

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dominion Energy Utah to Amortize the Conservation Enabling Tariff Balancing Account	<u>DOCKET NO. 23-057-19</u>
Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 23-057-20</u>
Application of Dominion Energy Utah for an Adjustment to the Low Income/Energy Assistance Rate	<u>DOCKET NO. 23-057-21</u>
Application of Dominion Energy Utah to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 23-057-22</u> <u>ORDER</u>

ISSUED: December 21, 2023

**SYNOPSIS**

The Public Service Commission (PSC) approves the four applications (“Applications”) Dominion Energy Utah (DEU) filed in the referenced dockets (“Dockets”). Our approval results in a total average net decrease of \$1.66 or 2.06 percent to the monthly bill of a typical GS residential customer using 70 decatherms (Dth) of natural gas per year.

The PSC approves the following applications on an interim basis (collectively, “Interim Rate Applications”), subject to audit, effective January 1, 2024:

- i. Application of DEU to Amortize the Energy Efficiency Deferred Account Balance (Docket No. 23-057-20); and
- ii. Application of DEU to Change the Infrastructure Rate Adjustment (Docket No. 23-057-22).

In addition, the PSC approves final rates and tariff modifications as requested in the following applications (collectively, “Final Rate Applications”), effective January 1, 2024:

- i. Application of DEU to Amortize the Conservation Enabling Tariff Balancing Account (Docket No. 23-057-19); and
- ii. Application of DEU for an Adjustment to the Low-Income/Energy Assistance Rate (Docket No. 23-057-21).

### **PROCEDURAL BACKGROUND**

DEU filed the Applications on December 1, 2023. Each application proposes discrete rate changes and modifications to DEU's PSCU Tariff No. 600, effective January 1, 2024.

On December 8, 2023, the PSC held a consolidated scheduling conference and issued a Scheduling Order and Notice of Virtual Hearing for the Dockets. On December 15, 2023, the Division of Public Utilities (DPU) filed comments and recommendations regarding the Applications. No other party petitioned to intervene or filed comments.

On December 19, 2023, the PSC held a consolidated virtual hearing in the Dockets to consider the Applications, during which DEU and DPU provided sworn witness testimony.<sup>1</sup>

### **FACTUAL BACKGROUND**

#### **Docket No. 23-057-19: Conservation Enabling Tariff Application**

In its application in Docket No. 23-057-19 ("CET Application"), DEU requests approval to amortize the Conservation Enabling Tariff (CET) Account balance and adjust the distribution non-gas (DNG) portion of its GS rate schedule. According to DEU, as of October 31, 2023, the CET account has an over-collected balance of \$23.341 million.<sup>2</sup> DEU proposes to amortize this balance by allocating the total CET

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<sup>1</sup> Reference herein to "Virtual Hearing" is to the audio recording of the hearing in this matter, located at <https://www.youtube.com/watch?v=UOcPAft1WIE>.

<sup>2</sup> See CET Application at 2, ¶ 4.

account balance to each of the two summer and two winter blocks comprising GS DNG rates proportionate to estimated test-year DNG revenues for each such block.<sup>3</sup> DEU states that approval of the application will result in a \$17.92 or 1.85 percent decrease to the annual bill of a typical GS customer using 70 Dth per year.<sup>4</sup>

	<b>Current CET Rate per Dth</b>	<b>Proposed CET Rate per Dth</b>	<b>Difference in CET Rates per Dth</b>
<b>GS Rate Schedule</b>			
Summer Block 1	\$0.03221	(\$0.18679)	(\$0.21900)
Summer Block 2	\$0.01231	(\$0.09758)	(\$0.10989)
Winter Block 1	\$0.04382	(\$0.22890)	(\$0.27272)
Winter Block 2	\$0.02392	(\$0.13969)	(\$0.16361)

*DPU Supports the Proposed Conservation Enabling Tariff Rates, and No Party Opposed the Application.*

DPU agreed with DEU, testifying that approval of the CET Application will result in a \$17.92, or 1.85 percent decrease to the annual bill of a typical GS residential customer using 70 Dth per year.<sup>5</sup> DPU also testified that the rates proposed in the CET Application are just and reasonable, and in the public interest, and recommended the PSC approve them as final, effective January 1, 2024.<sup>6</sup> In response to questioning during the hearing concerning over-collections, DPU testified that it will continue to review and monitor the CET program through correspondence with DEU as soon as Quarter 1 of 2024.<sup>7</sup> No party opposed the CET Application.

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<sup>3</sup> See *id.*, Ex. 1.2.

<sup>4</sup> See *id.*, at 1 and Ex. 1.4.

<sup>5</sup> Virtual Hearing, 12:35 – 12:55.

<sup>6</sup> *Id.*, 12:55 – 13:20.

<sup>7</sup> *Id.*, 13:30 – 15:40.

**Docket No. 23-057-20: Amortization of Energy Efficiency Account Balance Application**

In its application in Docket No. 23-057-20 (“Energy Efficiency Application”), DEU proposes to decrease the Energy Efficiency amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks to \$0.15907 per Dth from the \$0.20321 per Dth rate approved in Docket No. 22-057-14.<sup>8</sup> The proposed rate reflects a September 30, 2023 Energy Efficiency Account over-collected balance of \$2,482,566 and a projected 2024 Energy Efficiency budget of approximately \$25.661 million, resulting in a decrease in the amount amortized of \$4.533 million.<sup>9</sup> DEU states that based on forecasted 2024 budgeted expenditures and projected volumes for the 2023-2024 test year, it will be able to collect the necessary revenue while at the same time minimizing interest expense.<sup>10</sup> DEU estimates that a residential customer using 70 Dths per year will see an annual bill decrease of \$3.09 or 0.32 percent due to the decreased amortization rate.

*DPU Supports the Energy Efficiency Application, Subject to an Audit, and No Party Opposed the Application.*

DPU states approval of the Energy Efficiency Application will result in a \$3.09 or 0.32 percent decrease to the annual bill of a typical GS residential customer using 70 Dth per year.<sup>11</sup> DPU testified the rates proposed are just and reasonable for Utah

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<sup>8</sup> See *Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance*, Docket No. 22-057-14, Order, issued October 31, 2022.

<sup>9</sup> See Energy Efficiency Application, Ex. 1.3.

<sup>10</sup> See *id.*, at 3, ¶ 1.

<sup>11</sup> See DPU's Comments, at 8, filed December 15, 2023; Virtual Hearing, 25:10 – 25:40.

customers, and approval of the changes proposed in the Energy Efficiency Application are in the public interest.<sup>12</sup> DPU recommends the PSC approve the requested rate change on an interim basis, effective January 1, 2024, with final recommendations provided at a later date, and subject to audit and review.<sup>13</sup> No party opposed the Energy Efficiency Application.

**Docket No. 23-057-21: Low Income/Energy Assistance Rate Application**

In its application in Docket No. 23-057-21 (“Energy Assistance Rate Application”), DEU proposes an Energy Assistance credit of \$91.<sup>14</sup> The Energy Assistance credit provides bill credits to qualifying low-income customers under the Low Income/Energy Assistance Program (“Energy Assistance Program”) approved by the PSC in Docket No. 10-057-08. The program is funded through allocations to the DNG rates of the GS, FS, NGV, IS, FT-1, MT, TSS, TSM, and TSL rate classes and collected in the Low Income/Energy Assistance Fund’s 191.8 balancing account (“Balancing Account”), with a target amount of \$1.5 million.<sup>15</sup> DEU is allowed to collect \$1.5 million annually to fund the Energy Assistance Program, and the Energy Assistance Rate Application seeks an adjustment to the Balancing Account to ensure that the target amount of \$1.5 million is maintained.<sup>16</sup>

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<sup>12</sup> Virtual Hearing, 26:05 - 26:15.

<sup>13</sup> *Id.*, 25:40 - 26:10.

<sup>14</sup> *See* Energy Assistance Rate Application, at 3.

<sup>15</sup> *See* DEU Ex. 1.2.

<sup>16</sup> *See* Energy Assistance Rate Application, at 2.

DEU states that it over-collected \$105,332 from customers during the period ending July 2023, and on a cumulative basis since the beginning of the Energy Assistance Program.<sup>17</sup> DEU proposes to remove that amount from the \$1.5 million target amount, to ensure the total collected is no more than \$1,394,668 during the test period. DEU also states that over the last few years, it has accumulated a \$902,744 balance in the Balancing Account based on the historical utilization rates by qualifying low-income participants in the Energy Assistance Program.<sup>18</sup> DEU states that the \$902,744 account balance will be available this heating season to help cover bills for qualified customers. DEU proposes to contribute \$250,000 to the Department of Workforce Services Housing and Community Development Weatherization Assistance Program within 30 days from the approval date of the Energy Assistance Rate Application. DEU will then assess participation in the Energy Assistance Program over the first few winter months and determine whether additional contributions are appropriate.

On August 29, 2023, DEU met with interested parties, including representatives from DPU and the Office of Consumer Services, and those in attendance determined the proposed Energy Assistance credit was appropriate.<sup>19</sup>

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<sup>17</sup> *See id.*, at 3 and Ex. 1.1.

<sup>18</sup> *See id.*, at 4 and Ex. 1.1.

<sup>19</sup> *See* Energy Assistance Rate Application, at 3.

*DPU Supports the Low Income/Energy Assistance Rate Application, and No Party Opposed the Application.*

In its written comments and at the hearing, DPU confirmed its support for DEU's Energy Assistance credit of \$91 in its Energy Assistance Rate Application. Based on the information presented in the Energy Assistance Rate Application, DPU calculates that approval of the Energy Assistance Rate Application will result in a \$0.12 decrease to the annual bill of a typical GS residential customer using 70 Dth per year.<sup>20</sup> DPU testified the rates proposed are just and reasonable, and in the public interest, and recommends approval as a final rate, effective January 1, 2024.<sup>21</sup> No party opposed the Energy Assistance Rate Application.

**Docket No. 23-057-22: Infrastructure Rate Adjustment Application**

In its application in Docket No. 23-057-22 ("IRA Application"), DEU proposes to adjust its Infrastructure Rate Adjustment (IRA) applied to DNG portions of its GS, FS, IS, TSS, TSM, TSL, TBF, MT, and NGV rate schedules.<sup>22</sup> The PSC approved the IRA in 2010 as part of the Infrastructure Tracker Pilot Program ("ITP")<sup>23</sup> to allow DEU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. DEU assigns

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<sup>20</sup> Virtual Hearing, 32:25 – 32:50.

<sup>21</sup> *Id.*, 33:00 – 33:25.

<sup>22</sup> See Exhibit 1.2.

<sup>23</sup> See *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16, Report and Order, issued June 3, 2010.

the IRA to each rate class based on the PSC-approved total pro rata share of DNG tariff revenue ordered in the most recent general rate case.<sup>24</sup>

The PSC authorized the continuation of the ITP in its December 23, 2022 Order in Docket No. 22-057-03 (“2022 GRC Order”) as being in the public interest.<sup>25</sup> The PSC permitted any infrastructure investment over \$84.7 million on or after January 1, 2022 to be included in the ITP.<sup>26</sup>

DEU represents, consistent with Exhibit 1.1 Page 4 of the IRA Application, that approximately \$19.376 million in cumulative infrastructure investment was placed in service from January 2022 through November 2023. The IRA Application reflects an incremental revenue requirement of \$2.121 million.<sup>27</sup> Under the incremental revenue requirement, DEU estimates that a typical GS residential customer using 70 Dths per year will see a total annual bill increase of \$1.21 or 0.13 percent.<sup>28</sup>

In the IRA Application, DEU also presents the amount of infrastructure investments made, calculations showing the revenue increase required for DEU to recover its tracked investments, and revised tariff sheets reflecting the proposed rate adjustments in several exhibits, which reflect DEU's calculation of the ITP-related incremental revenue requirement as follows:

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<sup>24</sup> See IRA Application at 2-3, ¶ 5.

<sup>25</sup> See 2022 GRC Order, at 15.

<sup>26</sup> See *id.*

<sup>27</sup> See Exhibit 1.1, at 5.

<sup>28</sup> See Exhibit 1.4.



**Incremental Revenue Requirement Calculation<sup>29</sup>**

	<b>Revised Revenue Requirement</b>
1 Total Net Investment	\$104,076,025
2 Less: Amount currently in rates	(\$84,700,000)
3 <b>Replacement Infrastructure in Tracker</b>	<b>\$19,376,025</b>
4 Less: Accumulated Depreciation	(\$1,231,919)
5 Accumulated Deferred Income Tax	(\$134,287)
6 <b>Net Rate Base</b>	<b>\$18,009,819</b>
7 Current PSC-Allowed Pre-Tax Rate of Return	8.46%
8 <b>Allowed Pre-Tax Return</b>	<b>\$1,523,631</b>
9 Plus: Net Depreciation Expense	\$373,957
10 Net Taxes Other Than Income	\$223,322
11 <b>Total Revenue Requirement</b>	<b>\$2,120,910</b>
12 Previous Revenue Requirement	\$0
13 <b>Incremental Revenue Requirement</b>	<b>\$2,120,910</b>

*DPU Supports the Application, Subject to an Audit, and No Party Opposed the Application.*

DPU testified if the IRA Application is approved, a typical GS residential customer will see a total annual bill increase of \$1.21 or 0.13 percent.<sup>30</sup> DPU also testified that the rates proposed in the IRA Application comply with past PSC orders and recommends their approval on an interim basis, effective January 1, 2024, subject to audit and review.<sup>31</sup>

<sup>29</sup> See IRA Application, Ex. 1.1 at 5.

<sup>30</sup> Virtual Hearing, 42:45 - 43:00.

<sup>31</sup> Virtual Hearing, 42:00 - 43:30.

Finally, DPU testified that the combined impact of all four Applications in the Dockets will result in a total annual bill decrease of \$19.92 or 2.06 percent for a typical GS residential customer using 70 Dth.<sup>32</sup> No party opposed the IRA Application.

**FINDINGS, CONCLUSION, AND ORDER**

A. The Interim Rate Applications.

*Evidentiary Support for Proposed Interim Rate Changes*

In the Interim Rate Applications and at a hearing before the PSC, DEU offered sworn testimony and accompanying documentation that included detailed accountings of historical costs and revenues and cost and revenue projections, and detailed calculation models and supporting explanations describing the costs it seeks to recover, the rates it seeks to implement, and its methods of allocating costs and revenues to rate classes. DPU's written comments represented, and DPU testified at a hearing before the PSC, that it conducted a preliminary review of the Interim Rate Applications including an analysis of DEU's proposals and supporting documentation. DPU testified that based on this review, the rates proposed in the Interim Rate Applications are just, reasonable, and in the public interest, and recommended that we approve them on an interim basis. No party offered evidence opposing the Interim Rate Applications, DEU's testimony, or DPU's testimony and recommendation.

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<sup>32</sup> *Id.*, 43:25 – 43:50.

Accordingly, we find substantial evidence supports the conclusion that the rate changes requested by DEU in the Interim Rate Applications are more likely to reflect DEU's actual costs than current base rates, and accordingly are just, reasonable, and in the public interest. Though DPU's preliminary review shows that the proposed rates are just, reasonable, and in the public interest, DPU states that it has not yet conducted a final audit and will provide final recommendations at a later date. We approve the proposed rates on an interim basis to ensure that the rates may be "trued-up" after DPU completes its final audit, such that DEU recovers no more or less from customers than the costs it actually incurs.

B. Applications for Final Rates.

In the Final Rate Applications and at a hearing before the PSC, DEU offered sworn testimony and accompanying documentation that included detailed accountings of historical costs and revenues and cost and revenue projections, and detailed calculation models and supporting explanations describing the costs it seeks to recover, the rates it seeks to implement, and its methods of allocating costs and revenues to rate classes. DPU's written comments represented, and DPU testified at a hearing before the PSC, that it reviewed the Final Rate Applications including an analysis of DEU's proposals and supporting documentation. DPU testified that, based on its review, the rates proposed in the Final Rate Applications are just, reasonable, and in the public interest, and recommended approval. No party offered evidence

opposing the Final Rate Applications, DEU's testimony, or DPU's testimony and recommendation.

Accordingly, we find substantial evidence supports the conclusion that the rate changes requested by DEU in the Final Rate Applications<sup>33</sup> are just, reasonable, and in the public interest.

ORDER

Therefore, we order:

1. The rates proposed in Docket Nos. 23-057-20 and 23-057-22 are approved on an interim basis, effective January 1, 2024, pending the results of DPU's forthcoming audits;
2. The rates proposed in Docket Nos. 23-057-19 and 23-057-21 are approved as final, effective January 1, 2024; and
3. The proposed tariff modifications in the four applications described above are approved, effective January 1, 2024.

DATED at Salt Lake City, Utah, December 21, 2023.

/s/ John E. Delaney  
Presiding Officer

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<sup>33</sup> The proposed rates and modifications related to the CET Application and the Energy Assistance Rate Application do not require an audit.

Approved and confirmed December 21, 2023, as the Order of the Public Service  
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#331409

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on December 21, 2023, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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