

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

APPLICATION OF DOMINION ENERGY UTAH TO PROVIDE THE IMPACTS OF THE NEW FEDERAL LEGISLATION TITLED: “AN ACT TO PROVIDE FOR THE RECONCILIATION PURSUANT TO TITLES II AND V OF THE BUDGET FOR FISCAL YEAR 2018”	Docket No. 17-057-26 EXCESS DEFERRED INCOME TAX SETTLEMENT STIPULATION
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Pursuant to Utah Code Ann. § 54-7-1 and Utah Admin. Code R746-100-10.F.5, and pursuant to the Contract for Regulatory Services between the Public Service Commission of Utah (“Commission”) and the Idaho Public Utilities Commission dated April 6, 2016, Questar Gas Company dba Dominion Energy Utah (“Dominion Energy” or “Company”); the Utah Division of Public Utilities (the “Division”); the Utah Office of Consumer Services (the “OCS”); and, the Utah Association of Energy Users (“UAE”); (collectively the “Parties” or individually a “Party”) submit this Settlement Stipulation. This Settlement Stipulation shall be effective upon the entry of a final order of approval by the Commission.

PROCEDURAL HISTORY

1. On December 22, 2017, the Federal tax legislation titled: “An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution of the budget for fiscal year 2018 or Tax Cuts and Jobs Act” (“TCJA”) was signed into law. The major component of this act was to reduce the corporate federal income tax from 35% to 21%, starting January 1, 2018.

2. On December 21, 2017, the Commission opened Docket No. 17-057-26 to investigate the revenue requirement impact of the TCJA and ordered the Company to file by

January 31, 2018, the impacts of the TCJA on the Company's revenue requirement. On January 2, 2018, UAE filed a motion for deferred accounting treatment of all benefits associated with the TCJA.

3. On January 31, 2018, the Company filed testimony in response to the December 21 notice of comment period and requested that the Company be allowed to begin deferring the tax benefits of the Base DNG rates to customers on January 1, 2018. The Company began deferring those benefits on its books in January 2018.

4. On February 21, 2018, the Commission granted UAE's Motion for deferred accounting and gave notice of a scheduling conference.

5. On March 7, 2018, the Commission issued a Scheduling Order requiring the Company to provide a Supplemental Filing by April 2, 2018.

6. On April 2, 2018, the Company filed a Submission of Supplemental Information and Motion to Modify and Replace Tariff Schedules to provide additional information and implement a surcredit to return the income tax expense reduction benefit from the TCJA to customers.

7. The Division, the OCS, and UAE each provided comments through the course of the proceeding.

8. On May 16, 2018, the Parties filed a settlement stipulation with the Commission. As part of this settlement, the parties agreed that, by the end of the first quarter of 2019, Dominion Energy would file a report with the Commission detailing its estimates of all impacts of the TCJA on excess deferred income taxes (EDIT) included in the rate-base calculation of the revenue requirement. Additionally, it was agreed that all EDIT tax benefits related to the TCJA

would be returned to customers in a matter determined by the Commission in Dominion Energy's next general rate case.

9. On March 27, 2019, the Company submitted a report on the impact of the TCJA on excess deferred income taxes and a motion to modify and replace tariff schedules ("Motion"). In this Motion, the Company proposed to return the 2018 excess deferred income taxes of \$5.1 million to customers through a third surcredit to be effective June 1, 2019. The Motion also proposed to amortize the non-plant related EDIT over a 30-year period and that this amortization would begin on the rate effective date of the 2019 general rate case.

TERMS AND CONDITIONS

10. The Parties agree for purposes of settlement that the Motion should be granted and approved as modified and supplemented herein.

11. The exhibits and models filed with the March 27, 2019 Motion will be adjusted so that the impact of EDIT on rate base will be calculated on an average rate base change instead of year end change. Additionally, the gross up related to the EDIT amortization will be removed from the rate base. The adjusted revenue requirement and its associated impact on the cost of service and rate design are shown in DEU EDIT Settlement attachment 1.

12. Beginning effective June 1, 2019, the Parties agree that the impacts related to the 2018 EDIT amortization will be amortized over a one-year period as Tax Reform Surcredit 3 as shown in the attached tariff sheets in DEU EDIT Settlement attachment 2. At the end of the one-year period the over- or under-recovery in this deferred account will be eliminated by making corresponding entries in the integrity management expense rider, consistent with the treatment of the Tax Reform Surcredit 2 remaining balances.

13. The Parties agree that the amortization for the Other Non-Plant related EDIT will be determined in the next general rate case.

14. The Parties also agree that the amortization for the unprotected portion of the plant-related EDIT remaining after the 2018 EDIT amortization addressed herein will be determined in the next general rate case.

GENERAL

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

14. The Parties agree that no part of this Settlement Stipulation or the formulae or methods used in developing the same, or the relevant Commission orders approving the same shall in any manner be argued or considered as precedential in any future case. 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 any Commission order adopting or approving 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.

15. Nothing in this Settlement Stipulation or Commission approval of this Settlement Stipulation shall constitute an approval, pre-approval, or determination of prudence or cost-recovery as to any expenditures, the prudence or appropriateness of any particular capital structure or cost of capital, or any other ratemaking issue other than as expressly provided in the

Settlement Stipulation. Dominion Energy shall retain its burden to demonstrate the prudence of its expenditures and the justness and reasonableness of any rates it proposes in the future, and all Parties will retain all rights to challenge or propose adjustments to Dominion Energy's request for any change in its rates in any regulatory proceeding.

16. Dominion Energy, the Division, and the OCS each will make one or more witnesses available to explain and support this Settlement Stipulation to the Commission. Such witnesses will be available for examination. As applied to the Division and the OCS, the explanation and support shall be consistent with their statutory authorities and responsibilities, and nothing in this Settlement Stipulation shall abrogate the authority and responsibilities of the Division under Utah Code Ann. § 54-4-4. So that the records in these dockets are complete, all Parties' filed testimony, exhibits, and the Motion shall be submitted as evidence.

17. 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 OCS, the phrase "use its best efforts" means that they shall do so in a manner consistent with their statutory authorities and responsibilities. In the event any person seeks judicial review of the Commission's order approving this Settlement Stipulation, no Party shall take a position in that judicial review opposed to the Settlement Stipulation.

18. 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

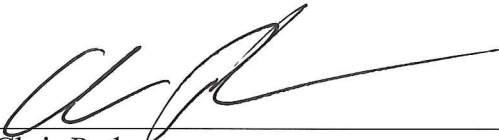
rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation, or if the Commission's approval of this Settlement Stipulation is rejected or materially conditioned 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, any 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 no Party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

19. 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.

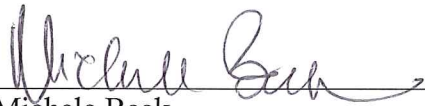
RELIEF REQUESTED

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 23, 2019.




Chris Parker
Director
Utah Division of Public Utilities



Michele Beck
Director
Utah Office of Consumer Services



Phillip Russell
Counsel
Utah Association of Energy Users



Kelly Mendenhall
Director, Regulatory and Pricing
Questar Gas Company dba Dominion Energy Utah