

Gas Distribution

Five Year Plan 2022-2026

9+3 Plan Review

November 2-3, 2021

DEUWI

DEUWI - Executive Summary

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 3 of 12

- ❑ Robust customer growth
 - Residential growth of 2.5% (~28,000 new meters per year)
 - Meters drives margin given uncoupled regulatory model

- ❑ Investment for the benefit of customers

Capital investment	Recovery	2021—2026	Avg. annual
Infrastructure replacement	Rider	\$466M	\$78M
Rural expansion (HB 422)	Rider	\$60M	\$10M
Magna LNG	Rate case	\$151M	—
Southern System	Rate case	\$60M	\$10M
Total growth capex ¹	—		

- ❑ Prudent and focused cost discipline
 - O&M expense CAGR: 1%²
 - Adjusted labor expense CAGR: Flat^{2,4}
- ❑ Respectful approach to regulatory relationships

- ✓ **Reliability:** Significant investment in reliability-enhancing projects (Magna LNG, So. System)
- ✓ **Affordability:** Modest customer bill growth: ~3.8%³
- ✓ **Safety:** Unyielding focus on employee & customer safety
- ✓ **Sustainability:**
 - Industry-leading customer choices: GreenTherm, energy efficiency & voluntary offsets
 - Innovation: RNG & Hydrogen
- ✓ **Growth:** EBIT CAGR: 7.1%²

3

2021 - Gas D 9+3 Plan Review

¹ Includes customer growth and other; excludes maintenance

² 2022—2026 CAGR

³ Typical residential customer, average annual bill increase (excludes fuel)

⁴ Labor expense adjusted to remove helpful impact of pension credit

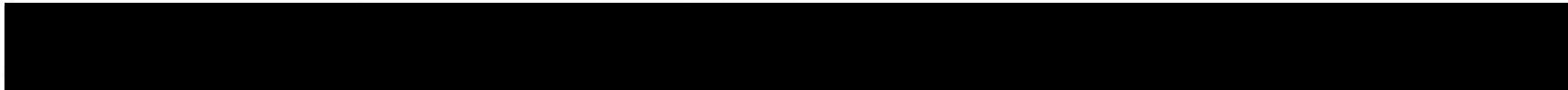
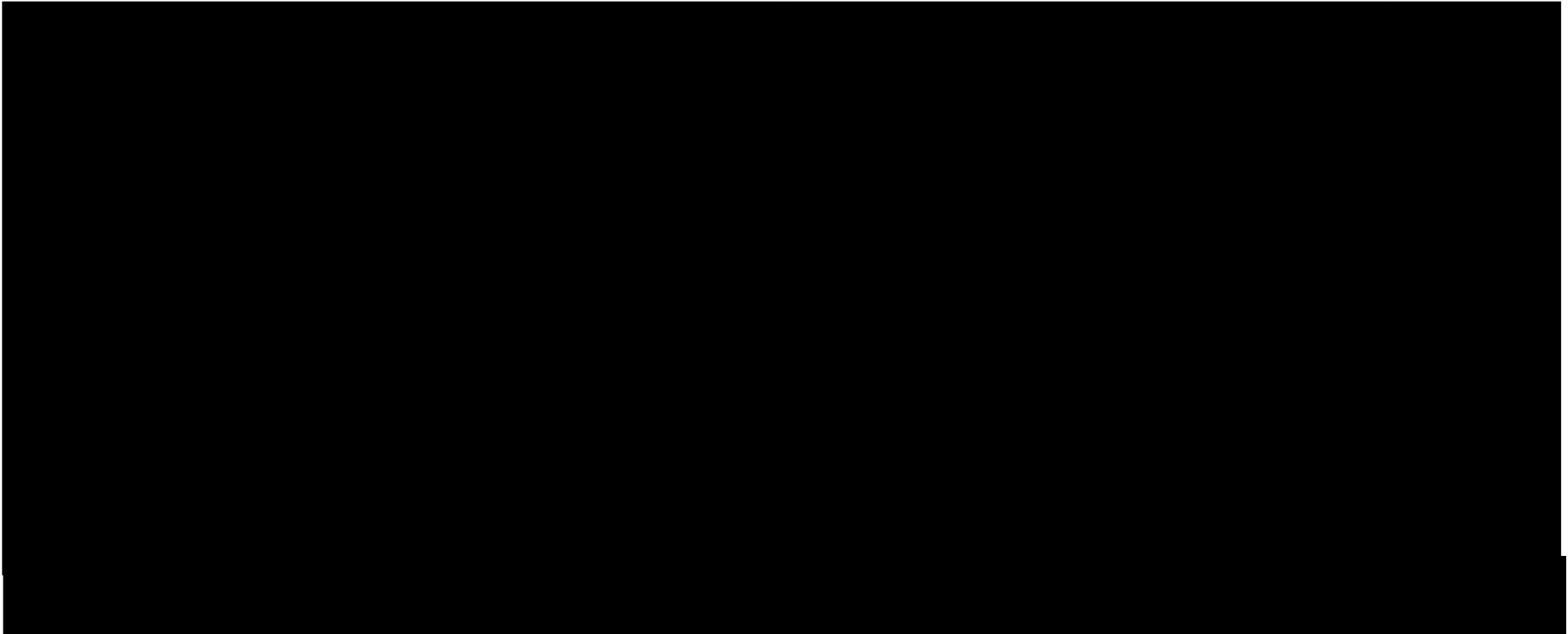
DEUWI - Financial Outlook

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 4 of 12

d
do

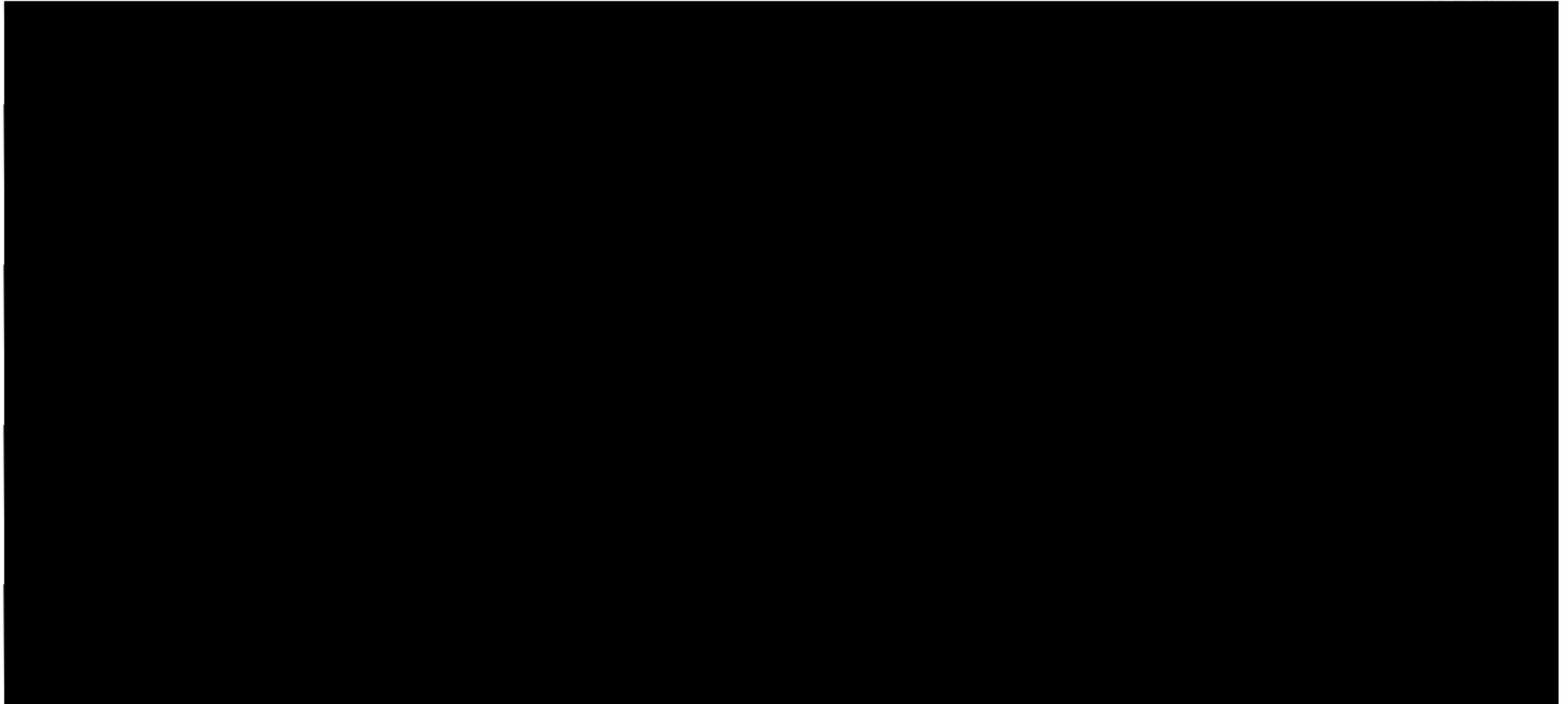
DEUWI - EBIT Reconciliation

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 5 of 12



DEUWI - EBIT Waterfall

P.S.C.U. Docket No. 22 057 03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746 700 22
Date of DEU Response: May 2, 2022
Page 6 of 12



DEUWI - Major Capital Projects

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 7 of 12

☐ Magna LNG Facility

On-system natural gas storage facility capable of storing 1.2Bcf of natural gas

- Expected in-service Nov 2022
- Total capex of \$211M (PSC approved amount)
- EBIT of \$17.4M in 2023

☐ Southern System Expansion

Facilitates southern Utah regional growth and improved system reliability

Phase II Expected In-Service Dec 2022

- | | |
|---------------------|---------------------|
| ○ \$3.3M in EBIT | ○ \$3.5M in EBIT |
| ○ Total capex \$38M | ○ Total capex \$43M |

☐ Rural Utah Expansion (HB 422)

- \$69M investment over 3 years; \$0.6M EBIT earnings per \$10M of investment
- \$26.4M investment to connect Eureka expected in-service Nov 2021 (first PSC approved project, rider like)
- PSC Approved Goshen and evaluating Green River

DEUWI - Capital Summary

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 8 of 12

DEUWI - Opportunities

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700 22
Date of DEU Response: May 2, 2022
Page 9 of 12

DEUWI - Risks

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 10 of 12

Appendix

DEUWI - Key Assumptions

P.S.C.U. Docket No. 22-057-03
Data Request No. MDR_22 D.14 Redacted Attachment 1
Requested by R746-700-22
Date of DEU Response: May 2, 2022
Page 12 of 12

☐ Revenue

- [REDACTED]
- Infrastructure replacement rider
 - Average yearly spend of \$78M over the plan period
 - \$0.6M EBIT earnings per \$10M of investment

☐ Growth Projects – Timed with rate cases

- Magna LNG On-System Facility
 - Expected in-service Nov 2022, \$17.4M in EBIT
- Southern System Expansion
 - Phase II expected in-service Dec 2022 \$3.3M in EBIT
 - Phase III expected in-service Dec 2025 \$3.4M in EBIT

Historic customer growth rates:
2.5% - 2020, 2.4% - 2019,
2.6% - 2018, 2.2% - 2017,
1.9% - 2016

☐ Regulatory – Rate Case Filings

- Next Utah general rate case to be filed May 2, 2022, with rates effective January 1, 2023
- Next Wyoming general rate case will be filed 2023, effective Q1 2024
- Utah general rate cases are on a 3-year rolling cycle