Docket No 19-057-02

Office of Consumer Services (OCS) Exhibit No. 2.16D As referenced in OCS – 2D Donna Ramas

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P.S.C.U. Docket No. 19-057-02
Data Request No. MDR_22 B.04
Requested by R746-700-22
Date of DEU Response: July 1, 2019

MDR_22 B.04 **Workpapers.** The information shall provide the forecast workpapers (including assumptions, spreadsheets and tests).

Answer: Workpapers are provided for the forecast of labor costs and capital expenditures. With each attachment is a list of the files associated with that attachment and their descriptions.

MDR_22 B.04_Attach1 provides support for labor costs. Actual amounts have been provided for 2017, 2018 and for the first three months of 2019. This forecast was adjusted to replace the first three months with actual amounts (see 2019 3+9 sheet). The 2020 forecast has also been provided. Labor expense increased from 2017 to 2018 due to the change in how allowed time is coded. A general labor increase of 3.0% is used for 2020, which occurs in March of each year to reflect the effective date of employee merit increases. The 3% increase for 2020 is consistent with past merit increases for DEU employees (see MDR 22 D.24). Additionally, the company changed accounting systems at the beginning of 2018, which changed the method of how certain accounts are classified. MDR_22 B.04_Attach2 contains the capital expenditure and budget information.

Prepared by: Mike Rawlins, Senior Financial Analyst, Dominion Energy Utah

DEU Labor and Labor Overhead Summary

	(A)	(B)	(C)	(D)	(E)
		Historical 12 Months 31-Dec-2017	Base 12 Months 31-Dec-2018	Test Year 12 Months 31-Dec-2019	Test Year 12 Months 31-Dec-2020
		Actual		3+9 Forecast	Forecast
1	**Employees**				
2	Employee Count (average)	930	916	938	942
3	Employee FTE (average)	965	948	966	966
4	**Labor**				
5	Capital	24,830,605	27,864,481	24,206,529	24,932,725
6	Intercompany Capital	225,589		-	
7	Intercompany Expense	237,557	311,991	396,348	408,239
8	Charges to be allocated	441,840		-	
9	Other	2,308,713	2,374,197	3,393,208	3,495,004
10	Allowed Time	14,001,214		-	
11	Expense (See Note 1)	27,214,257	36,869,424	43,532,178	44,838,144
12	NGV Expansion	-	-	-	
13	Other Expense	-	-		
14	Total Base Labor	69,259,774	67,420,093	71,528,263	73,674,112
15	Incentive Accrual Expense	4,108,572	3,899,464	3,769,551	4,166,795
16	Incentive Accrual Capital	2,251,648	2,787,050	3,133,022	3,227,013
17	Retirement Incentive Expense 1/	4,695,381	171,109	(2,611,704)	(5,154,145)
18	Stock Compensation Expense	891,164	572,256	385,119	461,197
19	Total Labor	81,206,539	74,849,972	76,204,251	76,374,971
20	**Labor Expense**				
21	Expense	27,214,257	36,869,424	43,532,178	44,838,144
22	Incentive Accrual Expense	4,108,572	3,899,464	3,769,551	4,166,795
23	Retirement Incentive Expense	4,695,381		(2,611,704)	(5,154,145)
24	Stock Compensation Expense	891,164	362,117	385,119	461,197
25	Allocated Charges	242,701		-	
26	Other Expense	-	-		
27	**Total Labor Expensed**	37,152,075	41,131,005	45,075,144	44,311,991
28	% of Labor Expensed	45.8%	55.0%	59.2%	58.0%
29					
30					
31	**Total Labor Overhead**				
32	Pension	(9,230,557)	(5,445,794)	(8,386,573)	(10,089,124)
33	Health	9,528,323	11,654,661	11,140,617	11,667,313
34	401(k)	4,131,279	2,020,671	3,375,871	3,476,300
35	Post Retirement	(1,959,989)	(1,069,024)	(140,511)	(6,690)
36	Payroll Taxes	5,215,865	5,454,706	3,620,990	3,757,054
37	Allowed Time	11,744,339	288,492	65,730	67,702
38	Other	3,975,724	1,277,653	1,675,723	1,680,401
39	Total Labor Overhead	23,404,984	14,181,365	11,351,847	10,552,956
40					
41	**Total Labor Overhead by Account**				
42	Capital	11,070,283	6,282,060	3,075,918	2,859,448
43	Intercompany	356,615	40,248	106,072	98,607
44	Clearing	8,917			
45	Payroll Taxes	2,537,582	2,865,868	3,620,990	3,757,054
46	Expense	8,695,971	4,653,802	4,172,013	3,487,512
47	DSM	478,012	296,245	162,263	150,844
48	Other	(191,471)	(367,522)		0
49	Pipeline Integrity	449,075	410,664	214,593	199,491
50	Total Labor Overhead	23,404,984	14,181,365	11,351,850	10,552,956

DEU Labor and Labor Overhead Summary

	(A)	(B)	(C)	(D)	(E)
		Historical 12 Months 31-Dec-2017	Base 12 Months 31-Dec-2018	Test Year 12 Months 31-Dec-2019	Test Year 12 Months 31-Dec-2020
		Actual		3+9 Forecast	Forecast
51					
52	**Labor Overhead Expensed**				
53	Pension	(3,496,857)	(2,929,280)	(4,614,392)	(5,448,127)
54	Health	4,315,545	6,269,016	6,129,698	6,300,349
55	401(k)	1,641,497	1,086,914	1,857,445	1,877,202
56	Post Retirement Medical & Life	(1,062,062)	(575,026)	(77,315)	(3,613)
57	Allowed Time	5,032,624	155,179	65,730	36,559.03
58	Other	2,265,224	687,247	916,919	823,748.54
59	Total Labor Overhead Expensed	8,695,971	4,694,050	4,278,086	3,586,119
60	% of Labor Overhead Expensed	37.15%	33.10%	37.69%	33.98%
61	% of Labor Overhead Expensed Net of Payroll Taxes	47.81%	53.79%	55.34%	51.73%
62					
63	**Direct Affiliate Labor**				
64	Affiliated Labor	12,228,030	19,973,736	21,117,266	21,076,346
65	Affiliated Labor Overhead	5,122,838	10,946,228	6,134,515	7,190,823
66	Total Labor and Labor Overhead Expensed	17,350,869	30,919,964	27,251,782	28,267,170
67					
68	**Total Labor and Labor Overhead expensed**	63,198,914	76,704,770	76,498,939	76,066,672
69	Percent Increase		21.4%	-0.3%	-0.6%

Note: The Company changed accounting systems at the beginning of 2018 which resulted in changing the method of how certain accounts are classified. Labor expense increased from 2017 to 2018 due to the change in how allowed time is coded. This change has resulted in variances that may not be consistent with 2017.

1/ In 2019 Dominion Energy offered an early retirement incentive. There are 87 employees who took the incentive. This reflects the anticipated savings related to these retirements.

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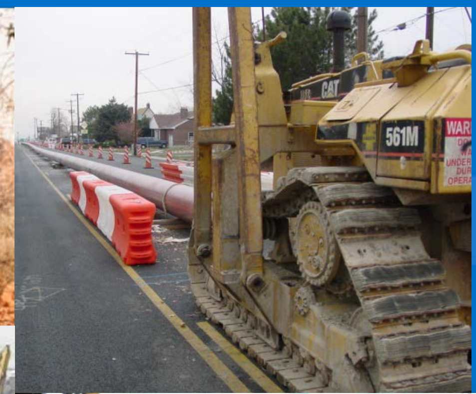
Prepared by: Mike Rawlins, Senior Financial Analyst, Dominion Energy Utah

QGC Capital Forecast 2020

Line #	Asset Class	Cost
1	022-Distribution Measure & Regulat	11,079,008
2	023-Feeder Lines	94,804,318
3	024-Distribution Compressor Plants	250,000
4	025-Distribution Mains	39,182,199
5	026-Distribution Services	9,169,440
6	027-Meters	33,907,157
7	030-Land	-
8	031-Offices, Buildings, Residences	2,610,109
9	032-Furniture	600,000
10	033-Transportation Equipment	3,800,000
11	036-Tools / Work Equipment	2,000,000
12	038-Communication & Telemetering	-
13	042-Filling Stations and Plants	500,000
14	043-Computer System Software	3,250,000
15	044-Computer Equipment	1,300,000
16	052-Mains - Other	55,000,000
17	053-Services - Other	6,000,000
18	054-Meters - Conversions	8,400,000
19	057-Telecom Non Construction	850,000
20	080-Retirement Projects	1,000,000
21	085-UDOT Accounts Receivable	1,500,000
22	086-Accounts Receivable Projects	2,500,000
23	**Grand Total**	**277,702,231**

Western Gas Distribution

12+0 5-Year Budget

March 2019

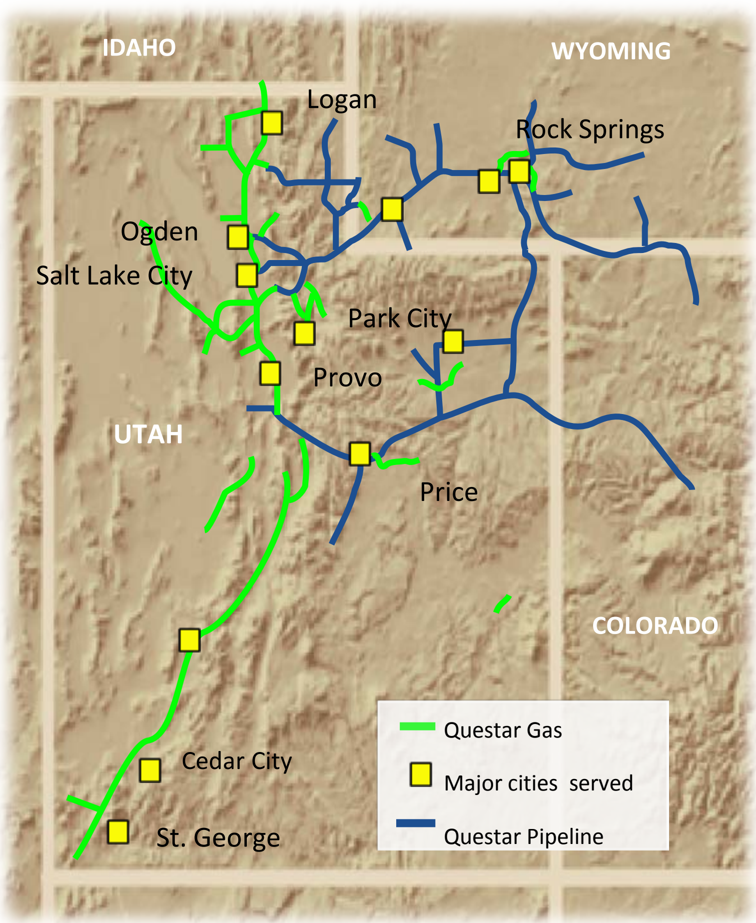
Dominion Energy

Western Gas Distribution
Slide Contents

- Western Gas Distribution Service Area
- Executive Summary and Key Assumptions
- Growth Projects
- 12+0 Budget EBIT
- 12+0 Margin
- 12+0 Expenses
- 12+0 Budget Capital

Dominion Energy

Western Gas Distribution Service Territory



January 2019 total customer count
1,062,927

Wyoming – 27,816

Utah/Idaho – 1,035,111

Dominion Energy

Western Distribution
Executive Summary and Key Assumptions

<u>Growth</u>

- Dependent on new customer connections
  - Driven by economic development (jobs, new homes, multi-family)
- Rate case filings
  - General rate case will be filed 2019, effective March 1, 2020
  - General rate case to be filed 2022, with rates effective January 1, 2023
- LNG facility (supply reliability) [redacted] spend from 2018 – 2022; subject to commission approval
  - Ensures system reliability during critical peak-need periods across growing customer base
  - Utah Public Service Commission project approval decision expected 2019
  - Estimated construction completion Q4 2022
- Southern System Expansion from 2020 – 2023
  - Supply gas to fast growing region; dependent on customer growth in the southern region (St. George area)
  - Phase 1 (Northern Tie) proposed completion 2020 with estimated capex of [redacted]
  - Phase 2 (FL 81 Loop – Section I) proposed completion 2022 with estimated capex of [redacted] in 2021 and [redacted] in 2022
  - Phase 3 (FL 81 Loop – Section II) proposed completion in 2024 with estimated capex of [redacted] in 2023 and [redacted] in 2024

Western Distribution
Executive Summary and Key Assumptions

- Utah customer growth forecast at ~2.2%; approximately 24,000 customers/year
    - $297 pre-tax reform margin per sales customer per year in Utah/Idaho - revenue decoupling mechanism
    - $454 pre-tax reform margin per sales customer per year in Wyoming - revenue decoupling mechanism
        - Revenue per customer = total # of sales customers x allowed margin per customer
        - Allowed revenue per customer is determined in rate case based on expenses, rate base, allowed return, and customer count
- Infrastructure replacement tracker – no regulatory lag
    - Tracker spend of $65M - $71M annually
    - Increase tracker investment $10M beginning in 2020, pending approval
- Other
    - BU continues to manage O&M costs: restructuring, best practice sharing, process improvement
    - CNG sales forecast to decline as existing CNG vehicles age and are not replaced
    - Excludes Alternative Fuel Tax Credit on CNG sales ~$1M annually if approved by Congress

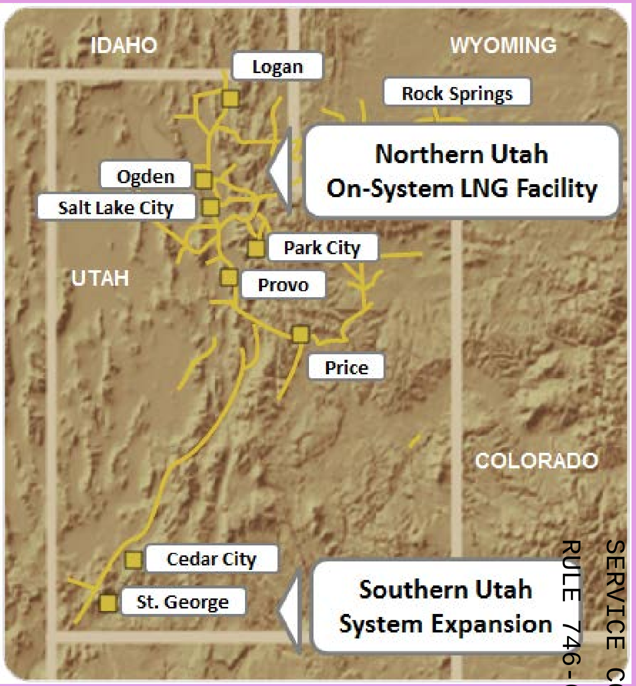
Western Gas Distribution Customers and Growth (counts at year-end)

Description	2015A	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Utah/Idaho	961,604	980,434	1,002,147	1,028,990	1,049,856	1,073,725	1,097,764	1,122,296	1,147,206
Wyoming	27,627	27,606	27,703	27,712	27,981	28,157	28,346	28,548	28,760
General sales	**989,231**	**1,008,040**	**1,029,850**	**1,053,689**	**1,077,837**	**1,101,882**	**1,126,110**	**1,150,844**	**1,175,966**
Utah/Idaho	1,115	1,164	1,238	1,467	1,623	1,786	1,883	1,883	1,883
Wyoming	35	33	33	36	35	35	35	35	35
Transportation/ Industrial[1]	**1,150**	**1,199**	**1,271**	**1,503**	**1,658**	**1,821**	**1,918**	**1,918**	**1,918**
Annual count[2]	**990,381**	**1,009,239**	**1,031,121**	**1,058,205**	**1,079,495**	**1,103,703**	**1,128,028**	**1,152,762**	**1,177,884**
Growth percent	-	1.9%	2.2%	2.6%	2.0%	2.2%	2.2%	2.2%	2.2%
YOY increase		18,858	21,882	27,084	21,290	24,208	24,325	24,734	25,122

1) Assumes general sales customers that want to switch to transportation have switch by 2021
2) 97% of customer reside in Utah/Idaho
A = Actual; F = Forecast; based on growth analysis, primarily multi-family

Dominion Energy

Western Gas Distribution Growth Projects – New Investment in Reliability and Capacity



As of July 18,2018

- **Northern Utah: On-System LNG Facility***
  - Project submitted to Public Service Commission for pre-approval-decision expected 2019
  - Property purchase rights have been acquired
  - Capex: [redacted]
  - In-Service Q4 2022
  - Ensures system reliability during critical peak-need periods across growing customer base
  - On-system supply provides ability to maintain service during supply disruptions
- **Southern Utah System Expansion****
  - Provides needed capacity to fastest growing county in the Western Gas Distribution system
  - Phase 1 in 2020 (Northern Tie), Capex:[redacted]
  - Phase 2 (FL81 Loop - Section 1), Capex:[redacted] 2021;[redacted] 2022
  - Phase 3 (FL81 Loop – Section 2) Capex : [redacted] 2023;[redacted] 2024
- **Additional Capex in 2020 and 2022**
  - $41.7M additional capex spend in 2020 to reinforce system for growth and to accelerate integrity initiatives
    - Includes $10M increase in infrastructure replacement tracker*, $10M for a new gate station, and $10M for automatic shutoff valves around fault lines and high-consequence areas
  - $22M additional capex spend in 2022 to reinforce system for growth and to accelerate integrity initiatives

*Subject to regulatory
**Subject to IRC approval

Western Gas Distribution
Financials – 2019 12+0 Budget EBIT Overview

$ in millions

Description	2015A	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Revenues	918.5	921.3	946.9	917.7	938.7	968.5	990.9	1,011.9	1,082.7
Gas Costs	(558.1)	(542.1)	(555.4)	(530.7)	(535.4)	(544.4)	(545.0)	(548.9)	(554.8)
Margin	**360.4**	**379.2**	**391.5**	**387.0**	**403.3**	**424.2**	**445.8**	**463.0**	**527.9**
DES/Corp	(40.3)	(40.0)	(37.8)	(47.6)	(48.9)	(46.8)	(47.1)	(49.4)	(49.1)
BU O&M	(123.1)	(120.8)	(102.7)	(101.3)	(92.5)	(86.0)	(87.9)	(90.6)	(109.1)
O&M	**(163.4)**	**(160.8)**	**(140.5)**	**(148.9)**	**(141.4)**	**(132.9)**	**(135.0)**	**(140.0)**	**(158.1)**
DD&A	**(55.1)**	**(61.0)**	**(70.3)**	**(75.6)**	**(83.9)**	**(91.3)**	**(98.2)**	**(107.0)**	**(119.3)**
Property	(14.1)	(15.4)	(16.8)	(18.5)	(21.3)	(23.4)	(26.1)	(29.2)	(33.2)
Other	(0.4)	(1.5)	(1.2)	(2.6)	(3.4)	(3.6)	(3.7)	(3.8)	(4.0)
Other/taxes	**(14.5)**	**(16.9)**	**(18.0)**	**(21.0)**	**(24.7)**	**(27.0)**	**(29.8)**	**(33.1)**	**(37.2)**
EBIT	**$127.4**	**$140.5**	**$162.7**	**$141.5**	**$153.3**	**$173.0**	**$182.7**	**$182.9**	**$213.2**

Dominion Energy

Western Gas Distribution
Financials - 12+0 Margin Overview

$ in millions

Description	2015A	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]

Western Gas Distribution
Financials - 12+0 Operating & Maintenance Overview

$ in millions

Description	2015A	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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Western Gas Distribution
Financials - 12+0 Capital Overview

$ in millions

Description	2015A	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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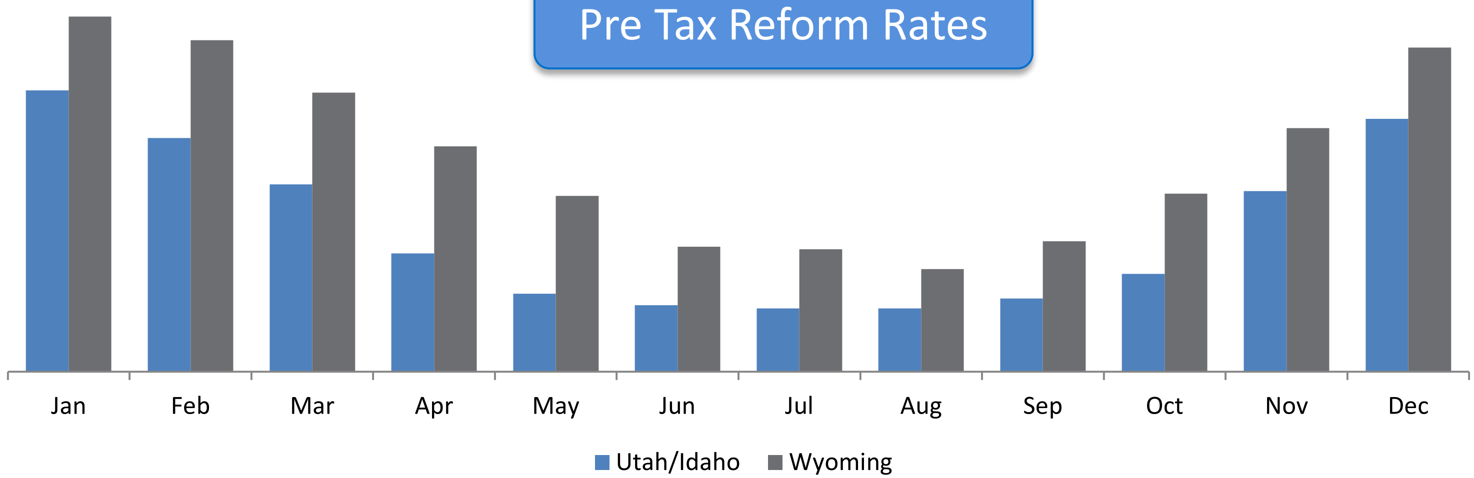
Western Gas Distribution
Regulatory – Approved $ Per General Sales Customer

Jurisdiction	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Utah/Idaho	$49.30	$40.92	$32.81	$20.70	$13.64	$11.62	$11.08	$11.05	$12.79	$17.15	$31.67	$44.33	**$297.06**
Wyoming	$62.23	$58.11	$48.93	$39.50	$30.81	$21.90	$21.43	$17.94	$22.83	$31.18	$42.69	$56.83	**$454.38**

Pre Tax Reform Rates



Collection of margin per sales customer follows customer usage pattern
Utah is more densely populated than Wyoming resulting in a lower rate

Western Gas Distribution Regulatory – Rate Case Overview

2019 Rate Case Filing - Overview

Utah

- Company can file in UT on July 1, 2019 with a March 1, 2020 effective date
- UT law allows for fully forecasted test period
- Fully forecasted 18 month test period based on average rate base
- UT law allows cost recovery 240 days from time of filing

Wyoming

- WY has no law concerning test period but has allowed a year-end forecast in the year the rate case is filed
- March 1, 2020 filing date with January 1, 2021 rate effective date (could alternatively file 3Q 2019 with a year-end 2019 test period)

2022 Rate Case Filing - Overview

Utah

- Company to file in UT in 2022 with a January 1, 2023 effective date
- UT law allows for fully forecasted test period
- Fully forecasted 18 month test period based on average rate base
- UT law allows cost recovery 240 days from time of filing

Wyoming

- WY has no law concerning test period but has allowed a year-end forecast in the year the rate case is filed
- March 1, 2022 filing date with January 1, 2023 rate effective date

Dominion Energy

Wrap-up

MDR_22 D.41 **Miscellaneous Information.**

Financial – Strategic Plans. Copies of completed strategic plans and the most recent plan approved by the Board of Directors for the utility and the plan that was utilized at the time of and in the preparation of its application, if different.

Answer: Please refer to MDR 22 D.14.

Prepared by: Scott Chandler, Manager - Finance, Dominion Energy

P.S.C.U. Docket No. 19-057-02
Data Request No. MDR_22 D.42
Requested by R746-700-22
Date of DEU Response: July 1, 2019

MDR_22 D.42 **Miscellaneous Information.**

Penalties and Fines. A list of penalties and fines in the Base Year and the Test Period and indicate in which accounts the associated amounts are included.

Answer: The only fine identified in the referenced period was from the Division of Water Quality for $3,750 in November 2018. The charge was booked to Account 932 – Maintenance of General Plant.

Prepared by: Nancy Fines, Manager – Gas Infrastructure Accounting, Dominion Energy

OCS 3.02: Pensions. Refer to DEU Exhibit 3.0, lines 533 – 536. Also refer to DEU Exhibit 3.30. Please provide what the total pension costs and the pension expense/(income) would be on a total DEU and on a Utah jurisdictional DNG basis for each year, 2018 actual, 2019 forecast and 2020 forecast if the $75 million contribution that was funded by Dominion Energy, Inc. had not been made. Include all workpapers, studies and analysis used to determine the amounts.

Answer: The $75M contribution reduced the pension cost by approximately $6.6M for Questar Corporation and $4.3M for Dominion Energy Utah. This estimate was calculated by applying the Expected Return on Plan Assets (EROPA) of 8.75% as of 12/31/2017 and 12/31/2018 by the $75,000,000. 65.62% was allocated to Dominion Energy Utah in 2017 and can be used for purposes of providing an estimate. In addition, the percentage expensed was 53.79% based on labor activity.

Applying this EROPA each year since the contribution would result in the following estimate for pension expense reduction related to the contribution:

	Fund Level Contribution	EROPA at 8.75%	Allocated Credit to DEU (65.62%)	Percentage Expensed (53.79%)
2017	75,000,000	6,562,500	4,306,404	2,316,415
2018	81,562,500	7,136,719	4,683,214	2,519,101
2019	88,699,219	7,761,182	5,092,995	2,739,522
2020	96,460,400	8,440,285	5,538,632	2,979,230

Prepared by: Rebecca C. McGhee, Supervisor, Corporate Accounting

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 3.08
Requested by the Office of Consumer Services
Date of DEU Response September 3, 2019

OCS 3.08: Pension. Please provide the total amount included in rate base in Questar Gas Company's two most recent litigated rate cases for pension assets, pension liabilities, OPEB assets and OPEB liabilities. If such assets and/or liabilities were not included as a component of rate base in either of the Company's two most recent litigated rate cases, explain, in detail, why not? Additionally, if such assets and/or liabilities were not included as a component of rate base in either of the Company's two most recently litigated rate cases, explain, in detail, why it is shown as a component of rate base on DEU Exhibit 3.02.

Answer: The Company's previous two litigated rate cases treated pension assets and liabilities similarly to what was explained in the response to OCS 3.07. The pension expense was included while the pension asset was excluded. Please refer to the explanation for including the pension asset in OCS 3.07 and OCS 3.05.

Prepared by: Jordan K. Stephenson, Manager, Regulation

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 4.03
Requested by the Office of Consumer Services
Date of DEU Response September 6, 2019

OCS 4.03: Budgets. Refer to DEU Exhibit 3.09. Please provide the budgeted Operating & Maintenance expense for 2019 and 2020 on a comparable basis to the budgeted Operating & Maintenance expense on lines 7 – 11 of this exhibit. For example, the exhibit identifies the 2017 and 2018 budgeted Operating & Maintenance expense as $136,212,673 and $146,593,733, respectively.

Answer: The total O&M for 2019 and 2020 can be found in MDR_22_D.12 Attach1 in the "2019 and 2020 Budget" tab. This provides annual and monthly amounts. Column AC and AD, rows 62-72 provide the budgeted O&M totaling to $146,212,943 and $142,425,169 for years 2019 and 2020 respectively.

Prepared by: Scott B. Chandler, Manager, Financial & Business Services

OCS 4.04: Budgets. Refer to the attachment provided in response to MDR D.12, which provided the annual operating budgets for 2018, 2019 and 2020. The attachment shows that the budgeted "Operation & Maintenance," "BU Managed Service Company," and "DRS Managed Service Co." costs are each budgeted to be lower in 2020 than the 2018 budgeted amounts. For example, the combined total of these three items was $149.57 million in the 2018 budget and $142.42M in the 2020 budget. Considering the 2020 budgeted expenses for these three categories are approximately $7.15 million lower than the 2018 budgeted expenses, explain why the Company is proposing to inflate the 2018 non-labor O&M expenses by the inflation factors found in the Global Insight Power Planner report.

Answer: As a general rule in prior rate cases, the non-labor O&M has not been based on budgets, but rather historical actuals adjusted for known and measurable changes. The referenced budget amounts represent an adjustment for efficiency goals across the broader corporation. Though the Company strives to increase efficiencies and manage O&M costs, the budget does not reflect adjustments for known and measurable items. The regulatory filing is based on 2018 actual costs and adjusting for known items. These items include millions of dollars in VRP savings and the $500,000 in "Own your own future" initiatives.

Prepared by: Scott B. Chandler, Manager, Financial & Business Services
Michael Gill, Engineering and Project Manager

OCS 4.05: Budgets. Refer to the attachment provided in response to MDR D.12, which provided the annual operating budgets for 2018, 2019 and 2020. The budgeted "Operation & Maintenance," "BU Managed Service Company," and "DRS Managed Service Co." expenses are $142,425,169 for 2020 on a combined basis. Company Exhibit DEU 3.10, page 2 of 2, shows the "2020 Total O&M" as $146,502,353 (excludes the -$500,000 "Cost Savings Initiatives" as it is not carried forward to the O&M adjustment on Exhibit DEU 3.03). Does the Company currently anticipate that its 2020 O&M expenses will be lower than the O&M expenses included in its adjusted test year in this case? If yes, then please explain why the Company is escalating the non-labor O&M expenses in this case. If no, then explain why not considering the 2020 budgeted amounts.

Answer: As a general rule in prior rate cases, the non-labor O&M has not been based on budgets, but rather historical actuals adjusted for known and measurable changes. The referenced budget amounts represent an adjustment for efficiency goals across the broader corporation. Though the Company strives to increase efficiencies and manage O&M costs, the budget does not reflect adjustments for known and measurable items. The regulatory filing is based on 2018 actual costs and adjusting for known items. These items include millions of dollars in VRP savings and the $500,000 in "Own your own future" initiatives.

Prepared by: Scott B. Chandler, Manager, Financial & Business Services

OCS 4.06: Budgets. Refer to the attachment provided in response to MDR D.12, which provided the annual operating budgets for 2018, 2019 and 2020. Do the budgeted "Operation & Maintenance," "BU Managed Service Company," and "DRS Managed Service Co." expenses for 2020 contained in the attachment include the impacts of the Voluntary Retirement Program? If not, does the Company have an updated 2020 budget that has been revised to reflect the impacts of the Voluntary Retirement Program? If such an updated budget exists, please provide a copy of the updated version.

Answer: The 2020 budget information provided in MDR D.12 does not include the impacts of the VRP. It was created prior to the VRP announcement. See file OCS 4.06 Attach1 for an updated 2020 budget that includes the impact of the VRP.

Prepared by: Scott B. Chandler, Manager, Financial & Business Services

2019 Plan (2019 5+7 Alt)	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020
E-Questar Gas								
Income Statement								
(Dollars in Millions)								
Operating Revenues:								
Regulated Electric Sales								
Non-regulated Electric Sales								
Total Electric								
Regulated Gas Sales	157,920,720	133,018,043	105,925,324	63,136,564	40,202,298	28,105,652	24,422,803	23,393,512
Nonregulated Gas Sales								
Total Gas Sales	157,920,720	133,018,043	105,925,324	63,136,564	40,202,298	28,105,652	24,422,803	23,393,512
Other Energy-Related Commodities	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Gas Transportation & Storage	2,627,410	2,509,133	2,468,235	2,358,507	2,296,475	2,266,344	2,448,323	2,468,789
Other	(188,043)	(107,810)	(69,904)	51,922	69,861	(53,426)	(50,261)	(57,641)
Total Operating Revenues	161,660,087	136,719,366	109,623,656	66,846,992	43,868,634	31,618,570	28,120,864	27,104,659
Operating Expenses:								
Fuel, Net				(555,556)	(555,556)	(555,556)	(555,556)	(555,556)
Purchased Power Capacity, Net								
Purchased Gas	92,679,314	78,452,708	62,105,098	35,739,759	22,098,929	13,286,490	10,466,696	9,606,348
Other Energy-Related Commodity Purchases	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Operation & Maintenance	10,090,935	8,713,264	8,381,125	5,739,302	5,435,670	4,654,628	4,536,092	4,428,975
BU Managed Service Co.	475,082	529,013	484,158	475,267	497,224	473,736	465,307	476,204
DRS Managed Service Co.	3,752,147	3,958,037	3,802,302	3,703,982	3,736,527	3,768,167	3,721,252	3,714,055
DRS Managed Operating Co.								
Depreciation / Depletion	7,513,911	7,472,633	7,509,574	7,480,234	7,477,333	7,549,613	7,607,892	7,600,047
Other Taxes	2,802,660	2,731,398	2,753,499	2,762,612	2,769,930	2,719,090	2,760,631	2,738,439
Total Operating Expenses	118,614,050	103,157,054	86,335,757	56,645,601	42,760,058	33,196,168	30,302,314	29,308,512
Operating Income	43,046,038	33,562,312	23,287,899	10,201,392	1,108,576	(1,577,598)	(2,181,450)	(2,203,852)
Other Income	293,048	295,883	298,133	296,598	296,850	245,888	290,764	288,745
Other Expense	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Net Other Income	268,048	270,883	273,133	271,598	271,850	220,888	265,764	263,745
Interest Income								
Equity Earnings								
Total Other Income	268,048	270,883	273,133	271,598	271,850	220,888	265,764	263,745
Income before Fixed Charges and Income Taxes	43,314,086	33,833,196	23,561,032	10,472,990	1,380,427	(1,356,710)	(1,915,686)	(1,940,107)

2019 Plan (2019 5+7 Alt)	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020
Fixed Charges:								
Interest Expense	2,824,210	2,748,802	2,730,499	2,778,850	2,787,107	2,937,332	2,985,610	2,991,701
Interest Expense - JSN & RSN								
Total Fixed Charges	2,824,210	2,748,802	2,730,499	2,778,850	2,787,107	2,937,332	2,985,610	2,991,701
Income before Income Taxes	40,489,876	31,084,393	20,830,533	7,694,141	(1,406,681)	(4,294,041)	(4,901,295)	(4,931,808)
Current Income Taxes	9,453,890	7,109,893	4,576,078	1,324,670	(932,168)	(1,634,570)	(1,762,106)	(1,775,192)
Deferred Income Taxes	281,515	297,419	270,391	270,213	274,370	262,079	239,304	244,837
Provision for income taxes	9,735,404	7,407,312	4,846,469	1,594,883	(657,798)	(1,372,492)	(1,522,802)	(1,530,355)
Income Including Non-Controlling Interests	30,754,472	23,677,081	15,984,065	6,099,258	(748,883)	(2,921,549)	(3,378,493)	(3,401,453)
Preferred Dividends								
Non-controlling Interest								
Total Non-Controlling Interests								
Net Income (calculated)	30,754,472	23,677,081	15,984,065	6,099,258	(748,883)	(2,921,549)	(3,378,493)	(3,401,453)

2019 Plan (2019 5+7 Alt)	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Year 2020	Year 2020
E-Questar Gas						
Income Statement						
(Dollars in Millions)						
Operating Revenues:						
Regulated Electric Sales						
Non-regulated Electric Sales						
Total Electric						
Regulated Gas Sales	27,072,776	48,447,628	97,087,836	147,985,655	896,718,811	896,718,811
Nonregulated Gas Sales						
Total Gas Sales	27,072,776	48,447,628	97,087,836	147,985,655	896,718,811	896,718,811
Other Energy-Related Commodities	1,300,000	1,300,000	1,300,000	1,300,000	15,600,001	15,600,001
Gas Transportation & Storage	2,374,181	2,488,859	2,602,581	2,719,250	29,628,086	29,628,086
Other	(183,790)	(170,867)	(328,128)	(311,064)	(1,399,153)	(1,399,153)
Total Operating Revenues	30,563,167	52,065,619	100,662,288	151,693,842	940,547,746	940,547,746
Operating Expenses:						422.19
Fuel, Net	(555,556)	(555,556)	(555,556)	(555,556)	(5,000,000)	(5,000,000)
Purchased Power Capacity, Net						
Purchased Gas	11,132,893	25,846,583	54,988,233	86,351,805	502,754,857	502,754,857
Other Energy-Related Commodity Purchases	1,300,000	1,300,000	1,300,000	1,300,000	15,600,001	15,600,001
Operation & Maintenance	4,790,799	5,377,496	6,269,195	12,580,856	80,998,337	80,998,337
BU Managed Service Co.	468,348	472,911	472,523	470,104	5,759,875	5,759,875
DRS Managed Service Co.	3,646,401	3,697,514	3,682,110	3,745,226	44,927,720	44,927,720
DRS Managed Operating Co.						
Depreciation / Depletion	7,722,170	7,671,748	7,722,114	8,207,967	91,535,236	91,535,236
Other Taxes	2,723,541	2,757,373	2,718,419	2,717,944	32,955,537	32,955,537
Total Operating Expenses	31,228,597	46,568,069	76,597,038	114,818,346	769,531,561	769,531,561
Operating Income	(665,430)	5,497,551	24,065,250	36,875,497	171,016,184	171,016,184
Other Income	293,323	293,323	293,323	293,323	3,479,205	3,479,205
Other Expense	25,000	25,000	25,000	25,000	300,000	300,000
Net Other Income	268,323	268,323	268,323	268,323	3,179,205	3,179,205
Interest Income						
Equity Earnings						
Total Other Income	268,323	268,323	268,323	268,323	3,179,205	3,179,205
Income before Fixed Charges and Income Taxes	(397,107)	5,765,874	24,333,573	37,143,820	174,195,389	174,195,389

2019 Plan (2019 5+7 Alt)	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Year 2020	Year 2020
Fixed Charges:						
Interest Expense	3,022,348	3,098,777	3,099,874	3,101,908	35,107,018	35,107,018
Interest Expense - JSN & RSN						
Total Fixed Charges	3,022,348	3,098,777	3,099,874	3,101,908	35,107,018	35,107,018
Income before Income Taxes	(3,419,455)	2,667,097	21,233,699	34,041,912	139,088,371	139,088,371
Current Income Taxes	(1,375,129)	127,148	4,731,807	8,018,315	27,862,637	27,862,637
Deferred Income Taxes	219,119	223,416	214,455	98,300	2,895,416	2,895,416
Provision for income taxes	(1,156,010)	350,564	4,946,262	8,116,615	30,758,053	30,758,053
Income Including Non-Controlling Interests	(2,263,445)	2,316,533	16,287,437	25,925,297	108,330,318	108,330,318
Preferred Dividends						
Non-controlling Interest						
Total Non-Controlling Interests						
Net Income (calculated)	(2,263,445)	2,316,533	16,287,437	25,925,297	108,330,318	108,330,318

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 4.13
Requested by the Office of Consumer Services
Date of DEU Response September 6, 2019

OCS 4.13: Expenses. Refer to the response to OCS 1.13. Please explain the difference between the $1,053,567 of charges from Deloitte & Touche for 2018 identified in MDR D.33 and the $380,200 identified in response to OCS 1.13(b) as Deloitte & Touche audit services for 2018.

Answer: A monthly accrual estimate of $87,500 (totaling $1,053,567) was recorded on DEU's books in 2018. This estimate included a fee for the Questar Gas Audit (the $380,200 referenced above) as well as an estimate for DEU's allocated portion of the Dominion Energy, Inc. Integrated Audit. It was decided that the fees associated with the Integrated Audit be paid and charged to the various Dominion registrant companies only, and therefore, DEU was not allocated or charged a portion of these fees. The difference of $673,367 will be credited back to DEU in September 2019.

Prepared by: Rebecca McGhee, Supervisor, Accounting

OCS 4.21: Rate Base – Plant. Does the Company have a more detailed capital budget in support of the projected 2020 capital expenditures of $277,702,231 than the single page provided in response to MDR B.04, Attachment 2, under the "2020 Forecast" tab? If yes, please provide the 2020 capital expenditures budget in the most detailed format available. If the support being provided in this response does not include projects that total $277,702,231, please provide a reconciliation between the additional support being provided and the $277.7 million of 2020 capital expenditures forecasted in the Company's filing.

Answer: The capital budget provided as part of Attachment 2 of MDR B.04 is the most detailed 2020 budget currently available.

Prepared by: Damir Sabanovic, Regulatory Analyst II

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.20
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.20: Working Capital. Please describe, in detail, the impact of bonus depreciation on the calculation of the federal income tax lag days included in the 2017 Lead Lag study and on the overall net lag days of 7.358.

Answer: The net lag days is reduced by 4.227 days if the federal income tax is eliminated.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

OCS 5.21: Working Capital. Please describe, in detail, the impact of bonus depreciation on the calculation of the state income tax lag days included in the 2017 Lead Lag study on the overall net lag days of 7.358.

Answer: The net lag days is reduced by 0.576 days if the state income tax is eliminated.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.23
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.23: Working Capital. Refer to DEU Exhibit 3.27, specifically the page for "Income Tax Payments 2017 (Payment)/Refund." Please provide similar calculations based on the 2018 tax year instead of the 2017 tax year. As part of this response, please also indicate if the calculation is consistent with Section 3 of the "Consolidated Federal Income Tax Allocation Agreement Among Members of the Dominion Resources, Inc. Affiliated Group", which was provided with the response to MDR D.05. If not consistent with the agreement, please explain why not.

Answer: Please see attached OCS5.23 Attachment 1 for 2018 tax year federal and state income tax payments. The cash settlements are consistent with the requirements explained in the Federal Income Tax Allocation Agreement Among Members of the Dominion Resources, Inc. Affiliated Group document.

Prepared by: James F. Gabbert, Manager, Tax

Dominion Energy Utah
Income Tax Payments
2018
Payment/(Refund)

FEDERAL

	Date	Amount
Estimated Tax Payments:		
2018 Q1 Estimate	4/16/2018	6,900,000
2018 Q2 Estimate	6/14/2018	6,800,000
2018 Q3 Estimate	9/14/2018	8,200,000
2018 Q4 Estimate	12/14/2018	4,000,000
		25,900,000
2018 Payments made in 2019:		
2018 Extension	4/12/2019	1,000,000
		1,000,000
TOTAL FEDERAL PAYMENTS		**26,900,000**

STATE

	Date	Amount
Estimated Tax Payments:		
2018 UT Q1 Estimate	4/10/2018	967,113
2018 UT Q2 Estimate	6/12/2018	2,230,060
2018 UT Q3 Estimate	9/11/2018	1,896,848
2018 UT Q4 Estimate	12/11/2018	1,429,587
		6,523,608
2018 Payments made in 2019:		
2018 UT Extension	4/15/2019	(255,200)
		(255,200)
TOTAL STATE PAYMENTS		**6,268,408**

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.28
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.28: Working Capital. Refer to DEU Exhibit 3.27, specifically the page for "Income Tax Payments 2017 (Payment)/Refund." Please explain, in detail, why the 2017 State Income Tax amounts were negative amounts in total.

Answer: Dominion Energy Utah incurred a taxable loss in 2017 largely related to bonus depreciation. This resulted in refunds of cash taxes for state tax purposes.

Prepared by: James F. Gabbert, Manager, Tax

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.29
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.29: Working Capital. Refer to DEU Exhibit 3.27, page 1.1.1. Please explain, in detail, why the depreciation expense is being included as a negative expense in the study.

Answer: The depreciation figure had been linked to a query that was negative, and the sign should have been changed. The depreciation expense should be a positive number.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.30
Requested by the Office of Consumer Services
Date of DEU Response September 10, 2019

OCS 5.30: Working Capital. Refer to DEU Exhibit 3.27, page 1.1.1. The "Total Expense Lag" for the "Amount for Lead-Lag" column totaling $761,059,925 does not include the ($72,191,050) shown for "Depreciation & DIT Lag". However, the "Total Expense Lag" for the "Dollar Days" column does include the ($2,588,554,474) shown for "Depreciation & DIT Lag." Please explain, in detail, why the "Depreciation & DIT Lag" amounts are included in the "Dollar Days" but not in the "Amount for Lead-Lag" in calculating the net expense lag days.

Answer: The Company agrees that the total should include the Depreciation & DIT Lag.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

	Preparer		Rate Dept. Review		Management Review		Legal Review	
Received	Initial	Date	Initial	Date	Initial	Date	Initial	Date
	DS	9/4/19	JKS	9/4/19	KBM	9/9/19	JNC	9/9/19

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.31
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.31: Working Capital. The testimony of Jordan K. Stephenson, DEU Exhibit 3.0, at lines 434 through 448 explains why the Company added depreciation and deferred income taxes to the lead-lag study. DEU Exhibit 3.27 shows "Depreciation & DIT Lag" as part of the calculation of the Net Lag Days. The revenue requirement model provided as DEU Exhibit 4.18, under the tab "ROR Model" shows the calculation of the "Working Capital – Cash" component of rate base in rows 1246 – 1264. In the calculation on DEU Exhibit 4.18, depreciation expense is shown as $0. Please explain, in detail, why depreciation is being included in the calculation of the net lag days but not in the calculation of the test year working capital component of rate base.

Answer: The depreciation should be included in the Working Capital - Cash calculation.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

P.S.C.U. Docket No. 19-057-02
OCS Data Request No. 5.32
Requested by the Office of Consumer Services
Date of DEU Response September 9, 2019

OCS 5.32: Working Capital. Refer to DEU Exhibit 3.27, page 1.1.1. Does the Company agree that if the Depreciation & DIT Lag is excluded from the determination of the expense lag days, the expense lag days would be 31.90 days instead of the 28.499 days used in the net lag day calculation? If no, please explain why not.

Answer: Yes, the Company agrees with the statement above.

Prepared by: Damir Sabanovic, Regulatory Analyst II, Dominion Energy Utah

OCS 8.01: Rate Base – Accumulated Depreciation. Refer to the response to OCS 4.18 and DEU Exhibit 4.18 under the "108_111 Projection" tab.

a. With reference to OCS 4.18(a), please explain why the Company did not "record any proceeds to the 108 in 2018." Additionally, please indicate in what account the proceeds that would normally be recorded in Account 108 were recorded in during 2018 and the amount recorded.

b. Please provide the amount included in DEU Exhibit 4.18 under the "108_111 Projection" tab on line 2 – Retirements (row 8) for the retirement of transponders for each year presented.

c. Please provide the amount included in DEU Exhibit 4.18 under the "108_111 Projection" tab on line 7 – Proceeds (row 13) associated with the retirement of transponders for each year presented.

d. Please provide the amount included in DEU Exhibit 4.18 under the "108_111 Projection" tab on line 8 – Dismantling (row 14) associated with the retirement of transponders for each year presented.

Answer: a. There were no proceeds in 2018.

b. The amount for 2019 is $27,978,329 and the amount for 2020 is $12,717,433.

c. Proceeds were estimated using a three-year average percentage of historical proceeds to total retirements. Based on the amounts in part b., the amount of proceeds included in 2019 and 2020 due to the transponder retirements are $326,833 (-1.35%) and $148,794 (-1.17%) respectively.

d. Dismantling costs were estimated using a three-year average percentage of historical dismantling to total retirements. Based on the amounts in part b., the amount of dismantling included in 2019 and 2020 due to the transponder retirements is $4,052,865 (14.49%) and $1,655,875 (13.02%) respectively.

Prepared by: Jordan K. Stephenson, Manager, Regulation

QUESTAR GAS COMPANY dba DOMINION ENERGY UTAH

ACCOUNT 381.21 METERS - TRANSPONDERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2009	547,152		0		0		0
2010							
2011							
2012	11,353,552		0		0		0
2013	2,928,750	585,376	20		0	585,376-	20-
2014	2,513,849		0		0		0
2015	5,969,829		0		0		0
2016	9,844,810		0		0		0
2017	7,531,954		0		0		0
TOTAL	40,689,897	585,376	1		0	585,376-	1-
THREE-YEAR MOVING AVERAGES							
09-11	182,384		0		0		0
10-12	3,784,517		0		0		0
11-13	4,760,768	195,125	4		0	195,125-	4-
12-14	5,598,717	195,125	3		0	195,125-	3-
13-15	3,804,143	195,125	5		0	195,125-	5-
14-16	6,109,496		0		0		0
15-17	7,782,198		0		0		0
FIVE-YEAR AVERAGE							
13-17	5,757,839	117,075	2		0	117,075-	2-

OCS 8.03: Pipeline Integrity Expense. Refer to the response to OCS 4.26 and DEU Exhibit 4.18, specifically the tabs for "Projected Expenses" and "Pipeline Integrity". The response to OCS 4.26 states, in part, that "The month amortization is booked to the 887 account and this amount is not being inflated on the pipeline integrity tab (see row 16)."

a. Please confirm that the monthly amortization expense booked to account 887 is included in the "Projected Expenses" tab on excel line 586 (row 687) and that the escalation factor for account 887 is being applied to the amortization expense included in this account.

b. Does the Company agree that the amortization expense recorded in Account 887 during the test year should <u>not</u> be inflated? If no, explain, in detail, why not.

Answer: a. Yes, the pipeline integrity amortization is being expensed to account 887 on row 587 of the projected expenses tab. An inflation factor is being applied to this account, the inflation factor is shown in columns AW and AX for 2019 and 2020 respectively.

b. The Company agrees that the amortization portion of costs included in the Account 887 should not be inflated. It will be replaced with the amount authorized in this Docket, which the Company is proposing increase by $1,092,326.

Prepared by: Jordan K. Stephenson, Manager, Regulation