- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Enbridge Gas Utah for an Adjustment to the Daily Transportation Imbalance Charge	DOCKET NO. 24-057-08
Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	DOCKET NO. 24-057-09 ORDER

ISSUED: June 28, 2024

SYNOPSIS

The Public Service Commission (PSC) approves the two applications ("Applications") of Enbridge Gas Utah (EGU) filed in the referenced dockets ("Dockets") on an interim basis, subject to audit, effective July 1, 2024. Our approval results in an average decrease of $23.13 to the monthly bill of a typical GS residential customer using 70 decatherms (Dth) of natural gas, or a 29.53 percent decrease from current rates. We decline, at this time, to adopt EGU's proposal to reduce the frequency in the timing of the filing of its 191 account-related applications.

PROCEDURAL BACKGROUND

EGU filed two applications ("191 Application" and "TIC Application")[1] on June 3, 2024. The Applications propose discrete rate changes and modifications to EGU's Utah Natural Gas Tariff No. 700 ("Tariff") with an effective date of July 1, 2024. Additionally, the 191 Application proposes reducing the currently required filing frequency semi-annually to at least once a year.

[1] The 191 Application is Docket No. 24-057-09 and the TIC Application is Docket No. 24-057-08.

On June 3, 2024, the PSC issued an Action Request to the Division of Public Utilities (DPU). On June 4, 2024, the PSC issued a Notice of Virtual Consolidated Scheduling Conference. On June 13, 2024, the PSC held a consolidated scheduling conference and issued a Scheduling Order and Notice of Virtual Hearing for the Dockets.

Also on June 13, 2024, EGU submitted supplemental information and corrected exhibits for the Applications ("191 Supplement" and "TIC Supplement," or together "Supplements"). The Supplements make clerical corrections and also provide support and justification for granting the proposed Tariff changes prior to the required 30 days' notice.[2]

On June 19, 2024, the Division of Public Utilities (DPU) filed comments and recommendations regarding the Applications. On June 20, 2024, EGU filed reply comments in the 191 Application docket. On June 21, 2024, the PSC held a consolidated hearing to consider the Applications, during which EGU and DPU provided testimony.

There were no intervenors, and no other party filed comments or opposed the Applications in either docket.

[2] *See* Utah Code Ann. § 54-3-3. Specifically, EGU states that granting the Applications will ensure that "customers receive the benefit of a significant rate decrease more quickly." EGU also explains that it filed the Applications on the first business day (Monday, June 3, 2024) after the "Transaction" described in Docket No. 23-057-06 closed (Saturday, June 1, 2024), only after which EGU commenced doing business in Utah. *See* 191 Supplement at 2-3; TIC Supplement at 2-3.

FACTUAL BACKGROUND

Docket No. 24-057-09: 191 Application

EGU's 191 Application proposes a decrease in its Utah natural gas rates related to EGU's Account 191.1 of the Uniform System of Accounts, Unrecovered Purchased Gas Costs ("191 Account") that should result in a reduction of $479,543,728 in revenue.[3]

The 191 Application is based on projected Utah gas-related costs of approximately $646,890,205 for the forecast test year ending June 30, 2025 ("Test Year").[4] This represents an overall decrease of approximately $479 million to Utah natural gas rates, reflecting a projected (1) $478 million decrease[5] in commodity costs and (2) $0.567 million decrease in supplier non-gas (SNG) costs.[6] EGU's proposed Base Gas Cost and Amortization rates for the GS, FS, IS, and NGV rate classes are shown below:

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[3] As the PSC recognized in an earlier docket, "[t]he 191 Account's purpose is to allow [EGU] to recover, on a dollar-for-dollar basis, the difference between projected gas costs and the actual costs [EGU] incurs to purchase gas. In addition to commodity gas costs, the 191 Account also tracks certain 'supplier non-gas costs' … which are costs associated with gathering, processing, transporting[,] and storing gas." *In the Matter of the Pass-Through Application of Questar Gas Company for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 16-057-05, Order Memorializing Bench Rulings issued July 11, 2016 at 2.
[4] *See* 191 Account Application at 11, ¶1.
[5] See *id.* at 1 (stating that the driving force behind the price decrease is the removal of the debit commodity amortization rate that was used to collect the under-collected 191 Account balance, and lower commodity prices for the Test Period). *See also* Exhibit 1.9.
[6] *See* 191 Account Application Exhibits 1.9 and 1.5.

Table 1

	Current Commodity Rate per Dth	Proposed Commodity Rate per Dth
GS & FS Rate Schedule		
Base Gas Cost	$6.58934	$4.59173
191 Amortization Rate	$1.95949	$0.00000
Total Commodity Rate	**$8.54883**	**$4.59173**
IS Rate Schedule		
Base Gas Cost	$6.57313	$4.58119
191 Amortization Rate	$1.95949	$0.00000
Total Commodity Rate	**$8.53262**	**$4.58119**
NGV Rate Schedule		
Base Gas Cost	$6.57313	$4.58119
191 Amortization Rate	$1.95949	$0.00000
RIN Credit	($0.48096)	($1.32550)
Total Commodity Rate	**$8.05166**	**$3.25569**

The 191 Application also "proposes the Commission … allow [EGU] to file [its 191 Account-related applications[7]] on a periodic basis, at least once each calendar year. This does not prohibit [EGU] from filing more frequently, but it eliminates the requirement to file semi-annually[.]"[8]

DPU Comments

DPU states that the 191 Application "represents a decrease in the forecast price and a significantly reduced under-collected balance in the 191 Account from previous periods."[9] Additionally, DPU states that the proposed rates reduce the base gas rate

[7] As explained herein, an application to adjust the transportation imbalance charge is filed concurrently with any 191 Account application. *See* n.27, *supra*.
[8] 191 Application at 3.
[9] DPU Comments at 3.

cost from $6.58934 to $4.59173 and eliminates the debit commodity amortization rate from $1.95949 to $0. DPU represents that the 191 Account under-collected commodity balance is approximately 5 million dollars at the time of this filing.[10]

DPU also provides several reasons for not supporting EGU's proposal to change the filing frequency of its 191 Account-related applications. DPU asserts that "the spring [191 Account] filing provides an opportunity to review the actual gas usage and actual gas cost from the previous heating season and determine appropriate rates" and "[t]he fall filing allows [EGU] to adjust rates based on the current forecast for gas prices that are anticipated in the next heating season."[11] DPU also states that "[w]ith the recent volatility in the natural gas market noted in [EGU's] filing, a change to annual filings appears to be premature at this time."[12] Finally, DPU states that the recent purchase of Dominion Energy Utah (DEU) by EGU may make the reduction in filing frequency premature.

EGU Reply Comments

EGU addresses DPU's opposition to the proposed change in the 191 Account-related filing frequency. Regarding DPU's concerns related to the spring review, EGU states "[it] [already] provides [DPU] with monthly reports that detail activity in the 191 account balance, actual gas usage, and actual gas costs from the previous heating

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[10] *See id.*
[11] *Id.* at 4.
[12] *Id.*

season."[13] EGU acknowledges DPU's position that the fall filing allows EGU "to adjust rates based on the current forecast for gas prices that are anticipated in the next heating season[,]" yet EGU asserts that "this is true of any Pass-Through, filed at any point of the year."[14] Addressing DPU's position concerning volatility, EGU asserts "[t]he proposed Tariff change will allow maximum filing flexibility and reduce unnecessary administrative burdens of filing a pass through when a rate change is not needed."[15] EGU also asserts its recent purchase of DEU had no "effect on the Pass-Through process, the collection of revenue, gas purchases, or anything else that affects the 191 account balance."[16] EGU concludes that the proposed tariff language will "reduce the administrative burden for all parties involved, providing administrative simplicity if the 191 account balance or forecast of natural gas prices do not indicate a need for a change of rates."[17]

Testimony at Hearing

EGU and DPU summarized their respective written testimony and concluded that the proposed reduction in 191 account rates is just, reasonable, and in the public interest. DPU also testified it believes "good cause [exists] to approve the rates, even though [EGU] did not provide the statutorily required 30-days['] notice."[18]

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[13] EGU Reply Comments at 4.
[14] *Id.*
[15] *Id.* at 5.
[16] *Id.*
[17] *Id.*
[18] Hearing Transcript at 24:10-11.

Regarding questions from the presiding officer about EGU's proposal to change the frequency of its 191 Account-related applications, both EGU and DPU testified that there was not a specific over- or under-collection dollar amount in the 191 Account that would trigger a 191 account filing if EGU's modified filing timing proposal was approved.[19] DPU confirmed that it receives monthly updates from EGU of the 191 account activity and testified the monthly reports are adequate.[20] However, DPU also testified that the current semi-annual filing frequency provides public transparency and "provides the opportunity for a more in-depth review" by DPU and "the Commission."[21]

EGU testified that DPU, OCS, and PSC receive data packages that include information concerning the 191 account and other various accounts for a particular month,[22] but acknowledged the delivery of the packages can be delayed "for about two months."[23] EGU further testified that DPU receives monthly screenshots of the 191 account balance.[24] Finally, EGU testified that if DPU and EGU had differing views about the status of the 191 account, EGU would ultimately decide whether to file a 191 Account-related application.

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[19] *Id.* at 13:20 (EGU testifying "there isn't a specific … number or value that would trigger" EGU to file a 191 Account-related application); and *id.* at 30:1 (DPU testifying it "cannot provide … an exact figure" that it believes should trigger EGU to file a 191 Account-related application).
[20] *Id.* at 30:16-19.
[21] *Id.* 25:19-22; *see also* 28:8-17.
[22] *Id.* at 32:9-13.
[23] *See id.* at 32:14-25.
[24] *See id.* at 32:18-20.

Docket No. 24-057-08: Daily Transportation Imbalance Charge Application

In EGU's TIC Application, EGU proposes to decrease the Daily Transportation Imbalance Charge ("TIC") approximately 21 percent from $0.08869 to $0.07008[25] per Dth for daily imbalance volumes outside of a five percent tolerance for transportation customers taking service under EGU's MT, TS, and FT-1 (currently TBF, MT, TSS, TSM, TSL, and TSI) rate schedules, using historical data for the twelve months ending April 30, 2024.[26] The PSC approved the TIC and provided for its review and recalculation concurrent with the 191 Account pass-through filings in its November 9, 2015 order in Docket No. 14-057-31.[27]

DPU Comments

DPU states that EGU is proposing a decrease of approximately 21 percent in the daily TIC from the approved TIC in Docket No. 23-057-26.[28] Additionally, DPU states that the 20 largest contracts account for 50 percent of the total transportation volume and only 24 percent of the imbalance charges. DPU further states that 136 of the largest contracts using 80 percent of the total transportation volume account for 62 percent of the total imbalance charges, while 83 percent of the total customer

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[25] TIC Application at 4, ¶6.
[26] Enbridge Gas Utah Natural Gas Tariff PSCU 700, Section 5, Transportation Service, defines "'Daily imbalance' . . . [as] the difference between the customer's scheduled quantities, less fuel, and the customer's actual usage on any given day[.]"
[27] *See In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services*, Docket No. 14-057-31, Order issued November 9, 2015.
[28] *See Application of Dominion Energy Utah for an Adjustment to the Daily Transportation Imbalance Charge,* Docket No. 23-057-26, Order issued January 30, 2024.

contracts account for 20 percent of the total volume and have paid 38 percent of the total Dth outside the tolerance limit.[29]

DPU also states it has reviewed the calculations in the TIC Application but has not completed an audit of the individual entries and the credits to the 191 Account. DPU further states that exhibit 1.1 of the TIC Application omits certain “volumetric rate” information previously provided by EGU in similar filings and requests “the Commission to order EGU to continue to file all exhibits as [they] were historically provided.”[30] DPU recommends approving the TIC on an interim basis, effective July 1, 2024, subject to audit and review.[31]

Testimony at Hearing

EGU and DPU summarized their individual written testimony and concluded that the proposed reduction in TIC charges is just, reasonable, and in the public interest. EGU also testified that while its prior TIC applications historically included all relevant data from previous filings, “the file is getting so large, we’ve trimmed it down to just have the initial filing from 2015, the most recent rate, and then the proposed rates, and every other data [in the current TIC Application exhibit 1.1] has been hidden.”[32] In response, DPU testified that “the historical [TIC application] information is used to

[29] *See* DPU Comments at 9-10, ¶¶1-3.
[30] *Id.* at 9.
[31] *See id.* at 11.
[32] Hearing Transcript at 41:1-5.

calculate trends and look for anomalies or errors within the [current TIC Application's] latest exhibit [1.1]."[33]

DPU also testified it "finds good cause to approve the rates, even though [EGU] did not provide the statutorily required [30 days' notice]."[34]

FINDINGS, CONCLUSIONS, AND ORDER

In the Applications and at a hearing before the PSC, EGU offered sworn testimony and accompanying documentation that included detailed accountings of historical costs and revenues and cost and revenue projections, and detailed calculation models and supporting explanations describing the costs it seeks to recover, the rates it seeks to implement, and its methods of allocating costs and revenues to rate classes. DPU's written comments represented, and DPU testified at a hearing before the PSC, that it conducted a preliminary review of the Applications including an analysis of EGU's proposals and supporting documentation. DPU testified that based on this review, the rates proposed in the Applications are just, reasonable, and in the public interest, and recommended that we approve them on an interim basis. No party offered evidence opposing the rate reductions proposed in the Applications or to DPU's recommendations on the same.

[33] *Id.* at 47:7-8.
[34] *Id.* at 45:21-25.

Accordingly, we find substantial evidence supports our conclusion that the rate changes requested by EGU in the Applications are more likely to reflect EGU's actual costs than current base rates, and accordingly are just, reasonable, and in the public interest. Though DPU's preliminary review shows that the proposed rates are just, reasonable, and in the public interest, DPU states that it has not yet conducted a final audit. We therefore find and conclude that approval of the proposed rates on an interim basis is appropriate to ensure that the rates may be "trued-up" after DPU completes its final audit, such that EGU recovers no more or less from customers than the costs it incurs. Additionally, the PSC concludes EGU has established good cause to exempt the Applications from the required 30-days' notice.

Additionally, although EGU provided testimony that the administrative burden could be reduced with its proposal to change the filing frequency of its 191 Account-related applications, we find DPU's testimony and reasoning for maintaining the current frequency persuasive and conclude that EGU's proposal on this issue is not appropriate at this time.

Finally, we find that while EGU's testimony shows it provided the historical data concerning TIC filings in the TIC Application exhibit 1.1, that data was hidden and thus DPU's testimony supports that it either did not know that the data existed or, because it was hidden, did not serve DPU's needs. We thus conclude that EGU shall file all future TIC application exhibits as they have been historically provided.

Therefore, we order:

1) The rates proposed in Docket No. 24-057-08 are approved on an interim basis, effective July 1, 2024, pending the results of DPU's forthcoming audits;

2) The proposed Tariff modifications in the TIC Application are approved, effective July 1, 2024;

3) EGU shall file all future TIC application exhibits as they have been historically provided;

4) The rates proposed in Docket No. 24-057-09 are approved on an interim basis, effective July 1, 2024, pending the results of DPU's forthcoming audits;

5) Except for EGU's requested modification of the filing frequency requirement of its 191 Account-related applications, the proposed Tariff modifications in the 191 Account Application are approved, effective July 1, 2024; and

6) EGU shall promptly make a compliance filing reflecting this Order.

DATED at Salt Lake City, Utah, June 28, 2024.

/s/ John E. Delaney
Presiding Officer

Approved and confirmed June 28, 2024, as the Order of the Public Service Commission of Utah.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#334461

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on June 28, 2024, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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