

- 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	<u>DOCKET NO. 17-057-07</u>
In the Matter of the Application of Questar Gas Company for an Adjustment to the Daily Imbalance Charge	<u>DOCKET NO. 17-057-08</u> <u>ORDER MEMORIALIZING BENCH</u> <u>RULING</u>

ISSUED: June 12, 2017

SYNOPSIS

The Commission approves the above rate applications on an interim basis, effective June 1, 2017, as set forth below.

The effect of the approval of the Pass-Through Application (Docket No. 17-057-07) is to increase the annual bill of a typical GS residential customer by approximately \$9.25 or 1.36 percent.

The effect of the approval of the Adjustment to Daily Imbalance Charge Application (Docket No. 17-057-08) is to increase the Daily Transportation Imbalance Charge from \$0.08125 to \$0.08457 per decatherm for daily imbalance volumes outside of the five percent tolerance for transportation customers.

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BACKGROUND

On May 1, 2017, Questar Gas Company, dba Dominion Energy Utah (Dominion),<sup>1</sup> filed the above applications. The applications propose rate changes to be effective June 1, 2017, and are addressed separately below.

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<sup>1</sup> Subsequent to this filing, the Public Service Commission of Utah (PSC) approved a name change from Questar Gas Company, to Questar Gas Company, dba Dominion Energy Utah. See *In the Matter of the Application of Questar Gas Company dba Dominion Energy Utah to Modify its Tariff to Reflect Name Change* (Letter from Gary L. Widerburg, Commission Secretary, to Mr. Barrie L. McKay, Questar Gas Company, dated May 30, 2017); Docket No. 17-057-T02. Accordingly, we refer to the company throughout this order as Dominion.

On May 10, 2017, the Public Service Commission of Utah (PSC) issued a Scheduling Order for these dockets. On May 23, 2017, the Division of Public Utilities (DPU) filed comments in both dockets. No other party requested intervention or filed comments.

On May 31, 2017, the PSC's designated Presiding Officer conducted a hearing to consider the applications. Dominion and the DPU participated. At the hearing, Dominion committed to filing an Advice Letter to update its company name on its proposed tariff sheets.<sup>2</sup> At the conclusion of the hearing, the Presiding Officer issued a bench ruling approving both applications effective June 1, 2017. This order memorializes the bench ruling. The applications and supporting evidence are uncontested and are briefly summarized below.

#### DISCUSSION

##### **Docket No. 17-057-07: Pass-Through, 191 Account Application**

Dominion's Pass-Through, 191 Account Application proposes adjustments in rates and charges for natural gas service related to Dominion's Account 191.1 of the Uniform System of Accounts, Unrecovered Purchased Gas Costs (191 Account).<sup>3</sup> This application is based on projected Utah gas-related costs of \$563.658 million for the forecast test year ending May 31, 2018 (Test Year). This represents an overall increase of \$12.841 million, reflecting a projected

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<sup>2</sup> See *id.* (referencing name change).

<sup>3</sup> See Questar Gas Company Utah Natural Gas Tariff PSCU 400 at 2-1 to 2-9. As the Commission recognized in an earlier docket, "[t]he 191 Account's purpose is to allow Questar to recover, on a dollar-for-dollar basis, the difference between projected gas costs and the actual costs Questar incurs to purchase gas. In addition to commodity gas costs, the 191 Account also tracks certain 'supplier non-gas costs' . . . which are costs associated with gathering, processing, transporting and storing gas." *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 Memorializing Bench Rulings at 2, issued July 11, 2016; Docket No. 16-057-05).

\$5.729 million commodity cost increase and a projected \$7.112 million supplier non-gas (SNG) increase.

*The Pass-Through, 191 Account Application Seeks an Approximate \$0.05 Increase per Decatherm in the Commodity Component of Rates.*

Dominion's Total Commodity Rate is the sum of the "Base Gas Cost" rate and the "191 Amortization" rate. In this case, the forecast Base Gas Cost changed from \$451.683 million in Docket No. 16-057-09 to \$450.482 million, a decrease of \$1.201 million due mainly to a decrease in the forecast cost of Wexpro Cost-of-Service (COS) gas production. Current Base Gas Cost rates, however, will collect \$465.090 million, resulting in a proposed Base Gas Cost revenue decrease of \$14.607 million. In addition, Dominion proposes to amortize the commodity portion of the 191 Account balance, which was \$5.419 million owed to customers as of March 2017. Current 191 Amortization rates, however, will result instead in a -\$25.756 million 191 Amortization Account balance, requiring a \$20.336 million revenue increase. Dominion's requested \$5.729 million total commodity increase is the sum of these two components (i.e., -\$14.607 million and \$20.336 million). As a result, the Pass-Through, 191 Account Application proposes to increase Dominion's total commodity rate from \$3.97 per decatherm (Dth) to \$4.02 per Dth as shown below:

	<b>Current Commodity Rate per Dth</b>	<b>Proposed Commodity Rate per Dth</b>
Base Gas Cost	\$4.20022	\$4.06830
191 Amortization Rate	<u>-\$0.23260</u>	<u>-\$0.04894</u>
<b>Total Commodity Rate</b>	\$3.96762	\$4.01936

*The Pass-Through, 191 Account Application Seeks a \$7.112 Million Increase in the Total Revenue to be Collected in SNG Rates During the Test Year.*

Dominion's Total SNG Costs are the sum of the forecast SNG costs and the current 191 SNG Account balance. In this case, the forecast SNG costs increased from \$103.511 million in Docket No. 16-057-09 to \$113.176 million due to forecast increases in transportation and storage costs as well as the addition of a new cost for peak hour service. Current SNG base rates, however, will only collect \$110.779 million, resulting in a proposed SNG revenue increase of \$2.397 million. In addition, the balance in the 191 SNG account at the end of March 2017 shows an over-collection amount of \$15.285 million, which Dominion posits should be close to \$20 million in the spring, and -\$20 million in the fall. To keep this account balance within the +/- \$20 million balancing targets, Dominion proposes to amortize the \$4.715 million difference between the \$20 million over-collection target and the \$15.285 million March 2017 over-collected SNG balance. Dominion's requested \$7.112 million SNG increase is the sum of these two components (i.e., \$2.397 million and \$4.715 million).

Dominion proposes changes to the SNG Base Rate and the SNG Amortization Rate as follows:

	<b><u>Current SNG Rate per Dth</u></b>	<b><u>Proposed SNG Rate per Dth</u></b>
<b>GS Rate Schedule</b>		
Summer Blocks 1 and 2 <sup>4</sup>		
SNG Base Rate	\$0.53637	\$0.56865
SNG Amortization Rate	<u>\$0.02022</u>	<u>\$0.02371</u>
Total	\$0.55659	\$0.59236

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<sup>4</sup> The GS Block 1 rate is applicable to the first 45 Dth and Block 2 is applicable to usage greater than 45 Dth. See Pass-Through, 191 Account Application, Ex. 1.8.

Winter Blocks 1 and 2		
SNG Base Rate	\$1.14239	\$1.21114
SNG Amortization Rate	<u>\$0.04307</u>	<u>\$0.05050</u>
Total	\$1.18546	\$1.26164

**FS Rate Schedule**

Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.53637	\$0.56865
SNG Amortization Rate	<u>\$0.02022</u>	<u>\$0.02371</u>
Total	\$0.55659	\$0.59236
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.11264	\$1.17959
SNG Amortization Rate	<u>\$0.04194</u>	<u>\$0.04919</u>
Total	\$1.15458	\$1.22878

**NGV Rate Schedule**

SNG Base Rate	\$0.82437	\$0.87398
SNG Amortization Rate	<u>\$0.03108</u>	<u>\$0.03644</u>
Total	\$0.85545	\$0.91042

**IS Rate Schedule**

Blocks 1, 2, and 3		
SNG Base Rate	\$0.17922	\$0.17922
SNG Amortization Rate	<u>not applicable</u>	<u>not applicable</u>
Total	\$0.17922	\$0.17922

(See Pass-Through, 191 Account Application, Ex. 1.8.)

*The DPU Supports the Pass-Through, 191 Account Application, Pending its Opportunity to Conduct an Audit, and No Party Opposed the Application.*

The DPU testifies that the rates proposed in the Pass-Through, 191 Account Application are just, reasonable, and in the public interest, and recommends they be approved on an interim basis effective June 1, 2017, subject to audit and review. If approved, the DPU calculates a typical GS residential customer will realize an annual bill increase of \$9.25 or 1.36 percent. No party provided comments or testimony opposing the application.

**Docket No. 17-057-08: Daily Transportation Imbalance Charge Application**

The PSC approved a Daily Transportation Imbalance Charge in Docket No. 14-057-31.<sup>5</sup> The rate is applicable to transportation customers taking service under Dominion's MT, TS, and FT-1 rate schedules. Since February 2016, Dominion has assessed this charge, which is required to be recalculated as part of the Pass-Through, 191 Account Application addressed above. In this application, Dominion proposes to increase the Daily Transportation Imbalance charge from \$0.08125 to \$0.08457 per Dth for daily imbalance volumes outside of a five percent tolerance for transportation customers,<sup>6</sup> using historical data for the twelve months ending March 31, 2017.

*The DPU Supports the Application, and No Party Opposed.*

The DPU testifies that the current imbalance charge has only been in place since February 2016, and it does appear that the nominations of many customers have become more accurate since this rate was imposed. The DPU recommends the proposed rate be approved on an interim basis, effective June 1, 2017, until it can complete its audit. The DPU believes the requested changes are in the public interest and represent just and reasonable rates. No party provided comments or testimony opposing the application.

**FINDINGS, CONCLUSION, AND ORDER**

Based on Dominion's applications and exhibits, the DPU's comments, and the testimony and evidence presented at hearing, the PSC approves the rates in Docket Nos. 17-057-07 and 17-

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<sup>5</sup> See *In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services* (Order, issued November 9, 2015; Docket No. 14-057-31).

<sup>6</sup> Dominion Utah Natural Gas Tariff PSCU 500, Section 5, Transportation Service, defines "'Daily imbalance' . . . as the difference between the customer's nominated volumes, less fuel, and the actual usage on any given day."

DOCKET NOS. 17-057-07 and 17-057-08

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057-08 on an interim basis, effective June 1, 2017, pending the completion and review of audits by the DPU.

Therefore, we order the rates proposed in Docket Nos. 17-057-07 and 17-057-08 are approved on an interim basis effective June 1, 2017, pending the results of the DPU's forthcoming audits.

DATED at Salt Lake City, Utah, June 12, 2017.

/s/ Melanie A. Reif  
Presiding Officer

Approved and confirmed June 12, 2017, as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#294579

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 June 12, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Barrie L. McKay ([barrie.mckay@questar.com](mailto:barrie.mckay@questar.com))  
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