State of Utah

Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Shauna Benvegnu-Springer, Utility Technical Consultant

Date: November 13, 2019

Re: Dominion Energy Docket No. **19-057-29** – Energy Efficiency (EE) Deferred Account Balance

Recommendation (Approve)

After a preliminary review of the application, the Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve, on an interim basis, the requested rate change in Docket No. 19-057-29 EE Deferred Account Balance with an effective date of December 1, 2019. The requested rate change should be approved on an interim basis in order to allow additional time for the Division to complete an audit.[1]

[1] In using the term "Audit" the Division notes that it did not conduct an independent audit as defined and conducted under Generally Accepted Auditing Standards as promulgated under the Auditing Standards Board of the American Institute of Certified Public Accountants. In this instance "Audit" means compliance review.

160 East 300 South, Box 146751, Salt Lake City, UT 84114-6751

Telephone (801) 530-7622 • Facsimile (801) 530-6512 • *www.publicutilities.utah.gov*

Issue

On November 1, 2019, Questar Gas Company dba Dominion Energy Utah (Dominion or Company) filed the application identified above with the Commission and the Commission subsequently issued an Action Request to the Division. This memo is the Division's response to the Action Request for Docket No. 19-057-29.

The Company submits the application for approval to continue to amortize the Energy Efficiency Deferred Account Balance. The request includes an adjustment to the amortization rate in order to collect the proposed 2020 EE programs budget of $26,426,350 costs. If this amortization rate adjustment is approved, a typical GS residential customer who uses 80 decatherms per year will see an increase of approximately $0.61 or 0.10% in their annual bill, independent of any other decrease or increase.

Rate Details

The proposed amortization rate includes the 2020 DSM/EE budget at $26.426 million plus the September 30, 2019 under collected balance of $2.424 million as shown in DEU Exhibit 1.1.[2] The proposed DSM/EE amortization rate is an increase from the current rate of $0.25373 to $0.26120 per Dth. The proposed $0.00747 increase will help to bring the December 2020 deferred expense balance to a more acceptable level and will help to minimize the DSM/EE interest expense.

The Division has examined the DEU exhibits as filed with the application. DEU Exhibit 1.1 is a summary of the Energy Efficiency deferred expense accounting entries for the period August 2018 through September 2019. The Energy Efficiency balance, as of the end of September 30, 2019, was $2.424 million. DEU Exhibit 1.2 is a summary of the deferred Energy Efficiency related expenditures by Energy Efficiency program (page 1) and by Energy Efficiency expenditure type (page 2) for the application period. The projected Energy Efficiency balance

[2] DEU Exhibit 1.1, Column G, Line 15.

for December 2020 with and without the proposed amortization rate increase is shown in DEU Exhibit 1.3.

The Company has proposed a DSM/EE amortization rate change that will incorporate the September 30, 2019, balance, the remaining 2019 budget forecast, and 2020 forecasted Energy Efficiency expense budget. If the Company's forecast responds as expected, the Energy Efficiency balance at the end of 2020 will not be zero but will be within an acceptable range. If no change is made, the 2020 ending balance is expected to exceed $0.82 million in under collection. Based on the current balance, projected volumes and the Energy Efficiency budget, the Company believes it will collect the required revenue while minimizing interest expense with an increase to the amortization rate. The Division will continue to monitor Schedule 182.4 and present recommendations if the actual expenses and revenues do not follow the Company's projections.

Effect on a typical GS Customer

If the proposed increase to the amortization rate is approved by the Commission, a typical GS rate class customer will see an increase in their annual bill of approximately $.61 or 0.10%.

Conclusion

The Division supports and recommends the rate change requested in Docket No. 19-057-29 be approved by the Commission on an interim basis with an effective date of December 1, 2019 until the Division can complete an audit of the entries in the respective accounts. The proposed changes are in the public interest and represent just and reasonable rates for Utah customers.

The Division reviewed the tariffs sheets provided and they reflect the changes identified. The Division recommends the Commission approve the tariff sheets as presented.

cc: Kelly Mendenhall, Dominion Energy Utah
Austin Summers, Dominion Energy Utah

Michele Beck, Office of Consumer Services

Maria Wright, Division of Public Utilities