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Attorney for Dominion Energy Utah

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE
APPLICATION OF DOMINION
ENERGY UTAH FOR AUTHORITY
TO CHANGE ITS DEPRECIATION
RATES

Docket No. 19-057-03
SETTLEMENT STIPULATION

Pursuant to Utah Code Ann. § 54-7-1, Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company), the Division of Public Utilities (Division) and the Office of Consumer Services (Office), submit this Settlement Stipulation in resolution of the issues raised in the Company's Application in this docket. Dominion Energy, the Division, and the Office shall be referred to herein, together, as the "Parties."

PROCEDURAL HISTORY

1. On February 4, 2019, DEU filed its Application and direct testimony with the Public Service Commission of Utah (Commission) seeking an order approving new depreciation rates.
2. On February 12, 2019, the Commission issued its Scheduling Order setting dates for filing testimony, technical conferences, and hearings.

3. On February 20, 2019, a technical conference was held to answer questions and provide information about the depreciation study.

4. Since the Application was filed, the Division has performed on-site audits. Additionally, the Division and Office have conducted discovery. In conjunction with this audit and discovery, DEU has responded to numerous data requests and posted them on its “V Bulletin” website for the convenience and review of all intervenors.

5. On May 21, 2019, the Office filed the Direct Testimony of Donna Ramas.

6. On May 22, 2019, the Division filed the Direct Testimony of Jeffrey S. Einfeldt and Roxie McCullar.

7. The Parties have held settlement discussions and propose the settlement terms below.

TERMS AND CONDITIONS

8. In settlement of the depreciation rates and expense in this case, the Parties submit this Settlement Stipulation for the Commission’s approval and adoption. Settlement Stipulation Exhibit 1 shows the stipulated adjustments and their respective impact on the results of the 2017 depreciation study.

9. The Parties agree for purposes of settlement to the adjustments shown on Settlement Stipulation Exhibit 1. Columns C-E of this exhibit show the depreciable lives, salvage percentages and annual accrual amounts, based on December 31, 2017 balances, using currently approved values. Columns F-H show the proposals made by the Company in its original filing. Columns I-K show the proposed settlement depreciable lives, net salvage percentages and annual accrual amounts, based on December 31, 2017 balances. Column L shows the difference between the settlement amounts and the amounts originally proposed by the Company. A brief summary of each adjustment is listed below. An updated Part VI. of the

depreciation study showing the results of the stipulation including the impact on the rates of all of the adjustments proposed herein has been prepared by the Company's consultant and is included as Settlement Exhibit 2.

10. The Parties agree that the depreciation rates agreed-upon herein will be included in the Company's filing of its 2019 rate case (Docket No. 19-057-02) and that the depreciation rates will become effective on the rate effective date of that rate case. The depreciation rates are shown on pages VI-6 and VI-7 column 10 of Settlement Exhibit 2.

Account 376 Mains

11. The Parties agree for purposes of settlement that 70 years will be used as the depreciable life for mains and that 39% will be used as the net salvage percentage. The overall impact of this change to the study is a \$4,456,106 reduction from the Company's proposal.

Account 380 Services

12. The Parties agree for purposes of settlement to use 85% as the net salvage percentage for Services. The overall impact of this change to the study is a \$1.7 million reduction from the Company's proposal.

Account 381.21 Meters - Transponders

13. The Parties agree for purposes of settlement to use a 15-year depreciable life for transponders. The overall impact of this change to the depreciation study is a \$1,302,009 reduction from the Company's proposal.

Account 383 - House Regulators

14. The Parties agree for purposes of settlement to use 1% as the net salvage percentage for regulators. The overall impact of this change to the study is a \$68,724 reduction from the Company's proposal.

General

15. The Parties agree that settlement of those issues identified above is in the public interest and that the results are just and reasonable.

16. The Parties have reached a full and final resolution of those issues identified above.

17. The Parties agree that no part of this Settlement Stipulation, or the formulae or methods used in developing the same, or a Commission order approving the same, shall in any manner be argued or considered as precedential in any future case. This Settlement Stipulation does not resolve, does not provide any inferences regarding, and the Parties are free to take any position with respect to, any issues not specifically identified and settled herein. All negotiations related to this Settlement Stipulation are privileged and confidential, and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Settlement Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Settlement Stipulation.

18. DEU and the Division will each make one or more witnesses available to explain and support this Settlement Stipulation to the Commission. Such witnesses will be available for cross-examination. So that the record in this docket is complete, all prefiled testimony, exhibits, and attachments of all Parties shall be admitted as evidence. The Parties shall support the Commission's approval of the Settlement Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

19. The Parties agree that if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Settlement Stipulation, each Party will use its best efforts to support the terms and conditions of the Settlement Stipulation. As applied to the Division and the Office, the phrase “use its best efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Party shall take a position in that judicial review opposed to the Settlement Stipulation. As applied to the Division and the Office, the phrase “no Party shall take a position in that judicial review opposed to the Settlement Stipulation” means that they shall do so in a manner consistent with their statutory authority and responsibility.

20. Except with regard to the obligations of the Parties under paragraphs 17, 18, and 19 of this Settlement Stipulation, this Settlement Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission. This Settlement Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission’s approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation, or if the Commission’s approval of this Settlement Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Settlement Stipulation consistent with the order. No Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Settlement Stipulation, the remaining

Parties retain the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses. 21. This Settlement Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

22. There have been no intervenors in this docket.

RELIEF REQUESTED

Based on the foregoing, the Parties request that the Commission issue an order approving this Settlement Stipulation and adopting its terms and conditions.

RESPECTFULLY SUBMITTED: June 26, 2019.



Kelly B Mendenhall
Dominion Energy Utah

Director, Regulatory and Pricing



Chris Parker
Division of Public Utilities

Director



Michele Beck
Utah Office of Consumer Services

Director

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Settlement Stipulation was served upon the following persons by e-mail on June 26, 2019:

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