

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 17-057-20</u>
Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 17-057-21</u> <u>ORDER MEMORIALIZING BENCH RULING</u>

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ISSUED: November 16, 2017

SYNOPSIS

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

The effect of the approval of the Pass-Through Application (Docket No. 17-057-20) is to increase the annual bill of a typical GS residential customer by approximately \$17.74 or 2.55 percent.

The effect of the approval of the Adjustment to Daily Transportation Imbalance Charge Application (Docket No. 17-057-21) is to decrease the Daily Transportation Imbalance Charge from \$0.08457 to \$0.07919 per decatherm for daily imbalance volumes outside of the five percent tolerance for transportation customers.

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BACKGROUND

On October 2, 2017, Dominion Energy Utah (Dominion), filed the above applications. The applications propose rate changes to be effective November 1, 2017, and are addressed separately below.

On October 11, 2017, the Public Service Commission of Utah (PSC) issued a scheduling order for these dockets. On October 23, 2017, the Division of Public Utilities (DPU) filed comments in both dockets, and the Office of Consumer Services (OCS) filed comments in Docket No. 17-057-20. No other party requested intervention or filed comments.

On October 31, 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 both applications effective November 1, 2017. This order memorializes the bench ruling. The applications and supporting evidence are uncontested and are briefly summarized below.

DISCUSSION

**Docket No. 17-057-20: 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>1</sup> This application is based on projected Utah gas-related costs of \$567.734 million for the forecast test year ending October 31, 2018 (Test Year). This represents an overall increase of \$24.570 million, reflecting a projected \$22.466 million increase in the commodity portion of rates and a projected \$2.104 million increase in the supplier non-gas (SNG) portion of rates.

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<sup>1</sup> See Dominion Energy Utah Natural Gas Tariff PSCU 500 at 2-1 to 2-9, available at: <https://www.dominionenergy.com/home-and-small-business/id-ut-wy-gas-rates-and-tariffs>. As the PSC recognized in an earlier docket, "[t]he 191 Account's purpose is to allow [Dominion] to recover, on a dollar-for-dollar basis, the difference between projected gas costs and the actual costs [Dominion] 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." *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).

*The Pass-Through, 191 Account Application Seeks an Approximate \$0.20 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 \$450.482 million in Docket No. 17-057-07<sup>2</sup> to \$452.458 million, an increase of \$1.976 million, due mainly to an increase in the market forecast price for purchased gas. Current Base Gas Cost rates, however, will collect \$450.414 million, resulting in a proposed Base Gas Cost revenue increase of \$2.044 million. In addition, Dominion proposes to amortize the commodity portion of the 191 Account balance, which was \$15.004 million in under-collected revenues as of August 2017. Current 191 Amortization rates, however, will result instead in a -\$5.418 million 191 Amortization Account balance, requiring a \$20.422 million revenue increase. Dominion’s requested \$22.466 million total commodity increase is the sum of these two components (i.e., \$20.422 million and \$2.044 million). As a result, the Pass-Through, 191 Account Application proposes to increase Dominion’s total commodity rate from \$4.02 per decatherm (Dth) to \$4.22 per Dth as shown below:

	<b><u>Current Commodity Rate per Dth</u></b>	<b><u>Proposed Commodity Rate per Dth</u></b>
Base Gas Cost	\$4.068304	\$4.08676
191 Amortization Rate	<u>-\$0.048940</u>	<u>\$0.13552</u>
<b>Total Commodity Rate</b>	\$4.019364	\$4.22228

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<sup>2</sup> See *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).

*The Pass-Through, 191 Account Application Seeks a \$2.105 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 \$113.176 million in Docket No. 17-057-07 to \$115.276 million due primarily to the inclusion of new Peak Hour Service contracts and an increase in Wexpro II gathering costs. 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 continue amortizing the \$4.715 million difference between the \$20 million over-collection target and the \$15.285 million March 2017 over-collected SNG balance. Current SNG costs of \$115.276 million and the amortization of the March 2017 balance amount to \$119.991 million. However, current SNG rates will only collect \$117.886 million, resulting in a proposed SNG revenue deficiency of \$2.105 million, which amount Dominion proposes to recover in this docket.

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>3</sup>		
SNG Base Rate	\$0.56865	\$0.57923
SNG Amortization Rate	<u>\$0.02371</u>	<u>\$0.02371</u>
Total	\$0.59236	\$0.60294
Winter Blocks 1 and 2		
SNG Base Rate	\$1.21114	\$1.23368
SNG Amortization Rate	<u>\$0.05050</u>	<u>\$0.05050</u>
Total	\$1.26164	\$1.28418
<b>FS Rate Schedule</b>		
Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.56865	\$0.57923
SNG Amortization Rate	<u>\$0.02371</u>	<u>\$0.02371</u>
Total	\$0.59236	\$0.60294
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.17959	\$1.20155
SNG Amortization Rate	<u>\$0.04919</u>	<u>\$0.04919</u>
Total	\$1.22878	\$1.25074
<b>NGV Rate Schedule</b>		
SNG Base Rate	\$0.87398	\$0.89024
SNG Amortization Rate	<u>\$0.03644</u>	<u>\$0.03645</u>
Total	\$0.91042	\$0.92669
<b>IS Rate Schedule</b>		
Blocks 1, 2, and 3		
SNG Base Rate	\$0.17922	\$0.17909
SNG Amortization Rate	<u>not applicable</u>	<u>not applicable</u>
Total	\$0.17922	\$0.17909

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

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<sup>3</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.

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

The DPU testified that the rates proposed in the Pass-Through, 191 Account Application are in the public interest, and recommended they be approved on an interim basis effective November 1, 2017, subject to the DPU's audit and review. If approved, the DPU calculates a typical GS residential customer will realize an annual bill increase of \$17.74 or 2.55 percent. The OCS provided comments supporting a separate review process for the peak hour contracts reflected in the 191 Account Application and no party opposed the application.

**Docket No. 17-057-21: Daily Transportation Imbalance Charge Application**

The PSC approved a Daily Transportation Imbalance Charge in Docket No. 14-057-31.<sup>4</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 decrease the Daily Transportation Imbalance Charge from \$0.08457 to \$0.07919 per Dth for daily imbalance volumes outside of a five percent tolerance for transportation customers,<sup>5</sup> using historical data for the twelve months ending August 31, 2017.

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<sup>4</sup> See *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>5</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."

*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 appears that the nominations of many transportation customers have become more accurate since this rate was imposed. The DPU recommends the proposed rate be approved on an interim basis, effective November 1, 2017, until it can complete its audit. The DPU believes the requested changes are in the public interest. No other party provided comments or testimony opposing the application.

FINDINGS, CONCLUSION, AND ORDER

Based on Dominion's applications and exhibits, the DPU comments, the testimony and evidence presented at hearing, and there being no objection to approval, the PSC approves the rates in Docket Nos. 17-057-20 and 17-057-21 on an interim basis, effective November 1, 2017, pending the completion and review of audits by the DPU.

Therefore, we order:

The rates proposed in Docket Nos. 17-057-20 and 17-057-21 are approved on an interim basis effective November 1, 2017, pending the results of the DPU's forthcoming audits.

DATED at Salt Lake City, Utah, November 16, 2017.

/s / Melanie A. Reif  
Presiding Officer

Approved and confirmed November 16, 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#298004

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 16, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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