



State of Utah

Department of Commerce Division of Public Utilities

MARGARET BUSSE
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

David Williams, Utility Analyst

Date: January 14, 2021

Re: **Docket No. 19-057-11**, Application of Dominion Energy Utah for Approval of a Special Contract with Fleet Saver, LLC for RNGT Service.

Recommendation (Acknowledge with Recommendation)

The Utah Division of Public Utilities (“Division”) recommends that the Public Service Commission of Utah (“Commission”) acknowledge with conditions the Status Update submitted by Dominion Energy Utah (“Dominion” or the “Company”) on December 18, 2020 in Docket No. 19-057-11. The Division recommends that the Commission impose a condition that the Company be required to file a status report, similar in format to the December 18, 2020 Status Update, by March 31, 2023, covering 2021 and 2022.

Background

On April 11, 2019, Dominion filed an application with the Commission seeking approval of a contract with Fleet Saver, LLC (“Fleet Saver”) involving renewable natural gas transportation.¹ In its Application, Dominion proposed a contract with Fleet Saver whereby Fleet Saver collects

¹ See *Application*, Docket No. 19-057-11.

biogas from landfills and other sources, processes the biogas into pipeline-quality methane renewable natural gas (“RNG”), and uses the Dominion pipeline system to deliver it to Dominion natural gas vehicle (“NGV”) stations. The RNG, once it enters the pipeline, is mixed with Dominion’s “regular” natural gas. At the NGV stations, Dominion would sell compressed natural gas (“CNG”) to companies who have contracted with Fleet Saver. These companies use the NGV stations to fill their CNG vehicles. Dominion believed that the Fleet Saver contract would help ease upward pressure on CNG prices, and on NGV tariff rates.

In its 2019 Comments, the Division stated:

The Division agrees with Dominion that absent the enactment of the Fleet Saver program, or a cross-class subsidy, NGV rates will likely increase significantly in the expected 2019 rate case. The Division also agrees that a successful Fleet Saver program will help to mitigate this rate increase, although it is not clear if an NGV rate increase can be avoided altogether; this will not be known until the adjudication of the rate case.²

The Division recommended approval of the contract, with some conditions that would ensure pre-existing compressed NGV customers would not be adversely affected by the contract. The Commission approved the contract, with the condition that the Company file a report containing the following information within 90 days after the first year the Fleet Saver Agreement took effect:

- a. the actual maximum one-day Fleet Saver amount at each station,
- b. the actual maximum hourly usage at each station, and
- c. any complaints by “normal” CNG customers and neighboring residents or businesses regarding Fleet Saver’s usage of the NGV filling stations.³

The Company’s Status Update is in response to these conditions. The Company states that there have been no NGV customer complaints regarding Fleet Saver’s usage of the NGV filling stations (e.g., no non-Fleet Saver customers have complained that Fleet Saver customers are causing longer wait times or other issues, and no residents near the stations have complained

² *Comments from the Division of Public Utilities*, Docket No. 19-057-11 (Application of Dominion Energy Utah for Approval of a Special Contract with Fleet Saver, LLC for RNGT Service), May 28, 2019, p. 4.

³ *Order Approving RNGT Service Special Contract*, Docket No. 19-057-11, June 26, 2019 (“Order”), p. 5.

about increased traffic). The Company also provided a spreadsheet with maximum one-day Fleet Saver usage at each NGV station, and the actual maximum hourly usage at each station.

Discussion

The Company's filing met the conditions required in the Commission's Order.

The maximum hourly volumes reported by the Company in its DEU Attachment A to the Status Update are below the maximum hourly amounts specified in the contract with Fleet Savers, with one exception, the overage amount of which is *de minimus*. The station with the highest Fleet Saver volumes (Airport Parking) is a station added to the contract as an addendum, and (based on conversations with the Company) is solely used by Fleet Saver customers. Based on these volumes, and the lack of complaints by non-Fleet Saver NGV customers, the Division concludes there have been no significant adverse effects on those customers, or on residents near the stations, and there is little risk of such effects in the future. As the NGV rate has already been determined in the general rate case, the Division does not see the need for annual reports.

However, the Division believes that at least one more status update is warranted, in two years. If there are complaints in the future, this recommendation can be revisited. The Division recommends that the Commission order a status update, similar in format to the December 18, 2020 Status Update, by March 31, 2023, covering 2021 and 2022.

The long-term effect of the Fleet Saver Agreement on the NGV rate will depend on Fleet Saver volumes. An increase in the NGV rates in the Company's general rate case was approved by the Commission. The base distribution non-gas ("DNG") rate for the NGV class increased from \$7.17500 per Dth at the time of the rate case, to \$8.17277 per Dth as of March 2020, an increase of around 14%.⁴ However, this increase would have been higher without the Fleet Saver contract.

⁴ *Report and Order*, Docket No. 19-057-02 (Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications), February 25, 2020, Table 8, p. 40.

Conclusion

The Division's evaluation indicates that the Status Update complies with the Commission's order. The Division does not believe annual updates are required, but does recommend that the Company be required to file at least one more status update, for the years 2021 and 2022. The Division recommends that this status update be due March 31, 2023.

Cc: Kelly Mendenhall, Dominion Energy
Jordan Stephenson, Dominion Energy
Jenniffer Clark, Dominion Energy
Michele Beck, Utah Office of Consumer Services