



State of Utah
Department of Commerce
Division of Public Utilities

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Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant

Eric Orton, Technical Consultant

Jeff Einfeldt, Utility Analyst

Date: September 4, 2018

Re: **Second Action Request Response**

Docket No. 18-057-07, Dominion Energy – Gas Line Coverage Letter

Recommendation Take no action

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) take no action regarding Dominion Energy Utah's (Utility) Natural Gas Tariff PSCU 500 section 8.08 based solely on the licensure issue raised in its Action Request. There does not appear to be a distinction between a Home Warranty company and a Service Contract provider as defined by the Utah Insurance Department. Although neither Dominion Products and Services, Inc., (DPS) nor its subcontractor HomeServe USA Repair Management Corp (HomeServe) are currently active Service Contract providers as required in the Utility's tariff, both are active Home Warranty companies. The Department of Insurance's administrative rules appear to create no distinction between the two categories.

Issue

On August 27, 2018 the Commission issued its second Action Request to the Division in this docket specifically asking for an explanation and statement of issues regarding the adherence of DPS and HomeServe to the provision of Section 8.08 of Dominion Energy Utah's Natural Gas Tariff PSCU 500, which states in part: "Only entities that are authorized by and maintain authorization from the Utah Insurance Department to operate as a "service contract provider" pursuant to Utah Code Ann. § 31A-6a-101 et seq. and the applicable administrative rules in Utah, [. . .] may be eligible to contract with Dominion Energy for the use of third party billing services."

Additionally the Action Request stated: "The Utah Department of Insurance's online Insurance Company and Agency Search function appears to indicate that both Dominion Products and Services, Inc. ("DPS") and HomeServe USA Repair Management Corp ("HomeServe") currently are authorized "home warranty" companies. The Insurance Company and Agency Search function also appears to indicate that authorizations for both entities as a "service contract provider" are "Inactive."

Finally the Action Request stated: "Relating to the authorization required in DEU's Tariff Section 8.08, please provide the "home warranty" and the "service contract provider" authorization status histories from the Utah Insurance Department for both DPS and HomeServe beginning July 28, 2017 through the present."

This is the Division's response to the Commission's second request in this docket. It is independent of other comments and filings pertaining the coverage letters.

Discussion

The Division contacted the Utah Department of Insurance to obtain the requested information.

The Division received an email response, a copy of which is attached. It states that DPS and HomeServe have active Home Warranty provider licenses, but their status as Service Contract Providers is inactive. Specifically, DPS is an "Inactive" Service Contract Provider, but is an

“Active” Home Warranty company. The same is true of HomeServe. (See the attached records from the Utah Insurance Department)

Initially, this makes it appear that neither HomeServe nor DPS are “service contract provider(s)” as the tariff requires.

The tariff says: “Only entities that are authorized by and maintain authorization from the Utah Insurance Department (Department) to operate as a “service contract provider...” will be eligible.

The Division referred to the Utah Code for a definition of a “service contract provider” and found the following:

31A-6a-101. Definitions.

As used in this chapter:

- (7) "Service contract provider" means a person who issues, makes, provides, administers, sells or offers to sell a service contract, or who is contractually obligated to provide service under a service contract.

The Division was unable to find a definition for a “Home Warranty” provider, which is what both DPS and HomeServe are licensed to operate as. However, the Utah Insurance Department Rule R590-166. Home Protection Service Contract Rule states:

[R590-166-3. Definition.](#)

A. "Home protection service contract," also referred to as "home service contract" or "home warranty," means a service contract as defined by Subsection 31A-6a-101(4)(a) whereby a person, other than a builder, seller, or lessor of a home which is the subject of the contract, undertakes, for a specified period of time and for a predetermined fee, to repair or replace components, systems, or appliances of such home upon mechanical or operational failure, or to make indemnification to the holder of such contract for such repair or replacement.

B. "Home protection company" means a service contract provider as defined by 31A-6a-101(6) who issues home protection service contracts, excluding insurers authorized for casualty insurance.

Therefore, it appears that a service contract provider under the statute is similar to or roughly the same as a home warranty provider under the rule.

Conclusion

The provision of the Utilities tariff section 8.08 states that: "Only entities that are authorized by and maintain authorization from the Utah Insurance Department (Department) to operate as a "service contract provider" pursuant to Utah Code Ann. § 31A-6a-101 et seq...." Although the Department of Insurance's rules are a bit confusing, it appears that a home warranty company and a service contract provider are materially indistinguishable from one another. The Commission should take no action based solely on the registration status described in the Action Request.

CC: Kelly Mendenhall, Questar Gas Company
Michele Beck, Office of Consumer Services