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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

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

**Date:** September 13, 2022

**Re:** **Docket No. 22-057-12**, Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment.

## Recommendation (Approve)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) authorize the proposed new rates as requested by Dominion Energy Utah (Dominion) in its applications. After a preliminary review of the applications, the Division recommends approval with an effective date of October 1, 2022. The Division recommends that these requested rate changes be approved on an interim basis to allow additional time for the Division to complete an audit of the respective accounts.

## Issue

Dominion is seeking to modify the Infrastructure Rate Adjustment (Tracker) to the Distribution Non-Gas (DNG) cost portions of its Utah GS, FS, IS, TSF and TSI, TBF, MT, and NGV natural gas rate schedules, pursuant to section 2.07 of its Tariff. The requested effective date is October 1, 2022.

Division of Public Utilities

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## **Background**

In Dominion's last General Rate case, Docket No. 19-057-02, the Commission authorized the Company to continue the Tracker Program. Section 2.07 of the Tariff directs the procedures for recovering costs associated with the Program.

On September 1, 2022, Dominion filed this application to adjust the Tracker collection amount. The next day, the Commission issued its Action Request directing the Division to review the application and make recommendations on or before September 30, 2022. On that same day, the Commission issued a notice of a Virtual Consolidated Scheduling Conference to be held September 6, 2022. As a result of that scheduling conference, the date of the Division's Action Request Response and its initial comments became due on September 19, 2022. This is the Division's Action Request Response, recommendation, and comments.

## **Discussion**

As part of the 2019 general rate case,<sup>1</sup> all prior investment has been included in base rates. In this filing, Dominion provides the amounts of the additional investments and dates when specific infrastructure resources were completed and placed into service. The current proposal represents an Incremental Revenue Requirement increase of \$3.952 million for a Total Revenue Requirement of \$16.371 million. As of March 1, 2020, the tracker surcharge was set to zero at the same time base rates were adjusted. Dominion now proposes to collect in rates the revenue requirement associated with the investment amounts since the approval of base rates and the filing last fall (Docket No. 21-057-19). As part of the current filing, Dominion included the following exhibits:

1. Exhibit 1.1 provides the dollar amounts showing the infrastructure investment from August 2019 (when new investment in the tracker was booked) through October 2022 (the end of the test period). Exhibit 1.1 page 6 of 6 summarizes the preceding exhibit pages and shows the calculations resulting in the revised incremental revenue requirement stated above.

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<sup>1</sup> Docket No. 19-057-02

Unusual in this filing is the deduction of \$1.182 million from overspent in 2020 (line 3) and the addition of \$151,826 of underspent in 2021 (line 4). Also, an over recovery of \$401,762<sup>2</sup> (line 14) was deducted with the objective of zeroing out an annual tax sur-credit amount before the effective rates from the current General Rate Case (22-057-03) are put into effect.

2. Exhibit 1.2 shows the proposed allocation of the revenue requirement to each customer class.
3. Exhibit 1.3 shows the rate design for the proposed rates for each rate schedule divided using the demand charge and volumetric rates to collect the proper amount from each customer class.
4. Exhibit 1.4 shows the monthly change to a typical GS customer for an annual increase of an increase of \$2.70 per year or 0.32%.
5. Exhibit 1.5 shows the proposed legislative and rate schedule tariff sheets in the applicable classes of customers that reflect the updated infrastructure rate adjustment.

Included in the current General Rate Case for the calendar year 2022 is the Tracker capital budget. When the new rates are set effective on January 1, 2023, the tracker investment and rate will go to zero and the new amount will be included in base rates going forward.

## **Conclusion**

This application complies with past Commission orders and the proposed tariff sheets accurately reflect the proposed changes filed by Dominion. The Division recommends the Commission approve the proposed rates on an interim basis until the Division can complete its audits, at which time it will make a final recommendation to the Commission.

cc: Kelly B. Mendenhall, Dominion Energy Utah  
Michele Beck, Office of Consumer Services

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<sup>2</sup> The remaining balance of the tax sur-credit at the end of May 2022 was \$136,599. To make that into an annual number it was divided by .34 (one third of a year) which resulted in a credit of \$401,762