

**Summary of Audit Procedures and Results for Enbridge Gas Utah's
Account 191 for Calendar Year 2024; Docket Nos. 23-057-03, 23-057-25, 24-057-
09, 24-057-16**

1 SCOPE

The Division of Public Utilities conducted an audit of Enbridge Gas Utah's Account No. 191.1 of the Uniform System of Accounts for the calendar year of 2024. The majority of the Division's work focused on net costs (costs offset by revenues) included in Account No. 191.1, although limited testing was performed on the reported revenues. The purpose of this audit was to compare the costs and revenues included in the Account No. 191.1 filing with the tariff and evaluate whether or not the calculation of the balance substantially conformed to the approved accounts and method of calculation.

2 CHANGE IN CORPORATE OWNERSHIP DISCLAIMER

Dominion Energy Utah owned and operated the subsidiary Questar Gas Company through the first 5 months of 2024. In June 2024 the Company was acquired by Enbridge Gas Utah (EGU). We do not believe that this ownership change had a material impact on this audit because the key personnel responsible for the standard reporting of documents remained consistent. The Division uses the most current name of this entity as of the date of this report, which is: Enbridge Gas Utah.

3 DEFINITIONS

Various terms or abbreviations are used in the following sections. Those terms or abbreviations are described below:

- 1) "Division": Utah Division of Public Utilities
- 2) "DEU": Dominion Energy Utah (previously Questar Gas Company)
- 3) "EGU": Enbridge Gas Utah (previously Dominion Energy Utah)
- 4) "ABS": Account Balance Summary. A spreadsheet consisting of individual accounting entries to the various accounts in the 191 account.
- 5) "GL": General Ledger or "Accounting Works". An EGU spreadsheet report produced monthly that originates from the Company's general ledger.
- 6) "191 SUM": The monthly 191 summary sheet produced by EGU. This sheet shows the 191 account calculations, including a breakdown by account, interest calculations, and adjustments to the 191 account.
- 7) "191 Account": Account No. 191.1 of the Uniform System of Accounts

8) “TIC”: Transportation Imbalance Charge

4 AUDIT PROCEDURES

The Division’s audit procedures of the 191 Account for the calendar year 2024 consist of the following:

- 1) Risk Assessment – The Division reviewed the information provided by EGU to determine that it was substantially similar to previous years, and relied upon risk areas that were identified in previous audits, particularly storage gas costs, which will be discussed later in this report.
- 2) High-Level Reconciliations – Reconciled EGU’s End-of-year financial information to the 191 SUM.
- 3) Net Gas Cost Review
 - a) Verified the Commodity percentage was calculated correctly.
 - b) Verified the Demand percentage was calculated correctly.
 - c) Recalculated the ending 191 balance and compared it to the 191 SUM.
 - d) Reviewed supporting documentation for costs and revenues included in the 191 Account.
 - e) Reviewed supporting documentation for the 191 Account adjustments.

5 RISK ASSESSMENT

The Division determined the operation and content of EGU’s 191 Account for 2024 is substantially similar to previous years. Therefore, the Division was able to rely on risk assessments performed in previous audits. The two main areas of risk continue to be storage gas related costs and adjustments to the 191 Account.

5.1 RISK - STORAGE GAS RELATED COSTS

Based on previous audits, the Division determined the greatest likelihood of a material misstatement was with storage gas costs (withdrawal value/charges, injection value/charges, and return on storage gas). This is due to the complexity of the storage inventory calculations, and the use of an estimate that is determined by the company for storage injection and withdrawal values. The Division requested and reviewed supporting documents for several of the entries in the General Ledger related to storage gas costs and found no inconsistencies.

5.2 RISK - COMPANY ADJUSTMENTS TO THE 191 ACCOUNT

Adjustments to the 191 Account are also identified as inherently greater risk due to their nature of being outside the normal accounting and reporting process. There were four adjustments to the

191 Account for the 2024 calendar year, all of which were immaterial and reviewed in detail and found no issue.

6 AUDIT PROCEDURES AND RESULTS

In addition to the items identified in the risk assessment, the Division tested many other key areas of the 191 Account. The majority of the Division's audit procedures focused on the costs and revenues included in the 191 Account for the 2024 calendar year. The audit procedures and tests discussed below are summaries of the work performed by the Division. In addition to the audit procedures and tests performed, the Division also sent data requests and held meetings with EGU to discuss certain aspects of the 191 Account.

6.1 HIGH-LEVEL RECONCILIATIONS – RECONCILE 191 ACCOUNT TO 2024 END-OF-YEAR FINANCIAL INFORMATION

The purpose of this procedure was to verify the amounts included in the 191 Account reconcile to the amounts reported in the 2024 End-of-Year financial information. Differences were investigated. Based on the Division's review, the costs and revenues reported in the 191 Account reconcile to the costs and revenues reported in the Company's End-of-Year financial information.

6.2 NET GAS COST REVIEW

6.2.1 COMMODITY PERCENTAGE RECONCILIATION

The Division verified the commodity percentages used to allocate costs to Utah were calculated correctly. The Division calculated commodity percentages from the dekatherms reported in the Booked Revenue Report. The Division recalculated Utah Commodity percentages reconciled to the amounts reported by EGU (noting minor immaterial exceptions).

6.2.2 DEMAND PERCENTAGE RECONCILIATION

The percentages used to allocate demand costs to Utah originate from EGU's pass-through filings. The applicable pass-through filings for current year 2024 are 23-057-03, 23-057-25, 24-057-09, and 24-057-16. The demand percentage is calculated based on a one-month lag approved by the Commission in the Order Setting Final Rates for Docket Nos. 12-057-08 and 13-057-03 (issued September 21, 2018). The following is the result of the demand percentage allocations. The differences between the Division's calculation and EGU's calculation are immaterial and due primarily to rounding.

Monthly Demand % By Month (in dollars)					
Audit Month	DPU Demand %	DEU Demand %	Difference	Demand Costs	Potential Error
12/31/2023	96.840%	96.8400%	-0.0002%	\$ 9,578,355	\$ 21
1/31/2024	96.840%	96.8400%	-0.0002%	9,843,255	21
2/29/2024	96.936%	96.8400%	-0.0958%	9,103,511	8,718
3/31/2024	96.936%	96.9400%	0.0042%	7,356,051	(311)
4/30/2024	96.936%	96.9400%	0.0042%	8,084,313	(342)
5/31/2024	96.936%	96.9400%	0.0042%	6,994,460	(296)
6/30/2024	96.936%	96.9400%	0.0042%	7,005,963	(296)
7/31/2024	96.936%	96.9400%	0.0042%	7,217,881	(305)
8/31/2024	96.936%	96.9400%	0.0042%	7,217,881	(305)
9/30/2024	96.936%	96.9400%	0.0042%	7,210,026	(305)
10/31/2024	96.936%	96.9400%	0.0042%	7,217,866	(305)
11/30/2024	97.074%	96.9400%	-0.1335%	9,339,526	12,469
Total					\$ 18,764

6.2.3 RECALCULATION OF MONTHLY 191 ACCOUNT BALANCE

In this audit procedure, the Division allocated the total Company costs to Utah, added gas revenues recalculated by the Division, and applied the applicable interest costs, bad debt percentages, and other EGU 191 Adjustments to arrive at monthly 191 Account balances. These amounts were then compared to the amounts reported by EGU in the 191 SUM as a reasonableness test.

The resulting monthly differences were assessed as materially consistent with EGU's reported balances. These minor variations are due to the inherent lack of precision in the Division's estimation model compared to EGU's accounting records, alongside revenue accrual timing differences.

Month	DPU CALCULATED 191 BALANCE	DEU REPORTED 191 BALANCE	Difference
1/31/2024	183,112,544	183,016,153	96,392
2/29/2024	111,365,507	111,177,420	188,088
3/31/2024	23,193,724	23,000,359	193,365
4/30/2024	(18,216,444)	(18,392,283)	175,838
5/31/2024	(39,640,474)	(39,797,349)	156,875
6/30/2024	(49,032,633)	(49,223,154)	190,520
7/31/2024	(44,763,375)	(44,967,577)	204,201
8/31/2024	(40,266,416)	(40,448,706)	182,289
9/30/2024	(37,572,170)	(37,717,053)	144,883
10/31/2024	(29,558,305)	(29,650,348)	92,043
11/30/2024	(53,188,026)	(53,314,828)	126,801
12/31/2024	(52,980,043)	(53,127,905)	147,861

6.3 NET GAS COST REVIEW

The Division performed several review procedures to ensure the total Company expenses and Utah revenues reported in the 191 SUM are in fact supported by invoices, billing statements, checks, inventory calculations, and other documentation. The 191 Account net gas costs can be broken down into the following components: Wexpro operating costs, purchased gas, storage gas, gathering costs, transportation costs, and overriding royalties. The Division summarized the composition of the costs in the table below:

Total Company Net Gas Cost		
Gas Cost	CY 2024 Amount	% of Total
Wexpro Costs	215,028,164	39.27%
Purchased Gas	248,189,793	45.33%
Storage Gas Costs	15,909,824	2.91%
Gathering Costs	229,071	0.04%
Transportation Costs	77,172,406	14.09%
Overriding Royalties	(8,691,829)	-1.59%
Gas Management (WY Only)	(111,345)	-0.02%
Non Core Customer Revenue (WY Only)	(153,168)	-0.03%
Total Net Gas Costs	547,572,916	100.00%

The Division also compared the change in costs from the previous year with the results summarized below:

Total Company Net Gas Cost			
Gas Cost	CY 2024 Amounts	CY 2023 Amounts	% Change
Wexpro Costs	215,028,164	261,085,675	-17.64%
Purchased Gas	248,189,793	749,522,049	-66.89%
Storage Gas Costs	15,909,824	17,351,289	-8.31%
Gathering Costs	229,071	237,297	-3.47%
Transportation Costs	77,172,406	75,860,380	1.73%
Overriding Royalties	-8,691,829	-16,690,371	-47.92%
Gas Management (WY Only)	-111,345	-96,284	15.64%
Non Core Customer Revenue (WY Only)	-153,168	-132,490	15.61%
Total Net Gas Costs	547,572,916	1,087,137,545	-49.63%

6.3.1 PURCHASED GAS, OVERRIDING ROYALTIES, AND STORAGE GAS COSTS HAD CONSIDERABLE CHANGES FROM PRIOR YEAR

Wexpro Costs, Purchased Gas, and Overriding Royalties each changed significantly from the previous year. Wexpro Costs, Purchased Gas and Overriding Royalties increased due to market conditions of purchased gas during 2023, however subsequently decreased for 2024.

6.4 REVENUE REVIEW – ACCURACY

6.4.1 RECALCULATE 191 REVENUES

The Division reviewed revenues by multiplying the reported dekatherms and the tariff rates in effect at that time and then compared those calculated revenues with the revenues reported by the Company as a reasonableness test. The Division is aware that timing differences will cause the Division's calculated amounts to differ from the values reported by EGU. The Division inquired of the Company about whether the external audit firm specifically audited the tariff rates and the Company stated that it did. The Division therefore also relies on the audit opinion provided by the external audit firm in addition to the work performed specifically by the Division. The Division did not notice anything but will continue to monitor the differences for any material or unusual differences going forward.

7 CONCLUSION

The Division finds costs in the 191 Account substantially comply with Commission approved calculations and are just, reasonable, and in the public interest. The Division recommends interim rates become final in Docket Nos. 23-057-03, 23-057-25 and 24-057-09. In addition, the Division recommends interim rates become final for the applicable months of 2024 (November and December) in Docket No. 24-057-16.