

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 19-057-04</u>
Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 19-057-05</u>
Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff Balancing Account	<u>DOCKET NO. 19-057-06</u> <u>ORDER</u>

ISSUED: March 26, 2019

SYNOPSIS

The Public Service Commission (“PSC”) approves the rate applications in these dockets, to be effective April 1, 2019, as set forth below. The combined effect of these applications is to increase the annual bill of a typical GS residential customer using 82 decatherms (Dth) of natural gas by approximately \$15.08, or 2.43 percent.

- i. Approval of the application in Docket No. 19-057-04 (“Pass-Through Application”) on an interim basis results in an increase of approximately \$9.79, or 1.58 percent, for a typical residential customer using 82 Dth of natural gas per year;
- ii. Approval of the application in Docket No. 19-057-05 (“Daily TIC Application”) on an interim basis results in an increase to the Daily Transportation Imbalance Charge (“TIC”) from \$0.08122 to \$0.08323 per Dth for daily imbalance volumes outside of the five percent tolerance for transportation customers;
- iii. Additionally, the PSC approves the application in Docket No. 19-057-06 (“CET Application”) as final. This approval results in an increase of approximately \$5.27, or 0.85 percent, for a typical residential customer using 82 Dth of natural gas per year.

BACKGROUND

On March 1, 2019, Dominion Energy Utah (“DEU”), filed applications in the above referenced dockets, which propose rate changes, effective April 1, 2019.

On March 6, 2019, the PSC issued a scheduling order and a notice of hearing for these dockets. On March 15, 2019, the Division of Public Utilities (“DPU”) filed comments in each docket. No other party sought intervention or filed comments.

On March 20, 2019, the PSC’s designated Presiding Officer conducted a hearing to consider the applications. DEU and the DPU participated and testified. The applications and supporting evidence are uncontested and briefly summarized below.

DISCUSSION

Docket No. 19-057-04: Pass-Through Application

DEU’s Pass-Through Application proposes an increase of \$13.227 million 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”). The overall increase consists of an increase of \$17.418 million in the commodity portion of rates and a decrease of \$4.191 million in the supplier non-gas (“SNG”) portion of rates. This application is based on projected Utah gas-related costs of \$464.741 million for the forecast test year ending March 31, 2020 (“Test Year”).

The Pass-Through Application Seeks an Approximate \$0.16 Increase per Decatherm in the Commodity Component of Rates.

DEU’s “Total Commodity Rate” is the sum of the “Base Gas Cost” rate and the “191 Amortization” rate. According to the Pass-Through Application, DEU forecasts a Base Gas Cost of \$357.397 million. However, Base Gas Cost revenues collected at currently effective rates¹

¹ See *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 18-057-14.

will collect \$379.710 million. Accordingly, DEU proposes to adjust the commodity rate to reflect the decrease in Base Gas Cost of \$22.313 million. The decrease is primarily driven by decreases in costs associated with Wexpro Cost-of-Service (“COS”) gas production, gas market purchases, and injections to and withdrawals from gas storage.

In addition, DEU reports a \$7.691 million balance (under-collected) in the commodity amortization portion of the 191 Account at the end of January 2019. However, if left unchanged, the 191 amortization rate set in Docket No. 18-057-14 is forecast to refund \$32.039 million to customers. Accordingly, DEU proposes to adjust the 191 Account amortization rate to reflect an increase of \$39.730 million.

DEU’s requested \$17.418 million total commodity increase is the sum of these two components (i.e., \$22.313 million commodity cost decrease plus \$39.730 million cost increase in Account 191 amortization rates). As a result, the Pass-Through Application proposes to increase DEU’s Total Commodity Rate from \$3.13 per Dth to \$3.29 per Dth as shown below:

	<u>Current Commodity Rate per Dth</u>	<u>Proposed Commodity Rate per Dth</u>
Base Gas Cost	\$3.41715	\$3.21635
<u>191 Amortization Rate</u>	<u>(\$0.28833)</u>	<u>\$0.06922</u>
Total Commodity Rate	\$3.12882	\$3.28557

The Pass-Through Application Seeks a \$4.191 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, DEU forecasts the March 2019 ending balance in the SNG portion of the 191 Account will be over-collected by \$17.560 million, which DEU states should be close to \$20 million in the spring (and -\$20 million in the fall). To keep this account balance within the

+/- \$20 million balancing targets, DEU proposes to amortize the \$2.440 million difference between the \$20 million over-collection target and the \$17.560 million March 2019 over-collected SNG balance. Given DEU’s forecast SNG gas costs of \$107.343 million and the proposed \$2.440 million SNG account balance amortization amount, the Total SNG gas costs equals \$109.783 million. At current SNG base rates, however, DEU will collect \$113.974 million. The resulting gap between Total SNG Costs and annual revenues collected at current rates constitutes the \$4.191 million decrease in total SNG costs DEU proposes to adjust through this application. The rates are as follows:²

	<u>Current SNG Rate per Dth</u>	<u>Proposed SNG Rate per Dth</u>
GS Rate Schedule		
Summer Blocks 1 and 2 ³		
SNG Base Rate	\$0.52759	\$0.53482
<u>SNG Amortization Rate</u>	<u>\$0.04028</u>	<u>\$0.01216</u>
Total	\$0.56787	\$0.54698
Winter Blocks 1 and 2		
SNG Base Rate	\$1.12370	\$1.13909
<u>SNG Amortization Rate</u>	<u>\$0.08578</u>	<u>\$0.02590</u>
Total	\$1.20948	\$1.16499
FS Rate Schedule		
Summer Blocks 1, 2, and 3		
SNG Base Rate	\$0.52759	\$0.53482
<u>SNG Amortization Rate</u>	<u>\$0.04028</u>	<u>\$0.01216</u>
Total	\$0.56787	\$0.54698
Winter Blocks 1, 2, and 3		
SNG Base Rate	\$1.09444	\$1.10943
<u>SNG Amortization Rate</u>	<u>\$0.08355</u>	<u>\$0.02523</u>
Total	\$1.17799	\$1.13466

² See Pass-Through Application, Ex. 1.8.

³ The GS Block 1 rate is applicable to the first 45 Dth and Block 2 is applicable to usage greater than 45 Dth. Pass-Through Application, Ex. 1.8.

NGV Rate Schedule

SNG Base Rate	\$0.81088	\$0.82198
<u>SNG Amortization Rate</u>	<u>\$0.06190</u>	<u>\$0.01870</u>
Total	\$0.87278	\$0.84068

IS Rate Schedule

Blocks 1, 2, and 3		
SNG Base Rate	\$0.17907	\$0.17907
<u>SNG Amortization Rate</u>	<u>not applicable</u>	<u>not applicable</u>
Total	\$0.17907	\$0.17907

(Pass-Through Application, Ex. 1.8.)

The DPU Supports the Pass-Through Application, Pending its Opportunity to Conduct an Audit.

If approved, the DPU calculates a typical GS customer consuming 80 Dth per year will see an annual rate increase of \$9.58, or 1.58 percent. The DPU states the proposed changes are in the public interest, represent just and reasonable rates for Utah customers,⁴ and recommends they be approved on an interim basis effective April 1, 2019, subject to DPU audit.

Docket No. 19-057-05: Daily TIC Application

The PSC approved a Daily TIC in Docket No. 14-057-31.⁵ The rate is applicable to transportation customers taking service under DEU's MT, TSF, TSI, and TBF rate schedules. Since February 2016, DEU has assessed this charge, which is required to be recalculated as part of the Pass-Through Application addressed above. In its application filed in Docket No. 19-057-05, DEU proposes to increase the Daily TIC from \$0.08122 to \$0.08323 per Dth for daily

⁴ DPU March 15, 2019 Comments at 14.

⁵ *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*, Docket No. 14-057-31, Order issued November 9, 2015.

imbalance volumes outside of a five percent tolerance for transportation customers, using historical data for the twelve months ending January 31, 2019.⁶

The DPU Supports the Daily TIC Application.

The DPU testified the current imbalance charge has been in place since 2016, and while it does appear the nominations have become more accurate since this rate was imposed, the DPU indicates that a number of individual customers with gas nominations still fall outside the acceptable range. The DPU noted an apparent tendency wherein nominations of certain smaller TS customers are incurring an outsized proportion of penalties paid for exceeding daily tolerance limits. The DPU represented it will continue to analyze the historical gas nominations and will make any necessary recommendations, noting the disparity may be simply due to the nature of smaller customer gas usage. Because credits from TS customers flow through the 191 account, the DPU recommends approving the change to the TIC rate on an interim basis until its audit of the 191 Account is complete. The DPU testified the requested changes are in the public interest.

Docket No. 19-057-06: CET Application

The CET 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 January 31, 2019, the CET account has an over-collected balance of \$2.867 million. At the current CET rates, however, DEU will refund \$9.180 million to customers. DEU proposes to

⁶ Dominion Energy Utah Natural Gas Tariff PSCU 500, Section 5, Transportation Service, defines "'Daily imbalance' . . . [as] the difference between the customer's scheduled quantities, less fuel, and the customer's actual usage on any given day[.]"

amortize the resulting \$6.313 million difference by applying a percentage change to the GS DNG rates.

GS Rate Schedule	<u>Current CET Rate per Dth</u>	<u>Proposed CET Rate per Dth</u>	<u>Difference in CET Rates per Dth</u>
Summer Block 1	-\$0.07431	-\$0.02321	\$0.05110
Summer Block 2	-\$0.03128	-\$0.00977	\$0.02151
Winter Block 1	-\$0.10112	-\$0.03158	\$0.06954
Winter Block 2	-\$0.05808	-\$0.01814	\$0.03994

The DPU Supports the Proposed CET Rates.

The DPU testified the CET Application requires neither an audit nor interim approval.

The DPU testified the proposed changes are in the public interest, and represent just and reasonable rates for Utah customers. The DPU recommends the PSC adopt the changes, effective April 1, 2019. If approved, the DPU calculates a GS customer consuming 80 Dth per year will see an annual rate increase of \$5.11, or 0.84 percent.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based on DEU's applications and exhibits, the DPU's comments and recommendations, the testimony and evidence presented at hearing, and the lack of opposition from any party, we find the rates proposed in Docket Nos. 19-057-04, 19-057-05, and 19-057-06 are just, reasonable, and in the public interest.

ORDER

Therefore,

- 1) We approve the Pass-Through Application and the Daily TIC Application, and the rates proposed in them, on an interim basis, effective April 1, 2019, pending the results of the DPU's forthcoming audits;
- 2) We approve the CET Application and proposed rates as final, effective April 1, 2019; and
- 3) We approve, as filed, tariff sheet nos. 2-2, 2-3, 2-4, 2-5, 2-6, 4-3, 4-4, and 5-6 through 5-11.

DATED at Salt Lake City, Utah, March 26, 2019.

/s/ Michael J. Hammer
Presiding Officer

Approved and confirmed March 26, 2019, 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#307299

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 March 26, 2019, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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