

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 19-057-28</u>
Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 19-057-29</u>
	<u>ORDER</u>

ISSUED: November 27, 2019

SYNOPSIS

The Public Service Commission (PSC) approves two Dominion Energy Utah (DEU) rate adjustment applications, on an interim basis subject to audit, effective December 1, 2019. The cumulative effect of approval of both applications would result in an annual bill increase of a typical GS residential customer using 80 dekatherms (Dth) of natural gas by approximately \$2.59 or 0.41 percent.

PROCEDURAL BACKGROUND

DEU filed both of these applications on November 1, 2019. Each application is addressed separately below and proposes discrete rate changes to be effective December 1, 2019.

On November 13, 2019, the PSC issued a Scheduling Order for these dockets. Also on November 13, 2019, the Division of Public Utilities (DPU) filed comments in Docket No. 19-057-29. The DPU subsequently filed comments pertaining to the application in Docket No. 19-057-28 on November 14, 2019. No other party petitioned to intervene or filed comments in either of these dockets.

On November 26, 2019, the PSC's designated Presiding Officer conducted a hearing to consider the applications. DEU and the DPU appeared and testified. DEU testified at hearing that the rates in both dockets are just, reasonable, and in the public interest. The applications and supporting evidence are uncontested, and are summarized briefly below.

FACTUAL BACKGROUND

Docket No. 19-057-28: Infrastructure Tracker Rate Adjustment Application

The PSC approved the Infrastructure Tracker Pilot Program (“Tracker”)¹ in 2010 as a means to allow DEU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. Subsequently, in DEU’s 2013 general rate case, the PSC authorized DEU to continue the Tracker provided that DEU must first complete and place into service \$84 million in infrastructure investment.² This docket addresses the twelfth Infrastructure Rate Adjustment (IRA) application filed since that 2013 general rate case.

In this application, DEU is requesting to modify the Tracker-related distribution non-gas (DNG) portions of GS, FS, Natural Gas Vehicle, IS, TBF, Municipal Transportation, and Transportation Service (Firm and Interruptible) rate schedules. The application proposes the rate adjustments be made effective December 1, 2019.

Exhibit 1.1 represents that approximately \$437.431 million in cumulative infrastructure investment was placed in service from January 2013 through October 2019. The application reflects a revenue requirement of \$37.471 million on the investment in excess of \$84 million at

¹ See *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16, Report and Order (issued June 3, 2010).

² See *In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 13-057-05, Report and Order (issued February 21, 2014).

the time of filing, and results in an incremental revenue requirement increase of \$2.881 million since the previous IRA filing in Docket No. 19-057-20.³

In support of this application, DEU filed exhibits presenting the amount of infrastructure investments, calculations showing the revenue required by DEU for its tracked investments, and revised tariff sheets reflecting the proposed rate adjustments. DEU calculates the Tracker revenue requirement as follows:

Revenue Requirement Calculation⁴

	<u>Revised Revenue Requirement</u>
1. Total Net Investment	\$437,431,106
2. <i>Less: Amount currently in rates</i>	(\$84,000,000)
3. Replacement Infrastructure Tracker	\$353,431,106
4. <i>Less: Accumulated Depreciation</i>	(\$20,072,301)
5. <u>Accumulated Deferred Income Tax</u>	<u>(\$44,048,693)</u>
6. Net Rate Base	\$289,310,113
7. <u>Current PSC-Allowed Pre-Tax Rate of Return</u>	x <u>9.33%</u>
8. Allowed Pre-Tax Return	\$26,992,634
9. <i>Plus: Net Depreciation Expense</i>	\$7,006,772
10. <u>Net Tax Other Than Income</u>	<u>\$3,471,721</u>
11. Total Revenue Requirement	\$37,471,127
12. <i>Less: Adjustment for Interruptible Penalty</i>	<u>\$0</u>
13. Remaining Revenue Requirement	\$37,471,127
14. Previous Revenue Requirement	<u>\$34,590,116</u>
15. Incremental Revenue Requirement	\$2,881,010

³ See *Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment*, Docket No. 19-057-20.

⁴ Exhibit 1.1 Page 4 of the application.

The DPU Supports the Tracker Application, and No Party Opposes It.

According to the DPU, if approved, granting this application will result in an increase in a typical residential customer's annual bill by approximately \$1.98, or 0.31 percent. The DPU states that this application complies with prior PSC orders, and the proposed tariff sheets accurately reflect DEU's proposed changes. At hearing, the DPU recommended the PSC approve the requested rate change on an interim basis effective December 1, 2019, pending an audit and review by the DPU.

Docket No. 19-057-29: Energy Efficiency Deferred Account Application

Through Docket No. 19-057-29, DEU proposes to increase the DSM amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks from the \$0.25373 per Dth approved in Docket No. 18-057-16⁵ to \$0.26120 per Dth. DEU's amortization rate reflects a 2020 Energy Efficiency (EE) budget of \$26.426 million. DEU states that based on forecasted 2019 budgeted expenditures and higher projected volumes for the 2019-2020 test period, it will be able to collect the necessary revenue while at the same time minimizing interest expense.⁶

The DPU Supports the Application, and No Party Opposes It.

If the PSC approves the application, the DPU states a typical GS customer will see an annual increase of \$0.61 or 0.10 percent. The DPU testified, at hearing, that the application complies with prior PSC orders, and the proposed accompanying tariff sheets are consistent with the proposed changes in the application. The DPU further testified the rates proposed are just and

⁵ See *Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance* (Order issued October 31, 2018); Docket No. 18-057-16.

⁶ See Energy Efficiency Deferred Account Application at 4, ¶ 3.

reasonable for Utah customers, and approval of the application is in the public interest.

Accordingly, the DPU recommends the PSC approve the requested rate change on an interim basis effective December 1, 2019, subject to audit and review.

Combined Effect of Both Applications

The combined effect of these applications is to increase the annual bill of a typical GS residential customer by approximately \$2.59 or 0.41 percent.

Infrastructure Tracker Rate Application:	\$1.98 increase or 0.31%
DSM/EE Deferred Application:	<u>\$0.61 increase or 0.10%</u>
	<i>\$2.59 increase or 0.41%</i>

FINDINGS, CONCLUSIONS, AND ORDER

Based on the substantial evidence provided in these dockets, including the applications and exhibits, the DPU's comments, and the testimony and evidence presented at hearing, the PSC finds the rates DEU proposes in Docket Nos. 19-057-28 and 19-057-29 are just and reasonable, and in the public interest.

Therefore, the applications in Docket Nos. 19-057-28 and 19-057-29 are approved on an interim basis, effective December 1, 2019, pending the results of the DPU's forthcoming audits.

DATED at Salt Lake City, Utah, November 27, 2019.

/s/ Michael J. Hammer
Presiding Officer

Approved and confirmed November 27, 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#311244

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 November 27, 2019, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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