

2022 General Rate Case Technical Conference

July 6, 2023



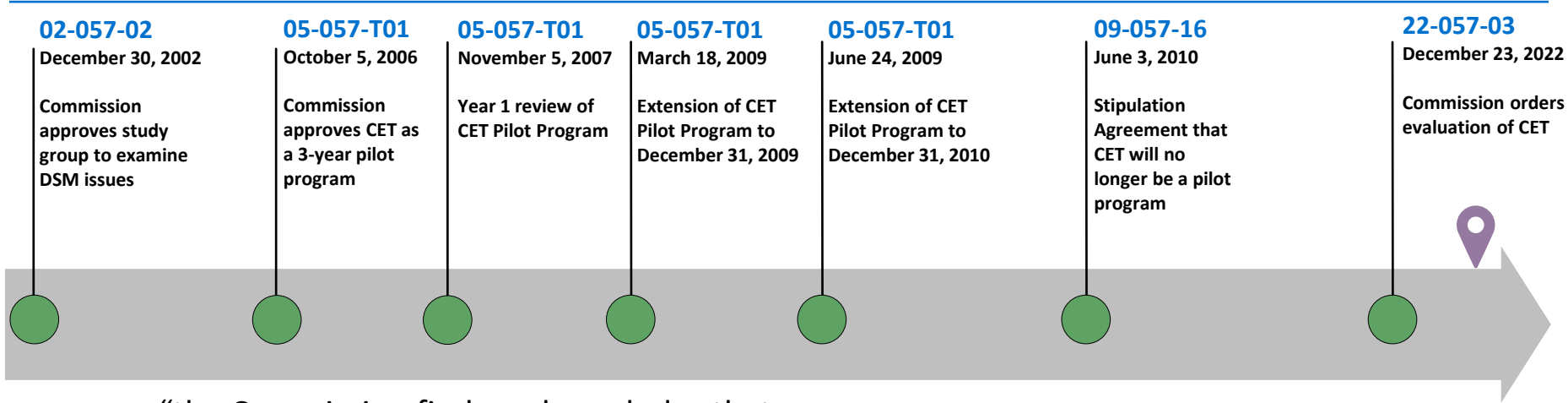
**Dominion
Energy[®]**

Purpose of the Tech Conference

“Several parties have requested a more robust evaluation of the CET in DEU’s next general rate case. We find that to be an appropriate way to ensure the CET continues to serve the objectives for which it was originally designed. We direct DEU to present a technical conference during the second or third quarter of 2023 to begin framing this evaluation.”

– *Commission Order, Page 52*

Conservation Enabling Tariff History



“the Commission finds and concludes that adoption and approval of the Settlement Stipulation is just and reasonable and in the public interest. It provides a means to implement energy-efficiency programs and measures that all parties agree will be in the public interest.” (PSC Oct. 5, 2006)

Explanation of Revenue Decoupling

Total Revenue Requirement: \$100

Total Customers: 10

Allowed Revenue Per Customer: \$10/Customer

Total Revenue Requirement: \$100

Usage: 100 Dths

Total Price/Dth: \$1/Dth



Causes for Changes in Usage

Energy Efficiency



Weather



Price



Forecasting Differences

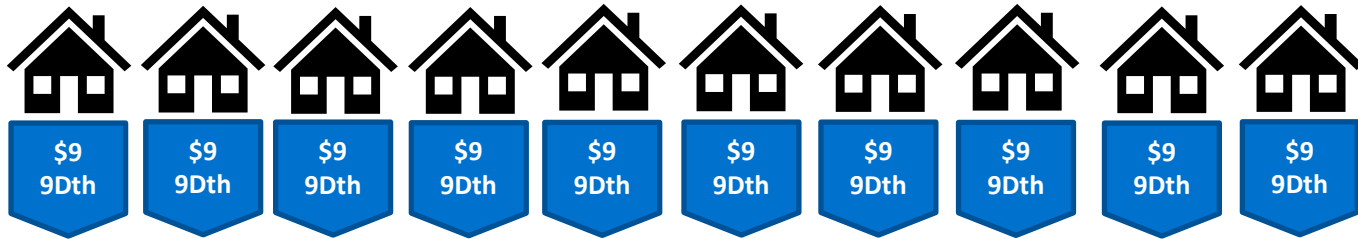


Declining Usage

Total Revenue Requirement: \$100
Total Customers: 10
Allowed Revenue Per Customer: \$10/Customer
Total Allowed Revenue: \$100

Total Revenue Requirement: \$100
Usage: 90 Dths
Total Price/Dth: \$1/Dth
Total Volumetric Revenue: \$90

\$10 Under Collection

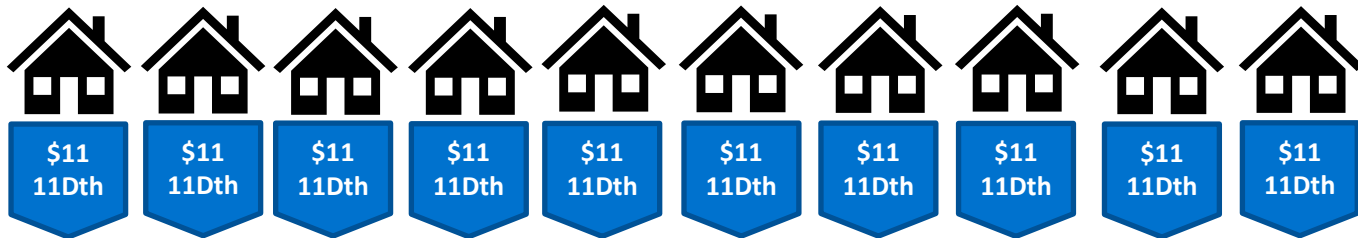


Increasing Usage

Total Revenue Requirement: \$100
Total Customers: 10
Allowed Revenue Per Customer: \$10/Customer
Total Allowed Revenue: \$100

Total Revenue Requirement: \$100
Usage: 110 Dths
Total Price/Dth: \$1/Dth
Total Volumetric Revenue: \$110

(\$10) Over Collection



Historical CET Adjustments

Year	Amount	Under/Over Collected
Jul 06 – Oct 16 (Years 1-10)	(\$4,676,357)	8 Over Collected/ 2 Under Collected
Nov 16 – Oct 17 (Year 11)	(\$502,759)	Over Collected
Nov 17 – Oct 18 (Year 12)	(\$5,167,773)	Over Collected
Nov 18 – Oct 19 (Year 13)	\$2,242	Under Collected
Nov 19 – Oct 20 (Year 14)	(\$2,386,792)	Over Collected
Nov 20 – Oct 21 (Year 15)	\$5,630,701	Under Collected
Nov 21 – Oct 22 (Year 16)	\$5,188,275	Under Collected
Nov 22 – May 23 (Year 17)	(\$18,664,368)	Over Collected
Total	(\$20,576,830)	12 Over Collected/ 5 Under Collected

Evaluation of CET

Q. WHY SHOULD THE CET BE REEVALUATED?

A. The primary reason for reevaluating the CET is that it may no longer be necessary. The problem the CET was intended to fix appears to have subsided.

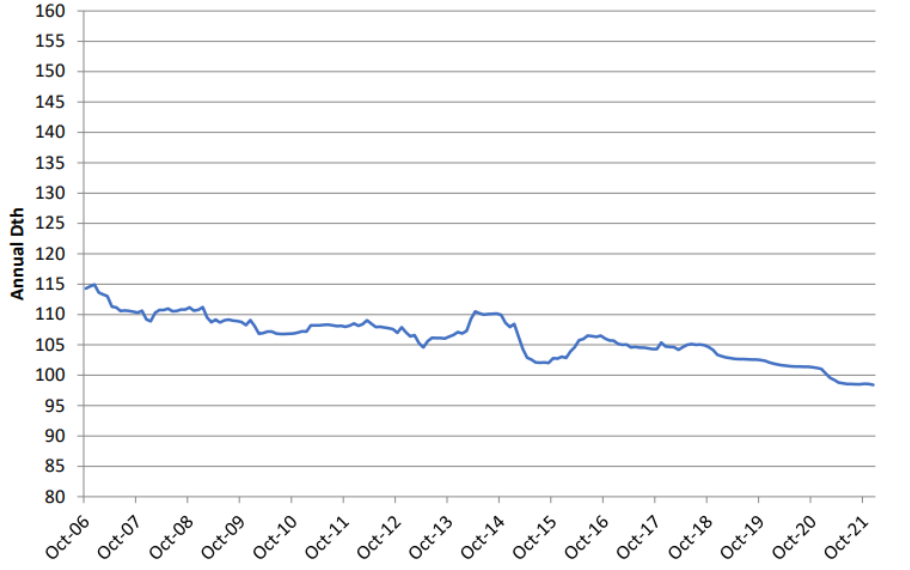
– *OCS Daniel Direct Phase II Testimony lines 441-443*

Usage per Customer Comparison

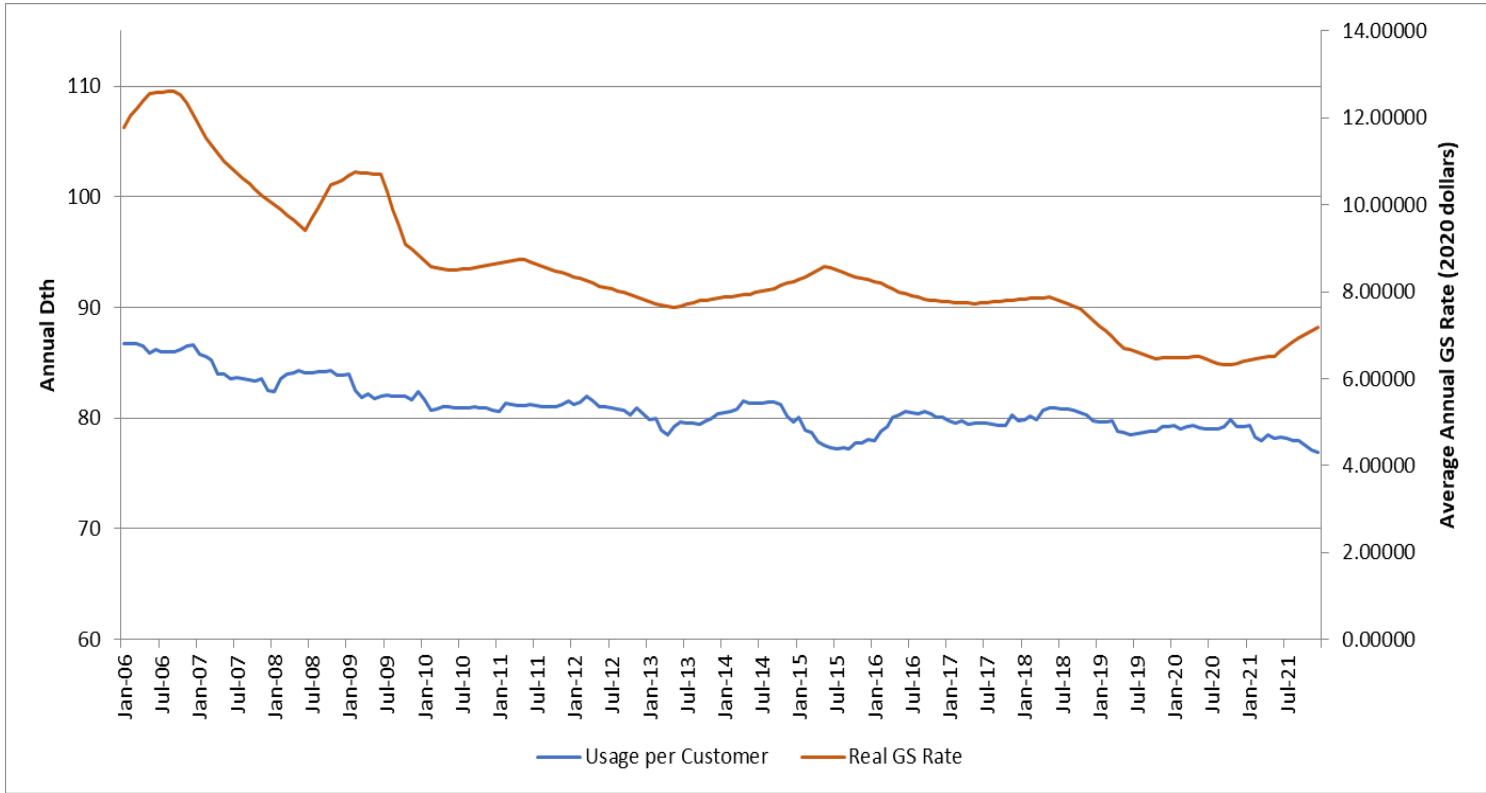
Utah GS-1 Temperature-Adjusted Usage Per Customer



Average Annual Usage Per GS Customer in Dth (Temperature-Adjusted)



GS Typical customer usage vs. GS rate (2006-2021)

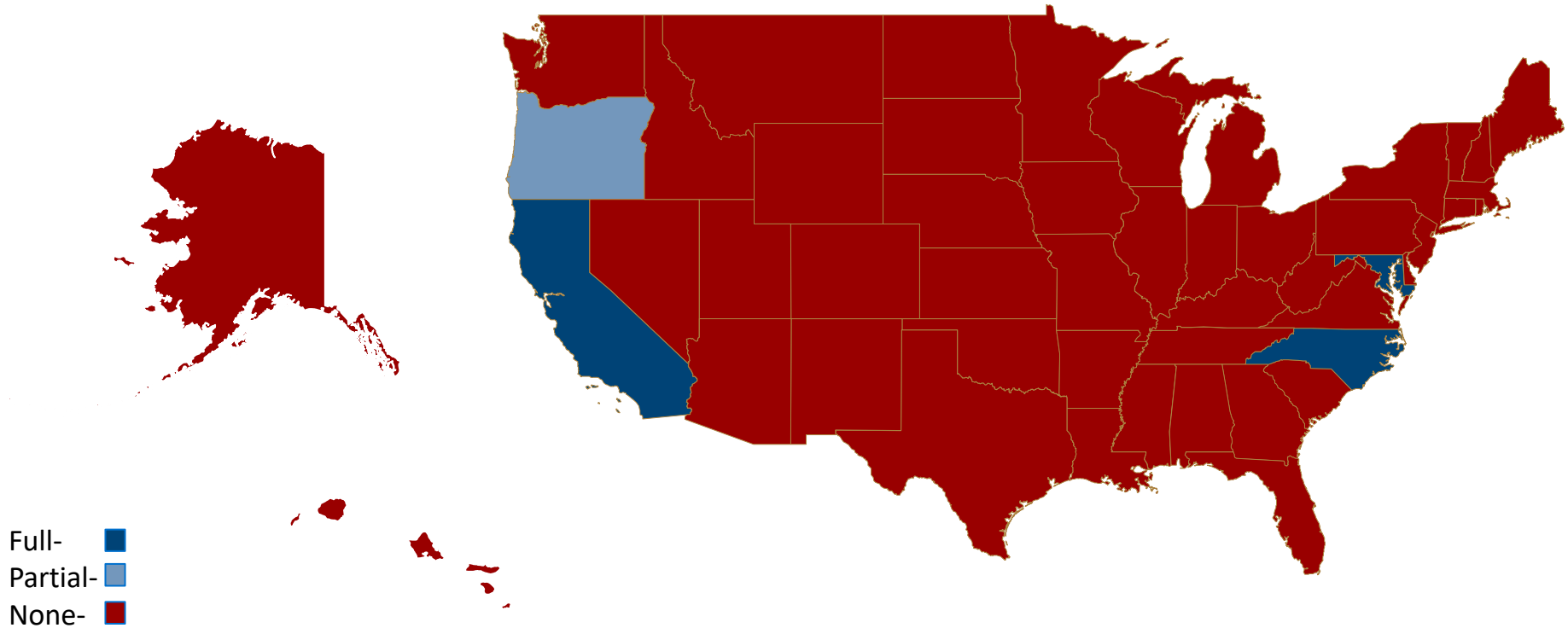


CET solves two problems

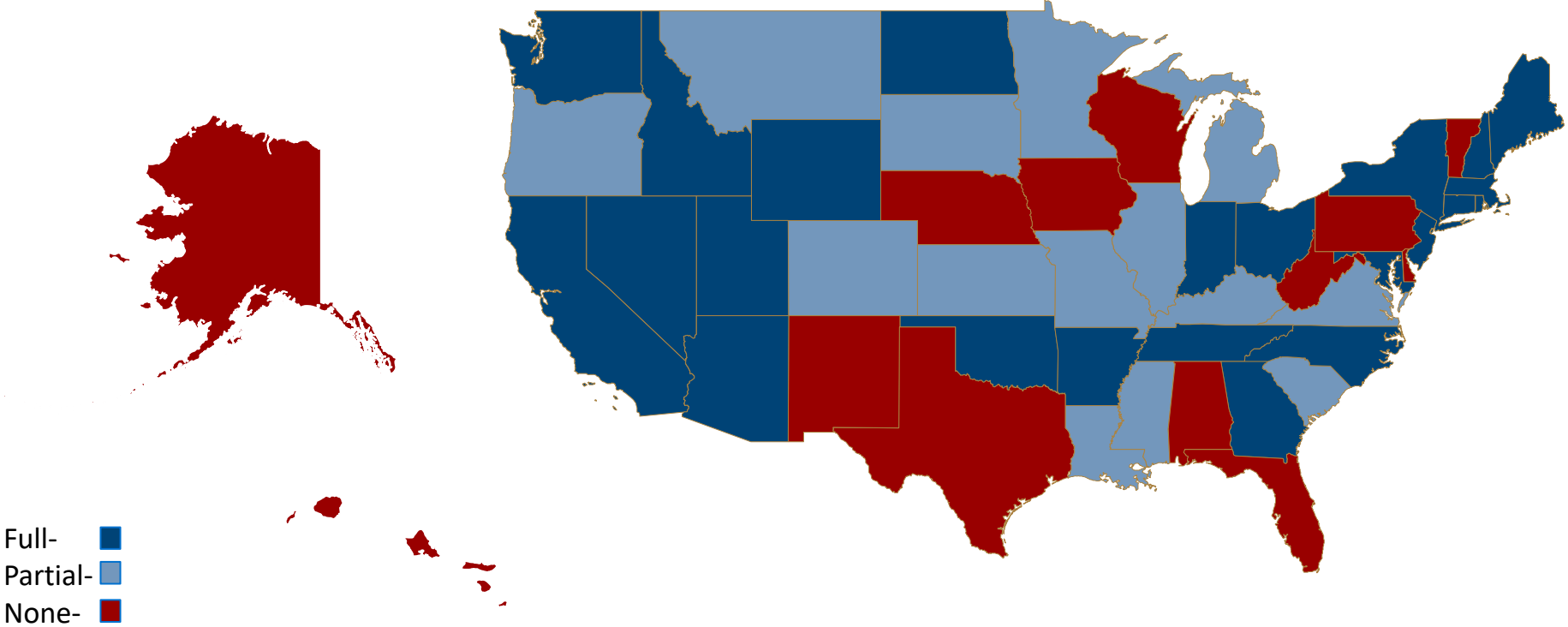
The...(CET)...is meant to address the problem of declining usage per customer and to remove the barrier of Questar's participation in DSM.

DPU, Artie Powell, 05-057-T01 Direct Testimony, lines 40-42

Decoupling mechanisms by state- March 2005

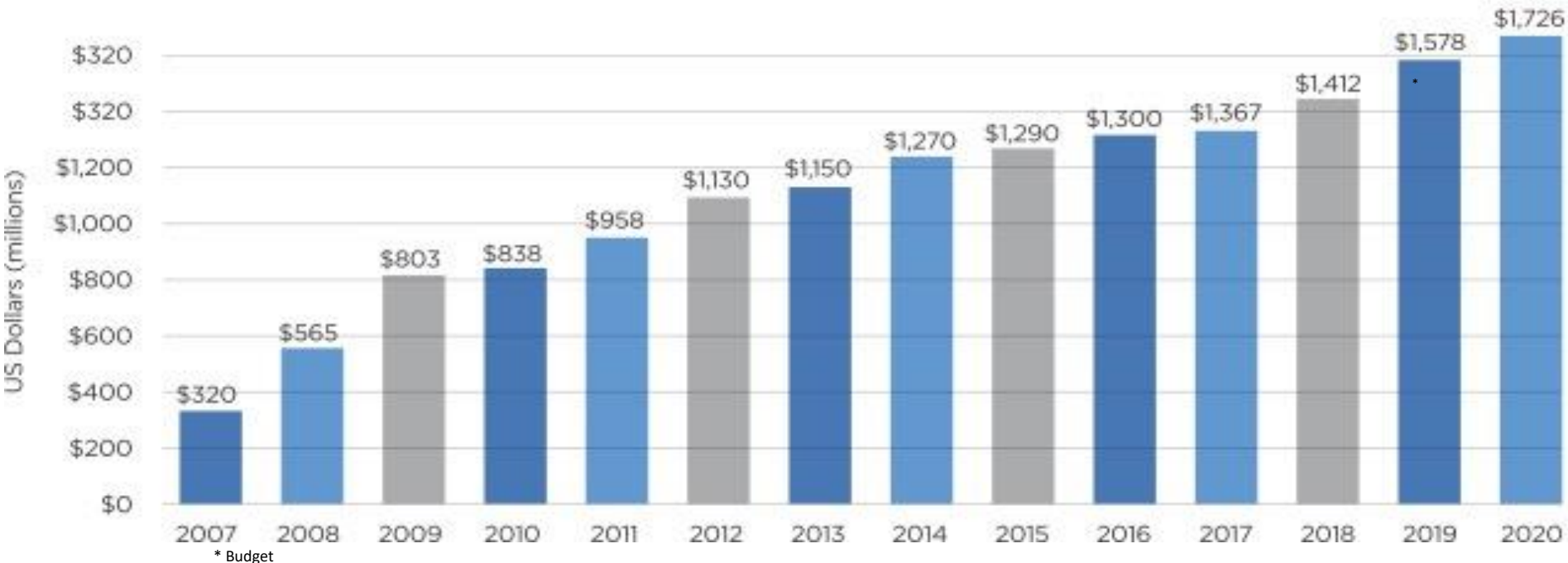


Decoupling mechanisms by state- June 2022



Source: S&P RRA Adjustment Clauses July 2022

Yearly Natural Gas Efficiency Program Funds in the United States from 2007-2019³ (Million Dollars)⁴



Source: 2020 AGA Energy Efficiency Survey (2019 program year)

Measuring Energy Efficiency Effectiveness

Years	Total Annual (Gross) Dth Savings	Total Lifetime (Gross) Dth Savings	Number of Rebates Paid
2007-2016	7,137,046	158,524,991	900,222
2017	1,044,307	15,376,023	73,883
2018	998,419	12,734,226	76,690
2019	1,099,047	15,095,194	77,081
2020	1,158,448	19,038,255	86,169
2021	931,950	15,439,817	57,768
2022	949,449	16,018,029	53,429
Total	13,318,666	251,326,313	1,325,242

CET Removes the disincentive to promote energy efficiency

Measuring Energy Efficiency Effectiveness

Year	TRC	UCT	PCT	RIM
2022	1.86	2.05	4.38	0.96
2021	1.54	3.79	1.82	0.87
2020	1.38	3.79	1.82	0.87
2019	1.10	2.75	1.49	0.84
2018	1.00	2.88	1.24	0.73
2017	1.02	2.89	1.32	0.76

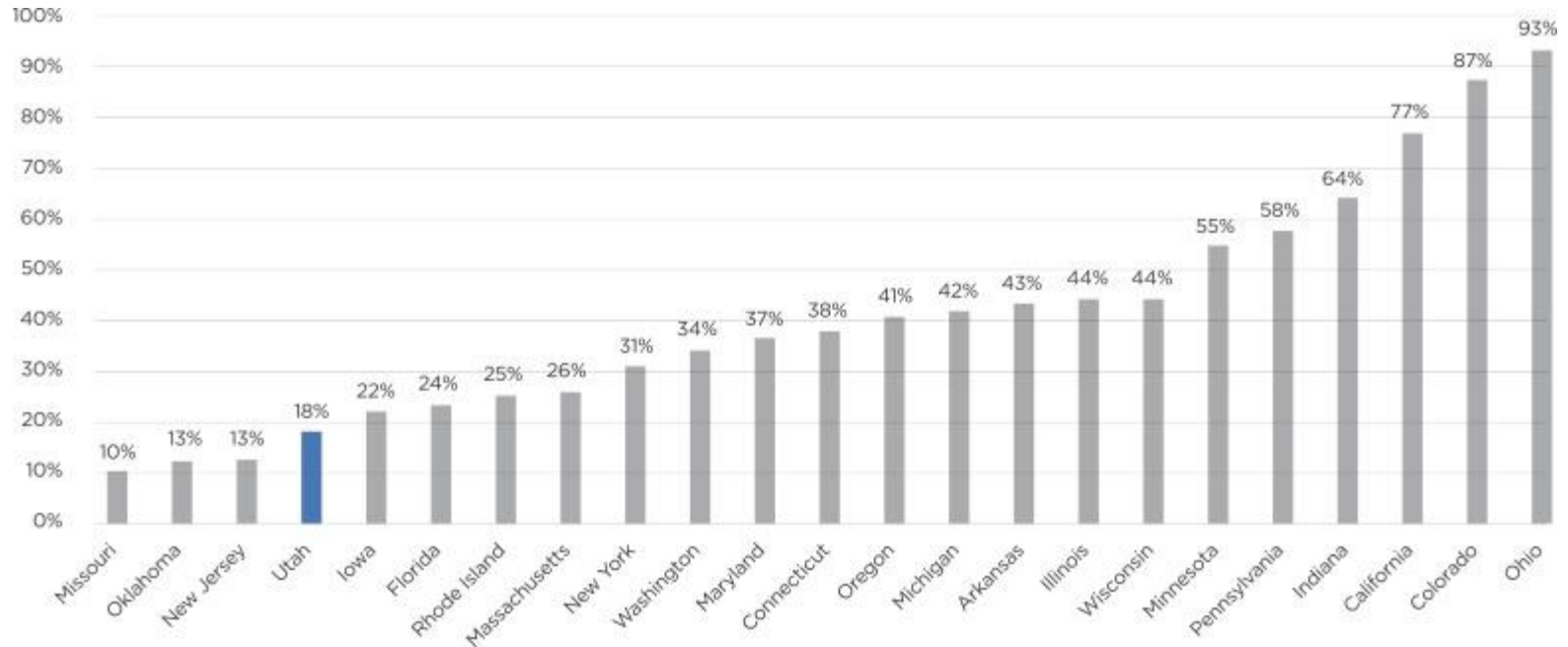
TRC = Total Resource Cost Test

UTC = Utility Cost Test

PCT = Participant Cost Test

RIM = Ratepayer Impact Measure Test

2020 AGA Survey Administrative Costs by State



Source: 2020 AGA Energy Efficiency Survey (2019 program year)

Evaluation of CET

I recommend that the set of issues included in any re-evaluation of the CET be expanded. In particular, those issues need to provide a more dynamic ***assessment of changes in the mix of customers*** served within each rate class over time, as well as the ***manner in which changes in the mix of customers*** in terms of annual throughput requirements and load factors ***may cause fixed revenue per customer relationships to deviate*** from appropriate ratemaking expectations.

ANGC, Oliver, Phase II Rebuttal, lines 778-783

Customer Mix

Year	Single Dwellings	Multi-Dwellings	Mobile Homes
2015	77.7%	20.1%	2.2%
2016	77.4%	20.4%	2.2%
2017	77.0%	20.9%	2.1%
2018	76.5%	21.5%	2.1%
2019	76.1%	21.9%	2.0%
2020	75.7%	22.3%	2.0%
2021	75.3%	22.7%	1.9%
2022	74.8%	23.3%	1.9%
Forecasted 2023	74.1%	24.0%	1.8%
Forecasted 2024	73.7%	24.5%	1.8%

Preventive Measures

- Caps on how much can be under collected
- Reset of CET allowed revenue amount every three years in General Rate Case
- Company plans to propose to split the GS class in next rate case

Revenue Discrepancy

Commission Order – 12/23/2022

DOCKET NO. 22-057-03

- 56 -

- Directed DEU to provide additional information on different revenues in model
- Nucor questions the \$87.8 million revenue increase shown in the Rate Design model
- UAE asserts that the depiction of current DNG revenues for the TSS, TSM, TSL and TBF classes is inconsistent with current revenues shown in the Rate Design Model

C. The Mismatch of DEU Revenues Reflected in COS and Rate Design Models

Nucor references a \$17,372,628 difference between the current DNG revenues used in DEU's COS model and those used in DEU's rate design model.¹⁴¹ Nucor stated it was unable to verify the source of the variance.¹⁴² It asserts the difference may be related to the treatment of CET revenues and the migration of customers to the TBF schedule. UAE also references a discrepancy in current DNG revenues related to TS customers.¹⁴³ UAE states the difference may be the reasonable result of class rate migration, which it calculates to be \$30,061. UAE also cannot verify the source of the discrepancy.¹⁴⁴ At hearing, DEU acknowledged it uses different versions of current DNG revenues in its rate case model.¹⁴⁵ Neither Nucor nor UAE offered testimony recommending the PSC take any action with regard to the discrepancies. However, given DEU's acknowledgment that it uses different versions of current DNG revenues in its two models, we find it appropriate to evaluate the issue further. Therefore, we direct DEU to provide additional information on this issue during the CET technical conference we have referenced previously in this order.

Revenues in Model

Booked Revenue \$420,621,438

- Historical 12 Months Ending December 2021
- Used in Revenue Requirement
- Used as a starting point then adjusted

Avg Projected Revenue 2023 \$433,402,504

- Projected 2023 test year revenue at forecasted billing determinants
- Revenue company would collect if no rate case were to be filed
- Includes adjustments for future tracker filings
- Does not include class changes

Revenue Requirement \$503,914,193

- Avg projected 2023 revenue plus \$70.5 mil deficiency
- Forecasted Revenue collected using Proposed Rates
- Revenue company would collect if rate case approved
- Used in rate design model to determine rates

Forecasted Revenue at Current Rates \$416,029,876

- Revenue collected using current rates for 2023 forecasted billing determinants
- Used as a rate change comparison
- Does NOT include an adjustment for future tracker filings
- Does include class changes

Revenue Requirement connection to COS Model

Revenue Requirement (ROR-Model)

Booked Revenue

Average Projected Revenue 2023

Dominion Energy Utah - DEC 2023 Adjusted Avg Results CET 12 Months Ended : Dec-2023 ROR-Model		Historical 12 Months December-21	CASE Adjustments Total	Imputed Tax Adjustment	Adjusted System Total
FERC Account	Description				
Utah Totals					
	Distribution Non-Gas Rev	420,621,438	12,781,066	0	433,402,504
	Supplier Non-Gas Revenue	49,664,298	10,493,803	0	60,158,101
	Commodity Revenue	441,047,996	156,647,749	0	597,695,745
	Total Utah Revenue	942,663,658	179,922,619	0	1,122,586,277
	Sales Dth	104,699,703	10,488,820	0	115,188,523
	Transportation Dth	102,696,977	(1,576,352)	0	101,120,625
	Total Utah Dth	207,396,679	8,912,469	0	216,309,148
					186,221,043
					30,088,105

Dominion Energy Utah Docket No. 22-057-03 DEU Exhibit 4.09 Page 1 of 2											
COST OF SERVICE SUMMARY AND ALLOCATIONS TO RATE CLASSES											
(A)	(B) Utah Jurisdiction DNG Related	(C) GS	(D) FS	(E) IS	(F) TSS	(G) TSM	(H) TSL	(I) TBF	(J) NGV	(K) Total	
Description		Allocations to Rate Classes									
1 NET INCOME SUMMARY											
2 Utility Operating Revenue											
3	System Distribution Non-Gas Revenue	433,402,504	383,478,856	2,822,850	264,831	14,266,930	13,984,843	11,229,738	4,748,718	2,605,737	433,402,504
4	System Supplier Non-Gas Revenue	0	0	0	0	0	0	0	0	0	0
5	System Commodity Revenue	0	0	0	0	0	0	0	0	0	0
6	Pass-Through Related Other Revenue	0	0	0	0	0	0	0	0	0	0
7	General Related Other Revenue	9,152,594	8,343,232	51,994	2,923	171,602	216,553	221,845	134,322	10,124	9,152,594
8	Total Utility Operating Revenue	442,555,098	391,822,088	2,874,843	267,754	14,438,531	14,201,397	11,451,583	4,883,040	2,615,861	442,555,098

Cost Of Service
(COS Sum TS Split)

COS Model connection to Rate Design

Cost Of Service
(COS Sum TS Split)

Dominion Energy Utah Docket No. 22-057-03 DEU Exhibit 4.09 Page 1 of 2											
COST OF SERVICE SUMMARY AND ALLOCATIONS TO RATE CLASSES											
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Description	Utah Jurisdiction DNG Related	Allocations to Rate Classes								Total	
		GS	FS	IS	TSS	TSM	TSL	TBF	NGV		
1	NET INCOME SUMMARY										
2	Utility Operating Revenue										
3											
4	System Distribution Non-Gas Revenue	433,402,504	383,478,856	2,822,850	264,831	14,266,930	13,984,843	11,229,738	4,748,718	2,605,737	433,402,504
5	System Supplier Non-Gas Revenue	0	0	0	0	0	0	0	0	0	0
6	System Commodity Revenue	0	0	0	0	0	0	0	0	0	0
7	Pass-Through Related Other Revenue	0	0	0	0	0	0	0	0	0	0
8	General Related Other Revenue	9,152,594	8,343,232	51,994	2,923	171,602	216,553	221,845	134,322	10,124	9,152,594
8	Total Utility Operating Revenue	442,555,098	391,822,088	2,874,843	267,754	14,438,531	14,201,397	11,451,583	4,883,040	2,615,861	442,555,098

Average Projected
Revenue 2023

Cost Of Service
(COS Sum TS Split)

Dominion Energy Utah Docket No. 22-057-03 DEU Exhibit 4.09 Page 1 of 2											
COST OF SERVICE SUMMARY AND ALLOCATIONS TO RATE CLASSES											
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Description	Utah Jurisdiction DNG Related	Allocations to Rate Classes								Total	
		GS	FS	IS	TSS	TSM	TSL	TBF	NGV		
52	Cost of Service (Line 25 + Line 26)	442,555,098	391,822,088	2,874,843	267,754	14,438,531	14,201,397	11,451,583	4,883,040	2,615,861	442,555,098
53	Deficiency (((Line 49 * Line 58) - Line 26) * Tax Factor)	70,511,689	54,421,565	1,117,044	(17,371)	(1,744,116)	2,874,678	7,117,238	6,197,995	544,656	70,511,689
54	COS Adjustment	(0)	3,487,789	56,410	2,922	201,693	292,122	386,488	(4,432,414)	4,991	(0)
55	Total Cost Of Service incl/Deficiency	513,066,787	449,731,442	4,048,297	253,305	12,896,109	17,368,196	18,955,309	6,648,621	3,165,508	513,066,787
56	General Related Revenue Class Allocation	9,152,594	8,343,232	51,994	2,923	171,602	216,553	221,845	134,322	10,124	9,152,594
57	Net Cost of Service Collected in Rates	503,914,193	441,388,210	3,996,303	250,382	12,724,507	17,151,643	18,733,464	6,514,299	3,155,844	503,914,193
58	Return On Rate Base - Allowed	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%
59	Return On Equity - Allowed	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%

Avg Projected
Revenue 2023
Deficiency
Revenue
Requirement

\$433,402,503
+ \$70,511,689
\$503,914,193

Revenue
Requirement

COS Model connection to Rate Design

Dominion Energy Utah
Docket No. 22-057-03
DEU Exhibit 4.09
Page 1 of 2

Dominion Energy
Utah - DEC 2023 Adjusted Avg Results CET
12 Months Ended : Dec-2023

COST OF SERVICE SUMMARY AND ALLOCATIONS TO RATE CLASSES

(A)	(B) Utah Jurisdiction DNG Related	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Description		Allocations to Rate Classes								
		GS	FS	IS	TSS	TSM	TSL	TBF	NGV	Total
52 Cost of Service (Line 25 + Line 26)	442,555,098	391,822,088	2,874,843	267,754	14,438,531	14,201,397	11,451,583	4,883,040	2,615,861	442,555,098
53 Deficiency ((Line 49 * Line 58) - Line 26) * Tax Factor	70,511,689	54,421,565	1,117,044	(17,371)	(1,744,116)	2,874,678	7,117,238	6,197,995	544,656	70,511,689
54 COS Adjustment	(0)	3,487,789	56,410	2,922	201,693	292,122	386,488	(4,432,414)	4,991	(0)
55 Total Cost of Service incl./Deficiency	513,066,787	449,731,442	4,048,297	253,305	12,896,109	17,368,196	18,955,309	6,648,621	3,165,508	513,066,787
56 General Related Revenue Class Allocation	9,152,594	8,343,232	51,994	2,923	171,602	216,553	221,945	134,322	10,121	9,152,594
57 Net Cost of Service Collected in Rates	503,914,193	441,388,210	3,996,303	250,382	12,724,507	17,151,643	18,733,464	6,514,299	3,155,346	503,914,193
58 Return On Rate Base - Allowed	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%
59 Return On Equity - Allowed	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%

Cost Of Service
(COS Sum TS Split)

Rate Design Tab
UTAH

Firm		@ Current Rates			@ Proposed Rates	
		Dth	Revenues		Dth	Revenues
Total Utah Firm	GS	112,038,555	364,579,475	GS	112,038,555	439,711,988
	NGV	289,772	2,500,388	NGV	289,772	3,152,986
	FS	2,589,192	2,724,039	FS	2,589,192	3,969,193
Total Utah Firm		114,917,519	\$369,803,902		114,917,519	\$446,834,166
Total Utah Interruptible	IS	271,004	\$258,548	IS	271,004	\$248,978
	Total Utah Interruptible		271,004	\$258,548	271,004	
Total Utah Sales		115,188,523	\$370,062,450	115,188,523		\$447,083,144
Transportation	TBF	9,749,670	\$6,395,660	TBF	9,749,670	\$6,404,382
	TBFL	43,403,526	\$2,240,124	TBFL	43,403,526	\$2,240,124
	MT	25,468	28,825	MT	25,468	31,536
	TS	47,941,960	37,234,293	TS	47,941,960	48,155,007
	TSS	7,737,389	14,074,217	TSS	7,737,389	12,627,574
	TSM	15,305,116	12,711,775	TSM	15,305,116	16,979,714
	TSL	24,899,452	10,516,825	TSL	24,899,456	18,547,719
Total Utah Transportation		101,120,621	45,967,427	101,120,625		56,831,049
Utah Total Tariff DNG Revenues		216,309,144	\$416,029,876	216,309,148		\$503,914,193
Utah Other DNG Revenues			\$9,152,594			\$9,152,594
Utah Total Revenues			\$425,182,470			\$513,066,787
Total Utah Cost of Service Difference						\$513,066,787

Rate Design Model

Forecasted Revenue at
Current Rates

Revenue Requirement
(Net Cost of Service
Collected in Rates)

Nucor Discrepancy - "Dominion has designed rates to produce an \$87,884,317 revenue increase"

Forecasted Revenue at Current Rates

Net Cost of Service Collected in Rates

Rate Design Tab		@ Current Rates		@ Proposed Rates	
UTAH		Dth	Revenues	Dth	Revenues
Firm					
	GS	112,038,555	364,579,475	GS	439,711,988
	NGV	289,772	2,500,388	NGV	3,152,986
	FS	2,589,192	2,724,039	FS	3,969,193
Total Utah Firm		114,917,519	\$369,803,902	114,917,519	\$446,834,166
Interruptible					
	IS	271,004	\$258,548	IS	\$248,978
Total Utah Interruptible		271,004	\$258,548	271,004	\$248,978
Total Utah Sales		115,188,523	\$370,062,450	115,188,523	\$447,083,144
Transportation					
	TBF	9,749,670	\$6,395,660	TBF	\$6,404,382
	TBFL	43,403,526	\$2,240,124	TBFL	\$2,240,124
	MT	25,468	28,825	MT	31,536
	TS	47,941,960	37,234,253	TS	48,155,007
	TSS	7,737,389	14,074,217	TSS	12,627,574
	TSM	15,305,116	12,711,775	TSM	16,979,714
	TSL	24,899,452	10,516,825	TSL	18,547,719
Total Utah Transportation		101,120,621	45,967,427	101,120,625	56,831,049
Utah Total Tariff DNG Revenues		216,309,144	\$416,029,876	216,309,148	\$503,914,193
Utah Other DNG Revenues			\$9,152,594		\$9,152,594
Utah Total Revenues			\$425,182,470		\$513,066,787
Total Utah Cost of Service					\$513,066,787
Difference					0

Forecasted Revenue at Current Rates

Revenue Requirement (Net Cost of Service Collected in Rates)

503,914,193
416,029,876
87,884,317

Nucor Discrepancy - “Dominion has designed rates to produce an \$87,884,317 revenue increase”

Nucor Comparison

- \$416M does not include increase in revenue due to future tracker filings
- Does include adjustment for customer class changes

Class	Forecasted Rev at Current Rates	Revenue Requirement	Deficiency
GS	\$366,255,697	\$441,388,210	\$75,132,513
NGV	\$2,502,787	\$3,155,384	\$652,598
FS	\$2,751,149	\$3,996,303	\$1,245,154
IS	\$259,952	\$250,382	(\$9,570)
TBF	\$6,505,578	\$6,514,299	\$8,722
TSS	\$14,171,150	\$12,724,507	(\$1,446,643)
TSM	\$12,880,993	\$17,151,643	\$4,270,650
TSL	\$10,702,570	\$18,733,464	\$8,030,894
Total	\$416,029,876	\$503,914,193	\$87,884,317

DEU Proposed Deficiency

- \$433M does include increase in revenue due to future tracker filings
- Does not include adjustment for customer class changes

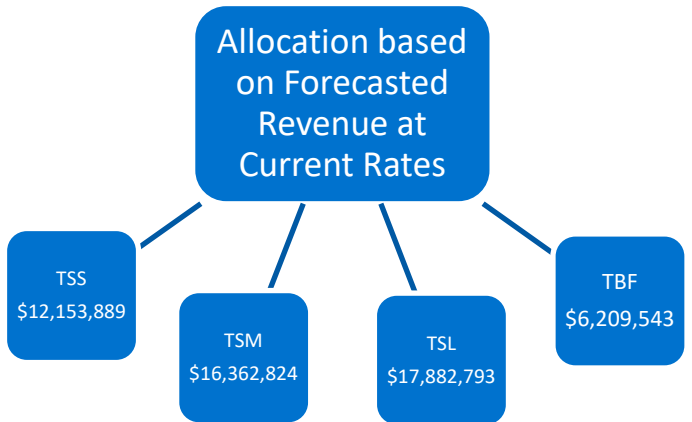
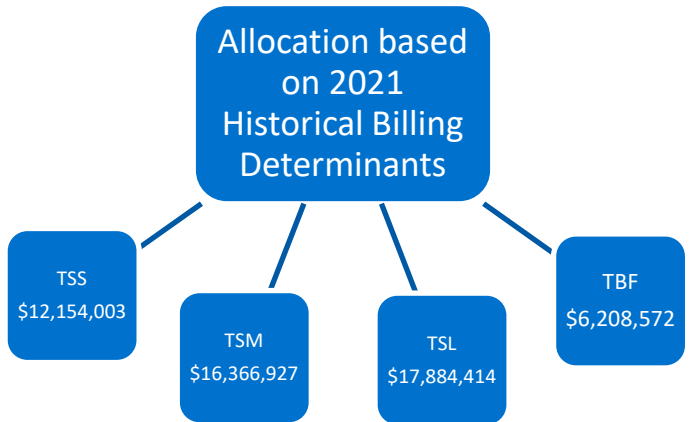
Class	Avg Projected Revenue	Revenue Requirement	Deficiency
GS	\$383,478,856	\$441,388,210	\$54,421,565
NGV	\$2,605,737	\$3,155,384	\$544,656
FS	\$2,822,850	\$3,996,303	\$1,117,044
IS	\$264,831	\$250,382	(\$17,371)
TBF	\$4,748,718	\$6,514,299	\$6,197,995
TSS	\$14,266,930	\$12,724,507	(\$1,744,116)
TSM	\$13,984,843	\$17,151,643	\$2,874,678
TSL	\$11,229,738	\$18,733,464	\$7,117,238
Total	\$433,402,504	\$503,914,193	\$70,511,689

UAE Discrepancy – “DEU’s depiction of current DNG revenue for the individual TSS, TSM, TSL, and TBF classes is inconsistent with the current revenue for these classes shown in its rate design.”

- Problem: Booked revenue did not exist for TSS, TSM, TSL classes. Total TS booked revenue needed to be allocated to each class

Revenue Requirement - DEU Approach

Revenue Requirement - UAE Approach



- Next rate case booked revenue will exist for TSS, TSM, and TSL classes so no allocation will be necessary