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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Eric Orton, Utility Technical Consultant

Date: August 24, 2023

Re: **Docket No. 23-057-02**, Dominion Energy Utah's Integrated Resource Plan (IRP) for Plan Year: June 1, 2023, to May 31, 2024.

Recommendation (Acknowledge)

The Division of Public Utilities (Division) has reviewed Dominion Energy Utah's (Dominion or Company) Integrated Resource Plan (IRP) and has determined that it contains the necessary information and complies with the 2009 Standards and Guidelines as ordered. The Division recommends that the Public Service Commission of Utah (Commission) acknowledge this most recent IRP. No further action is required at this time.

Issue

The purpose of the IRP filing is to provide regulators with an update of the "process in which known resources are evaluated on a uniform basis, such that customers are provided quality natural gas services at the lowest cost to QGC and its customers consistent with safe and reliable service."¹

While the Commission has made it clear that "Acknowledgement of an acceptable [IRP] Plan will not guarantee favorable rate-making treatment of future resource acquisitions" (Docket No. 91-57-09), the Division uses the IRP as one tool among many to help evaluate the reasonableness of Dominion's business and regulatory plans for the coming year and

¹ Proposed IRP Guidelines for Questar Gas Company, Docket No. 97-057-06, p. 1.

beyond. Therefore, it is important that the IRP not simply adhere to the Standards and Guidelines set forth by the Commission but also provide regulators some measure of comfort that Dominion is making reasoned forward-looking choices.

Background

Dominion prepares an IRP every year, however, the details and content have evolved over time. The Commission's initial IRP guidance came with the December 14, 2007, Report and Order.² Just over a year later, the Commission issued its Standards and Guidelines and on March 31, 2009, ordered future IRPs to be filed in compliance with the new guidelines. On March 22, 2010, the Commission issued a Clarification Order³ and made several findings to clarify expectations of the 2009 IRP Standards.

Nearly ten years later, on November 19, 2018, the Commission found that future IRPs should provide complete information rather than incorporating information by reference and provided guidance on confidential information. More recently, on January 16, 2020, the Commission adopted the Company's additional commitments and ordered Dominion to convene stakeholder meetings to discuss concerns regarding the sufficiency of information. During stakeholder meetings and subsequent discussions, the parties were able to reach a mutual understanding, and the Division's recommendations were generally adopted. The IRP has been a beneficial and productive collaborative process between regulators and the Company for many years.

On January 10, 2023, Dominion filed its Notice of Intent to File IRP and Request for Scheduling Order and Notice of Technical Conferences. The specified Technical Conferences were held on January 24, 2023, April 4, 2023, April 25, 2023, and May 2, 2023. The Company filed the current IRP on June 13, 2023, and on June 14, 2023, the Commission issued its Notice of Virtual Scheduling Conference. On June 26, 2023, the

² In the Matter of the Revision of Questar Gas Company's Integrated Resource Planning Standards and Guidelines, Report and Order on Standards and Guidelines for Questar Gas Company, Docket No. 08-057-02, March 31, 2009. It is assumed that the order referenced on page 20 as the "December 17, 2007, Report and Order" is in fact the "December 14, 2007, Report and Order."

³ In the Matter of Questar Gas Company's Integrated Resource Plan for Plan Year: May 1, 2009, to April 30, 2010, Report and Order, Docket No. 09-057-07, Issued: March 22, 2010.

Commission issued its Scheduling Order with comments due by August 24, 2023, and reply comments due September 28, 2023. This memorandum represents the Division's comments.

Discussion

The IRP has been submitted each year since the early 1990s. The IRP is a planning document that is used as a guide to show regulators that the utility is making reasonable plans to meet its customers natural gas requirements for the upcoming year and the foreseeable future. As its customer base continues to grow, Dominion needs to ensure that its system can continue to meet customer needs. The Company states that the distribution system will be capable of meeting the demands with adequate supplies and pressures. This means that: the gate stations have adequate capacity, the supply contracts are adequate, and system pressures are sufficient to meet the needs of its customers. Among other things, in this IRP (for the 2023-2024 heating season) Dominion has provided the following conclusions:

1. Natural gas sales are estimated to be 121.2 MMDth, up from 118.3 MMDth in last year's IRP (on a temperature-adjusted basis).
2. Design Day firm sales demand is estimated to be 1.27 MMDth.
3. Wexpro-produced gas is projected to be approximately 56.5 MMDth or 46% of the forecasted annual demand assuming the completion of new development drilling projects.
4. Purchased gas is projected to be approximately 65.6 MMDth.
5. The Company "may purchase additional contracts for fixed-price baseload supply for December 2023 through February 2024 to protect against high-pricing events similar to those that occurred during the past few heating seasons"⁴ as it expects price volatility to continue in the near future.

⁴ Dominion Energy Utah Integrated Resource Plan Docket No. 23-057-02 (Plan Year: June 1, 2023 to May 31, 2024) Page 1-1

6. The Company is projected to add just over 23,000 new customers and expects to end the IRP year with 1.2 million GS customers.

7. Annual GS usage per customer is anticipated to be around 99.5 Dth.

8. It projects an average residential usage per customer of 77.2 Dth, continuing a slight overall downward trend.

9. Total system throughput is projected to be 228.0 MMDth. Temperature-adjusted system throughput (sales and transportation) is estimated at 225.8 MMDth, up from last year's IRP projected 219.9 MMDth.

10. The forecasted level of sales demand is 123.1 MMDth, an increase of approximately 1.5%, based mainly on continued growth in the GS customer base in both residential and commercial customers.

Due to the events that occurred in January of this year, additional information was included in the report and provided during the technical conferences related to the Company's hedging practices and the use of storage facilities. The Company also provided an update on the Magna Liquefied Natural Gas (LNG) facility, which has experienced mechanical difficulties and delays in the anticipated filling schedule. The Division finds that the assumptions used, and the information presented represent a reasonable forecast of the conditions that are likely to occur during the IPR forecast period.

Following a careful examination of the current IRP, the Division has determined that the Company has included all the pertinent requirements and has filed a complete IRP. It is evident that the contents and details that have been requested by regulators over the years are included and the current IRP. The Division compliments the Company for its effort and feels that the current IRP is the most complete and beneficial to regulators to-date. The Division is also encouraged by the Company's forthrightness in its openly stating its difficulties and possible missteps such as explaining the start-up problems with the LNG facility and the reinstatement of the Squire storage contract.

The Division anticipates obtaining the detailed information on the numerous subjects contained in the IRP, which are to be filed in the IRP Variance Reports as updates and changes occur to the IRP plans as filed.

Conclusion

The Division recommends that the current IRP be acknowledged by the Commission as compliant. This filing does not request any change in the Company's current rates.

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