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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 14, 2024

Re: **Docket No. 24-057-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 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, 2024.

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 for the proposed rate. Exhibits 1.02-A and 1.02-B 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 29, 2024, 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

Division of Public Utilities

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the Division directing it to investigate the application and provide its recommendation on or before March 14, 2024. The next day, the Commission issued its Notice of Filing and Comment Period stating that “Any interested person may submit comments on DEU’s Tariff filing on or before Friday, March 15, 2024, and reply comments on or before Friday, March 22, 2024.” 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 in Docket No. 17-057-T04. 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 the calculations that support the proposed rate 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. 23-057-T01. Some of the changes are of interest:

- Printing Costs have increased. This is a result of the Actual Volume of mailers increasing (mailers include bills, other letters, and 10-day shut-off notices). According to a Dominion representative, more 10-day shut off notices were mailed out this year than in previous years, presumably because of the higher customer bill. The number of E-bills has also increased. The only decrease in this section is the Electronic Image Hosting Fee. This is less only on a per-piece basis (the volume of pieces has increased but the price remains constant).
- Printing of Additional Pages. These costs are increasing proportionally to the volume.

- The number of Outgoing Envelopes is declining as more papers are included in the envelope and the volume of E-bills increases.
- Total Postage Costs continue to increase. This year the increase is nearly five cents per piece.
- Total General Administrative and Overhead costs have decreased slightly. This is to be expected as more experience is gained and administering the program becomes more efficient.
- The resulting Total Price per Piece has gone up from last year with the main driver being the increase in postage costs.

The total number of paper bills mailed to customers has changed from a continuous decreasing trend to an increase this year, however, it is still lower than in 2017 when there were an estimated 9,467,148 mailings sent out. This past year the Company sent 7,709,458 paper mailings. Although it is 142,225 more than last year, it still represents a significant decrease from the high in 2017.

The total third-party billing costs continue to increase each year. There may be a point where this method of advertising is not as cost effective for Dominion Products and Services Inc., (which is the only company that is using Dominion's third-party billing services). There is no word yet whether Enbridge (assuming the proposed acquisition is approved) will continue to provide this service for a Dominion company or what that arrangement might be in the future.

The rates shown in Exhibit 1.01 are accurately reflected in the attached tariff sheets Exhibits 1.02-A and 1.02-B. The rate for the first 11 lines is currently \$0.15895, and the proposed rate is an increase to \$0.01463 for a total of \$0.17358. For each additional line above 11 lines, the current rate is \$0.01445, and the proposal would increase that rate to \$0.01578. The proposed changes would increase the total minimum cost per piece from the current rate of \$0.50592 to \$0.55242 or about four and a half cents more per piece.

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, 2024.

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