DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE LEGAL OPERATIONS AGENCY

17 October 2019

Major Scott L. Kirk
Chief, Utility Law Field Support Center
AFLOA/JACE-ULFSC
139 Barnes Dr., Suite 1
Tyndall AFB FL 32403

Gary L. Widerburg, Commission Secretary
Public Service Commission of Utah
Heber M. Wells Building
160 East 300 South
Salt Lake City UT 84114

Re: Docket 19-057-02

Dear Mr. Widerburg:

In order to comply with the scheduling order in this case, please find enclosed the direct testimony of Michael P. Gorman on behalf of the Federal Executive Agencies (FEA). We understand that acceptance of this testimony is subject to the approval of our October 8, 2019, petition for leave to intervene in this matter.

Thank you for your assistance with this matter. If you have questions regarding this document, please contact me at 850-283-6347 or by email at Scott.Kirk.2@us.af.mil.

Sincerely

SCOTT L. KIRK, Maj, USAF
Counsel for Federal Executive Agencies

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing is sent on this 17th day of October 2019 by electronic mail to the individuals listed below:

Counsel Dominion Energy Utah
Jenniffer Clark Jenniffer.Clark@dominionenergy.com
Cameron Sabin Cameron.Sabin@stoel.com
Austin Summers Austin.Summers@dominionenergy.com
Travis Willey Travis.Willey@dominionenergy.com

Attorney General
Patricia Schmid pschmid@agutah.gov
Justin Jetter jjetter@agutah.gov
Robert Moore rmoore@agutah.gov
Steven Snarr stevensnarr@agutah.gov

Public Utilities
Madison Galt mgalt@utah.gov

Nucore Steel-Utah
Damon Xenopoulos Dex@smxb;aw.com
Jeremy Cook Jcook@cohnekinghorn.com

Utah Association of Energy Users
Gary Dodge Gdodge@hjdlaw.com
Phillip Russell Prussell@hjdlaw.com
Roger Swenson Roger.swenson@prodigy.net

American Natural Gas Council, Inc
Stephen Mccham Sfmccham@gmail.com
Curtis Chisholm Cchisholm@ie-cos.com

Federal Executive Agencies (FEA)
Scott L. Kirk Scott.Kirk.2@us.af.mil
Robert J. Friedman Robert.Friedman.5@us.af.mil
Thomas A. Jernigan Thomas.Jernigan.3@us.af.mil

Ebony M. Payton Ebony.Payton.ctr@us.af.mil
Arnold Braxton Arnold.Braxton@us.af.mil
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
Org box E-mail: ULFSC.Tyndall@us.af.mil

DATED this 17th day of October 2019.

*/s/ Ebony M. Payton*_____
Ebony M. Payton
FEA paralegal

BEFORE THE

PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	)	**DOCKET NO. 19-057-02**

Direct Testimony and Exhibits of

Michael P. Gorman

On behalf of

Federal Executive Agencies

October 17, 2019

FEA Exhibit 1.0

BRUBAKER & ASSOCIATES, INC.

Project 10871

BEFORE THE

PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	)	**DOCKET NO. 19-057-02**

Table of Contents to the Direct Testimony of Michael P. Gorman

Page

BEFORE THE

PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	)	**DOCKET NO. 19-057-02**

Direct Testimony of Michael P. Gorman

I. QUALIFICATIONS AND SUMMARY

I.A. Qualifications

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Michael P. Gorman. My business address is Brubaker & Associates, Inc., 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A My education and professional experience are detailed in my Appendix A to this testimony.

Q ON WHOSE BEHALF ARE YOU TESTIFYING?

A I am offering testimony on behalf of the Federal Executive Agencies ("FEA"), including Hill Air Force Base ("Hill AFB").

I.B. Summary

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A I will recommend an overall rate of return for Dominion Energy Utah ("DEU" or "the Company"), also known as Questar Gas Company ("QGC"), that reasonably balances the interests of just and reasonable rates to customers, and financial integrity and fair compensation to investors. In my analyses, I consider the results of several market models and the current economic environment and outlook for the electric and natural gas utility industry as well as the financial integrity of DEU.

My silence in regard to any issue should not be construed as an endorsement of DEU's position.

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS ON RETURN ON EQUITY.

A For the reasons outlined in this testimony, I recommend the Public Service Commission of Utah (the "Commission") award DEU a return on common equity of no higher than 9.0%.

I recommend an adjustment to DEU's proposed ratemaking capital structure. I recommend a common equity ratio of 52% rather than DEU's proposal to increase its common equity ratio to 55%. DEU's proposal to increase its common equity ratio to 55% is not cost justified and unnecessarily increases its cost of service in this case. A 52% common equity ratio will support DEU's credit rating and financial integrity at a much lower cost to customers than its proposal to increase its equity ratio in this case.

Q WHAT OVERALL RATE OF RETURN DO YOU RECOMMEND BE USED TO SET RATES FOR DEU IN THIS PROCEEDING?

A As shown on my FEA Exhibit 1.01, based on my adjustments summarized above I recommend an overall rate of return is 6.78%.

Q WILL YOU RESPOND TO DEU'S RATE OF RETURN RECOMMENDATION?

A Yes. I respond to DEU witness Jordan K. Stephenson's testimony supporting a proposal to increase the common equity ratio of its ratemaking capital

structure from 52% in its last rate case to 55% in this case. I show the increased common equity ratio is not needed to support DEU's credit rating and financial integrity and, therefore this proposal unnecessarily increases its cost of capital and prices to Utah customers. I also demonstrate that DEU witness Robert H. Hevert's recommended return on equity of 10.50% is significantly in excess of DEU's market cost of equity and is therefore unreasonable, and should be rejected.

II. RATE OF RETURN

Q PLEASE DESCRIBE THIS SECTION OF YOUR TESTIMONY.

A In this section of my testimony, I will explain the analysis I performed to determine a reasonable rate of return for DEU in this proceeding and present the results of my analysis. I begin my estimate of a fair return on equity by reviewing the authorized returns approved by the regulatory commissions in various jurisdictions, and a market assessment of the regulated utility industry's investment risk, credit standing, and stock price performance. I used this information to get a sense of the market's perception of the risk characteristics of regulated utility investments in general, which I then used to produce an estimate of the market's return requirement for assuming investment risk similar to DEU's regulated utility operations.

II.A. Utility Industry Authorized Returns on Equity, Access to Capital, and Credit Strength

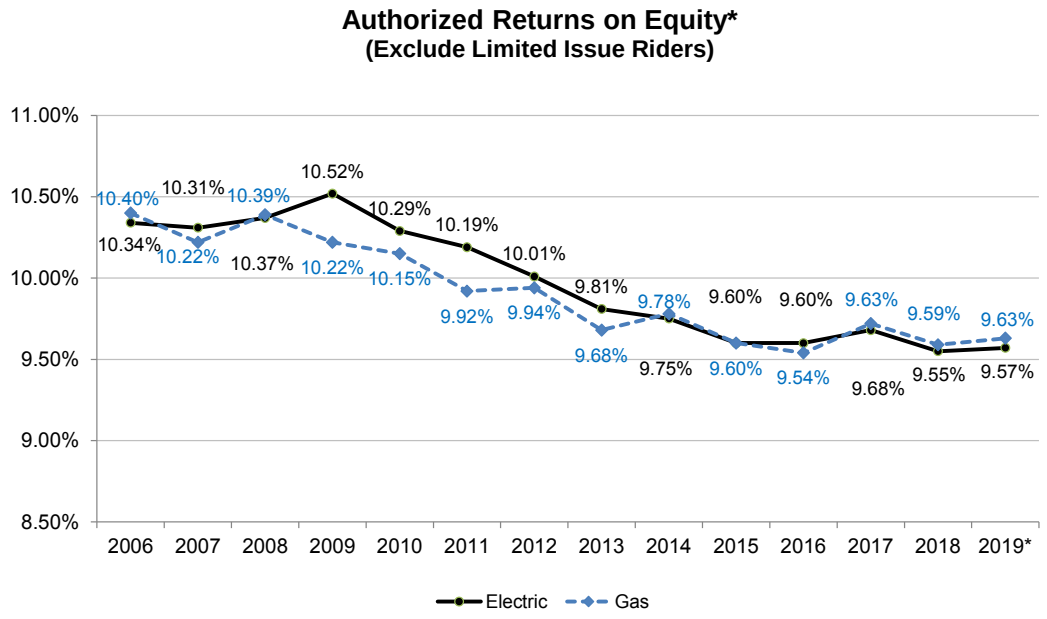
Q PLEASE EXPLAIN THIS SECTION OF YOUR TESTIMONY.

A In this section of my testimony I review observable market evidence of regulatory commissions' authorized returns on equity, and the impacts on utilities' bond ratings and access to capital. As shown in this section, authorized returns on equity for utilities have dropped significantly over the last several years, and have decreased to approximately 9.6% for the last 48 months. At these authorized returns on equity, the industry's credit standing has improved and currently has a very strong investment grade bond rating. Further, observable evidence shows that the industry as a whole at current authorized returns on equity has enjoyed access to significant amounts of capital under reasonable terms and prices.

Q PLEASE DESCRIBE THE OBSERVABLE EVIDENCE ON TRENDS IN AUTHORIZED RETURNS ON EQUITY FOR REGULATED UTILITIES.

A As illustrated in Figure 1 below, authorized returns on equity for both electric and gas utilities have declined over the last several years, and have been reasonably stable around 9.6% since 2015.

FIGURE 1



Source and Notes:
[1] *S&P Global Market Intelligence*, RRA Regulatory Focus, Major Rate Case Decisions -- January - June 2019, July 22, 2019 at page 1.
* Data includes January - June, 2019.
* Electric Returns exclude Limited Issue Riders.
* RRA excludes the 2017 Alaska ENSTAR decision from its calculations.

Q IS THERE REASON TO BELIEVE THAT THE CHANGE IN FEDERAL TAX LAW WILL INCREASE UTILITIES' COST OF EQUITY?

A No. The 2017 change in tax law created by the Tax Cuts and Jobs Act ("TCJA") reduced the federal corporate income tax rate, which reduced utilities' cash flows as a result of declining deferred tax components. However, the effects of the TCJA are now fully reflected in observable market data including bond ratings. While bond rating analysts still have credit rating negative outlooks on certain utilities with marginal cash flows, a majority of the

industry's companies such as DEU have stable credit rating outlooks because their cash flows, while reduced, are still adequate to support their bond ratings. If the TCJA impacted utilities' cost of equity capital, then the impacts are already reflected in the market data and proxy group return on equity results. No adder or external adjustment is needed.

Q HAVE NATURAL GAS UTILITY COMPANIES BEEN ABLE TO MAINTAIN STRONG CREDIT RATINGS DURING PERIODS OF DECLINING AUTHORIZED RETURNS ON EQUITY?

A Yes. The credit rating changes for the natural gas utility industry over the last several years are the result of marked improvement in overall financial health and credit quality in the industry. As shown below in Table 1, in 2009, approximately 50% of the natural gas utility industry was rated from BBB- to BBB+, while 50% had a bond rating better than BBB+.

Over the subsequent decade, the overall industry rating improved steadily. By 2015 none of the industry was rated below BBB+, and around 63% were A- or stronger. This trend of improved ratings continued until 2017. Since 2018, even after the change in federal tax law, all natural gas utilities have maintained credit ratings of BBB or greater.

TABLE 1

S&P Ratings by Category
Natural Gas Utility Subsidiaries
(Year End)

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
A or higher	50%	50%	50%	50%	38%	38%	38%	38%	38%	13%	14%
A-	0%	0%	0%	0%	25%	25%	25%	25%	25%	25%	29%
BBB+	13%	13%	25%	25%	13%	25%	38%	38%	38%	50%	43%
BBB	25%	25%	13%	13%	0%	0%	0%	0%	0%	13%	14%
BBB-	13%	13%	13%	13%	25%	13%	0%	0%	0%	0%	0%
Below BBB-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: S&P CAPITAL IQ, downloaded 9/23/19.
Note: Subsidiary ratings used.

DEU's bond rating from S&P is BBB+,[1] which places it within the industry majority of credit ratings.

Q HAVE UTILITIES BEEN ABLE TO ACCESS EXTERNAL CAPITAL AT REASONABLE COST TO SUPPORT CAPITAL EXPENDITURE PROGRAMS?

A Yes. In its May 1, 2019 Utility Capital Expenditures Update report, *RRA Financial Focus*, a division of S&P Global Market Intelligence, made several relevant comments about utility investments generally:

- Projected 2019 capital expenditures for the 48 gas and electric utilities in the RRA universe are up to $131.1 billion, over 9% higher than the prior forecast of $119.0 billion in the fall 2018.

- Energy utility capex projections for future years increased modestly from our previous analysis in October 2018, rising to $118.3 billion for 2020. We anticipate both the 2020 and 2021 forecasts will increase as companies' plans for future projects solidify and new opportunities arise.

[1]Direct Testimony of Robert Hevert at 15.

- 2018 energy utility capex totaled $115.4 billion, an all-time high for the 48-utility group and 8% above 2017 energy utility investment spending.

* * *

- The nation's electric and gas utilities are investing in infrastructure to upgrade aging transmission and distribution systems, build new natural gas, solar and wind generation, and implement new technologies, including smart meter deployment, smart grid systems, cybersecurity measures and battery storage. We expect considerable levels of spending to serve as the basis for solid profit expansion for the foreseeable future.

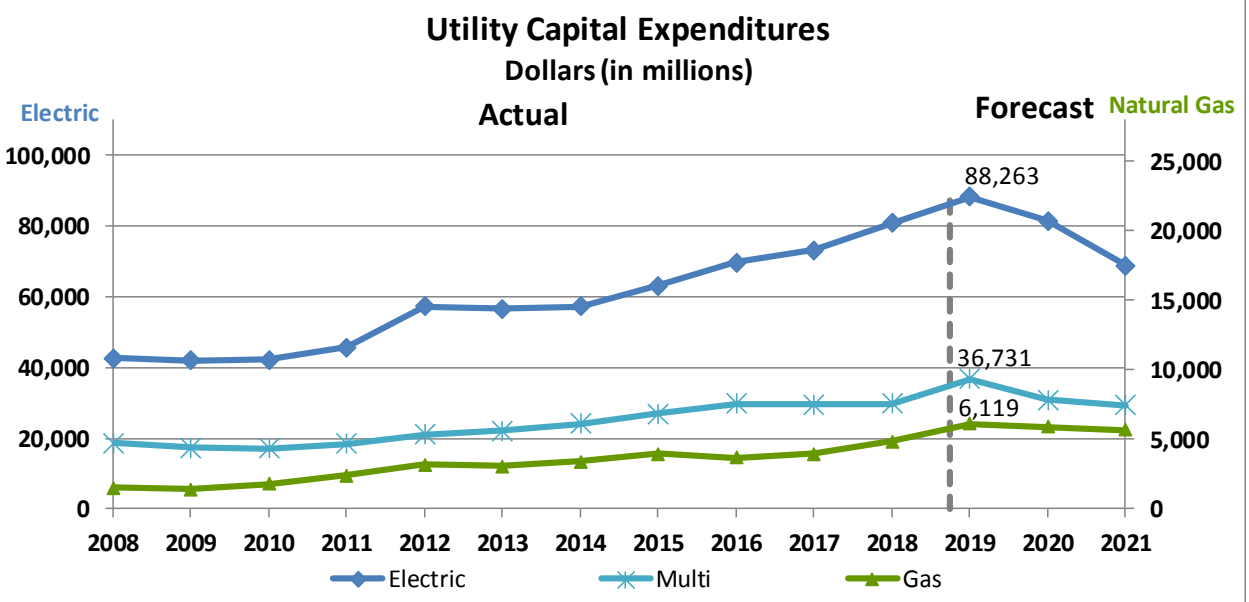
* * *

- The federal tax code changes that took effect at the start of 2018 preserved a provision strongly supported by the industry to encourage investment: the deductibility of interest expense for regulated utilities. Being among the most capital-intensive industries, utilities would have had a much higher cost of capital absent this provision, which would have impacted capital investment planning and likely led to higher utility bills.[2]

Regulated utility companies have accessed significant amounts of capital to support substantial capital investments over at least the last ten years. As shown below in Figure 2, capital expenditures for electric and natural gas utilities have increased considerably over the period 2007 into 2019, and while forecasted capital expenditures are starting to abate, they remain high.

[2]S&P Global Market Intelligence, RRA Financial Focus: "Utility Capital Expenditures Update," October 30, 2018.

FIGURE 2



Source: *S&P Global Market Intelligence, RRA Financial Focus*, Utility Capital Expenditures, May 1, 2019, Table 1.

As shown in Figure 2 above, capital investment is significantly higher for the electric utility industry than the natural gas industry, but the two industries follow the same trend over the historical and forecasted periods.

Q IS THERE EVIDENCE OF ROBUST VALUATIONS OF REGULATED UTILITY EQUITY SECURITIES?

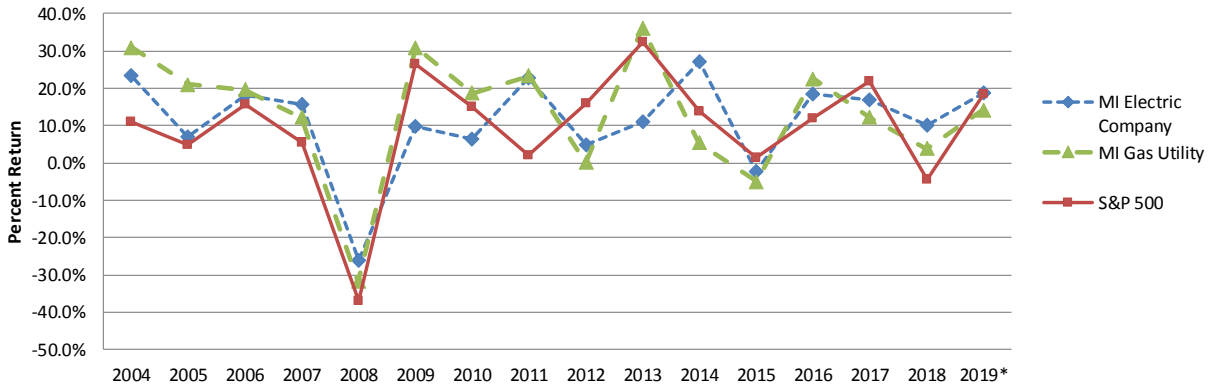
A Yes. Robust valuations are an indication that utilities can sell securities at high prices, which is a strong indication that they can access equity capital under reasonable terms and conditions, and at relatively low cost. As shown on FEA Exhibit 1.02, the historical valuation of electric and gas utilities followed by *Value Line*, based on their price-to-earnings ("P/E") ratios, price-to-cash flow ("P/CF") ratios, and market price-to-book value ("M/B") ratios,

indicates that utility security valuations today are very strong and robust relative to the last several years. These strong valuations of utility stocks indicate that utilities have access to equity capital under reasonable terms at relatively low cost.

As shown in Figure 3 below, S&P Global Market Intelligence ("MI") has recorded utility stock price performance compared to the market. The industry's stock performance data from 2004 through June 2019 shows that the MI Electric Company and MI Gas Utility Indexes have followed the market through downturns and recoveries. However, utility investments have been less volatile during extreme market downturns. This more stable price performance for utilities supports my conclusion that market participants regard utility stock investments as moderate- to low-risk investments.

FIGURE 3

Index Comparison



Source: S&P Global Market Intelligence.
***Data through June 2019**

While utility stocks have not exhibited the same volatility as the S&P 500, stock prices have remained relatively strong, relative to the market in

general, and support the utilities' access to equity capital markets under reasonable terms and prices.

Q HOW SHOULD THE COMMISSION USE THIS MARKET INFORMATION IN ASSESSING A FAIR RETURN FOR DEU?

A Observable market evidence demonstrates that capital market costs are near historically low levels. While authorized returns on equity have fallen to the mid-9% range, utilities continue to have access to large amounts of external capital, even as they are funding large capital expenditure programs. Furthermore, utilities' investment-grade credit ratings are stable and have improved, due in part to supportive regulatory treatment. The Commission should carefully weigh all this important observable market evidence in assessing a fair return on equity for DEU.

II.B. Market Sentiments and Utility Industry Outlook

Q PLEASE DESCRIBE THE CREDIT RATING OUTLOOK FOR REGULATED UTILITIES.

A Regulated utilities' credit ratings have improved over the last few years. Credit analysts have observed that utilities have strong access to capital at attractive pricing (i.e., low capital costs), which has supported very large capital programs.

S&P recently published a report titled "Industry Top Trends 2019: North America Regulated Utilities." In that report, S&P noted the following:

> **Ratings Outlook**: Rating trends across regulated electric, gas, and water utilities in North America remain mostly stable, reflecting generally supportive regulatory oversight. However, the industry's financial measures weakened in 2018 as a result of U.S. tax reform, robust capital spending, and flat to slightly negative load growth. In general, those utilities most affected by these developments were those who strategically operate with a minimal financial cushion at their current rating.[3]

More recently, Moody's placed the regulated utility industry on "Negative" outlook, primarily to reflect the uncertainty and short-term cash flow impacts of the TCJA, but also due to robust capital spending.

> The outlook for the US regulated utility sector has changed to negative from stable, reflecting increased financial risk due to lower cash flow and holding company leverage at its highest level since 2008. These factors will reduce the ratio of funds from operations (FFO) to debt by up to 200 basis points over the next 12-18 months.
>
> » **Cash flow will decline due to a lower contribution from deferred taxes**. The combination of the loss of bonus depreciation and a lower tax rate as a result of the Tax Cuts & Jobs Act (TCJA) means that utilities and their holding companies will lose some of the cash flow contribution from deferred taxes. Since 2010, deferred taxes have contributed around 14% of consolidated FFO, but we see this falling to around 8% through 2019. This will drive down the consolidated ratio of FFO to debt, for a peer group of 42 utility holding companies, from 17% toward 15% over the outlook period.
>
> » **Regulatory and management responses may not improve financials until 2020**. Some state regulatory commissions have issued credit-supportive rate orders to

[3] *S&P Global Ratings*: "Industry Top Trends 2019: North America Regulated Utilities," November 8, 2018, at 1.

> offset reduced cash flow because of tax reform, and several holding companies are executing plans to strengthen their balance sheets. But it could take longer than 12-18 months before sector-wide financial metrics improve.

* * *

> There are two principal approaches for a utility seeking to take mitigating action against rising financial risk. The first option is to pursue financial relief from regulators, which we see most companies doing across the industry in response to tax reform. The second is "self help," where management teams alter financial policies to improve cash flow or their balance sheet. These efforts could include cutting operating or capital costs, issuing equity, reducing debt, selling non-core assets or slowing dividend growth. Such strategies were popular during the early 2000s period known as "back to basics," when many companies shed unregulated and international assets, reduced debt and focused on strengthening core regulatory relationships.[4]

Similarly, Fitch states:

> The Tax Cuts and Jobs Act signed into law on Dec. 22, 2017 has negative credit implications for U.S. regulated utilities and utility holding companies over the short-to-medium term, according to Fitch Ratings. A reduction in customer bills to reflect lower federal income taxes and return of excess accumulated deferred income taxes is expected to lower revenues and funds from operations (FFO) across the sector. Absent mitigating strategies on the regulatory front, this is expected to lead to weaker credit metrics and negative rating actions <u>for those issuers that have limited headroom to absorb the leverage creep</u>.

* * *

> <u>Over a longer-term perspective, Fitch views tax reform as modestly positive for utilities</u>. The sector retained the deductibility of interest expense, which would have otherwise significantly impacted cost of capital for this capital intensive sector. The exemption from 100% capex expensing is also

[4] *Moody's Investors Service Outlook*: "2019 outlook shifts to negative due to weaker cash flows, continued high leverage," June 18, 2018, at 1, 3 (emphasis in original).

> welcome news for the sector, which has seen years of bonus depreciation reduce rate base leading to lower earnings. Finally, the reduction in federal income taxes lowers cost of service to customers, providing utilities headroom to increase rates for capital investments.[5]

Q HOW IS THIS OBSERVABLE MARKET DATA USED IN FORMING YOUR RECOMMENDED RETURN ON EQUITY AND OVERALL RATE OF RETURN FOR DEU?

A I consider observable market evidence and the impact on utility stock prices, credit standing and access to capital in forming my recommended return on equity for DEU in this proceeding. Market analysts have stated concerns about the impact on cash flows due to the TCJA, the ability of utilities to fund large capital programs, and to maintain strong credit standing. Because of these concerns, I made assessments of DEU's cash flow implications from cost of service in this proceeding, reflecting the impacts of the TCJA, and at my proposed overall rate of return.

II.C. Federal Reserve and Market Capital Costs Outlook

Q HAVE YOU ALSO CONSIDERED THE POTENTIAL IMPACT ON CAPITAL MARKET COSTS DUE TO FEDERAL RESERVE MONETARY ACTIONS?

A Yes. I considered the Federal Reserve's impacts on short-term and long-term market securities, and the resulting impact on short-term and long-term

[5] *Fitch Ratings*: "Tax Reform Creates Near-term Credit Pressure for U.S. Utilities," January 24, 2018 (emphasis added).

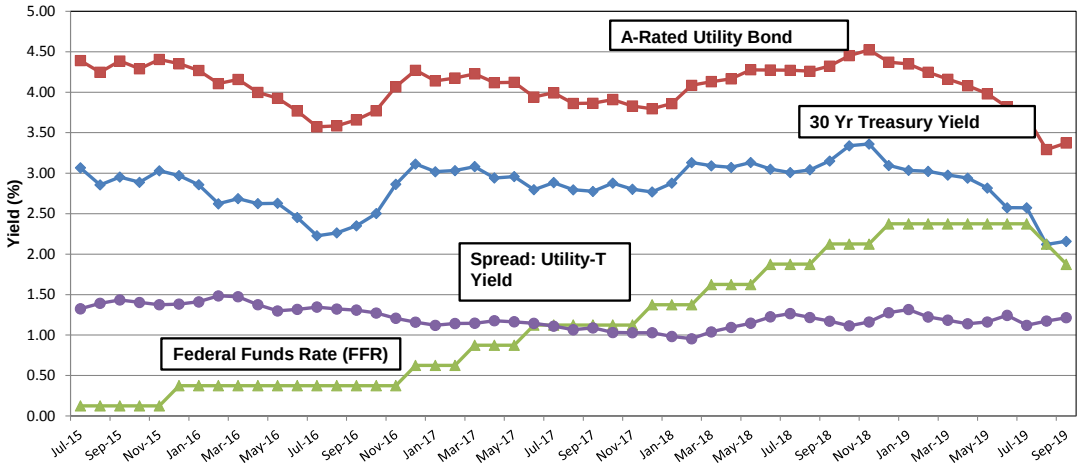
interest rates. I find that the Federal Reserve's interactions in interest rate markets are fully known to market participants, and these interactions are fully considered in market participants' assessment of the current and projected interest rate markets.

Q IS THERE EVIDENCE THAT THE FEDERAL RESERVE'S NORMALIZATION POLICY HAS HAD MINIMAL IMPACT ON LONG-TERM DEBT RATES?

A Yes. The Federal Reserve has raised the Federal Funds Rate nine times over the last few years, raising the short-end of the yield curve. However, comparable increases for longer maturity bonds have not been realized. This has had the effect of flattening the yield curve. This is illustrated in Figure 4.

FIGURE 4

Timeline of Federal Funds Rate Changes Since 2015



Fed FFR Actions:

1	December 2015	0.25	→	0.50
2	December 2016	0.50	→	0.75
3	March 2017	0.75	→	1.00
4	June 2017	1.00	→	1.25
5	December 2017	1.25	→	1.50
6	March 2018	1.50	→	1.75
7	June 2018	1.75	→	2.00
8	September 2018	2.00	→	2.25
9	December 2018	2.25	→	2.50
10	August 2019	2.00	→	2.25
11	September 2019	1.75	→	2.00

Sources:
Federal Reserve Bank of New York, https://apps.newyorkfed.org/markets/autorates/fed-funds-search-page
Board of Governors of the Federal Reserve System, https://www.federalreserve.gov/datadownload/
Moody's Credit Trends, https://credittrends.moodys.com/

As shown in Figure 4 above, the actions taken by the Fed to increase the Federal Funds Rate have simply flattened the yield curve, and have not resulted in a corresponding increase in long-term interest rates. Importantly, the Fed's most recent action was to reduce the Federal Funds Rate due to a slowdown in the economy. In August and again in September of this year the Federal Funds Rate was reduced by 0.25%, from 2.50% to 2.00%. This Fed action suggests there will be limited pressure by the Fed at least over the next several years to increase short-term rates. Rather, the outlook for near-term

Fed monetary policy actions is for further reductions to short-term interest rates.

The Fed monitory policy changes are important but significantly, the Fed actions have largely impacted short-term interest rates but the cost of common equity is impacted by long-term interest rates. Hence, the Fed actions have not created pressure for the cost of equity capital to increase.

Q HAS THE FEDERAL RESERVE BEEN PARTICIPATING IN LONG-TERM INTEREST RATE MARKETS?

A Yes, it has, but its participation in this market has been significantly reduced and has not been proven to not have pressured long-term interest rates to increase.

The Federal Reserve has recently implemented a strategy to begin to unwind its balance sheet position in long-term interest rate securities (Treasury and Mortgage Backed Securities ("MBS")). The Federal Reserve built up approximately $4.7 trillion of Treasury and MBS security holdings as part of a Quantitative Easing ("QE") program that spanned 2008 to 2014. During the QE program, the Federal Reserve procured long-term securities to support the Federal Reserve's monetary policy, mitigate long-term interest rates, and to stimulate the economy. By purchasing these securities, the Federal Reserve was making capital more readily available at lower long-term interest rates.

The Federal Reserve has, however, reversed its policy and is reducing its participation in long-term interest rate markets. In a Federal Reserve press release on March 20, 2019, the Fed announced that it will further reduce its already modest changes to its balance sheet normalization policy. The Fed noted that it will slow the reduction in holdings of Treasury securities by capping the reduction to $15 billion beginning in May 2019 from $30 billion relative to its monthly redemptions. Further, Jerome H. Powell, Chairman of the Board of Governors of the Federal Reserve System, in testimony provided to the U.S. House of Representatives Committee on Financial Services in Washington, D.C. on July 10, 2019, stated that the Fed will not be targeting an expansionary monetary policy, and will move to reducing short-term interest rates and a lesser impact on long-term interest rate markets.

Q DO YOU BELIEVE MARKET PARTICIPANTS RECOGNIZE THE FED'S MONETARY POLICY IN FORMING THEIR PROJECTIONS ON INTEREST RATE MARKETS?

A Yes. Because the Fed's actions are well-followed by market participants and captured in independent economists' outlooks for changes in capital market costs, the Fed's actions, along with all other relevant factors, are considered by consensus professional economists in forming their outlooks for changes in interest rates and capital market conditions.

Q WHAT DO INDEPENDENT ECONOMISTS' OUTLOOKS FOR FUTURE INTEREST RATES INDICATE?

A Independent economists expect the current low capital costs to prevail over at least the intermediate term. This is illustrated in projections for both short- and long-term changes in interest rates. Further, there is a clear trend in forecasted changes in interest rates over time, indicating that capital market participants are becoming more comfortable with today's low-cost capital market and expect it to prevail over at least the intermediate future.

For example, short-term projections suggest that the market expects capital market costs to remain relatively low. Table 2, below, shows capital cost projections over the next two years.

TABLE 2

Blue Chip Financial Forecasts
Projected Federal Funds Rate, 30-Year Treasury Bond Yields, and GDP Price Index

Publication Date	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Federal Funds Rate									
May-19	**2.4**	2.4	2.4	2.4	2.4	2.4	2.4		
Jun-19	**2.4**	2.4	2.4	2.4	2.4	2.4	2.3		
Jul-19		2.4	2.2	2.0	1.9	1.9	1.8	1.8	
Aug-19		**2.4**	2.2	2.0	1.9	1.8	1.8	1.8	
Sep-19		**2.4**	2.1	1.8	1.7	1.6	1.6	1.6	
Oct-19			2.3	1.8	1.6	1.5	1.5	1.5	1.4
T-Bond, 30 yr.									
May-19	**3.0**	3.0	3.0	3.1	3.1	3.1	3.2		
Jun-19	**3.0**	2.9	3.0	3.0	3.1	3.1	3.1		
Jul-19		2.8	2.6	2.6	2.7	2.7	2.8	2.8	
Aug-19		**2.8**	2.6	2.6	2.6	2.7	2.7	2.7	
Sep-19		**2.8**	2.3	2.2	2.3	2.4	2.5	2.6	
Oct-19			2.3	2.1	2.2	2.2	2.3	2.4	2.5
GDP Price Index									
May-19	**0.9**	2.3	2.1	2.1	2.1	2.1	2.1		
Jun-19	**0.9**	2.4	2.1	2.1	2.1	2.1	2.1		
Jul-19		2.3	2.0	2.0	2.1	2.1	2.0	2.0	
Aug-19		**2.4**	2.0	2.0	2.0	2.1	2.1	2.0	
Sep-19		**2.4**	2.1	2.1	2.1	2.0	2.1	2.1	
Oct-19			2.1	2.0	2.0	2.0	2.1	2.0	2.0

Source and Note:
Blue Chip Financial Forecasts, January through October 2019.
Actual Yields in Bold

As this table shows, projected Treasury bond yields are not expected to increase significantly over the next two years. GDP growth is also expected to stay relatively stable over the forecast period.

TABLE 3

30-Year Treasury Bond Yield Actual Vs. Projection

Description	Quarterly Average	2-Year Projected	5- to 10-Year Projected
2014			
Q1	3.79%	4.40%	5.0% - 5.5%
Q2	3.69%	4.50%	
Q3	3.44%	4.40%	5.3% - 5.6%
Q4	3.26%	4.30%	
2015			
Q1	2.97%	4.00%	4.9% - 5.1%
Q2	2.55%	3.70%	
Q3	2.83%	4.00%	4.8% - 5.0%
Q4	2.84%	3.90%	
2016			
Q1	2.96%	3.80%	4.5% - 4.8%
Q2	2.72%	3.60%	
Q3	2.64%	3.40%	4.3% - 4.6%
Q4	2.29%	3.10%	
2017			
Q1	2.82%	3.70%	4.2% - 4.5%
Q2	3.05%	3.80%	
Q3	2.91%	3.70%	4.3% - 4.5%
Q4	2.82%	3.60%	
2018			
Q1	2.82%	3.60%	4.1% - 4.3%
Q2	3.02%	3.80%	
Q3	3.09%	3.80%	4.2% - 4.4%
Q4	3.07%	3.70%	
2019			
Q1	3.27%	3.60%	3.9% - 4.2%
Q2	3.01%	2.60%	

Sources:

Blue Chip Financial Forecasts ,
December 2013 through September 2019.

As Table 3 shows, in Q1 2019, independent economists were projecting relatively low interest rates over the next five to ten years, and did not anticipate significant increases in long-term 30-year Treasury bond yields relative to current bond yields. Table 3 also illustrates that this current outlook is significantly different than the outlook for substantial increases in interest rates that prevailed for most of the last five years, and particularly prior to 2016. This is clear evidence that market participants are comfortable with today's low capital market costs and expect them to prevail over at least the intermediate period.

II.D. DEU Investment Risk

Q PLEASE DESCRIBE THE MARKET'S ASSESSMENT OF DEU'S INVESTMENT RISK.

A The market's assessment of DEU's investment risk is described by credit rating analysts' reports. DEU witness Mr. Robert Hevert testified that DEU's current credit ratings from S&P and Moody's are BBB+, and A2, respectively, with a "Stable" outlook.[6] S&P makes the following statement about DEU's ratings:

> **Rating Action Rationale**
>
> Our ratings affirmation of QGC reflects our assessment of QGC as a core subsidiary of parent Dominion Energy Inc. (DEI). We assess QGC as a core subsidiary of DEI, under our group rating methodology. This reflects our view that QGC is highly unlikely to be sold, has a strong long-term commitment from senior

[6]Hevert Direct Testimony at 15.

management, is successful at what it does, and contributes meaningfully to the group. As a result, we assess issuer credit rating on QGC as in line with parent DEI's 'BBB+' group credit profile.

Our revised stand-alone assessment of QGC reflects our assessment of the company's excellent business risk profile and significant financial risk profile. We expect a modest weakening of the financial measures within the company's financial risk profile, reflecting the assumed cash-flow impact of tax reform. On a forward-looking basis, we expect funds from operations (FFO) to debt at about 18%, previously we expected FFO to debt of about 20%.

Our stand-alone business risk assessment of QGC reflects the utility's low-risk regulated natural gas distribution business, above-average size, and its effective management of regulatory risk.

QGC serves approximately 1 million customers in Utah (about 97%), southwestern Wyoming, and southeastern Idaho. Constructive regulation in Utah strengthens the company's management of regulatory risk incorporating a credit supportive rate design and the use of multiple regulatory mechanisms including a fuel cost adjustment, a weather normalization adjustment, decoupling, and an infrastructure cost tracking adjustment. QGC cash flows are generally stable and largely insulated from fluctuations in gas prices, weather, and usage. Furthermore, most of the customer base is residential and commercial, providing an additional measure of cash flow stability. Marginally affecting the company's business risk profile is the general lack of business or regulatory diversity.

* * *

We assess the company's financial measures using more moderate financial benchmarks compared to the typical corporate issuer, reflecting its low-risk regulated utility business and its effective management of regulatory risk.[7]

[7] *Standard & Poor's RatingsDirect, Research Update:* "Questar Gas Co. Ratings Affirmed, Stand-Alone Credit Profile Revised To 'a-' On Tax Reform; Outlook Remains Negative" February 26, 2018 at 2-4, emphasis added.

II.E. DEU's Proposed Capital Structure

Q WHAT IS THE COMPANY'S PROPOSED CAPITAL STRUCTURE?

A DEU witness Jordan K. Stephenson sponsors the Company's projected capital structure, which is shown below in Table 4. The proposed capital structure is based on the projected capital structure for the 12-month calendar test year period ending on December 31, 2020.

TABLE 4

DEU's Proposed Capital Structure
(December 31, 2020)

Description	Weight
Long-Term Debt	45.00%
Common Equity	55.00%
Total Regulatory Capital Structure	100.00%

Source: Stephenson Direct at 20.

Q HOW DID DEU DEVELOP ITS PROPOSED CAPITAL STRUCTURE?

A DEU witness Stephenson forecasted the total long-term debt and common equity for the 2020 test year and calculated a long-term debt ratio of 39.9% and common equity ratio of 60.1%.[8] Based off this analysis he determined that the appropriate capital structure consisted of 55% equity and 45% debt.

[8] DEU Exhibit 3.31.

Q WHAT CAPITAL STRUCTURE WAS USED TO SET DEU'S RATES IN ITS PRIOR RATE CASE?

A In Docket No. 13-057-05, the Commission approved a 52.07% common equity ratio with a long-term debt ratio of 47.93%.[9]

Q IS THE COMPANY'S PROPOSAL TO INCREASE ITS COMMON EQUITY RATIO TO 55% FROM THE 52% PREVIOUSLY APPROVED FOR RATEMAKING PURPOSES REASONABLE?

A No. The Company's proposal to increase its common equity ratio is unreasonable for several reasons.

First, the Company's actual total investor capital structure over the period 2014-2018 has maintained a relatively stable common equity ratio of total capital, and its bond rating during this period has been stable. As shown on my FEA Exhibit 1.01, page 2, the capital structure including short-term debt over the period 2015-2017 has been relatively stable at around 42% to 44% common equity. The Company's common equity ratio increased in 2018 largely due to an equity infusion from its parent company of around $203 million.[10] However, DEU witness Stephenson has not demonstrated that increasing the common equity ratio is cost justified and necessary to support DEU's credit rating and financial integrity. These credit rating and financial integrity targets should be managed while maintaining a competitive cost of

[9] Docket No. 13-057-05, Report and Order at 17.
[10] DEU witness Jordan Stephenson, DEU Exhibit 3.31, line 20.

service for retail customers. Indeed, I will demonstrate later in my testimony that the test year financial metrics at a 52% common equity ratio will support DEU's current BBB+ bond rating.

Further, a common equity ratio of around 52% is reasonably aligned with the proxy group's common equity ratio used to estimate a fair return on equity for DEU in this proceeding.

Finally, a ratemaking capital structure of around 52% common equity is reasonably consistent with the gas industry authorized common equity ratios used to set rates for regulated gas delivery companies. Indeed, as shown in Table 5 below, the capital structure used to set rates for electric and gas utilities has been relatively stable at around 50% to 51% equity and 49% to 50% debt over at least the last five years.

TABLE 5

Trends in State Authorized Common Equity Ratios
(Industry)

		Natural Gas[1]		Electric[1]	
Line	Year	Average	Median	Average	Median
	(1)	(2)	(3)	(4)	(5)
1	2013	51.16%	50.43%	50.12%	51.03%
2	2014	51.90%	51.99%	50.28%	50.00%
3	2015	49.79%	50.33%	50.24%	50.48%
4	2016	51.85%	51.35%	49.70%	49.99%
5	2017	51.13%	51.76%	50.02%	49.85%
6	2018	51.56%	51.40%	49.28%	50.23%
7	Min	49.79%	50.33%	49.28%	49.85%
8	Max	51.90%	51.99%	50.28%	51.03%
9	Average	51.23%	51.21%	49.94%	50.26%
10	Median	51.36%	51.38%	50.07%	50.12%

Source and Notes:
[1] S&P Global Market Intelligence, downloaded 1/29/2019
- Excludes Arkansas, Florida, Indiana and Michigan because they include non-investor capital.

Q WHAT RATEMAKING CAPITAL STRUCTURE DO YOU RECOMMEND BE USED TO SET DEU'S RATES IN THIS PROCEEDING?

A I recommend a capital structure composed of 52% common equity and 48% long-term debt. My proposed capital structure is shown below in Table 6.

TABLE 6

Gorman's Proposed Capital Structure
(December 31, 2020)

Description	Weight
Long-Term Debt	48.00%
Common Equity	52.00%
Total Regulatory Capital Structure	100.00%

Source: FEA Exhibit 1.01.

II.F. Embedded Cost of Debt

Q WHAT IS THE COMPANY'S EMBEDDED COST OF LONG-TERM DEBT?

A DEU witness Stephenson is proposing an embedded cost of long-term debt of 4.37% in the 2020 test period. As discussed on page 20 of Mr. Stephenson's direct testimony, DEU's embedded cost of long-term debt is based on the forecasted 2020 test year period. The embedded cost of debt is developed in DEU Exhibit 3.31. Mr. Stephenson includes the total interest from long-term debt (FERC Account 427) and the amortization of debt discount and expense (FERC Account 428) in the total long-term debt cost for the test period.

III. RETURN ON EQUITY

Q PLEASE DESCRIBE WHAT IS MEANT BY A "UTILITY'S COST OF COMMON EQUITY."

A A utility's cost of common equity is the expected return that investors require on an investment in the utility. Investors expect to earn their required return from receiving dividends and through stock price appreciation.

Q PLEASE DESCRIBE THE FRAMEWORK FOR DETERMINING A REGULATED UTILITY'S COST OF COMMON EQUITY.

A In general, determining a fair cost of common equity for a regulated utility has been framed by two hallmark decisions of the U.S. Supreme Court: Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n of W. Va., 262 U.S. 679 (1923) and Fed. Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1944).

These decisions identify the general financial and economic standards to be considered in establishing the cost of common equity for a public utility. Those general standards provide that rates will be just and reasonable and the authorized return will: (1) be sufficient to maintain financial integrity that operates under efficient and economical management; (2) attract capital under reasonable terms; and (3) be commensurate with returns investors could earn by investing in other enterprises of comparable risk.

Q PLEASE DESCRIBE THE METHODS YOU HAVE USED TO ESTIMATE DEU'S COST OF COMMON EQUITY.

A I have used several models based on financial theory to estimate DEU's cost of common equity. These models are: (1) a constant growth Discounted Cash Flow ("DCF") model using consensus analysts' growth rate projections; (2) a constant growth DCF using sustainable growth rate estimates; (3) a multi-stage growth DCF model; (4) a Risk Premium model; and (5) a Capital Asset Pricing Model ("CAPM"). I have applied these models to a group of publicly traded utilities with investment risk similar to DEU.

III.A. Risk Proxy Group

Q PLEASE DESCRIBE HOW YOU IDENTIFIED A PROXY UTILITY GROUP THAT COULD BE USED TO ESTIMATE DEU'S CURRENT MARKET COST OF EQUITY.

A My proxy group is the same as the full utility proxy group relied on by DEU's witness, Robert Hevert, with one exception – I excluded Chesapeake Utilities Corporation. This company is not rated by S&P or Moody's. I would note that a proxy group risk selection criterion used by Mr. Hevert was to include only companies with senior unsecured or corporate credit ratings from S&P. Mr. Hevert made an exception to this proxy group risk selection criterion based on its *Value Line* financial strength rating and National Association of Insurance Commissioners rating for this company. I reject Mr. Hevert's conclusion that a

Value Line financial strength rating is equivalent to a bond rating, or that the National Association of Insurance Commissioners' rating can be used as a proxy for either an S&P or Moody's rating. My proxy group relies on the opinion of the same corporate rating agencies, S&P and Moody's, on the credit strength of each of the companies included in the proxy group and the subject company, in this case DEU. Based on this consistent assessment of credit strength and financial investment risk, I believe my proxy group more accurately aligns with market participants' perceptions of comparable investment risk.

Q WHY IS IT APPROPRIATE TO EXCLUDE COMPANIES THAT DO NOT HAVE A BOND RATING FROM S&P OR MOODY'S?

A Credit rating agencies undertake a detailed assessment of the business and financial risk in awarding a bond rating. This bond rating is available to public capital market participants, and is a generally independent assessment of the investment risk of the subject company. While a bond rating generally assesses the credit strength of the company, it is useful in determining the predictability and strength of the company's cash flows to meet its financial obligations including cash needed to meet common equity shareholders' investment return outlooks. For these reasons, credit ratings from S&P and Moody's are information that is available to the investment community to assess the overall investment risk of the underlying company.

As Chesapeake Utilities does not have a bond rating from S&P or Moody's, it is not possible to rely on independent market participants' assessment of its investment risk in comparison to DEU. Because credit rating data was not available to determine that it is reasonably comparable in investment risk to DEU, it was excluded from the proxy group.

Q PLEASE DESCRIBE WHY YOU BELIEVE YOUR PROXY GROUP IS REASONABLY COMPARABLE IN INVESTMENT RISK TO DEU.

A The proxy group shown in FEA Exhibit 1.03, has an average credit rating from S&P of A-, which is one investment grade bond rating above DEU's bond rating of BBB+. The proxy group has an average credit rating from Moody's of A3, which is one investment grade bond rating below DEU's bond rating of A2.

The proxy group has an average common equity ratio of 53.9% from *Value Line* for 2018 (excluding short-term debt), and a 47.2% common equity ratio (including short-term debt) from S&P. In comparison, the common equity ratio previously used to set rates for DEU of 52% is reasonably comparable to these proxy group common equity ratios excluding short-term debt.

Based on this information, I believe my proxy group is reasonably comparable in investment risk to DEU.

III.B. Discounted Cash Flow Model

Q PLEASE DESCRIBE THE DCF MODEL.

A The DCF model posits that a stock price is valued by summing the present value of expected future cash flows discounted at the investor's required rate of return or cost of capital. This model is expressed mathematically as follows:

$$P_0 = \frac{D_1}{(1+K)^1} + \frac{D_2}{(1+K)^2} \ldots \frac{D_\infty}{(1+K)^\infty} \quad \text{(Equation 1)}$$

P_0 = Current stock price

D = Dividends in periods 1 - ∞

K = Investor's required return

This model can be rearranged in order to estimate the discount rate or investor-required return, known as "K." If it is reasonable to assume that earnings and dividends will grow at a constant rate, then Equation 1 can be rearranged as follows:

$$K = D_1/P_0 + G \quad \text{(Equation 2)}$$

K = Investor's required return

D_1 = Dividend in first year

P_0 = Current stock price

G = Expected constant dividend growth rate

Equation 2 is referred to as the annual "constant growth" DCF model.

Q PLEASE DESCRIBE THE INPUTS TO YOUR CONSTANT GROWTH DCF MODEL.

A As shown in Equation 2 above, the DCF model requires a current stock price, expected dividend, and expected growth rate in dividends.

Q WHAT STOCK PRICE DID YOU USE IN YOUR CONSTANT GROWTH DCF MODEL?

A I relied on the average of the weekly high and low stock prices of the utilities in the proxy group over a 13-week period ending on September 27, 2019. An average stock price is less susceptible to market price variations than a price at a single point in time. Therefore, an average stock price is less susceptible to aberrant market price movements, which may not reflect the stock's long-term value.

A 13-week average stock price reflects a period that is still short enough to contain data that reasonably reflects current market expectations, but the period is not so short as to be susceptible to market price variations that may not reflect the stock's long-term value. In my judgment, a 13-week average stock price is a reasonable balance between the need to reflect current market expectations and the need to capture sufficient data to smooth out aberrant market movements.

Q WHAT DIVIDEND DID YOU USE IN YOUR CONSTANT GROWTH DCF MODEL?

A I used the most recently paid quarterly dividend as reported in *Value Line*.[11] This dividend was annualized (multiplied by 4) and adjusted for next year's

[11] *The Value Line Investment Survey*, August 30, 2019.

growth to produce the D_1 factor for use in Equation 2 above. In other words, I calculate D_1 by multiplying the annualized dividend (D_0) by (1+G).

Q WHAT DIVIDEND GROWTH RATES DID YOU USE IN YOUR CONSTANT GROWTH DCF MODEL?

A There are several methods that can be used to estimate the expected growth in dividends. However, regardless of the method, to determine the market-required return on common equity, one must attempt to estimate investors' consensus about what the dividend, or earnings growth rate, will be and not what an individual investor or analyst may use to make individual investment decisions.

As predictors of future returns, securities analysts' growth estimates have been shown to be more accurate than growth rates derived from historical data.[12] That is, assuming the market generally makes rational investment decisions, analysts' growth projections are more likely to influence investors' decisions, which are captured in observable stock prices, than growth rates derived only from historical data.

Q HOW DO YOU DEVELOP A DIVIDEND GROWTH FOR A DCF STUDY?

A For my constant growth DCF analysis, I have relied on a consensus, or mean, of professional securities analysts' earnings growth estimates as a proxy for

[12] *See, e.g.,* David Gordon, Myron Gordon, and Lawrence Gould, "Choice Among Methods of Estimating Share Yield," *The Journal of Portfolio Management*, Spring 1989.

investor consensus dividend growth rate expectations. I used the average of analysts' growth rate estimates from three sources: Zacks, MI, and Yahoo. All such projections were available on September 27, 2019, and all were reported online.

Each consensus growth rate projection is based on a survey of securities analysts. There is no clear evidence whether a particular analyst is most influential on general market investors. Therefore, a single analyst's projection does not as reliably predict consensus investor outlooks as does a consensus of market analysts' projections. The consensus estimate is a simple arithmetic average, or mean, of surveyed analysts' earnings growth forecasts. A simple average of the growth forecasts gives equal weight to all surveyed analysts' projections. Therefore, a simple average, or arithmetic mean, of analyst forecasts is a good proxy for market consensus expectations.

Q WHAT ARE THE GROWTH RATES YOU USED IN YOUR CONSTANT GROWTH DCF MODEL?

A The growth rates I used in my DCF analysis are shown in FEA Exhibit 1.04. The average growth rate for my proxy group is 5.74%.

Q WHAT ARE THE RESULTS OF YOUR CONSTANT GROWTH DCF MODEL?

A As shown in FEA Exhibit 1.05, the average and median constant growth DCF returns for my proxy group for the 13-week analysis are 8.47% and 8.28%, respectively.

Q DO YOU HAVE ANY COMMENTS ON THE RESULTS OF YOUR CONSTANT GROWTH DCF ANALYSIS?

A Yes. The constant growth DCF analysis for my proxy group is based on a group average long-term sustainable growth rate of 5.74%. The three- to five-year growth rates are higher than my estimate of a maximum long-term sustainable growth rate of 4.10%, which I discuss later in this testimony. I believe the constant growth DCF analysis produces a reasonable high-end return estimate.

Q HOW DID YOU ESTIMATE A MAXIMUM LONG-TERM SUSTAINABLE GROWTH RATE?

A A long-term sustainable growth rate for a utility stock cannot exceed the growth rate of the economy in which it sells its goods and services. Hence, the long-term maximum sustainable growth rate for a utility investment is best proxied by the projected long-term Gross Domestic Product ("GDP"). *Blue Chip Financial Forecasts* projects that over the next 5 and 10 years, the U.S.

nominal GDP will grow at an annual rate of approximately 4.10%. These GDP growth projections reflect a real growth outlook of around 2.0% and an inflation outlook of around 2.1% going forward. As such, the average growth rate over the next 10 years is around 4.10%, which I believe is a reasonable proxy of long-term sustainable growth.[13]

In my multi-stage growth DCF analysis, I discuss academic and investment practitioner support for using the projected long-term GDP growth outlook as a maximum sustainable growth rate projection. Hence, using the long-term GDP growth rate as a conservative projection for the maximum sustainable growth rate is logical, and is generally consistent with academic and economic practitioner accepted practices.

III.C. Sustainable Growth DCF

Q PLEASE DESCRIBE HOW YOU ESTIMATED A SUSTAINABLE LONG-TERM GROWTH RATE FOR YOUR SUSTAINABLE GROWTH DCF MODEL.

A A sustainable growth rate is based on the percentage of the utility's earnings that is retained and reinvested in utility plant and equipment. These reinvested earnings increase the earnings base (rate base). Earnings grow when plant funded by reinvested earnings is put into service, and the utility is allowed to earn its authorized return on such additional rate base investment.

[13] *Blue Chip Financial Forecasts,* June 1, 2019, at 14.

The internal growth methodology is tied to the percentage of earnings retained in DEU and not paid out as dividends. The earnings retention ratio is 1 minus the dividend payout ratio. As the payout ratio declines, the earnings retention ratio increases. An increased earnings retention ratio will fuel stronger growth because the business funds more investments with retained earnings.

The payout ratios of the proxy group are shown in my FEA Exhibit 1.06. These dividend payout ratios and earnings retention ratios then can be used to develop a sustainable long-term earnings retention growth rate. A sustainable long-term earnings retention ratio will help gauge whether analysts' current three- to five-year growth rate projections can be sustained over an indefinite period of time.

The data used to estimate the long-term sustainable growth rate is based on DEU's current market-to-book ratio and on *Value Line*'s three- to five-year projections of earnings, dividends, earned returns on book equity, and stock issuances.

As shown in FEA Exhibit 1.07, the average sustainable growth rate for the proxy group using this internal growth rate model is 7.99%.

Q WHAT IS THE DCF ESTIMATE USING THESE SUSTAINABLE LONG-TERM GROWTH RATES?

A A DCF estimate based on these sustainable growth rates is developed in FEA Exhibit 1.08. As shown there, and using the same formula in Equation 2 above, a sustainable growth DCF analysis produces proxy group average and median DCF results for the 13-week period of 10.77% and 10.27%, respectively.

I am placing minimal emphasis on the results of this sustainable growth DCF analysis because a significant amount of the sustainable growth is produced by expected sales of additional shares over the next three to five years. As shown on my FEA Exhibit 1.07, the internal growth by reinvesting retained earnings is about 4.99%. However, after reflecting sales of additional shares, the sustainable growth rates are altered by approximately 220 basis points, or 2.2%. While this growth rate may be achieved over the relatively short run, this significant growth addition to sustain the internal growth (4.99%) caused by sales of additional shares is not sustainable.

III.D. Multi-Stage Growth DCF Model

Q HAVE YOU CONDUCTED ANY OTHER DCF STUDIES?

A Yes. My first constant growth DCF is based on consensus analysts' growth rate projections so it is a reasonable reflection of rational investment expectations over the next three to five years. The limitation on this constant

growth DCF model is that it cannot reflect a rational expectation that a period of high or low short-term growth can be followed by a change in growth to a rate that better reflects long-term sustainable growth. Hence, I performed a multi-stage growth DCF analysis to reflect this outlook of changing growth expectations.

Q WHY DO YOU BELIEVE GROWTH RATES CAN CHANGE OVER TIME?

A Analyst-projected growth rates over the next three to five years will change as utility earnings growth outlooks change. Utility companies go through cycles in making investments in their systems. When utility companies are making large investments, their rate base grows rapidly, which in turn accelerates earnings growth. Once a major construction cycle is completed or levels off, growth in the utility rate base slows and its earnings growth slows from an abnormally high three- to five-year rate to a lower sustainable growth rate.

As major construction cycles extend over longer periods of time, even with an accelerated construction program, the growth rate of the utility will slow simply because rate base growth will slow and the utility has limited human and capital resources available to expand its construction program. Therefore, the three- to five-year growth rate projection should be used as a long-term sustainable growth rate, but not without making a reasonable informed judgment to determine whether it considers the current market environment, the industry, and whether the three- to five-year growth outlook is sustainable.

Q PLEASE DESCRIBE YOUR MULTI-STAGE GROWTH DCF MODEL.

A The multi-stage growth DCF model reflects the possibility of non-constant growth for a company over time. The multi-stage growth DCF model reflects three growth periods: (1) a short-term growth period consisting of the first five years; (2) a transition period, consisting of the next five years (6 through 10); and (3) a long-term growth period starting in year 11 through perpetuity.

For the short-term growth period, I relied on the consensus analysts' growth projections described above in relationship to my constant growth DCF model. For the transition period, the growth rates were reduced or increased by an equal factor reflecting the difference between the analysts' growth rates and the long-term sustainable growth rate. For the long-term growth period, I assumed each company's growth would converge to the maximum sustainable long-term growth rate.

Q WHY IS THE GDP GROWTH PROJECTION A REASONABLE PROXY FOR THE MAXIMUM SUSTAINABLE LONG-TERM GROWTH RATE?

A Utilities cannot indefinitely sustain a growth rate that exceeds the growth rate of the economy in which they sell services. Utilities' earnings/dividend growth is created by increased utility investment or rate base. Such investment, in turn, is driven by service area economic growth and demand for utility service. In other words, utilities invest in plant to meet sales demand growth. Sales growth, in turn, is tied to economic growth in their service areas.

The U.S. Department of Energy, Energy Information Administration ("EIA") has observed utility sales growth tracks U.S. GDP growth, albeit at a lower level, as shown in FEA Exhibit 1.09. Utility sales growth has lagged behind GDP growth for more than a decade. As a result, nominal GDP growth is a very conservative proxy for utility sales growth, rate base growth, and earnings growth. Therefore, the U.S. GDP nominal growth rate is a conservative proxy for the highest sustainable long-term growth rate of a utility.

Q IS THERE RESEARCH THAT SUPPORTS YOUR POSITION THAT, OVER THE LONG TERM, A COMPANY'S EARNINGS AND DIVIDENDS CANNOT GROW AT A RATE GREATER THAN THE GROWTH OF THE U.S. GDP?

A Yes. This concept is supported in published analyst literature and academic work. Specifically, in a textbook titled "Fundamentals of Financial Management," published by Eugene Brigham and Joel F. Houston, the authors state as follows:

> The constant growth model is most appropriate for mature companies with a stable history of growth and stable future expectations. Expected growth rates vary somewhat among companies, but dividends for mature firms are often expected to grow in the future at about the same rate as nominal gross domestic product (real GDP plus inflation).[14]

[14] "*Fundamentals of Financial Management*," Eugene F. Brigham and Joel F. Houston, Eleventh Edition 2007, Thomson South-Western, a Division of Thomson Corporation at 298, (emphasis added).

The use of the economic growth rate is also supported by investment practitioners as outlined as follows:

> **Estimating Growth Rates**
>
> One of the advantages of a three-stage discounted cash flow model is that it fits with life cycle theories in regards to company growth. In these theories, companies are assumed to have a life cycle with varying growth characteristics. Typically, the potential for extraordinary growth in the near term eases over time and eventually growth slows to a more stable level.
>
> * * *
>
> Another approach to estimating long-term growth rates is to focus on estimating the overall economic growth rate. Again, this is the approach used in the *Ibbotson Cost of Capital Yearbook*. To obtain the economic growth rate, a forecast is made of the growth rate's component parts. Expected growth can be broken into two main parts: expected inflation and expected real growth. By analyzing these components separately, it is easier to see the factors that drive growth.[15]

Q ARE THERE ANY ACTUAL INVESTMENT RESULTS THAT SUPPORT THE NOTION THAT THE GROWTH ON STOCK INVESTMENTS WILL NOT EXCEED THE NOMINAL GROWTH OF THE U.S. GDP?

A Yes. This is evident by a comparison of the compound annual growth of the U.S. GDP to the geometric growth of the U.S. stock market. Morningstar measures the historical geometric growth of the U.S. stock market over the period 1926-2018 to be approximately 5.8%.[16] During this same time period,

[15] *Morningstar, Inc., Ibbotson SBBI 2013 Valuation Yearbook* at 51 and 52.
[16] *Duff & Phelps, 2019 SBBI Yearbook* at 6-17.

the U.S. nominal compound annual growth of the U.S. GDP was approximately 6.1%.[17]

As such, over the past 90 years, the geometric average growth of the U.S. nominal GDP has been higher but comparable to the geometric average growth of the U.S. stock market capital appreciation. This historical relationship indicates that the U.S. GDP growth outlook is a conservative estimate of the long-term sustainable growth of U.S. stock investments.

Q WHAT IS THE GEOMETRIC AVERAGE AND WHY IS IT APPROPRIATE TO USE THIS MEASURE TO COMPARE GDP GROWTH TO CAPITAL APPRECIATION IN THE STOCK MARKET?

A The terms geometric average growth rate and compound annual growth rate are used interchangeably. The geometric annual growth rate is the calculated growth rate, or return, that measures the magnitude of growth from start to finish. The geometric average is best, and most often, used as a measurement of performance or growth over a long period of time.[18] Because I am comparing achieved growth in the stock market to achieved growth in U.S. GDP over a long period of time, the geometric average growth rate is most appropriate.

[17]U.S. Bureau of Economic Analysis, April 26, 2019.
[18]*New Regulatory Finance*, Roger Morin, PhD, at 133-134.

Q HOW DID YOU DETERMINE A LONG-TERM GROWTH RATE THAT REFLECTS THE CURRENT CONSENSUS MARKET PARTICIPANT OUTLOOK?

A I relied on the economic consensus of long-term GDP growth projections. *Blue Chip Financial Forecasts* publishes the consensus for GDP growth projections twice a year. These GDP growth outlooks are the best available measure of the market's assessment of long-term GDP growth. These analyst projections reflect all current outlooks for GDP and are likely the most influential on investors' expectations of future growth outlooks. The consensus projections published GDP growth rate outlook is 4.10% over the next 10 years.[19]

Therefore, I propose to use the consensus for projected five- and ten-year average GDP growth rates of 4.1%, as published by *Blue Chip Financial Forecasts*, as an estimate of long-term sustainable growth. *Blue Chip Financial Forecasts* projections provide real GDP growth projections of approximately 2.0% and GDP inflation of 2.1%[20] over the five-year and ten-year projection periods, of 4.1% on the nominal projections. These GDP growth forecasts represent the most likely views of market participants because they are based on published economic consensus projections.

[19] *Blue Chip Financial Forecasts*, October 1, 2019, at 14.
[20] *Id.*

Q DO YOU CONSIDER OTHER SOURCES OF PROJECTED LONG-TERM GDP GROWTH?

A Yes, and these alternative sources corroborate the consensus analysts' projections I relied on. For example, consider the analysts' projections shown in Table 7 below.

TABLE 7

GDP Forecasts

Source	Term	Real GDP	Inflation	Nominal GDP
Blue Chip Financial Forecasts	5-10 Yrs	2.0%	2.1%	4.1%
EIA - Annual Energy Outlook	30 Yrs	1.8%	2.3%	4.2%
Congressional Budget Office	9 Yrs	1.9%	2.1%	3.9%
Moody's Analytics	28 Yrs	2.0%	1.9%	3.9%
Social Security Administration	50 Yrs			4.3%
The Economist Intelligence Unit	25 Yrs	1.9%	1.8%	3.8%

The EIA in its *Annual Energy Outlook* projects real GDP out until 2050. In its 2019 Annual Report, the EIA projects real GDP through 2050 to be 1.8% and a long-term GDP price inflation projection of 2.3%. The EIA data supports a long-term nominal GDP growth outlook of 4.2%.[21]

Also, the Congressional Budget Office ("CBO") makes long-term economic projections. The CBO is projecting real GDP growth to be 1.9% during the next nine years, with a GDP price inflation outlook of 2.1%. The CBO's nine-year outlook for nominal GDP based on this projection is 3.9%.[22]

[21]DOE/EIA Annual Energy Outlook 2018 With Projections to 2050, February 2019, Table Macroeconomic Indicators.

[22]*CBO: The Budget and Economic Outlook: 2019-2029*, January 2019.

Moody's Analytics also makes long-term economic projections. In its recent 25-year outlook to 2048, Moody's Analytics is projecting real GDP growth of 2.0% with GDP inflation of 1.9%.[23] Based on these projections, Moody's Analytics is projecting nominal GDP growth of 3.9% over the next 25 years.

The Social Security Administration ("SSA") makes long-term economic projections out to 2095. The SSA's nominal GDP projection, under its "intermediate cost" scenario of approximately 50 years, is 4.3%.[24]

The Economist Intelligence Unit, a division of The Economist and a third-party data provider to Market Intelligence, makes a long-term economic projection out to 2050. The Economist Intelligence Unit is projecting real GDP growth of 1.9% with an inflation rate of 1.8% out to 2050. The real GDP growth projection is in line with the consensus. The long-term nominal GDP projection based on these outlooks is approximately 3.8%.[25]

The real GDP and nominal GDP growth projections made by these independent sources support the use of the consensus for five-year and ten-year projected GDP growth outlooks as a reasonable estimate of market participants' long-term GDP growth.

[23] www.economy.com, *Moody's Analytics Forecast*, April 8, 2019.
[24] www.ssa.gov, "2019 OASDI Trustees Report," Table VI.G4.
[25] *S&P Global Market Intelligence, Economist Intelligence Unit*, downloaded on February 14, 2019.

Q WHAT STOCK PRICE, DIVIDEND, AND GROWTH RATES DID YOU USE IN YOUR MULTI-STAGE GROWTH DCF ANALYSIS?

A I relied on the same 13-week average stock prices and the most recent quarterly dividend payment data discussed above. For stage one growth, I used the consensus analysts' growth rate projections discussed above in my constant growth DCF model. The first stage covers the first five years, consistent with the time horizon of the securities analysts' growth rate projections. The second stage, or transition stage, begins in year 6 and extends through year 10. The second stage growth transitions the growth rate from the first stage to the third stage using a straight linear trend. For the third stage, or long-term sustainable growth stage, starting in year 11, I used a 4.10% long-term sustainable growth rate based on the consensus economists' long-term projected nominal GDP growth rate.

Q WHAT ARE THE RESULTS OF YOUR MULTI-STAGE GROWTH DCF MODEL?

A As shown in FEA Exhibit 1.10, the average and median DCF returns on equity for my proxy group using the 13-week average stock price are 7.07% and 7.09%, respectively.

Q PLEASE SUMMARIZE THE RESULTS FROM YOUR DCF ANALYSES.

A The results from my DCF analyses are summarized in Table 8 below:

TABLE 8

Summary of DCF Results

Description	Proxy Group Average	Proxy Group Median
Constant Growth DCF Model (Analysts' Growth)	8.47%	8.28%
Constant Growth DCF Model (Sustainable Growth)	10.77%	10.27%
Multi-Stage Growth DCF Model	7.07%	7.09%

Overall, I believe my DCF models support a return in the range of approximately 8.3% to 9.6%. I conclude that my DCF studies support a return on equity of 9.0%. My recommended point estimate for my DCF reflects consideration of both the constant growth DCF model with analysts' growth projections and also the range of constant growth using sustainable growth. My recommended point estimate is primarily based on my constant growth DCF estimates, but also considers the results of my other DCF models.

III.E. Risk Premium Model

Q PLEASE DESCRIBE YOUR BOND YIELD PLUS RISK PREMIUM MODEL.

A This model is based on the principle that investors require a higher return to assume greater risk. Common equity investments have greater risk than bonds because bonds have more security of payment in bankruptcy proceedings than common equity and the coupon payments on bonds represent contractual obligations. In contrast, companies are not required to pay dividends or guarantee returns on common equity investments.

Therefore, common equity securities are considered to be riskier than bond securities.

This risk premium model is based on two estimates of an equity risk premium. First, I quantify the difference between regulatory commission-authorized returns on common equity and contemporary U.S. Treasury bonds. The difference between the authorized return on common equity and the Treasury bond yield is the risk premium. I estimated the risk premium on an annual basis for each year since January 1986 through June 2019. The authorized returns on equity were based on regulatory commission-authorized returns for regulated utility companies. Authorized returns are typically based on expert witnesses' estimates of the investor-required return at the time of the proceeding.

The second equity risk premium estimate is based on the difference between regulatory commission-authorized returns on common equity and contemporary "A" rated utility bond yields by Moody's. I selected the period 1986 through June 2019 because public utility stocks consistently traded at a premium to book value during that period. This is illustrated in FEA Exhibit 1.11, which shows the market-to-book ratio since 1986 for the gas utility industry was consistently above a multiple of 1.0x. Over this period, an analyst can infer that authorized returns on equity were sufficient to support market prices that at least exceeded book value. This is an indication that commission authorized returns on common equity supported a utility's ability

to issue additional common stock without diluting existing shares. It further demonstrates utilities were able to access equity markets without a detrimental impact on current shareholders.

Based on this analysis, as shown in FEA Exhibit 1.12, the average indicated equity risk premium over U.S. Treasury bond yields has been 5.48%. Since the risk premium can vary depending upon market conditions and changing investor risk perceptions, I believe using an estimated range of risk premiums provides the best method to measure the current return on common equity for a risk premium methodology.

I incorporated five-year and ten-year rolling average risk premiums over the study period to gauge the variability over time of risk premiums. These rolling average risk premiums mitigate the impact of anomalous market conditions and skewed risk premiums over an entire business cycle. As shown on my FEA Exhibit 1.12, the five-year rolling average risk premium over Treasury bonds ranged from 4.17% to 6.75%, while the ten-year rolling average risk premium ranged from 4.30% to 6.53%.

As shown on my FEA Exhibit 1.13, the average indicated equity risk premium over contemporary “A” rated Moody’s utility bond yields was 4.12%. The five-year and ten-year rolling average risk premiums ranged from 2.80% to 5.54% and 3.11% to 5.38%, respectively.

Q DO YOU BELIEVE THAT THE TIME PERIOD USED TO DERIVE THESE EQUITY RISK PREMIUM ESTIMATES IS APPROPRIATE TO FORM ACCURATE CONCLUSIONS ABOUT CONTEMPORARY MARKET CONDITIONS?

A Yes. Contemporary market conditions could change dramatically during the period that rates determined in this proceeding will be in effect. A relatively long period of time where stock valuations reflect premiums to book value indicates that the authorized returns on equity and the corresponding equity risk premiums were supportive of investors' return expectations and provided utilities access to the equity markets under reasonable terms and conditions. Further, this time period is long enough to smooth abnormal market movement that might distort equity risk premiums. While market conditions and risk premiums do vary over time, this historical time period is a reasonable period to estimate contemporary risk premiums.

Alternatively, some studies, such as Duff & Phelps referred to later in this testimony, have recommended that use of "actual achieved investment return data" in a risk premium study should be based on long historical time periods. The studies find that achieved returns over short time periods may not reflect investors' expected returns due to unexpected and abnormal stock price performance. Short-term, abnormal actual returns would be smoothed over time and the achieved actual investment returns over long time periods would approximate investors' expected returns. Therefore, it is reasonable to

assume that averages of annual achieved returns over long time periods will generally converge on the investors' expected returns.

My risk premium study is based on data that inherently relied on investor expectations, not actual investment returns, and, thus, need not encompass a very long historical time period.

Q WHAT DOES CURRENT OBSERVABLE MARKET DATA SUGGEST ABOUT INVESTOR PERCEPTIONS OF UTILITY INVESTMENTS?

A The equity risk premium should reflect the relative market perception of risk in the utility industry today. I have gauged investor perceptions in utility risk today in FEA Exhibit 1.14, where I show the yield spread between utility bonds and Treasury bonds over the last 39 years. As shown in this exhibit, the average utility bond yield spreads over Treasury bonds for "A" and "Baa" rated utility bonds for this historical period are 1.49% and 1.93%, respectively. The utility bond yield spreads over Treasury bonds for "A" and "Baa" rated utilities for 2018 were 1.14% and 1.56%, respectively. Similarly, the "A" and "Baa" utility spreads through June 2019 are 1.21% and 1.71%, respectively. Both the current average "A" rated and "Baa" rated utility bond yield spreads over Treasury bond yields are lower than the respective 39-year average spreads.

A current 13-week average "A" rated utility bond yield of 3.46% when compared to the current Treasury bond yield of 2.28%, as shown in FEA Exhibit 1.15, implies a yield spread of 118 basis points. This current utility

bond yield spread is lower than the 39-year average spread for "A" rated utility bonds of 1.49%. The current spread for the "Baa" rated utility bond yield of 1.54% is also lower than the 39-year average spread of 1.93%.

These utility bond yield spreads are evidence that the market perceives utility investment risk as relatively low compared to historical valuations and corporate security valuations. This relative valuation and pricing demonstrate that utilities continue to have strong access to capital and at low costs in the current market.

Q IS THERE MARKET EVIDENCE TO HELP GAUGE MARKET RISK PREMIUMS BASED ON OBSERVABLE MARKET EVIDENCE?

A Yes. Market data does illustrate how the market is pricing investment risk, and gauging the current demands for returns based on securities of varying levels of investment risk. This market evidence includes bond yield spreads for different bond return ratings as implied by the yield spreads for Treasury, corporate and utility bonds. These spreads provide an indication of the market's return requirement for securities of different levels of investment risk and required risk premiums.

Table 9 below shows the utility and corporate bond spreads relative to Treasury bond yields.

TABLE 9

Comparison of Yield Spreads Over Treasury Bonds

	Utility		Corporate	
Description	**A**	**Baa**	**Aaa**	**Baa**
Average Historical Spread	1.49%	1.93%	0.84%	1.93%
2017 Spread	1.10%	1.48%	0.85%	1.55%
2018 Spread	1.14%	1.56%	0.82%	1.69%
2019 Spread	1.21%	1.71%	0.82%	1.89%

Source: FEA Exhibit 1.14.

As shown above in Table 9, the average historical bond yield spread over the period 1980-June 2019 shows a fairly divergent spread for utilities relative to corporate bonds. Specifically, the average historical utility bond yield spread is greater than the current yield spread based on 2017-2019 data. This is an indication that the market is placing a higher value on utility securities currently, and indicating a preference for lower-risk investment securities. Specifically, the 39-year average yield spread for A-rated utilities of 1.49% is greater than the average spread through June 2019 of 1.21%. Again, this indicates the market is paying a premium for a lower-risk utility security now compared to the past. This phenomenon is also evident in spreads for general corporate securities. An Aaa-rated corporate bond 39-year average spread is 0.84%, which is comparable to the average spread

in 2017 and slightly higher than the 2018 and 2019 spreads of 0.82%. For higher-risk bonds, utility Baa and corporate bonds reflect reasonably consistent yield spreads, suggesting that these higher-risk utility and corporate bond securities are not receiving the same premium valuation as are the lower-risk A-rated and Aaa-rated utility and corporate bond securities.

A relatively low yield for utility and corporate bonds is also reflected in outlooks of real returns on these bond yields compared to the past. Over the period 1926-2018, long-term corporate bond yields have earned around 5.9%, compared to inflation of around 3.0%.[26] This implies a historical real return on long-term corporate bonds of around 2.9%. In 2017-2019, long-term corporate bonds rated Aaa averaged around 3.80%. At that time, future inflation outlooks over the long term were expected to be around 2.0% which implies a current real return outlook on long-term corporate bonds of only 1.80%. Again, this indicates that bond yields are being priced at a premium by the market participants.

This information supports the finding that higher-risk securities are being valued to produce higher-risk spreads relative to low-risk securities in the current marketplace. As such, I believe this information supports using an above-average risk premium in the current marketplace. For these reasons, I believe an above-average risk premium is supported by observable market evidence in this proceeding.

[26] *Duff & Phelps 2019 SBBI Yearbook* at 6-17.

Q WHAT IS YOUR RECOMMENDED RETURN FOR DEU BASED ON YOUR RISK PREMIUM STUDY?

A I am recommending that more weight be given to the high-end risk premium estimates than the low-end. Hence, I propose to provide 75% weight to my high-end risk premium estimates and 25% to the low-end. Applying these weights, the risk premium for Treasury bond yields would be approximately 6.1%,[27] which is considerably higher than the 33-year average risk premium of 5.48%. A Treasury bond risk premium of 6.1% and projected Treasury bond yield of 2.5% produce a cost of equity estimate of 8.60%.

Similarly, applying these weights to the utility risk premium indicates a risk premium of 4.90%.[28] This risk premium is above the 33-year historical average risk premium of 4.12%. Adding this risk premium to the current observable Baa utility bond yield of 3.82% produces an estimated return on equity of approximately 8.70%.

Based on this methodology, my Treasury bond risk premium and my utility bond risk premium indicate a return in the range of 8.60% to 8.70%. I conclude that my risk premium studies support a return on equity of 8.70%.

[27](4.17% * 25%) + (6.75% * 75%) = 6.1%.
[28](2.80% * 25%) + (5.54% * 75%) = 4.9%.

III.F. Capital Asset Pricing Model ("CAPM")

Q PLEASE DESCRIBE THE CAPM.

A The CAPM method of analysis is based upon the theory that the market-required rate of return for a security is equal to the risk-free rate, plus a risk premium associated with the specific security. This relationship between risk and return can be expressed mathematically as follows:

$R_i = R_f + B_i \times (R_m - R_f)$ where:

R_i = Required return for stock i

R_f = Risk-free rate

R_m = Expected return for the market portfolio

B_i = Beta - Measure of the risk for stock

The stock-specific risk term in the above equation is beta. Beta represents the investment risk that cannot be diversified away when the security is held in a diversified portfolio. When stocks are held in a diversified portfolio, stock-specific risks can be eliminated by balancing the portfolio with securities that react in the opposite direction to firm-specific risk factors (e.g., business cycle, competition, product mix, and production limitations).

The risks that cannot be eliminated when held in a diversified portfolio are non-diversifiable risks. Non-diversifiable risks are related to the market in general and referred to as systematic risks. Risks that can be eliminated by diversification are non-systematic risks. In a broad sense, systematic risks are market risks and non-systematic risks are business risks. The CAPM theory

suggests the market will not compensate investors for assuming risks that can be diversified away. Therefore, the only risk investors will be compensated for are systematic, or non-diversifiable, risks. The beta is a measure of the systematic, or non-diversifiable risks.

Q PLEASE DESCRIBE THE INPUTS TO YOUR CAPM.

A The CAPM requires an estimate of the market risk-free rate, DEU's beta, and the market risk premium.

Q WHAT DID YOU USE AS AN ESTIMATE OF THE MARKET RISK-FREE RATE?

A As previously noted, *Blue Chip Financial Forecasts*' projected 30-year Treasury bond yield is 2.5%.[29] The current 30-year Treasury bond yield is 2.28%, as shown in FEA Exhibit 1.15. I used *Blue Chip Financial Forecasts*' projected 30-year Treasury bond yield of 2.5% for my CAPM analysis.

Q WHY DID YOU USE LONG-TERM TREASURY BOND YIELDS AS AN ESTIMATE OF THE RISK-FREE RATE?

A Treasury securities are backed by the full faith and credit of the United States government so long-term Treasury bonds are considered to have negligible credit risk. Also, long-term Treasury bonds have an investment horizon similar

[29] *Blue Chip Financial Forecasts*, October 1, 2019 at 2.

to that of common stock. As a result, investor-anticipated long-run inflation expectations are reflected in both common stock required returns and long-term bond yields. Therefore, the nominal risk-free rate (or expected inflation rate and real risk-free rate) included in a long-term bond yield is a reasonable estimate of the nominal risk-free rate included in common stock returns.

Treasury bond yields, however, do include risk premiums related to unanticipated future inflation and interest rates. As such, in this regard, a Treasury bond yield is not a perfect risk-free rate, but I believe it to be the best market proxy available. Risk premiums related to unanticipated inflation and interest rates reflect systematic market risks. Consequently, for companies with betas less than 1.0, using the Treasury bond yield as a proxy for the risk-free rate in the CAPM analysis can produce an overstated estimate of the CAPM return.

Q WHAT BETA DID YOU USE IN YOUR ANALYSIS?

A As shown on my FEA Exhibit 1.16, the average beta of my proxy group is 0.67. This means that my proxy group is less risky than the market as a whole. On page 2 of FEA Exhibit 1.16, I review the long-term trend of *Value Line* betas reported for the proxy groups companies. As shown on that page, the proxy group's betas generally range between 0.67 and 0.80, or average of about 0.73. Thus, the current beta of around 0.67 represents a recent downward trend in utility stock betas, which I believe is mostly attributable to

the market's continued premium paid for low-risk securities. As the market declined over the last several months, utility stock prices remained quite robust. This suggests the market continues to recognize utility investments as safe haven investments and pays premiums for these securities during times of economic uncertainty. However, this increased demand for low-risk securities has artificially lowered the beta estimate for utility stocks because the demand for these securities has increased relative to general market demands. Therefore, I do not believe this recent market flight to quality accurately supports a beta estimate for the utility below the historical average of around 0.73. For this reason, I will use the long-term average utility beta in my CAPM analysis of approximately 0.73.

Q HOW DID YOU DERIVE YOUR MARKET RISK PREMIUM ESTIMATE?

A I derived two market risk premium estimates: a forward-looking estimate and one based on a long-term historical average.

The forward-looking estimate was derived by estimating the expected return on the market (as represented by the S&P 500) and subtracting the risk-free rate from this estimate. I estimated the expected return on the S&P 500 by adding an expected inflation rate to the long-term historical arithmetic average real return on the market. The real return on the market represents the achieved return above the rate of inflation.

Duff & Phelps' *2019 SBBI Yearbook* estimates the historical arithmetic average real market return over the period 1926 to 2018 to be 8.8%.[30] A current consensus for projected inflation, as measured by the Consumer Price Index, is 2.0%.[31] Using these estimates, the expected market return is 10.98%.[32] The market risk premium then is the difference between the 10.98% expected market return and my 2.5% risk-free rate estimate, or 8.5%.

My historical estimate of the market risk premium was also calculated by using data provided by Duff & Phelps in its *2019 SBBI Yearbook*. Over the period 1926 through 2018, the Duff & Phelps study estimated that the arithmetic average of the achieved total return on the S&P 500 was 11.9%[33] and the total return on long-term Treasury bonds was 5.9%.[34] The indicated market risk premium is 6.0% (11.9% - 5.9% = 6.0%).

The long-term government bond yield of 5.9% occurred during a period of inflation of approximately 3.0%, thus implying a real return on long-term government bonds of 2.9%.

Q HOW DID DUFF & PHELPS ESTIMATE MARKET RISK PREMIUMS?

A Duff & Phelps makes several estimates of a forward-looking market risk premium based on actual achieved data from the historical period of 1926 through 2018 as well as normalized data. Using this data, Duff & Phelps

[30] Duff & Phelps, *2019 SBBI Yearbook at 6-18.*
[31] *Blue Chip Financial Forecasts*, October 1, 2019 at 2.
[32] { (1 + 0.088) ∗ (1 + 0.020) – 1 } ∗ 100.
[33] Duff & Phelps, *2019 Yearbook at 6-17*.
[34] *Id.*

estimates a market risk premium derived from the total return on the securities that comprise the S&P 500, less the income return on Treasury bonds. The total return includes capital appreciation, dividend or coupon reinvestment returns, and annual yields received from coupons and/or dividend payments. The income return, in contrast, only reflects the income return received from dividend payments or coupon yields.

Duff & Phelps' range is based on several methodologies. First, Duff & Phelps estimates a market risk premium of 6.91% based on the difference between the total market return on common stocks (S&P 500) less the income return on 20-year Treasury bond investments over the 1926-2018 period.[35]

Second, Duff & Phelps used the Ibbotson & Chen supply-side model which produced a market risk premium estimate of 6.14%.[36]

Duff & Phelps explains that the historical market risk premium based on the S&P 500 was influenced by an abnormal expansion to the P/E ratios relative to earnings and dividend growth during the period, primarily over the last 30 years. Duff & Phelps believes this abnormal P/E expansion is not sustainable. In order to control for the volatility of extraordinary events and their impacts on P/E ratios, Duff & Phelps takes into consideration the three-year average P/E ratio as the current P/E ratio.[37] Therefore, Duff &

[35] *Duff & Phelps 2019 Valuation Handbook* at 3-44.
[36] *Id.* at 3-45 to 3-46.
[37] *Id*. at 3-43.

Phelps adjusted this market risk premium estimate to normalize the growth in the P/E ratio to be more in line with the growth in dividends and earnings.

Finally, Duff & Phelps develops its own recommended equity, or market risk premium by employing an analysis that takes into consideration a wide range of economic information, multiple risk premium estimation methodologies, and the current state of the economy by observing measures such as the level of stock indices and corporate spreads as indicators of perceived risk. Based on this methodology, and utilizing a "normalized" risk-free rate of 3.5%, Duff & Phelps concludes the current expected, or forward-looking, market risk premium is 5.5%, implying an expected return on the market of 9.0%.[38]

Importantly, Duff & Phelps' market risk premiums are measured over a 20-year Treasury bond. Because I am relying on a projected 30-year Treasury bond yield, the results of my CAPM analysis should be considered conservative estimates for the cost of equity.

Q HOW DOES YOUR ESTIMATED MARKET RISK PREMIUM RANGE COMPARE TO THAT ESTIMATED BY DUFF & PHELPS?

A The Duff & Phelps analyses indicate a market risk premium falls somewhere in the range of 5.5% to 6.9%. My market risk premium falls in the range of 6.0%

[38] *Id*. at 3-1.

to 8.5%. My average market risk premium of approximately 7.25% is slightly above the high end of the Duff & Phelps range.

Q WHAT ARE THE RESULTS OF YOUR CAPM ANALYSIS?

A As shown in FEA Exhibit 1.17, based on my low market risk premium of 6.0% and my high market risk premium of 8.5%, a risk-free rate of 2.5%, and a historical average utility beta of 0.73, my CAPM analysis produces a return in the range of 6.90% to 8.73%. Based on my assessment of risk premiums in the market, as discussed above, I will place primary reliance on my high-end CAPM return estimates. This produces a recommended CAPM return estimate of 8.7%. This high-end CAPM return estimate is based on a projected Treasury bond yield of 2.5% as a risk-free rate, a historical utility beta of 0.73, and a projected market risk premium of 8.5%.

III.G. Return on Equity Summary

Q BASED ON THE RESULTS OF YOUR RETURN ON COMMON EQUITY ANALYSES DESCRIBED ABOVE, WHAT RETURN ON COMMON EQUITY DO YOU RECOMMEND FOR DEU?

A Based on my analyses, I estimate DEU's current market cost of equity to be 9.0%.

TABLE 10

Return on Common Equity Summary

Description	Results
DCF	9.00%
Risk Premium	8.70%
CAPM	8.70%

My return on equity estimates reflect observable market evidence, the impact of Federal Reserve policies on current and expected long-term capital market costs, an assessment of the current risk premium built into current market securities, and a general assessment of the current investment risk characteristics of the regulated utility industry and the market's demand for utility securities. I emphasize that my recommended point estimate of 9.0% is supported by my DCF, and shown to be reasonable by my CAPM estimate and risk premium studies.

III.H. Financial Integrity

Q WILL YOUR RECOMMENDED OVERALL RATE OF RETURN SUPPORT AN INVESTMENT GRADE BOND RATING FOR DEU?

A Yes. I have reached this conclusion by comparing the key credit rating financial ratios for DEU at my proposed return on equity to S&P's benchmark financial ratios using S&P's new credit metric ranges.

Q PLEASE DESCRIBE THE MOST RECENT S&P FINANCIAL RATIO CREDIT METRIC METHODOLOGY.

A S&P publishes a matrix of financial ratios corresponding to its assessment of the business risk of utility companies and related bond ratings. On May 27, 2009, S&P expanded its matrix criteria by including additional business and financial risk categories.[39]

Based on S&P's most recent credit matrix, the business risk profile categories are "Excellent," "Strong," "Satisfactory," "Fair," "Weak," and "Vulnerable." Most utilities have a business risk profile of "Excellent" or "Strong."

The financial risk profile categories are "Minimal," "Modest," "Intermediate," "Significant," "Aggressive," and "Highly Leveraged." Most of the utilities have a financial risk profile of "Aggressive." DEU has an "Excellent" business risk profile and a "Significant" financial risk profile.

Q PLEASE DESCRIBE S&P'S USE OF THE FINANCIAL BENCHMARK RATIOS IN ITS CREDIT RATING REVIEW.

A S&P evaluates a utility's credit rating based on an assessment of its financial and business risks. A combination of financial and business risks equates to the overall assessment of DEU's total credit risk exposure. On November 19, 2013, S&P updated its methodology. In its update, S&P published a matrix of

[39]S&P updated its 2008 credit metric guidelines in 2009, and incorporated utility metric benchmarks with the general corporate rating metrics. *Standard & Poor's RatingsDirect*: "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," May 27, 2009.

financial ratios that defines the level of financial risk as a function of the level of business risk.

S&P publishes ranges for primary financial ratios that it uses as guidance in its credit review for utility companies. The two core financial ratio benchmarks it relies on in its credit rating process include: (1) Debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"); and (2) Funds From Operations ("FFO") to Total Debt.[40]

Q HOW DID YOU APPLY S&P'S FINANCIAL RATIOS TO TEST THE REASONABLENESS OF YOUR RATE OF RETURN RECOMMENDATIONS?

A I calculated each of S&P's financial ratios based on DEU's cost of service for its retail operations in its Utah service territory. While S&P would normally look at total consolidated DEU financial ratios in its credit review process, my investigation in this proceeding is not the same as S&P's. I am attempting to judge the reasonableness of my proposed cost of capital for rate-setting in DEU's retail regulated utility operations. Hence, I am attempting to determine whether my proposed rate of return will in turn support cash flow metrics, balance sheet strength, and earnings that will support an investment grade bond rating and DEU's financial integrity.

[40] *Standard & Poor's RatingsDirect*: "Criteria: Corporate Methodology," November 19, 2013.

Q PLEASE DESCRIBE THE RESULTS OF THIS CREDIT METRIC ANALYSIS AS IT RELATES TO DEU'S RETAIL OPERATIONS.

A The S&P financial metric calculations for DEU at a 9.0% return are developed on FEA Exhibit 1.18, page 1. The credit metrics produced below, with DEU's financial risk profile from S&P of "Significant" and business risk profile of "Excellent," will be used to assess the strength of the credit metrics based on DEU's retail operations in the state of Utah.

I estimated DEU's total adjusted debt leverage using my proposed ratemaking capital structure weights applied to its jurisdictional rate base in this proceeding. I added to these debt and equity balances an amount of short-term debt balance equal to the amount of $90.57 million construction work in progress the Company removed from rate base in this proceeding on Mr. Stephenson's DEU Exhibit 3.02. With this adjustment, DEU's adjusted debt ratio increases from its ratemaking debt ratio of 48%, up to 50% based on total capitalization (that is, both common equity, long-term debt, and short-term debt).

Based on an equity return of 9.0%, DEU will be provided an opportunity to produce a Debt to EBITDA ratio of 4.1x. This is within S&P's guideline range of 4.0x to 5.0x[41] within the "Aggressive" financial risk category, but will support DEU's BBB+ credit rating based on S&P's reported business risk

[41] *Id.*

profile score of "Excellent" for DEU, which indicates a rating between BBB and A-.

DEU's retail operations FFO to total debt coverage at a 9.0% equity return is 17%, which is within S&P's "Significant" metric guideline range of 13% to 23%. This metric would support DEU's BBB+ bond rating based on its "Excellent" business rating.

Q DOES THIS FINANCIAL INTEGRITY ASSESSMENT SUPPORT YOUR RECOMMENDED OVERALL RATE OF RETURN FOR DEU?

A Yes. As noted above, I believe my return on equity represents fair compensation in today's very low capital market costs, and as outlined above, my overall rate of return will provide DEU an opportunity to earn credit metrics that will support its strong BBB+ bond rating.

IV. RESPONSE TO DEU WITNESS ROBERT HEVERT

Q WHAT RETURN ON COMMON EQUITY IS DEU PROPOSING FOR THIS PROCEEDING?

A Mr. Hevert is recommending a return on equity of 10.50% based on his market-based model results that fall in the range of 9.90% to 10.75%. His recommended return on equity is based on: (1) a constant growth DCF analysis, (2) a traditional CAPM, (3) the empirical CAPM ("ECAPM"), and (4) a Bond Yield Plus Risk Premium methodology. Mr. Hevert also performs an

Expected Earnings analysis which he uses to place his recommendation within his proposed return on equity range.[42] The results of Mr. Hevert's equity return studies are summarized in Table 11 below.

TABLE 11

Hevert's Return on Equity Estimates

Description	Mean[1] (1)	Adjusted (2)
Constant Growth DCF		
30-Day Average	9.66%	8.59%
90-Day Average	9.73%	8.66%
180-Day Average	9.75%	8.69%
CAPM Results (Bloomberg Beta)		
Current 30-Yr Treasury (BL - 2.92%)	8.94%	7.79%
Current 30-Yr Treasury (*VL* – 2.92%)	9.80%	7.79%
Near-Term Projected 30-Yr Treasury (BL – 3.08%)	9.10%	7.95%
Near-Term Projected 30-Yr Treasury (VL – 3.08%)	9.97%	7.95%
CAPM Results (*Value Line* Beta)		
Current 30-Yr Treasury (BL – 2.92%)	10.14%	8.76%
Current 30-Yr Treasury (*VL* – 2.92%)	11.18%	8.76%
Near-Term Projected 30-Yr Treasury (BL – 3.08%)	10.31%	8.93%
Near-Term Projected 30-Yr Treasury (VL – 3.08%)	11.35%	8.93%
ECAPM Results (*Bloomberg* Beta)	10.06%-11.25%	Reject
ECAPM Results (*Value Line* Beta)	10.96%-12.28%	Reject
Range	9.90% to 10.75%	
Recommended ROE	10.50%	9.00%

Source: [1]Hevert Direct at 5-6; Table 2

[42]Hevert Direct at 6-7.

Q ARE MR. HEVERT'S RETURN ON EQUITY ESTIMATES REASONABLE?

A No. Mr. Hevert's estimated return on equity is overstated and should be rejected. Mr. Hevert's analyses produce excessive results for various reasons, including the following:

1. His constant growth DCF results are based on unsustainably high growth rates;
2. His CAPM is based on inflated market risk premiums;
3. His ECAPM is based on a flawed methodology; and
4. His Bond Yield Plus Risk Premium studies are based on inflated utility equity risk premiums.

Mr. Hevert also developed an Expected Earnings analysis as a gauge to help formulate his recommended return on equity and point estimate; however, he does not appear to have considered this analysis within his market-based models. Finally, Mr. Hevert also estimated a flotation cost return on equity adder of 9 basis points, but again he did not include this directly in his DCF, CAPM and Risk Premium results. Rather, he used it to attempt to gauge where his recommended return on equity would be within his market-based model return estimates. Hence, while it was not an explicit adder, it clearly appears to be included in his recommended return on equity.

Q PLEASE SUMMARIZE MR. HEVERT'S RETURN ON EQUITY ESTIMATES.

A As outlined in Table 11 above, Mr. Hevert's indicated cost of equity ranges from 8.9% up to above 11%. However, Mr. Hevert's estimated return on equity ignores relevant market data that would support a more reasonable

return on equity, or includes unrealistic projections of expected market returns, and thereby overstates appropriate returns for companies with risk beneath that of the overall market. As shown in Table 11 above under Column 2, I make adjustments to Mr. Hevert's recommendations or reject his models outright if it is not possible to produce an accurate estimate from those models. Based on these updates and corrections to Mr. Hevert's analysis, his methodologies would support my recommended return on equity of 9.0% as reasonable.

As noted in Table 11 above, certain of Mr. Hevert's estimates are reasonable, while others require modification, and finally, certain adjustments should be rejected outright. Corrections and improvements to the accuracy of Mr. Hevert's return on equity estimates will be described here.

IV.A. Hevert DCF

IV.A.1. Hevert Constant Growth DCF

Q PLEASE DESCRIBE MR. HEVERT'S CONSTANT GROWTH DCF RETURN ESTIMATES.

A His constant growth DCF returns are developed on his DEU Exhibit 2.01. Mr. Hevert's constant growth DCF models are based on consensus growth rates published by Zacks and First Call, retention growth rates and individual growth rate projections made by *Value Line*.

He relied on dividend yield calculations based on average stock prices over three different time periods: 30-day, 90-day, and 180-day ending May 17, 2019 – all reflecting one-half year dividend growth adjustments.

Q ARE THE CONSTANT GROWTH DCF RESULTS PRODUCED BY MR. HEVERT REASONABLE?

A Mr. Hevert's constant growth DCF results are skewed because the *Value Line* individual growth rates, and the retention growth rates of 9.63% and 7.25% are significantly higher than a reasonable outlook for long-term sustainable growth. The consensus analysts' growth rates by First Call and Zacks are far more reasonable long-term growth projections. As shown on my FEA Exhibit 1.19, using Mr. Hevert's market data and his consensus analysts' growth projections would support a DCF return of no higher than 8.7%.

IV.A.2. Hevert Multi-Stage Growth DCF

Q DID MR. HEVERT PERFORM A MULTI-STAGE GROWTH DCF ANALYSIS?

A No, he did not. It has been Mr. Hevert's standard practice to perform a multi-stage DCF analysis but in this regulatory proceeding he deviated from his standard approach.

Q DID MR. HEVERT PROVIDE ANY EXPLANATION ON WHY HE CHOSE NOT TO DEVELOP A MULTI-STAGE DCF?

A Not in his testimony.

Q DO YOU BELIEVE THAT A MULTI-STAGE DCF MODEL IS APPROPRIATE TO CONSIDER IN THIS REGULATORY PROCEEDING?

A Yes, I do. As discussed in regard to my own DCF study, the current growth rates are significantly higher than the long-term sustainable growth as measured by the consensus analysts' GDP growth rate. Therefore, using the long-term GDP growth rate as a conservative projection for the maximum sustainable growth rate is logical, and is generally consistent with academic and economic practitioner accepted practices as discussed above.

IV.B. Mr. Hevert's CAPM Studies

Q PLEASE DESCRIBE MR. HEVERT'S CAPM ANALYSIS.

A As indicated above, the CAPM analysis is based upon the theory that the market required rate of return for a security is equal to the risk-free rate, plus a risk premium associated with the specific security. The risk premium associated with the specific security is expressed mathematically as:

Bi x (Rm - Rf) where:

Bi = Beta - Measure of the risk for stock
Rm = Expected return for the market portfolio
Rf = Risk-free rate

Q PLEASE DESCRIBE THE ISSUES YOU HAVE WITH MR. HEVERT'S CAPM STUDY.

A My primary issue with Mr. Hevert's CAPM studies is that his market risk premiums are overstated because they do not reflect a reasonable estimate of the expected return on the market.

Q PLEASE DESCRIBE MR. HEVERT'S MARKET RISK PREMIUMS.

A Mr. Hevert derived his market risk premiums by conducting a DCF analysis for the market. Mr. Hevert used two market risk premium estimates. They are DCF-derived market risk premiums of 10.51% (Bloomberg) and 12.02% (*Value Line*), which are based on market DCF returns of 13.42% and 14.93%, respectively, less the current 30-year Treasury bond yield of 2.92%.[43]

Q WHAT ISSUES DO YOU HAVE WITH MR. HEVERT'S DCF-DERIVED MARKET RISK PREMIUM ESTIMATES?

A Mr. Hevert's DCF-derived market risk premiums are based on market returns of approximately 13.42% and 14.93%, which consist of growth rate components of approximately 11.42% and 12.69% and a market-weighted expected dividend yield of approximately 2.00% and 2.24%, respectively.[44] As discussed above with respect to my own DCF model, the DCF model requires a long-term sustainable growth rate. Mr. Hevert's sustainable market growth

[43]DEU Exhibit 2.03, page 1 and page 8.
[44]*Id*. (13.42% = 11.42% + 2.00% and 14.93% = 12.69% + 2.24%).

rates of approximately 11.42% and 12.69% are far too high to be a rational outlook for sustainable long-term market growth. These growth rates are more than two times the growth rate of the U.S. GDP long-term growth outlook of 4.10%.

As a result of these unreasonable long-term market growth rate estimates, Mr. Hevert's market DCF returns used within his CAPM analysis are inflated and not reliable. Consequently, Mr. Hevert's 10.51% (Bloomberg) and 12.02% (*Value Line*) market risk premiums should be given minimal weight in estimating DEU's CAPM-based cost of common equity.

Q DO HISTORICAL ACTUAL RETURNS ON THE MARKET SUPPORT MR. HEVERT'S PROJECTED MARKET RETURNS?

A No. This is significant because Mr. Hevert does rely on historical market returns to produce real returns on the market for use in developing his GDP growth forecast in his DCF study. Using the same line of logic, historical data shows just how unreasonable Mr. Hevert's projected DCF return on the market is going forward.

Q PLEASE EXPLAIN.

A Duff & Phelps estimates the actual capital appreciation for the S&P 500 over the period 1926 through 2018 to have been 5.8% to 7.7%.[45] This compares to Mr. Hevert's projected growth of the market of 11.42% to 12.69%.

Further, historically the geometric growth of the market of 5.8%[46] has reflected geometric growth of GDP over this same time period of approximately 6.1%.

This review of historical data establishes two facts very clearly. First, historical, actual achieved growth has been substantially less than projected by Mr. Hevert. Second, historical growth of the market has tracked historical growth of the U.S. GDP. Projected growth of the U.S. GDP now is closer to the 4.0% to 4.5% range. All of this information strongly supports the conclusion that Mr. Hevert's projected growth on the market of 11.42% to 12.69% is substantially overstated. While I do not endorse the use of an historical growth rate to draw assessments of the market's forward-looking growth rate outlooks, this data can be used to show how the market return estimates produced by Mr. Hevert are unreasonable and inflated.

[45]Duff & Phelps, *2019 SBBI Yearbook* at 6-17.
[46]*Id*.

Q CAN MR. HEVERT'S CAPM ANALYSIS BE REVISED TO REFLECT A MORE REASONABLE MARKET RISK PREMIUM AND RECENT RISK-FREE RATES?

A Yes. Using Mr. Hevert's risk-free rates of 2.92% and 3.08%, the average Bloomberg and *Value Line* beta estimates of 0.573 and 0.688,[47] respectively, and my calculated high-end market risk premium of 8.5%, Mr. Hevert's CAPM would be no higher than 9.0%.

IV.C. Mr. Hevert's ECAPM Studies

Q PLEASE DESCRIBE MR. HEVERT'S ECAPM ANALYSIS.

A Mr. Hevert relies on empirical tests of the traditional CAPM model to modify it in such a way to attempt to *correct* the original CAPM for some deficiencies inherent in the original model. Empirical tests show that the expected return line, or security market line, predicted by the CAPM are not as steep as the model would have us believe. In other words, the traditional CAPM understates the expected return for securities with betas less than 1, and overstates the expected return for securities with betas greater than 1. In order to correct for this empirical finding, Mr. Hevert modifies the traditional CAPM model as follows:

[47]DEU Exhibit 2.04.

$R_i = R_f + 0.75 \times B_i \times (R_m - R_f) + 0.25 \times B_m \times (R_m - R_f)$ where:

R_i = Required return for stock i
R_f = Risk-free rate
R_m = Expected return for the market portfolio
B_m = Beta of the market
B_i = Beta - Measure of the risk for stock

Q WHAT ISSUES DO YOU TAKE WITH MR. HEVERT'S ECAPM ANALYSIS?

A The biggest issue I have with Mr. Hevert's ECAPM analysis is his use of an adjusted beta as published by *Value Line*. The impact of Mr. Hevert's ECAPM adjustments increases his adjusted beta estimate of 0.573 from Bloomberg and 0.688 from *Value Line* to 0.68 and 0.69, respectively.[48] The weighting adjustments applied in the ECAPM are mathematically the same as adjusting beta since the inputs are all multiplicative as shown in the formula above.

Further, Mr. Hevert's reliance on an adjusted *Value Line* beta in his ECAPM study is inconsistent with the academic research that I am aware of supporting the development of the ECAPM.[49] The end result of using adjusted betas in the ECAPM is essentially an expected return line that has been flattened by two adjustments. In other words, the vertical intercept has been raised twice and the security market line has been flattened twice: once through the adjustments *Value Line* made to the raw beta, and again by weighting the risk-adjusted market risk premium as Mr. Hevert has done. In

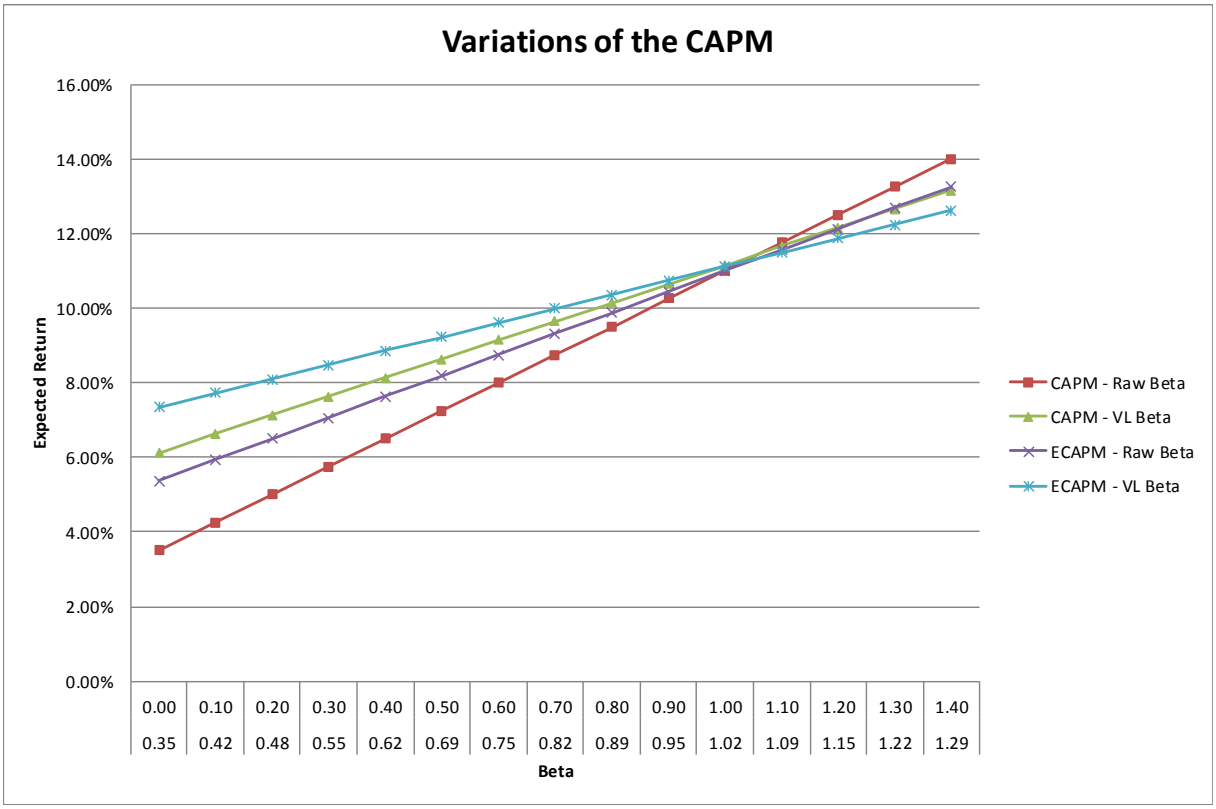
[48]75% x 0.573 + 25% x 1 = 0.68 (Bloomberg) and 75% x 0.688 + 25% x 1 = 0.77 (Value Line).

[49]See Black, Fischer, "Beta and Return," *The Journal of Portfolio Management,* Fall 1993, 8-18; and Black, Fischer, Michael C. Jensen and Myron Scholes, "The Capital Asset Pricing Model: Some Empirical Tests," 1972.

addition to the many adjustments employed by Mr. Hevert, he further increases the intercept and flattens the security market line by using projected long-term Treasury yields that are at odds with current market expectations and inconsistent with the Federal Reserve's projections and monetary policy.

Mr. Hevert goes over the theory of the ECAPM at pages 63-65 of Appendix A in his direct testimony. As explained in the footnotes on page 64 of Mr. Hevert's direct testimony, the ECAPM will raise the intercept point of the security market line and flatten the slope. Again, this has the effect of increasing CAPM return estimates for companies with betas less than 1, and decreasing the CAPM return estimates for companies with betas greater than 1. I have modeled the expected return line resulting from the application of the various forms of the CAPM/ECAPM below in Figure 5.

FIGURE 5



Along the horizontal axis in Figure 5 above, I have provided the raw unadjusted beta (top row) and the corresponding adjusted *Value Line* beta (bottom row). *As* shown in Figure 5 above, the CAPM using a *Value Line* beta compared to the CAPM using an unadjusted beta shows that the *Value Line* beta raises the intercept point and flattens the slope of the security market line. As shown in the figure above, the two variations with the most similar slope are the CAPM with the *Value Line* beta, and the ECAPM with a raw beta. This evidence shows that the ECAPM adjustment has a very similar impact on the expected return line as a *Value Line* beta. Another observation that can be made from the figure above is the magnifying effect that the

ECAPM using a *Value Line* beta has on raising the vertical intercept and flattening the slope relative to all other variations. There is simply no legitimate basis to use an adjusted beta within an ECAPM because it unjustifiably alters the security market line and materially inflates a CAPM return for a company with a beta less than 1.

Q IN YOUR EXPERIENCE, IS MR. HEVERT'S PROPOSED USE OF AN ADJUSTED BETA IN AN ECAPM STUDY WIDELY ACCEPTED IN THE REGULATORY ARENA?

A No. In my experience, regulatory commissions generally disregard the use of the ECAPM, particularly when an adjusted beta is used in the model.

Q IS THERE A WAY TO MORE ACCURATELY MEASURE THE COST OF EQUITY FOR DEU USING THE ECAPM?

A Because the ECAPM model is based on an unadjusted regression beta, if the appropriate beta is used in the ECAPM it would produce a reasonable return estimate. This can be accomplished by removing, or backing out, the adjustment from *Value Line*'s published beta.

Removing *Value Line'*s beta adjustment will produce the original regression beta estimate. Using this regression beta in the ECAPM will produce a more accurate result than that offered by Mr. Hevert. As explained earlier, Mr. Hevert's proxy group has an average *Value Line* beta of 0.688. By

removing the adjustments that Value Line made to produce the proxy group's average 0.688 beta, I have calculated the original regression beta of 0.50.[50] Using the regression beta of 0.50 in the ECAPM model shown above will produce an expected return estimate of approximately 8.2%.[51]

IV.D. Bond Yield Plus ("BYP") Risk Premium

Q PLEASE DESCRIBE MR. HEVERT'S BYP RISK PREMIUM METHODOLOGY.

A As shown on his DEU Exhibit 2.06, Mr. Hevert constructs a risk premium return on equity estimate based on the premise that equity risk premiums are inversely related to interest rates. He estimates the average electric equity risk premiums of 4.70% over the period January 1980 through May 2019. He then applies a regression formula to the current, near-term, and long-term projected 30-year Treasury bond yields of 2.92%, 3.08%, and 4.05% to produce electric equity risk premiums of 6.96%, 6.81%, and 6.06%, respectively. Thus, he calculates electric return on equity estimates of 9.87%, 9.89%, and 10.11%, respectively.

Q IS MR. HEVERT'S BYP RISK PREMIUM METHODOLOGY REASONABLE?

A No. Mr. Hevert contends that there is a simplistic inverse relationship between equity risk premiums and interest rates without any regard to differences in

[50] Raw Beta = (VL Beta - 0.35) / 0.67, Raw Beta = (0.688-0.35%) / 0.67 = 0.50.

[51] ECAPM = RF + 0.25 x MRP + 0.75 x MRP x Unadjusted Beta. ECAPM = 2.92% + 0.25 x 8.5% + 0.75 x 8.5% x 0.50 = 8.2%.

investment risk or other market factors. Academic studies are quite clear that interest rates are a relevant factor in assessing current market equity risk premiums, but the risk premium ties more specifically to the market's perception of investment risk of debt and equity securities, and not simply changes in interest rates.

More specifically, while academic studies have shown that, in the past, there has been an inverse relationship among these variables, researchers have found that the relationship changes over time and is influenced by changes in perception of the risk of bond investments relative to equity investments, and not simply changes to interest rates.[52]

In the 1980s, equity risk premiums were inversely related to interest rates, but that was likely attributable to the interest rate volatility that existed at that time. As such, when interest rates were more volatile, perceptions of bond investment risk increased relative to the investment risk of equities. This changing investment risk perception caused changes in equity risk premiums.

In today's marketplace, interest rate volatility is not as extreme as it was during the 1980s.[53] Nevertheless, changes in the perceived risk of bond investments relative to equity investments still drive changes in equity premiums and cannot be measured simply by observing nominal interest

[52]"Robert S. Harris and Felicia C. Marston, "The Market Risk Premium: "Expectational Estimates Using Analysts' Forecasts," *Journal of Applied Finance*, Volume 11, No. 1, 2001 at 10-13; Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, "The Risk Premium Approach to Measuring a Utility's Cost of Equity," *Financial Management*, Spring 1985 at 42-43.

[53]Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, "The Risk Premium Approach to Measuring a Utility's Cost of Equity," *Financial Management*, Spring 1985 at 44.

rates. Changes in nominal interest rates are heavily influenced by changes to inflation outlooks, which also change equity return expectations. As such, the relevant factor needed to explain changes in equity risk premiums is the relative changes between the risk of equity versus debt investments, and not simply changes in interest rates.

Importantly, Mr. Hevert's analysis simply ignores investment risk differentials. He bases his adjustment to the equity risk premium exclusively on changes in nominal interest rates. This is a flawed methodology that does not produce accurate or reliable risk premium estimates.

Q DO YOU BELIEVE THAT THE REGRESSION STUDY USED BY MR. HEVERT IN HIS BYP DEMONSTRATES AN ACCURATE CAUSE AND EFFECT BETWEEN INTEREST RATES AND EQUITY RISK PREMIUMS?

A No. Because the returns on equity he uses are authorized by commissions, those returns on equity are not directly adjusted by market forces. Rather, authorized equity returns are adjusted by commission policy and regulatory practices. In contrast, bond interest rates or bond yields are controlled entirely by market forces.

This is significant because regulatory commissions rely on policies and requirements to change authorized returns on equity based on more factors than changes in capital market costs. For example, if capital market costs are declining, the commission may reduce authorized returns on equity at a slower

pace than market changes in order to ensure that the approved equity return will support the utility's financial integrity, and possibly will limit significant changes to the utility's revenues and tariff prices. Utilities have contractual provisions that prevent the refinancing of embedded debt with lower cost market priced marginal debt when capital market costs decline. These limits may cause commissions to exercise caution in reducing authorized equity returns as interest rates decline.

I would note that this opinion is also shared by Moody's, which observed in a 2015 assessment of the utility industry that "ROEs declined in a lagging fashion compared to falling interest rates."[54] Mr. Hevert's regression study fails to reflect this common sense-based rejection of a causal relationship between equity returns and changes in bond yields.

Mr. Hevert's measurement based on only changes in interest rates is not reliable and should be rejected.

Q DO YOU HAVE ANY COMMENTS CONCERNING MR. HEVERT'S BYP RISK PREMIUM METHODOLOGY?

A Yes. Mr. Hevert's use of a long-term projected bond yield of 4.05%[55] does not reflect market participants' outlooks for DEU's cost of capital during the period rates determined in this proceeding will be in effect. This bond yield is largely based on projections of Treasury bond yields five to 10 years out. Those

[54] Moody's Investor Service: "US Regulated Utilities: Lower Authorized Equity Returns Will Not Hurt Near-Term Credit Profiles," March 10, 2015 at 5.

[55] DEU Exhibit 2.06.

projections are highly uncertain and in any event do not reflect the cost of capital in the test period or even the period over the next two to three years, the period in which rates determined in this proceeding will largely be in effect. As such, the risk premium methodology should be based on observable bond yields in the market today, or at most reflect bond yield projections over the next two to three years, the rate-effective period in this case.

Q CAN MR. HEVERT'S BYP RISK PREMIUM ANALYSIS BE REVISED TO REFLECT CURRENT PROJECTIONS OF TREASURY YIELDS?

A Yes. Mr. Hevert's simplistic and incomplete notion that equity risk premiums change only with changes to nominal interest rates should be rejected. Adding my weighted average equity risk premium over Treasury bonds of 6.1%, as described above, to his Treasury yields of 2.92% and 3.08%, produces a BYP result of 9.02% to 9.18%.

IV.E. Hevert Expected Earnings Analysis

Q PLEASE DESCRIBE MR. HEVERT'S EXPECTED EARNINGS ANALYSIS.

A Mr. Hevert's Expected Earnings analysis is based on the projected returns on book equity for the electric utility companies followed by *Value Line* and included in his proxy group as developed on her DEU Exhibit 2.07. Based on this analysis, Mr. Hevert concluded that the average and median return on

equity results for his proxy group are 10.41% and 10.73%, respectively, for the projected period 2022-2024.

Q PLEASE DESCRIBE THE PROBLEMS WITH MR. HEVERT'S EXPECTED EARNINGS ANALYSIS.

A Mr. Hevert's Expected Earnings analysis should be rejected because this approach does not measure the market required return appropriate for the investment risk of DEU. Rather, it measures the book accounting return. The market required return is not the same as the accounting return, and the two can be – and in this instance are – vastly different.

The significant discrepancy between the level and meaning of a market-required return and a book return on equity, can have significant implications to both investors and customers, when used to set a fair return on equity for ratemaking purposes. Simply stated, a market return provides a pure measure of fair compensation to investors, and allows for setting rates that provide no more than fair compensation. Conversely, using the earned return on book equity can cause compensation to be either too high or too low, and rates to be set either too low or too high, depending on the specific circumstances when the book return is measured.

For example, if the proxy group's earned return on book equity is lower than the market return, then this could be an indication that the rates for the proxy group are too low and not providing fair compensation. As such, the

measured book return on equity would be an indication rates need to be increased. However, if the earned return on book equity was used to estimate a fair return for ratemaking purposes, then this depressed earnings level could result in rates being set below a level that provides fair compensation to investors, and may not support the utility's financial integrity. Conversely, if the earned return on book equity for the proxy companies is above a fair market return on equity, then that could be an indication that the rates for the proxy companies produce more earnings than necessary to fairly compensate investors, and using this inflated return on equity would result in rates which are not just and reasonable for customers. In other words, the market return on equity is an indication of whether or not earnings are fair and reasonable, whereas the book return on equity generally is used to determine whether or not rate revenues for utilities are either too high or too low. They cannot be used interchangeably.

The market-required return is a long-standing practice in setting rates for utility companies. This is because the market sets the required rate of return for assuming the risk of an investment. To the extent the utility's earnings are adequate to allow it to attract investors, then it will be able to sell new equity shares to the market to secure capital needed to fund additional rate base investments. If this long-standing practice of setting authorized returns consistent with market returns is rejected, in favor of Mr. Hevert's proposal to look at book returns on equity, then the balance between

estimating a fair return that is fair to both investors and customers will be turned upside down, and the rate-setting practice could be substantially impaired and would not be reliable.

The earned return on book equity is simply not an accurate or legitimate basis upon which to determine what a fair and reasonable return on equity for both investors and customers would be in setting rates. A fair return on equity needs to be a return that represents fair compensation to utility investors, but results in rate impacts on customers that are no more than necessary to produce that fair compensation – except to the extent greater earnings are necessary to maintain financial integrity or credit standing. For these reasons, this methodology simply should be rejected.

IV.F. Flotation Costs

Q DO YOU TAKE ISSUE WITH MR. HEVERT'S FLOTATION COST ADJUSTMENT?

A Yes, I do. Mr. Hevert estimated a 5 basis points flotation cost adjustment.[56] Mr. Hevert does not include an explicit flotation cost adjustment but he considers it along with DEU's additional business risks in determining where DEU's return on equity falls within the range of results.

This flotation cost adjustment is intended to recover the actual cost a utility incurs by issuing additional stock to the public. However, Mr. Hevert

[56]DEU Exhibit 2.09.

develops his flotation cost as the difference between the unadjusted DCF result and the DCF result adjusted for flotation cost. His flotation cost calculation is based on his proxy group companies.

Q WHY IS THE FLOTATION COST ADJUSTMENT NOT REASONABLE?

A The flotation cost adjustment is not based on the recovery of prudent and verifiable actual flotation costs incurred by DEU. As shown on DEU Exhibit 2.09 of Mr. Hevert's direct testimony, he derives a flotation cost adder based on other utility companies. Because he does not show that his adjustment is based on DEU's actual and verifiable flotation expenses, there are no means of verifying whether Mr. Hevert's proposal is reasonable or appropriate. Stated differently, Mr. Hevert's flotation cost return on equity adder is not based on known and measurable DEU costs.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes, it does.

Qualifications of Michael P. Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q PLEASE STATE YOUR OCCUPATION.

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A In 1983 I received a Bachelor of Science Degree in Electrical Engineering from Southern Illinois University, and in 1986, I received a Master's Degree in Business Administration with a concentration in Finance from the University of Illinois at Springfield. I have also completed several graduate level economics courses.

In August of 1983, I accepted an analyst position with the Illinois Commerce Commission ("ICC"). In this position, I performed a variety of analyses for both formal and informal investigations before the ICC, including: marginal cost of energy, central dispatch, avoided cost of energy, annual

system production costs, and working capital. In October of 1986, I was promoted to the position of Senior Analyst. In this position, I assumed the additional responsibilities of technical leader on projects, and my areas of responsibility were expanded to include utility financial modeling and financial analyses.

In 1987, I was promoted to Director of the Financial Analysis Department. In this position, I was responsible for all financial analyses conducted by the Staff. Among other things, I conducted analyses and sponsored testimony before the ICC on rate of return, financial integrity, financial modeling and related issues. I also supervised the development of all Staff analyses and testimony on these same issues. In addition, I supervised the Staff's review and recommendations to the Commission concerning utility plans to issue debt and equity securities.

In August of 1989, I accepted a position with Merrill-Lynch as a financial consultant. After receiving all required securities licenses, I worked with individual investors and small businesses in evaluating and selecting investments suitable to their requirements.

In September of 1990, I accepted a position with Drazen-Brubaker & Associates, Inc. ("DBA"). In April 1995, the firm of Brubaker & Associates, Inc. was formed. It includes most of the former DBA principals and Staff. Since 1990, I have performed various analyses and sponsored testimony on cost of capital, cost/benefits of utility mergers and acquisitions, utility reorganizations,

level of operating expenses and rate base, cost of service studies, and analyses relating to industrial jobs and economic development. I also participated in a study used to revise the financial policy for the municipal utility in Kansas City, Kansas.

At BAI, I also have extensive experience working with large energy users to distribute and critically evaluate responses to requests for proposals ("RFPs") for electric, steam, and gas energy supply from competitive energy suppliers. These analyses include the evaluation of gas supply and delivery charges, cogeneration and/or combined cycle unit feasibility studies, and the evaluation of third-party asset/supply management agreements. I have participated in rate cases on rate design and class cost of service for electric, natural gas, water and wastewater utilities. I have also analyzed commodity pricing indices and forward pricing methods for third party supply agreements, and have also conducted regional electric market price forecasts.

In addition to our main office in St. Louis, the firm also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

Q HAVE YOU EVER TESTIFIED BEFORE A REGULATORY BODY?

A Yes. I have sponsored testimony on cost of capital, revenue requirements, cost of service and other issues before the Federal Energy Regulatory Commission and numerous state regulatory commissions including: Arkansas, Arizona, California, Colorado, Delaware, Florida, Georgia, Idaho,

Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and before the provincial regulatory boards in Alberta and Nova Scotia, Canada. I have also sponsored testimony before the Board of Public Utilities in Kansas City, Kansas; presented rate setting position reports to the regulatory board of the municipal utility in Austin, Texas, and Salt River Project, Arizona, on behalf of industrial customers; and negotiated rate disputes for industrial customers of the Municipal Electric Authority of Georgia in the LaGrange, Georgia district.

Q PLEASE DESCRIBE ANY PROFESSIONAL REGISTRATIONS OR ORGANIZATIONS TO WHICH YOU BELONG.

A I earned the designation of Chartered Financial Analyst ("CFA") from the CFA Institute. The CFA charter was awarded after successfully completing three examinations which covered the subject areas of financial accounting, economics, fixed income and equity valuation and professional and ethical conduct. I am a member of the CFA Institute's Financial Analyst Society.

BEFORE THE

PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	)	**DOCKET NO. 19-057-02**

State of Missouri)
) ss.
County of Saint Louis)

I, Michael P. Gorman, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

Michael P. Gorman

SUBSCRIBED AND SWORN TO this 16th day of October, 2019.

Notary Public

MARIA E. DECKER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: May 5, 2021
Commission # 13706793

Dominion Energy Utah

Rate of Return
(December 31, 2020)

Line	Description	Weight (1)	Cost (2)	Weighted Cost (3)
1	Long-Term Debt	48.00%	4.37%	2.10%
2	Common Equity	52.00%	**9.00%**	4.68%
3	**Total**	**100.00%**		**6.78%**

Source: DEU Exhibit 3.31

Dominion Energy Utah

Capital Structure
($000)

Description	2018	2017	2016	2015	2014
Long-Term Capital					
Common Equity	$1,011.8	$725.1	$657.6	$624.7	$597.0
Long-Term debt	$745.3	$595.9	$616.3	$534.5	$534.5
Total Long-Term capital	$1,757.1	$1,321.0	$1,273.9	$1,159.2	$1,131.5
Common Equity	57.6%	54.9%	51.6%	53.9%	52.8%
Long-Term debt	42.4%	45.1%	48.4%	46.1%	47.2%
Total Long-Term capital	100.0%	100.0%	100.0%	100.0%	100.0%
Total Capital					
Common Equity	$1,011.8	$725.1	$657.6	$624.7	$597.0
Short-Term debt	$20.5	$360.0	$262.5	$273.3	$119.3
Long-Term debt	$745.3	$595.9	$616.3	$534.5	$534.5
Total Long-Term capital	$1,777.6	$1,681.0	$1,536.4	$1,432.5	$1,250.8
Common Equity	56.9%	43.1%	42.8%	43.6%	47.7%
Short-Term debt	1.2%	21.4%	17.1%	19.1%	9.5%
Long-Term debt	41.9%	35.4%	40.1%	37.3%	42.7%
Total Capital	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
S&P Capital IQ, Credit Stats Direct, downloaded on October 3, 2019.

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Price to Earnings (P/E) Ratio [1] 18-Year Average (1)	2019 [2] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)	2005 (16)	2004 (17)	2003 (18)	2002 (19)
1	ALLETE	17.64	23.60	15.06	23.05	18.63	15.06	17.23	18.59	15.88	14.66	15.98	16.08	13.95	14.78	16.55	17.91	25.21	N/A	N/A
2	Alliant Energy	16.23	21.30	18.07	20.60	22.30	18.07	16.60	15.28	14.50	14.45	12.47	13.86	13.43	15.08	16.82	12.59	14.00	12.69	19.93
3	Ameren Corp.	15.96	22.60	17.55	20.60	18.29	17.55	16.71	16.52	13.35	11.93	9.66	9.26	14.21	17.45	19.39	16.72	16.28	13.51	15.78
4	American Electric Power	14.36	21.20	15.77	19.33	15.16	15.77	15.88	14.49	13.77	11.92	13.42	10.03	13.06	16.27	12.91	13.70	12.42	10.66	12.68
5	Avangrid, Inc.	30.35	22.10	40.94	27.27	20.49	40.94	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	17.84	16.00	17.60	23.37	18.80	17.60	17.28	14.64	19.30	14.08	12.74	11.42	14.97	30.88	15.39	19.45	24.43	13.84	19.27
7	Black Hills	17.87	22.50	16.14	19.48	22.29	16.14	19.03	18.24	17.13	31.13	18.10	9.93	N/A	15.02	15.77	17.27	17.13	15.95	12.52
8	CenterPoint Energy	15.06	19.20	18.10	17.91	21.91	18.10	16.96	18.75	14.85	14.58	13.78	11.81	11.27	15.00	10.27	19.06	17.84	6.05	5.59
9	CMS Energy Corp.	17.16	22.60	18.29	21.32	20.94	18.29	17.30	16.32	15.07	13.62	12.46	13.56	10.87	26.84	22.18	12.60	12.39	N/A	N/A
10	Consol. Edison	15.56	20.90	15.59	19.77	18.80	15.59	15.90	14.72	15.39	15.08	13.30	12.55	12.29	13.78	15.49	15.13	18.21	14.30	13.28
11	Dominion Resources	18.44	21.00	22.14	22.17	21.33	22.14	22.97	19.25	18.91	17.27	14.35	12.74	13.78	20.63	15.98	24.89	15.07	15.24	12.05
12	DTE Energy	15.73	20.20	18.11	18.59	18.97	18.11	14.91	17.92	14.89	13.51	12.27	10.41	14.81	18.27	17.43	13.80	16.04	13.69	11.28
13	Duke Energy	17.02	17.60	18.22	19.93	21.25	18.22	17.91	17.45	17.46	13.76	12.69	13.32	17.28	16.13	N/A	N/A	N/A	N/A	N/A
14	Edison Int'l	14.01	14.80	14.77	17.23	17.92	14.77	13.05	12.70	9.71	11.81	10.32	9.72	12.36	16.03	12.99	11.74	37.59	6.97	7.78
15	El Paso Electric	17.64	25.50	18.33	21.78	18.66	18.33	16.38	15.88	14.47	12.60	10.72	10.79	11.89	15.26	16.92	26.72	22.03	18.26	22.99
16	Entergy Corp.	13.58	16.80	12.53	15.01	10.92	12.53	12.89	13.21	11.22	9.06	11.57	11.98	16.56	19.30	14.28	16.28	15.09	13.77	11.53
17	Eversource Energy	17.85	22.10	18.11	19.47	18.69	18.11	17.92	16.94	19.86	15.35	13.42	11.96	13.66	18.75	27.07	19.76	20.77	13.35	16.07
18	Evergy, Inc.	20.90	20.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	14.32	15.00	12.58	13.41	18.68	12.58	16.02	13.43	19.08	11.30	10.97	11.49	17.97	18.22	16.53	15.37	12.99	11.77	10.46
20	FirstEnergy Corp.	17.24	16.80	17.02	11.41	15.91	17.02	39.79	13.06	21.10	22.39	11.75	13.02	15.64	15.59	14.23	16.07	14.13	22.47	12.95
21	Fortis Inc.	19.11	19.00	18.00	16.81	21.60	18.00	24.29	19.97	20.12	18.79	18.22	16.36	17.48	21.14	17.68	N/A	N/A	N/A	N/A
22	Great Plains Energy	15.76	N/A	19.37	NMF	17.98	19.37	16.47	14.19	15.53	16.11	12.10	16.03	20.55	16.35	18.30	13.96	12.59	12.23	11.09
23	Hawaiian Elec.	18.36	22.30	20.40	20.69	13.56	20.40	15.88	16.21	15.81	17.09	18.59	19.79	23.16	21.57	20.33	18.27	19.18	13.76	13.47
24	IDACORP, Inc.	16.37	23.70	16.22	20.60	19.06	16.22	14.67	13.45	12.41	11.54	11.83	10.20	13.93	18.19	15.07	16.70	15.49	26.51	18.88
25	MGE Energy	18.68	25.10	20.28	29.36	24.90	20.28	17.19	17.01	17.23	15.82	14.98	15.14	14.22	15.01	15.88	22.40	17.98	17.55	15.96
26	NextEra Energy, Inc.	16.36	24.30	16.89	21.65	20.71	16.89	17.25	16.57	14.43	11.54	10.83	13.42	14.48	18.90	13.65	17.88	13.65	17.88	13.60
27	NorthWestern Corp	17.06	19.70	18.36	17.85	17.19	18.36	16.24	16.86	15.72	12.62	12.90	11.54	13.87	21.74	25.95	17.09	N/A	N/A	N/A
28	OGE Energy	15.32	19.80	17.69	18.32	17.68	17.69	18.27	17.69	15.16	14.37	13.31	10.83	12.41	13.75	13.68	14.95	14.13	11.84	14.12
29	Otter Tail Corp.	23.93	23.70	18.20	22.06	20.19	18.20	18.84	21.12	21.75	47.48	55.10	31.16	30.06	19.02	17.35	15.40	17.34	17.77	16.01
30	PG&E Corp.	17.39	N/A	26.40	18.28	21.13	26.40	15.00	23.67	20.70	15.46	15.80	13.01	12.08	16.85	14.84	15.37	13.81	9.50	N/A
31	Pinnacle West Capital	15.77	19.20	16.04	19.28	18.74	16.04	15.89	15.27	14.35	14.60	12.57	13.74	16.07	14.93	13.69	19.24	15.80	13.96	14.43
32	PNM Resources	18.02	22.50	16.85	20.43	19.83	16.85	18.68	16.13	14.97	14.53	14.05	18.09	N/A	35.65	15.57	17.38	15.02	14.73	15.08
33	Portland General	16.69	22.60	17.71	20.03	19.06	17.71	15.32	16.88	13.98	12.37	12.00	14.40	16.30	11.94	23.35	N/A	N/A	N/A	N/A
34	PPL Corp.	14.14	12.00	13.92	17.65	12.83	13.92	14.08	12.84	10.88	10.52	11.93	25.69	17.64	17.26	14.10	15.12	12.51	10.59	11.06
35	Public Serv. Enterprise	13.44	16.10	12.41	16.31	15.35	12.41	12.61	13.50	12.79	10.40	10.37	10.04	13.65	16.54	17.81	16.74	14.26	10.58	10.00
36	SCANA Corp.	14.00	N/A	14.67	14.46	16.80	14.67	13.68	14.43	14.80	13.67	12.93	11.63	12.67	14.96	15.42	14.44	13.57	13.05	12.17
37	Sempra Energy	15.42	23.60	19.73	24.33	24.37	19.73	21.87	19.68	14.89	11.77	12.60	10.09	11.80	14.01	11.50	11.79	8.65	8.96	8.19
38	Southern Co.	15.82	18.00	15.85	15.48	17.76	15.85	16.04	16.19	16.97	15.85	14.90	13.52	16.13	15.95	16.19	15.92	14.68	14.83	14.63
39	Vectren Corp.	17.10	N/A	17.92	23.54	19.18	17.92	19.98	20.66	15.02	15.83	15.10	12.89	16.79	15.33	18.92	15.11	17.57	14.80	14.16
40	WEC Energy Group	16.63	23.10	21.33	20.01	19.95	21.33	17.71	16.50	15.76	14.25	14.01	13.35	14.77	16.47	15.97	14.46	17.51	12.43	10.46
41	Westar Energy	15.75	N/A	18.45	23.40	21.59	18.45	15.36	14.04	13.43	14.78	12.96	14.95	16.96	14.10	12.18	14.79	17.44	10.78	14.02
42	Xcel Energy Inc.	17.12	23.50	16.54	20.20	18.48	16.54	15.44	15.04	14.82	14.24	14.13	12.66	13.69	16.65	14.80	15.36	13.65	11.62	40.80
43	Average	16.58	20.56	18.00	19.81	18.97	18.00	17.39	16.38	15.69	15.30	14.28	13.56	15.18	17.74	16.47	16.52	16.57	13.70	14.31
44	Median	16.00	21.20	17.71	19.97	18.80	17.71	16.54	16.27	15.04	14.31	12.91	12.82	14.21	16.41	15.88	15.92	15.29	13.60	13.47

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 1 of 16

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Market Price to Cash Flow (MP/CF) Ratio [1]

Line	Company	18-Year Average (1)	2019 [2/a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)	2005 (16)	2004 (17)	2003 (18)	2002 (19)
1	ALLETE	9.46	10.25	10.16	10.95	8.26	7.49	8.80	9.15	8.18	7.91	8.04	8.51	9.29	10.30	11.06	11.54	11.46	N/A	N/A
2	Alliant Energy	7.78	10.22	9.71	13.21	10.67	8.86	8.40	7.52	7.50	7.21	6.59	6.23	7.49	7.92	8.00	5.09	5.52	4.76	5.20
3	Ameren Corp.	7.00	8.75	7.95	8.38	7.44	6.87	6.95	6.61	5.48	5.02	4.23	4.25	6.35	7.69	8.57	8.57	8.24	6.74	7.96
4	American Electric Power	6.39	8.77	8.03	8.81	7.57	7.09	7.00	6.57	5.93	5.46	5.54	4.71	5.71	6.84	5.54	6.07	5.50	4.69	5.19
5	Avangrid, Inc.	9.94	9.46	10.24	10.14	8.56	11.30	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	6.74	7.30	10.14	9.35	7.63	6.76	7.30	6.21	6.88	6.40	5.80	4.06	5.12	7.58	5.30	6.58	7.58	5.36	5.90
7	Black Hills	7.76	10.27	8.83	9.20	9.33	8.06	8.81	8.03	6.04	7.85	6.16	4.25	11.26	7.62	6.92	7.57	6.69	6.89	5.92
8	CenterPoint Energy	5.12	6.29	8.45	6.97	5.96	5.75	6.25	6.56	5.15	5.39	4.70	4.05	4.29	5.17	3.94	4.70	4.26	2.08	2.16
9	CMS Energy Corp.	5.82	8.81	8.40	8.75	8.50	7.53	7.13	6.68	6.03	5.41	4.48	3.64	3.45	5.57	4.40	4.04	3.20	2.88	NMF
10	Consol. Edison	8.26	9.41	8.73	9.64	9.39	7.96	7.89	7.77	8.31	8.15	7.39	6.72	6.89	8.31	8.65	8.59	9.31	7.90	7.64
11	Dominion Resources	9.59	12.66	10.94	11.35	11.59	11.84	12.27	10.88	9.92	9.45	8.12	6.98	8.27	8.65	7.81	10.09	7.68	7.51	6.53
12	DTE Energy	6.37	9.31	8.54	9.05	8.64	8.52	6.42	6.65	5.91	5.18	4.69	3.59	4.90	5.73	5.21	5.54	6.00	5.62	5.20
13	Duke Energy	7.58	7.41	7.65	8.40	8.57	7.95	8.12	8.11	9.53	6.56	6.01	5.96	7.13	7.16	N/A	N/A	N/A	N/A	N/A
14	Edison Int'l	5.76	5.81	13.46	7.05	6.77	5.92	5.68	5.46	4.59	4.22	4.11	3.95	5.63	7.01	5.87	5.61	6.84	2.82	2.96
15	El Paso Electric	6.09	8.76	9.43	8.54	7.46	6.47	6.33	6.19	5.78	5.16	4.31	3.98	4.95	6.44	6.25	6.67	4.65	3.90	4.39
16	Entergy Corp.	5.70	5.60	4.92	4.66	4.01	4.11	4.21	4.03	4.23	3.90	4.66	5.68	7.96	9.21	7.16	8.76	7.12	6.84	5.57
17	Eversource Energy	6.83	9.90	9.16	10.36	10.14	10.12	10.14	8.08	9.30	6.99	4.97	4.61	4.12	6.18	6.02	3.55	3.78	2.85	2.75
18	Evergy, Inc.	8.06	8.06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	6.08	5.17	5.05	4.45	4.80	4.70	5.09	4.61	5.54	5.86	5.10	5.98	9.65	9.89	8.62	7.97	6.29	5.71	4.97
20	FirstEnergy Corp.	6.44	7.87	8.84	4.76	5.12	5.38	7.43	6.15	7.42	7.33	4.49	4.91	7.58	7.89	7.53	6.04	5.15	6.90	5.10
21	Fortis Inc.	8.20	8.38	7.97	8.23	10.46	7.29	9.25	7.93	8.09	8.38	7.40	6.76	7.58	9.18	7.89	N/A	N/A	N/A	N/A
22	Great Plains Energy	6.89	N/A	N/A	14.62	8.63	6.66	6.45	5.73	6.09	5.74	4.49	5.06	7.71	7.13	7.68	6.70	6.52	5.92	5.14
23	Hawaiian Elec.	8.01	8.98	8.34	9.21	7.44	9.25	7.64	8.15	8.05	7.73	7.81	6.95	9.10	7.95	8.47	8.29	8.44	6.12	6.20
24	IDACORP, Inc.	8.35	12.29	11.72	11.56	10.95	9.37	8.59	7.78	7.05	6.64	6.52	5.31	7.10	8.23	7.73	7.55	7.15	7.27	7.53
25	MGE Energy	11.26	13.71	15.04	17.33	15.66	12.53	11.42	11.20	10.77	9.48	9.05	8.40	8.42	9.23	9.30	11.73	11.04	10.20	8.09
26	NextEra Energy, Inc.	7.81	12.44	10.76	11.62	9.23	7.93	7.98	7.60	7.58	5.98	5.33	6.09	7.34	9.02	6.51	6.71	6.71	5.97	5.77
27	NorthWestern Corp	7.66	8.91	8.19	8.82	8.65	8.99	9.01	7.61	6.85	5.89	5.79	5.05	5.57	8.45	9.39	7.31	8.13	N/A	N/A
28	OGE Energy	7.89	10.10	9.36	10.52	9.03	9.25	10.65	9.93	7.35	7.48	6.61	5.37	6.43	7.58	7.50	7.04	6.73	5.62	5.39
29	Otter Tail Corp.	9.40	12.09	11.58	11.09	9.38	9.04	9.45	9.58	8.43	9.04	8.07	8.01	11.65	9.53	8.66	8.18	9.01	8.13	8.33
30	PG&E Corp.	5.55	N/A	- 5.65	7.09	7.26	7.24	5.65	6.84	5.86	5.32	5.42	4.71	4.61	5.84	5.28	5.07	5.13	4.05	14.69
31	Pinnacle West Capital	6.15	7.82	7.09	8.73	7.89	6.91	7.03	6.85	6.34	5.80	5.65	3.84	4.19	4.76	4.48	7.48	5.88	4.80	5.21
32	PNM Resources	6.80	7.98	7.57	7.40	7.64	6.95	7.48	6.47	5.80	4.94	4.58	4.53	7.10	10.67	7.50	7.62	6.84	5.55	5.72
33	Portland General	5.79	7.09	6.56	7.45	7.12	6.73	5.49	6.06	5.08	4.86	4.13	4.63	4.81	5.34	5.74	N/A	N/A	N/A	N/A
34	PPL Corp.	7.47	7.68	7.02	10.11	8.37	8.73	7.32	6.59	5.87	5.98	7.46	8.82	9.17	8.90	7.58	7.57	6.49	5.41	5.30
35	Public Serv. Enterprise	7.48	8.27	9.48	8.67	8.56	6.66	6.48	6.40	6.40	6.03	6.04	6.20	8.46	9.83	8.41	8.59	7.17	6.79	6.24
36	SCANA Corp.	7.09	N/A	N/A	8.26	9.59	8.33	7.50	7.49	7.40	6.75	6.52	5.88	6.38	7.15	7.03	5.40	6.86	6.59	6.36
37	Sempra Energy	7.93	11.07	10.10	10.65	10.88	9.99	10.77	9.37	7.26	6.13	6.53	6.07	7.07	8.61	7.22	6.96	5.16	4.85	4.00
38	Southern Co.	8.13	8.15	7.05	7.49	8.83	8.23	8.42	8.30	8.75	8.22	7.79	7.08	8.18	8.62	8.47	8.41	8.28	8.28	7.83
39	Vectren Corp.	7.08	N/A	N/A	10.32	8.60	7.82	7.57	6.82	5.79	5.81	5.58	5.24	6.90	6.53	7.37	7.06	7.63	7.27	6.92
40	WEC Energy Group	8.58	11.64	10.82	11.04	10.95	12.90	10.27	9.58	9.24	8.43	8.15	6.87	7.57	7.84	7.27	6.40	6.27	4.91	4.27
41	Westar Energy	6.91	N/A	N/A	10.87	10.86	9.05	7.93	7.23	6.71	6.67	5.51	5.32	7.09	6.88	5.81	7.00	6.54	4.24	2.94
42	Xcel Energy Inc.	6.59	8.78	7.90	8.50	8.10	7.62	7.31	7.00	6.85	6.47	6.28	5.43	5.71	6.51	5.54	5.62	5.31	4.27	5.46
43	Average	7.30	9.07	8.64	9.36	8.65	8.05	7.85	7.39	6.98	6.53	6.00	5.59	6.95	7.72	7.12	7.13	6.77	5.70	5.85
44	Median	7.17	8.78	8.73	9.05	8.57	7.93	7.54	7.12	6.85	6.27	5.80	5.35	7.09	7.76	7.37	7.04	6.71	5.62	5.52

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Note:
[a] Based on the average of the high and low price for 2019 and the projected 2019 Cash Flow per share, published in The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 2 of 16

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Market Price to Book Value (MP/BV) Ratio [1] 15-Year Average (1)	2019 [2/b] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)	2005 (16)
1	ALLETE	1.61	1.82	1.79	1.78	1.53	1.37	1.42	1.51	1.34	1.35	1.28	1.15	1.55	1.89	2.09	2.22
2	Alliant Energy	1.70	2.06	2.16	2.38	2.17	1.86	1.86	1.70	1.57	1.46	1.31	1.04	1.33	1.67	1.52	1.33
3	Ameren Corp.	1.45	2.11	1.95	1.93	1.67	1.46	1.45	1.29	1.18	0.90	0.83	0.78	1.25	1.60	1.62	1.68
4	American Electric Power	1.56	2.01	1.82	1.88	1.81	1.55	1.54	1.40	1.31	1.23	1.23	1.08	1.48	1.85	1.56	1.57
5	Avangrid, Inc.	0.90	1.02	1.02	0.93	0.83	0.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	1.32	1.50	1.88	1.73	1.57	1.36	1.33	1.25	1.21	1.19	1.07	0.94	1.11	1.29	1.30	1.13
7	Black Hills	1.51	1.85	1.61	2.06	1.94	1.59	1.79	1.62	1.21	1.14	1.07	0.83	1.22	1.57	1.47	1.63
8	CenterPoint Energy	2.34	1.60	2.18	2.59	2.73	2.43	2.27	2.30	1.99	1.87	1.96	1.77	2.49	3.13	2.75	3.06
9	CMS Energy Corp.	2.01	2.95	2.81	2.93	2.72	2.43	2.26	2.09	1.91	1.66	1.48	1.10	1.23	1.82	1.42	1.32
10	Consol. Edison	1.41	1.55	1.49	1.63	1.58	1.42	1.34	1.38	1.47	1.38	1.22	1.08	1.17	1.47	1.47	1.52
11	Dominion Resources	2.62	2.17	2.40	2.94	3.15	3.34	3.55	2.97	2.84	2.37	2.01	1.80	2.42	2.69	2.07	2.50
12	DTE Energy	1.48	1.96	1.91	2.01	1.82	1.65	1.62	1.51	1.35	1.20	1.16	0.89	1.10	1.35	1.29	1.39
13	Duke Energy	1.20	1.41	1.33	1.41	1.35	1.29	1.28	1.19	1.12	1.11	1.00	0.91	1.06	1.15	N/A	N/A
14	Edison Int'l	1.67	1.79	1.97	2.17	1.92	1.76	1.68	1.57	1.53	1.24	1.07	1.04	1.56	2.05	1.80	1.93
15	El Paso Electric	1.59	1.94	1.94	1.87	1.68	1.48	1.52	1.49	1.59	1.64	1.17	0.98	1.33	1.69	1.71	1.76
16	Entergy Corp.	1.72	1.78	1.74	1.76	1.67	1.40	1.33	1.21	1.31	1.35	1.62	1.66	2.44	2.65	1.89	2.01
17	Eversource Energy	1.45	1.88	1.68	1.73	1.64	1.53	1.47	1.38	1.28	1.50	1.31	1.12	1.31	1.60	1.22	1.05
18	Evergy, Inc.	1.50	1.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	2.23	1.42	1.31	1.20	1.20	1.14	1.28	1.17	1.46	1.95	2.07	2.57	4.39	4.79	3.89	3.60
20	FirstEnergy Corp.	1.93	2.74	2.67	3.53	2.37	1.16	1.15	1.28	1.44	1.33	1.36	1.54	2.52	2.23	1.92	1.64
21	Fortis Inc.	1.46	1.31	1.24	1.41	1.26	1.33	1.35	1.45	1.59	1.59	1.56	1.33	1.48	1.63	1.96	N/A
22	Great Plains Energy	1.21	N/A	N/A	1.33	1.17	1.12	1.11	1.02	0.96	0.93	0.87	0.80	1.11	1.66	1.77	1.86
23	Hawaiian Elec.	1.64	1.94	1.76	1.76	1.63	1.71	1.49	1.54	1.62	1.54	1.44	1.16	1.61	1.57	2.01	1.78
24	IDACORP, Inc.	1.42	2.00	1.96	1.94	1.76	1.54	1.45	1.33	1.19	1.17	1.13	0.92	1.09	1.26	1.37	1.22
25	MGE Energy	2.07	2.63	2.59	2.88	2.60	2.10	2.10	2.06	1.92	1.75	1.65	1.54	1.62	1.75	1.83	2.09
26	NextEra Energy, Inc.	2.03	2.76	2.32	2.35	2.30	2.09	2.15	1.93	1.74	1.55	1.49	1.70	2.06	2.34	1.80	1.93
27	NorthWestern Corp	1.46	1.65	1.48	1.64	1.68	1.60	1.54	1.56	1.42	1.35	1.22	1.07	1.15	1.48	1.65	1.42
28	OGE Energy	1.84	1.99	1.75	1.82	1.73	1.79	2.22	2.24	1.94	1.90	1.70	1.37	1.52	1.98	1.91	1.80
29	Otter Tail Corp.	1.83	2.59	2.49	2.33	1.90	1.78	1.90	1.96	1.58	1.35	1.19	1.18	1.71	1.93	1.76	1.74
30	PG&E Corp.	1.60	N/A	1.70	1.71	1.69	1.57	1.39	1.38	1.41	1.46	1.56	1.41	1.50	1.94	1.83	1.84
31	Pinnacle West Capital	1.41	1.87	1.74	1.91	1.72	1.52	1.44	1.47	1.39	1.25	1.14	0.95	1.00	1.26	1.26	1.25
32	PNM Resources	1.24	2.21	1.83	1.84	1.56	1.33	1.21	1.09	0.98	0.80	0.69	0.56	0.66	1.23	1.21	1.45
33	Portland General	1.32	1.72	1.56	1.69	1.56	1.42	1.37	1.28	1.14	1.09	0.94	0.92	1.05	1.32	1.36	N/A
34	PPL Corp.	2.12	1.75	1.81	2.40	2.46	2.24	1.64	1.55	1.58	1.47	1.61	2.10	3.19	3.05	2.43	2.50
35	Public Serv. Enterprise	1.91	1.87	1.81	1.68	1.67	1.58	1.57	1.44	1.46	1.59	1.67	1.78	2.58	2.99	2.46	2.45
36	SCANA Corp.	1.51	N/A	N/A	1.65	1.74	1.47	1.48	1.48	1.48	1.36	1.33	1.20	1.45	1.62	1.64	1.72
37	Sempra Energy	1.80	2.07	2.06	2.24	2.00	2.17	2.20	1.84	1.53	1.28	1.35	1.32	1.60	1.87	1.70	1.73
38	Southern Co.	2.04	1.93	1.89	2.07	2.01	1.99	2.02	2.04	2.15	1.99	1.83	1.73	2.12	2.24	2.23	2.35
39	Vectren Corp.	1.83	N/A	N/A	2.75	2.29	2.11	2.08	1.82	1.57	1.53	1.41	1.34	1.64	1.74	1.77	1.82
40	WEC Energy Group	1.90	2.34	2.11	2.10	2.09	1.82	2.34	2.21	2.05	1.81	1.65	1.40	1.57	1.77	1.71	1.62
41	Westar Energy	1.37	N/A	N/A	1.94	1.95	1.49	1.44	1.33	1.26	1.20	1.10	0.93	1.10	1.36	1.30	1.41
42	Xcel Energy Inc.	1.59	2.21	1.97	2.06	1.88	1.66	1.55	1.50	1.51	1.41	1.32	1.19	1.30	1.53	1.40	1.38
43	Average	1.69	1.94	1.88	2.00	1.85	1.67	1.68	1.60	1.51	1.43	1.35	1.25	1.63	1.90	1.78	1.80
44	Median	1.60	1.93	1.83	1.91	1.74	1.57	1.53	1.49	1.47	1.37	1.31	1.15	1.48	1.71	1.71	1.73

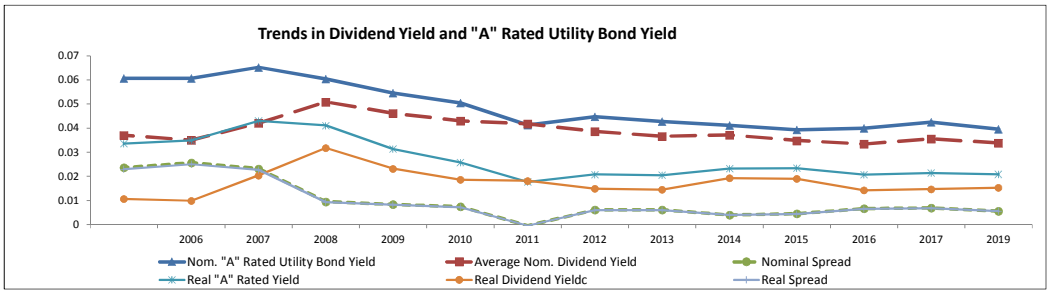
Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
Notes:
[b] Based on the average of the high and low price for 2018 and the projected 2018 Book Value per share, published in The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 3 of 16

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Dividend Yield[1] 14-Year Average (1)	2019 [2a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	3.95%	3.00%	2.99%	2.97%	3.56%	3.97%	3.92%	3.89%	4.49%	4.58%	5.03%	5.79%	4.37%	3.60%	3.16%
2	Alliant Energy	3.77%	3.16%	3.20%	3.07%	3.21%	3.60%	3.53%	3.74%	4.07%	4.28%	4.61%	5.73%	4.10%	3.13%	3.32%
3	Ameren Corp.	4.50%	2.77%	3.04%	3.12%	3.50%	3.96%	4.02%	4.61%	4.97%	5.28%	5.76%	5.98%	6.21%	4.88%	4.93%
4	American Electric Power	4.10%	3.37%	3.60%	3.42%	3.54%	3.80%	3.83%	4.23%	4.58%	4.96%	4.90%	5.50%	4.20%	3.40%	4.06%
5	Avangrid, Inc.	3.76%	3.51%	3.49%	3.79%	4.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	3.75%	3.63%	2.93%	3.14%	3.39%	3.97%	3.99%	4.51%	4.55%	4.54%	4.76%	4.49%	3.39%	2.68%	2.52%
7	Black Hills	3.77%	2.87%	3.31%	2.75%	2.87%	3.55%	2.84%	3.19%	4.39%	4.64%	4.79%	6.17%	4.21%	3.40%	3.79%
8	CenterPoint Energy	4.52%	3.93%	4.09%	4.79%	4.70%	5.06%	3.94%	3.57%	4.04%	4.27%	5.29%	6.37%	4.98%	3.87%	4.39%
9	CMS Energy Corp.	3.29%	2.89%	3.03%	2.88%	2.99%	3.36%	3.59%	3.76%	4.16%	4.25%	3.98%	3.97%	2.69%	1.16%	N/A
10	Consol. Edison	4.45%	3.61%	3.68%	3.40%	3.62%	4.12%	4.38%	4.25%	4.07%	4.46%	5.16%	5.99%	5.67%	4.84%	5.04%
11	Dominion Resources	4.06%	5.00%	4.72%	3.88%	3.82%	3.66%	3.43%	3.78%	4.06%	4.13%	4.41%	5.20%	3.77%	3.32%	3.60%
12	DTE Energy	4.17%	3.24%	3.34%	3.15%	3.34%	3.53%	3.54%	3.84%	4.19%	4.68%	4.75%	6.29%	5.24%	4.36%	4.86%
13	Duke Energy	4.75%	4.31%	4.54%	4.15%	4.26%	4.34%	4.26%	4.45%	4.68%	5.21%	5.71%	6.25%	5.16%	4.44%	N/A
14	Edison Int'l	3.08%	3.92%	3.84%	2.87%	2.81%	2.83%	2.62%	2.85%	2.97%	3.37%	3.66%	3.95%	2.69%	2.21%	2.58%
15	El Paso Electric	2.73%	2.65%	2.55%	2.49%	2.75%	3.13%	2.97%	2.99%	2.97%	2.11%	N/A	N/A	N/A	N/A	N/A
16	Entergy Corp.	4.12%	4.00%	4.41%	4.49%	4.55%	4.59%	4.47%	5.07%	4.91%	4.85%	4.20%	3.97%	2.92%	2.39%	2.82%
17	Eversource Energy	3.33%	3.02%	3.32%	3.14%	3.22%	3.34%	3.40%	3.48%	3.52%	3.23%	3.64%	4.16%	3.25%	2.60%	3.27%
18	Evergy, Inc.	3.39%	3.39%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	3.85%	3.06%	3.32%	3.51%	3.75%	3.88%	3.69%	4.69%	5.73%	4.96%	4.95%	4.26%	2.78%	2.48%	2.83%
20	FirstEnergy Corp.	4.38%	3.75%	5.17%	4.62%	4.31%	4.23%	4.26%	4.26%	4.90%	5.23%	5.76%	5.09%	3.21%	3.12%	3.40%
21	Fortis Inc.	3.69%	3.87%	4.07%	3.69%	3.80%	3.76%	3.88%	3.84%	3.64%	3.58%	3.80%	4.21%	3.76%	3.01%	2.79%
22	Great Plains Energy	4.52%	N/A	N/A	3.58%	3.64%	3.76%	3.62%	3.84%	4.08%	4.15%	4.49%	5.03%	6.96%	5.49%	5.60%
23	Hawaiian Elec.	4.63%	3.20%	3.54%	3.65%	3.99%	4.05%	4.76%	4.72%	4.70%	5.04%	5.51%	6.89%	5.00%	5.18%	4.59%
24	IDACORP, Inc.	3.22%	2.62%	2.61%	2.58%	2.77%	3.06%	3.12%	3.21%	3.28%	3.10%	3.44%	4.46%	3.95%	3.55%	3.39%
25	MGE Energy	3.20%	2.14%	2.16%	1.95%	2.23%	2.78%	2.78%	2.91%	3.25%	3.63%	3.98%	4.36%	4.24%	4.14%	4.25%
26	NextEra Energy, Inc.	3.17%	2.62%	2.68%	2.79%	2.91%	3.01%	3.00%	3.30%	3.65%	3.96%	3.90%	3.55%	3.02%	2.65%	3.40%
27	NorthWestern Corp	4.10%	3.49%	3.86%	3.52%	3.43%	3.61%	3.30%	3.66%	4.17%	4.51%	4.93%	5.75%	5.38%	4.09%	3.65%
28	OGE Energy	3.63%	3.77%	3.98%	3.61%	3.87%	3.51%	2.63%	2.48%	2.94%	3.06%	3.68%	4.96%	4.52%	3.77%	3.99%
29	Otter Tail Corp.	4.16%	2.83%	2.92%	3.12%	3.87%	4.33%	4.14%	4.11%	5.21%	5.57%	5.68%	5.38%	3.63%	3.46%	3.92%
30	PG&E Corp.	3.70%	N/A	N/A	2.42%	3.22%	3.45%	3.96%	4.20%	4.25%	4.24%	4.08%	4.26%	4.01%	3.07%	3.22%
31	Pinnacle West Capital	4.53%	3.35%	3.55%	3.16%	3.46%	3.88%	4.09%	3.98%	5.32%	4.81%	5.43%	6.76%	6.17%	4.75%	4.67%
32	PNM Resources	3.26%	2.57%	2.79%	2.53%	2.69%	2.90%	2.79%	2.99%	2.96%	3.19%	4.09%	4.76%	4.85%	3.36%	3.21%
33	Portland General	3.70%	3.04%	3.27%	2.92%	3.06%	3.27%	3.34%	3.67%	4.11%	4.37%	5.20%	5.36%	4.28%	3.34%	2.54%
34	PPL Corp.	4.45%	5.44%	5.61%	4.24%	4.25%	4.55%	4.45%	4.81%	5.07%	5.10%	5.12%	4.51%	3.10%	2.69%	3.41%
35	Public Serv. Enterprise	3.81%	3.37%	3.49%	3.74%	3.78%	3.81%	3.92%	4.35%	4.55%	4.24%	4.30%	4.30%	3.26%	2.73%	3.47%
36	SCANA Corp.	4.37%	N/A	N/A	4.03%	3.29%	3.90%	4.05%	4.15%	4.25%	4.78%	4.93%	5.67%	4.92%	4.29%	4.21%
37	Sempra Energy	2.95%	3.12%	3.20%	2.92%	2.92%	2.71%	2.61%	3.03%	3.71%	3.65%	3.08%	3.23%	2.62%	2.08%	2.47%
38	Southern Co.	4.74%	4.87%	5.27%	4.63%	4.42%	4.78%	4.69%	4.61%	4.29%	4.63%	5.13%	5.52%	4.58%	4.39%	4.52%
39	Vectren Corp.	4.38%	N/A	N/A	2.79%	3.31%	3.60%	3.62%	4.15%	4.82%	5.06%	5.53%	5.85%	4.79%	4.53%	4.52%
40	WEC Energy Group	3.07%	3.14%	3.38%	3.31%	3.35%	3.49%	3.40%	3.49%	3.24%	3.35%	2.97%	3.16%	2.41%	2.14%	2.18%
41	Westar Energy	4.37%	N/A	N/A	3.00%	2.90%	3.73%	3.88%	4.27%	4.57%	4.84%	5.32%	6.27%	5.22%	4.16%	4.28%
42	Xcel Energy Inc.	3.93%	2.95%	3.25%	3.10%	3.33%	3.69%	3.83%	3.86%	3.90%	4.20%	4.54%	5.14%	4.70%	4.05%	4.40%
43	**Average**	**3.90%**	**3.39%**	**3.56%**	**3.34%**	**3.49%**	**3.71%**	**3.66%**	**3.87%**	**4.18%**	**4.30%**	**4.63%**	**5.09%**	**4.21%**	**3.51%**	**3.71%**
44	Median	3.87%	3.24%	3.36%	3.15%	3.43%	3.71%	3.76%	3.85%	4.18%	4.42%	4.76%	5.14%	4.21%	3.40%	3.60%
45	20-Yr Treasury Yields[3]	3.41%	2.57%	3.02%	2.65%	2.23%	2.55%	3.07%	3.12%	2.54%	3.62%	4.03%	4.11%	4.36%	4.91%	4.99%
46	20-Yr TIPS[3]	1.26%	0.73%	0.94%	0.75%	0.66%	0.78%	0.87%	0.75%	0.21%	1.19%	1.73%	2.21%	2.19%	2.36%	2.31%
47	Implied Inflation[b]	2.12%	1.83%	2.06%	1.89%	1.56%	1.75%	2.19%	2.35%	2.33%	2.40%	2.26%	1.85%	2.13%	2.49%	2.62%
48	**Real Dividend Yield[c]**	**1.74%**	**1.53%**	**1.47%**	**1.42%**	**1.90%**	**1.93%**	**1.44%**	**1.49%**	**1.81%**	**1.86%**	**2.32%**	**3.18%**	**2.04%**	**0.99%**	**1.06%**
	Utility															
49	**Nominal "A" Rated Yield[4]**	**4.88%**	**3.95%**	**4.25%**	**4.00%**	**3.93%**	**4.12%**	**4.28%**	**4.48%**	**4.13%**	**5.04%**	**5.46%**	**6.04%**	**6.53%**	**6.07%**	**6.07%**
50	**Real "A" Rated Yield**	**2.70%**	**2.08%**	**2.14%**	**2.07%**	**2.34%**	**2.33%**	**2.04%**	**2.08%**	**1.76%**	**2.58%**	**3.13%**	**4.11%**	**4.31%**	**3.49%**	**3.36%**
	Spreads (Utility Bond - Stock)															
51	**Nominal Spread[d]**	**0.98%**	**0.56%**	**0.69%**	**0.66%**	**0.44%**	**0.40%**	**0.61%**	**0.61%**	**-0.05%**	**0.74%**	**0.84%**	**0.95%**	**2.32%**	**2.57%**	**2.36%**
52	**Real Spread[e]**	**0.96%**	**0.55%**	**0.68%**	**0.65%**	**0.44%**	**0.40%**	**0.60%**	**0.59%**	**-0.05%**	**0.72%**	**0.82%**	**0.93%**	**2.27%**	**2.50%**	**2.30%**
	Spreads (Treasury Bond - Stock)															
53	**Nominal[f]**	**-0.49%**	**-0.82%**	**-0.54%**	**-0.69%**	**-1.26%**	**-1.17%**	**-0.59%**	**-0.75%**	**-1.64%**	**-0.68%**	**-0.60%**	**-0.98%**	**0.15%**	**1.40%**	**1.28%**
54	**Real[g]**	**-0.48%**	**-0.80%**	**-0.53%**	**-0.68%**	**-1.24%**	**-1.15%**	**-0.58%**	**-0.73%**	**-1.60%**	**-0.67%**	**-0.58%**	**-0.97%**	**0.15%**	**1.37%**	**1.25%**



Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
[3] St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org.
[4] www.moodys.com, Bond Yields and Key Indicators, through August 30, 2019.
Notes:
[a] Based on the average of the high and low price for 2017 and the projected 2017 Dividends Declared per share, published in the Value Line Investment Survey, June 14, July 26, and August 16, 2019.
[b] Line 47 = (1 + Line 45) / (1 + Line 46) - 1.
[c] Line 48 = (1 + Line 43) / (1 +Line 47) - 1.
[d] The spread being measured here is the nominal A-rated utility bond yield over the average nominal utility dividend yield; (Line 49 - Line 43).
[e] The spread being measured here is the real A-rated utility bond yield over the average real utility dividend yield; Line 50 - Line 48)
[f] The spread being measured here is the nominal 20-Year Treasury yield over the average nominal utility dividend yield; (Line 45 - Line 43).
[g] The spread being measured here is the real 20-Year TIPS yield over the average real utility dividend yield; Line 48 - Line 46)

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Dividend per Share[1] 14-Year Average (1)	2019 [2] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	1.90	2.35	2.24	2.14	2.08	2.02	1.96	1.90	1.84	1.78	1.76	1.76	1.72	1.64	1.45
2	Alliant Energy	0.96	1.42	1.34	1.26	1.18	1.10	1.02	0.94	0.90	0.85	0.79	0.75	0.70	0.64	0.58
3	Ameren Corp.	1.86	1.93	1.85	1.78	1.72	1.66	1.61	1.60	1.60	1.56	1.54	1.54	2.54	2.54	2.54
4	American Electric Power	1.99	2.72	2.53	2.39	2.27	2.15	2.03	1.95	1.88	1.85	1.71	1.64	1.64	1.58	1.50
5	Avangrid, Inc.	1.74	1.76	1.74	1.73	1.73	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	1.11	1.55	1.49	1.43	1.37	1.32	1.27	1.22	1.16	1.10	1.00	0.81	0.69	0.60	0.57
7	Black Hills	1.58	2.05	1.93	1.81	1.68	1.62	1.56	1.52	1.48	1.46	1.44	1.42	1.40	1.37	1.32
8	CenterPoint Energy	0.90	1.16	1.12	1.35	1.03	0.99	0.95	0.83	0.81	0.79	0.78	0.76	0.73	0.68	0.60
9	CMS Energy Corp.	0.95	1.53	1.43	1.33	1.24	1.16	1.08	1.02	0.96	0.84	0.66	0.50	0.36	0.20	N/A
10	Consol. Edison	2.53	2.96	2.86	2.76	2.68	2.60	2.52	2.46	2.42	2.40	2.38	2.36	2.34	2.32	2.30
11	Dominion Resources	2.30	3.67	3.34	3.04	2.80	2.59	2.40	2.25	2.11	1.97	1.83	1.75	1.58	1.46	1.38
12	DTE Energy	2.67	3.84	3.59	3.36	3.06	2.84	2.69	2.59	2.42	2.32	2.18	2.12	2.12	2.12	2.08
13	Duke Energy	3.13	3.75	3.64	3.49	3.36	3.24	3.15	3.09	3.03	2.97	2.91	2.82	2.70	2.58	N/A
14	Edison Int'l	1.59	2.45	2.43	2.23	1.98	1.73	1.48	1.37	1.31	1.29	1.27	1.25	1.23	1.18	1.10
15	El Paso Electric	1.16	1.52	1.42	1.32	1.23	1.17	1.11	1.05	0.97	0.66	N/A	N/A	N/A	N/A	N/A
16	Entergy Corp.	3.20	3.66	3.58	3.50	3.42	3.34	3.32	3.32	3.32	3.32	3.24	3.00	3.00	2.58	2.16
17	Eversource Energy	1.38	2.14	2.02	1.90	1.78	1.67	1.57	1.47	1.32	1.10	1.03	0.95	0.83	0.78	0.73
18	Evergy, Inc.	1.94	1.94	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	1.66	1.45	1.38	1.31	1.26	1.24	1.24	1.46	2.10	2.10	2.10	2.10	2.05	1.82	1.64
20	FirstEnergy Corp.	1.83	1.52	1.82	1.44	1.44	1.44	1.44	1.65	2.20	2.20	2.20	2.20	2.20	2.05	1.85
21	Fortis Inc.	1.27	1.85	1.75	1.65	1.55	1.43	1.30	1.25	1.21	1.17	1.12	1.04	1.00	0.82	0.67
22	Great Plains Energy	1.11	N/A	N/A	1.10	1.06	1.00	0.94	0.88	0.86	0.84	0.83	0.83	1.66	1.66	1.66
23	Hawaiian Elec.	1.24	1.28	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
24	IDACORP, Inc.	1.65	2.56	2.40	2.24	2.08	1.92	1.76	1.57	1.37	1.20	1.20	1.20	1.20	1.20	1.20
25	MGE Energy	1.10	1.38	1.32	1.26	1.21	1.16	1.11	1.07	1.04	1.01	0.99	0.97	0.96	0.94	0.93
26	NextEra Energy, Inc.	2.78	5.00	4.44	3.93	3.48	3.08	2.90	2.64	2.40	2.20	2.00	1.89	1.78	1.64	1.50
27	NorthWestern Corp	1.65	2.30	2.20	2.10	2.00	1.92	1.60	1.52	1.48	1.44	1.36	1.34	1.32	1.28	1.24
28	OGE Energy	0.95	1.54	1.40	1.27	1.16	1.05	0.95	0.85	0.80	0.76	0.73	0.71	0.70	0.68	0.67
29	Otter Tail Corp.	1.23	1.40	1.34	1.28	1.25	1.23	1.21	1.19	1.19	1.19	1.19	1.19	1.19	1.17	1.15
30	PG&E Corp.	1.70	N/A	N/A	1.55	1.93	1.82	1.82	1.82	1.82	1.82	1.82	1.68	1.56	1.44	1.32
31	Pinnacle West Capital	2.38	3.04	2.87	2.70	2.56	2.44	2.33	2.23	2.67	2.10	2.10	2.10	2.10	2.10	2.03
32	PNM Resources	0.77	1.18	1.09	0.99	0.88	0.80	0.76	0.68	0.58	0.50	0.50	0.50	0.61	0.91	0.86
33	Portland General	1.12	1.52	1.43	1.34	1.26	1.18	1.12	1.10	1.08	1.06	1.04	1.01	0.97	0.93	0.68
34	PPL Corp.	1.44	1.65	1.64	1.58	1.52	1.50	1.49	1.47	1.44	1.40	1.40	1.38	1.34	1.22	1.10
35	Public Serv. Enterprise	1.47	1.88	1.80	1.72	1.64	1.56	1.48	1.44	1.42	1.37	1.37	1.33	1.29	1.17	1.14
36	SCANA Corp.	2.00	N/A	N/A	2.45	2.30	2.18	2.10	2.03	1.98	1.94	1.90	1.88	1.84	1.76	1.68
37	Sempra Energy	2.36	3.87	3.58	3.29	3.02	2.80	2.64	2.52	2.40	1.92	1.56	1.56	1.37	1.24	1.20
38	Southern Co.	1.98	2.46	2.38	2.30	2.22	2.15	2.08	2.01	1.94	1.87	1.80	1.73	1.66	1.60	1.54
39	Vectren Corp.	1.42	N/A	N/A	1.71	1.62	1.54	1.46	1.43	1.41	1.39	1.37	1.35	1.31	1.27	1.23
40	WEC Energy Group	1.33	2.36	2.21	2.08	1.98	1.74	1.56	1.45	1.20	1.04	0.80	0.68	0.54	0.50	0.46
41	Westar Energy	1.30	N/A	N/A	1.60	1.52	1.44	1.40	1.36	1.32	1.28	1.24	1.20	1.16	1.08	0.98
42	Xcel Energy Inc.	1.17	1.62	1.52	1.44	1.36	1.28	1.20	1.11	1.07	1.03	1.00	0.97	0.94	0.91	0.88
43	**Average**	**1.66**	**2.22**	**2.12**	**1.97**	**1.86**	**1.76**	**1.67**	**1.61**	**1.59**	**1.51**	**1.47**	**1.42**	**1.42**	**1.36**	**1.27**
44	**Industry Average Growth**	**4.40%**	**4.84%**	**7.61%**	**6.14%**	**5.60%**	**5.24%**	**3.58%**	**1.23%**	**5.69%**	**2.49%**	**3.36%**	**-0.08%**	**5.06%**	**6.45%**	

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
Notes:
PG&E is excluded from 2017, 2018 and 2019 average calculations due to their Dividend Suspension.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 5 of 16

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Earnings per Share[1] 14-Year Average (1)	2019 [2] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	2.86	3.50	3.38	3.13	3.14	3.38	2.90	2.63	2.58	2.65	2.19	1.89	2.82	3.08	2.77
2	Alliant Energy	1.57	2.25	2.19	1.99	1.65	1.69	1.74	1.65	1.53	1.38	1.38	0.95	1.27	1.35	1.03
3	Ameren Corp.	2.71	3.30	3.32	2.77	2.68	2.38	2.40	2.10	2.41	2.47	2.77	2.78	2.88	2.98	2.66
4	American Electric Power	3.31	4.10	3.90	3.62	4.23	3.59	3.34	3.18	2.98	3.13	2.60	2.97	2.99	2.86	2.86
5	Avangrid, Inc.	1.73	2.20	1.92	1.67	1.98	0.86	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	1.74	2.85	2.07	1.95	2.15	1.89	1.84	1.85	1.32	1.72	1.65	1.58	1.36	0.72	1.47
7	Black Hills	2.39	3.55	3.47	3.38	2.63	2.83	2.89	2.61	1.97	1.01	1.66	2.32	0.18	2.68	2.21
8	CenterPoint Energy	1.22	1.50	0.74	1.57	1.00	1.08	1.42	1.24	1.35	1.27	1.07	1.01	1.30	1.17	1.33
9	CMS Energy Corp.	1.57	2.50	2.32	2.17	1.98	1.89	1.74	1.66	1.53	1.45	1.33	0.93	1.23	0.64	0.64
10	Consol. Edison	3.72	4.05	4.55	4.10	3.94	4.05	3.62	3.93	3.86	3.57	3.47	3.14	3.36	3.48	2.95
11	Dominion Resources	2.87	2.00	3.25	3.53	3.44	3.20	3.05	3.09	2.75	2.76	2.89	2.64	3.04	2.13	2.40
12	DTE Energy	4.19	6.25	6.17	5.73	4.83	4.44	5.10	3.76	3.88	3.67	3.74	3.24	2.73	2.66	2.45
13	Duke Energy	3.85	5.00	4.13	4.22	3.71	4.10	4.13	3.98	3.71	4.14	4.02	3.39	3.03	3.60	2.73
14	Edison Int'l	3.49	4.75	-1.26	4.51	3.94	4.15	4.33	3.78	4.55	3.23	3.35	3.24	3.68	3.32	3.28
15	El Paso Electric	2.07	2.60	2.07	2.42	2.39	2.03	2.27	2.20	2.26	2.48	2.07	1.50	1.73	1.63	1.27
16	Entergy Corp.	6.00	5.80	5.88	5.19	6.88	5.81	5.77	4.96	6.02	7.55	6.66	6.30	6.20	5.60	5.36
17	Eversource Energy	2.36	3.45	3.25	3.11	2.96	2.76	2.58	2.49	1.89	2.22	2.10	1.91	1.86	1.59	0.82
18	Evergy, Inc.	2.80	2.80	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	3.00	3.00	2.07	2.78	1.80	2.54	2.10	2.31	1.92	3.75	3.87	4.29	4.10	4.03	3.50
20	FirstEnergy Corp.	2.68	2.55	1.33	2.73	2.10	2.00	0.85	2.97	2.13	1.88	3.25	3.32	4.38	4.22	3.82
21	Fortis Inc.	1.83	2.70	2.52	2.66	1.89	2.11	1.38	1.63	1.65	1.74	1.62	1.51	1.52	1.29	1.36
22	Great Plains Energy	1.33	N/A	N/A	-0.06	1.61	1.37	1.57	1.62	1.35	1.25	1.53	1.03	1.16	1.85	1.62
23	Hawaiian Elec.	1.52	2.00	1.85	1.64	2.29	1.50	1.64	1.62	1.67	1.44	1.21	0.91	1.07	1.11	1.33
24	IDACORP, Inc.	3.37	4.40	4.49	4.21	3.94	3.87	3.85	3.64	3.37	3.36	2.95	2.64	2.18	1.86	2.35
25	MGE Energy	1.95	2.75	2.43	2.20	2.18	2.06	2.32	2.16	1.86	1.76	1.67	1.47	1.59	1.51	1.37
26	NextEra Energy, Inc.	5.13	7.75	6.67	6.50	5.78	6.06	5.60	4.83	4.56	4.82	4.74	3.97	4.07	3.27	3.23
27	NorthWestern Corp	2.55	3.70	3.40	3.34	3.39	2.90	2.99	2.46	2.26	2.53	2.14	2.02	1.77	1.44	1.31
28	OGE Energy	1.69	2.15	2.12	1.92	1.69	1.69	1.98	1.94	1.79	1.73	1.50	1.33	1.25	1.32	1.23
29	Otter Tail Corp.	1.38	2.15	2.06	1.86	1.60	1.56	1.55	1.37	1.05	0.45	0.38	0.71	1.09	1.78	1.69
30	PG&E Corp.	1.49	N/A	-13.25	3.50	2.83	2.00	3.06	1.83	2.07	2.78	2.82	3.03	3.22	2.78	2.76
31	Pinnacle West Capital	3.50	4.85	4.54	4.43	3.95	3.92	3.58	3.66	3.50	2.99	3.08	2.26	2.12	2.96	3.17
32	PNM Resources	1.31	2.20	1.66	1.92	1.65	1.64	1.45	1.41	1.31	1.08	0.87	0.58	0.11	0.76	1.72
33	Portland General	1.92	2.45	2.37	2.29	2.16	2.04	2.18	1.77	1.87	1.95	1.66	1.31	1.39	2.33	1.14
34	PPL Corp.	2.36	2.40	2.58	2.11	2.79	2.37	2.38	2.38	2.61	2.61	2.29	1.19	2.45	2.63	2.29
35	Public Serv. Enterprise	2.86	3.80	2.76	2.82	2.83	3.30	2.99	2.45	2.44	3.11	3.07	3.08	2.90	2.59	1.85
36	SCANA Corp.	3.30	N/A	N/A	4.20	4.16	3.81	3.79	3.39	3.15	2.97	2.98	2.85	2.95	2.74	2.59
37	Sempra Energy	4.63	5.90	5.48	4.63	4.24	5.23	4.63	4.22	4.35	4.47	4.02	4.78	4.43	4.26	4.23
38	Southern Co.	2.64	3.05	3.00	3.21	2.83	2.84	2.77	2.70	2.67	2.55	2.36	2.32	2.25	2.28	2.10
39	Vectren Corp.	1.94	N/A	N/A	2.60	2.55	2.39	2.02	1.66	1.94	1.73	1.64	1.79	1.63	1.83	1.44
40	WEC Energy Group	2.34	3.52	3.34	3.14	2.96	2.34	2.59	2.51	2.35	2.18	1.92	1.60	1.52	1.42	1.32
41	Westar Energy	1.96	N/A	N/A	2.27	2.43	2.09	2.35	2.27	2.15	1.79	1.80	1.28	1.31	1.84	1.88
42	Xcel Energy Inc.	1.89	2.60	2.47	2.30	2.21	2.10	2.03	1.91	1.85	1.72	1.56	1.49	1.46	1.35	1.35
43	**Average**	**2.65**	**3.42**	**3.01**	**3.02**	**2.91**	**2.78**	**2.77**	**2.60**	**2.51**	**2.53**	**2.45**	**2.26**	**2.29**	**2.32**	**2.17**
44	**Industry Average Growth**	**3.63%**	**13.33%**	**-0.18%**	**3.68%**	**4.86%**	**0.28%**	**6.70%**	**3.34%**	**-0.86%**	**3.54%**	**8.08%**	**-1.11%**	**-1.47%**	**6.98%**	

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
Notes:
PG&E is excluded from 2017, 2018, and 2019 average calculations due to their Dividend Suspension.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 6 of 16

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Cash Flow / Capital Spending 2017 (1)	2018 (2)	2019 (3)	2020 (4)	3 - 5 yr Projection (5)
1	ALLETE	1.61x	1.22x	0.73x	1.13x	1.76x
2	Alliant Energy	0.49x	N/A	0.65x	0.71x	0.85x
3	Ameren Corp.	0.75x	0.80x	0.81x	0.64x	0.98x
4	American Electric Power	0.67x	0.68x	0.68x	0.77x	0.88x
5	Avangrid, Inc.	0.57x	0.85x	0.68x	0.56x	0.69x
6	Avista Corp.	0.77x	0.78x	0.94x	0.86x	1.00x
7	Black Hills	1.17x	0.87x	0.55x	0.77x	1.22x
8	CenterPoint Energy	1.22x	0.98x	0.97x	1.05x	1.15x
9	CMS Energy Corp.	0.89x	0.77x	0.78x	0.76x	1.00x
10	Consol. Edison	0.76x	0.82x	0.80x	0.77x	0.90x
11	Dominion Resources	0.81x	1.04x	0.78x	1.00x	1.23x
12	DTE Energy	0.94x	0.84x	0.68x	1.07x	1.23x
13	Duke Energy	0.87x	0.81x	0.78x	0.86x	1.08x
14	Edison Int'l	0.94x	0.34x	0.73x	0.78x	0.83x
15	El Paso Electric	1.04x	0.86x	0.94x	1.01x	0.94x
16	Entergy Corp.	0.76x	0.73x	0.73x	0.95x	1.06x
17	Eversource Energy	0.79x	0.83x	0.78x	0.95x	1.26x
18	Evergy, Inc.	N/A	1.17x	1.25x	1.26x	1.61x
19	Exelon Corp.	1.06x	1.05x	1.20x	1.32x	1.52x
20	FirstEnergy Corp.	1.03x	0.76x	0.94x	1.02x	1.19x
21	Fortis Inc.	0.76x	0.72x	0.67x	0.75x	0.87x
22	Hawaiian Elec.	0.81x	0.85x	1.14x	1.12x	1.17x
23	IDACORP, Inc.	1.33x	1.42x	1.25x	1.27x	1.31x
24	MGE Energy	1.19x	0.66x	0.73x	0.77x	0.81x
25	NextEra Energy, Inc.	0.53x	0.56x	0.82x	0.94x	1.13x
26	NorthWestern Corp	1.21x	1.23x	1.11x	1.11x	1.38x
27	OGE Energy	0.81x	1.30x	1.29x	1.45x	1.67x
28	Otter Tail Corp.	1.10x	1.49x	0.80x	0.42x	1.73x
29	PG&E Corp.	0.82x	-0.58x	N/A	N/A	N/A
30	Pinnacle West Capital	0.76x	1.06x	1.04x	1.11x	1.21x
31	PNM Resources	0.84x	0.82x	0.72x	0.69x	0.90x
32	Portland General	1.07x	1.00x	1.05x	1.05x	1.59x
33	PPL Corp.	0.82x	0.93x	0.92x	1.06x	1.54x
34	Public Serv. Enterprise	0.64x	0.70x	1.13x	1.10x	1.29x
35	Sempra Energy	0.67x	0.80x	0.66x	0.93x	1.46x
36	Southern Co.	0.90x	0.83x	0.87x	1.01x	1.38x
37	WEC Energy Group	0.92x	0.90x	0.68x	0.68x	1.10x
38	Xcel Energy Inc.	0.84x	0.77x	0.68x	0.96x	1.10x
39	Average	0.90x	0.86x	0.86x	0.94x	1.19x
40	Median	0.84x	0.83x	0.80x	0.95x	1.17x

Sources:
The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
Notes:
Based on the projected Cash Flow per share and Capital Spending per share.

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

		Percent Dividends to Book Value [1]														
Line	Company	14-Year Average (1)	2019 [2/a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	6.00%	5.46%	5.35%	5.29%	5.45%	5.45%	5.59%	5.86%	6.04%	6.18%	6.46%	6.67%	6.78%	6.80%	6.62%
2	Alliant Energy	6.27%	6.51%	6.90%	7.32%	6.96%	6.70%	6.56%	6.36%	6.37%	6.26%	6.06%	5.98%	5.48%	5.23%	5.04%
3	Ameren Corp.	6.06%	5.86%	5.92%	6.01%	5.86%	5.78%	5.82%	5.93%	5.87%	4.76%	4.79%	4.66%	7.74%	7.84%	7.97%
4	American Electric Power	6.20%	6.79%	6.56%	6.43%	6.42%	5.90%	5.91%	5.91%	5.99%	6.10%	6.04%	5.97%	6.23%	6.28%	6.32%
5	Avangrid, Inc.	2.84%	3.57%	3.57%	3.54%	3.53%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	4.91%	5.43%	5.52%	5.41%	5.33%	5.38%	5.33%	5.65%	5.51%	5.42%	5.07%	4.23%	3.77%	3.44%	3.26%
7	Black Hills	5.33%	5.31%	5.31%	5.67%	5.55%	5.66%	5.06%	5.17%	5.31%	5.30%	5.14%	5.10%	5.15%	5.34%	5.58%
8	CenterPoint Energy	10.30%	6.27%	8.94%	12.39%	12.82%	12.30%	8.96%	8.23%	8.05%	7.97%	10.36%	11.28%	12.40%	12.12%	12.09%
9	CMS Energy Corp.	6.32%	8.55%	8.52%	8.43%	8.14%	8.16%	8.10%	7.86%	7.94%	7.05%	5.90%	4.38%	3.31%	2.11%	0.00%
10	Consol. Edison	6.14%	5.60%	5.49%	5.55%	5.72%	5.84%	5.87%	5.88%	5.97%	6.15%	6.27%	6.47%	6.60%	7.12%	7.40%
11	Dominion Resources	10.45%	10.86%	11.31%	11.41%	12.04%	12.20%	12.16%	11.24%	11.50%	9.81%	8.86%	9.38%	9.14%	8.95%	7.46%
12	DTE Energy	5.91%	6.35%	6.38%	6.34%	6.09%	5.81%	5.72%	5.79%	5.66%	5.60%	5.49%	5.59%	5.76%	5.91%	6.28%
13	Duke Energy	5.22%	6.08%	6.04%	5.85%	5.73%	5.61%	5.45%	5.28%	5.22%	5.81%	5.72%	5.66%	5.45%	5.12%	0.00%
14	Edison Int'l	5.01%	7.04%	7.56%	6.23%	5.39%	4.97%	4.41%	4.48%	4.54%	4.16%	3.90%	4.12%	4.19%	4.53%	4.65%
15	El Paso Electric	2.94%	5.13%	4.94%	4.67%	4.62%	4.63%	4.53%	4.46%	4.72%	3.47%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Entergy Corp.	6.71%	7.13%	7.65%	7.90%	7.58%	6.44%	5.95%	6.15%	6.42%	6.53%	6.82%	6.59%	7.13%	6.34%	5.34%
17	Eversource Energy	4.86%	5.68%	5.57%	5.43%	5.27%	5.12%	4.99%	4.82%	4.49%	4.86%	4.75%	4.66%	4.26%	4.16%	4.00%
18	Evergy, Inc.	5.10%	5.10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	7.60%	4.34%	4.34%	4.23%	4.51%	4.42%	4.72%	5.49%	8.38%	9.68%	10.25%	10.96%	12.21%	11.87%	11.02%
20	FirstEnergy Corp.	8.36%	10.27%	13.82%	16.34%	10.21%	4.91%	4.88%	5.44%	7.03%	6.93%	7.85%	7.84%	8.10%	6.96%	6.54%
21	Fortis Inc.	5.35%	5.08%	5.03%	5.19%	4.80%	5.00%	5.22%	5.58%	5.81%	5.70%	5.91%	5.60%	5.55%	4.90%	5.47%
22	Great Plains Energy	5.31%	N/A	N/A	4.78%	4.27%	4.21%	4.02%	3.91%	3.93%	3.84%	3.90%	4.03%	7.76%	9.13%	9.94%
23	Hawaiian Elec.	7.38%	6.23%	6.24%	6.43%	6.51%	6.91%	7.10%	7.27%	7.62%	7.77%	7.91%	7.96%	8.08%	8.11%	9.22%
24	IDACORP, Inc.	4.48%	5.25%	5.11%	5.02%	4.87%	4.70%	4.53%	4.26%	3.91%	3.62%	3.87%	4.11%	4.32%	4.48%	4.66%
25	MGE Energy	6.29%	5.62%	5.60%	5.61%	5.79%	5.82%	5.84%	6.01%	6.22%	6.36%	6.56%	6.72%	6.87%	7.24%	7.77%
26	NextEra Energy, Inc.	6.33%	7.22%	6.22%	6.56%	6.69%	6.29%	6.45%	6.37%	6.33%	6.12%	5.82%	6.03%	6.23%	6.22%	6.12%
27	NorthWestern Corp	5.85%	5.76%	5.70%	5.76%	5.77%	5.78%	5.08%	5.71%	5.90%	6.08%	6.01%	6.13%	6.21%	6.06%	6.00%
28	OGE Energy	6.57%	7.49%	6.96%	6.59%	6.70%	6.30%	5.84%	5.56%	5.70%	5.81%	6.24%	6.79%	6.89%	7.47%	7.61%
29	Otter Tail Corp.	7.25%	7.33%	7.29%	7.27%	7.34%	7.70%	7.86%	8.07%	8.25%	7.52%	6.77%	6.33%	6.22%	6.67%	6.90%
30	PG&E Corp.	5.29%	N/A	0.00%	4.15%	5.44%	5.40%	5.50%	5.80%	6.00%	6.20%	6.38%	6.03%	6.01%	5.96%	5.88%
31	Pinnacle West Capital	6.14%	6.27%	6.16%	6.03%	5.93%	5.91%	5.89%	5.84%	7.38%	6.00%	6.20%	6.42%	6.15%	5.98%	5.87%
32	PNM Resources	3.73%	5.67%	5.12%	4.67%	4.18%	3.85%	3.37%	3.26%	2.89%	2.55%	2.84%	2.65%	3.20%	4.13%	3.89%
33	Portland General	4.69%	5.24%	5.09%	4.94%	4.78%	4.64%	4.56%	4.70%	4.70%	4.78%	4.90%	4.93%	4.48%	4.42%	3.45%
34	PPL Corp.	8.91%	9.51%	10.13%	10.18%	10.44%	10.19%	7.28%	7.43%	8.00%	7.48%	8.24%	9.47%	9.89%	8.20%	8.27%
35	Public Serv. Enterprise	6.93%	6.31%	6.31%	6.27%	6.31%	6.03%	6.14%	6.28%	6.66%	6.75%	7.20%	7.66%	8.40%	8.15%	8.54%
36	SCANA Corp.	6.44%	N/A	N/A	6.67%	5.74%	5.72%	6.01%	6.14%	6.29%	6.48%	6.54%	6.80%	7.12%	6.94%	6.89%
37	Sempra Energy	5.26%	6.45%	6.59%	6.53%	5.83%	5.89%	5.74%	5.60%	5.66%	4.68%	4.16%	4.27%	4.18%	3.89%	4.19%
38	Southern Co.	9.52%	9.41%	9.95%	9.59%	8.89%	9.53%	9.48%	9.39%	9.22%	9.22%	9.38%	9.55%	9.74%	9.83%	10.07%
39	Vectren Corp.	7.71%	N/A	N/A	7.67%	7.60%	7.57%	7.51%	7.55%	7.57%	7.74%	7.78%	7.84%	7.85%	7.86%	7.97%
40	WEC Energy Group	5.98%	7.36%	7.12%	6.94%	7.00%	6.35%	7.96%	7.71%	6.65%	6.05%	4.92%	4.42%	3.78%	3.77%	3.72%
41	Westar Energy	5.71%	N/A	N/A	5.82%	5.66%	5.57%	5.60%	5.70%	5.77%	5.81%	5.84%	5.83%	5.75%	5.64%	5.56%
42	Xcel Energy Inc.	6.12%	6.52%	6.39%	6.38%	6.26%	6.13%	5.94%	5.78%	5.88%	5.91%	5.97%	6.09%	6.13%	6.19%	6.16%
43	Average	6.27%	6.49%	6.51%	6.67%	6.44%	6.12%	6.07%	6.10%	6.28%	6.11%	6.08%	6.13%	6.36%	6.28%	6.09%
44	Median	6.05%	6.27%	6.22%	6.23%	5.83%	5.81%	5.83%	5.82%	5.99%	6.09%	6.02%	6.03%	6.21%	6.21%	6.14%

Sources:

[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.

[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

[a] Based on the projected 2019 Dividend Declared per share and Book Value per share, published in The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Dividends to Earnings Ratio [1] 14-Year Average (1)	2019 [2/b] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	0.68	0.67	0.66	0.68	0.66	0.60	0.68	0.72	0.71	0.67	0.80	0.93	0.61	0.53	0.52
2	Alliant Energy	0.61	0.63	0.61	0.63	0.72	0.65	0.59	0.57	0.59	0.62	0.57	0.79	0.55	0.47	0.56
3	Ameren Corp.	0.69	0.58	0.56	0.64	0.64	0.70	0.67	0.76	0.66	0.63	0.56	0.55	0.88	0.85	0.95
4	American Electric Power	0.60	0.66	0.65	0.66	0.54	0.60	0.61	0.61	0.63	0.59	0.66	0.55	0.55	0.55	0.52
5	Avangrid, Inc.	0.90	0.80	0.91	1.03	0.87	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	0.65	0.54	0.72	0.73	0.64	0.70	0.69	0.66	0.88	0.64	0.61	0.51	0.51	0.83	0.39
7	Black Hills	1.18	0.58	0.56	0.54	0.64	0.57	0.54	0.58	0.75	1.45	0.87	0.61	7.78	0.51	0.60
8	CenterPoint Energy	0.77	0.77	1.51	0.86	1.03	0.92	0.67	0.67	0.60	0.62	0.73	0.75	0.56	0.58	0.45
9	CMS Energy Corp.	0.55	0.61	0.62	0.61	0.63	0.61	0.62	0.61	0.63	0.58	0.50	0.54	0.29	0.31	N/A
10	Consol. Edison	0.68	0.73	0.63	0.67	0.68	0.64	0.70	0.63	0.63	0.67	0.69	0.75	0.70	0.67	0.78
11	Dominion Resources	0.82	1.84	1.03	0.86	0.81	0.81	0.79	0.73	0.77	0.71	0.63	0.66	0.52	0.69	0.58
12	DTE Energy	0.66	0.61	0.58	0.59	0.63	0.64	0.53	0.69	0.62	0.63	0.58	0.65	0.78	0.80	0.85
13	Duke Energy	0.80	0.75	0.88	0.83	0.91	0.79	0.76	0.78	0.82	0.72	0.72	0.83	0.89	0.72	N/A
14	Edison Int'l	0.23	0.52	- 1.93	0.50	0.50	0.42	0.34	0.36	0.29	0.40	0.38	0.38	0.33	0.35	0.34
15	El Paso Electric	0.51	0.58	0.68	0.54	0.51	0.57	0.49	0.48	0.43	0.27	N/A	N/A	N/A	N/A	N/A
16	Entergy Corp.	0.54	0.63	0.61	0.67	0.50	0.57	0.58	0.67	0.55	0.44	0.49	0.48	0.48	0.46	0.40
17	Eversource Energy	0.59	0.62	0.62	0.61	0.60	0.61	0.61	0.59	0.70	0.50	0.49	0.50	0.44	0.49	0.88
18	Evergy, Inc.	0.69	0.69	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	0.58	0.48	0.67	0.47	0.70	0.49	0.59	0.63	1.09	0.56	0.54	0.49	0.50	0.45	0.47
20	FirstEnergy Corp.	0.80	0.60	1.37	0.53	0.69	0.72	1.69	0.56	1.03	1.17	0.68	0.66	0.50	0.49	0.48
21	Fortis Inc.	0.70	0.69	0.69	0.62	0.82	0.68	0.94	0.77	0.73	0.67	0.69	0.69	0.66	0.64	0.49
22	Great Plains Energy	- 0.82	N/A	N/A	-18.33	0.66	0.73	0.60	0.54	0.63	0.67	0.54	0.81	1.43	0.90	1.02
23	Hawaiian Elec.	0.87	0.64	0.67	0.76	0.54	0.83	0.76	0.77	0.74	0.86	1.02	1.36	1.16	1.12	0.93
24	IDACORP, Inc.	0.49	0.58	0.53	0.53	0.53	0.50	0.46	0.43	0.41	0.36	0.41	0.45	0.55	0.65	0.51
25	MGE Energy	0.57	0.50	0.54	0.57	0.56	0.56	0.48	0.50	0.56	0.57	0.60	0.66	0.60	0.62	0.68
26	NextEra Energy, Inc.	0.53	0.65	0.67	0.60	0.60	0.51	0.52	0.55	0.53	0.46	0.42	0.48	0.44	0.50	0.46
27	NorthWestern Corp	0.67	0.62	0.65	0.63	0.59	0.66	0.54	0.62	0.65	0.57	0.64	0.66	0.75	0.89	0.95
28	OGE Energy	0.56	0.72	0.66	0.66	0.68	0.62	0.48	0.44	0.45	0.44	0.49	0.54	0.56	0.52	0.55
29	Otter Tail Corp.	1.16	0.65	0.65	0.69	0.78	0.79	0.78	0.87	1.13	2.64	3.13	1.68	1.09	0.66	0.68
30	PG&E Corp.	0.65	N/A	N/A	0.44	0.68	0.91	0.59	0.99	0.88	0.65	0.65	0.55	0.48	0.52	0.48
31	Pinnacle West Capital	0.70	0.63	0.63	0.61	0.65	0.62	0.65	0.61	0.76	0.70	0.68	0.93	0.99	0.71	0.64
32	PNM Resources	0.95	0.54	0.65	0.52	0.53	0.49	0.52	0.48	0.44	0.46	0.57	0.86	5.50	1.20	0.50
33	Portland General	0.59	0.62	0.60	0.59	0.58	0.58	0.51	0.62	0.57	0.54	0.62	0.77	0.70	0.40	0.59
34	PPL Corp.	0.63	0.69	0.64	0.75	0.54	0.63	0.63	0.62	0.55	0.54	0.61	1.16	0.55	0.46	0.48
35	Public Serv. Enterprise	0.52	0.49	0.65	0.61	0.58	0.47	0.49	0.59	0.58	0.44	0.45	0.43	0.44	0.45	0.62
36	SCANA Corp.	0.61	N/A	N/A	0.58	0.55	0.57	0.55	0.60	0.63	0.65	0.64	0.66	0.62	0.64	0.65
37	Sempra Energy	0.50	0.66	0.65	0.71	0.71	0.54	0.57	0.60	0.55	0.43	0.39	0.33	0.31	0.29	0.28
38	Southern Co.	0.75	0.81	0.79	0.72	0.79	0.76	0.75	0.75	0.73	0.73	0.76	0.75	0.74	0.70	0.73
39	Vectren Corp.	0.75	N/A	N/A	0.66	0.64	0.64	0.72	0.86	0.72	0.80	0.84	0.75	0.80	0.69	0.85
40	WEC Energy Group	0.53	0.67	0.66	0.66	0.67	0.74	0.60	0.58	0.51	0.48	0.42	0.42	0.36	0.35	0.35
41	Westar Energy	0.68	N/A	N/A	0.70	0.63	0.69	0.60	0.60	0.61	0.72	0.69	0.94	0.89	0.59	0.52
42	Xcel Energy Inc.	0.62	0.62	0.62	0.63	0.62	0.61	0.59	0.58	0.58	0.60	0.64	0.65	0.64	0.67	0.65
43	Average	0.64	0.67	0.64	0.18	0.65	0.64	0.64	0.63	0.66	0.67	0.68	0.70	0.95	0.61	0.61
44	Median	0.62	0.63	0.65	0.63	0.64	0.63	0.60	0.61	0.63	0.62	0.62	0.66	0.60	0.59	0.56

Sources:

[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.

[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Note:

[b] Based on the projected 2019 Dividends Declared per share and Earnings per share, published in The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Dominion Energy Utah

Electric Utilities
(Valuation Metrics)

Line	Company	Cash Flow to Capital Spending Ratio [1] 14-Year Average (1)	2019 [2/c] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	ALLETE	0.84	0.73	1.22	1.61	1.32	1.16	0.45	0.67	0.49	0.77	0.63	0.39	0.46	0.65	1.23
2	Alliant Energy	0.77	0.65	N/A	0.49	N/A	0.81	0.91	1.01	0.57	0.91	0.67	0.39	0.57	1.04	1.27
3	Ameren Corp.	0.92	0.81	0.80	0.75	0.75	0.75	0.75	0.89	1.07	1.31	1.36	0.81	0.66	0.97	1.21
4	American Electric Power	0.87	0.68	0.68	0.67	0.85	0.85	0.87	0.91	1.07	1.19	1.24	1.02	0.70	0.77	0.75
5	Avangrid, Inc.	0.77	0.68	0.85	0.57	0.86	0.89	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Avista Corp.	0.90	0.94	0.78	0.77	0.84	0.76	0.80	0.86	0.80	0.90	0.99	1.15	0.97	0.73	1.36
7	Black Hills	0.65	0.55	0.87	1.17	0.71	0.64	0.70	0.74	0.71	0.40	0.41	0.61	0.35	0.76	0.55
8	CenterPoint Energy	1.09	0.97	0.98	1.22	1.12	0.92	1.20	1.18	1.37	1.12	0.88	0.99	1.16	0.98	1.08
9	CMS Energy Corp.	0.88	0.78	0.77	0.89	0.81	0.81	0.74	0.82	0.82	1.05	1.13	0.97	1.11	0.55	1.07
10	Consol. Edison	0.82	0.80	0.82	0.76	0.65	0.76	0.88	0.86	1.01	0.98	0.90	0.75	0.70	0.81	0.74
11	Dominion Resources	0.78	0.78	1.04	0.81	0.65	0.64	0.63	0.77	0.73	0.79	0.87	0.75	0.83	0.74	0.85
12	DTE Energy	1.02	0.68	0.84	0.94	0.93	0.84	1.02	0.96	0.93	1.09	1.51	1.50	0.98	1.07	1.03
13	Duke Energy	0.90	0.78	0.81	0.87	0.82	0.96	1.20	1.09	0.87	0.89	0.78	0.77	0.71	1.09	0.97
14	Edison Int'l	0.77	0.73	0.34	0.94	0.91	0.80	0.83	0.80	0.76	0.61	0.60	0.79	0.93	0.88	0.93
15	El Paso Electric	0.88	0.94	0.86	1.04	0.85	0.67	0.69	0.79	0.85	1.03	0.98	0.68	0.78	0.84	1.26
16	Entergy Corp.	1.01	0.73	0.73	0.76	1.08	1.05	1.19	1.03	0.88	1.15	1.24	1.02	0.93	1.14	1.13
17	Eversource Energy	0.86	0.78	0.83	0.79	0.87	0.91	0.90	1.13	0.86	0.80	1.05	0.96	0.77	0.68	0.67
18	Evergy, Inc.	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Exelon Corp.	1.26	1.20	1.05	1.06	0.76	0.82	0.93	1.07	0.98	1.19	1.66	1.66	1.61	1.84	1.86
20	FirstEnergy Corp.	1.05	0.94	0.76	1.03	0.94	0.93	0.54	0.91	0.85	1.05	1.32	1.22	0.95	1.56	1.75
21	Fortis Inc.	0.68	0.67	0.72	0.76	0.76	0.65	0.60	0.77	0.72	0.66	0.68	0.63	0.66	0.57	0.63
22	Great Plains Energy	0.79	N/A	N/A	0.78	1.17	0.90	0.79	0.91	0.86	1.03	0.86	0.50	0.35	0.69	0.64
23	Hawaiian Elec.	1.07	1.14	0.85	0.81	1.37	0.98	1.03	0.92	0.99	1.30	1.50	0.79	0.87	1.15	1.23
24	IDACORP, Inc.	1.08	1.25	1.42	1.33	1.16	1.15	1.21	1.34	1.24	0.86	0.78	0.96	0.82	0.64	0.89
25	MGE Energy	1.10	0.73	0.66	1.19	1.44	1.60	1.31	0.96	1.05	1.56	1.57	1.13	0.87	0.59	0.80
26	NextEra Energy, Inc.	0.64	0.82	0.56	0.53	0.63	0.71	0.76	0.69	0.39	0.58	0.69	0.60	0.63	0.56	0.73
27	NorthWestern Corp	1.06	1.11	1.23	1.21	1.13	1.01	0.93	0.92	0.88	1.04	0.76	0.88	1.27	1.23	1.29
28	OGE Energy	0.87	1.29	1.30	0.81	1.00	1.18	1.19	0.69	0.63	0.51	0.69	0.61	0.60	0.79	0.84
29	Otter Tail Corp.	0.89	0.80	1.49	1.10	0.84	0.74	0.70	0.67	0.85	1.16	1.09	0.56	0.37	0.65	1.44
30	PG&E Corp.	0.70	N/A	- 0.58	0.82	0.73	0.69	0.80	0.56	0.68	0.83	0.85	0.78	0.84	1.02	1.12
31	Pinnacle West Capital	0.96	1.04	1.06	0.76	0.81	0.92	0.97	0.87	0.96	0.91	0.97	1.06	0.86	0.99	1.28
32	PNM Resources	0.70	0.72	0.82	0.84	0.57	0.57	0.63	0.80	0.87	0.77	0.82	0.70	0.44	0.43	0.89
33	Portland General	0.85	1.05	1.00	1.07	0.88	0.80	0.47	0.59	1.28	1.25	0.81	0.44	0.77	0.72	0.78
34	PPL Corp.	0.97	0.92	0.93	0.82	1.00	0.72	0.75	0.69	0.91	1.07	1.11	1.07	1.25	1.13	1.18
35	Public Serv. Enterprise	1.12	1.13	0.70	0.64	0.61	0.80	1.04	0.93	0.96	1.30	1.23	1.41	1.34	1.64	1.94
36	SCANA Corp.	0.86	N/A	N/A	0.86	0.66	0.83	0.90	0.83	0.77	0.88	0.86	0.76	0.76	0.92	1.26
37	Sempra Energy	0.80	0.66	0.80	0.67	0.56	0.81	0.74	0.84	0.73	0.72	0.90	1.02	0.87	0.90	0.93
38	Southern Co.	0.88	0.87	0.83	0.90	0.77	0.88	0.80	0.86	0.93	0.94	0.93	0.78	0.87	0.91	1.00
39	Vectren Corp.	1.00	N/A	N/A	0.82	0.87	0.95	0.98	1.05	1.13	1.20	1.31	0.83	0.82	0.98	1.00
40	WEC Energy Group	0.96	0.68	0.90	0.92	1.20	0.97	1.37	1.42	1.30	1.02	0.97	0.89	0.61	0.56	0.69
41	Westar Energy	0.72	N/A	N/A	0.91	0.63	0.86	0.70	0.72	0.67	0.71	0.88	0.68	0.36	0.48	1.00
42	Xcel Energy Inc.	0.76	0.68	0.77	0.84	0.79	0.63	0.68	0.60	0.76	0.83	0.76	0.89	0.75	0.71	0.90
43	Average	0.89	0.86	0.85	0.89	0.88	0.86	0.87	0.88	0.88	0.96	0.98	0.86	0.80	0.88	1.05
44	Median	0.86	0.80	0.83	0.84	0.84	0.83	0.82	0.86	0.87	0.96	0.90	0.80	0.80	0.82	1.00

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, June 14, July 26, and August 16, 2019.
Notes:
[c] Based on the projected 2019 Cash Flow per share and Capital Spending per share, published in The Value Line Investment Survey, June 14, July 26, and August 16, 2019.

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

Price to Earnings (P/E) Ratio [1]

Line	Company	14-Year Average (1)	2019 [2] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	16.88	23.20	21.75	22.04	20.80	17.50	16.09	15.87	15.93	14.36	13.21	12.54	13.59	15.87	13.52
2	Chesapeake Utilities	18.30	27.10	22.94	27.84	21.77	19.15	17.70	15.62	14.81	14.16	12.21	14.20	14.15	16.72	17.85
3	New Jersey Resources	17.20	23.70	15.64	22.38	21.25	16.61	11.73	15.98	16.83	16.76	14.98	14.93	12.27	21.61	16.13
4	NiSource Inc.	20.00	21.60	19.34	NMF	23.18	37.34	22.74	18.89	17.87	19.36	15.33	14.34	12.07	18.82	19.16
5	Northwest Nat. Gas	20.70	28.90	26.63	NMF	26.92	23.69	20.69	19.38	21.08	19.02	16.97	15.17	18.08	16.74	15.85
6	ONE Gas Inc.	22.15	26.00	23.06	23.47	22.74	19.79	17.83	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	19.24	30.10	22.64	27.92	21.71	17.95	18.03	18.90	16.94	18.48	16.81	14.96	15.90	17.18	11.86
8	Southwest Gas	17.70	20.10	20.61	22.21	21.64	19.35	17.86	15.76	15.00	15.69	13.97	12.20	20.27	17.26	15.94
9	Spire Inc.	16.60	22.00	16.74	19.82	19.61	16.49	19.80	21.25	14.46	13.05	13.74	13.39	14.31	14.19	13.60
10	UGI Corp.	15.88	20.40	17.77	20.84	19.33	17.71	15.81	15.44	16.38	15.03	10.86	10.30	13.30	15.14	13.97
11	WGL Holdings Inc.	16.71	N/A	N/A	25.40	20.05	16.99	15.15	18.25	15.27	16.97	15.11	12.58	13.66	15.60	15.46
12	Average	18.08	24.31	20.71	23.55	21.73	20.23	17.58	17.53	16.46	16.29	14.32	13.46	14.76	16.91	15.33
13	Median	17.75	23.45	21.18	22.38	21.64	17.95	17.83	17.11	16.15	16.22	14.48	13.80	13.91	16.73	15.66

Market Price to Cash Flow (MP/CF) Ratio [1]

Line	Company	14-Year Average (1)	2019 [2/a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
14	Atmos Energy	8.58	12.89	12.02	11.99	11.36	9.30	8.79	7.72	7.02	6.87	6.15	5.76	6.48	7.44	6.36
15	Chesapeake Utilities	9.67	13.22	12.24	13.78	12.06	10.16	9.25	8.12	7.46	7.35	6.36	9.48	7.88	8.58	9.40
16	New Jersey Resources	12.05	15.31	11.44	14.45	13.94	11.71	8.95	11.29	12.29	12.71	11.32	11.34	9.15	13.76	11.01
17	NiSource Inc.	7.87	8.77	8.91	12.11	8.56	10.38	10.56	8.71	7.81	6.81	5.09	4.06	4.87	6.69	6.87
18	Northwest Nat. Gas	13.09	12.37	11.75	59.72	11.57	9.46	8.84	8.61	9.48	9.08	8.94	8.26	8.75	8.54	7.83
19	ONE Gas Inc.	10.80	12.60	11.85	11.89	11.10	9.19	8.16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	South Jersey Inds.	11.00	14.02	10.72	12.33	10.88	10.70	10.57	11.57	10.95	11.98	10.78	9.57	10.38	11.23	8.32
21	Southwest Gas	6.31	8.20	9.32	9.10	7.41	6.56	6.35	5.94	5.55	5.60	4.91	3.84	4.89	5.42	5.28
22	Spire Inc.	9.64	10.88	9.60	10.39	10.32	8.47	12.03	13.76	8.80	8.08	8.12	8.58	8.95	8.46	8.46
23	UGI Corp.	7.79	10.36	9.01	10.09	9.02	8.47	7.49	6.55	6.30	7.51	6.02	5.74	7.11	7.92	7.48
24	WGL Holdings Inc.	9.17	N/A	N/A	12.92	11.36	9.59	8.46	9.83	9.03	9.52	8.34	7.17	7.68	8.39	7.81
25	Average	9.52	11.86	10.69	16.25	10.69	9.45	9.04	9.21	8.47	8.55	7.60	7.38	7.62	8.64	7.88
26	Median	9.20	12.48	11.08	12.11	11.10	9.46	8.84	8.66	8.31	7.80	7.24	7.71	7.78	8.42	7.82

Market Price to Book Value (MP/BV) Ratio [1]

Line	Company	14-Year Average (1)	2019 [2/b] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
27	Atmos Energy	1.55	2.00	2.03	2.16	2.11	1.72	1.55	1.39	1.28	1.30	1.18	1.05	1.20	1.40	1.34
28	Chesapeake Utilities	1.94	2.44	2.50	2.51	2.28	2.19	2.12	1.83	1.66	1.61	1.40	1.37	1.64	1.84	1.85
29	New Jersey Resources	2.29	2.75	2.63	2.70	2.52	2.28	2.13	2.05	2.33	2.31	2.09	2.16	1.92	2.17	2.01
30	NiSource Inc.	1.45	1.66	1.92	1.96	1.84	1.95	1.94	1.58	1.37	1.15	0.92	0.69	0.94	1.16	1.19
31	Northwest Nat. Gas	1.89	2.40	2.35	2.41	1.92	1.63	1.59	1.56	1.72	1.70	1.78	1.73	1.96	2.05	1.69
32	ONE Gas Inc.	1.64	2.03	1.93	1.89	1.67	1.26	1.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
33	South Jersey Inds.	2.10	1.83	2.11	2.29	1.79	1.77	2.07	2.27	2.21	2.59	2.38	1.95	2.08	2.21	1.93
34	Southwest Gas	1.56	1.75	1.79	2.13	1.96	1.68	1.68	1.61	1.51	1.43	1.24	0.97	1.20	1.46	1.46
35	Spire Inc.	1.55	1.62	1.63	1.65	1.64	1.44	1.33	1.34	1.51	1.46	1.39	1.68	1.71	1.66	1.71
36	UGI Corp.	2.03	2.39	2.30	2.62	2.41	2.29	1.97	1.69	1.45	1.75	1.55	1.66	2.01	2.16	2.21
37	WGL Holdings Inc.	1.81	N/A	N/A	2.69	2.45	2.15	1.69	1.71	1.66	1.63	1.50	1.45	1.59	1.64	1.59
38	Average	1.81	2.09	2.12	2.27	2.05	1.85	1.74	1.70	1.67	1.69	1.54	1.47	1.62	1.78	1.70
39	Median	1.77	2.01	2.07	2.29	1.96	1.77	1.69	1.65	1.58	1.62	1.45	1.56	1.67	1.75	1.70

Sources:

[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.

[2] The Value Line Investment Survey, May 31, 2019.

Notes:

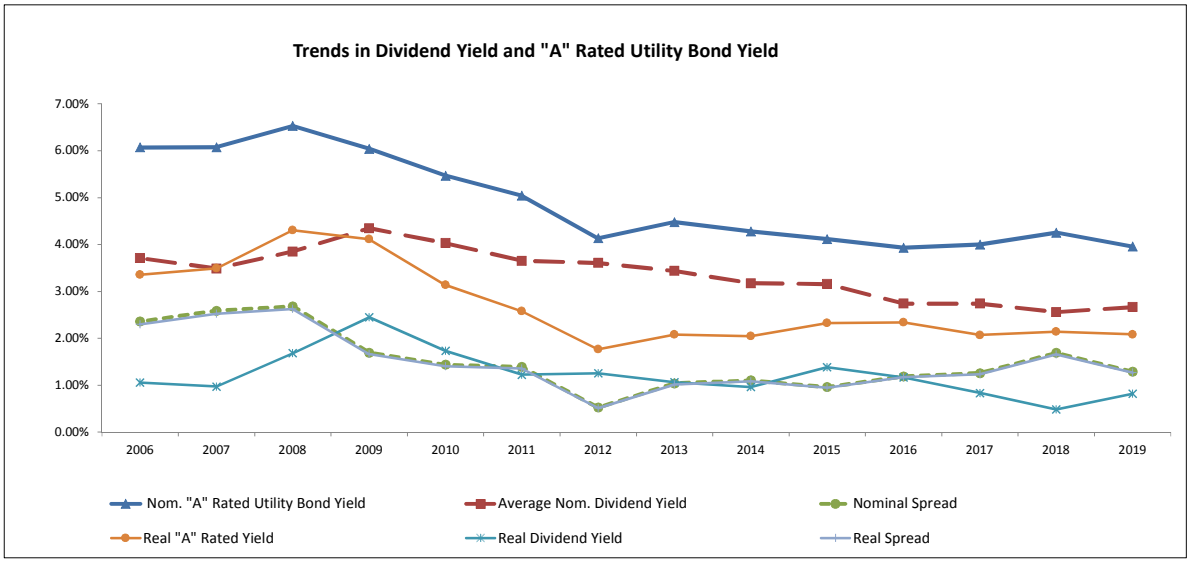
[a] Based on the average of the high and low price for 2018 and the projected 2018 Cash Flow per share, published in The Value Line Investment Survey, May 31, 2019.

[b] Based on the average of the high and low price for 2018 and the projected 2018 Book Value per share, published in The Value Line Investment Survey, May 31, 2019.

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

Line	Company	Dividend Yield[1] 14-Year Average (1)	2019 [2/a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	3.62%	2.17%	2.27%	2.39%	2.39%	2.88%	3.11%	3.53%	4.13%	4.19%	4.70%	5.34%	4.78%	4.16%	4.66%
2	Chesapeake Utilities	2.92%	1.79%	1.69%	1.91%	1.91%	2.18%	2.44%	2.87%	3.25%	3.36%	3.91%	4.09%	4.10%	3.62%	3.76%
3	New Jersey Resources	3.19%	2.47%	2.69%	2.86%	2.86%	3.14%	3.50%	3.71%	3.38%	3.33%	3.69%	3.46%	3.35%	3.02%	3.19%
4	NiSource Inc.	4.05%	2.99%	2.79%	2.76%	2.76%	3.53%	2.69%	3.30%	3.84%	4.53%	5.66%	7.64%	5.69%	4.29%	4.21%
5	Northwest Nat. Gas	3.58%	3.03%	3.02%	3.28%	3.28%	4.01%	4.14%	4.22%	3.83%	3.85%	3.63%	3.73%	3.27%	3.12%	3.73%
6	ONE Gas Inc.	2.40%	2.41%	2.37%	2.32%	2.32%	2.71%	2.28%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	3.32%	3.98%	3.20%	3.64%	3.64%	3.95%	3.40%	3.14%	3.22%	2.81%	3.00%	3.43%	3.08%	2.81%	3.15%
8	Southwest Gas	2.84%	2.74%	2.46%	2.62%	2.62%	2.87%	2.72%	2.69%	2.75%	2.78%	3.15%	4.01%	3.19%	2.56%	2.60%
9	Spire Inc.	3.81%	2.98%	3.09%	3.08%	3.08%	3.53%	3.78%	3.96%	4.11%	4.31%	4.70%	3.91%	3.94%	4.43%	4.34%
10	UGI Corp.	2.79%	2.08%	2.01%	2.35%	2.35%	2.50%	2.61%	3.01%	3.68%	3.30%	3.48%	3.23%	2.85%	2.69%	2.96%
11	WGL Holdings Inc.	3.84%	N/A	2.56%	2.94%	2.94%	3.41%	4.24%	3.94%	3.89%	4.06%	4.37%	4.62%	4.22%	4.19%	4.48%
12	**Average**	**3.37%**	**2.66%**	**2.56%**	**2.74%**	**2.74%**	**3.16%**	**3.17%**	**3.44%**	**3.61%**	**3.65%**	**4.03%**	**4.35%**	**3.85%**	**3.49%**	**3.71%**
13	Median	3.30%	2.60%	2.56%	2.76%	2.76%	3.14%	3.11%	3.42%	3.75%	3.60%	3.80%	3.96%	3.65%	3.37%	3.75%
14	20-Yr Treasury Yields[3]	3.41%	2.57%	3.02%	2.65%	2.23%	2.55%	3.07%	3.12%	2.54%	3.62%	4.03%	4.11%	4.36%	4.91%	4.99%
15	20-Yr TIPS[3]	1.26%	0.73%	0.94%	0.75%	0.66%	0.78%	0.87%	0.75%	0.21%	1.19%	1.73%	2.21%	2.19%	2.36%	2.31%
16	Implied Inflation[b]	2.12%	1.83%	2.06%	1.89%	1.56%	1.75%	2.19%	2.35%	2.33%	2.40%	2.26%	1.85%	2.13%	2.49%	2.62%
17	**Real Dividend Yield[c]**	**1.22%**	**0.81%**	**0.48%**	**0.83%**	**1.17%**	**1.38%**	**0.96%**	**1.06%**	**1.25%**	**1.22%**	**1.73%**	**2.45%**	**1.68%**	**0.97%**	**1.06%**
	Utility															
18	**Nominal "A" Rated Yield[4]**	**4.88%**	**3.95%**	**4.25%**	**4.00%**	**3.93%**	**4.12%**	**4.28%**	**4.48%**	**4.13%**	**5.04%**	**5.46%**	**6.04%**	**6.53%**	**6.07%**	**6.07%**
19	**Real "A" Rated Yield**	**2.70%**	**2.08%**	**2.14%**	**2.07%**	**2.34%**	**2.33%**	**2.04%**	**2.08%**	**1.76%**	**2.58%**	**3.13%**	**4.11%**	**4.31%**	**3.49%**	**3.36%**
	Spreads (Utility Bond - Stock)															
20	**Nominal[d]**	**1.51%**	**1.29%**	**1.69%**	**1.26%**	**1.19%**	**0.96%**	**1.11%**	**1.04%**	**0.52%**	**1.39%**	**1.43%**	**1.69%**	**2.68%**	**2.59%**	**2.36%**
21	**Real[e]**	**1.48%**	**1.27%**	**1.66%**	**1.23%**	**1.17%**	**0.94%**	**1.08%**	**1.01%**	**0.51%**	**1.36%**	**1.40%**	**1.66%**	**2.62%**	**2.52%**	**2.30%**
	Spreads (Treasury Bond - Stock)															
22	**Nominal[f]**	**0.04%**	**-0.09%**	**0.46%**	**-0.09%**	**-0.52%**	**-0.61%**	**-0.10%**	**-0.32%**	**-1.06%**	**-0.03%**	**0.00%**	**-0.24%**	**0.51%**	**1.42%**	**1.28%**
23	**Real[g]**	**0.04%**	**-0.09%**	**0.45%**	**-0.09%**	**-0.51%**	**-0.60%**	**-0.10%**	**-0.31%**	**-1.04%**	**-0.03%**	**0.00%**	**-0.23%**	**0.50%**	**1.39%**	**1.25%**



Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, May 31, 2019.
[3] St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org.
[4] www.moodys.com, Bond Yields and Key Indicators, through August 30, 2019.

Notes:
[a] Based on the average of the high and low price for 2019 and the projected 2019 Dividends Declared per share, published in The Value Line Investment Survey, May 31, 2019.
[b] Line 16 = (1 + Line 14) / (1 + Line 15) - 1.
[c] Line 17 = (1 + Line 12) / (1 +Line 16) - 1.
[d] The spread being measured here is the nominal A-rated utility bond yield over the average nominal utility dividend yield; (Line 18 - Line 12).
[e] The spread being measured here is the real A-rated utility bond yield over the average real utility dividend yield; Line 19 - Line 17)
[f] The spread being measured here is the nominal 20-Year Treasury yield over the average nominal utility dividend yield; (Line 14 - Line 12).
[g] The spread being measured here is the real 20-Year TIPS yield over the average real utility dividend yield; Line 15 - Line 17)

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

		Dividend per Share[1]														
Line	Company	14-Year Average (1)	2019 [2] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	1.45	2.10	1.40	1.38	1.68	1.56	1.48	1.40	1.38	1.36	1.34	1.32	1.30	1.28	1.26
2	Chesapeake Utilities	0.99	1.55	1.01	0.96	1.19	1.12	1.07	1.01	0.96	0.91	0.87	0.83	0.81	0.78	0.77
3	New Jersey Resources	0.76	1.17	0.81	0.77	0.98	0.93	0.86	0.81	0.77	0.72	0.68	0.62	0.56	0.51	0.48
4	NiSource Inc.	0.90	0.80	0.98	0.94	0.64	0.83	1.02	0.98	0.94	0.92	0.92	0.92	0.92	0.92	0.92
5	Northwest Nat. Gas	1.72	1.93	1.83	1.79	1.87	1.86	1.85	1.83	1.79	1.75	1.68	1.60	1.52	1.44	1.39
6	ONE Gas Inc.	1.36	2.00	N/A	N/A	1.40	1.20	0.84	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	0.80	1.20	0.90	0.83	1.06	1.02	0.96	0.90	0.83	0.75	0.68	0.61	0.56	0.51	0.46
8	Southwest Gas	1.26	2.18	1.32	1.18	1.80	1.62	1.46	1.32	1.18	1.06	1.00	0.95	0.90	0.86	0.82
9	Spire Inc.	1.69	2.37	1.70	1.66	1.96	1.84	1.76	1.70	1.66	1.61	1.57	1.53	1.49	1.45	1.40
10	UGI Corp.	0.70	1.12	0.74	0.71	0.93	0.89	0.79	0.74	0.71	0.68	0.60	0.52	0.50	0.48	0.46
11	WGL Holdings Inc.	1.59	N/A	1.66	1.59	1.93	1.83	1.72	1.66	1.59	1.55	1.50	1.47	1.41	1.37	1.35
12	**Average**	**1.19**	**1.64**	**1.24**	**1.18**	**1.40**	**1.34**	**1.25**	**1.24**	**1.18**	**1.13**	**1.08**	**1.04**	**1.00**	**0.96**	**0.93**
13	**Industry Average Growth**	**4.91%**	**32.92%**	**4.67%**	**-15.92%**	**5.03%**	**6.50%**	**1.58%**	**4.67%**	**4.35%**	**4.34%**	**4.47%**	**4.20%**	**3.83%**	**3.13%**	

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, May 31, 2019.

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

		Earnings per Share[1]														
Line	Company	14-Year Average	2019 [2]	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	Atmos Energy	2.73	4.30	4.00	3.60	3.38	3.09	2.96	2.50	2.10	2.26	2.16	1.97	2.00	1.94	2.00
2	Chesapeake Utilities	2.20	3.45	3.45	2.68	2.86	2.68	2.47	2.26	1.99	1.91	1.82	1.43	1.39	1.29	1.15
3	New Jersey Resources	1.53	2.05	2.72	1.73	1.61	1.78	2.08	1.37	1.36	1.29	1.23	1.20	1.35	0.78	0.93
4	NiSource Inc.	1.13	1.30	1.30	0.39	1.00	0.63	1.67	1.57	1.37	1.05	1.06	0.84	1.34	1.14	1.14
5	Northwest Nat. Gas	2.08	2.40	2.33	-1.94	2.12	1.96	2.16	2.24	2.22	2.39	2.73	2.83	2.57	2.76	2.35
6	ONE Gas Inc.	2.77	3.40	3.25	3.02	2.65	2.24	2.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	1.32	1.10	1.38	1.23	1.34	1.44	1.57	1.52	1.52	1.45	1.35	1.19	1.14	1.05	1.23
8	Southwest Gas	2.75	4.20	3.68	3.62	3.18	2.92	3.01	3.11	2.86	2.43	2.27	1.94	1.39	1.95	1.98
9	Spire Inc.	2.91	3.85	4.33	3.43	3.24	3.16	2.35	2.02	2.79	2.86	2.43	2.92	2.64	2.31	2.37
10	UGI Corp.	1.74	2.50	2.74	2.29	2.05	2.01	1.92	1.59	1.17	1.37	1.59	1.57	1.33	1.18	1.10
11	WGL Holdings Inc.	2.56	N/A	N/A	3.11	3.27	3.16	2.68	2.31	2.68	2.25	2.27	2.53	2.44	2.09	1.94
12	**Average**	**2.11**	**2.86**	**2.92**	**2.11**	**2.43**	**2.28**	**2.27**	**2.05**	**2.01**	**1.93**	**1.89**	**1.84**	**1.76**	**1.65**	**1.62**
13	**Industry Average Growth**	**4.99%**	**-2.16%**	**38.59%**	**-13.26%**	**6.50%**	**0.54%**	**10.67%**	**2.13%**	**4.13%**	**1.87%**	**2.61%**	**4.79%**	**6.67%**	**1.82%**	

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, May 31, 2019.

Docket No. 19-057-02
FEA Exhibit 1.02
Michael P. Gorman
Page 14 of 16

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

Line	Company	Cash Flow / Capital Spending 2017 (1)	2018 (2)	2019 (3)	2020 (4)	3 - 5 yr Projection (5)
1	Atmos Energy	0.62x	0.55x	0.53x	0.54x	0.67x
2	Chesapeake Utilities	0.50x	0.39x	0.66x	0.68x	0.76x
3	New Jersey Resources	0.70x	0.85x	1.41x	1.44x	1.61x
4	NiSource Inc.	0.41x	0.58x	0.66x	0.70x	0.73x
5	Northwest Nat. Gas	0.14x	0.71x	0.77x	0.82x	1.02x
6	ONE Gas Inc.	0.87x	0.84x	0.78x	0.81x	1.01x
7	South Jersey Inds.	0.81x	0.73x	0.48x	0.55x	0.58x
8	Southwest Gas	0.68x	0.56x	0.62x	0.64x	0.65x
9	Spire Inc.	0.72x	0.77x	0.65x	0.62x	0.75x
10	UGI Corp.	1.29x	1.64x	1.33x	1.45x	1.52x
12	Average	0.68x	0.76x	0.79x	0.83x	0.93x
13	Median	0.69x	0.72x	0.66x	0.69x	0.76x

Sources:
The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
The Value Line Investment Survey, May 31, 2019.
Notes:
Based on the projected Cash Flow per share and Capital Spending per share.

Dominion Energy Utah

Natural Gas Utilities
(Valuation Metrics)

Percent Dividends to Book Value [1]

Line	Company	14-Year Average (1)	2019 [2/a] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	5.23%	4.35%	4.53%	4.90%	5.04%	4.96%	4.81%	4.92%	5.28%	5.44%	5.55%	5.61%	5.75%	5.82%	6.25%
2	Chesapeake Utilities	5.34%	4.36%	4.39%	4.23%	4.35%	4.78%	5.18%	5.25%	5.39%	5.42%	5.49%	5.60%	6.71%	6.66%	6.95%
3	New Jersey Resources	7.17%	6.78%	6.87%	7.26%	7.21%	7.16%	7.45%	7.60%	7.86%	7.69%	7.72%	7.48%	6.42%	6.54%	6.40%
4	NiSource Inc.	5.36%	4.95%	5.96%	5.46%	5.08%	6.89%	5.22%	5.22%	5.25%	5.19%	5.22%	5.25%	5.34%	4.97%	5.02%
5	Northwest Nat. Gas	6.63%	7.27%	7.16%	7.27%	6.30%	6.53%	6.58%	6.59%	6.57%	6.55%	6.44%	6.43%	6.41%	6.39%	6.32%
6	ONE Gas Inc.	3.97%	4.87%	4.73%	4.48%	3.88%	3.41%	2.44%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	6.91%	7.27%	7.63%	7.34%	6.53%	6.98%	7.04%	7.12%	7.09%	7.26%	7.13%	6.69%	6.40%	6.22%	6.09%
8	Southwest Gas	4.37%	4.81%	4.90%	5.25%	5.14%	4.82%	4.57%	4.33%	4.16%	3.98%	3.90%	3.89%	3.83%	3.74%	3.80%
9	Spire Inc.	5.90%	4.84%	5.06%	5.09%	5.06%	5.07%	5.04%	5.31%	6.22%	6.30%	6.53%	6.56%	6.74%	7.33%	7.43%
10	UGI Corp.	5.47%	4.97%	4.82%	5.28%	5.65%	5.72%	5.14%	5.07%	5.35%	5.77%	5.41%	5.35%	5.72%	5.82%	6.54%
11	WGL Holdings Inc.	6.86%	N/A	N/A	6.88%	7.21%	7.33%	7.14%	6.73%	6.45%	6.60%	6.57%	6.72%	6.71%	6.88%	7.13%
12	Average	5.83%	5.45%	5.60%	5.77%	5.59%	5.78%	5.51%	5.82%	5.96%	6.02%	6.00%	5.96%	6.00%	6.04%	6.19%
13	Median	5.67%	4.91%	4.98%	5.28%	5.14%	5.72%	5.18%	5.28%	5.80%	6.03%	5.99%	6.02%	6.41%	6.30%	6.36%

Dividends to Earnings Ratio [1]

Line	Company	14-Year Average (1)	2019 [2/b] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	0.57	0.49	0.49	0.50	0.50	0.50	0.50	0.56	0.66	0.60	0.62	0.67	0.65	0.66	0.63
2	Chesapeake Utilities	0.49	0.45	0.40	0.47	0.42	0.42	0.43	0.45	0.48	0.48	0.48	0.58	0.58	0.61	0.67
3	New Jersey Resources	0.54	0.57	0.41	0.60	0.61	0.52	0.41	0.59	0.57	0.56	0.55	0.52	0.41	0.65	0.51
4	NiSource Inc.	0.86	0.62	0.60	1.79	0.64	1.32	0.61	0.62	0.69	0.88	0.87	1.10	0.69	0.81	0.81
5	Northwest Nat. Gas	0.61	0.80	0.81	- 0.97	0.88	0.95	0.86	0.82	0.81	0.73	0.62	0.57	0.59	0.52	0.59
6	ONE Gas Inc.	0.53	0.59	0.57	0.56	0.53	0.54	0.41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	0.64	1.09	0.82	0.89	0.79	0.71	0.61	0.59	0.54	0.52	0.50	0.51	0.49	0.48	0.37
8	Southwest Gas	0.50	0.52	0.57	0.55	0.57	0.55	0.49	0.42	0.41	0.44	0.44	0.49	0.65	0.44	0.41
9	Spire Inc.	0.62	0.62	0.52	0.61	0.60	0.58	0.75	0.84	0.59	0.56	0.65	0.52	0.56	0.63	0.59
10	UGI Corp.	0.43	0.45	0.37	0.42	0.45	0.44	0.41	0.46	0.60	0.50	0.38	0.33	0.38	0.41	0.41
11	WGL Holdings Inc.	0.64	N/A	N/A	0.65	0.59	0.58	0.64	0.72	0.59	0.69	0.66	0.58	0.58	0.65	0.69
12	Average	0.59	0.62	0.55	0.55	0.60	0.65	0.56	0.61	0.59	0.59	0.58	0.59	0.56	0.59	0.57
13	Median	0.57	0.58	0.54	0.56	0.59	0.55	0.50	0.59	0.59	0.56	0.58	0.54	0.58	0.62	0.59

Cash Flow to Capital Spending Ratio [1]

Line	Company	14-Year Average (1)	2019 [2/c] (2)	2018 (3)	2017 (4)	2016 (5)	2015 (6)	2014 (7)	2013 (8)	2012 (9)	2011 (10)	2010 (11)	2009 (12)	2008 (13)	2007 (14)	2006 (15)
1	Atmos Energy	0.68	0.53	0.55	0.62	0.59	0.60	0.65	0.55	0.59	0.68	0.77	0.78	0.81	0.94	0.82
2	Chesapeake Utilities	0.73	0.66	0.39	0.50	0.50	0.53	0.71	0.65	0.79	1.12	1.10	1.14	0.83	0.82	0.45
3	New Jersey Resources	1.40	1.41	0.85	0.70	0.59	0.67	1.79	1.46	1.48	1.51	1.55	1.75	2.11	1.67	2.14
4	NiSource Inc.	0.78	0.66	0.58	0.41	0.59	0.53	0.56	0.57	0.65	0.75	1.11	1.06	0.94	1.11	1.37
5	Northwest Nat. Gas	0.98	0.77	0.71	0.14	1.01	1.12	1.15	0.98	1.01	1.33	0.55	1.02	1.35	1.21	1.34
6	ONE Gas Inc.	0.84	0.78	0.84	0.87	0.92	0.86	0.79	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	South Jersey Inds.	0.87	0.48	0.73	0.81	0.76	0.50	0.53	0.51	0.58	0.70	0.75	1.01	1.67	1.70	1.40
8	Southwest Gas	0.88	0.62	0.56	0.68	0.83	0.84	0.99	1.05	0.90	0.82	1.37	1.28	0.85	0.78	0.72
9	Spire Inc.	1.15	0.65	0.77	0.72	0.96	0.92	0.98	0.78	0.95	1.53	1.61	1.93	1.64	1.42	1.28
10	UGI Corp.	1.48	1.33	1.64	1.29	1.35	1.48	1.53	1.32	1.52	1.28	1.36	1.52	1.72	1.62	1.69
11	WGL Holdings Inc.	1.02	N/A	N/A	0.61	0.56	0.60	0.63	0.71	0.93	1.02	1.60	1.60	1.60	1.17	1.18
12	Average	0.99	0.79	0.76	0.67	0.79	0.79	0.94	0.86	0.94	1.07	1.18	1.31	1.35	1.24	1.24
13	Median	0.96	0.66	0.72	0.68	0.76	0.67	0.79	0.74	0.92	1.07	1.23	1.21	1.48	1.19	1.31

Sources:
[1] The Value Line Investment Survey Investment Analyzer Software, downloaded on June 25, 2019.
[2] The Value Line Investment Survey, May 31, 2019.
Notes:
[a] Based on the projected 2019 Dividends Declared per share and Book Value per share, published in The Value Line Investment Survey, May 31, 2019.
[b] Based on the projected 2019 Dividends Declared per share and Earnings per share, published in The Value Line Investment Survey, May 31, 2019.
[c] Based on the projected 2019 Cash Flow per share and Capital Spending per share, published in The Value Line Investment Survey, May 31, 2019.

Dominion Energy Utah

Proxy Group

Line	Company	Credit Ratings[1] S&P (1)	Credit Ratings[1] Moody's (2)	Common Equity Ratios MI[1] (3)	Common Equity Ratios Value Line[2] (4)
1	Atmos Energy Corporation	A	A2	56.7%	65.7%
2	New Jersey Resources Corporation [5]	N/A	Aa3	49.4%	54.6%
3	Northwest Natural Holding Company	A+	Baa1	44.4%	51.9%
4	ONE Gas, Inc.	A	A2	56.3%	61.4%
5	South Jersey Industries, Inc.	BBB	N/A	28.9%	37.6%
6	Spire Inc.	A-	Baa2	46.1%	54.3%
7	Southwest Gas Holdings, Inc.	BBB+	Baa1	48.7%	51.7%
8	**Average**	**A-**	**A3**	**47.2%**	**53.9%**
9	**Dominion Energy Utah**	**BBB+[3]**	**A2[3]**		**55%[4]**

Sources:
[1] S&P Global Market Intelligence, Downloaded on October 3, 2019.
[2] *The Value Line Investment Survey* , August 30, 2019.
[3] Hevert direct at 15.
[4] Hevert direct at 2.
Note:
[5] Credit Rating for subsidiary New Jersey Natural Gas Company used.

Dominion Energy Utah

Consensus Analysts' Growth Rates

Line	Company	Zacks		MI		Yahoo! Finance		Average of Growth Rates
		Estimated Growth %[1]	Number of Estimates	Estimated Growth %[2]	Number of Estimates	Estimated Growth %[3]	Number of Estimates	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Atmos Energy Corporation	6.70%	N/A	5.00%	1	7.00%	N/A	6.23%
2	New Jersey Resources Corporation	7.00%	N/A	6.00%	2	6.00%	N/A	6.33%
3	Northwest Natural Holding Company	4.50%	N/A	4.50%	2	4.00%	N/A	4.33%
4	ONE Gas, Inc.	5.90%	N/A	6.00%	2	5.00%	N/A	5.63%
5	South Jersey Industries, Inc.	6.60%	N/A	7.25%	2	4.60%	N/A	6.15%
6	Spire Inc.	4.40%	N/A	6.00%	1	3.23%	N/A	4.54%
7	Southwest Gas Holdings, Inc.	6.20%	N/A	6.50%	2	8.20%	N/A	6.97%
8	**Average**	**5.90%**	**N/A**	**5.89%**	**2**	**5.43%**	**N/A**	**5.74%**

Sources:

[1] Zacks, http://www.zacks.com/, downloaded on September 27, 2019.

[2] S&P Global Market Intelligence, https://platform.mi.spglobal.com, downloaded on September 27, 2019.

[3] Yahoo! Finance, https://finance.yahoo.com/, downloaded on September 27, 2019.

Docket No. 19-057-02
FEA Exhibit 1.04
Michael P. Gorman
Page 1 of 1

Dominion Energy Utah

Constant Growth DCF Model
(Consensus Analysts' Growth Rates)

Line	Company	13-Week AVG Stock Price[1] (1)	Analysts' Growth[2] (2)	Annualized Dividend[3] (3)	Adjusted Yield (4)	Constant Growth DCF (5)
1	Atmos Energy Corporation	$109.07	6.23%	$2.10	2.05%	8.28%
2	New Jersey Resources Corporation	$47.01	6.33%	$1.17	2.65%	8.98%
3	Northwest Natural Holding Company	$70.96	4.33%	$1.90	2.79%	7.13%
4	ONE Gas, Inc.	$91.12	5.63%	$2.00	2.32%	7.95%
5	South Jersey Industries, Inc.	$32.67	6.15%	$1.15	3.73%	9.88%
6	Spire Inc.	$84.09	4.54%	$2.37	2.95%	7.49%
7	Southwest Gas Holdings, Inc.	$89.89	6.97%	$2.18	2.59%	9.56%
8	**Average**	**$74.97**	**5.74%**	**$1.84**	**2.72%**	**8.47%**
9	**Median**					**8.28%**

Sources:
[1] S&P Global Market Intelligence, Downloaded on October 3, 2019.
[2] FEA Exhibit 1.04.
[3] *The Value Line Investment Survey* , August 30, 2019.

Dominion Energy Utah

Payout Ratios

Line	Company	Dividends Per Share 2018 (1)	Dividends Per Share Projected (2)	Earnings Per Share 2018 (3)	Earnings Per Share Projected (4)	Payout Ratio 2018 (5)	Payout Ratio Projected (6)
1	Atmos Energy Corporation	$1.94	$2.70	$4.00	$5.60	48.50%	48.21%
2	New Jersey Resources Corporation	$1.11	$1.33	$2.74	$2.50	40.51%	53.20%
3	Northwest Natural Holding Company	$1.89	$2.20	$2.33	$3.50	81.12%	62.86%
4	ONE Gas, Inc.	$1.84	$2.65	$3.25	$4.75	56.62%	55.79%
5	South Jersey Industries, Inc.	$1.13	$1.40	$1.38	$2.40	81.88%	58.33%
6	Spire Inc.	$2.25	$2.67	$4.33	$5.00	51.96%	53.40%
7	Southwest Gas Holdings, Inc.	$2.08	$2.60	$3.68	$5.80	56.52%	44.83%
8	**Average**	**$1.75**	**$2.22**	**$3.10**	**$4.22**	**59.59%**	**53.80%**

Source:
The Value Line Investment Survey , August 30, 2019.

Dominion Energy Utah

Sustainable Growth Rate

Line	Company	3 to 5 Year Projections: Dividends Per Share (1)	Earnings Per Share (2)	Book Value Per Share (3)	Book Value Growth (4)	ROE (5)	Adjustment Factor (6)	Adjusted ROE (7)	Payout Ratio (8)	Retention Rate (9)	Internal Growth Rate (10)	Sustainable Growth Rate (11)
1	Atmos Energy Corporation	$2.70	$5.60	$56.05	5.51%	9.99%	1.03	10.26%	48.21%	51.79%	5.31%	13.71%
2	New Jersey Resources Corporation	$1.33	$2.50	$21.85	6.19%	11.44%	1.03	11.79%	53.20%	46.80%	5.52%	6.08%
3	Northwest Natural Holding Company	$2.20	$3.50	$29.40	2.17%	11.90%	1.01	12.03%	62.86%	37.14%	4.47%	7.97%
4	ONE Gas, Inc.	$2.65	$4.75	$47.90	4.27%	9.92%	1.02	10.12%	55.79%	44.21%	4.48%	5.70%
5	South Jersey Industries, Inc.	$1.40	$2.40	$20.00	6.18%	12.00%	1.03	12.36%	58.33%	41.67%	5.15%	8.98%
6	Spire Inc.	$2.67	$5.00	$54.20	4.02%	9.23%	1.02	9.41%	53.40%	46.60%	4.38%	5.85%
7	Southwest Gas Holdings, Inc.	$2.60	$5.80	$58.60	6.65%	9.90%	1.03	10.22%	44.83%	55.17%	5.64%	7.66%
8	**Average**	**$2.22**	**$4.22**	**$41.14**	**5.00%**	**10.63%**	**1.02**	**10.88%**	**53.80%**	**46.20%**	**4.99%**	**7.99%**

Sources and Notes:
Cols. (1), (2) and (3): *The Value Line Investment Survey*, August 30, 2019.
Col. (4): [Col. (3) / Page 2 Col. (2)] ^ (1/number of years projected) - 1.
Col. (5): Col. (2) / Col. (3).
Col. (6): [2 * (1 + Col. (4))] / (2 + Col. (4)).
Col. (7): Col. (6) * Col. (5).
Col. (8): Col. (1) / Col. (2).
Col. (9): 1 - Col. (8).
Col. (10): Col. (9) * Col. (7).
Col. (11): Col. (10) + Page 2 Col. (9).

Docket No. 19-057-02
FEA Exhibit 1.07
Michael P. Gorman
Page 1 of 2

Dominion Energy Utah

Sustainable Growth Rate

Line	Company	13-Week Average Stock Price[1] (1)	2018 Book Value Per Share[2] (2)	Market to Book Ratio (3)	Common Shares Outstanding (in Millions)[2] 2018 (4)	Common Shares Outstanding (in Millions)[2] 3-5 Years (5)	Growth (6)	S Factor[3] (7)	V Factor[4] (8)	S * V (9)
1	Atmos Energy Corporation	$109.07	$42.87	2.54	111.27	145.00	5.44%	13.84%	60.69%	8.40%
2	New Jersey Resources Corporation	$47.01	$16.18	2.91	87.69	89.00	0.30%	0.86%	65.58%	0.57%
3	Northwest Natural Holding Company	$70.96	$26.41	2.69	28.88	32.00	2.07%	5.57%	62.78%	3.50%
4	ONE Gas, Inc.	$91.12	$38.86	2.34	52.57	55.00	0.91%	2.13%	57.35%	1.22%
5	South Jersey Industries, Inc.	$32.67	$14.82	2.20	85.51	100.00	3.18%	7.01%	54.64%	3.83%
6	Spire Inc.	$84.09	$44.51	1.89	50.67	55.00	1.65%	3.12%	47.07%	1.47%
7	Southwest Gas Holdings, Inc.	$89.89	$42.47	2.12	53.03	58.00	1.81%	3.83%	52.75%	2.02%
8	**Average**	**$74.97**	**$32.30**	**2.38**	**67.09**	**76.29**	**2.19%**	**5.19%**	**57.27%**	**3.00%**

Sources and Notes:

[1] S&P Global Market Intelligence, Downloaded on October 3, 2019.

[2] *The Value Line Investment Survey*, August 30, 2019.

[3] Expected Growth in the Number of Shares, Column (3) * Column (6).

[4] Expected Profit of Stock Investment, [1 - 1 / Column (3)].

Docket No. 19-057-02
FEA Exhibit 1.07
Michael P. Gorman
Page 2 of 2

Dominion Energy Utah

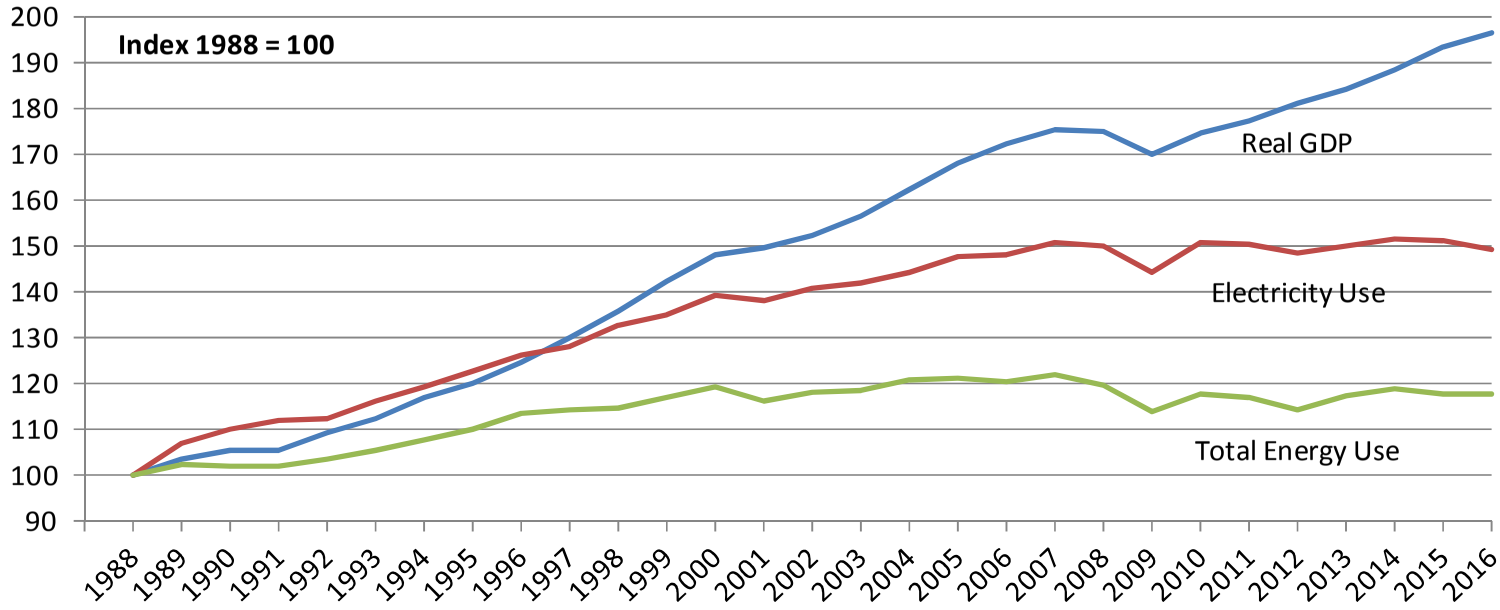
Constant Growth DCF Model
(Sustainable Growth Rate)

Line	Company	13-Week AVG Stock Price[1] (1)	Sustainable Growth[2] (2)	Annualized Dividend[3] (3)	Adjusted Yield (4)	Constant Growth DCF (5)
1	Atmos Energy Corporation	$109.07	13.71%	$2.10	2.19%	15.90%
2	New Jersey Resources Corporation	$47.01	6.08%	$1.17	2.64%	8.72%
3	Northwest Natural Holding Company	$70.96	7.97%	$1.90	2.89%	10.86%
4	ONE Gas, Inc.	$91.12	5.70%	$2.00	2.32%	8.02%
5	South Jersey Industries, Inc.	$32.67	8.98%	$1.15	3.83%	12.81%
6	Spire Inc.	$84.09	5.85%	$2.37	2.98%	8.84%
7	Southwest Gas Holdings, Inc.	$89.89	7.66%	$2.18	2.61%	10.27%
8	**Average**	**$74.97**	**7.99%**	**$1.84**	**2.78%**	**10.77%**
9	**Median**					**10.27%**

Sources:
[1] S&P Global Market Intelligence, Downloaded on October 3, 2019.
[2] FEA Exhibit 1.07, Page 1.
[3] *The Value Line Investment Survey*, August 30, 2019.

Dominion Energy Utah

Electricity Sales Are Linked to U.S. Economic Growth



Note:
1988 represents the base year. Graph depicts increases or decreases from the base year.

Sources:
U.S. Energy Information Administration
Federal Reserve Bank of St. Louis

Docket No. 19-057-02
FEA Exhibit 1.09
Michael P. Gorman
Page 1 of 1

Dominion Energy Utah

Multi-Stage Growth DCF Model

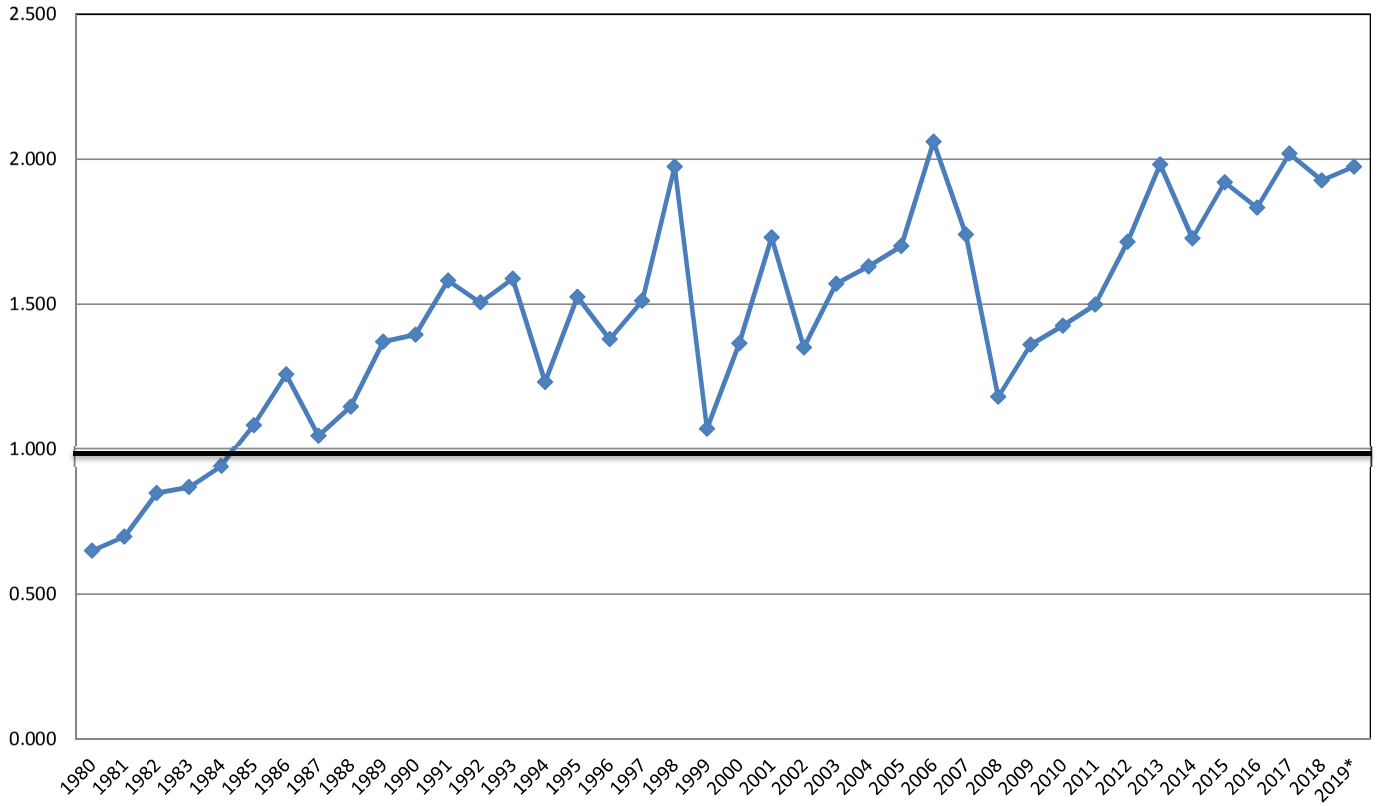
Line	Company	13-Week AVG Stock Price[1] (1)	Annualized Dividend[2] (2)	First Stage Growth[3] (3)	Second Stage Growth Year 6 (4)	Year 7 (5)	Year 8 (6)	Year 9 (7)	Year 10 (8)	Third Stage Growth[4] (9)	Multi-Stage Growth DCF (10)
1	Atmos Energy Corporation	$109.07	$2.10	6.23%	5.88%	5.52%	5.17%	4.81%	4.46%	4.10%	6.38%
2	New Jersey Resources Corporation	$47.01	$1.17	6.33%	5.96%	5.59%	5.22%	4.84%	4.47%	4.10%	7.09%
3	Northwest Natural Holding Company	$70.96	$1.90	4.33%	4.29%	4.26%	4.22%	4.18%	4.14%	4.10%	6.92%
4	ONE Gas, Inc.	$91.12	$2.00	5.63%	5.38%	5.12%	4.87%	4.61%	4.36%	4.10%	6.61%
5	South Jersey Industries, Inc.	$32.67	$1.15	6.15%	5.81%	5.47%	5.13%	4.78%	4.44%	4.10%	8.26%
6	Spire Inc.	$84.09	$2.37	4.54%	4.47%	4.40%	4.32%	4.25%	4.17%	4.10%	7.11%
7	Southwest Gas Holdings, Inc.	$89.89	$2.18	6.97%	6.49%	6.01%	5.53%	5.06%	4.58%	4.10%	7.13%
8	**Average**	**$74.97**	**$1.84**	**5.74%**	**5.47%**	**5.19%**	**4.92%**	**4.65%**	**4.37%**	**4.10%**	**7.07%**
9	**Median**										**7.09%**

Sources:
[1] S&P Global Market Intelligence, Downloaded on October 3, 2019.
[2] *The Value Line Investment Survey*, August 30, 2019.
[3] FEA Exhibit 1.04.
[4] *Blue Chip Financial Forecasts*, June 1, 2019 at 14.

Docket No. 19-057-02
FEA Exhibit 1.10
Michael P. Gorman
Page 1 of 1

Dominion Energy Utah

Common Stock Market/Book Ratio



Source:
1980 - 2000: Mergent Public Utility Manual.
2001 - 2015: AUS Utility Reports, multiple dates.
2016 - 2018: Value Line Investment Survey, multiple dates.
* Value Line Investment Survey Reports, May 31, June 14, July 26, and August 16, 2019.

Docket No. 19-057-02
FEA Exhibit 1.11
Michael P. Gorman
Page 1 of 1

Dominion Energy Utah

Equity Risk Premium - Treasury Bond

Line	Year	Authorized Gas Returns[1] (1)	30 yr. Treasury Bond Yield[2] (2)	Indicated Risk Premium (3)	Rolling 5 - Year Average (4)	Rolling 10 - Year Average (5)
1	1986	13.46%	7.80%	5.66%		
2	1987	12.74%	8.58%	4.16%		
3	1988	12.85%	8.96%	3.89%		
4	1989	12.88%	8.45%	4.43%		
5	1990	12.67%	8.61%	4.06%	4.44%	
6	1991	12.46%	8.14%	4.32%	4.17%	
7	1992	12.01%	7.67%	4.34%	4.21%	
8	1993	11.35%	6.60%	4.75%	4.38%	
9	1994	11.35%	7.37%	3.98%	4.29%	
10	1995	11.43%	6.88%	4.55%	4.39%	4.42%
11	1996	11.19%	6.70%	4.49%	4.42%	4.30%
12	1997	11.29%	6.61%	4.68%	4.49%	4.35%
13	1998	11.51%	5.58%	5.93%	4.73%	4.55%
14	1999	10.66%	5.87%	4.79%	4.89%	4.59%
15	2000	11.39%	5.94%	5.45%	5.07%	4.73%
16	2001	10.95%	5.49%	5.46%	5.26%	4.84%
17	2002	11.03%	5.43%	5.60%	5.45%	4.97%
18	2003	10.99%	4.96%	6.03%	5.47%	5.10%
19	2004	10.59%	5.05%	5.54%	5.62%	5.25%
20	2005	10.46%	4.65%	5.81%	5.69%	5.38%
21	2006	10.40%	4.90%	5.50%	5.70%	5.48%
22	2007	10.22%	4.83%	5.39%	5.66%	5.55%
23	2008	10.39%	4.28%	6.11%	5.67%	5.57%
24	2009	10.22%	4.07%	6.15%	5.79%	5.70%
25	2010	10.15%	4.25%	5.90%	5.81%	5.75%
26	2011	9.92%	3.91%	6.01%	5.91%	5.80%
27	2012	9.94%	2.92%	7.02%	6.24%	5.95%
28	2013	9.68%	3.45%	6.23%	6.26%	5.97%
29	2014	9.78%	3.34%	6.44%	6.32%	6.06%
30	2015	9.60%	2.84%	6.76%	6.49%	6.15%
31	2016	9.54%	2.60%	6.94%	6.68%	6.29%
32	2017	9.72%	2.90%	6.83%	6.64%	6.44%
33	2018	9.59%	3.11%	6.48%	6.69%	6.48%
34	2019 [3]	9.63%	2.90%	6.74%	6.75%	6.53%
35	**Average**	**10.94%**	**5.46%**	**5.48%**	**5.45%**	**5.45%**
36	**Minimum**				**4.17%**	**4.30%**
37	**Maximum**				**6.75%**	**6.53%**

Sources:

[1] *Regulatory Research Associates, Inc*., Regulatory Focus, Major Rate Case Decisions, Jan. 1997 p. 5, and Jan. 2011 p. 3.
S&P Global Market Intelligence, RRA Regulatory Focus, Major Rate Case Decisions, January- June 2019, July 22, 2019, p. 1
2006 - 2019 Authorized Returns exclude limited issue rider cases.

[2] St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org/.
The yields from 2002 to 2005 represent the 20-Year Treasury yields obtained from the Federal Reserve Bank.

[3] Data includes January - June, 2019.

Dominion Energy Utah

Equity Risk Premium - Utility Bond

Line	Year	Authorized Gas Returns[1] (1)	Average "A" Rated Utility Bond Yield[2] (2)	Indicated Risk Premium (3)	Rolling 5 - Year Average (4)	Rolling 10 - Year Average (5)
1	1986	13.46%	9.58%	3.88%		
2	1987	12.74%	10.10%	2.64%		
3	1988	12.85%	10.49%	2.36%		
4	1989	12.88%	9.77%	3.11%		
5	1990	12.67%	9.86%	2.81%	2.96%	
6	1991	12.46%	9.36%	3.10%	2.80%	
7	1992	12.01%	8.69%	3.32%	2.94%	
8	1993	11.35%	7.59%	3.76%	3.22%	
9	1994	11.35%	8.31%	3.04%	3.21%	
10	1995	11.43%	7.89%	3.54%	3.35%	3.16%
11	1996	11.19%	7.75%	3.44%	3.42%	3.11%
12	1997	11.29%	7.60%	3.69%	3.49%	3.22%
13	1998	11.51%	7.04%	4.47%	3.64%	3.43%
14	1999	10.66%	7.62%	3.04%	3.64%	3.42%
15	2000	11.39%	8.24%	3.15%	3.56%	3.45%
16	2001	10.95%	7.76%	3.19%	3.51%	3.46%
17	2002	11.03%	7.37%	3.66%	3.50%	3.50%
18	2003	10.99%	6.58%	4.41%	3.49%	3.56%
19	2004	10.59%	6.16%	4.43%	3.77%	3.70%
20	2005	10.46%	5.65%	4.81%	4.10%	3.83%
21	2006	10.40%	6.07%	4.33%	4.33%	3.92%
22	2007	10.22%	6.07%	4.15%	4.43%	3.96%
23	2008	10.39%	6.53%	3.86%	4.32%	3.90%
24	2009	10.22%	6.04%	4.18%	4.27%	4.02%
25	2010	10.15%	5.47%	4.68%	4.24%	4.17%
26	2011	9.92%	5.04%	4.88%	4.35%	4.34%
27	2012	9.94%	4.13%	5.81%	4.68%	4.55%
28	2013	9.68%	4.48%	5.20%	4.95%	4.63%
29	2014	9.78%	4.28%	5.50%	5.22%	4.74%
30	2015	9.60%	4.12%	5.48%	5.38%	4.81%
31	2016	9.54%	3.93%	5.61%	5.52%	4.94%
32	2017	9.72%	4.00%	5.72%	5.50%	5.09%
33	2018	9.59%	4.25%	5.34%	5.53%	5.24%
34	2019 [3]	9.63%	4.11%	5.52%	5.54%	5.38%
35	**Average**	**10.94%**	**6.82%**	**4.12%**	**4.09%**	**4.06%**
36	**Minimum**				**2.80%**	**3.11%**
37	**Maximum**				**5.54%**	**5.38%**

Sources:

[1] *Regulatory Research Associates, Inc* ., Regulatory Focus, Major Rate Case Decisions, Jan. 1997 p. 5, and Jan. 2011 p. 3.
S&P Global Market Intelligence , RRA Regulatory Focus, Major Rate Case Decisions, January- June 2019, July 22, 2019, p. 1
2006 - 2019 Authorized Returns exclude limited issue rider cases.

[2] Mergent Public Utility Manual, Mergent Weekly News Reports, 2003.
The utility yields for the period 2001-2009 were obtained from the Mergent Bond Record.
The utility yields from 2010-2017 were obtained from http://credittrends.moodys.com/.

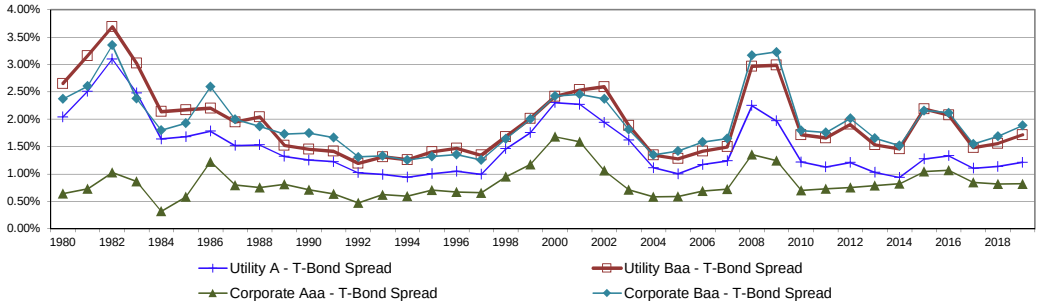
[3] Data includes January - June, 2019.

Dominion Energy Utah

Bond Yield Spreads

Line	Year	T-Bond Yield[1] (1)	Public Utility Bond A[2] (2)	Public Utility Bond Baa[2] (3)	Public Utility Bond A-T-Bond Spread (4)	Public Utility Bond Baa-T-Bond Spread (5)	Corporate Bond Aaa[3] (6)	Corporate Bond Baa[3] (7)	Corporate Bond Aaa-T-Bond Spread (8)	Corporate Bond Baa-T-Bond Spread (9)	Utility to Corporate Baa Spread (10)	Utility to Corporate A-Aaa Spread (11)
1	1980	11.30%	13.34%	13.95%	2.04%	2.65%	11.94%	13.67%	0.64%	2.37%	0.28%	1.40%
2	1981	13.44%	15.95%	16.60%	2.51%	3.16%	14.17%	16.04%	0.73%	2.60%	0.56%	1.78%
3	1982	12.76%	15.86%	16.45%	3.10%	3.69%	13.79%	16.11%	1.03%	3.35%	0.34%	2.07%
4	1983	11.18%	13.66%	14.20%	2.48%	3.02%	12.04%	13.55%	0.86%	2.38%	0.65%	1.62%
5	1984	12.39%	14.03%	14.53%	1.64%	2.14%	12.71%	14.19%	0.32%	1.80%	0.34%	1.32%
6	1985	10.79%	12.47%	12.96%	1.68%	2.17%	11.37%	12.72%	0.58%	1.93%	0.24%	1.10%
7	1986	7.80%	9.58%	10.00%	1.78%	2.20%	9.02%	10.39%	1.22%	2.59%	-0.39%	0.56%
8	1987	8.58%	10.10%	10.53%	1.52%	1.95%	9.38%	10.58%	0.80%	2.00%	-0.05%	0.72%
9	1988	8.96%	10.49%	11.00%	1.53%	2.04%	9.71%	10.83%	0.75%	1.87%	0.17%	0.78%
10	1989	8.45%	9.77%	9.97%	1.32%	1.52%	9.26%	10.18%	0.81%	1.73%	-0.21%	0.51%
11	1990	8.61%	9.86%	10.06%	1.25%	1.45%	9.32%	10.36%	0.71%	1.75%	-0.30%	0.54%
12	1991	8.14%	9.36%	9.55%	1.22%	1.41%	8.77%	9.80%	0.63%	1.67%	-0.25%	0.59%
13	1992	7.67%	8.69%	8.86%	1.02%	1.19%	8.14%	8.98%	0.47%	1.31%	-0.12%	0.55%
14	1993	6.60%	7.59%	7.91%	0.99%	1.31%	7.22%	7.93%	0.62%	1.33%	-0.02%	0.37%
15	1994	7.37%	8.31%	8.63%	0.94%	1.26%	7.96%	8.62%	0.59%	1.25%	0.01%	0.35%
16	1995	6.88%	7.89%	8.29%	1.01%	1.41%	7.59%	8.20%	0.71%	1.32%	0.09%	0.30%
17	1996	6.70%	7.75%	8.17%	1.05%	1.47%	7.37%	8.05%	0.67%	1.35%	0.12%	0.38%
18	1997	6.61%	7.60%	7.95%	0.99%	1.34%	7.26%	7.86%	0.66%	1.26%	0.09%	0.34%
19	1998	5.58%	7.04%	7.26%	1.46%	1.68%	6.53%	7.22%	0.95%	1.64%	0.04%	0.51%
20	1999	5.87%	7.62%	7.88%	1.75%	2.01%	7.04%	7.87%	1.18%	2.01%	0.01%	0.58%
21	2000	5.94%	8.24%	8.36%	2.30%	2.42%	7.62%	8.36%	1.68%	2.42%	-0.01%	0.62%
22	2001	5.49%	7.76%	8.03%	2.27%	2.54%	7.08%	7.95%	1.59%	2.45%	0.08%	0.68%
23	2002	5.43%	7.37%	8.02%	1.94%	2.59%	6.49%	7.80%	1.06%	2.37%	0.22%	0.88%
24	2003	4.96%	6.58%	6.84%	1.62%	1.89%	5.67%	6.77%	0.71%	1.81%	0.08%	0.91%
25	2004	5.05%	6.16%	6.40%	1.11%	1.35%	5.63%	6.39%	0.58%	1.35%	0.00%	0.53%
26	2005	4.65%	5.65%	5.93%	1.00%	1.28%	5.24%	6.06%	0.59%	1.42%	-0.14%	0.41%
27	2006	4.90%	6.07%	6.32%	1.17%	1.42%	5.59%	6.48%	0.69%	1.58%	-0.16%	0.48%
28	2007	4.83%	6.07%	6.33%	1.24%	1.50%	5.56%	6.48%	0.72%	1.65%	-0.15%	0.52%
29	2008	4.28%	6.53%	7.25%	2.25%	2.97%	5.63%	7.45%	1.35%	3.17%	-0.20%	0.90%
30	2009	4.07%	6.04%	7.06%	1.97%	2.99%	5.31%	7.30%	1.24%	3.23%	-0.24%	0.73%
31	2010	4.25%	5.47%	5.96%	1.22%	1.71%	4.95%	6.04%	0.70%	1.79%	-0.08%	0.52%
32	2011	3.91%	5.04%	5.57%	1.13%	1.66%	4.64%	5.67%	0.73%	1.76%	-0.10%	0.40%
33	2012	2.92%	4.13%	4.83%	1.21%	1.90%	3.67%	4.94%	0.75%	2.02%	-0.11%	0.46%
34	2013	3.45%	4.48%	4.98%	1.03%	1.53%	4.24%	5.10%	0.79%	1.65%	-0.12%	0.24%
35	2014	3.34%	4.28%	4.80%	0.94%	1.46%	4.16%	4.86%	0.82%	1.52%	-0.06%	0.12%
36	2015	2.84%	4.12%	5.03%	1.27%	2.19%	3.89%	5.00%	1.05%	2.16%	0.03%	0.23%
37	2016	2.60%	3.93%	4.67%	1.33%	2.08%	3.66%	4.71%	1.07%	2.12%	-0.04%	0.27%
38	2017	2.90%	4.00%	4.38%	1.10%	1.48%	3.74%	4.44%	0.85%	1.55%	-0.06%	0.26%
39	2018	3.11%	4.25%	4.67%	1.14%	1.56%	3.93%	4.80%	0.82%	1.69%	-0.13%	0.32%
40	2019[4]	2.90%	4.11%	4.61%	1.21%	1.71%	3.71%	4.78%	0.82%	1.89%	-0.17%	0.39%
41	**Average**	**6.44%**	**7.93%**	**8.37%**	**1.49%**	**1.93%**	**7.28%**	**8.36%**	**0.84%**	**1.93%**	**0.01%**	**0.66%**

Yield Spreads
Treasury Vs. Corporate & Treasury Vs. Utility



Sources:

[1] St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org/.

[2] The utility yields for the period 1980-2000 were obtained from Mergent Public Utility Manual, Mergent Weekly News Reports, 2003.
The utility yields for the period 2001-2009 were obtained from the Mergent Bond Record.
The utility yields for the period 2010-2019 were obtained from http://credittrends.moodys.com/.

[3] The corporate yields for the period 1980-2009 were obtained from the St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org/.
The corporate yields from 2010-2019 were obtained from http://credittrends.moodys.com/.

[4] Data includes January - June, 2019.

Dominion Energy Utah

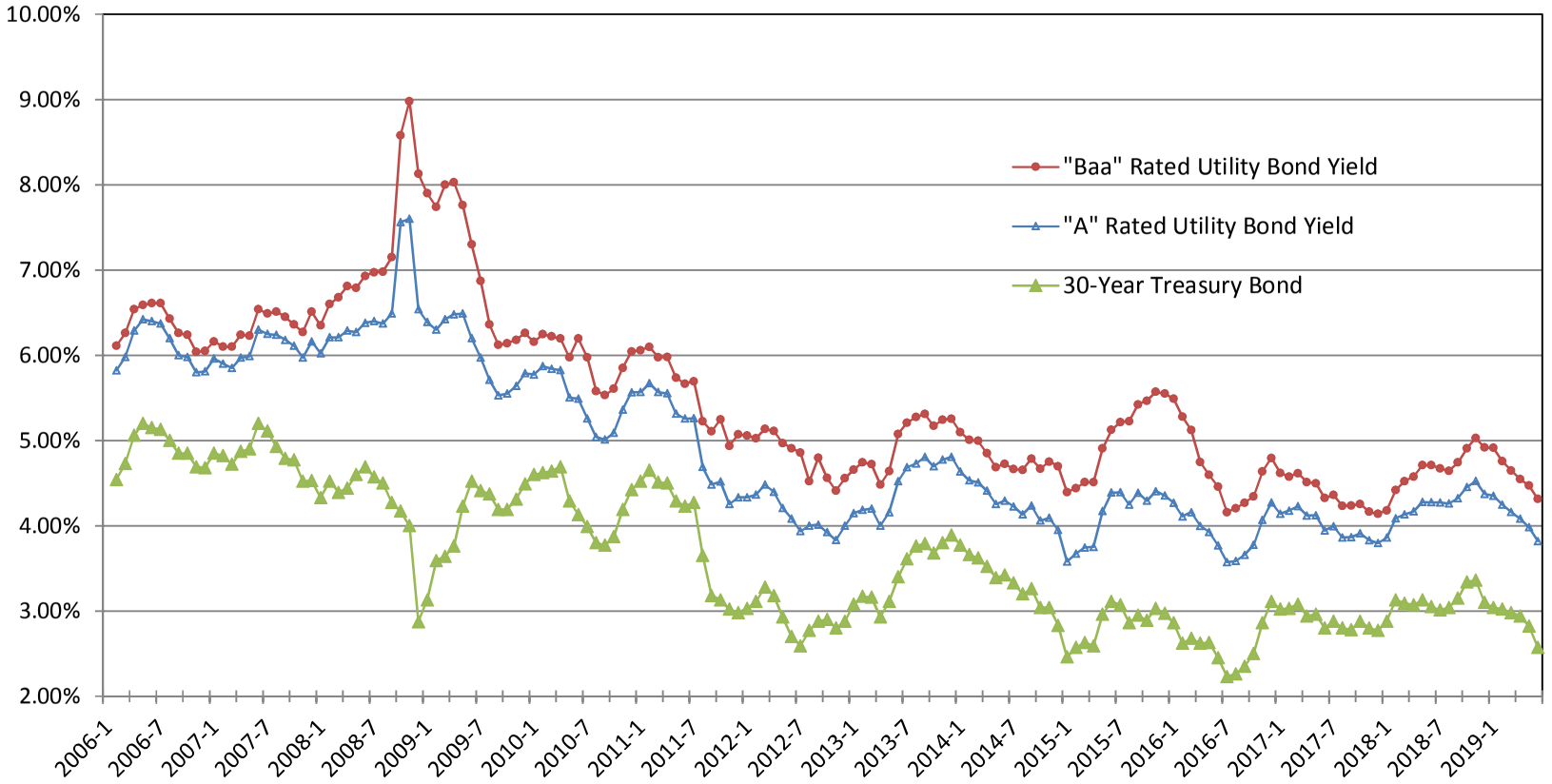
Treasury and Utility Bond Yields

Line	Date	Treasury Bond Yield[1] (1)	"A" Rated Utility Bond Yield[2] (2)	"Baa" Rated Utility Bond Yield[2] (3)
1	09/27/19	2.13%	3.35%	3.68%
2	09/20/19	2.17%	3.41%	3.75%
3	09/13/19	2.37%	3.57%	3.92%
4	09/06/19	2.02%	3.24%	3.58%
5	08/30/19	1.96%	3.19%	3.53%
6	08/23/19	2.02%	3.23%	3.56%
7	08/16/19	2.01%	3.23%	3.55%
8	08/09/19	2.26%	3.38%	3.71%
9	08/02/19	2.39%	3.47%	3.81%
10	07/26/19	2.59%	3.68%	4.01%
11	07/19/19	2.57%	3.69%	4.18%
12	07/12/19	2.64%	3.76%	4.24%
13	07/05/19	2.54%	3.72%	4.19%
14	**Average**	**2.28%**	**3.46%**	**3.82%**
15	**Spread To Treasury**		**1.18%**	**1.54%**

Sources:
[1] St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org.
[2] http://credittrends.moodys.com/.

Dominion Energy Utah

Trends in Bond Yields

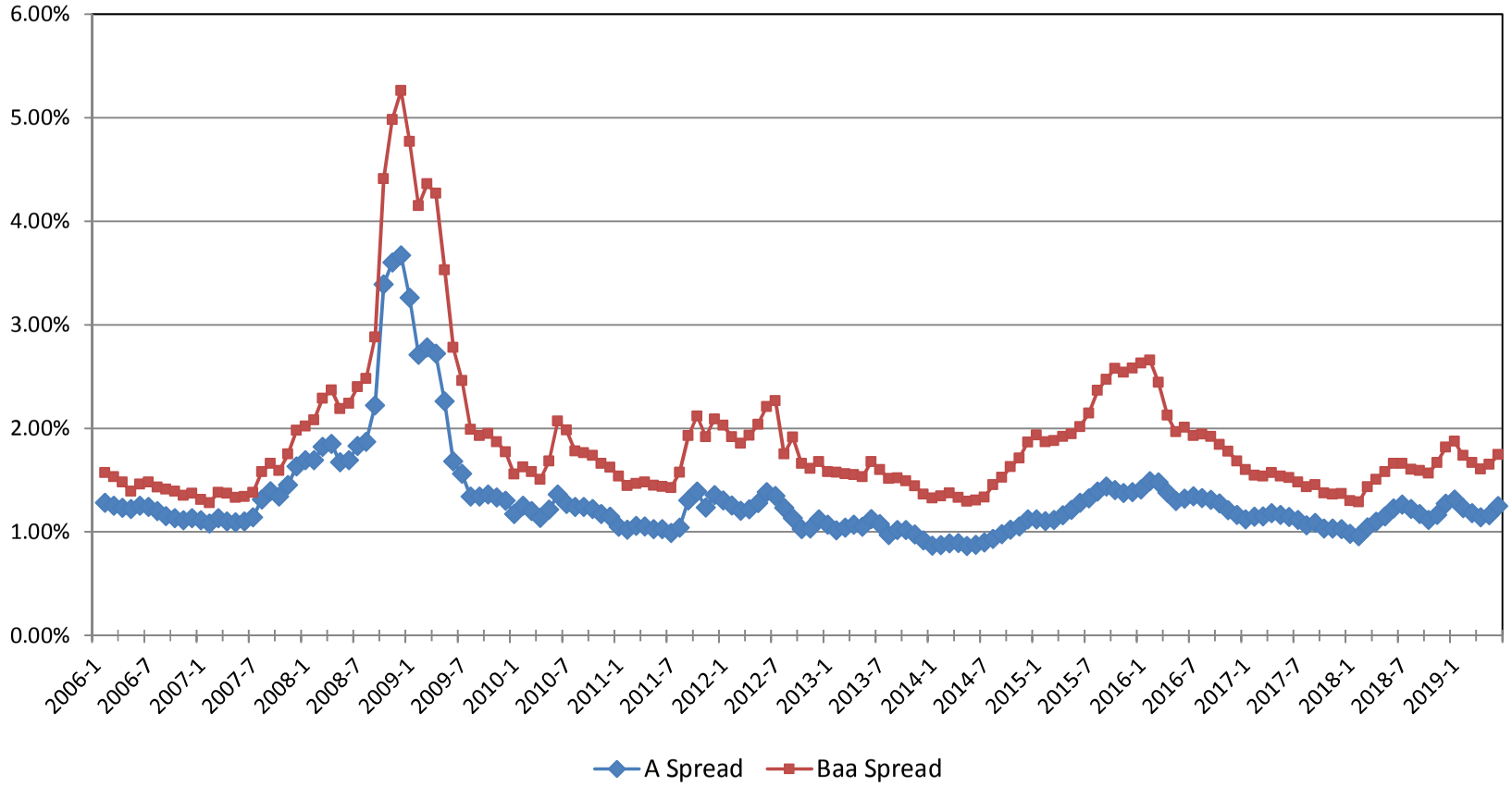


Sources:
Mergent Bond Record.
www.moodys.com, Bond Yields and Key Indicators.
St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org/

Docket No. 19-057-02
FEA Exhibit 1.15
Michael P. Gorman
Page 2 of 3

Dominion Energy Utah

Yield Spread Between Utility Bonds and 30-Year Treasury Bonds



Sources:
Mergent Bond Record.
www.moodys.com, Bond Yields and Key Indicators.
St. Louis Federal Reserve: Economic Research, http://research.stlouisfed.org/

Docket No. 19-057-02
FEA Exhibit 1.15
Michael P. Gorman
Page 3 of 3

Dominion Energy Utah

Value Line Beta

Line	Company	Beta
1	Atmos Energy Corporation	0.60
2	New Jersey Resources Corporation	0.70
3	Northwest Natural Holding Company	0.60
4	ONE Gas, Inc.	0.65
5	South Jersey Industries, Inc.	0.80
6	Spire Inc.	0.65
7	Southwest Gas Holdings, Inc.	0.70
8	**Average**	**0.67**

Source:
The Value Line Investment Survey,
August 30, 2019.

Dominion Energy Utah

Historical Betas

Line	Company	Average	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
1	Atmos Energy Corporation	0.73	0.65	0.60	0.60	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.80	0.80
2	New Jersey Resources Corporation	0.78	0.70	0.70	0.70	0.70	0.80	0.75	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.85	0.80	0.80	0.80	0.80
3	Northwest Natural Holding Company	0.67	0.60	0.65	0.60	0.65	0.70	0.65	0.70	0.70	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.70	0.70	0.70	0.70	0.70
4	ONE Gas, Inc.	0.68	0.65	0.65	0.65	0.65	0.70	0.70	0.70	0.70	0.70	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	South Jersey Industries, Inc.	0.82	0.80	0.85	0.80	0.75	0.85	0.80	0.85	0.85	0.80	0.80	0.80	0.80	0.80	0.85	0.80	0.85	0.85	0.80	0.80	0.80
6	Spire Inc.	0.69	0.65	0.65	0.65	0.65	0.70	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
7	Southwest Gas Holdings, Inc.	0.78	0.70	0.70	0.70	0.75	0.80	0.75	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
8	**Average**	0.73	0.68	0.69	0.67	0.68	0.75	0.71	0.75	0.74	0.73	0.73	0.73	0.74	0.74	0.77	0.76	0.80	0.79	0.78	0.78	0.78

Source: Value Line Software Analyzer

Docket No. 19-057-02
FEA Exhibit 1.16
Michael P. Gorman
Page 2 of 2

Dominion Energy Utah

CAPM Return

Line	Description	High Market Risk[2] Premium (1)	Low Market Risk[2] Premium (2)
1	Risk-Free Rate[1]	2.50%	2.50%
2	Risk Premium[2]	8.50%	6.00%
3	Historical Beta[3]	0.73	0.73
4	**CAPM**	**8.73%**	**6.90%**

Sources:
[1] *Blue Chip Financial Forecasts*, October 1, 2019, at 2.
[2] *Duff & Phelps, 2019 SBBI Yearbook* at 6-17 and 6-18, and *Duff & Phelps*, 2019 Valuation Handbook at 3-47 and 3-50.
[3] FEA Exhibit 1.16, Page 2.

Dominion Energy Utah

Standard & Poor's Credit Metrics

Line	Description	Retail Cost of Service Amount (1)	S&P Benchmark (Medial Volatility) Intermediate (2)	Significant (3)	Aggressive (4)	Reference (5)
1	Rate Base	$ 1,816,213,951				DEU Exhibit 3.02.
2	Weighted Common Return	4.68%				Page 2, Line 2, Col. 3.
3	Pre-Tax Rate of Return	8.30%				Page 2, Line 3, Col. 4.
4	Income to Common	$ 84,998,813				Line 1 x Line 2.
5	EBIT	$ 150,795,283				Line 1 x Line 3.
6	Depreciation & Amortization	$ 85,423,490				DEU Exhibit 3.02.
7	AFUDC Debt Interest	$ (2,264,375)				Page 2, Line 9, Col. 1.
8	Deferred Income Taxes & ITC	$ -				DEU Exhibit 3.02.
9	Funds from Operations (FFO)	$ 168,157,927				Sum of Line 4 and Lines 6 through 8.
10	EBITDA	$ 236,218,773				Line 5 + 6.
11	Total Adjusted Debt Ratio	50%				Page 2: Line 5 + Line 6, Col. 2
12	Debt to EBITDA	4.1x	2.0x - 3.0x	3.0x - 4.0x	4.0x - 5.0x	(Page 2: Line 5 + Line 6)/Line 10, Col. 1
13	FFO to Total Debt	17%	23% - 35%	13% - 23%	9% - 13%	Line 9 / (Page 2: Line 5 + Line 6), Col. 1
14	Indicative Credit Rating		**AA**	**A**	**A-**	S&P Methodology, November 19, 2013.

Sources:
Standard & Poor's: "Criteria: Corporate Methodology," November 19, 2013.

Note:
Based on the February S&P report, DEU has an "Excellent" business risk profile and a "Significant" financial risk profile, and falls under the 'Medial Volatility' matrix, and a BBB+ bond rating.

S&P Business/Financial Risk Profile Matrix			
Business Risk Profile	**Financial Risk Profile**		
	Intermediate	**Significant**	Aggressive
Excellent	a+/a	**a-**	bbb
Strong	a-/bbb+	bbb	bb+
Satisfactory	bbb/bbb-	bbb-/bb+	bb

Dominion Energy Utah

Standard & Poor's Credit Metrics
(Pre-Tax Rate of Return)

Line	Description		Weight (1)	Cost (2)	Weighted Cost (3)	Pre-Tax Weighted Cost (4)
	Regulatory[1]					
1	Long-Term Debt		48.00%	4.37%	2.10%	2.10%
2	Common Equity		52.00%	9.00%	4.68%	6.21%
3	**Total**		**100.00%**		**6.78%**	**8.30%**
4	Tax Conversion Factor[2]					1.3259
	Financial					
5	Long-Term Debt		$871,782,696	45.72%		
6	Short-Term Debt	(CWIP)	$90,575,015	4.75%		
7	Common Equity		$944,431,254	49.53%		
8	Total		$1,906,788,966	100.00%		
9	STD Interest (2.5%)		$2,264,375			

Sources:
[1] FEA Exhibit 1.01, Page 1.
[2] DEU Exhibit 3.02.

Dominion Energy Utah

Constant Growth Discounted Cash Flow Model
30 Day Average Stock Price

Company	Ticker	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Zacks Earnings Growth	[6] First Call Earnings Growth	[7] Value Line Earnings Growth	[8] Retention Growth Estimate	[9] Average Earnings Growth	[10] **Zacks Earnings Growth**	[11] **First Call Earnings Growth**
Atmos Energy Corporation	ATO	$2.10	$101.11	2.08%	2.16%	6.50%	6.45%	7.50%	10.09%	7.64%	**8.71%**	**8.66%**
Chesapeake Utilities Corporation	CPK	$1.62	$92.44	1.75%	1.82%	6.00%	6.00%	9.00%	10.63%	7.91%	**7.86%**	**7.86%**
New Jersey Resources Corporation	NJR	$1.17	$49.40	2.37%	2.43%	7.00%	6.00%	2.50%	5.48%	5.25%	**9.53%**	**8.51%**
Northwest Natural Holding Company	NWN	$1.90	$66.82	2.84%	2.99%	4.50%	4.00%	25.50%	6.42%	10.11%	**7.47%**	**6.96%**
ONE Gas, Inc.	OGS	$2.00	$87.48	2.29%	2.36%	5.90%	5.00%	9.00%	5.27%	6.29%	**8.32%**	**7.40%**
South Jersey Industries, Inc.	SJI	$1.15	$31.97	3.60%	3.73%	7.20%	5.90%	9.50%	7.05%	7.41%	**11.06%**	**9.71%**
Spire Inc.	SR	$2.37	$83.36	2.84%	2.91%	3.80%	2.82%	5.50%	5.85%	4.49%	**6.75%**	**5.74%**
Southwest Gas Corporation	SWX	$2.18	$82.86	2.63%	2.72%	6.20%	6.30%	8.50%	7.18%	7.04%	**8.99%**	**9.10%**
Proxy Group Mean				2.55%	2.64%	5.89%	5.31%	9.63%	7.25%	7.02%	**8.59%**	**7.99%**
Proxy Group Median				2.50%	2.58%	6.10%	5.95%	8.75%	6.73%	7.23%	**8.52%**	**8.18%**

Source: DEU Exhibit 2.01

Docket No. 19-057-02
FEA Exhibit 1.19
Michael P. Gorman
Page 1 of 3

Dominion Energy Utah

Constant Growth Discounted Cash Flow Model
90 Day Average Stock Price

Company	Ticker	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Zacks Earnings Growth	[6] First Call Earnings Growth	[7] Value Line Earnings Growth	[8] Retention Growth Estimate	[9] Average Earnings Growth	[10] **Zacks Earnings Growth**	[11] **First Call Earnings Growth**
Atmos Energy Corporation	ATO	$2.10	$99.20	2.12%	2.20%	6.50%	6.45%	7.50%	10.09%	7.64%	**8.75%**	**8.70%**
Chesapeake Utilities Corporation	CPK	$1.62	$90.61	1.79%	1.86%	6.00%	6.00%	9.00%	10.63%	7.91%	**7.90%**	**7.90%**
New Jersey Resources Corporation	NJR	$1.17	$48.43	2.42%	2.48%	7.00%	6.00%	2.50%	5.48%	5.25%	**9.59%**	**8.56%**
Northwest Natural Holding Company	NWN	$1.90	$64.40	2.95%	3.10%	4.50%	4.00%	25.50%	6.42%	10.11%	**7.58%**	**7.07%**
ONE Gas, Inc.	OGS	$2.00	$85.70	2.33%	2.41%	5.90%	5.00%	9.00%	5.27%	6.29%	**8.37%**	**7.45%**
South Jersey Industries, Inc.	SJI	$1.15	$31.06	3.70%	3.84%	7.20%	5.90%	9.50%	7.05%	7.41%	**11.17%**	**9.82%**
Spire Inc.	SR	$2.37	$80.20	2.96%	3.02%	3.80%	2.82%	5.50%	5.85%	4.49%	**6.87%**	**5.86%**
Southwest Gas Corporation	SWX	$2.18	$81.30	2.68%	2.78%	6.20%	6.30%	8.50%	7.18%	7.04%	**9.05%**	**9.15%**
Proxy Group Mean				2.62%	2.71%	5.89%	5.31%	9.63%	7.25%	7.02%	**8.66%**	**8.06%**
Proxy Group Median				2.55%	2.63%	6.10%	5.95%	8.75%	6.73%	7.23%	**8.56%**	**8.23%**

Source: DEU Exhibit 2.01

Docket No. 19-057-02
FEA Exhibit 1.19
Michael P. Gorman
Page 2 of 3

Dominion Energy Utah

Constant Growth Discounted Cash Flow Model
180 Day Average Stock Price

Company	Ticker	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Zacks Earnings Growth	[6] First Call Earnings Growth	[7] Value Line Earnings Growth	[8] Retention Growth Estimate	[9] Average Earnings Growth	[10] **Zacks Earnings Growth**	[11] **First Call Earnings Growth**
Atmos Energy Corporation	ATO	$2.10	$97.00	2.16%	2.25%	6.50%	6.45%	7.50%	10.09%	7.64%	**8.81%**	**8.75%**
Chesapeake Utilities Corporation	CPK	$1.62	$87.42	1.85%	1.93%	6.00%	6.00%	9.00%	10.63%	7.91%	**7.96%**	**7.96%**
New Jersey Resources Corporation	NJR	$1.17	$47.63	2.46%	2.52%	7.00%	6.00%	2.50%	5.48%	5.25%	**9.63%**	**8.60%**
Northwest Natural Gas Company	NWN	$1.90	$65.43	2.90%	3.05%	4.50%	4.00%	25.50%	6.42%	10.11%	**7.53%**	**7.02%**
ONE Gas, Inc.	OGS	$2.00	$83.74	2.39%	2.46%	5.90%	5.00%	9.00%	5.27%	6.29%	**8.43%**	**7.51%**
South Jersey Industries, Inc.	SJI	$1.15	$31.60	3.64%	3.77%	7.20%	5.90%	9.50%	7.05%	7.41%	**11.10%**	**9.75%**
Spire Inc.	SR	$2.37	$77.74	3.05%	3.12%	3.80%	2.82%	5.50%	5.85%	4.49%	**6.96%**	**5.95%**
Southwest Gas Corporation	SWX	$2.18	$80.58	2.71%	2.80%	6.20%	6.30%	8.50%	7.18%	7.04%	**9.07%**	**9.18%**
Proxy Group Mean				2.65%	2.74%	5.89%	5.31%	9.63%	7.25%	7.02%	**8.69%**	**8.09%**
Proxy Group Median				2.58%	2.66%	6.10%	5.95%	8.75%	6.73%	7.23%	**8.62%**	**8.28%**

Source: DEU Exhibit 2.01

Docket No. 19-057-02
FEA Exhibit 1.19
Michael P. Gorman
Page 3 of 3