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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
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Doug Wheelwright, Utility Technical Consultant Supervisor
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Date: March 8, 2024

Re: **Docket No. 24-057-T02**, In the matter of Dominion Energy Utah's Proposed Tariff Revisions to Electric Service Schedule No. 600, Regulation Charges.

Recommendation (Approve Tariff Sheets)

The Division of Public Utilities ("Division") recommends the Public Service Commission of Utah ("Commission") approve Dominion Energy Utah's ("DEU") proposed changes to its Utah Natural Gas tariff 600, section 8.07 revising the carrying charge from 4.58 percent to 5.35 percent, with an effective date of April 1, 2024.

Issue

In compliance with the Commission order in Docket No. 17-057-T01, DEU filed revised tariff sheets on February 29, 2024, to implement the annual change to the carrying charge. The Commission issued an action request to the Division with a due date of March 14, 2024. On March 1, 2024, the Commission issued a Notice of Filing and Comment Period stating interested persons may submit comments by March 15, 2024, with reply comment due March 22, 2024. This memorandum represents the Division's response to the action request.

Division of Public Utilities

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Discussion

In response to the Commission's action request, the Division reviewed the filing and determined the proposed carrying charge of 5.35 percent was correctly calculated pursuant to the Commission's Order.

The carrying charge increase of .77 percent results from the Federal Reserve's continued interest rate increases over the past year with the intent to slow inflation in the economy. The Federal Reserve's current interest rate policies have resulted in an increase in Aaa and Baa published rates, albeit those increases have been smaller than interest rate increases in the economy, generally. The increase in the published rates for Aaa and Baa-rated bonds directly impacts the calculation of the DEU Tariff 600 carrying charge, resulting in an increase in the carrying charge.

Conclusion

The Division finds the proposed carrying charge to be calculated correctly. The proposed charge of 5.35% is just, reasonable, and in the public interest, and recommends the Commission approve DEU's revised Schedule 600. The proposed change will increase the carrying charge from 4.58 percent to 5.35 percent with an effective date of April 1, 2024.

Cc: Jenniffer Nelson Clark, Esq., Dominion Energy Utah
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