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To: The Public Service Commission of Utah
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Date: August 24, 2023
Subject: Docket 23-057-02 – Comments

In the Matter of: Dominion Energy Utah's Integrated Resource Plan (IRP)
for Plan Year: June 1, 2023 to May 31, 2024

INTRODUCTION

On June 13, 2023, Dominion Energy Utah ("DEU") filed its 2023-2024 Integrated Resource Plan ("IRP" or "2023 IRP") with the Utah Public Service Commission ("PSC"). On June 26, 2023, the PSC issued a Scheduling Order that set a deadline of August 24, 2023, for interested parties to file initial comments and September 28, 2023, to file reply comments on DEU's IRP. Pursuant to this schedule, the Utah Office of Consumer Services ("OCS") submits these initial comments on DEU's 2023-2024 IRP.

The OCS submits limited comments on the 2023 IRP to the PSC only addressing the following topics:

- Price Stabilization, Supply Reliability, Storage and Long-Term Planning
- IRP vs Technical Conference Detail
- LNG Facility Update
- Pipeline Joint Operating Agreement Update

The Important Interconnections Among Price Stabilization, Supply Reliability, Storage and Long-Term Planning

The topics of price stabilization, supply reliability, storage and long-term planning are discussed in various, unconnected sections of the IRP (pages 8-4, 11-1, 10-14 and 4-15 respectively). The OCS sees that these four topics are inter-related and should be examined more thoroughly in the IRP as connected topics. Recent events such as those in February 2021 (Winter Storm Uri affecting Texas and neighboring states) and December 2022/January 2023 (West Coast supply constraints coupled with increased natural gas demand) caused serious concerns about natural gas supply availability, which in-turn caused extreme spikes in natural gas prices. In February 2021, DEU saw prices for its market purchases of natural gas rise above \$160 per Dth, while in December 2022 prices rose above \$50 per Dth.¹ The repercussions of these events have been severe for DEU's ratepayers.

To show how severe the impact has been on ratepayers, we examine DEU's periodic Pass-Through filings where DEU tracks in the Account No. 191 its actual commodity costs for natural gas against what it has charged customers in rates. The commodity portion of General Service (GS)² customers' natural gas bills has risen \$4.68 per Dth or 121% from \$3.87 per Dth in DEU's September 30, 2020 Pass-Through Filing to \$8.55 per Dth in DEU's February 1, 2023 Pass-Through Filing.³

DEU's February 2023 Pass-Through filing stated that the under-collected balance in the 191 Account on December 31, 2022 stood at \$225 million.⁴ In their February 15, 2023 Action Request Response on DEU's Pass-Through filing, the Division of Public Utilities (DPU) observed that the \$225 million "is the highest under-collected amount the Company has ever recorded."⁵ As discussed above, the OCS is aware that very high natural gas commodity costs also impacted DEU in January and February 2023, pushing the under-collected balance in the 191 account to over \$519 million⁶ – far surpassing the \$225 million DEU reported in February. The accumulation of these very high 191 account balances highlight a new risk that needs to be more thoroughly addressed by DEU's IRP process.

DEU's Long-Term Planning section of the IRP on page 4-15 states "With a steady customer demand and growth rate expected to continue, long-term plans and options must be considered to maintain the existing and growing system." The OCS asserts that in order to plan for its growing system and to mitigate future supply and price crises (like the recent ones from 2021 to 2023 discussed above), DEU needs to incorporate more robust long-term planning into its IRP process. For example, the OCS believes that acquiring additional storage capacity is one issue that should be more robustly examined in the IRP to mitigate price stabilization, supply reliability, and growth issues. The OCS acknowledges that DEU is well aware of the storage capacity issue and has addressed it in technical conferences⁷ and other forums. However, the IRP cannot be considered the

¹ See April 28, 2021 IRP Technical Conference Presentation, page 11 (Docket No. 21-057-01) and April 25, 2023 IRP Technical Conference Presentation, page 37, in this docket.

² Residential and small commercial customers use the GS Rate Schedule.

³ Docket No. 20-057-14, DEU Exhibit 1.7B – Proposed Tariff Revisions, page 2-2, Sept 30, 2020; 23-057-03; DEU Updated Exhibit 1.7U-B – Proposed Tariff Sheets, page 2-2, February 21, 2023.

⁴ Docket No. 23-057-03, DEU Pass-Through Application, paragraph 17, February 1, 2023.

⁵ Docket No. 23-057-03, DPU Comments, page 11, February 15, 2023.

⁶ DEU provides regulators a monthly "191 Packet" updating the status of the 191 Account.

⁷ DEU discussed storage and storage planning in its April 25, 2023 Technical Conference presentation but not all of the information and discussion provided at this meeting is in the 2023-24 IRP document.

authoritative planning process unless storage is also adequately addressed within it. This concern leads directly to the next topic.

IRP vs Technical Conference Detail

As in prior years, the OCS's review of DEU's 2023 IRP included a comparison with technical conference presentations for information completeness. The OCS continues to believe the IRP can be strengthened by DEU, ensuring that information presented in technical conferences is also mirrored in the full report to adequately document analysis and decision making. The OCS provides the following examples where technical conferences presented information in more depth than is contained in the IRP.

During the April 25, 2023 technical conference, DEU presented a detailed review of the conditions and prices from the 2022 to 2023 heating season. The information included weather charts, a timeline of historical temperature fluctuations, and graphs of actual customer demand. The presentation was also very informative as it blended information from other areas such as cost of service gas production, market pricing, and how that impacted the use of stored gas. However, on page 2-14 of the IRP, the heating season review is much briefer and did not include the detailed analysis presented in the technical conference. While the OCS does recognize other parts of the presentation throughout the IRP, the IRP document often lacks the detail of the analysis found in the technical conference presentation. Specifically, the graphs and figures provided in the presentation should be fully included in the IRP to tell the same resource planning story.

Similarly, during the same technical conference, DEU provided an analysis of its gas price stabilization (also called risk hedging) efforts. In its presentation, DEU included pie charts for supply exposure and graphs and analysis of its fixed price and potential first of month price baseload contracts. While DEU does summarize the issue on pages 8-4 to 8-5 in the IRP, the IRP should be expanded here to capture the details of the issue and potential risk reduction actions that were explored in the technical conference.

LNG Facility Update

Over the past year, there have been important operational status changes for the LNG facility. The OCS believes that DEU has so far, done a timely and appropriate job of documenting these developments in their 2022-2023 Quarterly Variance Reports⁸ and in the 2023 IRP. The OCS also recognizes that given the submission date for the IRP, some significant information will not be physically documented until reply comments or the next Quarterly Variance Report. This is evident in DEU's Third Quarter Variance Report for December 2022 through February 2023, the 2023 IRP, and the July 11, 2023 technical conference. In both the Variance Report and IRP, DEU explained a critical part malfunction had stopped the liquefaction process and was currently undergoing repair, and provided plans to resume liquefaction.⁹ During the July 11, 2023 technical conference, DEU specified that liquefaction resumed on July 10, 2023, and stated that current projections are for the tank to be 80% full by the end of November.

⁸ Docket No. 22-057-02, Q1, Q2, and Q3 Variance Reports with respective dates of November, 30, 2022, February 28, 2023, and May 31, 2023

⁹ Docket No. 22-057-02 Q3, Variance Report, pages 4-5, May 31, 2023 & Docket 23-057-02 2023 IRP pages 10-14, 11-1, January 10, 2023

In addition to these LNG status updates, the OCS would like to see additional LNG-related issues addressed in the IRP and in Quarterly Variance Reports going forward. One area is how DEU will minimize the cost of gas used to fill the LNG tank each filling season given increased natural gas price volatility.

On page 8-5 of the IRP, under “*Price Stabilization*”, DEU writes “The Company expects the increase in natural gas volatility will continue in the near term and will continue to review the same alternatives for additional price stabilization options for the 2023-2024 heating season and beyond.” While this statement is not referring specifically to prices DEU expects to pay for gas that will be used to fill the LNG facility, this projected price volatility, combined with DEU’s expectations for liquefaction to continue to the end of November, presents concern that filling prices could be higher than originally projected.¹⁰ These elevated filling prices would then be passed on to ratepayers in the form of higher costs.

Thus, the OCS requests DEU to provide clarification on what the filling costs would have been with the original filling projections before the part malfunction, and what costs will be if filling continues to the end of November. If natural gas price volatility continues to be an issue in the future, the OCS also requests that DEU continue to report in the IRP and/or in the Quarterly Variance Report how DEU is managing the timing of LNG filling to minimize filling costs.

Pipeline Joint Operating Agreement Update

Due to the recent frequent ownership changes of MountainWest Pipeline¹¹ and the importance of DEU’s coordination with the pipeline, the Joint Operating Agreement (JOA) has been more frequently a topic of discussion over the past three years. In addition to the “*System Supply Analysis and Joint Operating Agreement*” section in the annual IRP, parties have asked DEU to provide operational updates during these pipeline ownership changes and to provide assurances the JOA will remain in effect and continue to benefit DEU’s operations. For example, there have been comments,¹² reply comments,¹³ verbal explanations during IRP technical conferences and meetings,¹⁴ and additional details provided within sections of the IRP where applicable.¹⁵

The level of communication and explanation by DEU is very much appreciated. However, these varied avenues of documentation are not the most efficient and cohesive way for DEU to update parties on the timeline of pipeline ownership, and the potential impact on the JOA. Given the amount of time between IRPs, the OCS would like to see an additional section addressing pipeline ownership issues and the JOA added on the Quarterly Variance Reports, at least until the transfer of ownership is complete and the JOA issue is settled.

¹⁰ Docket No. 22-057-02 Q2 Variance Report, page 4, February 28 2023

¹¹ Dominion Energy sold Questar Pipeline to Southwest Gas on December 31, 2021. Southwest Gas changed the name of the company to MountainWest Pipeline. Southwest Gas sold MountainWest to Williams on February 14, 2023.

¹² Docket No. 20-057-02 Comments from the Office of Consumer Services, pages 3-4, September 3, 2020

¹³ Docket No. 20-057-02 Dominion Energy Utah’s Reply Comments, pages 2-3, October 7, 2020

¹⁴ Docket No. 21-057-01 DEU’s 2021 to 2022 IRP, page 2-8, June 14, 2021, & Docket No. 22-057-02 DEU’s 2022 to 2023 IRP, page 2-10, June 15, 2022

¹⁵ Docket No. 22-057-02 DEU’s 2022 to 2023 IRP, pages 10-1, 10-2, June 15, 2022

RECOMMENDATIONS

The OCS recommends that the PSC acknowledge DEU's 2023 IRP and require DEU to:

- Incorporate more robust long-term planning into its IRP process, specifically in reference to price stabilization, supply reliability, and storage.
- Diligently ensure that all data and analyses presented in technical conferences also be included in the IRP documentation.
- Continue to include LNG Facility status updates in the Quarterly Variance Reports, along with the potential cost impacts of filling to the end of November 2023 and during any filling season when DEU experiences natural gas price volatility.
- Provide ownership status updates on the MountainWest pipeline and possible Joint Operating Agreement implications in its Quarterly Variance Reports, at least until all issues related to the transfer of ownership are resolved.

cc:

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