

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 18-057-04</u>
Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 18-057-05</u> <u>ORDER MEMORIALIZING</u> <u>BENCH RULING</u>

ISSUED: June 1, 2018

SYNOPSIS

The Public Service Commission approves the above rate applications on an interim basis, effective June 1, 2018, as set forth below.

Approval of the Pass-Through Application (Docket No. 18-057-04) results in a decrease of approximately \$63.10, or 8.77 percent, for a typical residential customer using 82 decatherms of natural gas per year.

Approval of the Adjustment to Daily Imbalance Charge Application (Docket No. 18-057-05) results in a decrease to the Daily Transportation Imbalance Charge from \$0.07919 to \$0.07645 per decatherm for daily imbalance volumes outside of the five-percent tolerance for transportation customers.

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**BACKGROUND**

On May 1, 2018, Dominion Energy Utah (“Dominion”), filed the above referenced applications. The applications propose rate changes to be effective June 1, 2018, and are addressed separately below.

On May 10, 2018, the PSC issued a scheduling order for these dockets. On May 21, 2018, the Division of Public Utilities (“DPU”) filed comments in both dockets. No other party requested intervention or filed comments.

On May 24, 2018, the PSC’s designated Presiding Officer conducted a consolidated hearing to consider the applications. Dominion and the DPU participated. At the hearing,

Dominion provided updated tariff sheet nos. 2-2, 2-3, 2-4, 2-5, 2-6, 4-3, and 4-4, which it filed later that day.<sup>1</sup> At the conclusion of the hearing, the Presiding Officer issued a bench ruling approving both applications on an interim basis, effective June 1, 2018. This order memorializes the bench ruling. The applications and supporting evidence are uncontested and are briefly summarized below.

### **DISCUSSION**

#### **Docket No. 18-057-04: Pass-Through, 191 Account Application**

Dominion's application in Docket No. 18-057-04 ("Pass-Through 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"). This application is based on projected Utah gas-related costs of \$483.842 million for the forecast test year ending May 31, 2018 ("Test Year"). This represents an overall decrease of \$82.770 million, reflecting a projected \$83.812 million commodity cost decrease and a projected \$1.043 million supplier non-gas ("SNG") cost increase.

*The Pass-Through Application Seeks an Approximate \$0.75 Decrease 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 \$452.458 million in Docket No. 17-057-20 to \$370.374 million, a decrease of \$82.084 million due mainly to a

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<sup>1</sup> The updated tariff sheets incorporated the tax reform surcredit approved the same date, in Docket No. 17-057-26, but prior to the instant docket's hearing. See *Investigation of Revenue Requirement Impacts of the New Federal Tax Legislation Titled: "An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution of the budget for fiscal year 2018,"* Docket No. 17-057-26.

decrease in the forecast cost of Wexpro Cost-of-Service (“COS”) gas production and a decrease in the forecast contract gas costs. Current Base Gas Cost rates, however, will collect \$454.187 million, resulting in a proposed Base Gas Cost revenue decrease of \$83.812 million. In addition, Dominion proposes to amortize, by maintaining current amortization rates, the commodity portion of the 191 Account balance of \$23.750 million owed to customers in March 2018. Dominion states maintaining the current 191 Amortization rate will encourage rate stability by limiting the rate decrease in this docket.<sup>2</sup> Dominion’s requested \$83.812 million total commodity decrease is the sum of these two components (i.e., \$83.812 million commodity cost decrease plus no change in amortization rates). As a result, the Pass-Through Application proposes to decrease Dominion’s total commodity rate from \$4.22 per decatherm (“Dth”) to \$3.47 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	\$4.08676	\$3.33262
191 Amortization Rate	<u>\$0.13552</u>	<u>\$0.13552</u>
<b>Total Commodity Rate</b>	<b>\$4.22228</b>	<b>\$3.46814</b>

*The Pass-Through Application Seeks a \$1.043 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 decreased from \$115.276 million in Docket No. 17-057-20 to \$113.468 million due primarily to a forecast decrease in transportation demand. In addition, the balance in the SNG portion of the 191 Account at the end of March

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<sup>2</sup> Pass-Through Application at 7, ¶ 11.

2018 shows an over-collection amount of \$11.921 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 amortize the \$8.079 million difference between the \$20 million over-collection target and the \$11.921 million March 2018 over-collected SNG balance. Given Dominion's forecast SNG gas costs of \$113.468 million and the proposed \$8.079 million SNG account balance amortization amount, the Total SNG gas costs equals \$121.548 million. At current SNG base rates, however, Dominion will collect \$120.505 million. The resulting gap between Total SNG Costs and annual revenues collected at current rates constitutes the \$1.043 million increase in total SNG costs Dominion proposes to adjust through this application. The rates are as follows:<sup>3</sup>

	<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>4</sup>		
SNG Base Rate	\$0.57923	\$0.56770
SNG Amortization Rate	<u>\$0.02371</u>	<u>\$0.04046</u>
<b>Total</b>	<b>\$0.60294</b>	<b>\$0.60816</b>
Winter Blocks 1 and 2		
SNG Base Rate	\$1.23368	\$1.20913
SNG Amortization Rate	<u>\$0.05050</u>	<u>\$0.08617</u>
<b>Total</b>	<b>\$1.28418</b>	<b>\$1.29530</b>

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<sup>3</sup> See Pass-Through Application, Ex. 1.8.

<sup>4</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 Application, Ex. 1.8.

**FS Rate Schedule**

Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.57923	\$0.56770
SNG Amortization Rate	<u>\$0.02371</u>	<u>\$0.04046</u>
<b>Total</b>	<b>\$0.60294</b>	<b>\$0.60816</b>
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.20155	\$1.17764
SNG Amortization Rate	<u>\$0.04919</u>	<u>\$0.08393</u>
<b>Total</b>	<b>\$1.25074</b>	<b>\$1.26157</b>

**NGV Rate Schedule**

SNG Base Rate	\$0.89024	\$0.87253
SNG Amortization Rate	<u>\$0.03645</u>	<u>\$0.06218</u>
<b>Total</b>	<b>\$0.92669</b>	<b>\$0.93471</b>

**IS Rate Schedule**

Blocks 1, 2, and 3		
SNG Base Rate	\$0.17909	\$0.17909
SNG Amortization Rate	<u>not applicable</u>	<u>not applicable</u>
<b>Total</b>	<b>\$0.17909</b>	<b>\$0.17909</b>

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

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

The DPU testified the rates proposed in the Pass-Through Application are just, reasonable, and in the public interest, and recommended the PSC approve them on an interim basis effective June 1, 2018, subject to audit. No party provided comments or testimony opposing the Pass-Through Application.

Docket No. 18-057-05: Daily Transportation Imbalance Charge Application

The PSC approved a Daily Transportation Imbalance Charge in Docket No. 14-057-31.<sup>5</sup> The rate is applicable to transportation customers taking service under Dominion’s MT, TS, and

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<sup>5</sup> See *In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge*

FT-1 rate schedules. Since February 2016, Dominion has assessed this charge, which is required to be recalculated as part of the Pass-Through Application addressed above. In its application filed in Docket No. 18-057-05 (“Daily Transportation Imbalance Charge Application”), Dominion proposes to decrease the Daily Transportation Imbalance charge from \$0.07919 to \$0.07645 per Dth for daily imbalance volumes outside of a five-percent tolerance for transportation customers, using historical data for the twelve months ending June 1, 2018.<sup>6</sup>

*The DPU Supported the Daily Transportation Imbalance Charge Application, and No Party Opposed It.*

The DPU testified the current imbalance charge has been in place since 2016, and it appears that the nominations of many customers have become more accurate since this rate was imposed. The DPU recommends the proposed rate be approved on an interim basis, effective June 1, 2018, until it can complete its audit. The DPU testified the requested changes are in the public interest and that they result in just and reasonable rates. No party provided comments or testimony opposing the application.

### **FINDINGS AND CONCLUSION**

Based on Dominion’s applications and exhibits, the DPU’s comments, the testimony and evidence presented at hearing, and given no opposition from any party, the PSC concludes the rates proposed in Docket Nos. 18-057-04 and 18-057-05 are just and reasonable in result, and finds the proposed rates are in the public interest.

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*Transportation Customers for Use of Supplier-Non-Gas Services*, Docket No. 14-057-31 (Order, issued November 9, 2015).

<sup>6</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.”

**ORDER**

Therefore,

- 1) We approve the Pass-Through Application and the Daily Transportation Imbalance Charge Application and the rates proposed in them on an interim basis, effective June 1, 2018, pending the results of the DPU's forthcoming audits; and
- 2) We approve tariff sheet nos. 2-2, 2-3, 2-4, 2-5, 2-6, 4-3, and 4-4 filed on May 24, 2018.

DATED at Salt Lake City, Utah, June 1, 2018.

/s/ Michael J. Hammer  
Presiding Officer

Approved and confirmed June 1, 2018, 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#302575

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 June 1, 2018, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

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