



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT.
Governor
SPENCER J. COX
Lieutenant Governor

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, Technical Consultant

Date: February 28, 2017

Subject: Dixie Escalante Rural Electric Association revised tariff sheets.
Docket No. 17-066-T01

In the Matter of Dixie Power's Proposed Tariff Revisions

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 Rate tariff, and make them available for public inspection.

BACKGROUND

Dixie's Board of Directors first approved this annual wholesale power cost adjustment in a board meeting held on June 5, 2012. Notice was mailed out on May 23, 2012 and discussed in public meetings held at the Beryl Elementary School on June 5, 2012 and the Dixie Convention Center in St. George on June 6, 2012. In its filing on February 1, 2013 Dixie notified the Commission that "These rates included an annual wholesale power cost adjustor clause, which Dixie is implementing effective February 1, 2013." The Division recommended approval of those tariff sheets and the Commission acknowledged them on March 1, 2013.

This current filing is also notifying the Commission of the rate change based on this “annual wholesale power cost adjuster clause”. Dixie’s board made this rate change effective February 1, 2017. Dixie filed notification of these changes with the Commission on February 1, 2017. On February 13, 2017, the Commission issued an Action Request to the Division to investigate the notification. This is the Division’s response to that Action Request.

ISSUE

Since the original notification to the Commission of Dixie’s wholesale power cost adjuster clause in 2013, Dixie’s customers were given ample notification of these proposed rate changes as specified in Utah Code 54-3-3 and 54-4-1.1. Likewise, the Commission was 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’s original “annual wholesale power cost adjuster clause” approved by the board in 2012 complies with Commission rule and Utah Code by notifying the Commission and customers at least 30 days prior to implementing any such rate change.

The relevant clause in Dixie’s tariff states “WHOLESALE POWER COST ADJUSTMENT: The foregoing rates are based upon the Association's cost of purchased power. The above rates are subject to the imposition of any purchased power adjustment either upward or downward which may be established and approved for billing from time to time under established procedures.”

DISCUSSION

On February 1, 2017 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 tenth of a penny (\$.001) increase in the retail energy rates

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 2016 the average wholesale power cost

was \$.039662 whereas for 2015 the cost was \$.038647 per kWh, which results in a year over year increase of \$.001015 per kWh. This is greater than the threshold mentioned above.

The increases in Dixie's rates per kWh are as follows:

<u>Title</u>	<u>Old Rate</u>	<u>New Rate</u>
Retail Energy Rate	\$.058	\$.059
Small Commercial Energy Rate	\$.053	\$.054
Large Commercial Energy Rate	\$.028	\$.029
Irrigation Energy Rate (over 100 kWh's per H.P.)	\$.0471	\$.0481

CONCLUSION

The Division recommends that the Commission acknowledge the revised tariff sheets with an effective date of February 1, 2017 and make them available for public inspection.

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

Maria Wright, DPU Customer Service

Michele Beck, Office of Consumer Services

Jeff Peterson, Director, Utah REA