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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager
Brenda Salter, Utility Technical Consultant Supervisor
Doug Wheelwright, Utility Technical Consultant Supervisor
Jeff Einfeldt, Utility Technical Consultant

Date: May 9, 2022

Re: **Docket No. 21-057-10**, Elimination of Dominion Energy Utah Surcredit 3 in compliance with Order dated May 28, 2021, to Adjust the previous EDIT Amortization.

Recommendation (Acknowledge, and Approve Tariff Sheets)

The Division of Public Utilities (“Division”) recommends the Public Service Commission of Utah (“Commission”) acknowledge Dominion Energy Utah’s (“DEU”) notification to eliminate Tax Surcredit 3 and approve DEU’s proposed tariff sheets effective June 1, 2022.

Issue

On April 29, 2022, DEU filed a notice with the Commission to remove the Tax Surcredit 3 in compliance with the Order in this Docket dated May 28, 2021. The elimination of the Tax Surcredit 3 will reduce the annual cost by \$0.70 for a typical general service customer. The Commission issued an Action Request on April 29, 2022, requesting the Division review for compliance and make recommendations. The Division’s response is due by May 13, 2022. This memorandum represents the Division’s response.

Division of Public Utilities

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Discussion

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. 17-057-26.¹ 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 2020/2021 Tax Surcharge 3 also included a correction for overpayment of EDIT to ratepayers of \$1,097,748 related to the 2018 credit to customers. The 2020/2021 Tax Surcredit 3 adjustment resulted in an overpayment to ratepayers of \$1,020,359.

The current Tax Surcredit 3 approved by a previous Order in this Docket dated May 28, 2021 (“Order”), is designed to recover the EDIT overpayment to ratepayers of \$1,020,359 and is set to expire on May 31, 2022. The Order directs DEU to reconcile the actual recovery from ratepayers during the last year and make the proper adjustment for any remaining balance due to/from ratepayers through the infrastructure tracker process during the Fall of 2022. The final reconciliation and resolution of any remaining balance at the conclusion of the Tax Surcredit 3 life (at the end of May 2022) is to be reported to the Commission pursuant to the previous Order in this docket.

EDIT accrued after 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, 2020.²

Conclusion

The elimination of Tax Surcredit 3 and the related tariff adjustments are just, reasonable, and in the public interest. The Division recommends the Commission approve the revised

¹ Docket No. 17-057-26, Settlement Stipulation dated April 23, 2019.

² Docket No. 19-057-02; DEU General Rate Case Order, page 24.

Utah Natural Gas tariff 500, Sections 2.02, 2.03, 2.04, 4.02, 5.02, and 5.04 reflecting the elimination of Tax Surcredit 3 with an effective date of June 1, 2022. The proposed change complies with the previous Commission Order in this Docket dated May 28, 2021.

The Division expects DEU will comply with the previous Order in this Docket regarding the final accounting and adjustment of EDIT through the Infrastructure Tracker program as the information becomes available by Fall of 2022.

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