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# UTAH DEPARTMENT OF COMMERCE

## Division of Public Utilities

MARGARET W. BUSSE  
Executive Director

CHRIS PARKER  
Division Director

## Technical Conference Questions

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director  
Brenda Salter, Assistant Director  
Doug Wheelwright, Utility Technical Consultant Supervisor  
Casey J. Coleman, Utility Technical Consultant

**Date:** November 21, 2023

**Re:** **Docket No. 23-057-16**, In the Matter of the Joint Application of Questar Gas Company dba Dominion Energy Utah and Enbridge Quail Holdings, LLC for Approval of the Proposed Sale of Fall West Holdco, LLC to Enbridge Quail Holdings, LLC

## Discussion

As outlined in the Public Service Commission's ("Commission") order issued November 7, 2023, The Division of Public Utilities ("Division") submits the following questions as topics of consideration for the Technical Conference. The Technical Conference is scheduled for December 7, 2023. Generally, there are six major topics that could be discussed at the Technical Conference. Those items are:

- The corporate structure of Enbridge,
- Ring-fencing and how it will be structured and implemented,
- The Master Transition Service Agreement and how it will be used moving forward,
- The capital structure ranges that are reasonable for Enbridge,
- How the merger benefits ratepayers of Utah and is in the public interest,
- How any transition and transaction costs will be paid.

Specific questions on these topics are included below.

- 1.1** Please discuss any of the following reports prepared for Enbridge Quail Holdings (“EQ Holdings”), LLC and Questar Gas Company dba Dominion Energy Utah (“QGC”). An overview of the reports and what was discussed by each company dealing with the merger would be beneficial.
- (a) Minutes from the Board of Director meetings where the transaction was discussed.
  - (b) Any studies, analysis or presentations provided or made available to the Board of Directors.
  - (c) All documents (reports, presentations, minutes, emails, etc.) presented to or made available to the rating agencies (S&P, Moody’s, Fitch, etc.) or stock analysts related to the Transaction. Include financial projections and supporting documentation.
  - (d) All documents (reports, presentations, minutes, emails, etc.) issued by the rating agencies (S&P, Moody’s, Fitch, etc.) to the company that discuss or analyze the Transaction.
  - (e) Analysis or valuation reports from the company’s investment bank regarding the Transaction regarding the offer from Dominion and any other proposal or offer for the company received by Questar within the last three years.
  - (f) Due Diligence Reports
  - (g) Synergy Studies
  - (h) Net Savings Studies
  - (i) Integration Plans
  - (j) A discussion on how merger benefits will be allocated among affiliates.
- 1.2** Reference Direct Testimony of Michele Harradence lines 29 – 33 which states: “EQ Holdings is a direct wholly-owned subsidiary of Genoa Holdings, LLC (“Genoa Holdings”), a Delaware limited liability company. Genoa Holdings is a direct wholly owned subsidiary of Enbridge U.S. Inc. (“Enbridge U.S.”), a Delaware corporation. Enbridge U.S. is an indirect wholly-owned subsidiary of Enbridge, a Canadian corporation.”
- 1.2.1** Provide an explanation of each wholly owned subsidiary of Enbridge as listed above.
- 1.2.2** Will QGC pay dividends directly to Enbridge, a Canadian corporation?

- 1.2.3** What costs of operations from each owned affiliate of Enbridge listed above will be allocated to QGC? Provide an explanation of what costs and revenues each wholly owned subsidiary listed above incurs in its day-to-day operations.
- 1.2.4** According to Joint Exhibit 9, there are six layers over QGC. Will each of these layers expect to allocate charges to QGC? If so or if not, please specify.
- 1.2.5** What will the legal name and operating name be of QGC after the merger?
- 1.3** For this question the word “Utility” is used to describe all companies currently in the Fall West Holding Company. Reference the Joint Application paragraph 4. The application names the following companies: EQ Holdings, Enbridge, Enbridge (U.S.), Enbridge Gas, Genoa Holdings, Fall West and Questar Gas. Please describe each business. Specifically, show how each layer stated above will interact with the Utility. Also describe each entity’s clients/customers and annual earnings. Also elaborate on the earnings it is expected to generate from, and the services/goods it may provide to, the Utility and any cost allocation that it may charge to the Utility, either directly or indirectly.
- 1.4** Reference the Joint Application paragraph 10 c. Master Transition Service Agreement (Master TSA)
- 1.4.1** Provide a description of how the Master TSA is expected to be implemented.
- 1.4.2** Will there be any additional costs to the QCC of fulfilling the Master TSA?
- 1.4.3** How will the decision be made to transition away from the Master TSA and have EQ Holdings or QGC begin the tasks and services discussed in the Master TSA.
- 1.4.4** As contemplated in the current Master TSA, which party establishes the appropriate operating costs applicable for the Master TSA? How will those costs be billed and recorded in the books of QGC or EQ Holdings?
- 1.4.5** Will parties such as the Division, Office of Consumer Services or other interested parties be able to determine if those costs are just and reasonable? What information will be provided to allow the audit and review of these costs?
- 1.5** Reference Direct Testimony of Michele Harradence lines 63 – 64 which states: “Enbridge aims to make a difference, economically and socially—as an industry leader, as a responsible corporate citizen, and as an exceptional employer.”

- 1.5.1** Over the course of the last five years, how has Enbridge made a difference economically and socially—as an industry leader, as a responsible corporate citizen, and as an exceptional employer.
- 1.5.2** What criteria and metrics are being used by Enbridge to affirm its position that Enbridge is a responsible corporate citizen as well as an exceptional employer?
- 1.6** Reference Direct Testimony of Michele Harradence lines 124—128 which states: “[T]oday and for the long-term, natural gas will remain essential for achieving North America’s energy security, affordability, and sustainability goals. Enbridge remains committed to supporting natural gas as critical infrastructure for the long-term to provide safe, reliable, and affordable energy and Questar Gas plays an important role in fulfilling that plan.”
- 1.6.1** Provide any reports, white papers, or other information where Enbridge discusses natural gas and how it will remain an essential energy source for achieving North America’s energy security, affordability, and sustainability goals.
- 1.6.2** Provide any supporting reports, white papers, or other documents which validate and support the claim that Enbridge “remains committed to supporting natural gas as a critical infrastructure for the long-term to provide safe, reliable, and affordable energy”.
- 1.6.3** Discuss Enbridge’s vision of how QGC plays an important role in fulfilling the energy security and critical infrastructure needs for the long-term.
- 1.7** Reference Direct Testimony of Michele Harradence lines 135—136 which states: “Questar Gas will benefit from the Transaction by being a part of the larger Enbridge group of companies.”
- 1.7.1** Please explain if there has been any analysis completed regarding the costs and benefits to ratepayers due to the change in operations of QGC.
- 1.7.2** If so, please provide all relevant documents including how costs and benefits to ratepayers were quantified.
- 1.7.3** Please explain any costs and benefits that will be incurred to operations outside of the normal operating costs.
- 1.7.4** If any costs will be incurred outside of normal operating costs, please explain when these costs are expected to show up in rates.
- 1.8** Reference Direct Testimony of Michele Harradence where the testimony is summarized as follows: “the Transaction will benefit Questar Gas and its

customers, and that the Transaction is in the public interest and provides a net positive benefit.

**1.8.1** Provide all documentation, presentations analysis, and communications that support the statement “the Transaction is in the public interest and provides a net positive benefit to Questar Gas.”

**1.9** Reference Joint Exhibit 5.0 Commitment Matrix Commitment 19 which states: EQ Holdings commits to implement Enbridge’s Integrated Management System (which includes safety and risk management programs, processes and procedures) at Questar Gas, and will seek to do so within two years following completion of the Transaction.

**1.9.1** How will EQ Holdings implement the change to Enbridge’s Integrated Management System? Provide any project timelines or supporting documentation that have been prepared to validate the completion of the transition in the two-year time frame.

**1.10** Reference Joint Exhibit 5.0 Commitment Matrix Commitment 24 which states: EQ Holdings will “establish and implement thoughtfully tailored ring-fencing structures adapted to the needs of Questar Gas given the overall policies and practices of the Enbridge group of companies and with due respect for the needs of Questar Gas’ customers and the evolving important priorities confronting Questar Gas.”

**1.10.1** Provide additional information to elaborate how EQ Holdings will establish and implement thoughtfully tailored ring-fencing structures adapted to the needs of QGC?

**1.10.2** What are the overall policies and practices of the Enbridge group of companies that will be established with ring-fencing that will reflect the needs of QGC’s gas customers and the evolving priorities confronting QGC?

**1.11** Reference Joint Exhibit 5.0 Commitment Matrix Commitment 30 which states: “To the extent that any future dividends are offered, EQ Holdings intends to continue Questar Gas’ practice of setting its dividend rates at levels that maintain Questar Gas’ capital structure in an appropriate range.”

**1.11.1** In the opinion of EQ Holdings what is an appropriate range for a capital structure?

**1.11.2** Provide documentation that shows the capital structure of other Local Gas Distribution Companies owned by Enbridge over the past 10 years.

cc: Service List