

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 17-057-23</u>  <u>ORDER MEMORIALIZING BENCH</u> <u>RULING</u>
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ISSUED: December 8, 2017

SYNOPSIS

The PSC approves the above rate application on an interim basis, subject to audit, effective December 1, 2017.

The effect of the approval is to decrease the annual bill of a typical GS residential customer by approximately \$0.49 or 0.07 percent.

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BACKGROUND

A. Establishment of the Infrastructure Tracker Pilot Program and Related Dockets

In 2010, the Public Service Commission of Utah (PSC) authorized Dominion Energy Utah's (Dominion) predecessor, Questar Gas Company (Questar) to establish the Infrastructure Tracker Pilot Program (Tracker).<sup>1</sup> Then, in Questar's 2013 general rate case (2013 GRC), the PSC authorized Questar to continue the Tracker and ordered Questar to defer customer rates until it had completed and placed into service \$84 million of infrastructure investment.<sup>2</sup> The instant

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<sup>1</sup> See *Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications* (Report and Order, issued June 3, 2010; Docket No. 09-057-16), available at: <https://psc.utah.gov/2016/06/27/docket-no-09-057-16/>.

<sup>2</sup> See *Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications* (Report and Order, issued February 21, 2014; Docket No. 13-057-05), available at: <https://psc.utah.gov/2016/06/27/docket-no-13-057-05/>.

proceeding addresses the seventh Infrastructure Rate Adjustment (IRA) application filed since the 2013 GRC.<sup>3</sup>

B. This Application

Dominion filed the above application (Application) on November 1, 2017. The Application proposes to change the Infrastructure Rate Adjustment of the distribution non-gas portions of its GS, FS, IS, TS, FT-1, MT, and NGV rate schedules. The Application proposes the changes to be effective December 1, 2017 and will result in a decrease in a typical residential customer's annual bill by approximately \$0.49 or 0.07 percent.

On November 16, 2017, pursuant to a November 2, 2017 Notice of Scheduling Conference, the PSC issued a scheduling order for this docket, setting comments, reply comments, and intervention deadlines and a hearing date. On November 20, 2017, the Division of Public Utilities (DPU) filed comments. No other party requested intervention or filed comments.

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<sup>3</sup> See *Application of Questar Gas Company to Change the Infrastructure Rate Adjustment* (Application, filed November 3, 2014; Docket No. 14-057-27), available at: <https://psc.utah.gov/2016/06/27/docket-no-14-057-27/>; *Application of Questar Gas Company to Change the Base Distribution Non-Gas Rate and the Infrastructure Rate Adjustment* (Application, filed September 2, 2015; Docket No. 15-057-13), available at: <https://psc.utah.gov/2016/06/27/docket-no-15-057-13/>; *Application of Questar Gas Company to Change the Infrastructure Rate Adjustment* (Application, filed October 30, 2015; Docket No. 15-057-17), available at: <https://psc.utah.gov/2016/06/27/docket-no-15-057-17/>; *Application of Questar Gas Company to Change the Infrastructure Rate Adjustment* (Application, filed September 29, 2016; Docket No. 16-057-13), available at: <https://psc.utah.gov/2016/10/03/docket-no-16-057-13/>; *Application of Questar Gas Company to Change the Infrastructure Rate Adjustment* (Application, filed November 1, 2016; Docket No. 16-057-16), available at: <https://psc.utah.gov/2016/11/02/docket-no-16-057-16/>; *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment* (Application, filed September 1, 2017; Docket No. 17-057-18), available at: <https://psc.utah.gov/2017/09/01/docket-no-17-057-18/>; and *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment* (Application, filed November 1, 2017; Docket No. 17-057-23) available at: <https://psc.utah.gov/2017/11/02/docket-no-17-057-23/>.

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On November 27, 2017, the PSC's designated Presiding Officer conducted a hearing to consider the Application. Dominion and the DPU participated in the hearing. No other party appeared or contested the Application. At the conclusion of the hearing, the Presiding Officer issued a bench ruling approving the Application effective December 1, 2017, pending outcome of the DPU audit. This order memorializes the bench ruling. The application and supporting evidence are uncontested and are briefly summarized below.

DISCUSSION

In this Application, Dominion represents approximately \$303.423 million of infrastructure investment was placed in service from January 2013 through October 2017. This is consistent with a revenue requirement of \$24.624 million on the investment in excess of \$84 million, an incremental revenue requirement decrease of \$0.705 million since the last IRA filing in Docket No. 17-057-18.

Dominion filed summary data with the Application to substantiate the amount of its infrastructure investments and provided calculations showing the amount of revenue required to compensate Dominion for its infrastructure investments. Dominion calculates its revenue requirement as follows:

**Revenue Requirement Calculation<sup>4</sup>**

	<u>Revised Revenue Requirement</u>
1. Total Net Investment	\$303,423,327
2. Less: Amount currently in rates	<u>(\$84,000,000)</u>
3. Replacement Infrastructure Tracker	\$219,423,327
4. Less: Accumulated Depreciation	(\$6,669,014)
5. Accumulated Deferred Income Tax	<u>(\$40,598,735)</u>
6. Net Rate Base	<u>\$172,155,577</u>
7. Current PSC-Allowed Pre-Tax Rate of Return	x 10.79%
8. Allowed Pre-Tax Return	\$18,575,587
9. Plus: Net Depreciation Expense	\$4,695,659
10. Net Tax Other Than Income	<u>\$2,065,867</u>
11. Total Revenue Requirement	<u>\$25,337,113</u>
12. Less: Interruptible Penalty	(\$655,756)
13. Corrections to Rate Base in Docket No. 17-057-18	<u>(\$57,574)</u>
14. Remaining Revenue Requirement	\$24,623,783

(Footnotes omitted).

The DPU testified at hearing that approval of Dominion's Application will result in a decrease of \$0.49, or 0.07 percent annually for a typical GS customer.<sup>5</sup> Further, the DPU testified that it tentatively agrees with the methods used by Dominion to compute the proposed rate changes, and recommends approval of the Application, on an interim basis, effective December 1, 2017, pending outcome of its audit.<sup>6</sup> No other party participated in this docket or otherwise opposed the Application.

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<sup>4</sup> See *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment* (Application, Exhibit 1.1 at 4, filed November 1, 2017; Docket No. 17-057-23), available at: <https://pscdocs.utah.gov/gas/17docs/1705723/297734DEUEx1.1RevReqCalc11-1-2017.pdf>.

<sup>5</sup> See November 27, 2017 Transcript of Hearing at 11, lines 8-12 (Docket No. 17-057-23), available at: <https://pscdocs.utah.gov/gas/17docs/1705723/298236RepTransNov27201712-5-2017.pdf>.

<sup>6</sup> See *id.* at lines 4-7 and 17-25; and 12, lines 1-10.

**FINDINGS, CONCLUSIONS, AND ORDER**

Based on Dominion's Application and accompanying exhibits, the DPU's comments, the testimony and evidence presented at hearing, and there being no opposition to the Application, the PSC approves the rates in this docket on an interim basis, effective December 1, 2017, pending the completion and review of the DPU audit.

Therefore, we order Dominion's Application is approved on an interim basis effective December 1, 2017, pending the results of the DPU audit.

DATED at Salt Lake City, Utah, December 8, 2017.

/s/ Melanie A. Reif  
Presiding Officer

Approved and confirmed December 8, 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#298370

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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 December 8, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Austin Summers ([austin.summers@dominionenergy.com](mailto:austin.summers@dominionenergy.com))  
Kelly Mendenhall ([kelly.mendenhall@dominenergy.com](mailto:kelly.mendenhall@dominenergy.com))  
Jenniffer N. Clark ([jenniffer.clark@dominionenergy.com](mailto:jenniffer.clark@dominionenergy.com))  
*Dominion Energy Utah*

Cameron L. Sabin ([cameron.sabin@stoel.com](mailto:cameron.sabin@stoel.com))  
Stoel Rives LLP  
*Counsel for Dominion Energy Utah*

Patricia Schmid ([pschmid@agutah.gov](mailto:pschmid@agutah.gov))  
Justin Jetter ([jjetter@agutah.gov](mailto:jjetter@agutah.gov))  
Robert Moore ([rmoore@agutah.gov](mailto:rmoore@agutah.gov))  
Steven Snarr ([stevensnarr@agutah.gov](mailto:stevensnarr@agutah.gov))  
*Assistant Utah Attorneys General*

Erika Tedder ([etedder@utah.gov](mailto:etedder@utah.gov))  
*Division of Public Utilities*

By Hand-Delivery:

Office of Consumer Services  
160 East 300 South, 2nd Floor  
Salt Lake City, Utah 84111

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Administrative Assistant