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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Dominion Energy
Utah's Integrated Resource Plan (IRP) for
Plan Year: June 1, 2017 to May 31, 2018

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Docket No. 17-057-12

REPLY COMMENTS

Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company) respectfully submits these Reply Comments to the Action Request Response issued by the Division of Public Utilities (Division) on August 31, 2017, and to the comments issued by the Office of Consumer Services (Office) in its Memorandum also dated August 31, 2017, in the above referenced docket.

BACKGROUND

On June 14, 2017, the Company filed its 2017 IRP for the planning period of June 1, 2017 to May 31, 2018. On June 28, 2017, the Utah Public Service Commission (Commission) issued a Scheduling Order and Notice of Technical Conference which set a deadline of August 31, 2017 for parties to file initial comments. On August 31, 2017 the Division filed its Action Request Response and the Office filed its Memorandum regarding the Company's

2017 IRP. The Company respectfully submits this Reply in response to the Division's Response and the comments by the Office.

REPLY TO THE COMMENTS OF THE DIVISION OF PUBLIC UTILITIES

In its comments, the Division concludes that "the Company has made reasonable attempts to satisfy the 2009 IRP guidelines and has also committed, through continuing discussions with parties, to continue to improve on details of some aspects presented in this IRP. Therefore the DPU recommends the PSC acknowledge the 2017-2018 IRP as filed in Docket No. 17-057-12." The Company concurs with this conclusion and will continue to incorporate comments and suggestions to the IRP process to improve the process and satisfy the 2009 IRP guidelines.

REPLY TO THE COMMENTS OF THE OFFICE OF CONSUMER SERVICES

In its Memorandum submitted on August 31, 2017, the Office provided comments and recommendations on three topics: 1) Peak-hour demand, 2) Other issues including concerns about the Interruptible Service Class and the Sendout Model, and 3) Evaluation of whether the IRP meets the requirements of the Commission's guidelines. In the Results section of the Office Memorandum, the Office recommends that the Commission "either not acknowledge the IRP, or specifically, not acknowledge the 'Plant Projects' section of the DNG Action Plan that references the LNG facility." The Office makes four additional recommendations. The Company responds to all these recommendations as made in this Docket¹ in the following sections.

¹ The Office raises issues in its August 31, 2017 Memorandum that it acknowledges have been raised in and "are best addressed in other dockets." "[T]he Office will take appropriate positions in those other forums." The Company likewise will address these issues in those other dockets.

Demand-Response Methods for Meeting Peak-Hour Demands

In its Report and Order for the 2016 IRP (Docket No. 16-057-08), the Commission directed the Utah Demand Side Management Advisory Group (DSM Advisory Group) to explore opportunities for one or more DSM pilot programs that might alleviate peak demand. That process has been ongoing.

On August 24, 2017, the DSM Advisory Group met and the Company presented slides regarding various demand-response methods for meeting peak-hour demands. The Office acknowledged in its Memorandum that, based on the information presented, a viable demand-response solution may not be immediately available. The Office recommends that the Company continuously monitor and reevaluate advances in demand response for solutions that will benefit ratepayers. The Company is willing to comply with the recommendation of the Office and will report in future IRPs on demand-response solutions that have the potential to benefit its customers.

No Acknowledgement Based on LNG Facility

In its comments, the Office states, with regard to the 2017 IRP, that “[I]n general, the IRP complies with the various reporting requirements included in the IRP Guidelines Order.” The Office maintains, however, that the IRP does not comply with the guidelines in one key, substantive manner, the pursuit of an LNG facility to meet peak-hour demand. The Company’s analysis of peak-hour demand solutions is insufficient to be used in cost-recovery proceedings according to the Office. Consequently, the Office requests that the Commission either not acknowledge the IRP or specifically not acknowledge the “Plant Projects” section of the DNG Action Plan that references the LNG facility.

Contrary to the representation made by the Office, the Company has provided strong supporting analysis for the LNG facility as both a resource for meeting peak-hour demand and for supply reliability in the event of supply shortfalls. These analyses have been presented in multiple IRP documents, IRP presentations, and in testimony and discovery in other dockets. In its Report and Order on Standards and Guidelines for Questar Gas Company in Docket No. 08-057-02 , the Utah Commission stated “[t]he Planning Process and the IRP, however provide detailed information and documentation about the Company’s operations, modeling, and planning activities, which can be analyzed and applied by parties in other proceedings.” The Company believes that the collaborative IRP process provides meaningful opportunities for all interested parties to seek and receive information related to Company planning and will continue to provide information related to the proposed LNG facility in this and other dockets.

The prudence review of resource acquisitions has always occurred during ratemaking proceedings. This has been the case since Dominion Energy’s predecessor filed its first IRP on September 30, 1991. While the 2009 Guidelines are silent on the concept of “acknowledgement” of an IRP by the Commission, this terminology dates back to the Final Standards and Guidelines for Integrated Resource Planning for Mountain Fuel Supply issued on September 26, 1994. Those early Standards and Guidelines stated, “Acknowledgement of the IRP means only that an IRP appeared to be a reasonable course of action at the time it was submitted.” The Company requests that the Commission acknowledge the 2017 IRP with the full understanding that the informal-information-exchange attributes of the IRP process do not constitute a final prudence review, but are fundamental in providing important information in the justification of resource acquisitions.

Since 1991, the Company has considered interested parties' recommendations, and has included additional information based upon those recommendations. The Company has been and continues to be committed to the continuous improvement of the IRP process, and welcomes the concerns and comments of all parties relative to all matters, including the LNG facility. To the extent the Office or other parties are concerned that acknowledgement of the 2017 IRP would prevent further due diligence, those concerns are misplaced. The Company will seek approval of the LNG facility and cost recovery related to those expenditures in a separate regulatory proceeding where all issues can be vetted. The IRP process is working precisely as it was designed to, and the Commission should acknowledge the 2017 IRP in its entirety.

Firm Services Cost-Information Report

The Office has recommended that the Company provide a cost-information report on firm services used to offset the lack of curtailment by interruptible customers during periods of interruption and the amount of penalty allocated to the GS class. The Office questions whether the penalty for failure to interrupt in the Interruptible section of the Company's Tariff adequately compensates other customers.

The Company emphasizes that it has not built its system to accommodate interruptible customers who fail to interrupt. The system is designed for firm customers.

The Dominion Energy Utah Natural Gas Tariff No. 500 (Tariff) requires that the Company impose a penalty of \$40 per Dth upon interruptible customers who fail to interrupt when called upon to do so. In addition, those customers are required to pay for the gas they use at the highest gas cost during the period of interruption along with the SNG rate from the Interruptible Rate Schedule. Customers failing to interrupt, when called upon by the

Company, will also be moved from the interruptible rate schedule to a firm rate schedule for the following three years. Even if firm service is operationally unavailable, the customer is required to pay a firm demand charge that would have applied for volumes it failed to interrupt, and the customer will continue to receive interruptible service. None of the penalties are designed to “compensate” other customer classes. They are meant to incent proper behavior. Therefore, the Company believes that the requested cost-information report is not necessary.

Changes to SENDOUT Model Inputs

In its comments, the Office expressed concern over potential impacts on the IRP from changes to inputs in the SENDOUT model. The Office had already articulated these same concerns in data requests received by the Company in this Docket on July 16, 2017. The Company provided written responses to these data requests and met with a representative of the Office on September 28, 2017, to clarify all remaining issues.

DNG Action Plan Detail and Separate IRP Section

The Office recommends that the Company provide more consistent and comprehensive budget and cost projections for the items identified in the DNG Action Plan. The Company believes that it has provided a level of detail in its DNG Action Plans that is compliant with the 2009 IRP Guidelines. The IRP is a document that is read by parties with a wide variety of interests. Creating an IRP document that is comprised of highly technical engineering and financial information puts it at cross-purposes with the goal of having a more readable document that informs a broader group of individuals. In the event more detail is

needed by regulatory agencies, the Company is always willing to respond to verbal inquiries and/or formal data requests.

The Office recommends that future IRP filings be restructured so that the DNG Action Plan is a separate, clearly identified section. The DNG Action Plan in recent IRPs has been in a clearly labeled sub-section of the “System Capabilities and Constraints” section. The tables-of-contents of these IRPs also clearly indicate the specific pages where the DNG Action Plans are located. Nevertheless, the Company will place the DNG Action Plan in future IRPs in a separate section with its own tab.

Accessibility of IRP-Related Materials

The Office formally requests that the Commission open a docket for the IRP process prior to the first pre-filing technical conference so that all IRP-related materials can be easily accessed and reviewed by regulatory agencies and the public. One of the hallmarks of the IRP process as reflected in the 2009 Guidelines is the open exchange of information by all interested parties. Dominion Energy supports the opening of a docket for the IRP process prior to the first pre-filing technical conference to facilitate the exchange of information.

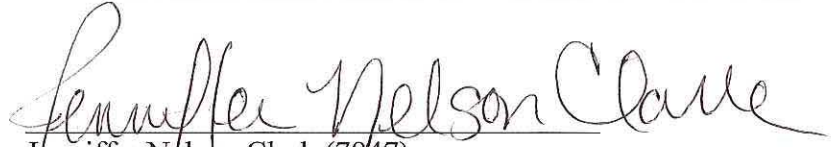
CONCLUSION

The Company requests that the Commission acknowledge the 2017 IRP as recommended by the Division. The Company will provide the additional information as indicated herein. The Company will continue to work with the Division and Office and other interested parties to improve its IRP process in future filings. If the Commission or Parties believe that additional technical conferences would be helpful to further discuss these or other topics, the Company would be available to participate.

Dated this 10th day of October, 2017.

Respectfully submitted,

DOMINION ENERGY UTAH

A handwritten signature in cursive script that reads "Jenniffer Nelson Clark". The signature is written in dark ink and is positioned above the printed name and address.

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CERTIFICATE OF SERVICE

This is to certify that a copy of Questar Gas Company's Reply Comments, in Docket

No. 17-057-12, was sent by electronic mail on October 10, 2017, to the following:

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