

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 18-057-13</u>
Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 18-057-14</u>
Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff Balancing Account	<u>DOCKET NO. 18-057-15</u>
Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 18-057-16</u>
Application of Dominion Energy Utah for an Adjustment to the Low Income Assistance/Energy Assistance Rate	<u>DOCKET NO. 18-057-17</u>
	<u>ORDER</u>

ISSUED: October 31, 2018

SYNOPSIS

The Public Service Commission (PSC) approves five rate applications of Dominion Energy Utah as set forth below. The combined effect of these applications is to decrease the annual bill of a typical GS residential customer using 80 decatherms (Dth) of natural gas by approximately \$36.36 or 5.71 percent.

The PSC approves the following applications on an interim basis, subject to audit, effective November 1, 2018:

- i. Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge (Docket No. 18-057-13);
- ii. Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah (Docket No. 18-057-14); and
- iii. Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance (Docket No. 18-057-16).

Additionally, the PSC approves the following applications on a final basis, effective November 1, 2018:

- iv. Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff Balancing Account (Docket No. 18-057-15); and

- v. Application of Dominion Energy Utah for an Adjustment to the Low Income Assistance/Energy Assistance Rate (Docket No. 18-057-17).

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BACKGROUND

Dominion Energy Utah (DEU) filed the above applications on October 1, 2018. Each application is addressed separately below and proposes discrete rate changes to be effective November 1, 2018.

On October 10, 2018, the PSC issued a Scheduling Order for these dockets. On October 23, 2018, the Division of Public Utilities (DPU) filed comments in each docket. On October 25, 2018, DEU filed updated exhibits and tariff sheets in Docket No. 18-057-14. On October 30, 2018, DEU filed tariff sheets in Docket No. 18-057-14 reflecting the proposed rate changes in these dockets and changes to tariff language approved by the PSC in Docket No. 18-057-T04.<sup>1</sup> No other party petitioned to intervene or filed comments in any of these dockets.

On October 31, 2018, the PSC's designated Presiding Officer conducted a hearing to consider the applications. DEU and the DPU participated in the hearing along with their respective counsel. DEU testified at hearing that, in addition to the tariff changes proposed in these dockets, the PSC had recently approved other changes to the same tariff sheets in Docket No. 18-057-T04, effective November 1, 2018. DEU's counsel offered an exhibit, marked "Hearing Exhibit 1," which incorporated the changes from both Docket No. 18-057-T04 and the instant dockets. DEU requested the PSC order a compliance filing of comprehensive tariff sheets

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<sup>1</sup> See *Application of Dominion Energy Utah to Make Tariff Modifications Relating to Transportation Service* (Order Approving Settlement Stipulation, issued October 23, 2018); Docket No. 18-057-T04.

incorporating the revisions discussed during the hearing and reflected in rates that would go into effect if all of the applications were approved. The applications and supporting evidence are uncontested and are briefly summarized below.

### DISCUSSION

#### **Docket No. 18-057-13: Daily Transportation Imbalance Charge Application**

The PSC approved a Daily Transportation Imbalance Charge in Docket No. 14-057-31.<sup>2</sup> This rate is applicable to transportation customers taking service under DEU's MT, TS, and FT-1 rate schedules.<sup>3</sup> Since February 2016, DEU has assessed this charge, which is required to be recalculated as part of the Pass-Through 191 Account Application addressed above. In this application, DEU proposes to increase the Daily Transportation Imbalance charge from \$0.07645 to \$0.08122 per Dth for daily imbalance volumes outside of a 5 percent tolerance for transportation customers,<sup>4</sup> using historical data for the twelve months ending August 31, 2018.

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<sup>2</sup> See *In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services* (Order, issued November 9, 2015); Docket No. 14-057-31.

<sup>3</sup> The FT-1 rate schedule was renamed TBF (Transportation Bypass Firm) in Docket No. 18-057-T04. In addition, the TS schedule now includes both Transportation Service Firm (TSF) and Transportation Service Interruptible (TSI) customer classes.

<sup>4</sup> DEU Tariff, Section 5.01, Transportation Service, defines "Daily imbalance" . . . as the difference between the customer's nominated volumes, less fuel, and the actual usage on any given day."

*The DPU Supports the Application, and No Party Opposed.*

The DPU testified the current imbalance charge has only been in place since February 2016, and it appears the nominations of many customers have become more accurate since this rate was imposed. According to the DPU, 80 percent of the transportation volumes are attributed to the 75 largest DEU customers and represent 55 percent of the total Dth outside of the tolerance limit. The remaining 773 transportation customers represent 20 percent of the total volumes and 45 percent of the Dth outside the tolerance limit.

The DPU recommended the proposed rate be approved on an interim basis, effective November 1, 2018, until the DPU can complete its audit. The DPU testified the requested changes are just and reasonable, and in the public interest. No party provided comments or testimony opposing the application.

**Docket No. 18-057-14: Pass-Through 191 Account Application**

DEU's Pass-Through 191 Account Application, as amended in its October 25 and 30, 2018 filings,<sup>5</sup> proposes adjustments in rates and charges for natural gas service related to DEU's Account 191.1 of the Uniform System of Accounts, Unrecovered Purchased Gas Costs (191 Account).<sup>6</sup> This application is based on projected Utah gas-related costs of \$485.545 million for

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<sup>5</sup> DEU's October 25, 2018 filing removed the costs of: 1) a new interstate transportation contract that will not be effective until the 2019 – 2020 heating season which DEU erroneously included in its application; and 2) two other interstate transportation contracts that were mistakenly included twice in DEU's analysis.

<sup>6</sup> See DEU's Utah Natural Gas Tariff PSCU 500 at 2-1 to 2-9. As the PSC recognized in an earlier docket, "[t]he 191 Account's purpose is to allow [DEU] to recover, on a dollar-for-dollar basis, the difference between projected gas costs and the actual costs [DEU] incurs to purchase gas. In addition to commodity gas costs, the 191 Account also tracks certain 'supplier non-gas costs' . . . which are costs associated with gathering, processing, transporting and storing gas." *In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah* (Order Memorializing Bench Rulings at 2, issued July 11, 2016); Docket No. 16-057-05.

the forecast test year ending October 31, 2019 (Test Year). This represents an overall decrease of \$45.784 million, reflecting a projected \$37.701 million commodity cost decrease and a projected \$8.083 million supplier non-gas (SNG) decrease.

*The Pass-Through 191 Account Application Seeks an Approximate \$0.34 Decrease per Decatherm in the Commodity Component of Rates.*

The Pass-Through 191 Account Application proposes to decrease DEU's commodity rate from \$3.47 per Dth to \$3.13 per Dth.<sup>7</sup> DEU's proposed commodity rate constitutes the sum of the "Base Gas Cost" rate and the "191 Amortization" rate, as shown below:

	<b><u>Current Commodity Rate per Dth</u></b>	<b><u>Proposed Commodity Rate per Dth</u></b>
Base Gas Cost	\$3.33262	\$3.41715
191 Amortization Rate	<u>\$0.13552</u>	<u>-\$0.28833</u>
<b>Total Commodity Rate</b>	\$3.46814	\$3.12882

The total commodity rate decrease reflects a slight decrease in the demand of natural gas along with a decrease in the cost of natural gas supplies. DEU's proposed 191 Amortization Rate reflects the commodity portion of the 191 Account balance of -\$32.036 million as of August 31, 2018. DEU proposes to amortize this balance by establishing a credit amortization of -\$0.28833 per Dth.

*The Pass-Through 191 Account Application Seeks an \$8.083 Million Decrease in the Total Revenue to be Collected in SNG Rates During the Test Year.*

DEU'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 are \$105.870 million, a decrease from

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<sup>7</sup> Pass-Through 191 Account Application, Updated Ex. 1.6 at 1.

\$113.468 million in Docket No. 18-057-04.<sup>8</sup> DEU proposes maintaining the SNG amortization amount of \$8.079 million approved in Docket No. 18-057-04 in order to keep the SNG Account balance within the +/- \$20 million parameters described on page 8, paragraph 13(a) of the Application. DEU proposes changes to the SNG Base Rate and the SNG amortization rate as follows:<sup>9</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>10</sup>		
SNG Base Rate	\$0.56770	\$0.52759
SNG Amortization Rate	<u>\$0.04046</u>	<u>\$0.04028</u>
Total	\$0.60816	\$0.56787
Winter Blocks 1 and 2		
SNG Base Rate	\$1.20913	\$1.12370
SNG Amortization Rate	<u>\$0.08617</u>	<u>\$0.08578</u>
Total	\$1.29530	\$1.20948
<b>FS Rate Schedule</b>		
Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.56770	\$0.52759
SNG Amortization Rate	<u>\$0.04046</u>	<u>\$0.04028</u>
Total	\$0.60816	\$0.56787
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.17764	\$1.09444
SNG Amortization Rate	<u>\$0.08393</u>	<u>\$0.08355</u>
Total	\$1.26157	\$1.17799
<b>NGV Rate Schedule</b>		
SNG Base Rate	\$0.87253	\$0.81088
SNG Amortization Rate	<u>\$0.06218</u>	<u>\$0.06190</u>
Total	\$0.93471	\$0.87278
<b>IS Rate Schedule</b>		

<sup>8</sup> See *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*; Docket No. 18-057-04.

<sup>9</sup> See *Pass-Through 191 Account Application, Ex. 1.6U* at 3.

<sup>10</sup> The GS Block 1 rate is applicable to the first 45 Dth. Block 2 is applicable to usage greater than 45 Dth.

SNG Base Rate	\$0.17909	\$0.17907
SNG Amortization Rate	<u>not applicable</u>	<u>not applicable</u>
Total	\$0.17909	\$0.17907

*The DPU Supports the Pass-Through, 191 Account Application, Pending its Opportunity to Conduct an Audit, and No Party Opposed the Application.*

The DPU testified the rates proposed in the Pass-Through 191 Account Application are just and reasonable, and in the public interest, and recommended their approval on an interim basis effective November 1, 2018, subject to audit and review. The DPU calculates a typical GS residential customer will realize an annual bill decrease of \$32.88 or 5.16 percent, if this application is approved. No party provided comments or testimony opposing the application.

**Docket No. 18-057-15: Conservation Enabling Tariff Application**

This application affects DEU’s Conservation Enabling Tariff (CET) amortization component of the Distribution Non-Gas (DNG) rate of the GS rate schedule. According to DEU, as of August 2018, the CET account has an over-collected balance of \$9.153 million. DEU proposes to amortize the August 2018 balance by applying a percentage change to the GS DNG rate. As a result, a typical FS customer using 80 decatherms per year will see an annual bill decrease of approximately \$7.43 or 1.17 percent.

	<b><u>Current CET Rate per Dth</u></b>	<b><u>Proposed CET Rate per Dth</u></b>	<b><u>Difference in CET Rates per Dth</u></b>
<b>GS Rate Schedule</b>			
Summer Block 1	\$0.00000	-\$0.07431	-\$0.07431
Summer Block 2	\$0.00000	-\$0.03128	-\$0.03128
Winter Block 1	\$0.00000	-\$0.10112	-\$0.10112
Winter Block 2	\$0.00000	-\$0.05808	-\$0.05808

*The DPU Supports the Proposed Conservation Enabling Tariff Rates, and No Party Opposed the Application.*

The DPU testified the rates proposed in the CET Application are just and reasonable, and in the public interest, and recommended the PSC adopt them effective November 1, 2018. The DPU testified the CET does not require an audit because the DPU had already verified relevant audit parameters (i.e., the number of customers and the CET rate).<sup>11</sup> If approved, the DPU calculates a typical GS customer will see an annual rate decrease of \$7.43 or 1.17 percent. No party provided comments or testimony opposing the application.

**Docket No. 18-057-16: Energy Efficiency Deferred Account Application**

Through this application, DEU proposes to increase the DSM amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks from the \$0.20370 per Dth approved in Docket No. 17-057-17<sup>12</sup> to \$0.25373 per Dth. DEU's amortization rate reflects a 2019 Energy Efficiency (EE) budget of \$24.545 million, a Test Year EE collection of \$27.320 million, and a Test Year net interest expense of \$0.00 (*see* Exhibit 1.3 at 2). DEU states that based on forecasted 2019 budgeted expenditures and higher projected volumes for the 2018-2019 test period, it will be able to collect the necessary revenue while at the same time minimizing interest expense.<sup>13</sup>

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<sup>11</sup> At hearing, the DPU corrected its October 23, 2018 comments clarifying its recommendation to approve the CET rates as final.

<sup>12</sup> *See Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance* (Order Memorializing Bench Ruling, issued November 2, 2017); Docket No. 17-057-17.

<sup>13</sup> *See Energy Efficiency Deferred Account Application* at 4, ¶ 3.



*The DPU Supports the Application, and No Party Opposes.*

If approved, a typical GS customer will see an annual increase of \$4.01 or 0.63 percent. The DPU testified the rates proposed in the DSM/EE Application are just and reasonable, and in the public interest. The DPU recommended the PSC approve the requested rate change on an interim basis effective November 1, 2018, subject to audit and review.

**Docket No. 18-057-17: Low Income Assistance/Energy Assistance Rate Application**

In Docket No. 10-057-08, the PSC approved the Low Income Assistance/Energy Assistance Program (Program) affecting the energy assistance component of the DNG rates of the GS, FS, NGV, IS, FT-1, MT, and TS rate classes and established a \$1.5 million balancing account (Account 191.8) to provide bill credits to qualified low-income customers. In this application, DEU seeks an adjustment to Account 191.8 to ensure that the target funding level of \$1.5 million is maintained.

According to DEU, during the period ending July 2018, it over-collected \$0.0848 million from customers on a cumulative basis since the beginning of the Program. This amount, when added to the \$1.5 million allowable balance, yields a sum of \$1.415 million that will be collected from customers during the Test Year.

DEU reports that participation in the Program has declined since 2013, leading to a higher credit amount available to participants in the upcoming heating season. Accordingly, DEU proposes to increase the per-customer Program credit amount from \$72.50 to \$77.00.<sup>14</sup>

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<sup>14</sup> DEU calculates the \$77.00 credit as follows: (\$1.735 million, representing a projected collection level of \$1,415,192 plus the July 2018 Low Income Account balance of \$319,982) divided by 22,443 (the average number of actual participants from 2016 to 2018).

Utah Code Ann. § 54-7-13.6(5) provides that a surcharge may not be collected from customers currently participating in the Program, but shall be calculated as an equal percentage of revenues from all rate schedules not to exceed \$50.00 unless otherwise adjusted for inflation.

DEU represents that its rate calculations satisfy these limitations.

*The DPU Supports the Low Income Assistance/Energy Rate, and No Party Opposed the Application.*

The DPU supports DEU's Low Income Energy Assistance Application to change the annual credit from \$72.50 to \$77.00 and testified the rates proposed are just and reasonable, and in the public interest, and recommended approval effective November 1, 2018. Based on the information presented in the application, the DPU calculates a typical GS residential customer will see an annual bill decrease of \$0.06 or 0.01 percent. No party provided comments or testimony opposing the application.

**Summary of the Combined Effect of All the Applications, if Approved**

The combined effect of these applications is to decrease the annual bill of a typical GS residential customer by approximately \$36.36 or 5.71 percent.

<b>Pass-Through Application:</b>	<b>\$32.88 decrease or 5.16%</b>
<b>Conservation Enabling Tariff Application:</b>	<b>\$7.43 decrease or 1.17%</b>
<b>DSM/EE Deferred Application:</b>	<b>\$4.01 increase or 0.63%</b>
<b>Low Income Assistance/Energy Assistance:</b>	<b><u>\$0.06 decrease or 0.01%</u></b>
	<b>\$36.36 decrease or 5.71%</b>

FINDINGS, CONCLUSION, AND ORDER

Based on DEU's applications and exhibits, the DPU's comments, and the testimony and evidence presented at hearing, the PSC finds the rates in Docket Nos. 18-057-13, 18-057-14, 18-057-15, 18-057-16, and 18-057-17 are just and reasonable, and in the public interest.

Therefore, the PSC orders:

1. The rates proposed in Docket Nos. 18-057-13 and 18-057-16, are approved on an interim basis effective November 1, 2018, pending the results of the DPU's forthcoming audits.
2. The rates proposed in Docket No. 18-057-14, as amended on October 25 and October 30, 2018 are approved on an interim basis effective November 1, 2018, pending the results of the DPU's forthcoming audit.
3. The rates proposed in Docket Nos. 18-057-15 and 18-057-17 are approved effective November 1, 2018.
4. Within 7 days of this order DEU shall file revised tariff sheets.

DATED at Salt Lake City, Utah, October 31, 2018.

/s/ Melanie A. Reif  
Presiding Officer

DOCKET NOS. 18-057-13, 18-057-14, 18-057-15, 18-057-16, and 18-057-17

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Approved and confirmed October 31, 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#305337

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 October 31, 2018, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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Administrative Assistant