

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

Phase I Surrebuttal Testimony and Exhibit of

Michael P. Gorman

On behalf of

Federal Executive Agencies

December 5, 2019

FEA Exhibit 3.0SR



BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

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Table of Contents to the
Phase I Surrebuttal Testimony of Michael P. Gorman

	<u>Page</u>
I. QUALIFICATIONS AND SUMMARY	1
I.A. Qualifications	1
I.B. Summary	2
II. RESPONSE TO MR. HEVERT	2

FEA Exhibit 3.01SR

BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

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APPLICATION OF DOMINION)
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DOCKET NO. 19-057-02

Phase I Surrebuttal Testimony of Michael P. Gorman

1 I. QUALIFICATIONS AND SUMMARY

2 I.A. Qualifications

3 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

4 A My name is Michael P. Gorman. My business address is Brubaker &
5 Associates, Inc., 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO
6 63017.

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

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

1 Q ARE YOU THE SAME MICHAEL P. GORMAN WHO PREVIOUSLY FILED
2 TESTIMONY IN THIS PROCEEDING?

3 A Yes. On October 17, 2019, I filed Phase I Direct Testimony on behalf of the
4 Federal Executive Agencies (“FEA”), including Hill Air Force Base (“Hill AFB”).

5 I.B. Summary

6 Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

7 A I will respond to the Rebuttal Testimony of Dominion Energy Utah (“DEU” or
8 “the Company”), also known as Questar Gas Company (“QGC”), witness
9 Robert Hevert.

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

12 II. RESPONSE TO MR. HEVERT

13 Q DOES MR. HEVERT PROVIDE A SUMMARY AND ASSESSMENT OF THE
14 RETURN ON EQUITY RECOMMENDATIONS BY THE VARIOUS
15 WITNESSES IN THIS PROCEEDING?

16 A Yes. At page 4 of Mr. Hevert’s Rebuttal Testimony, he shows the
17 recommended return on equity by the Utah Department of Commerce,
18 Division of Public Utilities (the “Division”), the Utah Office of Consumer
19 Services (“OCS”), Federal Executive Agencies (“FEA”), American Natural Gas
20 Council (“ANGC”), and the Utah Association of Energy Users Intervention

1 Group (“UAE”) in this proceeding. Those recommendations range between
2 9.0% and 9.5%. In the current proceeding, virtually all the witnesses
3 recommend point estimates that are either at or near the high-end of their
4 estimated range.

5 Mr. Hevert concludes that while the recommended returns on equity by
6 the non-Company witnesses in this proceeding fall within a narrow range, he
7 opines that the recommended returns are not reasonable. He observes that
8 the highest of the non-Company witnesses’ return on equity recommendations
9 of 9.5% (Mr. Bruce R. Oliver of ANGC) is 20 basis points below the national
10 average authorized return on equity of 9.7% for natural gas utilities in 2019.

11 **Q PLEASE COMMENT ON MR. HEVERT’S REASONABLENESS TEST HE**
12 **EMPLOYS AGAINST THE NON-COMPANY RATE OF RETURN**
13 **WITNESSES IN THIS PROCEEDING?**

14 **A** I agree with Mr. Hevert that the national average authorized return on equity
15 for 2019 has been around 9.6% to 9.7%. Further, the national average has
16 been around 9.6% since 2015 – almost four years running. As shown on my
17 Figure 1 to my Direct Testimony, authorized returns on equity have generally
18 fallen in the range of 9.5% to 9.8% since 2013.

19 While observing authorized returns on equity for 2019 is important, also
20 it is important to assess Mr. Hevert’s proposed return on equity in the range of
21 9.9% to 10.75% relative to this reasonableness benchmark identified by

1 Mr. Hevert. His recommended return on equity exceeds the industry
2 authorized return on equity on the low-end of his range, 9.9%, by 20 basis
3 points.

4 I think it is certainly relevant to appreciate that industry authorized
5 returns on equity for natural gas companies in 2019 have been around 9.6%
6 to 9.7%, and they have also been at this level for most of 2017 and 2018 as
7 well. Further, as outlined in my Direct Testimony, authorized returns on equity
8 at this level over the last three years, have supported stability or improving
9 credit strength for regulated natural gas utility companies, supported their
10 access to significant amounts of capital under reasonable terms and prices to
11 support large capital programs, and have done so at more reasonable rates
12 than the rate of return proposed by the Company in this proceeding. As such,
13 if the national average is the benchmark as appears to be the perspective of
14 Mr. Hevert, then the return on equity for these utilities should be no higher
15 than 9.6% to 9.7%, along with a common equity ratio that reasonably aligns
16 with industry averages also, which is around 51%.

1 Q DO YOU BELIEVE IT IS NECESSARY TO INCREASE THE AUTHORIZED
2 RETURN ON EQUITY FOR A COMPANY LIKE DEU BECAUSE OF TAX
3 LAW CHANGES OR CHANGES IN INVESTMENT RISK FOR REGULATED
4 UTILITY COMPANIES?

5 A No. Regulated utility companies continue to be a relatively safe haven
6 investment vehicle available to market participants. Indeed, the change in tax
7 law at the end of 2017 did create some uncertainty for electric utility
8 companies because the law would impact internally generated cash flow for
9 the utilities. However, the report cited by Mr. Hevert notes that most utility
10 companies' cash flows would remain stable and supportive of their bond
11 rating, but commented that utilities with marginal cash flows are being placed
12 on watch with negative outlook. The most recent report by Moody's revises its
13 outlook for the industry to "Stable" from the "Negative" outlook report identified
14 by Mr. Hevert.

15 In a report dated November 7, 2019, Moody's published "2020 outlook
16 moves to stable on supportive regulation, weaker but steady credit metrics."
17 Indeed, Moody's updated report states that while the tax law did reduce cash
18 flows, the remaining industry cash flows are adequate to support the current
19 credit rating of the industry as a whole, and it has changed the industry outlook
20 to "Stable." Highlights of Moody's updated finding on the industry opined as
21 follows:

- 22 • **FFO-to-debt ratios will hold steady in 2020 but at lower**
23 **levels.** We expect the utility sector's consolidated FFO-to-debt

1 ratio to hold steady at around 15% to 16% over the next 12 to 18
2 months.

3 • **Customer rates remain steady despite elevated capital**
4 **spending to grow rate base.**

5 • **State regulators and legislators will remain supportive of**
6 **utility credit quality.**

7 • **What could change our outlook.** We would consider shifting
8 our outlook to positive if regulation turns more credit-supportive
9 or if the sector's consolidated FFO-to-debt ratio rises to around
10 18% on a sustainable basis.¹

11 **Q DO YOU BELIEVE THERE IS ANY BASIS TO CONCLUDE THAT DEU**
12 **REQUIRES A HIGHER THAN INDUSTRY AUTHORIZED RETURN ON**
13 **EQUITY TO MAINTAIN ITS BOND RATING?**

14 **A** No.

15 **Q DID MR. HEVERT PROVIDE MORE EVIDENCE CONCERNING THE**
16 **IMPACT ON THE FINANCIAL STRENGTH OF THE UTILITY GIVEN THE**
17 **CHANGE IN THE TAX LAW?**

18 **A** Yes. At page 50 of Mr. Hevert's Rebuttal Testimony, he states that credit
19 rating agencies are concerned about the impacts on the industry due to the
20 change in federal tax law. However, as noted, Moody's updated report dated
21 November of 2019 revises the outlook for the industry to "Stable" from
22 "Negative," citing reduced cash flows that are still adequate to support the

¹Moody's *Investors Service Outlook*: "Regulated electric and gas utilities – US: 2020 outlook moves to stable on supportive regulation, weaker but steady credit metrics," November 7, 2019 at 1.

1 credit standing and “Stable” outlook for the industry. More generally, Moody’s
2 has not cited any concern with the cash flow metrics or the regulatory
3 treatment provided to DEU in establishing its credit rating.

4 **Q DID MR. HEVERT COMMENT ON THE INTERPRETATION OF YOUR**
5 **VARIOUS DISCOUNTED CASH FLOW (“DCF”) MODELS IN THIS CASE?**

6 A Yes. He observed that my recommended return based on my DCF models is
7 around 9%. However, he made his assessment of the reasonableness of the
8 various models and the weights that should be given to them based on my
9 finding of a 9% return on equity.

10 What is missing from Mr. Hevert’s assessment of the various DCF
11 models is an acknowledgement that these models are economic evaluations
12 and the results of the models can vary across time and can be significantly
13 impacted by industry and market conditions. His critique of my analysis
14 seems to ignore his own Rebuttal Testimony at page 4, lines 66 and 67 which
15 states as follows: “It is important to keep in mind that no one financial model is
16 more reliable than others at all times and under all market conditions.”

17 I agree with this general statement. This is the very principle on which
18 the DCF model, risk premium, and Capital Asset Pricing Model (“CAPM”) can
19 provide reliable results in some instances, and less reliable results in other
20 instances. Informed judgement is needed to provide accurate estimates of the
21 current market cost of equity, which are based on observable market

1 evidence, and the construction of market-based models based on
2 economically logical data inputs.

3 Mr. Hevert's opinion of my various DCF model results provides no
4 meaningful critique or rebuttal to the reasonableness of my finding that the
5 DCF model supports a 9% return on equity for DEU in this proceeding.

6 **Q DOES MR. HEVERT ALSO COMMENT ON YOUR CAPM MODEL?**

7 A He does. I performed two CAPM studies: one based on a historical market
8 risk premium, and one based on a prospective market risk premium. Most of
9 Mr. Hevert's rebuttal is based on my historical market risk premium CAPM
10 analysis. Importantly, this CAPM result was not used to form my
11 recommended range in this proceeding. Rather, my CAPM analysis was
12 based on my forward-looking market risk premium, which was based on
13 forward-looking *Value Line Investment Survey* ("Value Line") published betas,
14 and a forward-looking projection of a risk-free rate as published by
15 independent consensus economists.

16 Contrary to Mr. Hevert's arguments, my CAPM analysis did reflect
17 forward-looking market data and forward-looking expectations of the market,
18 as embodied in forecasts by independent economists, forecast expectations of
19 the real forward-looking returns on the market, and forward-looking inflation
20 outlooks. Importantly, the results of my CAPM produced a forward-looking

1 expected return on the market in the face of market conditions with 2%
2 inflation outlooks.

3 My CAPM model is compared to a historical expected return on the
4 market of around 12% with historical inflation of around 3%. As such, my
5 current expected return on the market, and the resulting market risk premium
6 are based on a forward-looking inflation risk premium estimate for the
7 marketplace, and do reflect market participant input and observable market
8 data.

9 **Q DID MR. HEVERT ALSO RESPOND TO YOUR CRITICISM OF HIS USE OF**
10 **AN EMPIRICAL CAPM (“ECAPM”) WITH VALUE LINE ADJUSTED**
11 **BETAS?**

12 A Yes. At pages 67-69 of his Rebuttal Testimony, Mr. Hevert offers evidence
13 that market participants do use an ECAPM analysis with *Value Line* adjusted
14 betas. Importantly, he does seem to acknowledge that there is little to no
15 academic support for use of this model in the way he has constructed it.
16 Mr. Hevert at page 68 of his rebuttal references one academic study published
17 in 1980 by Litzenberger et al. in support of his ECAPM. He states at lines
18 1241-1244 of his rebuttal that:

19 A 1980 study by Litzenberger, et al. concluded that the CAPM
20 underestimates the Cost of Equity for companies with Beta
21 coefficients less than 1.00, such as public utilities. [footnote
22 omitted] In that study, the authors applied adjusted Beta
23 coefficients and still found the CAPM to underestimate the Cost
24 of Equity for low-Beta companies.

1 Q DOES THIS LITZENBERGER ARTICLE SUPPORT MR. HEVERT'S
2 ECAPM?

3 A No. I reviewed this study, and I will acknowledge that the authors did state
4 concern about the CAPM analysis, even with the use of adjusted betas.
5 However, this study does not support the use of adjusted betas within an
6 ECAPM study, as Mr. Hevert implies. As such, I stand on my previous
7 testimony that I am not aware of any evidence that an academic study or
8 investment practitioner would use an ECAPM analysis with *Value Line*
9 adjusted betas. As such, Mr. Hevert's ECAPM should be rejected.

10 The use of a *Value Line* adjusted beta in an ECAPM analysis simply
11 double-counts the effort to flatten the security market line, and increase the
12 CAPM return estimates for low beta stocks, and decrease the CAPM return for
13 high beta stocks. Stated differently, the use of a *Value Line* adjusted beta in
14 an ECAPM analysis severely distorts the security market line, and minimizes
15 the accuracy of the adjustment of a required rate of return varying based on
16 the level of investment risk of a security. For this reason, the ECAPM
17 constructed with use of a *Value Line* adjusted beta is simply flawed and
18 unreliable.

1 **Q DID MR. HEVERT IDENTIFY ANY OTHER SOURCES THAT SUPPORT THE**
2 **USE OF A VALUE LINE ADJUSTED BETA WITHIN AN ECAPM**
3 **ANALYSIS?**

4 A Yes. Mr. Hevert also identifies published books by the Brattle Group
5 consultant Dr. Bente Villadsen, and by Dr. Roger Morin. Importantly, neither
6 of the published books are academic textbooks nor are they academic work
7 that was subject to peer review. Rather, both of the authors identified by
8 Mr. Hevert are rate of return witnesses that work on behalf of utilities. Both of
9 them have endorsed *Value Line* adjusted betas within an ECAPM analysis.
10 Importantly, to my knowledge, neither of them has been successful in
11 convincing regulatory commissions that it is reasonable or appropriate to use a
12 *Value Line* adjusted beta within an ECAPM study.

13 **Q DO YOU BELIEVE THAT YOUR MARKET-BASED ANALYSIS OR THOSE**
14 **EMPLOYED BY MR. HEVERT WITH REASONABLE DATA INPUTS AND**
15 **INTERPRETATION OF THE MODEL RESULTS SHOW THAT DEU'S**
16 **RETURN ON EQUITY IS AT OR BELOW THE INDUSTRY AUTHORIZED**
17 **RETURN ON EQUITY OF 9.6% TO 9.7% IN 2019?**

18 A Yes. Indeed, as outlined in my Direct Testimony, my market-based estimates
19 of DEU's current market cost on equity, as well as reasonable interpretation
20 and application of Mr. Hevert's own model, show that its current market cost of
21 equity is around 9%. If the Commission chooses to implement a gradualistic

1 movement to adjust rates to the current market cost of equity, then it should
2 move the authorized return on equity to no higher than the industry authorized
3 return on equity in the range of 9.6% to 9.7% for 2019. There is simply no
4 reliable data in this record that supports a return on equity above 9.7% based
5 on this industry authorized return on equity data.

6 **Q DID MR. HEVERT ALSO COMMENT ON YOUR PROPOSED ADJUSTMENT**
7 **TO THE COMPANY'S RATEMAKING CAPITAL STRUCTURE?**

8 A Yes. In my Direct Testimony, I recommend adjusting the Company's
9 ratemaking capital structure to reduce the common equity ratio from the
10 Company's proposed 55% down to a ratemaking capital structure of 52%.
11 Importantly, my recommended capital structure brings the ratemaking capital
12 structure to a point where it aligns with the industry authorized common equity
13 ratio used to set rates as outlined in my Direct Testimony.

14 However, Mr. Hevert observes that in 2019 the industry average
15 common equity ratio for a gas company was around 54.34% with a median of
16 53.43%. Based on this evidence, he implies that the Company's proposed
17 ratemaking capital structure is reasonable.

1 Q DOES THE INDUSTRY AVERAGE COMMON EQUITY RATIO SUPPORT
2 THE REASONABLENESS OF THE COMPANY'S PROPOSED
3 RATEMAKING CAPITAL STRUCTURE IN THIS PROCEEDING?

4 A No. As shown on my attached FEA Exhibit 3.01SR, I show the utility
5 companies that received authorized returns on equity, and common equity
6 weights of total capitalization for ratemaking purposes in calendar year 2019.
7 As shown on this chart, setting aside Atmos Energy Corp., which had three
8 rate decisions in three different jurisdictions in the second quarter of 2019, the
9 average common equity ratio for calendar year 2019 was 51.3%.

10 Importantly, the industry average quoted by Mr. Hevert was highly
11 impacted by one company that operates in three different jurisdictions. Atmos
12 Energy Corp. was awarded a common equity ratio of 58% to 60% in that year,
13 which is far in excess of the majority of the other utility awarded common
14 equity ratios as outlined on my exhibit. Excluding outliers, the 2019 industry
15 average common equity ratio was around 51.68%. Updating the industry data
16 through November 2019 continues to support my position. Through
17 November 2019, the industry average common equity ratio was 51.33%, as
18 shown on my exhibit. This industry average includes the very high common
19 equity ratios authorized for Atmos Energy Corp. into three different
20 jurisdictions, which clearly reflect outlier results relative to the other utilities in
21 the industry.

1 For this reason, I believe my ratemaking capital structure and return on
2 equity more accurately reflect authorized industry results for 2019 than does
3 Mr. Hevert's proposed return on equity and the Company's proposed
4 unjustifiably thick equity ratio proposed in its ratemaking capital structure.

5 **Q DOES THIS CONCLUDE YOUR PHASE I SURREBUTTAL TESTIMONY?**

6 **A Yes, it does.**

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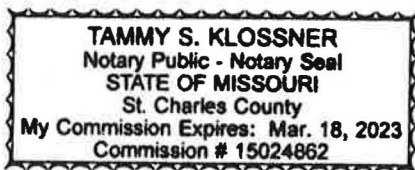
State of Missouri)
) ss.
County of Saint Louis)

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 exhibit attached to the testimony was prepared by me or under my direction and supervision, and it is 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 5th day of December, 2019.





Notary Public

Dominion Energy Utah

Natural Gas Utility Approved Return on Equity and Common Equity Ratios

<u>Line</u>	<u>Company</u>	<u>Authorized Date</u>	<u>State</u>	<u>Rate of Return (%)</u>	<u>Return on Equity (%)</u>	<u>Common Equity Ratio (%)</u>	<u>Case Type</u>
1	Baltimore Gas and Electric Co.	1/4/2019	Maryland	7.09	9.80	52.85	Distribution
2	Berkshire Gas Co.	1/18/2019	Massachusetts	8.33	9.70	54.00	Distribution
3	Orange & Rockland Utilts Inc.	3/14/2019	New York	6.97	9.00	48.00	Distribution
4	Duke Energy Kentucky Inc.	3/27/2019	Kentucky	7.07	9.70	50.76	Distribution
5	Louisville Gas & Electric Co.	4/30/2019	Kentucky	NA	9.73	NA	Distribution
6	Atmos Energy Corp.	5/7/2019	Kentucky	7.49	9.65	58.06	Distribution
7	Atmos Energy Corp.	5/20/2019	Tennessee	7.79	NA	58.38	Distribution
8	Atmos Energy Corp.	5/21/2019	Texas	7.97	9.80	60.18	Distribution
9	CenterPoint Energy Resources	8/23/2019	Arkansas	4.68	NA	32.38	Distribution
10	Vectren Energy Delivery Ohio	8/28/2019	Ohio	7.48	NA	NA	Distribution
11	Virginia Natural Gas Inc.	8/29/2019	Virginia	6.86	9.50	48.74	Limited-Issue Rider
12	Northern States Power Co - WI	9/4/2019	Wisconsin	7.74	10.00	52.52	Distribution
13	Consumers Energy Co.	9/26/2019	Michigan	5.84	9.90	41.78	Distribution
14	Northern Illinois Gas Co.	10/2/2019	Illinois	7.20	9.73	54.20	Distribution
15	Avista Corp.	10/8/2019	Oregon	7.24	9.40	50.00	Distribution
16	Washington Gas Light Co.	10/15/2019	Maryland	7.42	9.70	53.50	Distribution
17	Northwest Natural Gas Co.	10/21/2019	Washington	7.16	9.40	49.00	Distribution
18	Piedmont Natural Gas Co.	10/31/2019	North Carolina	7.14	9.70	52.00	Distribution
19	Wisconsin Electric Power Co.	10/31/2019	Wisconsin	NA	10.00	52.50	Distribution
20	Wisconsin Gas LLC	10/31/2019	Wisconsin	NA	10.20	52.50	Distribution
21	Wisconsin Public Service Corp.	10/31/2019	Wisconsin	NA	10.00	52.50	Distribution
22	Entergy New Orleans LLC	11/7/2019	Louisiana	NA	9.35	50.00	Distribution
23	Elizabethtown Gas Co.	11/13/2019	New Jersey	7.13	9.60	51.50	Distribution
24	New Jersey Natural Gas Co.	11/13/2019	New Jersey	6.95	9.60	54.00	Distribution
25	2019 Average			7.13	9.69	51.33	
26	2019 Median			7.16	9.70	52.50	
27	One Standard Deviation					5.72	
28	Average Plus One Std. Dev.					57.05	
29	Average Minus One Std. Dev.					45.62	
	Outliers						
30	Atmos Energy Corp.	5/7/2019	Kentucky	7.49	9.65	58.06	Distribution
31	Atmos Energy Corp.	5/20/2019	Tennessee	7.79	NA	58.38	Distribution
32	Atmos Energy Corp.	5/21/2019	Texas	7.97	9.80	60.18	Distribution
33	CenterPoint Energy Resources	8/23/2019	Arkansas	4.68	NA	32.38	Distribution
34	Consumers Energy Co.	9/26/2019	Michigan	5.84	9.90	41.78	Distribution
35	2019 Average Without Outliers			7.27	9.67	51.68	
36	2019 Median Without Outliers			7.15	9.70	52.50	

Source: S&P Market Intelligence, downloaded 11/27/19.

Dominion Energy Utah

Natural Gas Utility Approved Return on Equity and Common Equity Ratios

Line	Company	Authorized Date	State	Rate of Return (%)	Return on Equity (%)	Common Equity Ratio (%)	Case Type
1	Northern Illinois Gas Co.	1/31/2018	Illinois	7.26	9.80	52.00	Distribution
2	Missouri Gas Energy	2/21/2018	Missouri	7.20	9.80	54.16	Distribution
3	Spire Missouri Inc.	2/21/2018	Missouri	7.20	9.80	54.16	Distribution
4	Northern Utilities Inc.	2/28/2018	Maine	7.53	9.50	50.00	Distribution
5	Niagara Mohawk Power Corp.	3/15/2018	New York	6.53	9.00	48.00	Distribution
6	Pivotal Utility Holdings Inc.	3/26/2018	Florida	NA	10.19	48.00	Distribution
7	Avista Corp.	4/26/2018	Washington	7.50	9.50	48.50	Distribution
8	Liberty Utilities EnergyNorth	4/27/2018	New Hampshire	6.80	9.30	49.21	Distribution
9	Northern Utilities Inc.	5/2/2018	New Hampshire	7.59	9.50	51.70	Distribution
10	Atmos Energy Corp.	5/3/2018	Kentucky	7.41	9.70	52.57	Distribution
11	CenterPoint Energy Resources	5/10/2018	Minnesota	7.12	NA	NA	Distribution
12	Atlanta Gas Light Co.	5/15/2018	Georgia	NA	NA	55.00	Distribution
13	MDU Resources Group Inc.	5/29/2018	Montana	NA	9.40	NA	Distribution
14	Baltimore Gas and Electric Co.	5/30/2018	Maryland	6.69	NA	NA	Limited-Issue Rider
15	Liberty Utilities (Midstates)	6/6/2018	Missouri	NA	9.80	NA	Distribution
16	Central Hudson Gas & Electric	6/14/2018	New York	6.44	8.80	48.00	Distribution
17	Black Hills Northwest Wyoming	7/16/2018	Wyoming	7.75	9.60	54.00	Distribution
18	Cascade Natural Gas Corp.	7/20/2018	Washington	7.31	9.40	49.00	Distribution
19	Virginia Natural Gas Inc.	8/15/2018	Virginia	6.86	9.50	48.74	Limited-Issue Rider
20	Narragansett Electric Co.	8/24/2018	Rhode Island	7.15	9.28	50.95	Distribution
21	Consumers Energy Co.	8/28/2018	Michigan	5.86	10.00	40.91	Distribution
22	CenterPoint Energy Resources	9/11/2018	Arkansas	4.69	NA	31.52	Distribution
23	DTE Gas Co.	9/13/2018	Michigan	5.56	10.00	38.30	Distribution
24	Wisconsin Power and Light Co	9/14/2018	Wisconsin	6.97	10.00	52.00	Distribution
25	Northern IN Public Svc Co.	9/19/2018	Indiana	6.50	9.85	46.88	Distribution
26	Madison Gas and Electric Co.	9/20/2018	Wisconsin	7.10	9.80	56.06	Distribution
27	MDU Resources Group Inc.	9/26/2018	North Dakota	7.24	9.40	51.00	Distribution
28	Dominion Energy South Carolina	9/26/2018	South Carolina	8.05	NA	49.83	Distribution
29	Piedmont Natural Gas Co.	9/26/2018	South Carolina	7.60	10.20	53.00	Distribution
30	Boston Gas Co.	9/28/2018	Massachusetts	7.01	9.50	53.04	Distribution
31	Colonial Gas Co.	9/28/2018	Massachusetts	7.18	9.50	53.04	Distribution
32	Black Hills Energy Arkansas	10/5/2018	Arkansas	5.62	9.61	40.43	Distribution
33	Chattanooga Gas Co.	10/15/2018	Tennessee	7.12	9.80	49.23	Distribution
34	Northwest Natural Gas Co.	10/26/2018	Oregon	7.32	9.40	50.00	Distribution
35	Columbia Gas of Virginia Inc	10/26/2018	Virginia	7.47	NA	NA	Limited-Issue Rider
36	Public Service Electric Gas	10/29/2018	New Jersey	6.99	9.60	54.00	Distribution
37	Ameren Illinois	11/1/2018	Illinois	7.14	9.87	50.00	Distribution
38	Delmarva Power & Light Co.	11/8/2018	Delaware	6.78	9.70	50.52	Distribution
39	Minnesota Energy Resources	11/8/2018	Minnesota	6.70	9.70	50.90	Distribution
40	Atmos Energy Corp.	12/4/2018	Tennessee	7.26	NA	51.40	Distribution
41	Columbia Gas of Kentucky Inc	12/5/2018	Kentucky	7.62	NA	52.42	Limited-Issue Rider
42	Washington Gas Light Co.	12/11/2018	Maryland	7.30	9.70	51.69	Distribution
43	Yankee Gas Services Co.	12/12/2018	Connecticut	7.06	9.30	53.76	Distribution
44	Interstate Power & Light Co.	12/13/2018	Iowa	7.29	9.60	51.00	Distribution
45	CT Natural Gas Corp.	12/19/2018	Connecticut	7.32	9.30	55.00	Distribution
46	Public Service Co. of CO	12/21/2018	Colorado	7.12	9.35	54.60	Distribution
47	Southwest Gas Corp.	12/24/2018	Nevada	6.65	9.25	49.66	Distribution
48	Southwest Gas Corp.	12/24/2018	Nevada	6.98	9.25	49.66	Distribution
49	2018 Average			7.00	9.59	50.09	
50	2018 Median			7.13	9.60	50.95	

Source: S&P Market Intelligence, downloaded 11/27/19.

Dominion Energy Utah

Natural Gas Utility Approved Return on Equity and Common Equity Ratios

<u>Line</u>	<u>Company</u>	<u>Authorized Date</u>	<u>State</u>	<u>Rate of Return (%)</u>	<u>Return on Equity (%)</u>	<u>Common Equity Ratio (%)</u>	<u>Case Type</u>
1	Consolidated Edison Co. of NY	1/24/2017	New York	6.82	9.00	48.00	Distribution
2	Atlanta Gas Light Co.	2/21/2017	Georgia	NA	10.55	51.00	Distribution
3	Washington Gas Light Co.	3/1/2017	District of Columbia	7.57	9.25	55.70	Distribution
4	Southwest Gas Corp.	4/11/2017	Arizona	7.42	9.50	51.70	Distribution
5	Natl Fuel Gas Distribution Cor	4/20/2017	New York	6.92	8.70	42.90	Distribution
6	Intermountain Gas Co.	4/28/2017	Idaho	7.30	9.50	50.00	Distribution
7	CenterPoint Energy Resources	5/23/2017	Texas	8.02	9.60	55.15	Distribution
8	Delmarva Power & Light Co.	6/6/2017	Delaware	NA	9.70	NA	Distribution
9	Louisville Gas & Electric Co.	6/22/2017	Kentucky	NA	9.70	NA	Distribution
10	Elizabethtown Gas Co.	6/30/2017	New Jersey	6.71	9.60	46.00	Distribution
11	NorthWestern Corp.	7/20/2017	Montana	6.96	9.55	46.79	Distribution
12	Consumers Energy Co.	7/31/2017	Michigan	5.97	10.10	41.27	Distribution
13	CenterPoint Energy Resources	9/6/2017	Arkansas	4.58	NA	31.02	Distribution
14	Avista Corp.	9/13/2017	Oregon	7.35	9.40	50.00	Distribution
15	Columbia Gas of Maryland Inc	9/19/2017	Maryland	7.35	9.70	NA	Distribution
16	ENSTAR Natural Gas Co.	9/22/2017	Alaska	8.59	11.88	51.81	Distribution
17	Dominion Energy South Carolina	9/27/2017	South Carolina	8.15	NA	52.16	Distribution
18	Piedmont Natural Gas Co.	9/27/2017	South Carolina	7.60	10.20	53.00	Distribution
19	South Jersey Gas Co.	10/20/2017	New Jersey	6.80	9.60	52.50	Distribution
20	San Diego Gas & Electric Co.	10/26/2017	California	7.55	10.20	52.00	Distribution
21	Southern California Gas Co.	10/30/2017	California	7.34	10.05	52.00	Distribution
22	Washington Gas Light Co.	11/21/2017	Virginia	7.35	9.50	59.63	Limited-Issue Rider
23	Puget Sound Energy Inc.	12/5/2017	Washington	7.60	9.50	48.50	Distribution
24	Northern States Power Co - WI	12/7/2017	Wisconsin	7.56	9.80	51.45	Distribution
25	Southern Connecticut Gas Co.	12/13/2017	Connecticut	7.42	9.25	52.19	Distribution
26	Columbia Gas of Kentucky Inc	12/22/2017	Kentucky	7.62	NA	52.42	Limited-Issue Rider
27	Avista Corp.	12/28/2017	Idaho	7.61	9.50	50.00	Distribution
28	2017 Average			7.26	9.72	49.88	
29	2017 Median			7.39	9.60	51.58	

Source: S&P Market Intelligence, downloaded 11/27/19.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing is sent on this 5th day of December 2019 by electronic mail to the individuals listed below:

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