

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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Application of Dominion Energy Utah to  
Change the Infrastructure Rate Adjustment

DOCKET NO. 22-057-12

ORDER

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ISSUED: September 28, 2022

SYNOPSIS

The Public Service Commission (PSC) approves the Application of Dominion Energy Utah (DEU) to Change the Infrastructure Rate Adjustment (“Application”) on an interim basis, subject to audit, effective October 1, 2022. Our approval results in an increase of \$0.225 or 0.32 percent to the monthly bill of a typical GS residential customer using 80 decatherms (Dth) of natural gas per year.

PROCEDURAL BACKGROUND

DEU filed the Application on September 1, 2022. The Application proposes a rate change and modifications to DEU’s PSCU Tariff No. 500, effective October 1, 2022.

On September 6, 2022, the PSC held a virtual scheduling conference for the Application. On September 7, 2022, the PSC issued a Scheduling Order and Notice of Hearing. On September 13, 2022, the Division of Public Utilities (DPU) filed comments and recommendations<sup>1</sup> related to the Application and no other party petitioned to intervene or filed comments.

On September 23, 2022, the PSC held a hearing in the Docket to consider the Application, during which DEU and DPU provided testimony.

FACTUAL BACKGROUND

In its Application, DEU proposes to adjust its Infrastructure Rate Adjustment (IRA) applied to Distribution Non-Gas (DNG) portions of its GS, FS, IS, TSF, TSI, TBF, MT, and NGV rate schedules. The PSC approved the IRA in 2010 as part of the Infrastructure Tracker

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<sup>1</sup> DPU Action Request Response, filed September 13, 2022 (“DPU Comments”).

Pilot Program (“ITP”)<sup>2</sup> to allow DEU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. DEU assigns the IRA to each rate class based on the PSC-approved total pro rata share of DNG tariff revenue ordered in the most recent general rate case.<sup>3</sup>

The PSC authorized the continuation of the ITP in its February 25, 2020 Order in Docket No. 19-057-02 (“2020 GRC Order”) as being in the public interest.<sup>4</sup> Under the ITP, the PSC authorized a test year spending cap of \$72.2 million, adjusted each year based on the GDP Deflator Index (“ITP Spending Cap”).<sup>5</sup> The PSC also permitted any infrastructure investment over \$80.4 million on or after January 1, 2019 to be included in the ITP.<sup>6</sup>

DEU represents, consistent with Exhibit 1.1 Page 4 of the Application, that approximately \$144.423 million in cumulative infrastructure investment was placed in service from January 2020 through August 2022. The Application reflects an incremental revenue requirement of \$3.952 million. Under the incremental revenue requirement, DEU estimates that a typical GS residential customer using 80 Dths per year will see a total annual bill increase of \$2.70 or 0.32 percent.

In the Application, DEU also presents the amount of infrastructure investments made, calculations showing the revenue increase required for DEU to recover its tracked investments,

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<sup>2</sup> See *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16, Report and Order issued June 3, 2010.

<sup>3</sup> See Application at 3, ¶ 5.

<sup>4</sup> *Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 19-057-02.

<sup>5</sup> See 2020 GRC Order, at 45.

<sup>6</sup> *Id.*, at 14, and 2020 GRC Order Granting Petition for Agency Review and Rehearing of the PSC’s February Order issued March 27, 2020 at 3.

and revised tariff sheets reflecting the proposed rate adjustments in several exhibits, which reflect DEU's calculation of the ITP-related incremental revenue requirement as follows:

**Incremental Revenue Requirement Calculation<sup>7</sup>**

	<b>Revised Revenue Requirement</b>
1 Total Net Investment	\$224,822,923
2 Less: Amount currently in rates	(\$80,400,000)
3 Budget Overspend in 2020	(\$1,181,881)
4 Budget Underspend in 2021	\$151,826
5 <b>Replacement Infrastructure in Tracker</b>	<b>\$143,392,868</b>
6 Less: Accumulated Depreciation	(\$5,919,784)
7 Accumulated Deferred Income Tax	(\$2,776,682)
8 <b>Net Rate Base</b>	<b>\$134,696,402</b>
9 Current PSC-Allowed Pre-Tax Rate of Return	8.90%
10 <b>Allowed Pre-Tax Return</b>	<b>\$11,987,980</b>
11 Plus: Net Depreciation Expense	\$2,767,482
12 Net Taxes Other Than Income	\$1,616,357
13 <b>Total Revenue Requirement</b>	<b>\$16,371,819</b>
14 Tax Surcredit 3 Adjustment	(\$401,762)
15 Remaining Revenue Requirement	<b>\$15,970,057</b>
16 Previous Revenue Requirement	\$12,017,878
17 <b>Incremental Revenue Requirement</b>	<b>\$3,952,179</b>

*DPU Supports the Application, Subject to an Audit, and No Party Opposes the Application.*

DPU states that the rates proposed in the Application comply with past PSC orders, and the proposed tariff sheets accurately reflect the proposed changes filed by DEU, and recommends their approval on an interim basis, effective October 1, 2022, subject to audit and review.<sup>8</sup> No party opposes the Application.

<sup>7</sup> See Application, Ex. 1.1 at 6.

<sup>8</sup> DPU Comments, at 3.

FINDINGS, CONCLUSIONS, AND ORDER

In the Application and at a hearing before the PSC, DEU offered sworn testimony and accompanying documentation that included detailed accountings of historical costs and revenues and cost and revenue projections, and detailed calculation models and supporting explanations describing the costs it seeks to recover, the rates it seeks to implement, and its methods of allocating costs and revenues to rate classes. DPU conducted a preliminary review of the Application including an analysis of DEU's proposals and supporting documentation.<sup>9</sup> At hearing, DPU testified that the rates proposed in the Application comply with past PSC orders and the proposed tariff sheets accurately reflect the proposed changes filed by DEU, and recommends that we approve them on an interim basis.<sup>10</sup> No party offered evidence opposing the Application, DEU's testimony, or DPU's testimony and recommendation.

We find substantial evidence supports the conclusion that the rate changes requested by DEU in the Application are more likely to reflect DEU's actual costs than current base rates, and the associated incremental revenue requirement is within our approved ITP Spending Cap. Accordingly, and consistent with our conclusion in the 2020 GRC Order that the ITP is in the public interest,<sup>11</sup> we conclude that the rate changes proposed by DEU in the Application are just and reasonable, and in the public interest. DPU recommends that we approve the proposed rates on an interim basis, subject to the final audit that it has not yet conducted. We approve the proposed rates on an interim basis to ensure that the rates may be "trued-up" after DPU

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<sup>9</sup> DPU Comments.

<sup>10</sup> Virtual Hearing, 9:35-10:00.

<sup>11</sup> See *supra*, note 4.

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completes its final audit, such that DEU recovers no more or less from customers than the costs it actually incurs.

ORDER

We approve the rates proposed in this Docket on an interim basis, effective October 1, 2022, pending the results of DPU's forthcoming audits.

DATED at Salt Lake City, Utah, September 28, 2022.

/s/ Yvonne R. Hogle  
Presiding Officer

Approved and confirmed September 28, 2022 as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#325640

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 30 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on September 28, 2022, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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