

19-057-03: Application of Dominion Energy Utah for Authority to Change its Depreciation Rates
February 20, 2019 Technical Conference Questions from the PSC

The Gannett Fleming Depreciation Study states the following:

“The procedure for estimating service lives consisted of compiling historical data for the plant accounts or depreciable groups, analyzing this history through the use of widely accepted techniques, and forecasting the survivor characteristics for each depreciable group on the basis of interpretations of the historical data analyses and the probable future. The combination of the historical experience and estimates of future experience yielded estimated survivor curves from which the average service lives were derived.” *Gannett Fleming Exhibit 1.2, p I-4.*

“The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percentages surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves.” *Gannett Fleming Exhibit 1.2, p II-17.*

Issue: As shown above, the Depreciation Study references that it used visual and mathematical “matching” to assess the goodness of fit of the chosen Iowa survivor curves to the observed “stubs.” Please elaborate on those methods. For example, 1) did the study rely on quantitative metrics that allowed for numerical comparisons between the different goodness-of-fit scores associated with potential Iowa curves for each given “stub;” or 2) which elements did the study rely on in its “visual matching” assessment?