

In the Matter Of:

In RE: DEU - Infrastructure Rate Adjustment

HEARING, DOCKET NO. 17-057-23

November 27, 2017

Job Number: 433750

1 BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

2

Application of Dominion Energy Utah Docket No. 17-057-23
to Change the Infrastructure Rate
Adjustment

4

5

HEARING PROCEEDINGS

6

7 TAKEN AT: Utah Public Service Commission
4th Floor
8 160 East 300 South
Salt Lake City, Utah
9

10 DATE: Monday, November 27, 2017

11 TIME: 9:00 a.m.

12 REPORTER: Mary R. Honigman, R.P.R.

13 Job No. 433750

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APPEARANCES

ADMINISTRATIVE LAW JUDGE:
Melanie Reif

FOR THE DIVISION OF PUBLIC UTILITIES:
Patricia E. Schmid
160 East 300 South, Fifth Floor
Salt Lake City, Utah 84114

FOR DOMINION ENERGY UTAH:
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PROCEEDINGS

OFFICER REIF: Good morning, everyone. I'm Melanie Reif, presiding officer for the Utah Public Service Commission. Welcome. We are holding the hearing this morning in Docket No. 17-057-23. This docket is entitled Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment. Let's start by taking appearances.

MS. CLARK: I'm Jenniffer Nelson Clark. I'm counsel for Dominion Energy and Jordan Stephenson is here with me. He will provide testimony on this docket.

OFFICER REIF: Thank you. For the Division?

MS. SCHMID: Patricia E. Schmid with the Attorney General's Office for the Division of Public Utilities. Eric Orton is with me, and he will be the Division's witness in this matter.

OFFICER REIF: Thank you. Ms. Clark, would you like to start this morning?

MS. CLARK: The Company would call Mr. Stephenson.

OFFICER REIF: Good morning. Would you like to testify where you are?

MR. STEPHENSON: Yes.

1 OFFICER REIF: Okay, great. Why
2 don't I swear you in.

3 JORDAN STEPHENSON,
4 having been first duly sworn to tell the truth, was
5 examined and testified as follows:

6 BY MS. CLARK:

7 Q Could you please state your name and
8 business address for the record?

9 A Jordan Stephenson, 333 South State, Salt
10 Lake City, Utah.

11 Q And by whom are you employed?

12 A Dominion Energy Utah.

13 Q What position do you hold there?

14 A Regulatory affairs analyst.

15 Q And were the application and accompanying
16 exhibits prepared by you, or were those things
17 prepared under your direction?

18 A Yes.

19 Q Could you please summarize the relief the
20 Company seeks with this application?

21 A Yes. In this docket, the Company seeks to
22 adjust the infrastructure tracker replacement rate
23 to include approximately \$7 million of investment
24 related to the replacement projects that were in
25 service as of October 31st, 2017. The majority of

1 this additional investment occurred in the Feeder
2 Line 21 and Salt Lake Belt Main projects in the
3 months following the previous tracker filing. In
4 addition, the Company also seeks to begin
5 amortization of interruptible penalties collected
6 earlier in 2017 by including the total collected
7 amount of approximately \$658,000 as a reduction to
8 the tracker revenue requirement.

9 These changes result in a reduction of
10 49 cents per year, or .07 percent, paid by a typical
11 customer using 80 decatherms per year. And this
12 concludes my summary.

13 MS. CLARK: The Company would move
14 for the admission of the application in this matter
15 along with accompanying Exhibits 1.1 through 1.6.

16 OFFICER REIF: Any objection?

17 MS. SCHMID: No objection.

18 MS. CLARK: Mr. Stephenson is
19 available for further questions.

20 OFFICER REIF: Any questions from the
21 Division?

22 MS. SCHMID: Nothing from the
23 Division.

24 OFFICER REIF: Okay. Thank you. I
25 do have a question. Mr. Stephenson, just one bit of

1 clarification. I think I heard in your testimony
2 that this is resulting in a decrease. Was that
3 correct?

4 MR. STEPHENSON: That's correct, yes.

5 OFFICER REIF: Okay. Can you help me
6 understand that? Our notice says increase.

7 MR. STEPHENSON: So typically we have
8 an increase. This time is a little different
9 because we have interruptible penalties that are
10 large enough to actually offset the increase related
11 to actual infrastructure that was placed into
12 service. And so we have \$658,000 reducing our
13 typical infrastructure revenue requirement, and
14 that's large enough to actually result in a slight
15 decrease in total.

16 OFFICER REIF: So the 7 percent is a
17 decrease rather than an increase?

18 MR. STEPHENSON: Yes, .07 percent.

19 OFFICER REIF: Thank you for that
20 clarification. That is all I have. Is there any
21 follow-up?

22 MS. CLARK: No, thank you.

23 OFFICER REIF: Let's move to the
24 Division.

25 MS. SCHMID: The Division would call

1 Eric Orton as its witness. May he please be sworn?

2 ERIC ORTON,

3 having been first duly sworn to tell the truth, was

4 examined and testified as follows:

5 BY MS. SCHMID:

6 Q Mr. Orton, could you please state your
7 full name, employer, title, and business address for
8 the record?

9 A Eric Orton. I'm a technical consultant
10 for the Division of Public Utilities at the Heber
11 Wells Building, 160 East 300 South, Salt Lake.

12 Q In conjunction with your employment by the
13 Division, have you participated on behalf of the
14 Division in this docket?

15 A I have.

16 Q Did you prepare or cause to be prepared
17 and filed the action request response dated
18 November 20, 2017, entitled Action Request Response
19 Regarding Docket No. 17-057-23?

20 A I did.

21 Q Do you have any changes or corrections to
22 that response?

23 A No, it's accurate.

24 Q Do you adopt that as your testimony here
25 today?

1 A I do.

2 MS. SCHMID: The Division would like
3 to move the admission of the aforementioned action
4 request response into the record, please.

5 OFFICER REIF: Any objection?

6 MS. CLARK: No.

7 OFFICER REIF: It's admitted.

8 BY MS. SCHMID:

9 **Q Mr. Orton, do you have a summary today?**

10 A I do.

11 **Q Please proceed.**

12 A This filing is a request for a reduction
13 in revenue requirement in the tracker of \$704,000 to
14 \$706. In addition to the two months of closed
15 tracker infrastructure from the past filing, the
16 Company discovered that it had erroneously excluded
17 two IHP projects in the previous infrastructure rate
18 adjustment filing, Docket No. 17-057-18. They were
19 closed and placed into service but not recorded in
20 the filing. These IHP projects totaled
21 \$3.25 million.

22 **Q Pardon me, before you proceed further,**
23 **what is an IHP?**

24 A Intermediate high pressure.

25 **Q Thank you.**

1 A Also, during these same two months, an
2 error was discovered and some of the accumulated
3 deferred income taxes that should have been included
4 in the last filing two months ago were not.
5 Although the incorrect amount was ordered on an
6 interim basis and the Company has collected the
7 incorrect amount for only two months, they would
8 like to correct that now. So it's necessary to
9 include that revenue requirement reduction of
10 \$57,000, approximately.

11 Finally, included in this filing in the
12 tracker is a reduction resulting from the collection
13 of the interruptible penalty in the amount of
14 \$658,000, approximately. This credit represents a
15 to-date total of the penalty collected from the
16 interruptible customers as a result of the
17 January 6, 2017, event. The Company has been
18 collecting these penalties from its interruptible
19 customers for the past several months and now
20 proposes to collect them in the tracker as the
21 tariff specifies.

22 In summary, with the plant increase, the
23 additional IHP intermediate high pressure
24 infrastructure rate base, and the correction to the
25 tax error and the interruptible penalty, the Company

1 has proposed a revenue requirement of
2 \$24.623 million, or an incremental revenue
3 requirement reduction of \$704,000.

4 The Division has reviewed the filing with
5 the respective exhibits and tentatively agrees with
6 the methods used by the Company, and the Division
7 recommends approval on an interim basis. Thank you.

8 **Q Mr. Orton, what is the monthly decrease**
9 **that an annual -- that a GS customer will receive on**
10 **an annual basis?**

11 A That's what the Company witness said in
12 his .07 percent or 49 cents.

13 MS. SCHMID: Thank you. Mr. Orton is
14 now available for questions.

15 MS. CLARK: The Company has no
16 questions.

17 OFFICER REIF: Mr. Orton, just one
18 bit of clarification, please. You have clarified
19 things very well and I appreciate that, the
20 Commission appreciates that. And I wanted to
21 clarify that inasmuch as the Division is supporting
22 interim rates, could you please clarify how the
23 Division's audit will play into that? I assume that
24 it's pending the outcome of the audit?

25 MR. ORTON: Yes, and that audit won't

1 be completed until the 2017 books are closed, the
2 Company's books are closed, and we have time to go
3 through that with some significant detail.

4 OFFICER REIF: Very good. And the
5 Company has asked for this rate to take effect
6 December 1st, 2017, the interim rate that you're
7 supporting. Do you also support it taking effect
8 December 1, 2017?

9 MR. ORTON: Yes. We don't see any
10 reason to delay that.

11 OFFICER REIF: All right. Anything
12 else?

13 MS. CLARK: The Company would
14 respectfully request a bench order approving the
15 rates on an interim basis, effective December 1st,
16 2017.

17 OFFICER REIF: Okay. We'll be in
18 recess for just a few minutes. I'll be back as
19 quickly as possible. Thank you.

20 (A brief recess was taken.)

21 OFFICER REIF: Thank you, everyone.
22 We're back on the record. There has been a motion
23 for a bench ruling and the Commission grants that
24 ruling. We are allowing the rates requested to take
25 effect December 1st, 2017, on an interim basis

1 pending the outcome of the Division's audit. And
2 unless there's anything further -- we based our
3 decision based on the testimony given today and on
4 the application -- and unless there's anything
5 further, we will be adjourned.

6 MS. CLARK: Nothing further from the
7 Company.

8 MS. SCHMID: Nothing further from the
9 Division. Thank you.

10 (The hearing concluded at 9:15 a.m.)

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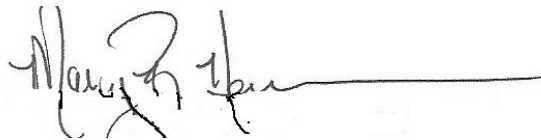
REPORTER'S CERTIFICATE

STATE OF UTAH)
COUNTY OF SUMMIT)

I, Mary R. Honigman, a Registered Professional Reporter, hereby certify:

THAT the foregoing proceedings were taken before me at the time and place set forth in the caption hereof; that the witness was placed under oath to tell the truth, the whole truth, and nothing but the truth; that the proceedings were taken down by me in shorthand and thereafter my notes were transcribed through computer-aided transcription; and the foregoing transcript constitutes a full, true, and accurate record of such testimony adduced and oral proceedings had, and of the whole thereof.

I have subscribed my name on this 27th day of November, 2017.



Mary R. Honigman
Registered Professional Reporter #972887

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