



# Monthly Energy Update

October 2019

**CAISO, SPP Vie to Develop a Western Regional Market**

*Page 6*

*For information, contact UAE staff at*

**801-355-4374**

## IN THIS ISSUE:

**Parties Seek Reductions in Testimony Filed in DEU's Rate Case**

*Page 1*

**PacifiCorp IRP Shows It Will Use Market Purchases to Help Meet Peak Needs**

*Page 2*

**Experts Say PacifiCorp's Closure of Coal Units Hurts the West**

*Page 3*

**EIM Expansion Hopes to Reduce Curtailment of Renewable Energy**

*Page 4*

**CAISO, SPP Vie to Develop a Western Regional Market**

*Page 6*

**Several Plants In the West Retired in September**

*Page 7*

**Senate Approves 10-Year-High EPA Budget, Excludes Obama Rules**

*Page 8*

**Study: Costs to Connect Renewables Are Lower Than Previously Estimated**

*Page 9*

**ACA Rule Hinders Curbing Carbon and is Legally Vulnerable**

*Page 9*

**Power Market Prices**

*Page 11*

## Parties Seek Reductions in Testimony Filed in DEU's Rate Case

**O**n October 17, 2019, multiple parties filed "Phase I" testimony in response to Dominion Energy Utah's (DEU) rate case filing made on July 1, 2019. In its filing, DEU seeks a rate increase of \$19.2 million, a 5.09% rate increase across all schedules for revenue requirement. DEU is seeking a continuation of the Infrastructure Tracker and an increase of the annual expenditure level from \$70.9 million to \$80 million for pipe replacement.

The utility is requesting a test period ending December 31, 2020, and an effective date of March 1, 2020. DEU argues that the need for the increase is based on climbing costs to serve Utah customers in regard to capital expenditures to maintain, upgrade and replace infrastructure, as well as to serve a larger number of customers. DEU is also seeking an increase to its Return on Equity from 9.85% to 10.5%.

Transportation Service (TS) customers would see a \$40.4 million cost of service (COS) increase based on DEU's COS study if approved by the Public Service Commission (Commission). That increase is proposed to be through full cost rates by a percentage increase to TS customers of 44.32% on the Distributed Non Gas portion.

According to Company testimony, DEU's calculations would move TS customers to full cost (based on DEU's COS study) and although DEU isn't proposing that full increase to be assigned to TS customers, it notes that moving customers to that full cost now is desirable because the rate shock would be "less" with the current low gas prices.

DEU also proposes to assign Peak Hour charges to TS customers. The monthly demand charge proposed is \$0.11858/Dth of contracted monthly firm demand.

Other proposed changes include the current block break of 45 Dth for General Service customers, as well as a reduction in some administrative costs for a number of customer classes.

Parties who filed Phase I rebuttal revenue requirement testimony include: the Division of Public Utilities (DPU), Office of Consumer Services (OCS), Utah Association of Energy Users (UAE), American Natural Gas Council (ANGC), and the Federal Executive Agencies (FEA).

The OCS and UAE seek an outright reduction in revenue requirement of \$14.18 million and \$23.9 million, respectively, when excluding confidential costs from the proposed LNG facility. Although the DPU does not propose a direct revenue requirement reduction, the regulatory staff finds \$20.2 million in adjustments that illustrate there is no

(Continued on Page 2)