



State of Utah

Department of Commerce
Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Brenda Salter, Utility Technical Consultant Supervisor

Jeff Einfeldt, Utility Technical Consultant

Date: May 17, 2021

Re: **Docket No. 21-057-10**, Application of Dominion Energy Utah to Account for the EDIT Amortization between January 2019 – March 2020.

Recommendation (Approve)

The Division of Public Utilities (“Division”) recommends the Public Service Commission of Utah (“Commission”) approve Dominion Energy Utah’s (“DEU”) proposed change to implement the proposed rate adjustment to Tax Surcredit 3 for the period June 1, 2021 through May 31, 2022. The proposed change will recover the excess amortization credited to ratepayers of Excess Deferred Income Tax (“EDIT”) during the period June 1, 2020 through May 31, 2021.

The Division recommends the Commission accept DEU’s recommendation regarding the final accounting of any remaining balance at the conclusion of Surcredit 3 in May 2022, and the inclusion of that balance in the infrastructure rate adjustment mechanism.

Discussion

On April 30, 2021, DEU filed its Application to Account for the EDIT Amortization Between January 2019 through March 2020, in compliance with Commission Report and Order for Docket No. 19-057-02, pages 24 and 25.¹ This order directed DEU to track the difference between the annual amortization of plant-related EDIT included in base rates in the most recent general rate case (“GRC”) and the actual annual amortization under the ARAM, and provide this information in the next GRC. The Division notes DEU has provided this accounting prior to the next GRC but believes the timing of this application is appropriate.

The Commission issued an Action Request on April 30, 2021 requesting the Division review the Application and make recommendations. The original response was due June 1, 2021. This Docket was subsequently consolidated with Docket Nos. 21-057-09 and 21-057-11 and a scheduling conference was held on May 11, 2021, revising the due date for all three dockets to May 17, 2021. This memorandum represents the Division’s response to the Commission’s Action Request for Docket No. 21-057-10.

Brief History of the Subject EDIT

On May 1, 2020, DEU filed its Application to Account for the protected EDIT Amortization between January 2019 and March 2020 including revised tariff sheets to implement a refund to ratepayers of estimated EDIT. The EDIT refund to ratepayers was due to the Federal Income Tax law change passed by Congress in December 2017 titled “An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution of the budget for fiscal year 2018 or Tax Cuts and Jobs Act” (“TCJA”). EDIT for 2018 was refunded to ratepayers through Tax Surcredit 3 previously approved by the Commission in Docket No. 17-057-26.² DEU sought to extend the current Tax Surcredit 3 through May 31, 2021 and revised the tariff amount to refund ratepayers the protected EDIT amount incurred between January 1, 2019 and March 1, 2020. The current Tax Surcharge 3 also included a correction for overpayment of EDIT to ratepayers of \$1,097,748

¹ Docket No. 19-057-02, Application of Dominion Energy Utah to Increase Distribution Rates and Charges and Make Tariff Modifications, REPORT AND ORDER, pages 24 and 25, K. Other Issues, 1. Tax Reform Surcredit 3, and 2. Plant-Related EDIT Amortization.

² Docket No. 17-057-26, Settlement Stipulation dated April 23, 2019.

related to the 2018 credit to customers. The current Tax Surcredit 3 adjustment that began June 1, 2020 through May 31, 2021 resulted in an overpayment to ratepayers of \$1,020,359. EDIT due ratepayers accruing subsequent to March 1, 2020 has been incorporated into current rates as a result of the most recent general rate case with those rates having become effective March 1, 2020.³

Summary of Current Application

The current approved Tax Surcredit 3 resulted in an overpayment to ratepayers of \$1,020,359. DEU seeks to recover from ratepayers the overpayment in this Docket. DEU proposes a revision to Tax Surcredit 3 to recover the overpayment over the period June 1, 2021 through May 31, 2022. DEU calculates the annual cost recovery to be \$0.70 for the typical general service customer. The Division reviewed the calculations and spoke with DEU employees regarding the calculations and methods used and found the result to be just, reasonable, and in the public interest. The Division believes DEU's application to be in compliance with the spirit of the Commission's Report and Order for the most recent GRC regarding the accounting for and reporting of EDIT, although the application predates the next GRC.

Conclusion

Based on the Division's investigation, the Division believes the subject tariff adjustments are just, reasonable, and in the public interest. The Division recommends the Commission approve the revised Utah Natural Gas tariff 500, Sections 2.02, 2.03, 2.04, 4.02, 5.02, and 5.04 reflecting the adjustment to Tax Surcredit 3 with an effective date of June 1, 2021. The proposed change is anticipated to recover the overpayment to ratepayers resulting from the amortization of EDIT through Tax Surcredit 3 for the prior year (June 1, 2020 through May 31, 2021). The proposed revision will result in an increase of \$0.70 per year for a typical GS customer using 80 decatherms per year.

The Division also recommends the Commission accept DEU's recommendation regarding the final accounting of any remaining balance at the conclusion of Surcredit 3 in May 2022, and the

³ Docket No. 19-057-02; DEU General Rate Case Order, page 24.

inclusion of that balance in the infrastructure rate adjustment mechanism. The Division also finds this recommendation to be just, reasonable, and in the public interest.

Cc: Michele Beck, Office of Consumer Services
Jenniffer Nelson Clark, Esq., Dominion Energy Utah
Kelly Mendenhall, Dominion Energy Utah