- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff Balancing Account	DOCKET NO. 17-057-15
Application of Dominion Energy Utah for a Tariff Change and Adjustment to the Low Income Assistance/Energy Assistance Rate	DOCKET NO. 17-057-16
Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance	DOCKET NO. 17-057-17
Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	DOCKET NO. 17-057-18
	ORDER MEMORIALIZING BENCH RULING

ISSUED: November 2, 2017

SYNOPSIS

The Public Service Commission ("PSC") approves four rate applications of Dominion Energy Utah ("Dominion") as set forth below. The combined effect of these applications is to increase the annual bill of a typical GS residential customer by approximately $4.87, or 0.70 percent.

The PSC approves the applications in the following dockets on an interim basis, subject to audit, effective October 1, 2017:

Conservation Enabling Tariff ("CET") (Docket No. 17-057-15);
Demand Side Management / Energy Efficiency ("DSM/EE") (Docket No. 17-057-17); and
Infrastructure Rate Adjustment ("IRA") (Docket No. 17-057-18).

The PSC approves as final the rates in the Low Income Assistance / Energy Assistance ("LIA/EA") application (Docket No. 17-057-16), effective October 1, 2017.

BACKGROUND

Dominion filed the above applications on September 1, 2017. Each application, addressed separately below, proposes discrete rate changes to be effective October 1, 2017. On September 19, 2017, Dominion filed an updated Exhibit 1.5U in Docket No. 17-035-17.

On September 19, 2017, the PSC issued a Scheduling Order for these dockets. In connection with the DSM/EE Application in Docket No. 17-057-17, on September 20, 2017, the PSC issued a supplemental action request to the Division of Public Utilities ("DPU") requesting evaluation of whether Dominion had satisfied requirements contained in the PSC's December 16, 2016 Order Memorializing Bench Ruling in Docket No. 16-057-11, Application of Questar Gas Company to Amortize the Demand Side Management / Energy Efficiency Deferred Account Balance. On September 22, 2017, the DPU and the Office of Consumer Services ("OCS") filed comments in each docket, followed by reply comments from Dominion in Docket No. 17-057-17 on September 27, 2017. No other party requested intervention or filed comments.

On September 29, 2017, the PSC's designated Presiding Officer conducted a hearing to consider the applications. Dominion, the DPU, and the OCS participated. At the conclusion of the hearing, the Presiding Officer issued a bench ruling approving each application effective October 1, 2017. This order memorializes the bench ruling. The applications and supporting evidence are uncontested and are briefly summarized below.

DISCUSSION

Docket No. 17-057-15: CET Application

This application affects Dominion's Conservation Enabling Tariff (CET) amortization component of the Distribution Non-Gas ("DNG") rate of the GS rate schedule. Typically, Dominion amortizes the current balance in the CET Deferral Account (Account 191.9). In this docket, however, Dominion proposes to maintain the current CET amortization rate at $0.00 per decatherm (Dth) for all usage blocks and to leave the over-collected balance of $2.0 million in place to offset future under-collections in the CET account due to lower usage per customer. Dominion suggests this approach satisfies Paragraph 34 of the Settlement Stipulation approved in Docket No. 16-057-01, Joint Notice and Application of Questar Gas Company and Dominion Resources, Inc. of Proposed Merger of Questar Corporation and Dominion Resources, Inc.

The DPU and the OCS Support the Proposed CET Rates, Pending the DPU's Opportunity to Conduct an Audit.

The DPU does not object to Dominion's proposal to leave the current allocation amount unchanged. It also does not object to leaving the July 2017 over-collected balance of $2.0 million in the account to minimize the impact of expected lower usage per customer since Dominion will be paying interest to ratepayers on the account balance. The DPU recommends approval on an interim basis until it makes a final review and recommendation. If approved, the DPU calculates typical GS residential customers[1] will see no change in their annual bills as a result of the CET filing.

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[1] A typical residential customer is one that uses 80 Dth per year.

The OCS stated that while it has identified some issues it would like to explore further with respect to the CET filing it did not identify any concerns about implementing the proposed rates on an interim basis. Accordingly, the OCS recommends approval of the rates as proposed on an interim basis. No other party filed comments or testimony opposing the application.

Docket No. 17-057-16: LIA/EA Rate Application

In Docket No. 10-057-08, the PSC approved the Low Income Assistance / Energy Assistance ("LIA/EA") Program affecting the energy assistance component of the DNG rates of the GS, FS, NGV, IS, FT-1, MT, and TS rate classes and established a $1.5 million balancing account (Account 191.8) to provide bill credits to qualified low-income customers. In this application, Dominion seeks an adjustment to Account 191.8 to ensure the target funding level of $1.5 million is maintained.

According to Dominion, during the period ending July 2017, it over-collected $58,982 from customers on a cumulative basis since the beginning of the LIA/EA Program. This amount, when subtracted from the $1.5 million allowable balance, yields $1.441 million that will be collected from customers during the Test Year.[2] Based on forecast Test Year volumes, Dominion estimates it will collect $1.466 million for the LIA/EA Program if current rates remain in place. In order to achieve the required $1.441 million revenue requirement, Dominion requests a revenue decrease of $0.025 million.

Dominion reports that participation in the LIA/EA Program has declined since 2013, leading to a higher credit amount available to participants in the upcoming heating season.

[2] The Test Year for this application is the twelve months ending September 30, 2018.

Accordingly, Dominion proposes to increase the per-customer LIA/EA Program credit amount from $70.00 to $72.50.[3]

Utah Code Ann. § 54-7-13.6 provides that a surcharge may not be collected from customers currently participating in the LIA/EA Program, but shall be calculated as an equal percentage of revenues from all rate schedules not to exceed $50.00 unless otherwise adjusted for inflation. Dominion represents that its rate calculations satisfy these limitations.

Both the DPU and the OCS Support the Low Income Assistance/Energy Rate, and No Party Opposed the Application.

The DPU supports Dominion's LIA/EA Application for a slight rate decrease and to change the annual credit from $70.00 to $72.50. Based on the information presented in the application, the DPU calculates a typical GS residential customer will see an annual bill decrease of $0.06 or 0.01 percent. At hearing, the DPU stated that this docket requires no audit and recommended that the proposed rates be made final.

The OCS identifies no substantive concerns with this application and supports Dominion's proposed changes to the LIA/EA rate and recommends the PSC approve the application as corrected at hearing on an interim basis.[4] No other party filed comments or testimony opposing the application.

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[3] Dominion calculates the $72.50 credit by dividing $1,758,547 million (*i.e.*, the sum of the LIA/EA July 2017 account balance of $317,529 (over-collected) and the test year forecast collections of $1,411,018 million) by 24,256 (the average number of actual participants from 2015, 2016, and 2017).

[4] The OCS discovered an incorrect effective date in the proposed Tariff language, which was corrected at hearing.

Docket No. 17-057-17: DSM/EE Deferred Account Application

Through this application, Dominion proposes to increase the DSM amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks from the $0.19054 per Dth approved in Docket No. 16-057-11 to $0.20370 per Dth. Dominion's amortization rate reflects a 2018 DSM/EE Budget of $25.088 million, a Test Year DSM/EE amortization collection of $21.562 million, and a Test Year net interest expense of $0.00 (*see* Exhibit 1.3 at 2). Dominion maintains that "based on the forecasted 2018 budgeted expenditures and higher projected volumes for the 2017-2018 test period [Dominion] will be able to collect the necessary revenue while at the same time minimizing interest expense by using a $0.20370 rate." (Demand Side / Energy Efficiency Deferred Account Application at 4, ¶ 1.) Therefore, Dominion requests a revenue increase of $1.393 million.

The DPU and the OCS Support the Application, and No Party Opposes It.

If approved, a typical GS customer will see an annual increase of $1.02 or 0.15 percent, as corrected at hearing. The DPU and the OCS agreed with the methods Dominion used in calculating the rates proposed in the DSM/EE Application and recommended at hearing the PSC approve the proposed rates on an interim basis.

Parties Address the PSC's September 19, 2017 Supplemental Action Request.

On September 20, 2017, the PSC issued a supplemental action request seeking evaluation of whether Dominion satisfied requirements contained in the PSC's December 16, 2016 Order Memorializing Bench Ruling in Dominion's previous DSM/EE Application (Docket No. 16-057-11). That Order states,

> With respect to the DSM/EE Application, we note the Office's opposition to semi-annual DSM/EE filings. We also note that absent from the DSM/EE application is an explanation of how DSM/EE rates set to collect approximately $20.551 million are sufficient to address [Dominion's] annual DSM/EE budget of over $24 million. We direct [Dominion] to address these issues in its next DSM/EE filing.[5]

The DPU states in its filed comments that it had discussions with Dominion and has concluded that the balance in the DSM/EE account this past spring was adequate, that the calculations in this filing were appropriate, and that the DSM/EE account is operating as it should.

In its September 27, 2017 reply comments, Dominion explained the reason for the difference between what the DSM/EE rates are set to collect and the requested respective DSM/EE budgets:

> In both 16-057-11 and 17-057-17, the Company has designed rates that, based on the timing of forecasted costs and the collection from customers of those costs, will result in a projected interest income/expense of $0. Given this goal, the Company believes that the proposed rate (that is designed to collect $20.551 million) is appropriate because it results in the smallest forecasted interest amounts [. . .] [T]he Company believes that this calculation will allow the Company to collect the appropriate amount of costs without filing a spring energy efficiency amortization application.[6]

At hearing, the OCS stated it concurs with the methodology Dominion used to compute the requested recovery amounts in light of the proposed DSM/EE budget. Also at hearing, Dominion and the DPU affirmed their positions regarding Dominion's rate determination method and recommended the proposed DSM/EE rates be approved on an interim basis. The PSC appreciates the additional insight Dominion, the DPU, and the OCS provided with respect to the

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[5] *See* Order Memorializing Bench Ruling, issued December 16, 2016, *Application of Questar Gas Company to Amortize the Demand Side Management/Energy Efficiency Deferred Account Balance* (Docket No. 16-057-11) at 11.

[6] *See* Dominion Energy Utah's Reply Comments, filed September 27, 2017, *Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance* (Docket No. 17-057-17) at 2-3.

supplemental action request, which also fulfills the requirement in the PSC's December 16, 2016 Order (in Docket No. 16-057-11).

Docket No. 17-057-18: IRA Application

In this docket, Dominion seeks to change the Infrastructure Rate Adjustment to include investment related to high-pressure and intermediate high-pressure infrastructure replacement projects that were in service as of August 31, 2017. Dominion stated at hearing the majority of the investment was in the Feeder Line 21 and Salt Lake Belt Main projects. Dominion is requesting a $5.915 million revenue increase from that approved in Docket No. 16-057-16, based on a total revenue requirement of $25.328 million, adjusted for $0.138 million in over-collected revenues resulting from extensions in bonus depreciation rates provided in the 2015 PATH Act.[7]

The DPU and the OCS Support the Application.

The DPU testifies that based on its review, the application appears compliant with past applicable PSC orders. Based on the information presented in the application, the DPU calculates a typical GS residential customer will see an annual bill increase of $3.91 or 0.57 percent, as corrected at hearing. Accordingly, the DPU recommends approval of the application on an interim basis, effective October 1, 2017, subject to the DPU's audit and final recommendation.

[7] The 2015 PATH Act provided Dominion with an extension of bonus depreciation for property acquired and placed in service during 2015 through 2019. This resulted in a total of $432,038 in over-collected customer revenues from October 2015 to January 2016. This balance has since reduced to $137,985 through rates as shown in Dominion Exhibit 1.1 Page 4, Line 12.

The OCS reviewed Dominion's application and recommends the PSC approve Dominion's proposed rate changes on an interim basis. No other party filed comments or testimony opposing the application.

Summary of the Combined Effect of All the Applications

The combined effect of these applications is to increase the annual bill of a typical GS residential custom**er by approximately $4.87 or 0.70 percent.**

Conservation Enabling Tariff Application:	**$0.00 change or 0.00 percent.**
Low Income Assistance/Energy Assistance:	**$0.06 decrease or 0.01 percent.**
DSM/EE Deferred Application:	**$1.02 increase or 0.15 percent.**
Infrastructure Rate Adjustment Application:	**$3.91 increase or 0.57 percent.**
	$4.87 increase or 0.70 percent.

FINDINGS, CONCLUSION, AND ORDER

Based on Dominion's applications and exhibits, the DPU's and the OCS's comments, and the testimony and evidence presented at hearing, the PSC approves the rates in Docket Nos. 17-057-15, 17-057-17, and 17-057-18 on an interim basis, effective October 1, 2017, pending the completion and review of audits by the DPU. In addition, based on Dominion's LIA/EA application, the filed written comments, and the testimony at hearing in Docket No. 17-057-16, the PSC finds the rates proposed in the LIA/EA application just, reasonable, and in the public interest and approves them as final effective October 1, 2017.

Therefore, the PSC orders:

1. The rates proposed in Docket Nos. 17-057-15, 17-057-17, and 17-057-18 as amended and presented at the hearing, are approved on an interim basis

effective October 1, 2017, pending the results of the DPU's forthcoming audits.

2. The rates proposed in Docket No. 17-057-16 are approved as final effective October 1, 2017.

DATED at Salt Lake City, Utah, November 2, 2017.

/s/ Michael J. Hammer
Presiding Officer

Approved and confirmed November 2, 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
PSC Secretary
DW#297748

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 November 2, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

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