



# State of Utah

## Department of Commerce Division of Public Utilities

FRANCINE GIANI    CHRIS PARKER  
*Executive Director    Director, Division of Public Utilities*

GARY HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

### Technical Conference Questions

**To:** Utah Public Service Commission  
**From:** Utah Division of Public Utilities  
Jeff Einfeldt, Utility Analyst  
Roxie McCullar, Consultant  
**Date:** February 15, 2019  
**Re:** **Application of Dominion Energy Utah for Authority to Change its Depreciation Rates – Technical Conference on February 20, 2019** Docket No. 19-057-03

#### Questions from Jeff Einfeldt:

1. Please explain how DEU's depreciation methods and the current depreciation study comply with GAAP.
2. What is the effect on a typical residential customer's bill of the changes proposed in the current depreciation study?
3. Have there been changes in selection of Iowa curves from the prior depreciation study to the current study.
4. If there have been changes in the selection of Iowa curves (ie to achieve a better match), how significant have the changes been? What are the primary causes precipitating the change?
5. Are the current transponders being retired early? If so, how is this impacting the Depreciation Study? What are the accounting entries to retire the current transponders? What is the impact to rate-payers?

#### Questions from Roxie McCullar:

6. The Depreciation Study discusses the need to replace the current Elster transponders. (See page iv and III-5 of Exhibit 1.2). Was the issue due to the age of the Elster transponders or an issue with the product? How long had the Elster transponders been in service prior the beginning of

the issue? Has the manufacturer provided information regarding the reason(s) for the issues the company has experienced with the Elster transponders?

7. The current depreciation rates are calculated using whole life technique with an adjustment for the calculated reserve variance. Is it correct that the company's proposed depreciation rates use remaining life technique? What is the reserve variance amortization amounts proposed in the deprecation study referenced on lines 112-113 of the Direct Testimony of Jordan K. Stephenson? Where is this reserve variance amortization amount shown in the depreciation study?
8. Page III-4 of the Depreciation Study discusses a Feeder Line and Intermediate High Pressure Replacement Program. How many miles of mains are being replaced under this program? How many more miles are being replaced under the accelerated replacement program compare to the normal level of replacement for these types of mains? What impact did this replacement program have on the average service life estimate in the depreciation study? What impact did this replacement program have on estimated future net salvage amounts in the depreciation study?