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Redacted

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

Tyler McIntosh, Utility Analyst

Date: December 16, 2021

Re: **Docket No. 21-057-29**, Application for an Adjustment to the Daily Transportation Imbalance Charge.

Recommendation (Approval)

After a review of the application, the Division of Public Utilities (Division) finds the proposed rates to be reasonable and in the public interest and recommends the Public Service Commission of Utah (Commission) approve, on an interim basis, the rates as proposed by Dominion Energy Utah.

This approval applies to the requested rate changes in Docket No. 21-057-29 (Daily Transportation Imbalance Charge) with an effective date of January 1, 2022.

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Issue

On December 1, 2021, Dominion Energy Utah (Dominion or Company) filed the application identified above and the Commission subsequently issued an Action Request to the Division. The Company's application requests an approximate 1.3% increase in the daily transportation imbalance charge from the rate that was approved in Docket No.21-057-18. The Commission directed the Division to review the current application and provide recommendations. On December 6, 2021, the Commission held a scheduling conference in the above matter. The Commission's Scheduling Order established December 16, 2021 as the date the Division and other parties would file comments.

Background

The Daily Transportation Imbalance Charge filing is a request to adjust the imbalance charge calculation that was originally approved in Docket No. 14-057-31. Consistent with that docket, the transportation imbalance charge began in February 2016 with a recalculation as part of each 191 pass-through filings. The current filing represents the third adjustment in 2021 and was filed simultaneously with Docket 21-057-28. The revised calculation is based on updated volumes through October 31, 2021. If approved, the rate would increase from \$0.08316 to the proposed rate of \$0.08424. This rate applies to transportation customers with daily imbalance volumes outside the $\pm 5\%$ tolerance level.

Discussion

In Docket No. 14-057-31, the Commission approved a supplier non-gas charge to transportation customers for daily nomination imbalance volumes that were outside of a $\pm 5\%$ daily tolerance threshold. This rate applies to transportation customers that were taking service under MT, TS, and FT-1 rate schedules and any amount collected under the rate is credited to GS customers through the 191 account. The rate is intended to charge transportation customers for SNG services when it is used and was implemented in part to improve the daily accuracy of the gas nomination process. The Commission order specified this rate must be reviewed with each pass-through docket and in the next general rate case.

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The Company began to impose the imbalance charge as of February 1, 2016. This rate applies to transportation customers only if their individual daily gas nomination amount is outside the $\pm 5\%$ daily tolerance limit. Only customer nominations outside the tolerance limit are assessed this charge and the specific dollar amount paid by all transportation customers is identified as a separate line item in the monthly 191 financial information.

The proposed new rate of \$0.08424 per Dth is a 1.3% increase from the current rate of \$0.08316 per Dth and is calculated based on the historical imbalance volumes for the previous 12 months ended October 31, 2021. The Division continues to review Exhibit 1.1, which includes the daily nomination and imbalance information for 1,126 transportation customers, 808 distinct customers and includes 425,453 lines of information. The accuracy of the gas nomination process and the impact of transportation customers on the Company's distribution system continues to be a concern.

While it does appear that the nominations have become more accurate since this rate was imposed, a number of individual customers with gas nominations still fall outside the acceptable range. There is also a large variation in the size of customers using the transportation rate schedule. In response to previous data requests, the Company has provided additional information to include the marketing agents for each contract number. In reviewing the information from Exhibit 1.1 in the current as well as previous filings, the Division noted the following.

1. While there are 1,126 transportation customers, the 15 largest customers use 50% of the total transportation volume and account for only 27% of the imbalance charges. The 76 largest customers account for 75% of the total volume but only account for 52% of the imbalance charge. The large use customers continue to be more accurate with the daily nomination process and could potentially have the most impact on the distribution system if their nominations are not accurate.
2. The remaining 1,050 transportation customers represent only 25% of the total volume and individually will have a lesser impact on the distribution system. While these smaller customers represent only 25% of the total volume, they have paid a larger portion of the

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imbalance charge and represent 48% of the total Dth outside the tolerance limit. Many of the smaller transportation customers appear to be using natural gas primarily for seasonal heating needs.

3. Most of the daily nominations for transportation customers are made through marketing companies and not all companies have the same level of accuracy with the daily nomination process.

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The Division has reviewed the calculation and the information provided by the Company but has not completed an audit of the individual entries and the credits to the 191 account. Over the last 12 months, transportation customers have paid \$171,162 in imbalance charges.

The Division will continue to analyze the historical nominations as well as the imbalance charges and will make recommendations to the Commission if necessary.

Effect on TS Customers

The proposed change has the potential to affect transportation customers, but the effect will not be the same for each customer. As mentioned above, this rate applies to a transportation customer only when its individual daily gas nominations are outside the $\pm 5\%$ tolerance limits. The imbalance charge may apply to some customers on a regular basis while others may occasionally be affected, depending on the accuracy of the customer's daily nomination process. This rate also has a related effect on GS customers as the imbalance charge collected from TS customers is credited to the 191 account. All amounts collected under this rate are credited to the SNG collection amount and would likely have a minor impact on the balance of the over or under collection in the 191 account for GS customers.

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Conclusion

The Division has reviewed the application and recommends the Commission approve the proposed rates on an interim basis with an effective date of January 1, 2022. The proposed changes are in the public interest and represent just and reasonable rates for Utah customers.

Cc: Kelly Mendenhall, Dominion Energy Utah
Austin Summers, Dominion Energy Utah
Jessica Ipson, Dominion Energy Utah
Michele Beck, Office of Consumer Services