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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission
From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Doug Wheelwright, Technical Consultant
Eric Orton, Utility Analyst

Date: February 17, 2016

Subject: Dixie Escalante Rural Electric Association revised tariff sheets.
Docket No. 16-066-T01

In the Matter of the Revisions to Dixie Power's Retail Electric Rates

RECOMMENDATION

The Utah Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge Dixie Escalante Rural Electric Association, Inc.'s (Dixie) changes to its Retail Electric Rates, and make them available for public inspection.

BACKGROUND

The Dixie board approved these changes and presented them at meetings of members held on November 3, 2015, at Desert Hills High School in St. George and on November 4, 2015, at the Elementary School in Beryl, Utah. Dixie's board made the change effective February 1, 2016. Dixie filed notification of these changes with the Commission on February 1, 2016. On February 5, 2016 the Commission issued an Action Request to the Division to investigate the notification. This is the Division's response to that Action Request.

ISSUE

Dixie’s customers were given ample notification of the proposed rate changes as specified in Utah Code 54-3-3 and 54-4-1.1. However, the Commission was not notified at least 30 days prior to the proposed effective rate change as required by Commission Rule (R 746-405-2-E.2) and Utah Code 54-3-3. The Division believes that Dixie should comply with Commission rule and Utah Code by notifying the Commission at least 30 days prior to implementing any such rate change.

DISCUSSION

On February 1, 2016 Dixie filed with the Commission its revised retail electric rate schedules. In Dixie’s attached letter to the Commission it states that these increased rates reflect a \$5 increase in the Customer Charge and an annual wholesale power cost adjustor of \$.0045 per kWh, (which Dixie implemented previously) together these rates represent an average increase of 11%. Also the term “Customer Charge” has been replaced with the term “Facilities Service Charge” to “better represent the costs associated with the fixed base charge assignment.”

Dixie previously determined to keep retail rates simple by not implementing rate changes unless the year-over-year rate difference is at least \$.0005 per kWh and that any rate adjustment would be rounded to that number. In 2014 the average wholesale power cost was \$.03408 whereas for 2015 the cost was \$.03865 per kWh, which results in a year over year increase of \$.00457 per kWh. This is greater than the threshold mentioned above. Therefore, the increases in Dixie’s rates per kWh are as follows:

<u>Title</u>	<u>Old Rate</u>	<u>New Rate</u>
Customer Charge (now called Facilities Service Charge)	\$14	\$19
Retail Energy Rate	\$.0535	\$.058
Small Commercial Energy Rate	\$.0485	\$.053
Large Commercial Energy Rate	\$.0235	\$.028
Irrigation Energy Rate (up to 100 kWh’s per H.P.)	\$.0811	\$.0856

Irrigation Energy Rate (over 100 kWh's per H.P.)	\$0.0426	\$0.0471
Interruptible Irrigation Energy Rate (up to 100 kWh's per H.P.)	\$0.0628	\$0.0673
Interruptible Irrigation Energy Rate (over 100 kWh's per H.P.)	\$0.037	\$0.0415

CONCLUSION

The Division recommends that although the Commission was not notified as it should have been, Dixie's customers were given ample notification. Therefore, the Division's recommendation is for the Commission to acknowledge the revised tariff sheets with an effective date of February 1, 2016 and make them available for public inspection while reminding Dixie of its obligation to notify the Commission at least 30 days prior to implementing new rates.

Cc: LaDel Laub, President and CEO, Dixie Escalante Electric Association.

Maria Wright, DPU Customer Service

Michele Beck, Office of Consumer Services

Mike Peterson, Director, Utah REA