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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH FOR APPROVAL OF FUNDING FOR THE INTERMOUNTAIN INDUSTRIAL ASSESSMENT CENTER	Docket No. 19-057-33  <b>SETTLEMENT STIPULATION</b>
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Pursuant to Utah Code Ann. § 54-7-1, Dominion Energy Utah (Dominion Energy or Company), the Utah Division of Public Utilities (Division), and the Utah Office of Consumer Services (Office) (collectively the Parties) submit this Settlement Stipulation in resolution of the issues raised in this docket. The Utah Association of Energy Users and Rocky Mountain Power have intervened in this docket and have authorized the Parties to represent that they do not object to this Settlement Stipulation.

## PROCEDURAL HISTORY

1. On December 31, 2019, Dominion Energy filed an Application in this matter seeking the Utah Public Service Commission's (Commission) approval of (1) a Natural Gas Clean Air Project; (2) funding for the Intermountain Industrial Assessment Center (IIAC) at the University of Utah; and (3) the implementation of a balancing account to track the costs associated with both.

2. On February 14, 2020, the Office filed a Motion to Dismiss the Application or, in the Alternative, Motion for Summary Judgment Denying Application. On March 2, 2020, Dominion Energy filed its opposition to that motion, and on March 13, 2020 the Office submitted a reply memorandum. On April 27, 2020 the Commission issued an Order Denying Office of Consumer Services' Motion to Dismiss Application, or in the Alternative, Motion for Summary Judgment Denying Application.

3. On May 14, 2020, the Commission issued a Scheduling Order and Notice of Hearing setting dates for direct testimony, rebuttal testimony, surrebuttal testimony and a hearing.

4. On June 12, 2020, Dominion Energy filed a Motion for Leave to Amend the Application (Motion to Amend), seeking to withdraw its request for approval of the proposed CHP project. The Company's request for approval to provide funding to the IIAC remained. The Company filed an Amended Application and amended pre-filed direct testimonies of Michael A. Orton, Kody M. Powell, and Kelly B Mendenhall with the Company's Motion to Amend.

5. On June 15, 2020, representatives of the Office and the Division each respectively submitted pre-filed direct testimony in this matter.

6. Since that time, the Parties have engaged in settlement discussions. The Parties have reached a settlement agreement, as set forth below.

### TERMS AND CONDITIONS

7. In settlement of the matters raised in this docket, the Parties submit this Settlement Stipulation for the Commission's approval and adoption.

8. The Parties agree for purposes of settlement to the approval of a 24-month IIAC pilot program to begin October 1, 2020 at a funding level of \$500,000 per year, for a total of \$1,000,000 in IIAC funding during the pilot program period. A proposed annual budget for the program is attached as confidential Exhibit A. Under this Stipulation, the IIAC pilot program would fall solely under the "any other technology program" category of Utah Code § 54-20-105(3)(a)(vii). As stated in Paragraph 18 below, nothing herein shall prevent the Company or the other Parties from taking other positions in future dockets, including dockets seeking additional funding for the IIAC program.

9. The Parties agree for purposes of settlement that, under this pilot program, the IIAC will conduct a total of 40 assessments, including clean air analysis, and an additional 40 clean air analyses on IIAC Department of Energy (DOE)-related projects during the 24-month pilot program period. Sustainable Transportation and Energy Plan (STEP) funds will be disbursed to the IIAC as follows: \$100,000 per quarter for eight quarters with an additional performance payment of \$100,000 that will be disbursed when 16 assessments and 16 clean air analyses on DOE-related projects have been completed, and a second performance payment of \$100,000 when 40 assessments and 40 clean air analyses on DOE-related projects have been completed. The quarterly payments in year two will begin only after the 20 assessments (with

clean air analyses) for year one have been completed. If necessary, the quarterly funding, assessments, and pilot program period may be temporarily suspended due to COVID-19 restrictions. The Company will notify the Commission if the program is temporarily suspended.

10. The Parties agree that, for purposes of settlement, the Company will not file with the Commission for additional funding for the IIAC program except in compliance with this paragraph. In that event, the Parties agree to work toward a schedule in such proceeding that will be complete by the end of the 24 month pilot program, to ensure continuity in the program if it continues. Any such application for renewal would be subject to the provisions of paragraphs 12 and 13 below. The Company agrees that it will not seek approval for additional funding of the IIAC assessment program until the end of the first 20 months of the pilot program have been completed. This is to allow sufficient time for the Parties to evaluate the pilot program, as additional IIAC funding in future periods will be evaluated, at least in part, on the work performed and results achieved, including expected air quality benefits. Parties would be free, at that time, to take any position with regard to the additional funding request.

11. The Parties agree that, for purposes of settlement, the IIAC and Dominion Energy will perform pre-screening for any project before conducting an assessment. Pre-screening criteria and eligibility will consist of the following:

A. A determination that the annual usage or anticipated annual usage (per customer or aggregated customers) would exceed 2,500 Dth per year or the customer would utilize natural gas in such volumes that the total benefits are reasonably likely to be greater than the expense of the assessment and any additional STEP funded costs or subsidies;

B. A determination that the customer is a current Dominion Energy customer or is located within the Dominion Energy service territory and could become a customer without significant investment from the Company or its ratepayers;

C. The Customer's willingness to participate in reasonable follow-up implementation reviews;

D. The Customer's willingness to have the Customer's name listed as a program participant and willingness, if it is selected for a project to be brought to the Commission to request an incentive, to also have the type of project and amount of STEP funds requested be identified in the public filing; and

E. The Customer's affirmative representation that it has not had an energy assessment performed by Rocky Mountain Power or Dominion Energy or any other comparable public or ratepayer-funded entity in the past five years.

12. The Parties agree for purposes of settlement that the IIAC will observe the guidelines attached hereto as Exhibit B.

13. The Parties agree that, for purposes of settlement, the STEP funds disbursed to the IIAC from Dominion Energy may not be used for purposes of writing articles for scholarly publication, related presentations and travel, or other related expenses, which are expressly declared outside the scope of the pilot program and the IIAC's scope of work related to the funding addressed in this docket.

14. The Parties agree for purposes of settlement that, under the IIAC program, the Company will only bring projects to the Commission for incentives that are directly related to natural gas, renewable natural gas, or non-fossil-fuel-based hydrogen. This commitment will not bind the Company with regard to any project or program not within the IIAC pilot program.

15. The Parties agree for purposes of settlement that, in order to provide additional oversight, Dominion Energy will provide reporting as follows:

A. When the Company provides reporting described herein, it will (where practicable) include actual Utah-specific metrics and evaluations.

B. The Company will provide quarterly reports to the Office and the Division. The report format and contents will be agreed upon by the Company, the Office and the Division. Report contents will include items such as detailed budget expenditures, impacts of COVID-19 on the program, and assessment and analysis results.

C. The Company will file annual reports to the Commission. The report format and contents will be agreed by the Company, the Office and the Division.

D. Dominion Energy will provide other universities the opportunity to submit proposals for future STEP program filings. Dominion Energy will report on its efforts to include other universities in each year-end report to the Commission.

E. Dominion Energy will include details of the Company's promotion efforts with respect to various customer groups in the year-end report to the Commission. Additionally, Dominion Energy will include a summary of the assessments done by geographic region and customer type.

#### **GENERAL**

16. The Parties agree that settlement of those issues identified above is in the public interest and that the results are just and reasonable.

17. The Parties have reached a full and final resolution of those issues identified in this docket.

18. The Parties agree that no part of this Settlement Stipulation, or the formulae or methods used in developing the same, or a Commission order approving the same, shall in any manner be argued or considered as precedential in any future case. This Settlement Stipulation does not resolve, does not provide any inferences regarding, and the Parties are free to take any position with respect to, any issues not specifically identified and settled herein. All negotiations related to this Settlement Stipulation are confidential and subject to the applicable rules of evidence, including Utah R. Evid. 408, and no Party shall be bound by any position asserted in negotiations not specifically identified and settled herein. Neither the execution of this Settlement Stipulation nor an order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of ratemaking or of innovative utility programs under Utah Code §§ 54-20-101 through -107; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Settlement Stipulation.

19. Dominion Energy will, and the Division and the Office may, each make one or more witnesses available to explain and support this Settlement Stipulation to the Commission. Such witnesses will be available for examination. The Parties shall support the Commission's approval of the Settlement Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility. So that the record in this docket is complete, the Parties agree to recommend that all pleadings, comments and action request responses that have been filed in this docket be admitted as evidence.

20. The Parties agree that, if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Settlement Stipulation, each Party will use its best efforts to support the terms and conditions of the Settlement Stipulation. As applied to the Division and the Office, the phrase “use its best efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Party shall take a position in that judicial review opposed to the Settlement Stipulation.

21. Except with regard to the obligations of the Parties under Paragraphs 18, 19 and 20 of this Settlement Stipulation, this Settlement Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission. This Settlement Stipulation is an integrated whole, and either Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission’s approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation, or if the Commission’s approval of this Settlement Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Settlement Stipulation consistent with the order. No Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Settlement Stipulation, the remaining Parties retain the right to seek additional procedures before the Commission, including




presentation of testimony and cross-examination of witnesses and no Party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

22. This Settlement Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

**RELIEF REQUESTED**

Based on the foregoing, the Parties request that the Commission issue an order approving this Settlement Stipulation and adopting its terms and conditions.

RESPECTFULLY SUBMITTED: July 16, 2020.

  
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Kelly B. Mendenhall  
Dominion Energy Utah  
*Director Regulatory and Pricing*

*Artie Powell*  
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Artie Powell  
Division of Public Utilities  
*Director*

  
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Michele Beck  
Office of Consumer Services  
*Director*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the Settlement Stipulation was served upon the following persons by e-mail on July 16, 2020:

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/s/ Ginger Johnson