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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

Brenda Salter, Assistant Division Director

Doug Wheelwright, Utility Technical Consultant Supervisor

Tyler McIntosh, Utility Analyst

Date: January 30, 2023

Re: **Docket No. 23-066-01**, Dixie Power Rate Increase

Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) acknowledge Dixie (Dixie) Power's rate increases for its retail electric rates and make the revised tariff sheets available for public inspection.

Issue

Dixie submitted proposed tariff changes to the Commission for acknowledgment in accordance with Section 54-7-12-7(a), (b), (c), (d), of the Utah Code. On January 18, 2023, the Commission issued an Action Request to the Division directing it to perform an investigation of this filing. This is the Division's response to the Action Request.

Discussion

On November 2, 2022, the Board of Directors approved the new rates proposed by Dixie Power. Following the Board of Directors approving the changes, a notice was mailed to all the consumers on December 15, 2022. These rates were also presented at member

Division of Public Utilities

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meetings held on January 3, 2023, at Escalante Valley Elementary in Beryl, Utah, and on January 4, 2023, at Desert Hills High School in St. George, Utah.

The impact of the rate increase is on average 5.9%, with Residential rates increasing by 8.6%, Small Commercial by 2.6%, Large Commercial by 2.9%, and Irrigation by 7.2%. These rates include bringing the Flowell member system, which was acquired on January 1, 2021, in line with the rest of the Dixie Power Utah rates including impact fees, which equates to a rate reduction for all customer classes for the Flowell members, except for impact fees. The rates will be adjusted due to a wholesale power cost adjuster, which was put in place in 2012. Wholesale power costs are measured in cents per kWh and the average for 2021 was \$0.03937 compared to \$0.042478 in 2022. The difference in these rates over those 2 years was an increase of \$.003378. To keep rates simple, the wholesale power cost adjuster procedure includes a provision to round these adjustments to the nearest \$.0005 per kWh, so the actual increase included is \$.0035 per kWh.

The rates include a new format for seasonal rates with a new clause on the rate tariff for a Wholesale Peak Season Cost Adjustment. Rates for the billing months June-September are subject to the imposition of any peak season purchased power adjustment, whether upward or downward. The rates for the 2022 period did not include any difference between peak season rates or non-peak season rates. There are new optional Time-of-Use rates for residential and commercial customers, which provide customers an opportunity to save money. Impact fees were last increased in January 2015 and inflationary pressures have made it necessary to revise and increase these rates. The revised impact fees reflect an increase of 50 percent and were presented at the member meetings which were held on January 3rd and 4th 2023.

Conclusion

The Division requests that the Commission acknowledge the proposed rate changes and updated tariff sheets and make them available for public inspection. The Company requests an effective date for the rate increase of March 1, 2023.

cc: Michele Beck, Office of Consumer Services
LaDel Laub, Chief Executives Offices, Dixie Power