
Application of Dominion Energy Utah to
Change the Infrastructure Rate Adjustment

DOCKET NO. 18-057-11

ORDER

ISSUED: September 27, 2018

SYNOPSIS

The PSC approves the above rate application on an interim basis, subject to audit, effective October 1, 2018.

The effect of the approval is to increase the annual bill of a typical GS residential customer by approximately \$2.45 or 0.39 percent.

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 (Infrastructure Tracker or Tracker).¹ 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.² The instant proceeding addresses the ninth Infrastructure Tracker rate adjustment-related docket since the 2013 GRC.³

¹ See *In the Matter of the 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/>.

² See *In the Matter of the 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/>.

³ See *In the Matter of the 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->

B. This Application

Dominion filed the instant Infrastructure Tracker Rate Adjustment Application (Application), including six exhibits, on September 4, 2018. The Application proposes to change the Infrastructure Rate Adjustment (IRA) of the distribution non-gas portions of its GS, FS, IS, TS, FT-1, MT, and NGV rate schedules to be effective October 1, 2018. If approved, the Application will result in an increase in a typical residential customer's annual bill by approximately \$2.45 or 0.39 percent.

On September 12, 2018, pursuant to a September 4, 2018 Notice of Scheduling Conference, the PSC issued a Scheduling Order for this docket, setting comment, reply comment, and intervention deadlines, and a hearing date. On September 19, 2018, the Division of Public Utilities (DPU) filed comments. No other party requested intervention or filed comments.

[no-14-057-27/](https://psc.utah.gov/2016/06/27/docket-no-15-057-13/); *In the Matter of the 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/>; *In the Matter of the 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/>; *In the Matter of the 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/>; *In the Matter of the 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/>; *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/>; Dominion Energy Utah's Proposed Tariff Revisions to Section 2.07, Infrastructure Rate Adjustment Tracker, and Associated Refund (Motion to Modify and Replace Tariff Schedules, filed January 31, 2018; Docket No. 18-057-T01), available at <https://psc.utah.gov/2018/02/01/docket-no-18-057-t01/>; and *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment* (Application filed September 4, 2018; Docket No. 18-057-11), available at: <https://psc.utah.gov/2018/09/04/docket-no-18-057-11/>.

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On September 27, 2018, the PSC conducted a hearing to consider the Application. Dominion and the DPU participated in the hearing. No other party appeared or contested the Application. The application and supporting evidence are uncontested and are briefly summarized below.

DISCUSSION

In this Application, Dominion represents it placed approximately \$336.032 million of infrastructure investment in service from January 2013 through August 2018.⁴ Accounting for reductions associated with interruptible penalties and certain corrections, this investment is consistent with a revenue requirement of \$25.620 million on the investment in excess of \$84 million, an incremental revenue requirement increase of \$3.515 million since the last IRA filing in Docket No. 18-057-T01.

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:

⁴ During the hearing, Dominion stated the majority of the additional investment occurred in the Feeder Line 21 Project in Davis County.

Revenue Requirement Calculation⁵

	<u>Revised Revenue Requirement</u>
1. Total Net Investment	\$336,031,911
2. Less: Amount currently in rates	<u>(\$84,000,000)</u>
3. Replacement Infrastructure in Tracker	\$252,031,911
4. Less: Accumulated Depreciation	(\$10,582,861)
5. Accumulated Deferred Income Tax	<u>(\$41,393,523)</u>
6. Net Rate Base	\$200,055,527
7. Current PSC-Allowed Pre-Tax Rate of Return	<u>x 9.33%</u>
8. Allowed Pre-Tax Return	\$18,665,181
9. Plus: Net Depreciation Expense	\$5,393,483
10. Net Taxes other than Income	<u>\$2,400,666</u>
11. Total Revenue Requirement	<u>\$26,459,330</u>
12. Less: Interruptible Penalty	(\$781,516)
13. Corrections to Rate Base in Docket No. 17-057-18	<u>(\$57,574)</u>
14. Remaining Revenue Requirement	\$25,620,240

(Footnotes omitted).

The DPU testified at hearing that approval of Dominion's Application will result in a revenue requirement increase of \$3.515 million, representing an increase of \$2.45 or 0.39 percent annually for a typical GS customer. Further, the DPU states 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 pending the outcome of its audit. No other party participated in this docket or otherwise opposed the Application.

⁵ See *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment* (Application, Exhibit 1.1 at 4, filed September 4, 2018; Docket No. 18-057-11), available at: <https://pscdocs.utah.gov/gas/18docs/1805711/304244DEUEx1.1-9-4-2018.pdf>.

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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 October 1, 2018, pending the completion and review of the DPU's audit.

DATED at Salt Lake City, Utah, September 27, 2018.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#304639

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 September 27, 2018, a true and correct copy of the foregoing was served upon the following as indicated below:

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