEU stated a lag in the effective date was still the most appropriate method. The DPU estimates a reduction of \$15,022.74 in Utah's share of gas costs associated with this adjustment.

In addition to this adjustment, the Accounting Monitor also proposed adjustments associated with its audit reviews. According to the DPU's September 26, 2019 Supplemental Action Request Response<sup>4</sup> in these dockets, the cumulative magnitude of the DPU's and the Accounting Monitor's proposed adjustments is a \$30,230.26 increase in DEU expenses. The DPU states the adjustments are scheduled to be made as part of the September 2019 closing process for the accounting system, and DEU and Wexpro have agreed to provide the DPU documentation verifying the accounting entries for those adjustments mentioned above. With the inclusion of these proposed adjustments, the DPU states, costs in the 191-Account comply with PSC-approved calculations, are just and reasonable, and in the public interest. The DPU recommends the PSC take no further action in this matter.

On October 16, 2019 and on January 8, 2020, the DPU filed comments, verifying that the accounting adjustments referenced above had been made.

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<sup>2</sup> See *In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah* (Order Setting Final Rates issued September 21, 2018), Docket Nos. 12-057-08 and 13-057-03.

<sup>3</sup> In these dockets, the PSC agreed the updated demand percentage should become effective the month following the effective date of a 191-Account pass-through application and approved DEU's proposed treatment.

<sup>4</sup> See DPU Supplemental Action Request Response at 2 (filed September 26, 2019).

**DISCUSSION, FINDINGS, AND CONCLUSIONS**

Based on the reasons provided in the DPU's comments, and in the absence of any opposition, we accept and adopt the DPU's and Accounting Monitors' proposed adjustments. Given the proposed adjustments, and based on the DPU's audit and the Monitors' reports and our finding above, and in the absence of any opposition, we find and conclude the previously-ordered interim rates in these dockets are just and reasonable, and in the public interest. Accordingly, we approve the interim rates in Docket Nos. 15-057-11 and 16-057-05 as final.

**ORDER**

We order the interim rate changes previously approved by the PSC in Docket Nos. 15-057-11 and 16-057-05 are final.

DATED at Salt Lake City, Utah, January 10, 2020.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#311722

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 20 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 January 10, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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