
Dominion Energy Utah's Integrated Resource Plan (IRP) for Plan Year: June 1, 2020 to May 31, 2021	<u>DOCKET NO. 20-057-02</u> <u>ORDER</u>
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ISSUED: January 5, 2021

On June 12, 2020, Dominion Energy Utah (DEU) filed its 2020 integrated resource plan for the June 1, 2020 through May 31, 2021 plan year (“2020 IRP”) with the Public Service Commission (PSC).¹ The Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) filed comments on September 1 and September 3, 2020, respectively, and DEU and the OCS filed reply comments on October 7 and October 13, 2020, respectively.

I. SUMMARY OF THE 2020 IRP

The 2020 IRP presents DEU’s plan to meet, provide infrastructure for, and manage its ongoing natural gas demand. For example, it includes DEU’s annual forecasts, summaries of system and gas modeling activities, and resource selection results. It also includes a discussion of regulatory, resource, and operational challenges that DEU faced during the previous year and that it could face in the future.

Specifically, DEU submits the following key forecasts for the 2020 IRP year:

- (1) A Design-Peak Day firm sales demand of approximately 1.23 million decatherms (MMDth) at the city gates for the 2020-2021 heating season;²
- (2) A cost-of-service gas production level of approximately 63.0 MMDth, assuming the completion of new development drilling projects (54 percent of forecast demand);

¹ DEU’s annual IRP is filed pursuant to the PSC’s Report and Order on Standards and Guidelines for Questar Gas Company, issued March 31, 2009, *In the Matter of the Revision of Questar Gas Company’s Integrated Resource Planning Standards and Guidelines* (“Standards and Guidelines”), Docket No. 08-057-02. Questar Gas Company is now Dominion Energy Utah.

² DEU’s firm sales design day scenario is based on 70 heating degree days in the Salt Lake region; mean daily wind speed of 9.5 mph as measured at the Salt Lake City Airport weather station; and the day is not a Friday, Saturday, Sunday, or a winter holiday.

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- (3) A balanced portfolio of gas purchases of approximately 50.6 MMDth;
- (4) Transmission and distribution integrity management programs for TIMP and DIMP will cost \$9 million and \$1.7 million, respectively, in 2020, \$9.6 million and \$1.7 million, respectively, for 2021, and \$8.5 million and \$1.7 million, respectively, for 2022;
- (5) No current need for additional price stabilization but DEU will review this on an annual basis to determine whether such measures are appropriate in the future.

Next, DEU identifies the following commitments arising out of the IRP process:

- (1) DEU will maintain flexibility in purchase decisions pursuant to the planning guidelines listed in the IRP because actual weather and load conditions will vary from assumed conditions in the modeling simulation;
- (2) DEU will continue to monitor and manage producer imbalances;
- (3) DEU will continue to promote cost-effective energy-efficiency measures;
- (4) DEU will enter into contracts to serve peak-hour requirements and to secure needed storage and transportation capacity;
- (5) DEU has purchased land and is moving forward with constructing an LNG facility for supply reliability purposes. DEU states the facility will have 9 million gallons of LNG available for vaporization for the 2022 – 2023 heating season. In subsequent heating seasons the full 15 million gallons will be available for vaporization.; and
- (6) In 2020 DEU announced its commitment to net zero carbon and methane emissions across its nationwide electric generation and natural gas infrastructure operations by 2050.

The 2020 IRP also provides price, sales, peak demand, throughput, and usage per customer information, as summarized below. For comparison, historic information is provided where available:

Table 1. Price (\$/Dth) (2020 IRP at 8-1:8-2; 2019 IRP at 8-1)

Actual First of Month Index Price for Natural Gas on Dominion Questar Pipeline			
Annual average price (January – December)	2019: \$2.59	2018: \$2.63	2017: \$2.74
Heating season average price (November – March)	2019-2020: \$2.48	2018-2019: \$4.06	2017-2018: \$2.57

Note: DEU forecasts a price of approximately \$2.14 per Dth for the 2020-2021 heating season.

Table 2. Sales (MMDth) (2020 IRP at 3-1, Exhibit 3.10; and 2019 IRP at 3-1, Exhibit 3.10)

Annual System Sales	2020 IRP Forecast 2020/21-2029/30	2019 IRP Forecast 2019/20-2028/29	2019 Actual
Temperature-adjusted sales ³	115.9 – 125.5	117.4 – 128.4	115.6
Actual sales			112.0 ⁴

Table 3. Peak Demand (MMDth/day) (2020 IRP, Exhibit 3.9; and 2019 IRP, Exhibit 3.9)

Peak Demand at the City Gate	2020 IRP Forecast Heating Season 2020-21	2019 IRP Forecast Heating Season 2019-20	Actual Heating Season 2019-2020
Firm Transportation	0.467	0.478	0.323
Firm Sales	1.232	1.220	0.840
Total	1.699	1.698	1.163

Table 4. System Throughput (MMDth) (2020 IRP at 3-2, Exhibit 3.10; and 2019 IRP at 3-2, Exhibit 3.10)

System Throughput	2020 IRP Forecast 2020/21-2029/30	2019 IRP Forecast 2019/20-2028/29	2018/2019 Actual
Temperature-adjusted system throughput	212.5 – 223.3	208.5 – 220.8	211
Actual system throughput			211

Table 5. Usage per Customer (Dth) (2020 IRP at Section 3, Exhibits 3.1 – 3.11)

³ The projections contained in the IRP reflect: 1) the temperature and elevation compensation the PSC approved in its Report and Order, issued June 3, 2010, *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; and 2) and updated normal heating degree days baseline for the Utah GS usage approved by the PSC in its Report and Order, issued February 25, 2020, *Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 19-057-02. The prior baseline was derived from a 30-year average ending December 2010 and the new baseline uses a 20-year average ending December 2018. The latter reduces usage normalized to the prior baseline by about 2.3%.

⁴ 2019 IRP, DEU 4th Quarter Variance Report for the Period March 2020 through May 2020, Exhibit 3.3.

Temperature Adjusted Average Annual Usage per Customer (IRP Year)	2020 IRP Forecast 2020/21-2029/30	2019 IRP Forecast 2019/20-2028/29	2019 Actual (May)
Utah GS	101.1 – 92.9	104.5 – 95.8	102.7
Utah Residential GS	78.4 – 73.6	80.5 – 73.8	79.1
Utah Commercial GS	424.4 – 390.1	442.3 – 413.3	431.4

**Table 6. Natural Gas Supply Requirements (MMDth)
(2020 IRP at Pages 13-4:13-6, Exhibit 13.90; 2020 IRP at Pages 14-4:14-6, Exhibit 14.90)**

Natural Gas Supply Requirement	2020 IRP Forecast June 2020 – May 2021	2019 IRP Forecast June 2019 – May 2020
Total	130.2	138.2
Cost-of-Service Gas	63.5	65.9
Purchased Gas	50.6	56.7
Other (storage)	16.1	15.6

Note: Actual cost-of-service gas supply for the 2019 calendar year was 71.8 MMDth measured at the wellhead compared to 73.3 MMDth during the 2018 calendar year.⁵

The 2020 IRP indicates that DEU is also planning, designing, and building several reinforcement and replacement projects or programs, including twelve high pressure station projects, three feeder line projects — one of which is its Utah Feeder Line Replacement Program — and two intermediate high-pressure programs (Belt Main Replacement Program and the Aging Infrastructure not included in the Infrastructure Tracker Replacement Program). The IRP also describes two southern system expansion projects, the on-system LNG facility project, and its rural expansion plans. It provides an update on DEU’s transponder replacement project with a then-estimated completion date in mid-2020, at a cost of \$70 million.

⁵ 2020 IRP at 9-2.

II. PARTIES' COMMENTS

DPU recommends acknowledgment of the 2020 IRP

DPU states that, although it has some concerns with parts of the IRP, DEU has generally adhered to the PSC's orders and the Standards and Guidelines. For example, DPU remains concerned about the design peak-day forecast by heating system, and its applicability to the IRP process which DPU has raised in prior IRPs.⁶ Also, DPU expressed a concern about the repercussions from the sale of Dominion Energy Questar Pipeline (DEQP) to Berkshire Hathaway Energy (BHE) might have on the Joint Operating Agreement (as explained in more detail below). Nevertheless, DPU recommends the PSC acknowledge the 2020 IRP "as the IRP guidelines have been sufficiently met."⁷

DPU's and the OCS's comments

In its comments, DPU discusses a variety of topics including: DEU's LNG facility project and its initial availability, DEU's sustainability goals, gas lost and unaccounted for, usage per customer forecasts, design peak-day demand forecast, the recent sale of DEQP to BHE and its effect on the Joint Operating Agreement (JOA) between DEQP and DEU, certain gate station and high pressure projects, federal regulations pertaining to DEU's integrity management program, management of cost-of-service gas, Wexpro's purchase of the rights and assets

⁶ In its comments related to *Dominion Energy Utah's Integrated Resource Plan (IRP) for Plan Year: June 1, 2019 to May 31, 2020*, in Docket No. 19-057-01, DPU stated, "[i]t is noteworthy that, on an overall basis, there is a 30% cushion between the highest use and the estimated peak day. Roughly this equates to a margin of security when the Gas Utility uses Design-Day in modeling and designing its system. Another option might be to use a lower cushion over actual usage so as to not require ratepayers to continually pay much more than is required to provide a safe and reliable system. [DPU] has raised this issue previously and is still concerned about its use and relevant applicability." (Exhibit 3.9.) *Id.*, at pp. 4-5, filed September 17, 2019.

⁷ DEU September 1, 2020 Comments, at p. 12.

associated with the System-Wide Gathering Agreement, DEU's final modeling results, and DEU's IRP guideline related to overriding the SENDOUT model utilization profiles.

The OCS's comments address DEU's compliance with the PSC's order addressing the 2019 IRP ("2019 IRP Order"),⁸ Cost-of-Service Gas requirements, the impacts of the COVID-19 pandemic, supply reliability, alternatives to natural gas, the JOA with DEQP, sustainability, and long-term planning.

DPU and OCS Recommendations and DEU's response

Consistent with its comments, DPU recommends that DEU include more information in instances where management overrides the SENDOUT modeling recommendations and where actual shut-ins differ significantly from previous forecasts in its IRP quarterly variance reports. DEU agrees to provide additional details on any relevant changes that impact costs in its quarterly variance reports.

The OCS requests, regarding the sale of DEQP to BHE and its effect on the JOA between DEU and DEQP, that DEU discuss how it will ensure that the important functions of the JOA will remain intact for the upcoming winter heating season as DEQP transitions to BHE ownership. DEU responds that it does not anticipate the sale of pipeline assets to BHE will have an adverse effect on its ability to work with DEQP, operate interconnects with DEQP, or provide safe and reliable service to its customers. DEU states, however, that after the sale is completed, BHE may prefer a different contractual arrangement to govern the operation of interconnects

⁸ See *Dominion Energy Utah's Integrated Resource Plan (IRP) for Plan Year: June 1, 2019 to May 31, 2020* (Report and Order issued January 16, 2020, at pp. 11-13); Docket No. 19-057-01.

between DEU and DEQP. DEU maintains it will continue to collaborate with DEQP and have an agreement in place that addresses pressures, flows, and other responsibilities.

The OCS also notes that DEU has not entirely complied with the requirements set forth in the 2019 IRP Order related to the level of detail DEU should include in its IRPs. The OCS states a meeting was conducted on March 10, 2020 (“March Meeting”), the result of which included the creation of a list of information parties agreed DEU should cover in future IRPs. According to the OCS, some topics on the list were not covered in the 2020 IRP. The OCS further states DEU failed to provide a “summary of [the] discussions” in a 2020 IRP technical conference, as directed by the PSC. The OCS recommends DEU provide an update related to the March Meeting discussions in its reply comments and that DEU cover this topic in a 2021 IRP pre-filing technical conference. In response, DEU provided a summary of the discussions of the March Meeting and committed to incorporating a summary of similar meetings in subsequent IRPs. In addition, DEU states it will address this topic in technical conferences in future IRP proceedings.

The OCS also recommends DEU:

1. Continue to include a Supply Reliability section in future IRPs that provides updates on the operation and performance of the LNG facility, and provide adequate information on potential new supply reliability resources with supporting evidence of the reliability problems, other potential solutions, and cost/benefit analyses. In response, DEU states it will include a Supply Reliability section in future IRPs consisting of updates on the operation of the LNG facility and discussions of concerns regarding supply reliability.
2. Provide COVID-19 pandemic updates in its quarterly variance reports and next year’s IRP. In response, DEU agrees to provide pandemic-related updates in the quarterly variance reports going forward.
3. Refresh its heat pump study due to new trends in building electrification and recently passed legislation. DEU responds that it has not seen a noticeable impact on natural gas demand caused by the utilization of heat pumps. DEU proposes that, should heat

pump adoption impact natural gas demand, it will discuss the matter in its annual energy efficiency budget proceedings.

4. Clearly distinguish DEU's sustainability goals and those of its parent company Dominion Energy, Inc. and provide more detailed information related to sustainability initiatives, including expanded discussions and analyses of hydrogen. DEU commits to provide greater clarity in future IRPs including emphasis on updates for projects in the West.
5. Provide in the Long-Term Planning Section of future IRPs, additional information, greater detail and adequate analyses related to potential new resources and other major infrastructure projects, including hydrogen. The OCS adds this information should be provided sooner than later. Further, the OCS requests the PSC provide guidance to DEU pertaining to its Long-Term Planning Section in future IRPs. In response, DEU agrees to provide as much information as is available related to long-term planning issues. DEU adds that many long-term projects are conceptual in nature and as these concepts become more defined, they can be more specifically described. DEU further states that longer-term concepts will be addressed in the Long-Term Planning Section of the IRP, and near-term projects will be discussed in greater detail in the Distribution Action Plan section of the IRP.

III. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW

DEU's IRP process is an open, public process through which all relevant supply and demand-side resources are investigated on a systematic, consistent, and comparable basis. The results of this investigation guide DEU in the selection of an optimal set of resources to meet its current and future natural gas service needs at the lowest total cost (to the utility and its customers), in a manner consistent with the long-run public interest and safety, given the expected combination of costs, risks, and uncertainty. Pursuant to the Standards and Guidelines, we consider comments on the adequacy of the 2020 IRP process, and the information presented in the 2020 IRP.

DPU recommends the PSC acknowledge the 2020 IRP. DEU supports this recommendation which no party opposes. After fully considering the 2020 IRP and the parties'

comments and reply comments, we acknowledge DEU has substantially adhered to the Standards and Guidelines in the development of its 2020 IRP.

We find reasonable and satisfactory the clarifications and commitments made by DEU in its reply comments pertaining to the DEU-DEQP JOA, Operational Changes vs. IRP SENDOUT Modeling, and the Sustainability section of the 2020-2021 IRP. Additionally, we find other commitments in DEU's reply comments adequately address concerns raised by the OCS related to the March Meeting, provision of detailed plans for COVID-19 Updates, including a Supply Reliability section in future IRPs, and the new Long-Term Planning Section of the IRP.

As to the OCS's requests that we provide guidance to DEU about its Long-Term Planning Section in future IRPs, we find DEU's commitment in its reply comments to provide as much information that is available, is reasonable. Once a concept becomes a resource selection, however, DEU must follow Section VIII. Level of Detail of the Standards and Guidelines which states "Each IRP must detail [DEU's] intentions for the planning year(s) and must also provide sufficient information and analyses to show how [DEU] reaches its resource selection conclusions"⁹

ORDER

Based on the foregoing:

- (1) We conclude the 2020 IRP as filed generally complies with the requirements of the Standards and Guidelines.
- (2) We adopt DEU's commitments to:

⁹ Standards and Guidelines, Section VIII. Level of Detail.

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- a. include an additional subsection labeled “Supply Reliability” in future IRPs, which will include updates on the operation of the LNG facility and discuss any other concerns regarding supply reliability;
- b. provide pandemic-related updates in the quarterly variance reports going forward;
- c. provide additional details when management overrides the SENDOUT model recommendations in future variance reports;
- d. provide additional details in the Long-Term Planning and Sustainability Sections of future IRPs; and
- e. include summaries of stakeholder meetings in future IRPs and IRP-related technical conferences.

DATED at Salt Lake City, Utah, January 5, 2021.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#316899

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 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 30 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 January 5, 2021, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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