



State of Utah
Department of Commerce
Division of Public Utilities

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Memorandum

TO: Public Service Commission

FROM: Division of Public Utilities
Chris Parker, Director,
Artie Powell, Energy Manager
Doug Wheelwright, Technical Consultant

DATE: November 9, 2017

RE: Questar Gas Company dba Dominion Energy Utah Dividend
Docket No. 17-999-02

I. RECOMMENDATION – No Action

Based upon the following analysis, the Division of Public Utilities (Division) has determined that the financial information provided for Dominion Energy Utah dba Questar Gas is sufficient and the financial information provided in the FERC Form 2 will be sufficient to verify the charges allocated to Dominion Energy Questar Pipeline. The Division recommends that the Commission take no action.

II. ISSUE

On August 18, 2017, the Division issued a memo the Public Service Commission (Commission) concerning the dividend payments from Questar Gas Company dba Dominion Energy Utah (Dominion or Company). The Division's memo expressed concern with the amount of supplemental information that has been included with the Company's SEC 10-K and 10-Q filings since the acquisition. The memo also indicated concerns with the access to financial information for Questar Pipeline. On September 26, 2017, the Commission issued a supplemental action request to address the issues identified in the Division memo. This memo is the Division's response to the supplemental action request.

III. ANALYSIS

Prior to the acquisition, the Company's SEC 10-K and 10-Q financial reporting included separate balance sheet and income statement information for Questar Gas, Questar Pipeline and Questar Corporation. The consolidated financial statement for Questar Corporation included the financial information for Questar Gas, Questar Pipeline along with Wexpro and reconciled the inter-company transactions. Since the acquisition, the supplemental financial information and notes to the financial statements are not as detailed. The missing information is not critical to the analysis of Dominion Energy Utah dba Questar Gas.

The financial information that historically was provided under Questar Pipeline were consolidated financial statements that included Questar Pipeline, Overthrust Pipeline, Southern Trails Pipeline, InfoComm, Questar Energy Services (QES) and Questar Transportation Services (QTS). Since the acquisition, Dominion has moved some of these operating entities to the Dominion Energy Master Limited Partnership (MLP) and no longer produces the same financial reporting levels that were generated prior to the merger. This change does make it difficult to compare the financial reporting prior to the acquisition to the post-acquisition information for Dominion Energy Questar Pipeline (Pipeline).

The Company has indicated that the FERC Form 2 provides the most readily available financial information for Pipeline. The FERC Form 2 report is very lengthy, and does provide the income statement, balance sheet and cash flow statements. However, the FERC Form 2 for Questar Pipeline and the SEC 10-K for Questar Pipeline are not comparable since the 10-K report includes the other operating entities noted above. The FERC Form 2 is unique for each operating entity and the Company files a separate Form 2 for Questar Pipeline, Overthrust Pipeline and Southern Trails Pipeline. Since the prior organizational structure no longer exists, the historical 10-K information is no longer comparable. In order to provide a true comparison of pre-acquisition and post-acquisition financial information for Pipeline, the Division will use the FERC Form 2. Due to the size of the Form 2, the Company will work with the Division to identify the location of the supplemental schedules and other information that is included in the body of the FERC report. For example, the transaction and transition cost of the acquisition that

have been allocated to Pipeline are not identified in the income statement but they are identified on page 340 of the FERC Form 2. The Division will compare the FERC Form 2 information from previous years with the current and future filings in order to monitor any changes or trends.

IV. CONCLUSION

The Division has determined that the supplemental financial information is not critical to the analysis of Dominion Energy Utah dba Questar Gas and the financial information provided in the FERC Form 2 will be sufficient to verify the charges allocated to Dominion Energy Questar Pipeline. The Division recommends that the Commission take no action.

cc: Barrie McKay – Questar Gas
 Kelly Mendenhall – Questar Gas
 Michele Beck – Office of Consumer Services