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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY FOR AUTHORITY TO CHANGE ITS DEPRECIATION RATES	Docket No. 13-057-19 <b>SETTLEMENT STIPULATION</b>
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Pursuant to Utah Code Ann. § 54-7-1 and Utah Admin. Code R746-100-10.F.5, Questar Gas Company (Questar Gas or Company) and the Division of Public Utilities (Division) submit this Settlement Stipulation in resolution of the issues raised in the Company's Verified Application in this docket. Questar Gas and the Division shall be referred to herein, collectively, as the "Parties."

## PROCEDURAL HISTORY

1. On December 16, 2013, Questar Gas filed its Verified Application and direct testimony with the Utah Public Service Commission (Commission) seeking an order approving new depreciation rates.

2. On January 6, 2014, the Commission issued its Scheduling Order setting dates for filing testimony, technical conferences, and hearings.

3. On February 6, 2014, a technical conference was held to answer questions and provide information about the depreciation study.

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

5. On April 16, 2014, the Commission issued a First Order Amending Scheduling Order and Notices of Technical Conference and Hearing that modified the schedule in this docket.

6. The Parties held several settlement meetings. The intervenors in the Docket 13-057-05 were invited to attend the last settlement meeting. The Division, The Office of Consumer Services, a party of right to Commission proceedings, and two others groups attended the last settlement meeting, after which this Stipulation was drafted, reviewed, and ultimately filed.

## TERMS AND CONDITIONS

6. 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 revenue

requirement from Docket No. 13-057-05, the Company's most recent general rate case. The Commission's Order in that case approved a revenue requirement of \$302,010,639 (line 1). The Parties agree for purposes of settlement to make the adjustments outlined below to calculate a revenue requirement amount of \$300,811,310 (line 14).

7. The Parties agree for purposes of settlement to the revenue requirement adjustments shown on Settlement Stipulation Exhibit 1. A brief summary of each adjustment is listed below. A settlement model is being provided in "Settlement Exhibit 2 (Model).xls" that includes all of the settlement adjustments. A revised depreciation study including all of the adjustments has been prepared by the Company's consultant as is included as Settlement Exhibit 3.

8. The Parties agree that the depreciation rates and expense agreed-upon herein will be effective beginning on July 1, 2014, and that rates will be adjusted to reflect these depreciation rates and expenses.

#### **Corrections to Rate Base**

9. The Parties agree for purposes of settlement to the corrections to the adjustments to rate base outlined below. These adjustments were discussed in detail in the February 6 technical conference.

a. The Parties agree for purposes of settlement to a removal of asset retirement obligations. This item was discussed in detail in the technical conference and results in a reduction to revenue requirement of \$62,033 (line 4).

b. The Parties agree for purposes of settlement to an adjustment to accumulated depreciation related to the transfer of buildings from Utah distribution plant to General Plant. The impact on revenue requirement is a decrease of \$107,636 (line 5).

### **Adjustments to Depreciation Expense**

10. The Parties agree for purposes of settlement to the adjustments to depreciation expense as outlined below.

a. The Parties agree for purposes of settlement to change the depreciable life of Account 381.01 (Meters) from 27 to 31 years and Account 381.21 (Transponders) from 13 years to 15 years. The overall impact on revenue requirement is a decrease of \$1,369,819 (line 8).

b. The Parties agree for purposes of settlement to change the depreciable life of Account 394.4 (Tools Shop and Garage Equipment) from 10 years to 15 years. The investment in this account is mainly made up of NGV fueling stations. The overall revenue requirement impact of this adjustment is a reduction of \$545,649 (line 9).

c. The Parties agree for purposes of settlement to change the depreciable life of Account 383 (House Regulators) from a 27 year life to a 31 year life. The overall revenue requirement impact of this adjustment is a decrease of \$45,715 (line 10).

d. The Parties agree for purposes of settlement to change the net salvage percent of Account 380 from -94% to -85%. The impact of this adjustment on the revenue requirement is a reduction of \$628,168 (line 11).

### **Depreciation Study Methodology**

11. The Parties further agree, for purposes of settlement that when the Company conducts its next depreciation study it will provide to the Division and other interested parties a calculation of the service lives for Account 376 (Mains), Account 380 (Services) and account 381 (Meters). This calculation will be based on the aged data, the unaged data and a hybrid of the aged and unaged data.

### General

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

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

14. 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 neither 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 either 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 either Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by either Party except in a proceeding to enforce this Settlement Stipulation.

15. Questar Gas 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 examination. So that the record in this docket is complete, all testimony, exhibits, and attachments to the Verified Application that have been filed on the issues resolved by this Settlement Stipulation shall be admitted as evidence. The Parties shall support the

Commission's approval of the Settlement Stipulation. As applied to the Division, the explanation and support shall be consistent with its statutory authority and responsibility.

16. 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, the phrase "use its best efforts" means that it shall do so in a manner consistent with its statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, neither Party shall take a position in that judicial review opposed to the Settlement Stipulation.

17. Except with regard to the obligations of the Parties under paragraphs 14, 15 and 16 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 either 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. Neither Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If either Party withdraws from the Settlement Stipulation, the remaining

Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Settlement Stipulation, and neither Party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

18. 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.

19. The Parties are authorized to represent that the Office of Consumer Services does not oppose this Settlement Stipulation. There have been no other 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: April 28, 2014.

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Barrie L. McKay  
Questar Gas Company

*Vice President Regulatory Affairs*

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Chris Parker  
Division of Public Utilities

*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 April 28, 2014:

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