



SPENCER J. COX  
*Governor*

DEIDRE M. HENDERSON  
*Lieutenant Governor*

## UTAH DEPARTMENT OF COMMERCE

### Division of Public Utilities

MARGARET W. BUSSE  
*Executive Director*

CHRIS PARKER  
*Division Director*

## 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

**Date:** December 5, 2022

**Re:** **Docket No. 22-057-22**, Dominion Energy Utah's Replacement Infrastructure 2023 Annual Plan and Budget.

## Recommendation (Approve)

The Division of Public Utilities (Division) has reviewed Dominion Energy Utah's (Dominion or Company) Infrastructure Tracker Program (ITP) filing and has determined that it contains the required information as ordered and recommends that the Public Service Commission of Utah (Commission) acknowledge this filing as compliant.

## Issue

Dominion is required to file an infrastructure replacement budget by November 15 of each year. The budget covers the replacement of feeder lines, belt lines (also known as Intermediate High Pressure (IHP) lines) and undisclosed future projects for the upcoming year. In this filing, Dominion provided its "annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2023," which complies with the Commission's Order in Docket No. 19-057-02.

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741  
[www.dpu.utah.gov](http://www.dpu.utah.gov) • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

## **Background**

On February 25, 2020, the Commission issued its Report and Order in Dominion's General Rate Case, Docket No. 19-057-02, which approved the continuation of the ITP with a spending cap of \$72.2 million. It also provided for the continuation of the GDP deflator to be used as an index to adjust the cap on an ongoing basis.

On November 15, 2022, Dominion filed its Replacement Infrastructure 2023 Annual Plan and Budget. Section 2.07 of Dominion's tariff requires the Company to "file its next year's annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure with the Commission no later than November 15 of each year." Dominion submitted the required forward-looking budget along with exhibits outlining the planned infrastructure replacement projects for the upcoming 2023 calendar year.

On November 15, 2022, the Commission issued an Action Request requesting the Division "Review for Compliance and Make Recommendations" with a due date of December 15, 2022. On November 16, 2022, the Commission issued a Notice of Filing and Comment Period stating that interested persons may submit comments on or before December 15, 2022. This is the Division's response to the Action Request as well as its comments.

## **Discussion**

According to this filing, Dominion expects to replace 195,518 linear feet (LF) of feeder lines (FL) and 8,382 LF of belt line (BL) pipe in 2023. The proposed budget of \$84.5 million is calculated by adjusting the 2020 allowed budget amount of \$72.2 million for inflation as ordered in Docket No. 19-057-02 and as shown in Exhibit 5. The Division verified the GDP Price Deflator calculations performed by Dominion to arrive at the proposed budget.

As indicated in Dominion's Exhibit 1, of the total \$84.5 million budget, \$71.3 million is allocated to replacing segments of seven FL's: 43, 13, 12, 33, 34, 21-13, and 127. Another \$12.6 million is allocated to replace 8,400 LF of IHP lines in Salt Lake County. The remaining balance, approximately \$0.55 million, is allocated to pre-engineering studies or future work as has been the case each year.

Exhibit 2, page 1 shows the sections of pipe Dominion plans to replace in the FL system, correlated with the size and date of installation. Below is a summary of that information.

Feeder Line Number	Pipe Diameter	Year Installed	Footage Replaced
FL012	10	1953	1,296
	16	1968	772
Total			2,068
FL033	4	1940	1,185
	16	1962	41
	20	1962	7,319
		1971-2020	1,068
Total			9,613
FL043	3	1966	89,459
	3	1971-2020	1,581
Total			91,040
FL013	12	1952	42,668
	12	1971-2020	12,359
Total			55,027
FL021	6	1957 & 1964	7,907
	20	1957	5,408
Total			13,315
FL034	20	1962	14,250
Total			14,250
FL022	12	1957	9,400
	4	1971-2020	14
	2	1971-2020	31
Total			9,445
FL019	4	1961	760
Total			760
Grand Total			195,518

Exhibit 2, page 2 shows the sections of pipe Dominion plans to replace in the IHP system, correlated with the size and date of installation for each county. The budget anticipates replacing 8,382 LF of 8" pipe originally installed both in 1929 and in the 1960's with the estimated budget of \$12.6 million. There is no IHP replacement work scheduled for counties other than Salt Lake in 2023.

Exhibit 3 offers photographs of the geographic sections where the pipe planned for replacement is located.

Exhibit 4 provides a Gantt chart projecting the timeline of the replacement work. According to the chart, only the work on FL43 and 12 are expected to be completed in 2023 (September). The work on the rest of the projects and the IHP work in Salt Lake County is expected to continue throughout the year.

Exhibit 5 provides information for the DGP Deflator Rate Dominion used to annually inflate the allowed budget to the new budget amount.

Exhibit 6 is a description and timeline of anticipated filings over the coming year. This is pursuant to the Settlement Stipulation filed in Docket No. 19-057-02 approved by the Commission on August 2, 2021.

The Division notes that: 1) some of the pipe being replaced is pipe that was manufactured under the newer standards (post 1970), as was agreed to. 2) Dominion has committed to continue to submit quarterly reports to the Division showing the progress and costs associated with this ITP. 3) The Company plans to continue this ITP program at this rate as adjusted for inflation.

The following are items of note particular to this filing.

1. In last year's ITP plan (Docket No. 21-057-27), the Company indicated it would replace 772 LF of 16" pipe in FL 12. That is the exact same size and footage in last year's and this year's plan. Following discussions with the Company the Division discovered that in 2022 this section of pipe was replaced but the ancillary equipment like Valve Assemblies and Regulator Stations, although planned to be replaced, were not because the building permits from the city were not obtained prior to the heating season starting, which results in delaying the completion of this project until after the heating season is over. The Company states that the work to replace the ancillary equipment will start in the first quarter of 2023.

2. The Gantt chart from last year's filing showed that the work to replace the 3" pipe on FL 43, which was installed in 1966, was expected to be completed in August of 2022. However,

the current filing shows that the same work will be completed in October 2023. In response to the Division's questions the Company clarified this issue. It now appears that FL43 has largely been replaced and put into service with the exceptions of a few sections that have been delayed until negotiations regarding rights for a canal crossing and other property rights are resolved.

3. In Exhibit 2, page 1, the 6" pipe on FL 21 shows that the sum of the two vintages of 1957 and 1964 add up to 50 more feet than the total in column AA. This only shows that the Company is not planning to retire the entire 1957 and/or 1964 sections in this coming year.

4. During our investigation, the Company reported to the Division that there is an error on the reported footage in FL 21. It should have highlighted approximately 20' of 6" pipe installed in 2015, approximately 20' of the 6" pipe originally installed in 1984, and approximately 40' of 8" pipe originally installed in 2015. These corrections do not affect the total estimated footage to be replaced in FL 21, only the specific footages and vintage dates change.

## **Conclusion**

The letter Dominion filed with the Commission on November 15, 2022, outlining the Replacement Infrastructure 2023 Annual Plan and Budget, complies with the Commission's February 25, 2020, Report and Order in Docket No.19-057-02. Therefore, the Division recommends the Commission acknowledge the letter as compliant. The Division notes that this recommendation pertains to only the annual budget filing requirement identified and should not be construed in anyway as an endorsement or preapproval that these costs are prudently incurred or should be recovered in the ITP.

This filing is not requesting any change in the Company's current rates nor will acknowledging it have any material impact to the ITP.

cc: Kelly B. Mendenhall, Dominion Energy Utah  
Michele Beck, Office of Consumer Services