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State of Utah

Department of Commerce Division of Public Utilities

CHRIS PARKER ARTIE POWELL
Executive Director *Director, Division of Public Utilities*

Action Request Response

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Artie Powell, Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Eric Orton, Utility Technical Consultant
Date: September 21, 2020
Re: **Docket No. 19-057-23**, Application of Dominion Energy of Utah for Approval of Special Agreement with Rawhide Leasing, LLC for CNG Service.

Recommendation (No Action)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) take no action regarding the status update filed on September 1, 2020 by Dominion Energy Utah (Dominion or Company).

Issue

In the Report and Order which approved the Settlement Stipulation, the Commission directed Dominion to submit a status update two months prior to the expiration of the initial 1-year term of the agreement. The Rawhide Agreement commenced on November 1, 2019 therefore the Status Update was due to the Commission on September 1, 2020. The status update submitted on September 1, 2020 is the required filing.

Background

On September 3, 2019, Dominion filed an application seeking Commission approval of a special contract with Rawhide Leasing LLC (Rawhide) and a waiver of certain provisions within its tariff to allow other use of its Compressed Natural Gas (CNG) station in Hurricane Utah other than “refueling natural gas-powered vehicles”. The agreement would allow Rawhide to fill its tankers at Dominion’s CNG station in Hurricane and transport the natural gas to Mesquite Nevada to be the natural gas supply source for the area while Southwest Gas completed its pipe from Las Vegas. The Southwest Gas pipeline would be the permanent supply of natural gas to Mesquite when it is completed. On September 11, 2019, the Commission issued a Scheduling Order and Notice of Hearing. Comments were filed on October 3, 2019, and reply comments were due to be filed October 16, 2019. The Division’s Comments recommended approval of the application and suggested the scheduled hearing be canceled based on the forthcoming settlement stipulation. That settlement stipulation was filed with the Commission on October 3, 2019 and the Commission issued its order approving the stipulation and cancelling the scheduled hearing on October 15, 2019.

As part of the order and stipulation, Dominion was required to file a Status Update two months prior to the end of the one year contract. On September 1, 2020, Dominion filed its required Status Update with the Commission and the Commission sent its Action Request to the Division directing it to review for compliance and make recommendations which are due to the Commission on October 1, 2020. This is the result of the Divisions review and its recommendation.

Discussion

The agreement between Dominion and Rawhide didn’t materialize as either party expected, however, this did not negate Dominion’s requirement to file a Status Update. Consistent with the Commission’s order, Dominion has filed its Status Update two months prior to the end of the one year contract which addresses required issues from both the order and the stipulation.

The settlement stipulation and the corresponding order provided the status update filing include the following:

- 1) the status of the Southwest Gas facilities that are under construction for purposes of serving Mesquite, Nevada, including any anticipated delays in the in-service date known to the Company;
- 2) an update relating to any complaints to the Company relating to any of Rawhide's trucks at any Company-owned CNG filling station;
- 3) the total volume of CNG sold at the Company-owned Hurricane CNG station during the term of the contract;
- 4) the total volume of CNG sold at the Company-owned Hurricane CNG station in the 12-months prior to the commencement of the Contract; and
- 5) whether the Company will terminate the contract at the conclusion of the initial term or whether it intends to extend the contract.

It was also stipulated that any Party may challenge the continuation of the contract, should that be proposed. That provision is irrelevant at this point since Dominion has given notice to terminate the contract at the end of its term. Dominion addressed each of the five specified requirements as follows:

- 1) Based on Southwest Gas' most recent 10 Q, "It is estimated that construction of the remaining approved distribution system to bring the permanent supply to Mesquite will be placed in service in the first quarter of 2021."
- 2) There have been no such customer complaints.
- 3) During the contract period (9 months ended July 2020), the Hurricane station sold 9,068 Dth.
- 4) For the 12 months prior to the contract term (12 months ended October 2019), the Hurricane station sold 10,763 Dth.

5) The Company has given notice terminating the Rawhide Agreement at the conclusion of the initial first term on October 31, 2020.

Rawhide did not utilize Dominion's CNG station during the term of the contract. It is presumed that this is primarily because Southwest Gas required Rawhide to measure the gas quality as the gas is "dispensed at the Hurricane station prior to delivery to Mesquite customers." This requirement would necessitate an investment in equipment by Rawhide since Dominion's CNG station in Hurricane didn't provide such measurements. Therefore, Rawhide chose to continue to refill at a Southwest Gas station in Las Vegas rather than effectuate this agreement.

In the memo recommending approval of the contract filed on October 9, 2019, the Division stated that the "re-evaluation after the initial one year of the contract additionally gives the Division comfort that any adjustments or abandonment of the Stipulation will not result in an unrepairable situation for either the Gas Utility or its customers." And "that neither the Gas Utility's CNG customers (either in Hurricane or generally) nor its regular ratepayers will be harmed by the adoption of this stipulation." The Division has determined that the Dominion customers are unharmed by the abandonment of this contract as expected.

Conclusion

The Division recommends that the Commission take no action on the Status Update filed by Dominion on September 1, 2019 in this docket. Additionally no action is requested by Dominion and the termination of the Rawhide Agreement will effectively end the matter. Dominion's customers were unaffected and unharmed.

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