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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

Date: December 7, 2021

Re: **Docket No. 21-057-27**, Dominion Energy Utah's Replacement Infrastructure 2022 Annual Plan and Budget.

Recommendation (Acknowledge)

The Division has reviewed the filing and determines that it contains the required information as ordered. The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge this filing as compliant.

Issue

Dominion Energy Utah (Dominion) is required to file an infrastructure replacement budget by November 15 of each year. The budget covers the replacement of feeder lines, belt lines (also known as Intermediate High Pressure (IHP) lines) and undisclosed future projects. In this filing, Dominion provided its "annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2022," which complies with the Commission's Order in Docket No. 19-057-02.

As shown in Exhibit 5 of the filing, Dominion is allowed to invest up to the \$77.4 million cap for 2022, which is composed of the Commission-allowed \$72.2 million budget cap plus the GDP

deflator. Dominion has committed to continue to submit quarterly reports to the Division showing the progress and costs associated with this Infrastructure Tracker Program (ITP).

Background

On February 25, 2020, the Commission issued its Report and Order in Dominion's General Rate Case, Docket No. 19-057-02, which approved the continuation of the ITP with a spending cap of \$72.2 million. It also provided for the continuation of the GDP deflator to be used as an annual index to adjust the cap on an ongoing basis.

On November 15, 2021, Dominion filed a "Notice of Intent to File Replacement Infrastructure 2022 Annual Plan and Budget." Section 2.07 of Dominion's tariff requires the Company to "file its next year's annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure with the Commission no later than November 15 of each year." Dominion submitted the required forward-looking budget along with exhibits outlining the planned infrastructure replacement projects for the upcoming 2022 calendar year.

On November 15, 2021, the Commission issued an Action Request requesting the Division "Review for Compliance and Make Recommendations" with a due date of December 15, 2021. On November 17, 2021, the Commission issued a Notice of Filing and Comment Period stating that interested parties could submit initial comments on or before December 15, 2020. This is the Division's response to the Action Request as well as its comments.

Discussion

According to this filing, Dominion expects to replace 102,743 linear feet (LF) of feeder lines (FL), which is less than half the amount it expected to complete in this year, 2021. The lower 2022 projection is due to the location of the pipes and is more in line with the amount in 2020 of 114,869 LF. Dominion also plans to replace 17,364 LF of belt line (BL) pipe, which is more than three times the amounts in 2021 or 2020. The proposed budget of \$77.4 million is calculated by adjusting the 2020 allowed budget amount of \$72.2 million for inflation as ordered in Docket

No. 19-057-02. The Division verified the GDP Price Deflator and calculations performed by Dominion to arrive at the proposed budget.

As indicated in Dominion's Exhibit 1, of the total \$77.4 million budget, \$66.8 million is allocated to replacing segments of four FLs: 43, 13, 12, and 23 (Approximately \$650 per linear foot which is over three times the price per foot in the 2021 filing of \$228 per linear foot). Another \$10 million is allocated to replacing IHP lines in Salt Lake County (At an approximate cost of \$576 per linear foot, which is less than a third of last year's budget of \$1,879 per linear foot). These changes in per-foot costs are generally related to the location where the old pipe is laid and where the new pipe needs to go. Once the trench is open the price shouldn't change much, but if the pipe is in a populated area and the contractor needs to cut asphalt, concrete, or maneuver around obstacles that were not there when the pipe was originally laid the cost goes up. The remaining balance, approximately \$0.55 million, is allocated to pre-engineering studies or future work.

Exhibit 2, page 1 shows the sections of pipe Dominion plans to replace in the FL system, correlated with the size and date of installation. Specifically, it plans on replacing parts of FL 12 (3,306 LF) made up of 14" and 16" diameter pipe with original installation dates of 1968 for 772 LF with the remaining 2,534 LF from pipe installed more recently than 1970. Also, Dominion plans on replacing 8,387 LF of FL 33, which comprises 20" diameter pipe with some of original installation dates from 1962 and the rest installed more recently than 1970. Additionally, it plans on replacing (91,040 LF) of 3" diameter pipe in FL 43 with most of that replacing pipe with the original installation dates of 1966 with the rest originally installed more recently than 1970. Much of the pipe being replaced is pipe that was manufactured under the newer standards (post 1970). Although Dominion budgeted for work to be done on FL 13, it says that the project is not scheduled to be completed by 2021 and as such, the footages and vintage of those sections of pipe are not included in this exhibit.

Exhibit 2, page 2 shows the sections of pipe Dominion plans to replace in the IHP system, correlated with the size and date of installation for each county. The budget anticipates replacing

17,364 LF in Salt Lake County of 10“, 12” and 16” diameter. Both the 10” and 16” pipe has an original installation date of 1929 while the 12” with an unspecified original installation date somewhere between 1950-1970. All this is to be replaced with the estimated budget of \$10.0 million. There is no IHP replacement work scheduled for counties other than Salt Lake in 2022.

Exhibit 3 offers photographs of the geographic sections where the pipe planned for replacement is located.

Exhibit 4 provides a Gantt chart projecting the timeline of the replacement work. According to the chart, only the work on FL43 is expected to be completed in 2022 (September). The work on FL 13 and the IHP work in Salt Lake County is expected to continue throughout the year. The work on FL’s 12 and 33 are not expected to commence until April and will be completed sometime after December.

Exhibit 5 provides information for the DGP Deflator Rate Dominion used to annually inflate the allowed budget to the new budget amount.

Dominion proposes to spend \$550,000 on “Future Projects” or preliminary work (the same amount as each previous year).

Conclusion

The letter Dominion filed with the Commission on November 15, 2020, outlining the Replacement Infrastructure 2022 Annual Plan and Budget, complies with the Commission’s February 25, 2020, Report and Order in Docket No.19-057-02. Therefore, the Division recommends the Commission acknowledge the letter as compliant. The Division notes that this recommendation pertains to only the annual budget filing requirement identified and should not be construed in anyway as an endorsement or preapproval that these costs are prudently incurred or should be recovered in the ITP.

This filing is not requesting any change in the Company’s current rates.

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