In the Matter Of:

In RE: DEU - Infrastructure Rate Adjustment

HEARING, DOCKET NO. 17-057-23

November 27, 2017

Job Number: 433750

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

HEARING PROCEEDINGS

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

DATE: Monday, November 27, 2017

TIME: 9:00 a.m.

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

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.

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

JORDAN STEPHENSON,

having been first duly sworn to tell the truth, was examined and testified as follows:

BY MS. CLARK:

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

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

Q And by whom are you employed?

A Dominion Energy Utah.

Q What position do you hold there?

A Regulatory affairs analyst.

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

A Yes.

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

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

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

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

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

OFFICER REIF: Any objection?

MS. SCHMID: No objection.

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

OFFICER REIF: Any questions from the Division?

MS. SCHMID: Nothing from the Division.

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

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

MR. STEPHENSON: That's correct, yes.

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

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

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

MR. STEPHENSON: Yes, .07 percent.

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

MS. CLARK: No, thank you.

OFFICER REIF: Let's move to the Division.

MS. SCHMID: The Division would call

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

ERIC ORTON,

having been first duly sworn to tell the truth, was examined and testified as follows:

BY MS. SCHMID:

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

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

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

A I have.

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

A I did.

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

A No, it's accurate.

Q Do you adopt that as your testimony here today?

A I do.

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

OFFICER REIF: Any objection?

MS. CLARK: No.

OFFICER REIF: It's admitted.

BY MS. SCHMID:

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

A I do.

Q Please proceed.

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

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

A Intermediate high pressure.

Q Thank you.

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

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

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

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

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

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

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

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

MS. CLARK: The Company has no questions.

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

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

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

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

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

OFFICER REIF: All right. Anything else?

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

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

(A brief recess was taken.)

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

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

MS. CLARK: Nothing further from the Company.

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

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

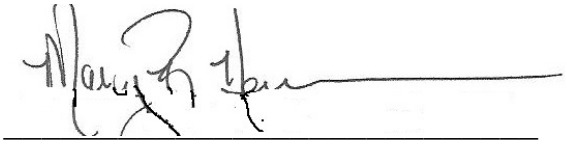
REPORTER'S CERTIFICATE

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.



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