

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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. 16-057-09

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. 17-057-07

ORDER SETTING FINAL RATES

ISSUED: August 31, 2020

BACKGROUND

A. Docket No. 16-057-09

On September 29, 2016, Questar Gas Company, now doing business as Dominion Energy Utah (DEU), filed a 191 Pass-Through Account (191-Account) application in Docket No. 16-057-09, requesting an annualized gas cost-related rate increase of \$7.28 million, consisting of a \$7.43 million increase in commodity costs and a decrease of \$0.15 million in supplier non-gas (SNG) costs, for the test year 12 months ending October 31, 2017. In an order issued December 16, 2016, the Public Service Commission (PSC) approved this application on an interim basis, effective November 1, 2016, pending the completion of an audit by the Division of Public Utilities (DPU).

B. Docket No. 17-057-07

On May 1, 2017, DEU filed a 191-Account application in Docket No. 17-057-07 requesting an annualized gas cost-related rate increase of \$12.84 million, consisting of a \$5.73 million increase in commodity costs and an increase of \$7.11 million in SNG costs, for the test year 12 months ending May 31, 2018. In its order confirming bench ruling issued June 12, 2017,

the PSC approved the application on an interim basis, effective June 1, 2017, pending the completion of an audit by the DPU.

DISCUSSION, FINDINGS, AND CONCLUSIONS

A. DEU Tariff PSCU No. 500

DEU Tariff PSCU No. 500, Section 2.06, provides for pass-through applications to be filed “[n]o less frequently than semi-annually.” DEU’s 191-Account application requests, therefore, reflect overlapping test years, resulting in interim rates that are reset at least every six months. For example, the test year in Docket No. 16-057-09 includes the November 1, 2016 through October 31, 2017 period, and the test year in Docket No. 17-057-07 includes the June 1, 2017 through May 31, 2018 period. The dockets’ test years overlap beginning June 1, 2017 through October 31, 2017. This necessarily requires us to review and set final rates in the dockets for periods that are shorter than those we approved when we set interim rates. Our order here includes our decisions on final rates only for the 1) November 1, 2016 through May 31, 2017 period costs in Docket No. 16-057-09 (“Review Period A”), and 2) June 1, 2017 through October 31, 2017 period costs in Docket No. 17-057-07 (“Review Period B”).

B. The DPU’s Audits in Docket Nos. 16-057-09 and 17-057-07

The evaluation for November and December 2016 costs in Review Period A is included in a July 17, 2019 DPU memorandum with attachments, which represents DPU’s completed audit of DEU’s 191-Account for calendar year (CY) 2016 filed in Docket No. 16-057-05 (“2016 Audit”), and the evaluation for January through May 2017 costs in Review Period A is included in a June 25, 2020 DPU memorandum with attachments, and represents DPU’s completed audit of DEU’s 191-Account for CY 2017 (“2017 Audit”). The evaluation for June – October 2017

costs in Review Period B is included in the 2017 Audit. Both the 2016 Audit and 2017 Audit are very similar and include a Summary of 191 Account Audit Procedures and Results for CY 2016 and CY 2017, respectively. In addition, the 2016 Audit and 2017 Audit include confidential exhibits that detail the 2016 and 2017 hydrocarbon monitor annual reports, the 2016 and 2017 independent accountant monitor report of the Wexpro Agreement, and the 2016 and 2017 independent accountant monitor report of the Wexpro II Agreement, respectively. Based on the 2016 Audit and the 2017 Audit, DPU recommends the PSC make interim rates for Review Period A and Review Period B final, without any adjustments. No comments either supporting or opposing DPU's recommendations were filed.

The 2016 Audit and 2017 Audit present detailed reviews of the various cost elements included in the 191-Account, with the exception of those costs incurred under the Wexpro Stipulation and Agreement ("Wexpro Agreement"). The costs incurred under the Wexpro Agreement are currently examined and reported upon by an independent certified public accountant appointed as a Monitor.

DPU provides a detailed explanation of the processes it followed to evaluate the reasonableness and accuracy of the information included in DEU's original filings. The audit procedures 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 2016 Audit and 2017 Audit conclude the costs included in the 191-Account comply with PSC-approved calculations and are just, reasonable, and in the public interest.

DOCKET NOS. 16-057-09 and 17-057-07

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We find the procedures used by DPU to evaluate DEU's records are sufficiently rigorous. Based on our review of DEU's original filings, the 2016 Audit and the 2017 Audit, the reasons provided in DPU's comments in each of the memorandums we referenced earlier in our Order, and in the absence of any opposition, we accept and adopt DPU's recommendation. Similarly, and based on reasons set forth above, we find the previously-ordered interim rates for Review Period A in Docket No. 16-057-09 and for Review Period B in Docket No. 17-057-07 are just, reasonable, and in the public interest. Accordingly, we approve the interim rates for Review Period A in Docket No. 16-057-09 and the interim rates for Review Period B in Docket No. 17-057-07 as final.

ORDER

The interim rate changes previously ordered by the PSC for Review Period A in Docket No. 16-057-09 and for Review Period B in Docket No. 17-057-07 are final.

DATED at Salt Lake City, Utah, August 31, 2020.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#315215

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 August 31, 2020, a true and correct copy of the foregoing was served upon the following as indicated below:

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