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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH FOR APPROVAL OF A SPECIAL CONTRACT WITH SNOWBIRD RESORT, LLC	Docket No. 24-057-02 SUBMISSION OF SUPPLEMENTAL INFORMATION
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Pursuant to the Utah Public Service Commission's (Commission) Notice of Hearing, To Respond, And To Parties To Be Prepared To Address Questions At Hearing issued on March 12, 2024 (Notice), in the above-referenced docket, Questar Gas Company dba Dominion Energy Utah (Company, DEU, or Dominion Energy) respectfully submits this supplementation information. In the Notice, the Commission requested that Dominion Energy respond to a series of enumerated questions numbered 1 through 6, with subparts. Each section below contains responsive information and is numbered to correspond to each of the enumerated questions.

I. DRAWINGS SHOWING AREA FACILITIES

The Commission requested the following, enumerated as Question #1:

Please provide detailed drawings overlaid on pictures of the area that show:

a. Where the actual distribution lines and other infrastructure:

- i. Were prior to construction, and*
 - ii. Where they are now.*
- b. Please include the supply line to the general area, and the distribution infrastructure to all of Snowbird's separate facilities in the general area.*

The Company responds as follows:

DEU Exhibit 5.0 is a design drawing showing the location of the buildings at Snowbird. This drawing shows the location of distribution lines and infrastructure both before and after the work conducted by the Company. Those facilities identified as “retired” on the legend, reflect the location of facilities prior to the construction. Those identified as “new” reflect the location of facilities today.

DEU Exhibit 6.0 is a series of images showing the location of Company facilities in the area. Figure 1 shows the high-pressure facilities feeding Snowbird, the Town of Alta, and the surrounding area. Figure 2 shows the location of other customers in the area. Figure 3 shows the locations of the intermediate-high pressure pipelines in the area.

Jason McGee will be present at the hearing on this matter and will authenticate DEU Exhibits 5.0 and 6.0 at that time.

II. BUILDING SIZE AND METER DESIGN

The Commission requested the following, enumerated as Question #2:

- Why wasn't the new building (identified as “Building 3” in DEU Exhibit 3.02 to the Application) built large enough to house all the facilities with a common meter as was previously done?*
- a. If it could have been, please explain why that would not be the best option.*
 - b. If two meters are needed to provide different types of service, why isn't it good policy to charge separately for each of the two meters?*

The Company responds as follows:

Building 3 could not feasibly have been built large enough to house all facilities with a common meter. First, building 3 was already built as large as it could have been,

given the available space. DEU Exhibit 7.0 contains photographs showing the excavation and shoring required for the construction of Building 3. The building was constructed in a space bounded on each side by structures and a roadway. Moreover, the construction required shoring both to ensure a safe structure for the Company's facilities, and proper shoring to protect the adjacent buildings and roadway. Even if the Company could have expanded Building 3 in any direction, doing so would require significant earthwork, at a significant cost, as well as shoring and structural design and reinforcement. This, in turn, would increase the design requirements, and would require additional studies to understand the impact on the surrounding structures and how to protect them.

The Company acknowledges that under ordinary circumstances, charging for two separate meters is, indeed, the best policy. These are not ordinary circumstances. But for Dominion Energy's need to expand facilities in the area, and to remodel existing facilities to ensure safety and accessibility, Snowbird's facilities would not have changed. It would not have needed a second meter or a second location. The unique topography and space restrictions limited the Company's ability to construct a single building large enough to house a single meter, with space to permit safe and efficient maintenance of that meter. Penalizing a customer because the Company's operational needs require modification of facilities is not the best policy. Permitting the safety modifications and holding the customer harmless of rate-related consequences is a better policy.

As part of discovery, representatives of the Division of Public Utilities visited the facilities at issue in this docket, accompanied by DEU's engineering staff. If the Commission would find a site visit helpful, the Company would facilitate a remote technical conference for the Commission, its staff, and any interested parties to see the space constraints and the facility design.

Jason McGee will be present at the hearing on this matter and will testify to this information, as well as authenticate DEU Exhibit 7.0.

III. ADMINISTRATIVE COSTS

The Commission requested the following, enumerated as Question #3:

Are DEU's administrative costs any less for Snowbird than for any other similar customer that has two meters?

The Company responds as follows:

The Administrative Charges are set during the Company's general rate cases. In proposing its rates, the Company utilizes the principal of average ratemaking, meaning it determines the total administrative costs associated with the transportation service classes and calculates the average administrative cost per customer. The Company does not track or report on the *actual* administrative costs associated with any given customer. Consequently, the Company cannot definitively determine whether the *actual* administrative costs for Snowbird will be any more, or any less than any other customer.

The Company's Tariff provides that customers with multiple meters will pay multiple Administrative Charges because there is a general correlation between the number of meters a customer has, and the services utilized that are collected through the Administrative Charge. Notably, customers typically have multiple meters because they have multiple buildings, or service locations and the meters are required because of the customer's needs. Here, Snowbird has two meters not because its own configuration or usage requires them, but because the *Company's needs* require them. Moreover, had Snowbird resisted this reconfiguration, then the Company would likely have incurred significantly more expense in placing its facilities on other property, outside of the Snowbird location. This configuration saved the Company, and by extension its

customers, the cost of more pipe and a property purchase. Any incremental costs associated with the second meter were not caused by Snowbird and, therefore, the Company contends that it is not appropriate for Snowbird to bear those costs.

Austin Summers and Jason McGee will be present at the hearing on this matter and will verify the statements made here.

IV. IMPACT ON OTHER CUSTOMERS

The Commission requested the following, enumerated as Question #4:

Please explain how, in DEU's opinion, it is possible to add rate base assets that won't bring in a corresponding stream of revenue but will increase the required revenue requirement (i.e., if the Application is granted), without increasing costs for other DEU customers.

The Company responds as follows:

a. System Improvements are Included in Rate Base.

DEU Confidential Exhibit 2.0 lines 120 to 135 explains that the rate base assets that were installed during this project *will* bring a corresponding stream of revenue when the return on those assets is included in the Company's calculation of rate base in its next general rate case. This revenue will, in fact, increase costs (to a small degree) for other DEU transportation customers. This is precisely the ratemaking treatment applied to all capital projects across the Company's Utah service territory.

As discussed above, the Company designs its rates using the principle of average rates. When the Company constructs a regulator station in St. George, Utah, customers throughout the system bear the costs for those facilities. When the Company upgrades a gate station in Salt Lake City, customers in Park City bear a portion of those costs. Here, the Company constructed a system improvement at the Snowbird location, and the costs associated with those improvements will be included in rates for customers system wide. To be clear, the Company's request in this case does not involve the accounting treatment

of assets. However, the Company's ratemaking treatment of those assets is consistent with how assets are treated in other projects.

b. Approval of the Application Will Not Change the Basic Service Fee, Administrative Charge, or Volumetric Charges Applied to Other Customers Now or In the Future.

It is useful to note that, as discussed in lines 83-99 of Austin Summers' prefiled direct testimony (DEU Exhibit 2.0), if the Commission approves the Application and Snowbird is not required to pay a second Basic Service Fee (Basic Service Fee or BSF) or a second Administrative Charge, then the Company will collect slightly less revenue than it would if Snowbird paid two of each. But the difference is *so slight* that its absence will not impact the rates of other customers.

The Basic Service Fee and the Administrative Charge are not designed to collect the cost of the meters installed, like those installed at Snowbird. Instead, the Basic Service Fee and Administrative Charge are part of a larger rate design meant to collect the overall revenue requirement that was determined in a general rate case. The Basic Service Fees and Administrative Charges that the Company is currently collecting from all of its Transportation Service customers are sufficient to collect the revenue requirement that was established in the last general rate case. Those fees and charges will not increase, regardless of how the Commission rules in this case. Hence, Mr. Summer's testimony that, "None of that loss of revenue will result in an increase in rates to other customers" means that the Basic Service Fees and Administrative Charges paid by other customers will not change if the Commission approves the Company's request.

It is unlikely that approval of the Application in this docket will result in an increase in Basic Service Fees, Administrative Charges, or volumetric charges in the Company's next general rate case either. Understanding why requires examination of the

individual components.

i. Basic Service Fees.

The Company analyzes and calculates the BSF in every general rate case. The BSF calculation is a general calculation, set with an eye to collecting a portion of total costs, not a specific calculation designed to precisely charge each customer for the costs that customer causes. The Calculation of the BSF *does* include the return on investment of meters and any increase in investment for new meters, including those installed as part of this project, will increase the costs in the BSF calculation. However, a single meter placed at Snowbird is not a significant expenditure as compared to the entirety of the Company's system, and the inclusion of the cost of that second meter in the BSF calculation is unlikely to materially change the BSF calculation in the next rate case. It is likely that such a small increase in costs would be lost in the rounding.

Moreover, the BSF calculation is not always the same as the BSF ultimately approved by the Commission. Though the Company calculates the BSF in every general rate case, the BSF has not changed in recent rate cases. Indeed, the current BSF was set as a result of settlement, by agreement of all of the intervening parties. It is possible that even after updating the basic service fee calculations in the next general rate case, the BSF will stay the same, or that parties in that case will agree to settle with a BSF that does not match, exactly, the Company's calculation, or that the calculated BSF will be rounded up or down for purposes of simplicity and/or consistency. The installation of a second meter at Snowbird will not materially impact rates for any other customer now or in the future.

ii. Administrative Charge.

The Administrative Charge is calculated based on labor, supplies, and software that are necessary to serve transportation customers. The Administrative Charge has

changed in recent general rate cases due to large fluctuations in the number of customers in the transportation classes. Though the Company adjusts this charge more frequently than the BSF, it is still an estimate that is rounded for convenience. The Administrative Charge is calculated by dividing all of the above-referenced costs by the number of meters that are transporting gas to transportation customers. None of the costs involved in the calculation of the Administrative Charge will change as a result of the Snowbird project, but one meter would be added to the denominator. This addition would, based on the information available today, result in a reduction of \$1 per meter – which the Company would round, and the Administrative Charge would still be \$2,400/year. It is unclear how the Administrative Charge will change in the next general rate case, but it is clear that the addition of a Snowbird meter to the denominator of the calculation will not result in a material change in the charge going forward.

iii. Volumetric Charges.

With the understanding that the BSF and the Administrative Charge are not exact charges collecting exact costs, the Company completes its rate design using volumetric rates to collect the remainder of its revenue requirement. Assuming the investment made for the Snowbird project is not collected in the BSF, it would be collected in the volumetric rates. Again, that increase is de minimus and will not result in any material change in volumetric rates for other customers.

Mr. Summers and Mr. McGee will be present at the hearing on this matter and will verify the answer to Question #4.

V. OTHER OPTIONS FOR THE COMMISSION

The Commission requested the following, enumerated as Question #5:

Please explain why the PSC should not consider another option of denying the Application but hold Snowbird harmless by not requiring it to pay the costs for the second meter (identified on page two of DEU Confidential Exhibit 4.01, line 50). These would be unrecoverable costs.

As more fully explained by Mr. McGee in his Direct Testimony, the Company made prudent decisions in the design of the project near Snowbird. The Company made the decision to install two meters rather than relying upon a single meter for, above all, safety reasons. Efficiency and operational considerations also supported this decision. Additionally, by utilizing this configuration, the Company saved costs associated with additional piping and property purchases – costs that would have been borne by other customers. The Commission should not disallow recovery of costs that were incurred for design decisions that benefit customers while saving customers money.

Moreover, if the Commission were to choose to penalize the Company for making this prudent and safe decision, the *actual* configuration at the Snowbird location, and the need for a waiver of applicable Tariff provisions in billing Snowbird *would not change*. Snowbird would still have two meters and it would still require the requested waiver of the applicable Tariff provision so it would not be charged a second BSF or Administrative Charge.

Finally, the Company and the Division of Public Utilities have both offered evidence supporting approval of the Application, and indicating that approval is in the public interest, and just and reasonable in result. Nothing on the record of this matter suggests that the Company made an imprudent decision or that the recovery of any costs should be disallowed.

Mr. Summers will be present at the hearing on this matter and will verify the answer to Question #5.

VI. ENHANCEMENT OF SERVICE TO OTHER CUSTOMERS

The Commission requested the following, enumerated as Question #6:

In the pre-filed written direct testimony of Austin C. Summers, DEU states that the purpose of the project was to enhance the service of the surrounding area; what customers' service, other than Snowbird, was enhanced as a result of the project?

The Town of Alta and other customers benefitted from this project. This project was undertaken for two purposes: 1) to replace an aging meter with one that met current code requirements; and 2) to reinforce and replace existing infrastructure.

The project to replace the existing meter at Snowbird was driven by the need to update the meter design in order to meet current code requirements, not because Snowbird's service needs required changes. Mr. McGee's pre-filed direct testimony makes this clear, at lines 47-54. These changes were not made because Snowbird required upgrades or enhancements. Snowbird's service was not "enhanced" by this choice. It was simply maintained.

The replacement of the aging and outdated regulator station, on the other hand, provides clear benefits to all of the customers in the area. In fact, the purpose of the upgrade was primarily to ensure safe and reliable service to the Town of Alta and surrounding customers. The old district regulator station was a post-type regulator with limited capacity. At lines 55-62 of his pre-filed direct testimony, Mr. McGee detailed that the old regulator station did not meet current specifications, and that its replacement was necessary for both safety and operational reasons. The IHP system serving Alta and Snowbird customers will benefit from this updated design that provides additional safety (over pressure protection) and reliability. The new station will also increase the capacity of the distribution facilities in the area, which will allow the Company to offer service to

future customers in the area.¹ These system improvements enable the Company to serve future customers while maintaining safe and reliable service to those existing customers. Snowbird, along with all of the other customers in the area, present and future, will enjoy the benefits of these improvements.

Mr. McGee and Mr. Summers will be present at the hearing on this matter and will verify the answer to Question #6.

RESPECTFULLY SUBMITTED this 11th day of April 2024.

DOMINION ENERGY UTAH



Jenniffer Nelson Clark
Attorney for Dominion Energy Utah

¹ The Company anticipates growth in the area. In 1986 the Company only had 32 meters in this area. Today it has more than 160. DEU expects, based on the current requests for additional meters in the Town of Alta and on Alta's General Plan, that it will see additional growth in coming years.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Submission of Supplemental

Information was served upon the following persons by e-mail on April 11, 2024:

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