

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Dominion  
Energy Utah for Approval of a Third-Party  
Billing Rate

DOCKET NO. 17-057-T04

ORDER

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ISSUED: July 28, 2017

**1. Procedural History**

On June 1, 2017, Dominion Energy Utah (“Dominion”) filed an application (“Application”) in this docket, proposing changes to its tariff that will facilitate Dominion selling billing services whereby certain eligible third parties may pay Dominion established rates to include the third parties’ line item charges on Dominion’s customer bills. The Division of Public Utilities (“DPU”) and Office of Consumer Services (“OCS”) submitted written comments and Dominion submitted written reply comments.

The Public Service Commission (“PSC”) heard the Application on June 29, 2017, during which the DPU, OCS, and Dominion provided testimony. At hearing, Dominion represented that, after conferring with the DPU and OCS, it had agreed to make modifications to the proposed tariff schedules it submitted with its Application. More specifically, Dominion agreed to substitute the pre-2016 Wexpro pre-tax rate of return for Dominion’s approved pre-tax rate of return for the purpose of calculating the proposed third-party billing rates. On June 30, 2017, the PSC issued an order suspending Dominion’s proposed tariff sheets and indicating its intention to approve revised tariff sheets consistent with the parties’ stipulation. Dominion filed revised tariff sheets on July 10, 2017.

**2. Discussion**

In their written comments, both the DPU and OCS recommended the PSC approve Dominion's proposed tariff changes provided Dominion introduced evidence at hearing to demonstrate its third party billing rates meet a previously established standard for affiliate transactions.<sup>1</sup> Such a showing would require Dominion to demonstrate its rates for utility transactions reflect the higher of Dominion's costs or the market rate for the billing services. Acknowledging that no readily discernible market exists from which to derive a market price for the services Dominion seeks to provide, all of the parties' witnesses testified at hearing that the compromise to use Wexpro's pre-2016, pre-tax rate of return reflected the best available method, at this time, for establishing the rates. (Hr'g Tr. at 11:19-24, 19:5-10, 24:3-10.)

Both the DPU's and the OCS's witnesses recommended the PSC approve Dominion's proposed tariff sheets as modified by the parties' stipulation. The OCS, however, asserted the PSC should not allow the tariff to take effect without a finding it is in the public interest. The OCS's witness testified that "[t]o the extent that such a finding is dependent on the prevention of harm to ratepayers, it is the OCS's view that this requirement has been met." (*Id.* at 24:14-17.)

The uncontested evidence presented in this docket suggests the third-party billing services Dominion seeks to offer will serve to reduce costs (*i.e.*, billing expenses) for Dominion's natural gas customers. (*See, e.g., id.* at 8:15-19.) No evidence was presented suggesting the proposed tariff might negatively impact natural gas customers' rates. In fact, the

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<sup>1</sup> Dominion's Application discloses that an affiliate, Dominion Products and Services, Inc., intends to utilize its third-party billing service. (*See, e.g., Application, Ex. 1.0* at 6:124-131.)

primary concern the DPU and OCS expressed is whether customers will receive the maximum possible benefit from the proposed third party billing rates, *i.e.*, whether customers could benefit even more with higher third-party billing rates that reflect the full market value of the service. (*See, e.g., id.* at 16:5-9.) Yet, both the OCS and DPU agree the stipulated cost calculation represents the best available method for setting the third-party billing rates.

Additionally, no party presented evidence addressing whether the proposed tariff may impact customers in a manner unrelated to their rates. That is, the parties did not address whether it is in the public interest, as a general matter, to allow third-party charges on customers' utility bills. We note, however, Utah Code Ann. § 54-4-37 expressly contemplates the inclusion of third-party charges on utility bills and enumerates protections customers are afforded with respect to such charges. We cannot, therefore, conclude the inclusion of such charges is, on its face, contrary to the public interest.

Because the uncontested evidence shows the tariff will benefit Dominion's customers (through lower billing costs) and no evidence suggests any negative impact on customers, we find Dominion's Application and revised tariff sheets are just, reasonable, and in the public interest.

### **3. Order**

We approve Dominion's revised tariff sheets, filed July 10, 2017. Dominion shall comply with all applicable statutes and regulations when implementing this tariff, including, but not limited to, Utah Code Ann. § 54-4-37.

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DATED at Salt Lake City, Utah, July 28, 2017.

/s/ Michael J. Hammer  
Presiding Officer

Approved and Confirmed July 28, 2017, as the Order of the Public Service Commission  
of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#295566

CERTIFICATE OF SERVICE

I CERTIFY that on July 28, 2017, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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