

**STIPULATION TO MODIFY COMMISSION ORDER IN
DOCKET 16-057-01 AND APPROVE AMENDED SETTLEMENT STIPULATION**

Pursuant to Utah Code Ann. §§ 54-7-1 and 54-7-14.5, and this Commission's Order Memorializing Bench Ruling Approving Settlement Stipulation, dated September 14, 2016, in Docket No. 16-057-01 (Merger Order), Questar Gas Company dba Dominion Energy Utah (DEU, Questar Gas, or Company); Dominion Energy, Inc. (Dominion); the Utah Division of Public Utilities (Division); the Utah Office of Consumer Services (the OCS); the Utah Association of Energy Users (UAE); the American Natural Gas Council, Inc. (ANGC); and the State of Utah, Governor's Office of Energy Development (collectively Parties or individually a Party) submit this Stipulation (Stipulation) requesting that the Commission enter an order modifying the Merger Order to approve an amendment to the Settlement Stipulation (Settlement Stipulation) in Docket No 16-057-01, as discussed in more detail below. The amendment of the Settlement Stipulation shall be effective upon the entry of a final order of approval by this Commission (Commission or Utah Commission).

BACKGROUND

On August 15, 2016, the Parties entered into the Settlement Stipulation in Docket No. 16-057-01. On September 14, 2016, the Utah Commission issued the Merger Order in which it approved the Settlement Stipulation. The Merger Order became final on October 14, 2016. In 2017, the federal government passed into law the Tax Cuts and Jobs Act of 2017 (Act). The Act provided for certain tax reforms, including changes that have affected DEU's operations. One unintended consequence of the Act is that it has put pressure on the DEU's credit metrics. Specifically, on January 19, 2018, and in response to the Act, Moody's Investors

Service changed its rating outlook for 24 regulated utilities and utility holding companies from “stable” to “negative.” DEU was one of these 24 utilities.

The Act caused the statutory tax rate to be reduced from 35% to 21% and eliminated bonus depreciation. These two changes have in turn reduced the amount of cash collected from customers, and put negative pressure on credit metrics. The Funds From Operations (FFO) metric, which measures the cash flow divided by debt, has been particularly impacted by the Act. A deterioration of this and other credit metrics could result in a downgrade in DEU’s credit ratings, which would in turn result in a higher cost of debt for the Company and its customers.

In an effort to improve DEU’s credit metrics in response to the Act, the Company believes it necessary to issue additional equity to replace debt to hopefully avoid a credit downgrade. It is anticipated that these additional equity infusions will begin December 2018. This action may require the Company to issue equity in an amount that would put its common equity percentage of total capitalization above the 55% cap set forth in Paragraph 23 of the Settlement Stipulation that was approved by the Merger Order.

Accordingly, in an effort to avoid a credit downgrade, while honoring the original intent of the Settlement Stipulation and holding customers harmless, the Parties agree that Paragraph 23 of the Settlement Stipulation should be amended as set forth below and request that the Commission enter an order modifying the Merger Order.

1. The Parties proposed that Paragraph 23 of the Settlement Stipulation be stricken in its entirety and replaced with the following language:

Dominion through Questar Gas will provide equity funding, as needed, for the first four calendar years following the Effective Time, in order for Questar Gas to maintain an end-of-year common equity percentage of total capitalization in the range of 48 to 55 percent through December 31, 2019. If, during the first four calendar years

following the Effective Time, Questar Gas increases its common equity percentage of total capitalization above 55% to maintain credit metrics, the equity percentage of total capitalization proposed by Questar Gas in its first general rate case after the Effective Time shall not exceed 55%. In the second general rate case following the Effective Time, Questar Gas will work to maintain and propose equity levels that are within the equity level ranges of a basket of A rated peers. If it proposes an equity level above the equity level ranges of a basket of A rated peers, it must specifically identify factors unique to Questar Gas that prevent being within that range. The Parties do not intend that allowing equity capitalization at or above 55% creates any presumption that the outcome of a general rate case would allow equity capitalization at or above 55%.

2. All other provisions in the Settlement Stipulation remain in effect and are binding upon the Parties.

3. The Parties agree that this proposed amendment to the Settlement Stipulation and an order modifying the Merger Order to adopt this change is in the public interest and is just and reasonable in result.

4. The Parties agree that, within 45 days after execution of this Stipulation, DEU will prepare and file a Petition to Modify Commission Order with the Utah Commission, seeking approval of the above amendment to the Settlement Stipulation.

5. DEU and the Division, will, and the other parties may, make one or more witnesses available to explain and support this Stipulation to Modify to the Commission. Such witnesses will be available for examination.

6. This Stipulation to Modify may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

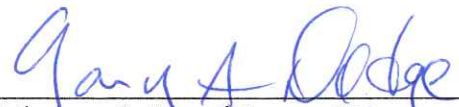
RESPECTFULLY SUBMITTED: OCTOBER 24, 2018


Utah Division of Public Utilities

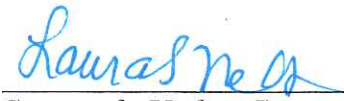

Utah Office of Consumer Services


Questar Gas Company dba Dominion Energy Utah


Dominion Energy, Inc.


Utah Association of Energy Users


American Natural Gas Council, Inc.


State of Utah, Governor's Office of Energy
Development

Terri Carlock
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