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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
Eric Orton, Utility Technical Consultant

Date: March 7, 2023

Re: **Docket No. 23-057-T01**, Dominion Energy Utah's 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, 2023.

Issue

In this filing, Dominion is requesting approval to increase its Third-Party billing rate. It 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.

On February 23, 2023, 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 9, 2023. The next day, the Commission issued its Notice of Filing and

Division of Public Utilities

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Comment Period stating that “Any interested person may submit comments on DEU’s Tariff filing on or before Friday, March 10, 2023, and reply comments on or before Friday, March 17, 2023.” This memorandum is the Division’s response to the Action Request as well as its initial comments.

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 in August 2019 and has provided these calculations each year since then. In this filing, Dominion has provided supportive calculations and the proposed tariff sheets.

Discussion

The Division has reviewed the calculations as directed and has compared Exhibit 1.01 to the same information provided in its exhibit filed last year in Docket No. 22-057-T03. Some of the changes are of interest:

- The Total Printing Costs have decreased slightly. This is a result of the Cost Per Mailing generally remaining unchanged and the Actual Volume of printed materials continuing to decrease.
 - The only line-item Cost Per Mailing that changed was a slight decrease in the Electronic Image Hosting Fee.
 - As expected, the Actual Volume of both the Electronic Image Hosting Fee and the Electric Image PDF Creation – (ebills) has increased, while the Actual Volume of printed materials continues to decrease.
- The Printing of Additional Pages continues to decrease as expected (as electronic billing continues to increase).

- Total Inserter costs are trending down proportional to the decrease in the total printed bill volume.
- Total Postage Costs have increased again as the USPS rates continue to rise.
- Total General Administrative and Overhead costs have increased by about 30 percent this year.
- The resulting Total Price per Piece has gone up slightly from last year.

The total number of paper bills mailed to customers continues to decrease. In 2017, there were an estimated 9,467,148 mailings sent out. The Company is currently sending 7,567,223 paper mailings, which represents a 20% decrease during the past five years.

The total third-party billing costs continue to increase each year. Specifically, 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 \$0.15502, and the proposed requested rate is an increase to \$0.15895. For each additional line above 11 lines, the current rate is \$0.01382, and the proposal would increase that rate to \$0.01445. The proposed change would increase the total minimum cost per piece from the current rate of \$0.48380 to \$0.50592 or about two cents 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. The Division has not identified any issues in this filing and recommends the Commission approve the updated tariff sheets with an effective date of April 1, 2023.

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