

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF )	
QUESTAR GAS COMPANY d/b/a DOMINION )	DOCKET NO. 30010-174-GR-18
ENERGY WYOMING FOR A DECREASE IN )	(RECORD NO. 14998)
RATES TO ACCOUNT FOR THE EFFECTS OF )	
TAX CUTS AND JOBS ACT OF 2017 )	

ORDER  
(Issued December 18, 2018)

This matter came before the Wyoming Public Service Commission (Commission) upon the Application of Questar Gas Company d/b/a Dominion Energy Wyoming (Dominion Wyoming or the Company) for a decrease in rates to account for the effects of the Tax Cuts and Jobs Act of 2017 (TCJA).

The Commission, having reviewed the Application, its files regarding Dominion Wyoming, applicable Wyoming utility law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

1. Dominion Wyoming is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(D), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.

2. On May 14, 2018, Dominion Wyoming filed its Application requesting Commission approval to decrease rates, implement a surcredit on June 1, 2018, and defer the pre-June 1, 2018, savings in a regulatory liability account, until the Company's savings resulting from the TCJA are returned to its customers.

3. Dominion Wyoming calculated the tax benefit by using the Company's last approved revenue requirement, which was based on the 2014 test period in Docket No. 30010-135-GR-14 (Record No. 13857) (2014 GRC). Dominion Wyoming utilized the revenue requirement and cost of service model from the 2014 GRC to compare the effect of changing the federal income tax rate from 35% to 21%. The Company then allocated the \$492,653 reduction, using the class cost of service methodology from the 2014 GRC.

Proposed TCJA Rates

		<u>Non-Gas Cost Rates</u>		
		Current:	Comparison:	
		Calculated from 2014	Calculated from 2014	Proposed TCJA
		GRC Inputs and 35% FIT	GRC Inputs and 21% FIT	Rate Decreases
GS (Core)	Block 1: First 45 Dth	\$2.26148	\$2.13822	(\$0.12326)
	Block 2: Usage over 45 Dth	\$2.01148	\$1.88822	(\$0.12326)
NGV (Core)	All Usage	\$8.78578	\$7.75166	(\$1.03412)
FS (Core)	Block 1: First 80 Dth	\$1.01489	\$0.98179	(\$0.03310)
	Block 2: Next 730 Dth	\$0.91489	\$0.88179	(\$0.03310)
	Block 3: Usage over 810 Dth	\$0.66489	\$0.63179	(\$0.03310)
IS (Non-Core)	Block 1: First 48,600 Dth	\$0.25149	\$0.24161	(\$0.00988)
	Block 2: Next 72,900 Dth	\$0.22035	\$0.21169	(\$0.00866)
	Block 3: All Usage over 121,500 Dth	\$0.18926	\$0.18183	(\$0.00743)

IT (Non-Core)	Block 1: First 48,600 Dth	\$0.16728	\$0.16071	(\$0.00657)
	Block 2: Next 72,900 Dth	\$0.14439	\$0.13872	(\$0.00567)
	Block 3: All Usage over 121,500 Dth	\$0.12183	\$0.11704	(\$0.00479)
	Annual Demand Charges per Dth of	\$0.46515	\$0.44688	(\$0.01827)
	Contract Firm Transportation			

4. Dominion Wyoming designed base rates in the 2014 GRC to collect the entire revenue requirement (including federal income tax expenses) from core customers (the GS, FS and NGV classes). As a result, the Company designed the proposed TCJA rates to credit the full benefit of the income tax expense reduction to core customers. Dominion Wyoming calculated the proposed TCJA rates for non-core customers (the IS and IT classes) based on their relationship (on a percentage of change basis) to the FS rates in the 2014 GRC. The Company proposes to apply the credits to customer bills until the Commission approves new base rates in Dominion Wyoming's next general rate case.

5. Dominion Wyoming has been recording the difference between its federal income tax liability under the law in effect on December 31, 2017, and the law in effect on and after January 1, 2018, as a deferred regulatory liability. Dominion Wyoming has been calculating the deferral amount as the product of each rate class's proposed rates and monthly usage, plus interest calculated at the Commission's Authorized Interest Rate. Upon the effective date of the proposed TCJA rates, the Company would cease recording the deferred regulatory liability and transfer the credit into the commodity balancing account.

#### January through October 2018 TCJA Deferred Regulatory Liability

2018	GS	NGV	FS	IS	IT	Monthly Total	Interest	Balance
January	(\$75,669)	(\$461)	(\$654)	(\$180)	(\$169)	(\$77,132)	(\$169)	(\$77,302)
February	(\$67,693)	(\$398)	(\$547)	(\$167)	(\$147)	(\$68,952)	(\$321)	(\$146,574)
March	(\$55,124)	(\$455)	(\$512)	(\$185)	(\$157)	(\$56,434)	(\$445)	(\$203,452)
April	(\$40,679)	(\$510)	(\$434)	(\$151)	(\$132)	(\$41,906)	(\$538)	(\$245,896)
May	(\$25,657)	(\$452)	(\$390)	(\$183)	(\$95)	(\$26,776)	(\$598)	(\$273,270)
June	(\$13,150)	(\$614)	(\$226)	(\$54)	(\$76)	(\$14,120)	(\$630)	(\$288,020)
July	(\$6,759)	(\$518)	(\$246)	(\$75)	(\$98)	(\$7,696)	(\$648)	(\$296,364)
August	(\$6,882)	(\$611)	(\$294)	(\$67)	(\$98)	(\$7,953)	(\$667)	(\$304,984)
September	(\$11,699)	(\$575)	(\$334)	(\$49)	(\$96)	(\$12,754)	(\$696)	(\$318,434)
October*	(\$27,127)	(\$336)	(\$357)	(\$87)	(\$121)	(\$28,029)	(\$759)	(\$347,223)
Total	(\$330,438)	(\$4,931)	(\$3,993)	(\$1,199)	(\$1,191)	(\$341,752)	(\$5,471)	(\$347,223)

\*Estimated based on forecasted volumes.

6. The proposed TCJA rate would result in an average monthly decrease of approximately \$0.93, or 1.55%, for typical GS customers who use a monthly average of 7.5 Dth.

7. The Application came before the Commission for consideration pursuant to due notice at its Open Meeting on October 29, 2018. Kelly Mendenhall, Director Customer Rates and Pricing, participated by telephone for the Company. Mr. Mendenhall provided a summary of the Application generally describing the proposed decrease in rates to account for the effects of the TCJA as set forth in paragraphs 3 through 6 herein. Deputy Chair Fornstrom asked how the credit would appear on customer bills. Mr. Mendenhall explained that it will show as a separate line item on customer bills and will be identified as "tax reform surcredit." Deputy Chair Fornstrom stated



the Commission has directed other utilities to specifically identify the credit as a result of the Tax Cut and Jobs Act. Mr. Mendenhall agreed to the modification. Commission Staff recommended approval of the Application.

8. Based on the Application, representations by Dominion Wyoming, and the analysis and recommendations of Staff, the Commission finds and concludes that Dominion Wyoming's Application for TCJA rates as shown in paragraphs 3 and 5 herein, should be approved, effective immediately.

IT IS HEREBY ORDERED:

1. Pursuant to Open Meeting action taken on October 29, 2018, the Application of Questar Gas Company d/b/a Dominion Energy Wyoming requesting rates, as set forth in paragraphs 3 and 5 of this *Order*, to account for the effects of the Tax Cuts and Jobs Act of 2017, is approved.

2. This *Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on December 18, 2018.

PUBLIC SERVICE COMMISSION OF WYOMING

WILLIAM F. RUSSELL, Chairman

KARA B. FORNSTROM, Deputy Chair

ROBIN SESSIONS COOLEY, Commissioner



JOHN S. BURBRIDGE, Assistant Secretary