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

Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Ryan Daigle, Utility Analyst

Date: December 15, 2023

Re: **Dominion Energy Utah, Docket Nos.**
Docket No. 23-057-19, Amortization of the Conservation Enabling Tariff
Docket No. 23-057-21, Adjustment to the Low-Income/Energy Assistance Rate

Recommendation (Approve)

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) approve the rates as proposed by Dominion Energy Utah (Company) in the Applications listed above with an effective date of January 1, 2024. The Company also filed Docket Nos. 23-057-20 (Amortization of the Energy Efficiency Deferred Account Balance) and 23-057-22 (Infrastructure Rate Adjustment). The Division's response to those filings will be provided under separate memos.

Issue

On December 1, 2023, Dominion filed the applications identified above seeking approval of rate changes to their distribution non-gas (DNG) cost portions of the Utah GS natural gas rates.

Docket No. 23-057-19 – The Conservation Enabling Tariff (CET)

The CET filing is a request to amortize the October 2023 over-collected 191.9 account balance of $23,341,052. This is a significant over-collection when compared to historical filings. The previous filing was an amortization of the $4,112,009 under-collection. If approved a typical GS residential customer will see an annual decrease of $17.92 or 1.85%.

Background

The CET was originally authorized as a pilot program in 2006[1] and was approved as a permanent program in 2010.[2] The CET is a mechanism designed to ensure the Company collects from GS customers only the Commission authorized revenue per customer. Tariff §2.08 sets forth procedures for recovering the allowed distribution non-gas (DNG) revenue per customer by means or periodic adjustments to rates. The rate change in this Docket affect only the CET component of the distribution non-gas (DNG) rates of the GS rate class.

Discussion

As noted above, the CET is over-collected by $23,341,052 which is much larger than previous filings. Based on discussions with the Company, variability in actual usage by customers which diverge from the estimated test year forecast will lead to over or under-collection. The Weather Normalization mechanism also has limitations when the actual weather conditions trend higher or lower than the forecast test year values. Temperature swings and usage variability can lead to large swings in over/under-collection. A large over-collection was noted in January of 2023 and over-collection was noted in 11 of the last 12 months. The consistent over-collection is likely due to a combination of the rate change from the General Rate Case (GRC) which became effective in January 2023 and the estimated usage. The Division has been in discussions with the Company on both the CET and the Weather Normalization Program and will continue to review and monitor both programs. The proposed rate adjustment represents a refund to customers of the over-collected amount and the Division recommends approval.

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[1] Docket No. 05-057-T01, Order Approving Settlement, October 5, 2006, page 15.
[2] Docket No. 09-057-16. Report and Order, June 3, 2010, page 22.

Docket No. 23-057-21 Adjustment to the Low-Income/Energy Assistance Rate

The current filing is a request to adjust the collection rate in order to collect the approved $1.5 million per year and adjust the amount payable to low income customers.

Background

The Low-Income Assistance Program was approved in Docket No. 10-057-08, The Low-Income Assistance Program is designed to provide a one-time annual credit to HEAT qualified customers.

Discussion

As of July 2023, the Company had accumulated a $902,744 balance in the Low Income balancing account. Customers that qualify for low income assistance can apply to receive a one-time bill credit. The Company is proposing to change the bill credit amount to $91 and estimates that there will be 22,499 eligible customers for a total payout amounting to $2,047,411. Dominion also proposes to contribute $250,000 to the Utah Department of Workforce Services Housing and Community Development Weatherization Assistance Program within 30 days of the approval of the Application. This is the same amount that has been contributed to the weatherization program as in previous years.

The Division has reviewed the filing and exhibits and agrees with the method used to quantify the number of qualified customers and the value of the credit per qualified customer. If approved a typical GS residential customer will see a decrease in their annual bill of $0.12.

Conclusion

The Divisions recommends that the Commission approve the rate changes proposed by the Company with an effective date of January 1, 2024. The Division will continue to monitor the 191.9 account until the next CET filing. The Division would also support a more robust evaluation of the CET Program during the next general rate case. The Company is aware of the large over-collected balance and will track the progress to determine if an earlier or more frequent filing of the CET is justified. The Division also supports approval of the proposed changes to the Low Income/Energy Assistance program.

cc: Jordan Stephenson, Dominion Energy Utah