

IN THE MATTER OF THE
APPLICATION OF DOMINION
ENERGY UTAH TO MODIFY THE
WEXPRO PRODUCTION CAP

Docket No. 22-057-04
APPLICATION

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

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APPLICATION
AND
EXHIBITS

February 3, 2022

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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Pursuant to Utah Code Ann. § 54-7-1, Wyoming Statutes 37-3-101 *et seq.*, and Chapter 2, Section 25 of the Wyoming Public Service Commission Rules, Questar Gas Company dba Dominion Energy Utah and Dominion Energy Wyoming (Dominion Energy or Company) respectfully requests that the Commission approve the Settlement Stipulation attached hereto as DEU Exhibit 1.0.

On October 14, 1981, Dominion Energy's predecessor, Mountain Fuel Supply Company, Wexpro, the Utah Division of Public Utilities (Division), the Committee of

Consumer Services (predecessor to the Utah Office of Consumer Services (Office)), the Wyoming Office of Consumer Advocate (OCA), and Wyoming Public Service Commission Staff entered into the Wexpro Agreement (Wexpro Agreement). The Wexpro Agreement was approved by the Wyoming Commission on October 28, 1981 and by the Utah Commission on December 31, 1981.

The Wexpro Agreement was subsequently amended through later proceedings including the Wexpro II Agreement,¹ the Trail Unit Settlement Stipulation,² the Canyon Creek Settlement Stipulation,³ and the Vermillion Settlement Stipulation.⁴ The Wexpro I Agreement, Wexpro II Agreement, the Trail Unit Settlement Stipulation, the Canyon Creek Stipulation, and the Vermillion Settlement Stipulation govern the development and production of Company-owned supplies by Wexpro.

The Trail Unit Settlement Stipulation provides, in part, that “[t]he Company and Wexpro will manage the combined cost-of-service production from Wexpro I and Wexpro II Trail Unit Acquisition Properties to 65% of Questar Gas’ annual forecasted demand identified in the Company’s Integrated Resource Plan”⁵ The Canyon Creek Settlement Stipulation provides, in part, that “Questar Gas and Wexpro will manage the combined cost-of-service production from Wexpro I and Wexpro II properties to: (a) 55%

¹ Report and Order dated March 28, 2013, Docket No. 12-057-13; Memorandum Opinion, Findings and Order Approving the Wexpro II Agreement issued October 16, 2013, Docket No. 30010-123-GA-12, Record No. 13347.

² Report and Order issued January 17, 2014, Docket No. 13-057-13; Memorandum Opinion, Findings and Order Approving the Stipulation to Include Property Under the Wexpro II Agreement issued March 18, 2014, Docket 30010-134-GA-13, Record No. 13720.

³ Order Approving Stipulation issued November 17, 2015, Docket No. 15-057-10; Memorandum Opinion, Findings and Order Approving Stipulation issued on February 24, 2016, Docket No. 30010-145-GA-15, Record No. 14224.

⁴ Order Memorializing Bench Ruling Approving Stipulation issued March 30, 2017, Docket No. 17-057-01; Memorandum Opinion, Findings, and Order Approving Stipulation issued November 17, 2017, Docket No. 30010-162-GA-17, Record No. 14631.

⁵ Settlement Stipulation dated December 23, 2013, paragraph 12.a, Utah Docket No. 13-057-13, Wyoming Docket No. 30010-134-GA-13, Wyoming Record No. 13720.

of Questar Gas' annual forecasted demand identified in the IRP; or (b) 55% of the Minimum Threshold as defined in the Trail Settlement Stipulation”⁶

During the 2020-2021 heating season, Dominion Energy and natural gas utility companies across the United States experienced significant increases in natural gas prices due at least in part to higher demand and/or supply constraints. For instance, in February 2021, extraordinarily cold weather in Texas strained the supply reliability of the electric grid and created gas supply issues through many Midwestern and Western states. Based on current and forecasted market conditions, as well as increased demand and continuing supply constraints, higher energy prices are expected to continue into the 2021-2022 heating season. As a result of these events and market conditions, Dominion Energy has been exploring hedging opportunities, including increasing production of volumes under the Wexpro and Wexpro II Agreements.

As part of the Company's efforts, and because the market price of natural gas is expected to be higher than the cost of producing natural gas pursuant to the Wexpro I and Wexpro II Agreements, Dominion Energy, Wexpro, the Division, the Office and the OCA (the Parties) have discussed the possibility of changing the requirement that Dominion Energy and Wexpro limit the combined Wexpro I and Wexpro II production to the 55% threshold described above to allow more Wexpro production for the benefit of customers. These discussions culminated in the execution of the Settlement Stipulation attached hereto as DEU Exhibit 1.0.

The Settlement Stipulation provides that Dominion Energy may seek the approval of the Utah Public Service Commission (Utah Commission) and the Public Service Commission of Wyoming (Wyoming Commission) to modify the 55% production

⁶ Settlement Stipulation dated October 26, 2015, Utah Docket No. 15-057-10, Wyoming

limitation described herein if: (1) the planned production is forecast to be provided at a cost lower than the five-year forecast curve together with shut-in costs; (2) the planned production does not exceed (i) 65% of Dominion Energy's annual forecasted demand identified in its Integrated Resource Plan (IRP), or (ii) 65% of the Minimum Threshold as defined in the Trail Settlement Stipulation (Minimum Threshold); (3) Dominion Energy and Wexpro have identified a date by which Wexpro I and Wexpro II production levels will again be reduced to a level at or below 55% of Dominion Energy's annual IRP forecast or the Minimum Threshold; and (4) the Commissions find that the proposal is just and reasonable and in the public interest.

The Settlement Stipulation further provides that, in making a public interest determination, the Commissions should consider the use of additional Wexpro supply as a hedge against supply and price volatility; the existence and nature of other hedging opportunities; the potential for and effect of shut-in costs from added Wexpro supply in non-peak months; lost opportunities for low-cost summer gas supplies being put into storage in non-peak months; long-term market trends; the environmental regulatory outlook; and any other factors the Commission determines to be relevant.

Approval of the Settlement Stipulation will provide Wexpro and Dominion Energy the flexibility to fully utilize company-owned supplies to mitigate price volatility in the market and to, potentially, further reduce the impact of severe weather events like the February 2021 weather event.

As discussed in greater detail in the Direct Testimony of Kelly B Mendenhall, attached hereto as DEU Exhibit 2.0, and incorporated by this reference, approval of the Settlement Stipulation is just, reasonable and in the public interest.

WHEREFORE, Dominion Energy respectfully requests that the Commission enter an Order approving the Settlement Stipulation.

RESPECTFULLY SUBMITTED this 3rd day of February, 2022.

DOMINION ENERGY UTAH

A handwritten signature in blue ink that reads "Jennifer Nelson Clark". The signature is written in a cursive style and is positioned above a horizontal line.

Jennifer Nelson Clark

Cameron Sabin

Attorney for Dominion Energy Utah

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 February 3, 2022:

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