



State of Utah

Department of Commerce
Division of Public Utilities

CHRIS PARKER
Executive Director

ARTIE POWELL
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

Date: August 17, 2020

Re: **Docket No. 20-057-12**, In the Matter of the Application of Dominion Energy Utah for Approval of a Special Contract with the City of Blanding

Recommendation (No Action Required)

In its comments filed with the Commission on July 28, 2020, the Division of Public Utilities (Division) previously recommend that the Public Service Commission of Utah (Commission) approve Dominion Energy Utah (Dominion)'s request for a special contract with the city of Blanding (Agreement). Additionally, in the Division's judgment, although one is scheduled, no hearing is required in this matter.

Issue

Beginning on line 92 of Dominion witness Austin Summers' testimony, he is asked, "If this contract were not in place, how would maintenance and emergencies be handled?" He responded, "In the summer of 2019, DEU did some maintenance on its line. The Company brought LNG trucks to the Monticello system to maintain service while the work was done. This was a costly but necessary solution to ensure reliable service during maintenance activities."

Dominion has since provided more information and reported to the Division the costs it incurred in this event.

Background

The Commission's Scheduling Order provided for reply comments which are to be filed on or before August 17, 2020. This memorandum represents the Division's reply comments.

When Dominion incurred the costs for the LNG service, Dominion already had an existing contract to provide the necessary gas from its agreement with Blanding. Although reportedly unaware of this contract at the time, Dominion soon became aware of its existence as it was referenced in Mr. Austin's testimony. Dominion responded to Division inquiries and provided more information on this matter. One of the implications of the information provided is that had Dominion implement the provisions of this contract at that time, it may have made some or all of the LNG costs unnecessary.

Discussion

The Division wishes to publicly express its gratitude to Dominion for its forthrightness in voluntarily disclosing the costs it incurred and providing them to the Division. That being said, this is an issue upon which that the Division may be compelled to take further action. As such, these reply comments serve to notify the Commission that the Division will examine these costs further and determine if any future action is needed in another docket. The Division does not believe that any action needs to be taken in this docket regarding the identified LNG costs.

The Division will do a thorough investigation to determine the incremental or net costs Dominion incurred in providing the LNG including any capitalization and interest costs. If warranted, the Division will address these costs in the future in an appropriate docket.

Conclusion

The Division is not disagreeing with another party's comments in these reply comments, rather these comment serve as notice to Dominion and the Commission of the Division's intent with regards to the costs Dominion incurred to supply LNG to this line in 2019. Therefore, the

Division notes that no Commission action is required or requested in response to these reply comments.

Additionally, the Division proposes that, although a tentative hearing is scheduled for August 24, 2020, one is not necessary and will not be beneficial to parties. As such, the Division recommends that no hearing be held. However, if the Commission determines that a hearing is appropriate, the Division will, of course, participate. The Division's recommendation in this docket has not changed.

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