PASS-THROUGH APPLICATION OF	)	
DOMINION ENERGY UTAH FOR	)	Docket No. 23-057-25
AN ADJUSTMENT IN RATES	)	
AND CHARGES FOR NATURAL	)	
GAS SERVICE IN UTAH	)	VERIFIED APPLICATION

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

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APPLICATION
AND
EXHIBITS

December 28, 2023

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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

PASS-THROUGH APPLICATION	)	
OF DOMINION ENERGY UTAH FOR	)	Docket No. 23-057-25
AN ADJUSTMENT IN RATES AND	)	
CHARGES FOR NATURAL GAS	)	
SERVICE IN UTAH	)	VERIFIED APPLICATION

Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company) respectfully requests Utah Public Service Commission (Commission) approval of this Verified Application ("Application") for a decrease of $19,235,183 in its Utah natural gas rates. The driving force behind the price decrease requested in this Application is the over-collected 191 account supplier non gas balance. The Company is proposing the base commodity and the commodity amortization rates remain unchanged.. The Company recognizes this is a departure from what the Company would propose in a routine pass-through application and this departure is explained in further detail below. The information contained in this Application reflects Utah gas costs of $847,954,472. Therefore, a typical residential customer using 70 dekatherms per year will see a decrease in their total annual bill of $10.80 (or 1.14%).

In support of this Application, Dominion Energy states:

1. <u>Dominion Energy's Operations</u>. 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 Utah Public Service Commission, and the Company's rates, charges, and general conditions for natural gas service in Utah are set

forth in the Company's Utah Natural Gas Tariff No. 600 (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. The rates for these Idaho customers are determined by the Utah Commission pursuant to an agreement between the Commission and the Idaho Public Utilities Commission. Volumes for these customers have been included in the Utah volumes.

2. Applicable Statutes. The Commission may grant relief requested in this case pursuant to its general authority pursuant to Utah Code Ann. § 54-4-1 and the energy balancing account authority embodied in Utah Code Ann. § 54-7-13.5 (2022).

3. Tariff Provision. The Commission has authorized Dominion Energy to implement Account No. 191 of the Uniform System of Accounts to balance its gas costs with revenues. This filing is made under §2.06 of the Tariff, pages 2-9 through 2-14, which sets forth procedures for recovering gas costs shown in Account No. 191 by means of periodic and special adjustments to rates and an amortization of that account over one year. Pursuant to the Order Approving Dominion Energy's Modifications to Tariff Section 2.06 in Docket No. 19-057-T01, this Application categorizes costs based upon updated definitions of SNG and Commodity costs.

4. Test Year. The test year for this Application is based on expected sales transportation, and storage for the 12 months ending January 31, 2025. DEU Exhibit 1.1 page 2 allocates system-wide costs to Utah and Wyoming jurisdictions on the basis of either peak-day demand or commodity sales, as appropriate. The Company's Liquified Natural Gas facility (LNG facility) will only serve the Utah jurisdiction, and therefore costs associated with the LNG facility are directly assigned to Utah. The result of all of the allocations discussed in this paragraph is $847,954,472 in gas costs for Utah (DEU Exhibit 1.1 page 2, line 21).

5. Commodity Cost. In December, 2022, gas prices increased substantially as a result of increased electric demand and below-average storage levels in the Pacific states. An ongoing drought in the west had driven down hydroelectric production and natural gas electric production replaced that demand. The under-collected amount in the 191 account had reached $225.7 million by December 31, 2022, and that under-collected balance grew further during the following months.

By February 28, 2023 the under-collected balance had reached $539 million. Currently, the under-collected commodity balance as of November 30, 2023 stands at $313 million. While the balance has been reduced, the total is still significant. Average projected gas prices have decreased for the test period as shown in Confidential Exhibit 1.3, however the Company is proposing to leave the base commodity and commodity amortization unchanged to continue to recover the large, $313 million, under-collection. Reducing the under-collected balance in the 191 account will reduce interest expense over time and the overall cost customers will pay over time. The Company has not changed any commodity cost in the model or the following Exhibits: DEU 1.1 page 2, lines 1-12, DEU 1.2 page 1-6, DEU 1.5, page 1, lines 1-7. These Exhibits remain the same as in the previous filing from Docket No. 23-057-03.

6. Transportation. Dominion Energy incurs system-wide charges for transportation of gas to its distribution system. The transportation, storage, and peak hour service costs are based on upstream pipelines' rates. These costs are calculated to be $73,147,578, as shown in DEU Exhibit 1.4, page 1, line 34. These costs include the following elements:

a. MountainWest Pipeline (MWP), MountainWest Overthrust Pipeline (MWOP), and Kern River Gas Transmission Company (Kern River) Demand Rates. Annual transportation demand charges to transport produced and purchased gas are calculated to be $67,195,272 system-wide (DEU Exhibit 1.4, page 1, line 17). This includes a capacity release credit of $3,796,741 (DEU Exhibit 1.4, page 1, line 5). The Company's contract with MWOP totals $156,233 (DEU Exhibit 1.4, page 1, line 9). This contract extends the path of capacity on an existing contract with MWP. This contract allows the Company to purchase gas at a more convenient location and transport it to the receipt point on a MWP contract.

b. MWP, MWOP, and Kern River Commodity Rates. The transportation volumes in this Application reflect the level of Wexpro I and Wexpro II production and purchased-contract gas transported during the test year and current FERC approved rates. Transportation commodity charges are calculated to be $605,717 (DEU Exhibit 1.4, page 1, line 29).

c. Peak Hour Service. Peak-hour demand is the demand occurring during the hours during the day when total customer usage is at its highest. Design-Day demand calculates the total usage flowed during a 24-hour period (day), while the peak-hour demand is the maximum flow rate during that day. The upstream pipelines that serve the Company can only meet those usage levels above the Design-Day Demand on an operationally available (interruptible) basis. To guarantee firm service during peak-hour, Dominion Energy's most recent agreement with Kern River provides peak-hour services for a cost of $1,557,749 (DEU Exhibit 1.4, page 1, line 31). Dominion Energy's most recent agreement with MWP provides peak-hour services for a cost of $1,648,076 (DEU Exhibit 1.4, page 1, line 32).

7. Storage Charges. Dominion Energy also incurs system-wide storage and working gas charges for gas to be delivered during the winter heating season. These costs are $18,585,258 as shown in DEU Exhibit 1.4, page 2, line 13. The components of these costs are the following:

a. Storage Demand. The demand component of storage is calculated to be $18,025,058 (DEU Exhibit 1.4, page 2, line 5). In April 2024, a contract with Spire Storage West (Spire) will begin.

b. Storage Commodity. The charges during the test year for injections to and withdrawals from aquifer peaking, Spire, and Clay Basin storage fields are calculated to be $560,200 (DEU Exhibit 1.4, page 2, line 12).

8. LNG Storage Related Electricity Costs. The process of liquifying natural gas requires electricity. Electric costs will fluctuate with the liquefaction of natural gas for storage into the LNG tank. Because these costs are directly related to the amount of gas that needs to be liquified each year, they could be highly variable from year to year. Additionally, the rate paid for these electricity costs could also fluctuate from year to year. These costs will be included in the 191 Account as stated in the July 28, 2022, Order in Docket No. 22-057-08. For the test year, electricity costs of the LNG plant are estimated to be $2,359,693 (DEU Exhibit 1.4, page 2, line 14). This number is calculated by taking actual electric costs through the eleven months of October and estimating one month for November.

9. Supplier Non-Gas Cost Class Allocation. In the Report and Order dated February 25, 2020 in Docket No. 19-057-02, the Commission approved a new method for allocating supplier non-gas costs to customers. This method allocates peak hour contract costs to transportation customers. DEU Exhibit 1.4, page 3, shows the allocation of SNG costs to all classes, as approved in that order.

10. Supplier Non-Gas Costs. Since mid-1984, Dominion Energy's rate structure has incorporated a supplier non-gas component that reflects suppliers' non-gas costs billed to Dominion Energy. The Company has been tracking this supplier non-gas component of its Account No. 191 pursuant to the terms of its Tariff. The base test-year supplier non-gas costs are $91,282,803 (DEU Exhibit 1.5, page 2, line 1).

a. Net Unit SNG Cost. Current rates, including the amortization, are estimated to recover $95,758,592 in supplier non-gas costs (DEU Exhibit 1.5, page 2, line 6). DEU has provided a calculation of the SNG rates at DEU Exhibit 1.5 page 3. The GS and FS Summer/Winter differentials are also shown on pages 4 and 5 of DEU Exhibit 1.5.

b. Supplier Non-Gas Amortization. Consistent with the Division of Public Utilities' recommendation in Docket No. 11-057-08, the Company began amortizing the balance in the SNG portion of the 191 account annually instead of semi-annually. The change was meant to reduce volatility and interest costs by limiting the swings in the SNG account due to the changes in the definitions of commodity and SNG costs determined in Docket No. 19-057-T01. The Company now estimates that the SNG balance should swing between $14,000,000 over-collected and $14,000,000 under-collected. Heating degree days were considerably higher throughout the 2022-23 winter with unusually cold months causing a significant over-collection by March 2023. The SNG balance in March 2023 was over collected by $28,759,603. Therefore, the Company is proposing to amortize the $14,759,603 over-collected portion of this balance. The credit amortizations are shown on DEU Exhibit 1.5 page 3, lines 17-19.

c. In Docket No. 14-057-31, the Commission approved the Company's request to charge transportation customers for SNG costs associated with the services they use.

The Company began charging these customers a "Transportation Imbalance Charge" in February 2016 and began collecting from customers in March 2016. A total of $1,022,697 was collected from transportation customers from January 2023 to November 2023 and included in the SNG balance used to calculate the credit amortizations. The Company is submitting an application concurrently with this Application to review and update the Transportation Imbalance Charge based on the most recent 12 months of data. See Docket No. 23-057-26 for more information.

11. Change in Typical Customer's Bill. The annualized consolidated change in rates calculated in this Application is a 1.14% decrease, or a decrease of $10.80 per year for a typical GS residential customer using 70 dekatherms per year. The projected month-by-month changes in rates are shown in DEU Exhibit 1.6.

12. Proposed Tariff Sheets. Dominion Energy's proposed Utah Tariff sheets reflect the commodity costs, and of the changes in supplier non-gas costs allocable to Utah customers (DEU Exhibit 1.7).

13. Combined Tariff Sheets. In addition to this pass-through Application, the Company is also concurrently filing an Application for an adjustment to the Daily Transportation Imbalance Charge in Docket No. 23-057-26, an Application for the Infrastructure Rate Adjustment Tracker in Docket No. 23-057-27 and an Application for the Rural Expansion Rate Adjustment in Docket No. 23-057-28. DEU Exhibit 1.8 shows the proposed rate schedules that reflect the Tariff sheets that will be effective should the Commission approve all applications.

14. Effect on Earnings. Because the rate sought in this Application is a pass through of the direct costs of gas that Dominion Energy obtains for its customers, there will be no change in the Company's rate of return. Net profits are also unaffected except for the return on the changed amount of working storage gas which was approved by the Commission in Docket No. 22-057-03.

15. Exhibits. Dominion Energy submits the following DEU Exhibits in support of its request for an adjustment in its rates for natural gas service in Utah:

DEU Exhibit 1.1 Summary of Pass-Through Costs

DEU Exhibit 1.2 Test-Year Commodity Costs

DEU Exhibit 1.3 Confidential Comparison of Gas Price Forecasts

DEU Exhibit 1.4 Test-Year SNG Costs

DEU Exhibit 1.5 Calculation of Commodity and SNG Rates

DEU Exhibit 1.6 Effect on GS Typical Customer

DEU Exhibit 1.7 Legislative/Proposed Tariff Sheets

DEU Exhibit 1.8 Combined Legislative/Proposed Tariff Sheets

DEU Exhibit 1.9 Pass Through Model

WHEREFORE, Dominion Energy respectfully requests that the Commission, in accordance with its authority, rules and procedures and the Company's Tariff:

1. Enter an order authorizing Dominion Energy to implement a decrease in rates and charges applicable to its Utah natural gas service that reflect annualized gas costs of $847,954,472 as adjusted in DEU Exhibit 1.5 and as more fully set out in this Application and in DEU Exhibit 1.7.

2. Authorize Dominion Energy to implement the revised rates effective February 1, 2024 on an interim basis.

DATED the 28th day of December 2023.

Respectfully submitted,

DOMINION ENERGY UTAH

Jenniffer Nelson Clark

Jenniffer Nelson Clark
Attorney for Dominion Energy Utah

VERIFICATION

State of Utah)
) ss.
County of Salt Lake)

Kelly Mendenhall, being first duly sworn upon oath, deposes and states: he is the Director, Regulatory and Pricing of Dominion Energy, Inc.; he has direct personal knowledge of the matters addressed herein; he has read the foregoing Application; and the statements made in the Application are true and correct to the best of his knowledge, information and belief. The documents attached thereto are true and correct copies of the documents they purport to be.

____
Kelly Mendenhall
Director, Regulatory and Pricing

Subscribed and sworn to before me this 28th day of December, 2023.

____

GINGER JOHNSON
Notary Public State of Utah
My Commission Expires on:
August 04, 2027
Comm. Number: 732162

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Verified Application was served upon the following persons by e-mail on December 28, 2023:

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