

APPLICATION OF DOMINION) Docket No. 21-057-30
ENERGY UTAH TO CHANGE THE)
RURAL EXPANSION RATE) APPLICATION
ADJUSTMENT TRACKER)

All communications with respect to
these documents should be served upon:

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APPLICATION
AND
EXHIBITS

December 27, 2021

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

APPLICATION OF DOMINION)	Docket No. 21-057-30
ENERGY UTAH TO CHANGE THE)	
RURAL EXPANSION RATE)	APPLICATION
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Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company) respectfully submits this Application to the Utah Public Service Commission (Commission) and thereby seeks to modify the Rural Expansion Rate Adjustment Tracker to the Distribution Non-Gas (DNG) cost portions of its Utah GS, FS, IS, TSF and TSI, TBF, MT, and NGV natural gas rate schedules, pursuant to section 9.02 of the Company's Utah Natural Gas Tariff No. 500 (Tariff).

If the Commission grants this Application, a typical GS residential customer using 80 dekatherms per year will see an increase in their yearly bills of \$1.73 (or 0.22%). The Company proposes to implement this request by charging the new rates effective February 1, 2022.

In support of this Application, Dominion Energy states:

1. Dominion Energy's Operations. Dominion Energy, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Commission, and the Company's charges and general conditions for natural gas service in Utah are set forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in Franklin County, Idaho. Under the terms of an agreement between the Commission and the Idaho Public Utilities Commission, the rates for these Idaho customers are determined by the Commission. Volumes for these customers have been included in the Utah volumes.

2. Authority. On August 27, 2020, the Commission issued a Report and Order in Docket No. 19-057-31 authorizing Dominion Energy to expand its system to the town of Eureka,

Utah, and to utilize the Rural Expansion Rate Adjustment Tracker mechanism for cost recovery. Section 9.02 of the Tariff sets forth procedures for recovering costs associated with rural expansion. The Company has completed some of the facilities necessary for the expansion into Eureka, and now seeks recovery of the costs associated with that rural expansion project.

3. Test Year. The test year for this Application is the 12 months ending January 31, 2023.

4. Calculation of Revenue Requirement. Exhibit 1.1, pages 1 and 2 show the total amount of main line closed to investment and in service in November 2021 for each of the Rural Expansion projects. Lines 1 through 5 show the investment in both high pressure and intermediate high-pressure projects. Line 6 shows, by month, the cumulative plant balance of high pressure and intermediate high-pressure plant. Line 7 shows the same cumulative plant balance less the cost of land that was purchased for the regulatory station and is not being depreciated. Exhibit 1.2 shows similar information as Exhibit 1.1 except it includes service lines instead of main lines. Service lines are shown separately because they are depreciated at a different rate.

a) Exhibit 1.3 shows a calculation of the revenue requirement. Line 1 shows the net investment closed through November 2021.

b) Lines 4 through 10 show the accumulated depreciation, accumulated deferred income tax, net expansion rural expansion, allowed pre-tax return, net depreciation expense, and net taxes other than income tax.

c) Line 11 shows the final adjusted revenue requirement of \$2,453,201 for mains (Column B) and \$6,297 for service lines (Column C). The amount shown on line 11 will be collected from each rate schedule according to the currently allowed cost-of-service and rate design calculations as discussed below.

5. Cost of Service. Exhibit 1.4 shows the allocation of the revenue requirement to each class. Section 9.02 of the Tariff states that “the Surcharge will be assigned to each rate class based on the Commission-approved total pro rata share of the DNG tariff revenue ordered in the most recent general rate case.” Column A shows the step 3 DNG revenue requirement by class

ordered by the Commission in Docket No. 19-057-02. Column B shows the percent of the total revenue requirement by class and column C shows the total rural expansion revenue to be collected from each class.

6. Rate Design. Exhibit 1.5 shows the rate design for the Rural Expansion Rate Adjustment surcharge component of the DNG rates. Section 9.02 of the Company’s Tariff states that “the Surcharge assigned to each class will be collected based on a percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.” Column E shows the current base DNG rates in effect. These rates are applied to test period volumes (Column D) to calculate projected volumetric revenue for each class in Column F. Column G shows the amount of rural expansion tracker revenue that needs to be collected from each class. Column H shows the percentage change to each block and demand charge. Column I shows the proposed rates for each rate schedule, and is derived by applying the percentage changes in Column H to the current base DNG rates in Column E.

7. Change in Typical Customer’s Bill. The annualized change in rates calculated in this Application results in an increase of \$1.73 per year (or 0.22%), as shown in Exhibit 1.6.

8. Legislative and Proposed Tariff Sheets. Exhibit 1.7 shows the proposed Tariff rate schedules that reflect the updated rural expansion rate adjustment as explained in paragraphs 4 through 6.

9. Exhibits. Dominion Energy submits the following exhibits in support of its request to include the rural expansion rate adjustment:

- Exhibit 1.1 DEU Rural Expansion Main Lines Project Summary
- Exhibit 1.2 DEU Rural Expansion Service Lines Project Summary
- Exhibit 1.3 Calculation of Revenue Requirement
- Exhibit 1.4 Cost of Service Allocation
- Exhibit 1.5 Rural Expansion Tracker Rate Calculation
- Exhibit 1.6 Effect on GS Typical Customer

Exhibit 1.7 Legislative and Proposed Tariff Sheets

WHEREFORE, Dominion Energy respectfully requests that the Commission, in accordance with the applicable Commission orders and the Company's Tariff:

1. Enter an order authorizing Dominion Energy to change rates and charges applicable to its Utah natural gas service that reflect an adjustment to the rates for each class as more fully set forth in this Application; and
2. Authorize Dominion Energy to implement the proposed interim rates effective February 1, 2022.

DATED this 27th day of December 2021.

Respectfully submitted,

DOMINION ENERGY UTAH



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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Application was served upon the following persons by e-mail on December 27, 2021:

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/s/ Kelly B Mendenhall