

APPLICATION OF DOMINION ) Docket No. 22-057-12  
ENERGY UTAH TO CHANGE THE )  
INFRASTRUCTURE RATE ) APPLICATION  
ADJUSTMENT )

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

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APPLICATION  
AND  
EXHIBITS

September 1, 2022

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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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 Infrastructure Rate Adjustment 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 2.07 of the Company’s Utah Natural Gas Tariff No. 500 (Tariff).

If the Commission grants this Application, a typical GS residential customer using 80 decatherms per year will see an increase in their yearly bills of \$2.70 (or 0.32%). The Company proposes to implement this request by charging the new rates effective October 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. Settlement Stipulation Order. In the Report and Order issued February 25, 2020 in Docket No. 19-057-02 (Rate Case Order), the Commission authorized Dominion Energy to

continue the infrastructure rate adjustment tracker program (Program) and §2.07 of the Tariff sets forth procedures for recovering costs associated with replacing aging infrastructure.

3. Test Year. The test year for this Application is the 12 months ending September 30, 2023.

4. Calculation of Revenue Requirement. Exhibit 1.1, pages 1 through 5 show the total amount closed to investment and in service from January 2020 through September 2023 for each of the infrastructure replacement projects. Lines 1 through 45 show the investment in both high pressure and intermediate high-pressure projects. Line 46 shows removal cost related to retired infrastructure. Line 47 shows, by month, the cumulative plant balance of high pressure and intermediate high-pressure plant. Line 48 shows the same cumulative plant balance less the \$80.4 million<sup>1</sup> threshold set forth in Docket No. 19-057-02 before applying for cost recovery of tracker related investment/costs.

a) Exhibit 1.1, page 6, shows a calculation of the revenue requirement. Page 6, line 1, shows the net investment closed through August 2022. Line 2 reflects the removal of \$80.4 million that has already been included in base rates in Docket No. 19-057-02. *See*, Rate Case Order. Report and Order issued February 25, 2020, Docket No. 19-057-02, p. 14.

b) Additionally, Line 3 reflects the deduction of \$1,181,881 of 2020 overspend. On January 26, 2021, the Company filed its 4<sup>th</sup> quarter 2020 infrastructure tracker variance report and reported that overspend. Pursuant to the Rate Case Order, the Company has deducted the overspend amount from the total plant in service balance. *See*, Rate Case Order. Report and Order issued February 25, 2020, Docket No. 19-057-02, p. 11. Line 4 reflects the addition of \$151,826 of 2021 underspend.

c) Lines 6 through 12 show the accumulated depreciation, accumulated deferred income tax, net replacement infrastructure, allowed pre-tax return, net depreciation expense, and net taxes other than income tax.

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<sup>1</sup> In the Company's last general rate case, Docket No. 19-057-02, the Commission issued an order requiring the Company to defer tracking of infrastructure costs until \$80.4 million of infrastructure investment is reached. Report and Order issued February 25, 2020, Docket No. 19-057-02, p. 14.

d) Tax Surcredit 3 ended on May 31, 2022, and the Company agreed to amortize the over/under collection in that account in its next infrastructure replacement tracker filing. The remaining balance in this amortization account is an over recovery of \$136,599. Because the infrastructure tracker rates will be set to \$0.00 concurrent with the general rate case in Docket 22-057-03, the amount is being adjusted to return the \$136,599 to customers over the three-month period from October 2022 through December 2022. It is estimated that 34% of the annual revenue will be collected from October through December so the \$136,599 was divided by 34% to calculate the total credit to include in the calculation. This amounts to \$401,762. This is shown on line 14. Line 15 shows the final adjusted revenue requirement of \$12,017,878. The amount shown on line 15 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 1.2 shows the allocation of the revenue requirement to each class. Section 2.07 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 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 infrastructure replacement revenue to be collected from each class.

6. Rate Design. Exhibit 1.3 shows the rate design for the Infrastructure Rate Adjustment surcharge component of the DNG rates. Section 2.07 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 infrastructure replacement 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 I 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 \$2.70 per year (or 0.32%), as shown in Exhibit 1.4.

8. Legislative and Proposed Tariff Sheets. Exhibit 1.5 shows the proposed Tariff rate schedules that reflect the updated infrastructure 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 infrastructure rate adjustment:

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|-------------|---|
| Exhibit 1.1 | DEU Infrastructure Replacement Project Summary & Calculation of Revenue Requirement |
| Exhibit 1.2 | Cost of Service Allocation  |
| Exhibit 1.3 | Infrastructure Tracker Rate Calculation   |
| Exhibit 1.4 | Effect on GS Typical Customer   |
| Exhibit 1.5 | 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 October 1, 2022.

DATED this 1st day of September 2022.

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 September 1, 2022:

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/s/ Ginger Johnson