

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

**IN THE MATTER OF THE APPLICATION OF
DOMINION ENERGY UTAH FOR AUTHORITY TO
CHANGE ITS DEPRECIATION RATES**

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**DOCKET No. 19-057-03
Exhibit No. DPU 1.0 DIR
Direct Testimony
Jeffrey S. Einfeldt**

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Jeffrey S. Einfeldt

May 22, 2019

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

2 A. My name is Jeffrey S. Einfeldt. My business address is 160 East 300 South, Salt Lake
3 City, Utah 84114. I am a Utility Analyst with the Division of Public Utilities
4 (“Division”).

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

6 A. The Division.

7 **Q. PLEASE DESCRIBE YOUR POSITION AND DUTIES WITH THE DIVISION.**

8 A. As a utility analyst, I examine public utility financial data, review filings for compliance
9 with existing programs as well as applications for rate increases. I research, analyze,
10 document and assist in establishing regulatory positions on a variety of regulatory
11 matters. I provide and assist in the preparation of written and sworn testimony in hearings
12 before the Utah Public Service Commission (“Commission”) and assist in the case
13 preparation and analysis of testimony.

14 **Q. PLEASE IDENTIFY THE DIVISION’S EXPERT WITNESS FOR THIS**
15 **DOCKET.**

16 A. Roxie McCullar from William Dunkel and Associates was hired by the Division to
17 provide an independent evaluation of the depreciation study completed by Dominion
18 Energy Utah (“DEU”) in preparation for the general rate case anticipated to be filed in
19 July 2019. Ms. McCullar has 20 years’ experience in utility regulation including specific
20 emphasis in depreciation matters. Ms. McCullar participated on behalf of the Division in

21 the 2013 depreciation docket with DEU (previously known as Questar Gas), Docket No.
22 13-057-19.

23 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

24 A. The purpose of my testimony is to introduce the Division's position regarding the DEU
25 depreciation study generally, and to introduce the Division's expert who will explain the
26 Division's position in more detail.

27 **Q. WHAT IS THE DIVISION'S POSITION WITH REGARD TO THE DEU
28 DEPRECIATION STUDY?**

29 A. DEU seeks an increase to depreciation rates based on the current study of \$9,179,901
30 annually. The proposed increase is due primarily to a reduction of the existing reserve
31 variance from \$86.5 million in 2012 to \$7.4 million in 2017, net salvage estimates related
32 to certain asset accounts, and a reduction of transponder service life from 15 years to 13
33 years.

34 The Meters-Transponders (Account 381.21) average service life should be retained at 15
35 years rather than being reduced to 13 years, and the average service life of Distribution-
36 Mains (Account 376) should be modestly increased to 67 years rather than the 65 years as
37 proposed by DEU.

38 The future net salvage estimates for Distribution-Mains (Account 376), Distribution-
39 Services (Account 380) Distribution-Meter Installations (Account 382) and Distribution-
40 House Regulators (Account 383) be reduced.

41 These three adjustments result in a reduction to the annual depreciation rate sought by
42 DEU by approximately \$9 million based on the investment levels as of December 31,
43 2017.

44 Ms. Roxie McCullar will explain in detail the Division's proposed adjustments and
45 further analysis of DEU's depreciation study.

46 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

47 **A. Yes.**