



PUBLIC MEETING

Utah Committee of Consumer Services

May 21, 2019



Welcome & Business



Case Updates



Overview: DEU General Rate Case



Overview of DEU General Rate Case

- Request for an increase of \$19.2 M (annual revenue requirement)
 - 6.83% increase on total bill
 - For a typical residential customer (80 Dth/year) this is an increase of \$42.16/year
- Rate increase drivers:
 - Capital spending – rate base has increased by \$800 M since the last general rate case
 - Depreciation costs
 - ROE: DEU is requesting a 10.5% return on equity, while it is currently allowed 9.85%
- Also request to increase the annual expenditure of the Infrastructure Replacement Tracker from \$70.9 M to \$80 M
- Proposes to bring all customer classes to full cost of service to alleviate inter-class subsidies, then “optimize” rates in the next general rate case
- No proposed change to the basic service fee



General Rate Case Timeline

- Revenue Requirement (including ROE, capital structure etc.) and Cost of Service/Rate Design will be on separate schedules
- Revenue Requirement:
 - Technical conference: August 14
 - Direct Testimony: October 17
 - Rebuttal Testimony: November 14
 - Sur-rebuttal Testimony: December 5
 - Hearing: December 17 – 18 (public witness hearing on December 17)
- Cost of Service/Rate Design:
 - Technical conference: September 12
 - Direct Testimony: November 14
 - Rebuttal Testimony: December 13
 - Sur-rebuttal Testimony: January 6
 - Hearing: January 15 – 17 (public witness hearing on January 15)
- Rates Effective March 1, 2020



OCS Initial Analysis

- DEU's rate request appears to be overstated
 - OCS experts have found some issues in the revenue requirement
 - ROE of 10.5% is too high and unjustified in current market conditions (average ROE granted over the past year across the country was between 9.55 and 9.6)
- OCS is closely reviewing the proposal for cost of service/rate design
 - We agree with DEU that all classes need to be brought to full cost of service
 - More analysis is needed to determine if we support DEU's plan to accomplish this goal



Questions?



Discussion: HB411 Community Renewable Energy Act



Policy Objectives



Adjourn
