



August 6, 2018

Public Service Commission
Heber M. Wells State Office Building
160 East 300 South, Fourth Floor
P.O. Box 45585
Salt Lake City, UT 84114

Name of Complainant:

Utah State University (USU)
6600 Old Main Hill
Logan, UT 84322

Utility: Dominion Energy, Utah (DEU) - formerly, Questar Corporation

Complaint: DEU improperly charged \$40 Dth curtailment penalties for gas consumption below the maximum daily contract limit (MDCL) for a firm gas supply service located at USU's USTAR building. The charges were levied for gas use at the USTAR building on January 6 and 7, 2017.

Reason for Complaint: Neither the Transportation Service Agreement nor the Tariff provides DEU with authority to charge \$40 Dth curtailment penalties for gas consumption that is below the MDCL on a firm gas supply service. DEU has failed to substantiate its authority to charge disputed penalties and refuses to refund the penalties that DEU charged to the USU USTAR gas service.

Relief Requested: That the Commission find that DEU is not authorized to charge \$40 Dth curtailment penalties for gas consumption below the MDCL and that the University is due a refund of penalties charged by DEU in the amount of \$2,489.73.

Dear Sirs,

Please accept this formal complaint from Utah State University with regard to \$40 Dth gas curtailment penalties assessed by DEU for firm gas service at the University's USTAR building on January 6, and 7, 2017. The University asserts that DEU exceeded authority provided by the Utah Transportation Service Agreement and the Natural Gas Tariff when it assessed curtailment penalties of \$40 Dth for gas consumption that was below USU's authorized maximum daily contract limit (MDCL) for a firm supply service at the University's USTAR building.

The University has requested on multiple occasions that DEU explain how the Agreement or the Tariff provides the Company with authority to assess \$40 Dth curtailment penalties for gas consumption that is below the MDCL. DEU has never definitively answered the University's requests. Conversely, the Company continues to support its argument for charging the penalties by citing various provisions of the Agreement and the Tariff that actually support the University's position.

Enclosed for your review is the correspondence prepared by DEU in response to the University's informal complaint with the Division of Public Utilities. The University is providing a reply to each point made by DEU in its response.

We ask that the Commission declare that DEU is not granted authority by the Agreement or the Tariff to charge \$40 Dth curtailment penalties for gas consumption that is below the contract limit assigned by DEU to its firm customers. Accordingly, the University requests reimbursement of penalties that DEU assessed for gas consumption at USTAR that was below its MDCL, an amount of \$2,489.73.

Respectfully submitted,



Charles G. Darnell
Associate Vice President, Facilities
Utah State University

Enclosures (4)

CC. Mr. Dave T Cowley
Ms. Mica McKinney

USU responses to DEU correspondence, dated July 17, 2018 (enclosed).

DEU states: DEU has determined that all penalties paid by USU were calculated correctly.

USU is not disputing DEU's calculations. USU is very simply disputing DEU's assessment of \$40 per Dth curtailment penalties for USU gas consumption between the Maximum Daily Contact Limit (MDCL) and its daily nomination for firm gas supply service at the USTAR building.

*DEU states: Moreover, DEU provided adequate notice to USU of the penalties assessed in the event that USU failed to curtail upon notice from DEU in that both the Transportation Service Agreement dated February 25, 2016 between USU and DEU and the DEU Utah Natural Gas Tariff ("Tariff") specifically state the curtailment requirements of **interruptible customers** during an interruption and the penalties to be levied for customers who do not curtail usage to their contractual limit.*

USU disputes that DEU has ever communicated to USU, that curtailment penalties of \$40 per Dth apply to gas consumption in a range between the MDCL and its daily nomination. Such explicit notification, had it been provided by DEU, would have been contrary to the plain language found in the Transportation Service Agreement (Agreement) and the Tariff with regard to firm supply, interruptible supply, and curtailment penalties.

USU believes that DEU substantially errors when it refers to the USU as an "interruptible customer" in reference to the USTAR account. The USTAR account is for firm gas supply, for which USU receives authorization of an assigned gas quantity from DEU engineers, and for which USU also pays a premium to DEU to receive.

While USU gas use at USTAR did exceed its daily nomination during the curtailment, it was not exceeding its "contract limit" for a large portion of the range where DEU has applied punitive curtailment penalties. USU disputes that the Agreement or the Tariff actually state or infer, that anything other than balancing penalties can be levied for customers who do not curtail usage up to their "contractual limit". DEU has been asked by USU repeatedly to produce language from either the Agreement or the Tariff, which stipulate that \$40 Dth curtailment penalties can be charged in the range between the MDCL and the daily nomination. Had DEU ever produced contract language supporting these penalties, USU would not be disputing the charges.

The plain language found in the Agreement and the Tariff supports USU's argument. After paragraph 3 in the USTAR Agreement lists the MDCL of 265 Dth/day, it further states that, "the remainder shall be transported pursuant to Tariff terms and conditions applicable to interruptible transport service". Likewise, in Section 4 of the Tariff, Interruptible Sales Service, paragraph referencing Daily Contract Limit, it is stated that, "If the Company notifies the customer to limit usage to its contract amount, any usage beyond that limit will incur a penalty as described in 3.02". And finally, in 5.02, Firm Demand Charge, the Tariff states that "Contracted firm transportation volumes are not subject to the interruption provisions outlined in 5.04". If DEU had the authority to impose curtailment penalties for gas use in the range between the daily nomination and the MDCL, it seems logical that such language would be explicitly included in the sections of the Agreement and the Tariff to which DEU emphasize. I.E. paragraph 3 of the Agreement and Section 4.0 of the Tariff.

DEU states: The Transportation Service Agreement in effect during this time period provides that DEU "shall only be obligated to transport the lesser of (a) the firm transportation amount of the Maximum Daily Contract Limit, (b) the Customer's natural gas supply nomination, or (c) the amount delivered to the Company on Customer's behalf by the upstream pipeline." Agreement at paragraph 3 (emphasis added).

As USU switched its Central Energy Plant (CEP) over to diesel fuel during the curtailment period, it also did not utilize its firm gas nomination for the CEP during that period. Accordingly, USU's net gas consumption among its DEU accounts during the curtailment period was below its total net nominations. While USU's resulting net gas use actually served to help DEU during the curtailment period, USU also incurred balancing penalties for failure to use nominated amounts at the CEP. It is inexplicable to USU why more customary methods of assessing balancing penalties are not employed that first recognize the net impacts of customers, prior to assessing penalties for actions that cannot cause harm to the DEU system.

Likewise, USU's gas supplier indicated that it was able to cover all of its customers' actual gas use during the curtailment period. Accordingly, neither DEU nor other customers on the pipeline were negatively impacted by USU's additional use of gas above its daily nomination at USTAR. Accordingly, USU maintains that it did not actually obligate DEU to deliver gas in excess of stated limits in (b) or (c). Regardless, and with exception of gas used in excess of the MDCL, for which USU is not disputing penalties, neither the Agreement nor the Tariff provide DEU with the remedy to penalize firm supply customers for consumption of transported gas that the Company claims that it was never obligated to deliver.

DEU states: "the interruptible portion of transportation service is provided on a reasonable-efforts basis, subject to interruption at any time after notice and as otherwise provided under Section 3." Tariff at Section 5.07. It further provides that "[a] customer who fails to interrupt when properly called upon to do so will incur a \$40-per decatherm penalty for all interruptible volumes used during the course of the interruption" Tariff at Section 3.02

USU does not dispute that volumes of gas it used in excess of the MDCL is classified as interruptible supply and therefore subject to penalties as defined in section 3.02. However, the Transportation Service Agreement between USU and DEU only defines gas usage above the MDCL as interruptible supply, and therefore subject to the Tariff, terms and conditions found in section 3.02.

DEU states: USU 2017 interruption penalties were calculated according to Transportation Service Agreement and the Utah Natural Gas Tariff, and are consistent with how all transportation customers on DEU's system were billed, who did not limit their scheduled quantities during the interruption period.

USU reiterates, neither the Agreement nor Tariff define gas usage that is within the range of a daily nomination and the MDCL as interruptible supply and subject to curtailment penalties. Having failed to support their contention that any gas usage below the MDCL is subject to curtailment penalties, USU believes that DEU erred when it charged other DEU customers similarly, and that DEU should reimburse all firm supply customers who were impacted.

Dominion Energy Utah | Dominion Energy Wyoming | Dominion Energy Idaho
Consumer Affairs
1140 West 200 South, Salt Lake City, UT 84104
Mailing Address:
P.O. Box 45360, Salt Lake City, UT 84145
DominionEnergy.com



Utah State University
c/o Charles G. Darnell
Associate Vice President
660 Old Main Hill
Logan, UT 84322-6600

July 17, 2018

Dear Mr. Darnell,

This letter is in response to your complaint filed with the Division of Public Utilities. Thank you for the opportunity to respond to your concerns.

The nature of this complaint required the involvement of our Industrial & Municipal Accounts Department. The enclosed response was provided by Bruce Rickenbach, Supervisor Industrial & Municipal Accounts. (A copy of **Page 3-2** and **Page 5-12** from the **Utah Natural Gas Tariff** are also enclosed for your review.)

The account representative, who initially informed you of these charges, has retired. Your new account representative is Brad Simons. If you have any questions or concerns, please contact Mr. Simons at 801-324-5802.

Sincerely,

A handwritten signature in black ink, appearing to read "Elia Lopez".

Elia Lopez
Customer Relations Specialist
Western Gas Distribution

Enclosures

cc: Division of Public Utilities

Dominion Energy Utah Dominion Energy Wyoming Dominion Energy Idaho
Industrial & Municipal Accounts
1140 West 200 South, Salt Lake City, UT 84104
Mailing Address:
P.O. Box 45360, Salt Lake City, UT 84145-0360
DominionEnergy.com



Re: Response to Utah State University (USU) complaint to the Division of Public Utilities regarding their penalty resulting from an interruption of service of January 6-7, 2017.

Questar Gas Company dba Dominion Energy Utah ("DEU") has investigated the complaint made by Utah State University ("USU") regarding the penalties assessed following the curtailment of service to interruptible customers on January 6 and 7, 2017. Following a thorough review of the calculation of the penalties, DEU determined that all penalties paid by USU were calculated correctly. Moreover, DEU provided adequate notice to USU of the penalties assessed in the event that USU failed to curtail upon notice from DEU in that both the Transportation Service Agreement dated February 25, 2016 between USU and DEU and the DEU Utah Natural Gas Tariff ("Tariff") specifically state the curtailment requirements of interruptible customers during an interruption and the penalties to be levied for customers who do not curtail usage to their contractual limit.

The Transportation Service Agreement in effect during this time period provides that DEU "shall only be obligated to transport the *lesser* of (a) the firm transportation of the Maximum Daily Contract Limit, (b) the Customer's natural gas supply nomination, or (c) the amount delivered to Company on Customer's behalf by the upstream pipeline." Agreement at paragraph 3 (emphasis added).

In addition, the Tariff further states "the interruptible portion of transportation service is provided on a reasonable-efforts basis, subject to interruption at any time after notice and as otherwise provided under Section 3." Tariff at Section 5.07. It further provides that "[a] customer who fails to interrupt when properly called upon by the Company to do so will incur a \$40-per-decatherm penalty for all interruptible volumes utilized during the course of an interruption". Tariff at Section 3.02.

On January 6, 2017, DEU properly notified USU that it must restrict its usage to the lesser of its firm contract amount divided by 24 hours *or* its scheduled delivered quantity divided by 24 hours. Notwithstanding this directive, USU utilized natural gas above its nominated and confirmed volumes. Specifically, USU nominated 200 decatherms for delivery on January 6, 2017, but used 302 decatherms. On January 7, 2017, USU nominated 200 decatherms but they used 246 decatherms. USU disregarded the notification to limit its usage to scheduled quantities during the interruption and is, therefore, subject to the interruption penalties assessed by DEU.

USU's 2017 interruption penalties were calculated according to its Transportation Service Agreement and the Utah Natural Gas Tariff, and are consistent with how all transportation customers on DEU's system were billed, who did not limit their usage to their scheduled quantities during the interruption time period.

Regards,

A handwritten signature in black ink, appearing to read "Bruce Rickenbach".

Bruce Rickenbach
Accounts & Municipal Supervisor

5.07 TS RATE SCHEDULE
TS VOLUMETRIC RATES

	Rates Per Dth Redelivered Each Month			
	Dth = decatherm = 10 therms = 1,000,000 Btu			
	First 200 Dth	Next 1,800 Dth	Next 98,000 Dth	All Over 100,000 Dth
Base DNG	\$0.73301	\$0.47917	\$0.19596	\$0.07253
Energy Assistance	0.00077	0.00077	0.00077	0.00077
Infrastructure Rate Adjustment	0.04646	0.03037	0.01242	0.00460
Tax Reform Surcredit	(0.04435)	(0.02899)	(0.01186)	(0.00439)
Distribution Non-Gas Rate	\$0.73589	\$0.48132	\$0.19729	\$0.07351

Penalty for failure to interrupt or limit usage when requested by the Company See § 3.02

Daily Transportation Imbalance Charge per Dth (outside +/- 5% tolerance) \$0.07645

TS FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
	BSF Category 2	\$18.25
For a definition of BSF categories see § 8.03.	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Administrative Charge (see § 5.01).	Annual	\$4,500.00
	Monthly Equivalent	\$375.00
Firm Demand Charge per Dth (see §5.02).	Base Annual	\$25.81
	Infrastructure Adder	\$1.63580
	Tax Reform Surcredit	(\$1.56163)
	Total Annual	\$25.88
	Monthly Equivalent	\$2.16

TS CLASSIFICATION PROVISIONS

- (1) Service is available to end-use customers acquiring their own gas supply.
- (2) Customer must accept redelivery of all volumes received by the Company for its account. Imbalances will be subject to the provisions of § 5.09.
- (3) Service is subject to a monthly basic service fee and an administrative charge.
- (4) The interruptible portion of transportation service is provided on a reasonable-efforts basis, subject to interruption at any time after notice and as otherwise provided under Section 3.
- (5) The Customer may offer to sell, and the Company may agree to purchase, the Customer's interrupted volumes in accordance with the provisions of § 5.04.

3.02 PERIODS OF INTERRUPTION

INTERRUPTION CONDITIONS

Service under interruptible service rate schedules is subject to temporary periods of interruption upon notice by the Company, whenever the Company determines interruption is required to serve firm sales service customers. Service may also be interrupted to inject gas into storage reservoirs, for maintenance or replacement of facilities or for other reasons related to serving firm service customers. Resumption of service will not occur until the Company, at its discretion, can fulfill the demand of its firm service customers. The Company shall notify customers when service may resume.

SCHEDULE OF INTERRUPTION

All interruptible service is subject to simultaneous interruption. Upon notice from the Company, interruptible customers are required to interrupt as soon as is operationally possible, but no later than two hours from notice. The Company requires each interruptible customer to provide, and update as necessary, contact information that enables the Company to immediately notify a customer of a required interruption. In the event the Company is unable to notify a customer using the contact information, the customer may be subject to the charges and penalty described below.

System emergencies, irregularities of weather or other operating conditions may require immediate interruption. At times there may be a need for interruption on an isolated portion of the Company's system. If the simultaneous interruption of a different portion of the system will not assist in remedying the situation that gives rise to the need for interruption, customers in those areas will not be subject to simultaneous interruption.

At the time of an interruption, the Company shall use reasonable efforts to advise customers of the cause of the interruption. When feasible, interruptions may be partial. In such event, interruptible transportation and sales customers will be required to interrupt partially on a pro rata basis based on representative daily use levels. However, customers who are unable to partially interrupt or who prefer to interrupt 100%, if at all, may, at the Company's discretion, be allowed to interrupt on an all-or-nothing basis. Initially customers who are allowed to interrupt on an all-or-nothing basis will be required to interrupt 100%. The Company will endeavor to balance interruptions between customers who interrupt partially and those who interrupt on an all-or-nothing basis over the course of a year, but in no event shall the Company be liable if it is unable to do so.

FAILURE TO INTERRUPT

A customer who fails to interrupt when properly called upon by the Company to do so will incur a \$40-per-decatherm penalty for all interruptible volumes utilized during the course of an interruption. Each failure to interrupt will result in the imposition of the per-decatherm penalty. Any such penalties recovered by the Company shall be credited to the ratepayers as a reduction to the Infrastructure Rate-Adjustment Tracker.

Curtailment Period 6-Jan

Begin	End	Consumption Dth	Nomination Dth	Basis of Questar Penalty	USTAR Building MDCL / Dth	Consumption > 11.04 Dth
2:00 PM	3:00 PM	12	8.33	3.67	11.04	0.96
3:00 PM	4:00 PM	14	8.33	5.67	11.04	2.96
4:00 PM	5:00 PM	12	8.33	3.67	11.04	0.96
5:00 PM	6:00 PM	13	8.33	4.67	11.04	1.96
6:00 PM	7:00 PM	12	8.33	3.67	11.04	0.96
7:00 PM	8:00 PM	13	8.33	4.67	11.04	1.96
8:00 PM	9:00 PM	12	8.33	3.67	11.04	0.96
9:00 PM	10:00 PM	14	8.33	5.67	11.04	2.96
10:00 PM	11:00 PM	11	8.33	2.67	11.04	0.00
11:00 PM	12:00 AM	11	8.33	2.67	11.04	0.00
12:00 AM	1:00 AM	13	8.33	4.67	11.04	1.96
1:00 AM	2:00 AM	12	8.33	3.67	11.04	0.96
2:00 AM	3:00 AM	12	8.33	3.67	11.04	0.96
3:00 AM	4:00 AM	12	8.33	3.67	11.04	0.96
4:00 AM	5:00 AM	13	8.33	4.67	11.04	1.96
5:00 AM	6:00 AM	13	8.33	4.67	11.04	1.96
6:00 AM	7:00 AM	14	8.33	5.67	11.04	2.96
7:00 AM	8:00 AM	12	8.33	3.67	11.04	0.96
		225		75.06		26.33

Curtailment Period 7-Jan

Begin	End	QD C.U.	Nomination Dth	Basis of Questar Penalty	USTAR Building MDCL / Dth	C.U after 11 Dth firm
8:00 AM	9:00 AM	13	8.33	4.67	11.04	1.96
9:00 AM	10:00 AM	13	8.33	4.67	11.04	1.96
10:00 AM	11:00 AM	12	8.33	3.67	11.04	0.96
11:00 AM	12:00 PM	13	8.33	4.67	11.04	1.96
12:00 PM	1:00 PM	11	8.33	2.67	11.04	0.00
		62		20.35		6.83

Penalty Quantity Amount - Questar 95.41
 Curtailment Penalty Amount \$ 40.00
 Penalty Amount Applied by Questar \$ 3,816.40

33.17 Penalty Quantity Amount - USU
 \$ 40.00 Curtailment Penalty Amount
 \$ 1,326.67 Penalty Amount Calculated by USU

\$ 2,489.73 Amount of refund being requested by USU