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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Eric Orton, Technical Consultant

Date: October 26, 2017

Subject: Supplemental Action Request Response regarding Docket No. 17-057-18.

In the Matter of the Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment; 2017

RECOMMENDATION

The Division of Public Utilities (Division) recommends that to the Public Service Commission of Utah (Commission) take no action at this time regarding the funds received by Dominion Energy Utah (Company) as a result of the implementation of the penalty specified in the Company's tariff section 3.02.

BACKGROUND

In the Division's comments filed with the Commission on May 1, 2017, regarding Docket No. 17-057-04, we made reference to 286 of 603 interruptible customers that failed to interrupt when directed to do so by the Company in the January 6, 2017 event. We did not address this topic in our Action Request Response and Initial Comments in Docket No. 17-057-18, filed with the Commission on September 22, 2017. On October 16, 2017, the Commission issued a Supplemental Action Request Response in the 17-057-18 docket requesting information related to the funds received by the Company resulting from of the application of the requirements in the Company's tariff section 3.02. This memo is the Division's response to the Commission's Supplemental Action Request.

ISSUES

On January 6, 2017, the Company initiated an interruption of non-firm service and provided notice to its interruptible sale (IS) and interruptible transportation service (TS) customers. Per Section 3.02 of the Company's tariff, the amount recovered as a result of these penalties shall be credited to ratepayers as a reduction to the Infrastructure Rate-Adjustment Mechanism. The Division's effort in this investigation is to determine the penalty amount recovered and ensure that it is credited to the ratepayers as specified in the Company's tariff, which reads:

> "A customer who fails to interrupt when properly called upon by the Company to do so will incur a $40-per-decatherm penalty for all interruptible volumes utilized during the course of an interruption. Each failure to interrupt will result in the imposition of the per-decatherm penalty. Any such penalties recovered by the Company shall be credited to the ratepayers as a reduction to the Infrastructure Rate-Adjustment Tracker."

DISCUSSSION

After a review of the information provided by the Company the Division discovered that the 286 customer number offered at the time of the filing of Docket No. 17-057-04 was preliminary. As of the date of this memo the number rests at 261 of the TS class of customers and 21 of the IS class, totaling 282. Collectively, the TS class was penalized for using 14,946.50 dth while the IS class was penalized for using 1,447.40 dth during the January 6, 2017 event.

The penalty the interruptible customers incur is $40/dth multiplied by the volume not interrupted. The result is that the TS customers are assessed a total of $597,860 while the IS customers are assessed a total of $57,896 summing to a total penalty amount of $655,756. This amount will be credited in the Company's Infrastructure Rate Adjustment mechanism Annual Plan and Budget filing this coming November. The entries would have been made sooner but the Company says that it was hopeful that it might resolve a dispute with one interruptible customer (see Docket No. 17-057-13) and include the entire amount in the credit, but that resolution has not occurred. Therefore, the Company will make the current credits effective next month and make an adjustment to the final amount of the collection when it occurs. In this upcoming filing, the Company stated that it will include this total amount as a credit to be a reduction to the rates collected over the following 12 months.

Also included are penalties associated with the SNG portion and the Commodity Cost for interruptible customer's rates. The SNG portion is .17922/dth and the Commodity portion is $4.92/dth. For the TS class this sums to $2,679 and $73,537. For the IS class this sums to $259 and $7,121 totaling $2,938 and $80,658 respectively. These amounts were refunded through the 191 Pass Through filing this past April. Any adjustments to that amount will be made following the resolution of the dispute with the remaining customer. This amount currently sums to $83,596.

Therefore, the total amount to be refunded to ratepayers is $655,756 in the Tracker and $83,596 in the 191 pass-through filing, totaling $739,352.

CONCLUSION

The amounts provided by the Company appear appropriate and are being treated in a manner compliant with the Company's tariff 3.02. The Division has reviewed the information provided by the Company and agrees with the methods used by the Company. Therefore, the Division recommends that the Commission take no action at this time.

CC: Kelly Mendenhall, Questar Gas Company
Michele Beck, Office of Consumer Services