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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	
)	Docket No. 18-057-22
Dominion Energy Utah's Replacement)	
Infrastructure 2019 Annual Plan and Budget)	DOMINION ENERGY UTAH'S
)	REPLY COMMENTS

Dominion Energy Utah (Dominion Energy or Company) respectfully submits these Reply Comments to the Action Request Response issued by the Utah Division of Public Utilities (Division) on December 11, 2018 in the above-referenced docket.

I. BACKGROUND

On November 15, 2018, the Company submitted its Replacement Infrastructure 2019 Annual Plan and Budget (2019 Budget) to the Utah Public Service Commission (Commission) in accordance with section 2.07 of its Utah Natural Gas Tariff No. 500 (Tariff). On that same day, the Commission issued an Action Request asking the Division to review the filing for compliance and make recommendations. On November 19, 2018, the Commission issued a Notice of Filing and Comment Period indicating that interested parties could submit comments on December 11, 2018 and reply comments would be due December

18, 2018. On December 11, 2018, the Division filed an Action Request Response recommending that the Commission acknowledge the Company's filing as compliant with paragraph 22.b. of the Partial Settlement Stipulation in Docket No. 13-057-05 (Stipulation). The Company offers its response below.

II. DISCUSSION

The Company agrees with the Division that the originally-filed budget meets the requirements set forth in Stipulation and that the Commission need only acknowledge that the Company has met the appropriate filing requirements. However, the Company seeks to address some items raised in the Division's Action Request Response.

First, the Division references the footage reported on Exhibit 2 of the 2019 Budget. Though the Division refers to footage as footage the Company plans to "replace," or "work on" in 2019, the referenced footage is actually footage that will be *retired* in 2019. The Company will construct more footage in 2019 than it will retire because gas will need to remain in the vintage pipes until the new pipe is sufficiently interconnected to the distribution system as a whole. This allows the Company to maintain service while completing new pipe installation. For example, the Division states that "the Gas Utility plans on working on FL23 in 2019 only, but the larger project is to replace FL22 and FL23," and "FL22 is comingled with the work on FL23, without any actual work on FL22 planned in 2019." Again, the Company will conduct work on FL22 in 2019, but the new section of pipe will not be placed into service in 2019. Because of that, no projected retirement was included in Exhibit 2 for FL22.

The Division stated "for many years the Division has held that generally pipe under eight inches in diameter and/or pipe newer than 1970 should not be included in the Tracker."

As discussed in technical conferences each year, and in the Tariff language governing the Company's Infrastructure Rate Adjustment Tracker program, the Company considers a number of factors in determining which pipe to replace, including age of the pipe and others. While the age of the pipe is an important factor to consider when scheduling Tracker replacement, it is not, and should not be, the only factor. Section 2.07 of the Company's Tariff clearly states:

Factors considered in replacing infrastructure include, *but are not limited to*:

- (1) Age and performance of existing pipeline (e.g. vintage steels, seams, welds and coatings).
- (2) Reconditioned pipe (i.e. refurbished and reinstalled pipe).
- (3) Operation and maintenance history.
- (4) Pipeline safety compliance.
- (5) High Consequence Area or high population.

In addition to the broad categories of information delineated in the Tariff, the Company considers a number of more specific factors when determining a replacement schedule including risk score priority, remedial actions, permitting requirements, environmental requirements, local government requirements, efficiency considerations, real property and right-of-way acquisitions and other project-specific considerations.

As the Division has expressed concern that some post-1970 pipe is scheduled to be replaced, the Company would like to provide some additional details on these segments and clarify why such replacement should be expected to occur routinely as part of these replacement projects. The sole purpose of any tracker replacement project (including the FL21 project scheduled for 2019) is to replace pipe segments that have been identified based on consideration of the various risk factors mentioned above (including, but not limited to, the age of the pipe). The intended result of these replacement projects is a more modernized, safe, and reliable distribution system. In the case of FL21, that result would be nearly impossible

and impractical to achieve without also impacting some portions of pipe that was installed after 1970.

FL21 consists of primarily 20" pipe, including the section installed in 2010. Dominion Energy will be replacing FL21 with 24-inch pipe. The 2010 section of FL 21 was a small portion of the pipe that was relocated 2010 in order to accommodate UDOT's construction a new Layton Interchange on Interstate 15. UDOT reimbursed the Company for this relocation. This section, and the remainder of FL 21, is scheduled for replacement in 2019 with a larger-diameter pipe in order to increase capacity and make the pipe Internally Inspectable (piggable). Replacing all portions of FL21 surrounding the 2010 section, and leaving the 2010 section is not only impracticable, it would undermine benefits associated with the larger-diameter pipe.

While the Tariff does not prohibit the inclusion of post-1970 pipe in the infrastructure rate adjustment tracker, the Company notes the Division's concerns with this practice and plans to work collaboratively in the next general rate case to address the Division's concerns, as well as the appropriate level of spending in the infrastructure replacement program going forward.

The Division also expresses concerns as to the size of pipe that should be replaced. The Company believes that to achieve the objective of the replacement program, it would be imprudent to ignore all high-pressure pipe that is smaller than 8". This pipe has always been included in the feeder line tracker master lists and schedules provided pursuant to the partial settlement stipulation in Docket No 13-057-05.

III. CONCLUSION

Based on the foregoing, the Company requests that the Commission acknowledge the proposed budget as meeting the requirements set forth in the Partial Settlement Stipulation in Docket 13-057-05.

DATED this 18th day of December, 2018.

Respectfully submitted,

DOMINION ENERGY UTAH



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CERTIFICATE OF SERVICE

This is to certify that on December 18, 2018 a true and correct copy of Dominion Energy Utah's Replacement Infrastructure 2019 Annual Plan and Budget was served upon the following by electronic mail:

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