

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN RESPONSE TO THE FORMAL
COMPLAINT OF NICOLE RAE
MCLAUGHLAN LOVATO AGAINST
DOMINION ENERGY UTAH

Docket No. 23-057-14

**DIRECT TESTIMONY OF AUSTIN STEWART
FOR DOMINION ENERGY UTAH**

October 5, 2023

DEU Redacted Exhibit 1.0

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I. INTRODUCTION

Q. Please state your name and business address.

A. Austin Stewart, 333 South State Street, Salt Lake City, Utah 84111.

Q. By whom are you employed and in what capacity?

A. I am employed by Dominion Energy Utah (“Dominion Energy,” “DEU” or “Company”) as a Regulatory Analyst II. I am responsible for analyst work related to cost allocation, rate design, gas cost adjustments, and forecasting.

Q. Were your attached exhibits, DEU Exhibit 1.01 through 1.04, prepared by you or under your direction?

A. Yes, unless otherwise stated, in which case my exhibits are true and correct copies of the documents they purport to be.

Q. What general areas does your testimony address?

A. I discuss several matters including (1) description of the natural gas (“commodity”) market; (2) explanation of the Company’s budget billing process; and (3) a response to the concerns of Nicole Rae McLaughlan Lovato (“Ms. Lovato”).

II. NATURAL GAS MARKET OVERVIEW

Q. Why have natural gas prices risen over the last two years?

A. Since the beginning of 2022, the natural gas markets have seen prices that are remarkably higher than normal. This issue is not isolated within Utah but has affected prices throughout the world. Some reasons for the increased prices worldwide include, world political conflict, dramatic shifts in typical weather patterns, and high demand and low supply.

Q. What specific events caused prices to rise in Utah?

A. During the summer of 2022, the U.S. experienced a large amount of Liquefied Natural Gas (“LNG”) exports. Typically, natural gas is cheaper in the summer and many utilities will fill natural gas storage. However, this unprecedented demand caused

28 prices to remain high. Many utilities throughout the western U.S. delayed filling
29 storage facilities.

30 In the fall of 2022, there was a large heatwave, together with a major drought, across
31 the west. Many cities throughout this region rely on hydro-electric generation for
32 electricity, though, the drought prevented the use of hydro-electric production. To keep
33 up with demand, electric utilities opted to produce needed electricity by natural gas,
34 resulting in additional demand.

35 Finally, during the winter of 2022/2023, the west experienced cold temperatures well
36 below normal. Due to the events previously described, natural gas market prices were
37 25-times higher than normal. Customers were using large amounts of natural gas to
38 heat their homes at exactly the time that commodity prices were tremendously high.

39 **Q. Does the Company earn a profit on the sale of the commodity?**

40 A. No. The Company only charges customers for the cost of natural gas. DEU does not
41 mark up the price of the commodity to earn profit.

42 **Q. How does this relate to the complaint of Ms. Lovato?**

43 A. All customers, residential, commercial, and industrial, are feeling the impact of higher
44 natural gas prices. Indeed, the Company filed a Pass-Through Application in Docket
45 No. 23-057-03 on February 1, 2023, seeking cost recovery for those gas purchase costs.
46 Customers who are not utilizing the Company's budget billing program began to notice
47 increased bills in March 2023. Those that were on the budget billing program did not
48 experience a bill impact in March. Instead, those customers saw a change in their
49 budget billing later, when their budget billing was reviewed in accordance with the
50 Company's Utah Natural Gas Tariff No. 600 ("Tariff").

51 **III. BUDGET BILLING PROGRAM**

52 **Q. Please explain the budget billing program.**

53 A. The Company offers the budget billing program ("Program") in Section 8.05 of its
54 Tariff. The Program is a voluntary program under which customers may elect to pay
55 for their natural gas service at a predetermined monthly amount over the course of the

56 year, rather than actual usage each month, with true-ups for actual usage at least
57 annually. I will describe the Company's method of calculating the pre-determined
58 monthly amount later in my testimony. Any General Service ("GS") customer, that is
59 current in all billing payments, is allowed to enroll. An enrolled customer can leave
60 the Program at any time.

61 The budget billing program is designed to enable the Company to calculate, and the
62 customer to pay, a monthly charge that will both collect a customer's under-collected
63 balance and sufficiently collect anticipated charges in the coming year. The Program
64 permits customers to pay their annual usage over equal monthly payments. Many
65 customers appreciate the ability to budget for consistent monthly charges, rather than
66 budgeting for lower bills in the summer and higher bills in the winter.

67 **Q. How does the Company calculate a monthly amount for a budget-bill customer?**

68 A. The Company calculates the monthly amount for budget billing for each customer both
69 when they initially enroll in the program, and again at least annually thereafter. In both
70 cases, the Company calculates the monthly amount for billing in four steps. These
71 steps are illustrated on DEU Confidential Exhibit 1.01, which is attached to my
72 testimony. DEU Confidential Exhibit 1.01 illustrates the methodology the Company
73 applies using Ms. Lovato's actual billing data.

74 First, the Company evaluates a customer's actual usage to determine if, during the prior
75 year, the customer over or under-paid. In the example shown on DEU Confidential
76 Exhibit 1.01, you can see that Ms. Lovato's actual charges exceeded the budget bill
77 amount and she under-paid by the amount shown in the row labeled "Step 1." The
78 Company then divides the balance owed by twelve in order to spread the balance over
79 the coming twelve months.

80 Second, the Company calculates the Customer's annual usage for the prior twelve
81 months and divides that total annual usage by twelve. This step is shown on DEU
82 Exhibit 1.01 on the row labeled "Step 2."

83 Next, the Company determines what rate increases have occurred in the past twelve
84 months or since Ms. Lovato's was last reviewed and multiplies the Step 2 resulting
85 amount by the rate increase. This step is shown on the row labeled "Step 3."

86 Finally, the Company sums the balance owed by the dollar amounts calculated and
87 adjusted in Step 2 and Step 3. This final step is shown in the row labeled "Step 4".

88 **Q. Did the Company conduct this evaluation of Ms. Lovato's bill in August of 2023?**

89 A. Yes, and the result of the calculation of Ms. Lovato's bill is shown on DEU
90 Confidential Exhibit 1.01. As you can see, when the Company calculated her annual
91 usage, adjusted by rate increases, and added monthly payments for her under-payment,
92 the total new budget bill amount increased. That total amount is shown at the end of
93 the row labeled "Step 4." The Company explained this process and Ms. Lovato's
94 resultant bill in a letter sent on August 30, 2023, attached hereto as DEU Exhibit 1.02.

95 **Q. Has the Company prepared a detailed ledger showing Ms. Lovato's natural gas
96 account?**

97 A. Yes. The Company maintains a ledger of the natural gas usage on all customer
98 accounts. DEU Confidential Exhibit 1.03 is that ledger for Ms. Lovato's account, and
99 it shows her billing history from August 18, 2022 to September 8, 2023. The
100 information found on DEU Confidential Exhibit 1.03, page 1 came directly from the
101 Company's billing system. DEU Confidential Exhibit 1.03, page 2 is the same
102 information but includes an equation in exhibit column (F) to more easily follow how
103 the balance is calculated. The following table provides a description of each column
104 in DEU Confidential Exhibit 1.03:

105

Column Letter	Column Name	Column Description
(A)	Date of Transaction	Column A represents the Date of Transaction.
(B)	Financial Transaction Type	Column B represents the transaction type. Each type is described below: “Bill Segment” indicates that DEU has processed a bill and has charged the customer’s account. “Pay Segment” indicates that the customer has made a payment on paid the bill. “Set Current Amount” means that DEU has calculated a new Budget Billing amount. When this step happens, DEU considers the final payment of the Budget Billing Year. “Budget Synch cur bal w/ payoff bal” means that the customer has made the final payment of the Budget Billing Year and syncs the balance with the Company’s system.
(C)	Current Amount	Column C represents a charge to the account and coincides with the Financial Transaction Type reflected in Column B.
(D)	Current Balance	Column D represents a Current Balance based on monthly charges.
(E)	Payoff Amount	Column E represents the actual amount of money owed for the gas used that month.
(F)	Payoff Balance	Column F represents the total amount due on the account, or the Payoff Balance.

106 To explain a bit further, Column D can be seen as the amount a budget bill customer
 107 will pay in a particular month. As seen in DEU Confidential Exhibit 1.03, the first
 108 budget bill month for Ms. Lovato was on 12/5/2023 for [REDACTED] (see exhibit column
 109 C row 22). She paid this amount until 08/17/2023 when the new budget bill amount
 110 was implemented.

111 Column E shows the values of what a customer actually uses in commodity and
 112 services. For example, in DEU Confidential Exhibit 1.03 Column D Row 22 shows
 113 that Ms. Lovato was charged [REDACTED] for the month. However, Column E Row 22
 114 shows that Ms. Lovato actually used [REDACTED] worth of the Commodity and services.

115 Perhaps the most important column of DEU Confidential Exhibit 1.03 is the column F,
116 the column entitled “Payoff Balance.” Column F shows the total amount owed based
117 on a customer’s actual usage, rather than the budget bill amount.

118 **Q. Is it possible for a customer like Ms. Lovato to be over-billed in the Program?**

119 A. No. When the Company evaluates each budget billing customer’s account each year,
120 the Company accounts for actual usage of commodity and DEU services. That actual
121 usage, netted against payments made, is shown as the Payoff Balance. If at the end of
122 the Budget Plan Year the customer’s payment amounts exceed the Payoff Balance, the
123 over-payment will be credited to customer “over the next twelve months, interest free,
124 unless a customer requests an immediate refund or credit.” See Section 8.05 of the
125 Tariff. Hence, any payment over the actual usage will be given back to the customer
126 in the form of a credit, refund, or discount to monthly rate.

127 **IV. RESPONSE TO MS. LOVATO’S CONCERNS**

128 ***A. DEU Did Not Double Bill Ms. Lovato***

129 **Q. Can you show that Ms. Lovato was not double billed?**

130 A. Yes. At the beginning of August 2023, the Company reset the monthly bill of all DEU
131 customers that were a part of the Program. In this calculation, for all DEU customers,
132 the Company used the account balance on August 1, 2023. As seen in DEU
133 Confidential Exhibit 1.03 Column (F) Line 7, Ms. Lovato had under-paid the Company
134 for her actual usage by [REDACTED]. Then on August 10, 2023, Ms. Lovato paid [REDACTED]
135 toward the account (see Column (E) Line 6) bringing the account to a Payoff Balance
136 of [REDACTED] (see Column (F) Line 6).

137 In her formal complaint, Ms. Lovato included a calculation and indicated that she
138 believed she had been double billed for [REDACTED]. In her calculation, Ms. Lovato
139 indicated that she paid [REDACTED] on July 19, 2023. In fact, her bill was calculated and
140 mailed on July 19, 2023, and she did not pay the disputed amount until August 10,
141 2023. Because of this lag in payment, DEU used a total account balance due of [REDACTED]
142 shown on August 1, 2023, rather than [REDACTED] that was the account balance on August
143 10, 2023. Again, Ms. Lovato’s budget bill amount is an estimate that will be adjusted

144 at least annually to reflect her actual usage. Whether her budget bill was set using the
145 August 1st amount due, or the August 10th amount due, any over or under-payment will
146 be applied to the next year’s budget bill calculation. Ms. Lovato has not, and will not
147 be double billed.

148 **B. Ms. Lovato’s Budget Bill Amount Was Properly Calculated in August of 2023**

149 **Q. Ms. Lovato suggests that the Company should not update her budget bill amount**
150 **until she’s been on the Program for a full year. How do you respond?**

151 A. Section 8.05 of the Tariff provides that the calculation will occur at the end of the
152 Budget Plan Year. The Company’s Budget Plan Year is the cycle in which the
153 Company adjusts the bills of budget billing customers, and typically runs from August
154 to July. Typically, every August the Company will create a new calculation of monthly
155 charges to all customers enrolled in the Program. Ms. Lovato’s budget bill amount was
156 calculated and updated in August of 2023, along with most of the other budget-billing
157 customers.

158 **Q. Is the Company obligated by the Utah Public Service Commission**
159 **(“Commission”) to update monthly charges more frequently than once a year?**

160 A. No. Section 8.05 of the Tariff states, “The monthly budget plan payment amounts may
161 be adjusted by the Company during the year if actual and accrued billings deviate
162 substantially or if a rate change of 5% or greater is approved.” Accordingly, if there is
163 a large increase of customer rates the Company is allowed, but not obligated, to
164 increase the bills of budget billing customers. Otherwise, the Tariff states that the
165 Company will adjust a budget billing customer’s bill (“customer’s bill”) once a year.
166 Ms. Lovato correctly pointed out that the Company’s website indicated that such
167 calculations would occur “[a]t least twice a year. . .” That website also indicated that
168 “[a]fter each year of participation in the Budget Plan, we evaluate your account.” Both
169 statements have now been modified to more accurately match the Company’s Tariff.
170 Importantly, the Company has complied with the Tariff requirements.

171 **Q. Does the Tariff state that the Company must calculate a customer’s bill at a**
172 **particular time of year?**

173 A. No. The Tariff only states that the Company will adjust a customer’s bill at least one
174 time during the year.

175 **Q. Did the Company inform Ms. Lovato about the procedure you’ve described?**

176 A. Yes. When she enrolled in the Program in November 2022, the Company sent a
177 confirmation letter describing this process. A copy of that letter is attached as DEU
178 Exhibit 1.04. It says, “At least once a year, we compare your actual usage to the
179 estimated amount used to calculate your monthly Budget Plan payment. If your usage
180 is higher or lower than expected, or if there has been a significant rate change, we will
181 adjust your payment to help keep your account in balance.”

182 **Q. Ms. Lovato expresses concern that the Company utilized her historic usage,**
183 **including months where her bill was paid in full, in calculating her budget-bill**
184 **amount, and suggests that doing so will result in over-payment. How do you**
185 **respond?**

186 A. The use of Ms. Lovato’s historic billing, including months where the bill was paid in
187 full, in the budget-bill calculation is appropriate. Ms. Lovato appears to confuse at
188 least two aspects of the billing process. First, her total annual under-payment, divided
189 by 12 months, is included in her budget bill amount in order to allow the Company to
190 remedy the under-collection. Because this number reflects her *annual* under-
191 collection, the months where her balance is paid in full are accounted for in the
192 calculation.

193 The Company also estimates her usage going forward, using her historic usage, to
194 estimate her expected average monthly usage. Her usage from August 2022 to October
195 2022 are simply data points in that estimated bill calculation. It is reasonable to say
196 the usage of August 2022 to October 2022 will be similar to usage in August 2023 to
197 October 2023. It is also reasonable to use her 2022 actual billing as a factor in
198 calculating her budget-bill amount going forward. Whether her historic bill was paid
199 in full is not relevant to this portion of the monthly budget bill calculation. In either
200 event, the Company properly calculated her estimated monthly budget bill.

201 Again, as I mentioned above, a customer enrolled in this Program will ultimately be
202 charged only for the commodity and services it uses. The Company's ultimate
203 objective in setting a customer's bill is to collect an under-collected or return an over-
204 collected amount and predict usage in the subsequent twelve months.

205 **C. Exclusion of August to October 2023 in Calculation Did Not Result in an Over-Charge**
206 **to Ms. Lovato**

207 **Q. Does excluding August 2023 to October 2023 in the monthly bill calculation result**
208 **in an over-charge to Ms. Lovato?**

209 A. No. Ms. Lovato argues that excluding August 2023 to October 2023 will cost an
210 additional \$400 throughout the year. In fact, calculating the monthly bill in October
211 2023 could potentially lower her monthly bill for the coming year because the overall
212 under-collected amount would likely be lower. Consequently, it is possible Ms. Lovato
213 will actually have an over-collected balance at the end of the Budget Plan Year, which
214 would then be applied to reduce her bill going forward.

215 **Q. Do you believe Ms. Lovato's bill should be calculated including August 2023 to**
216 **October 2023?**

217 A. No. Upon signing up for the Program, the Company informed Ms. Lovato that at
218 certain points the account could have either an over-balance or an under-balance. This
219 was a risk she assumed when signing up for the Program. If she would rather be
220 charged for her actual usage each month, rather than utilizing the Program, she has
221 been given instructions on how to leave the Program. Alternatively, she could pay all
222 or a portion of the under-collected amount and thereby reduce her budget bill going
223 forward.

224 **V. CONCLUSION**

225 **Q. Has DEU acted properly in billing Ms. Lovato, and in recalculating her budget-**
226 **billing amount?**

227 A. Yes. The Company has followed proper procedure regarding the Program and has not
228 deviated from any Tariff provision.

DIRECT TESTIMONY OF
AUSTIN STEWART

229 **Q. Has Ms. Lovato benefited from the Program?**

230 A. Yes. Ms. Lovato has enjoyed having a consistent bill every month since enrollment.
231 Ms. Lovato has also benefited from carrying a balance on the account for the last eight
232 months interest free.

233 **Q. What solutions can the Company offer Ms. Lovato?**

234 A. In coordination with Ms. Lovato, the Company has already performed a new
235 calculation of her budget bill based on the August 10, 2023 balance of [REDACTED]. This
236 adjustment changed her budget bill from [REDACTED] to [REDACTED].
237 Additionally, the Company notes that enrollment in the budget billing Program is
238 voluntary. Ms. Lovato has the option to pay the Payoff Balance in full and return to a
239 normal GS billing schedule. Or she can pay an additional portion of the Payoff Balance
240 and the Company would agree to recalculate her monthly budget billing amount to
241 reflect a lower under-collected amount.

242 **Q. Does this conclude your testimony?**


243 A. Yes.

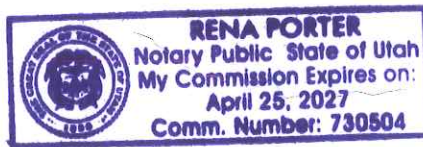
State of Utah)
) ss.
County of Salt Lake)

I, Austin Stewart, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. The exhibits attached to the testimony were prepared by me or under my direction and supervision, except where otherwise stated, in which case they are true and correct copies of what they purport to be, to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.


Austin Stewart

SUBSCRIBED AND SWORN TO this 5th day of October, 2023.


Notary Public



CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Direct Testimony of Austin Stewart
was served upon the following persons by e-mail on October 5, 2023:

Patricia E. Schmid
Patrick Grecu
Assistant Attorneys General
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
pschmid@ugutah.gov
pgrecu@agutah.gov

Counsel for the Division of Public Utilities

Madison Galt
Utah Division of Public Utilities
160 East 300 South
P.O. Box 146751
Salt Lake City, UT 84114-6751
mgalt@utah.gov

Robert J. Moore
Assistant Attorney General
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
rmoore@agutah.gov

Counsel for the Office of Consumer Services

Michele Beck
Director
Alyson Anderson
Bela Vastag
Alex Ware
Jacob Zachary
Office of Consumer Services
160 East 300 South
P.O. Box 146782
Salt Lake City, UT 84114-6782
mbeck@utah.gov
akanderson@utah.gov
bvastag@utah.gov
aware@utah.gov
jzachary@utah.gov
(ocs@utah.gov)

Nicole Rae McLaughlan Lovato
Nicolemjohnson13@yahoo.com