- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	DOCKET NO. 21-057-26 ORDER

ISSUED: November 30, 2021

SYNOPSIS

The Public Service Commission (PSC) approves the Application of Dominion Energy Utah (DEU) to Change the Infrastructure Rate Adjustment ("Application") on an interim basis, subject to audit, effective December 1, 2021. Our approval results in a total average net increase of $0.165 or 0.26 percent to the monthly bill of a typical GS residential customer using 80 decatherms (Dth) of natural gas per year.

PROCEDURAL BACKGROUND

DEU filed the Application on November 1, 2021. The Application proposes a rate change and modifications to DEU's PSCU Tariff No. 500, effective December 1, 2021.

On November 9, 2021, the PSC held a virtual scheduling conference for the Application. On November 10, 2021, the PSC issued a Scheduling Order and Notice of Virtual Hearing. On November 16, 2021, DPU filed comments and recommendations[1] regarding the Application and no other party petitioned to intervene or filed comments.

On November 29, 2021, the PSC held a hearing in the Docket to consider the Application, during which DEU and DPU provided testimony.

FACTUAL BACKGROUND

In its Application, DEU proposes to adjust its Infrastructure Rate Adjustment (IRA) applied to Distribution Non-Gas (DNG) portions of its GS, FS, IS, TSF, TSI, TBF, MT, and NGV rate schedules. The PSC approved the IRA in 2010 as part of the Infrastructure Tracker

[1] DPU Action Request Response, filed November 16, 2021 ("DPU Comments").

Pilot Program ("ITP")[2] to allow DEU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. DEU assigns the IRA to each rate class based on the PSC-approved total pro rata share of DNG tariff revenue ordered in the most recent general rate case.[3]

The PSC authorized the continuation of the ITP in its February 25, 2020 Order in Docket No. 19-057-02 ("2020 GRC Order") as being in the public interest.[4] Under the ITP, the PSC authorized a test year spending cap of $72.2 million, adjusted each year based on the GDP Deflator Index ("ITP Spending Cap").[5] The PSC also permitted any infrastructure investment over $80.4 million on or after January 1, 2019, to be included in the ITP.[6]

DEU represents, consistent with Exhibit 1.1 Page 4 of the Application, that approximately $104.872 million in cumulative infrastructure investment was placed in service from August 2019 through October 2021. The Application reflects an incremental revenue requirement of $2.849 million. Under the incremental revenue requirement, DEU estimates that a typical GS residential customer using 80 Dths per year will see a total annual bill increase of $1.98 or 0.26 percent.

In the Application, DEU also presents the amount of infrastructure investments made, calculations showing the revenue increase required for DEU to recover its tracked investments,

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[2] *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.
[3] *See* Application at 3, ¶ 5.
[4] *Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 19-057-02.
[5] *See* 2020 GRC Order, at 45.
[6] *Id.*, at 14, and 2020 GRC Order Granting Petition for Agency Review and Rehearing of the PSC's February Order issued March 27, 2020 at 3.

and revised tariff sheets reflecting the proposed rate adjustments in several exhibits, which reflect DEU's calculation of the ITP-related incremental revenue requirement as follows:

Incremental Revenue Requirement Calculation[7]

		Revised Revenue Requirement
1.	Total Net Investment	$185,271,877
2.	Less: Amount currently in rates	$(80,400,000)
3.	Budget Overspend in 2020	($1,181,881)
4.	**Replacement Infrastructure in Tracker**	**$103,689,996**
5.	Less: Accumulated Depreciation	$(3,121,905)
6.	Accumulated Deferred Income Tax	$(1,393,232)
7.	**Net Rate Base**	**$99,174,859**
8.	Current PSC-Allowed Pre-Tax Rate of Return	8.90%
9.	**Allowed Pre-Tax Return**	**$8,826,562**
10.	Plus: Net Depreciation Expense	$2,001,217
11.	Net Taxes Other Than Income	$1,190,098
12.	**Total Revenue Requirement**	**$12,017,878**
13.	Previous Revenue Requirement	$9,168,726
14.	**Incremental Revenue Requirement**	**$2,849,152**

DPU Supports the Application, Subject to an Audit, and No Party Opposes the Application.

DPU states that the rates proposed in the Application comply with past PSC orders, and the proposed tariff sheets accurately reflect the proposed changes filed by DEU, and recommends their approval on an interim basis, effective December 1, 2021, subject to audit and review.[8] DPU calculates and testifies that approval of the Application will result in an increase to

[7] *See* Application, Ex. 1.1 at 6.
[8] DPU Comments, at 3.

the annual bill of a typical GS residential customer of approximately $1.98, or 0.26 percent.[9] No party opposes the Application.

FINDINGS, CONCLUSION, AND ORDER

In the Application and at a hearing before the PSC, DEU offered sworn testimony and accompanying documentation that included detailed accountings of historical costs and revenues and cost and revenue projections, and detailed calculation models and supporting explanations describing the costs it seeks to recover, the rates it seeks to implement, and its methods of allocating costs and revenues to rate classes. DPU conducted a preliminary review of the Application including an analysis of DEU's proposals and supporting documentation.[10] At hearing, DPU testified that the rates proposed in the Application comply with past PSC orders and the proposed tariff sheets accurately reflect the proposed changes filed by DEU, and recommends that we approve them on an interim basis.[11] DPU also testified that for the first time in the ITP's history, "the overspent provision […] has been used and, as ordered, the amount overspent in 2020 has been deducted from the total plant in service balance."[12] No party offered evidence opposing the Application, DEU's testimony, or DPU's testimony and recommendation.

We find substantial evidence supports the conclusion that the rate changes requested by DEU in the Application are more likely to reflect DEU's actual costs than current base rates, and the associated incremental revenue requirement is within our approved ITP Spending Cap. Accordingly, and consistent with our conclusion in the 2020 GRC Order that the ITP is in the

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[9] DPU Comments, at 3 and Virtual Hearing, 12:32-12:45.
[10] DPU Comments.
[11] Virtual Hearing, 12:46-13:10.
[12] *Id.*, 12:16-12:32.

public interest,[13] we conclude that the rate changes proposed by DEU in the Application are just and reasonable, and in the public interest. DPU recommends that we approve the proposed rates on an interim basis, subject to the final audit that it has not yet conducted. We approve the proposed rates on an interim basis to ensure that the rates may be "trued-up" after DPU completes its final audit, such that DEU recovers no more or less from customers than the costs it actually incurs.

ORDER

Therefore, we order that the rates proposed in this Docket are approved on an interim basis, effective December 1, 2021, pending the results of DPU's forthcoming audits.

DATED at Salt Lake City, Utah, November 30, 2021.

/s/ Yvonne R. Hogle
Presiding Officer

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#321332

[13] *See* supra*,* note 4.

CERTIFICATE OF SERVICE

I CERTIFY that on November 30, 2021, a true and correct copy of the foregoing was served upon the following as indicated below:

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