



GARY HERBERT.  
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State of Utah  
Department of Commerce  
Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

## ACTION REQUEST RESPONSE

**To: Public Service Commission**

From: Division of Public Utilities  
Chris Parker, Director  
Energy Section  
Artie Powell, Manager  
Doug Wheelwright, Technical Consultant  
Eric Orton, Technical Consultant

Date: November 13, 2018

Subject: **Approve**

Docket No. 18-057-21, Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment

### RECOMMENDATION

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) authorize the proposed new rates as requested by Dominion Energy Utah (Gas Utility) in its applications. After a preliminary review of the applications, the Division recommends approval on an interim basis with an effective date of December 1, 2018. The Division recommends that these requested rate changes be approved on an interim basis in order to allow additional time for the Division to complete an audit of the individual entries in the respective accounts.

## **BACKGROUND**

On November 1, 2018, the Company filed the application identified above with the Commission, just two months after its last Infrastructure Rate Adjustment (IRA) filing in Docket No. 18-057-11. On that same day the Commission issued its Action Request directing the Division to review the application and make recommendations. On November 2, 2018, the Commission issued a Notice of Scheduling Conference set for November 8, 2018. The initial Action Request response was due November 23, 2018, however, following the Scheduling Conference revised due dates were established. The revised schedule calls for comments from the Division on November 15, 2018 with reply comments due on November 21, 2018, and a hearing scheduled on November 26, 2018 with proposed rates being effective December 1, 2018. This is the Division's Action Request Response and its initial comments.

## **DISCUSSION**

The Gas Utility proposes to change the IRA of the distribution non-gas portions of its GS, FS, IS, TS, FT-1, MT, and NGV rate schedules. If approved, the Application will result in an increase in a typical residential customer's annual bill by approximately \$5.21 or 0.87 percent

This request is the tenth Infrastructure Rate Adjustment filing since the 2013 general rate case. In this filing, the Gas Utility shows the amounts and dates of when infrastructure investment was completed and placed into service since October 2017. The Gas Utility now proposes to collect in rates the revenue requirement associated with these investment amounts. It supports this application with five exhibits.

The Gas Utility's five exhibits are as follows:

### **Exhibit 1.1**

This provides the dollar amounts showing the infrastructure investment from October 2017 through October 2018. Page 4 of 4 summarizes the preceding exhibit pages and shows the results representing that it placed approximately \$388.111 million of infrastructure investment in service from January 2013 through October 2018. Subtracting out the \$84.000 million already in rates

results in a net amount of Replacement Infrastructure of \$304.111 million. This investment produces a revenue requirement of \$32.625 million which is an incremental revenue requirement increase of \$7.005 million since the last IRA filing two months ago in Docket No. 18-057-11.

#### Exhibit 1.2

This exhibit shows the proposed Cost of Service Allocation of the \$32.625 million proposed revenue requirement.

#### Exhibit 1.3

This shows how the \$32.625 million will be divided using the demand charge and volumetric rates to collect the proper amount from each customer class.

#### Exhibit 1.4

This demonstrates the monthly change to a typical GS customer showing an annual increase of \$5.21 or 0.87 %.

#### Exhibit 1.5

This shows the legislative and rate schedule tariff sheets for the applicable classes of customers. Also, included in the calculation is a reduction of the decrease in the amount of \$2,490 last recorded in the Tracker as a result of the Interruptible Penalty. This takes the penalty adjustment from \$125,760 down to \$123,270 and represents “an adjustment to a previously collected penalty as a result of a settled customer dispute” relating to the penalty collected from the interruptible customers resulting from the January 6, 2017 event.

In summary, the proposal is a total revenue requirement of \$32.625 million or an Incremental Revenue Requirement increase of \$7.005 million from the current Revenue Requirement of \$25.620 million. This current Revenue Requirement was ordered on an interim basis in docket 18-057-11.

## **CONCLUSION**

This application complies with past Commission orders and the proposed tariff sheets accurately reflect the proposed changes filed by the Gas Utility. The Division has reviewed the filing along with the respective exhibits and tentatively agrees with the methods used.

Therefore, the Division recommends the Commission approve the proposed rates on an interim basis until the Division can complete its audits, at which time it will make a final recommendation to the Commission. This initial review does not constitute the Division's final post-audit position. The Division's final position will be included with its audit results.

CC: Kelly Mendenhall, Dominion Energy Utah  
Michele Beck, Office of Consumer Services