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*Attorneys for Dominion Energy Utah*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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IN THE MATTER OF THE  
APPLICATION OF DOMINION  
ENERGY UTAH TO MODIFY THE  
WEXPRO PRODUCTION CAP

Docket No. 22-057-04

**SETTLEMENT STIPULATION**

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Pursuant to Utah Code Ann. § 54-7-1, Utah Admin. Code R746-100-10.F.5, Wyoming Statutes 37-2-101 *et seq.*, and Chapter 2, Section 25 of the Wyoming Public Service Commission Rules, Questar Gas Company dba Dominion Energy Utah and Dominion Energy Wyoming (Dominion Energy or Company), Wexpro Company (Wexpro), the Utah Division of Public Utilities (Division), the Utah Office of Consumer Services (Office), and the Wyoming Office of Consumer Advocate (the Wyoming OCA) (collectively, the Parties, or singly, a Party) submit this Settlement Stipulation. This Settlement Stipulation shall be effective only upon the entry of a final order of approval by the Public Service Commission of

Utah (Utah Commission) and the Wyoming Public Service Commission (Wyoming Commission) (together Commissions) in resolution of the issues raised in this docket.

## BACKGROUND

1. On October 14, 1981, Dominion Energy's predecessor, Mountain Fuel Supply Company, Wexpro, the Division, the Committee of Consumer Services (predecessor to the Office), the OCA, and Wyoming Commission Staff entered into the Wexpro Agreement (Wexpro Agreement). The Wexpro Agreement was approved by the Wyoming Commission on October 28, 1981 and by the Utah Commission on December 31, 1981.

2. The Wexpro Agreement was subsequently amended through later proceedings. Specifically, on March 28, 2013, the Utah Commission issued its Report and Order approving the Wexpro II Agreement.<sup>1</sup> On October 16, 2013, the Wyoming Commission issued its Memorandum Opinion, Findings and Order approving the Wexpro II Agreement.<sup>2</sup>

3. Then, on January 17, 2014, the Utah Commission issued its Report and Order approving the Trail Unit Settlement Stipulation.<sup>3</sup> On March 18, 2014, the Wyoming Commission issued its Memorandum Opinion, Findings and Order approving the Trail Unit Settlement Stipulation.<sup>4</sup>

4. In addition, on November 17, 2015, the Utah Commission issued its Report and Order approving the Canyon Creek Settlement Stipulation.<sup>5</sup> On February 24, 2016, the Wyoming Commission issued its Memorandum Opinion Findings and Order approving the

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<sup>1</sup> Report and Order dated March 28, 2013, Docket No. 12-057-13.

<sup>2</sup> Memorandum Opinion, Findings and Order Approving the Wexpro II Agreement issued October 16, 2013, Docket No. 30010-123-GA-12, Record No. 13347.

<sup>3</sup> Report and Order issued January 17, 2014, Docket No. 13-057-13.

<sup>4</sup> Memorandum Opinion, Findings and Order Approving the Stipulation to Include Property Under the Wexpro II Agreement issued March 18, 2014, Docket 30010-134-GA-13, Record No. 13720.

<sup>5</sup> Order Approving Stipulation issued November 17, 2015, Docket No. 15-057-10.

Canyon Creek Settlement Stipulation.<sup>6</sup>

5. Finally, on March 30, 2017, the Utah Commission issued an order Approving the Vermillion Settlement Stipulation.<sup>7</sup> On November 2, 2017, the Wyoming Commission issued an Order approving the Vermillion Settlement Stipulation.<sup>8</sup>

6. The Wexpro I Agreement, Wexpro II Agreement, the Trail Unit Settlement Stipulation, the Canyon Creek Stipulation, and the Vermillion Settlement Stipulation govern the development and production of Company-owned supplies by Wexpro.

7. The Trail Settlement Stipulation provides, in part, that “[t]he Company and Wexpro will manage the combined cost-of-service production from Wexpro I and Wexpro II Trail Unit Acquisition Properties to 65% of Questar Gas’ annual forecasted demand identified in the Company’s Integrated Resource Plan . . . .”<sup>9</sup>

8. The Canyon Creek Settlement Stipulation provides, in part, that “Questar Gas and Wexpro will manage the combined cost-of-service production from Wexpro I and Wexpro II properties to: (a) 55% of Questar Gas’ annual forecasted demand identified in the IRP; or (b) 55% of the Minimum Threshold as defined in the Trail Settlement Stipulation . . . .”<sup>10</sup>

9. In 2016, Dominion Energy, Inc. and Questar Corporation, the parent company of Questar Gas Company, merged. The Utah Commission approved the merger in an Order issued August 22, 2016 in Docket No. 16-057-01 and the Wyoming Commission approved the merger in an Order issued on September 14, 2016 in Docket No. 30010-180-GA-18 (Record

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<sup>6</sup> Memorandum Opinion, Findings and Order Approving Stipulation issued on February 24, 2016, Docket No. 30010-145-GA-15, Record No. 14224.

<sup>7</sup> Order Memorializing Bench Ruling Approving Stipulation issued March 30, 2017, Docket No. 17-057-01.

<sup>8</sup> Memorandum Opinion, Findings, and Order Approving Stipulation issued November 17, 2017, Docket No. 30010-162-GA-17, Record No. 14631.

<sup>9</sup> Settlement Stipulation dated December 23, 2013, paragraph 12.a, Utah Docket No. 13-057-13, Wyoming Docket No. 30010-134-GA-13, Wyoming Record No. 13720.

<sup>10</sup> Settlement Stipulation dated October 26, 2015, Utah Docket No. 15-057-10, Wyoming Docket No. 30010-145-GA-15, Wyoming Record No. 14224.

No. 15138). As a result, Questar Gas Company began doing business in Utah as Dominion Energy Utah, and in Wyoming as Dominion Energy Wyoming.

10. During the 2020-2021 heating season, Dominion Energy and natural gas utility companies across the United States experienced significant increases in natural gas prices due at least in part to higher demand and/or supply constraints. For instance, in February 2021, extraordinarily cold weather in Texas strained the supply reliability of the electric grid and created gas supply issues through many Midwestern and Western states. Based on current and forecasted market conditions, as well as continuing demand and supply constraints, higher energy prices are expected to continue into the 2021-2022 heating season. As a result of these events and market conditions, Dominion Energy has been exploring hedging opportunities, including increasing production of volumes under the Wexpro and Wexpro II Agreements.

11. As part of the Company's efforts, and because the market price of natural gas is expected to be higher than the cost of producing natural gas pursuant to the Wexpro I and Wexpro II Agreements, the Parties have discussed the possibility of changing the requirement that Dominion Energy and Wexpro limit the combined Wexpro I and Wexpro II production to the 55% threshold described in Paragraph 8 above to allow more Wexpro production that will be beneficial to customers.

12. Based on the Parties' discussions, they now agree as follows:

#### **TERMS AND CONDITIONS**

13. The Parties submit this Settlement Stipulation for the Commissions' approval and adoption.

14. The Parties agree for purposes of settlement that, Dominion Energy and Wexpro may be permitted to manage combined cost-of-service production from Wexpro I and Wexpro II properties to exceed the 55% threshold described in Paragraph 8 subject to the following provisions: Wexpro must file with the Commissions a plan for acquisition or drilling

of properties that (a) shows that planned production from such acquisition or drilling will be provided at a cost lower than the five-year forecast curve together with shut-in costs; (b) the planned production does not exceed (i) 65% of Dominion Energy's annual forecasted demand identified in its Integrated Resource Plan (IRP); or (ii) 65% of the Minimum Threshold as defined in the Trail Settlement Stipulation (Minimum Threshold); (c) includes the date by which Wexpro I and Wexpro II production levels will again be reduced to a level at or below 55% of Dominion Energy's annual IRP forecast or the Minimum Threshold; and (d) must be found by the Commission to be in the public interest considering the factors listed in paragraph 15.

15. In making a public interest determination under paragraph 14, the parties contemplate the Commission considering:

- The use of additional Wexpro supply as a hedge against price volatility;
- The existence and nature of other hedging opportunities;
- The potential for and effect of shut-in costs from added Wexpro supply in non-peak months;
- Lost opportunities for low-cost summer gas supplies being put into storage in non-peak months;
- Long-term market trends;
- The environmental regulatory outlook; and
- Any other factors the Commission considers relevant.

16. If the plan filed pursuant to paragraph 14 is found to be in the public interest, Wexpro shall manage the combined cost-of-service production from Wexpro I and Wexpro II properties not to exceed the percentage cap set for each year of that plan. At the end of the plan

period, Wexpro shall return to managing its production to the 55% threshold described in Paragraph 8.

17. Wexpro and Dominion Energy may seek Commission approval to revise, extend, or update any such plan at any time.

### GENERAL

18. The Parties agree that settlement of those issues identified above is in the public interest and that the results are just and reasonable.

19. The Parties agree that no part of this Settlement Stipulation, or the formulae or methods used in developing the same, or a Commission order approving the same, shall in any manner be argued or considered as precedential in any future case. This Settlement Stipulation does not resolve, does not provide any inferences regarding, and the Parties are free to take any position with respect to, any issues not specifically identified and settled herein. All negotiations related to this Settlement Stipulation are confidential and subject to the applicable rules of evidence, including Utah R. Evid. 408 and Wyo. R. Evid. 408, and no Party shall be bound by any position asserted in negotiations not specifically identified and settled herein. Neither the execution of this Settlement Stipulation nor an order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Settlement Stipulation.

20. Dominion Energy will, and the Division, Office, and the OCA may, each make one or more witnesses available to explain and support this Settlement Stipulation to each respective Commission. Such witnesses will be available for examination. The Parties shall

support each Commission's approval of the Settlement Stipulation. As applied to the Division, the Office, and the OCA, the explanation and support shall be consistent with their statutory authority and responsibility. So that the record in this docket is complete, the Parties agree to recommend that all pleadings, comments, and action request responses that have been filed in this docket be admitted as evidence.

21. The Parties agree that, if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of either Commission approving this Settlement Stipulation, each Party will use its best efforts to support the terms and conditions of the Settlement Stipulation. As applied to the Division, the Office, and the OCA, the phrase "use its best efforts" means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Party shall take a position in that judicial review opposed to the Settlement Stipulation.

22. Except with regard to the obligations of the Parties under Paragraphs 17, 18, and 19 of this Settlement Stipulation, this Settlement Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by both Commissions. This Settlement Stipulation is an integrated whole, and either Party may withdraw from it if it is not approved without material change or condition by the Commissions or if either Commission's approval is rejected or materially conditioned by a reviewing court. If either Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation, or if either Commission's approval of this Settlement Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing

to modify the Settlement Stipulation consistent with the order. No Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Settlement Stipulation, the remaining Parties retain the right to seek additional procedures before the Commissions, including presentation of testimony and cross-examination of witnesses and no Party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

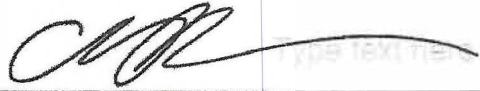
23. This Settlement Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.



**RELIEF REQUESTED**

Based on the foregoing, the Parties request that the Utah Commission and the Wyoming Commission each issue an order approving this Settlement Stipulation and adopting its terms and conditions.

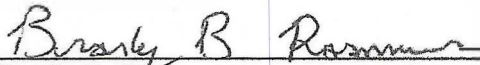
RESPECTFULLY SUBMITTED: February 3, 2022.



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Michele Beck  
Director  
*Utah Office of Consumer Services*



Bryce Freeman  
Administrator  
*Wyoming Office of Consumer Advocate*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the Settlement Stipulation was served upon the following persons by e-mail on February 3, 2022:

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/s/ Ginger Johnson \_\_\_\_\_