



State of 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

Artie Powell, Director

Doug Wheelwright, Utility Technical Consultant Supervisor

Eric Orton, Utility Technical Consultant

Date: March 3, 2022

Re: **Docket No. 22-057-T03**, In the Matter of the Annual Calculation of the Third-Party Billing Rate and Request for Tariff Change.

Recommendation (Approve)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) approve the updated tariff sheets for section 8.08 Billing for Other Entities provided by Dominion Energy Utah (Dominion). The Division recommends that the Commission approve the proposed Tariff change and rate with an effective date of April 1, 2022.

Issue

In this filing, Dominion is requesting approval to increase its Third-Party billing rate and provided three exhibits in support of the application. Exhibit 1.01 provides the calculation. Exhibits 1.02A and 1.02B are the corresponding tariff sheets in legislative and final formats, respectively. There is still no readily discernible market from which to derive a market price for third-party billing.

Background

On July 28, 2017, the Commission approved the third-party billing rate. One provision of the order specified that “On or before March 1 of each year, the Company shall calculate the per-line rate and file a letter with the Commission reflecting the rate, to be effective on April 1 of each year.” Dominion outsourced its bill printing, inserting, mailing, and electronic image hosting services back in August 2019 and has provided this calculation each year. In this filing, Dominion has provided the supportive calculations and the proposed tariff sheets.

On March 1, 2022, Dominion submitted its updated calculations for the per-line rate and a minimum charge per bill. On that same day, the Commission issued an Action Request to the Division directing it to investigate the application and provide its recommendation on or before March 15, 2022. This memorandum is the Division’s response to the Action Request.

Discussion

The Division has reviewed the calculations and has compared Exhibit 1.01 to the same information provided in its exhibit filed last year in Docket No. 21-057-T03. Some of the changes are of interest:

- Each of the line items in the Total Printing costs have decreased as total printed bill volumes continue to decrease. The exception is for the Electronic Image Hosting Fee which is unchanged.
- The Printing of Additional Pages has taken an interesting dive and is roughly 5 percent of what it was last year going from 4,939,314 to 252,420. The large volume in 2020 was due to Dominion sending more second pages to customers (generally addressing COVID). As a result of the COVID anomaly, those line item costs have decreased dramatically and are expected to stay nearer this level in the future.
- Total Inserter costs are trending down proportional to the decrease in the total printed bill volume.
- Postage costs increased a little more than a penny and a half per mailing.
- Overhead per mailing has increased about 12 percent over last year.

- The Total Price per Piece has gone up slightly from last year, even with the printer removal costs absent.

The total number of paper bills mailed to customers continues to decrease. Beginning in 2017, there were an estimated 9,467,148 mailings sent out. In 2018, the total went down 116,306, and in 2019, the total went down 347,086. In 2020, it went down 860,781, and in 2021 it went down another 344,674 and is currently at 7,665,128 paper mailings. In just four years the pieces mailed has decreased nearly 20%.

The rates shown in Exhibit 1.01 are accurately reflected in the attached tariff sheets in Exhibits 1.02A and 1.02B. The rate for the first 11 lines is currently \$0.14705, and the proposed requested rate is an increase to \$0.15502. For each additional line above 11 lines, the current rate is \$0.01337, and the proposal would increase that rate to \$0.01382. The proposed change would increase the total minimum cost per piece from the current rate of \$0.46788 to \$0.48380 or about one- and one-half cent more per piece. There is only one company (a sister company) that is using Dominion's third-party billing services.

Conclusion

The Division investigated the application with the continued objective to ensure that the stated costs and benefits of third-party billing foist no burden, financial risk, or other costs onto ratepayers. Not detecting these issues in this filing, the Division recommends the Commission approve the updated tariff sheets with an effective date of April 1, 2022.

Cc: Kelly Mendenhall, Dominion Energy Utah
Michele Beck, Office of Consumer Services