PASS-THROUGH APPLICATION OF	)	
ENBRIDGE GAS UTAH FOR	)	Docket No. 24-057-09
AN ADJUSTMENT IN RATES	)	
AND CHARGES FOR NATURAL	)	
GAS SERVICE IN UTAH	)	VERIFIED APPLICATION

All communications with respect to
these documents should be served upon:

Jenniffer Nelson Clark (7947)
Attorney for the Applicant

333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145-0360
(801) 324-5392

APPLICATION
AND
EXHIBITS

June 3, 2024

Jenniffer Nelson Clark (7947)
Enbridge Gas Utah
333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145-0360
Telephone: (801) 324-5392
Fax: (801) 324-5935
Jenniffer.clark@dominionenergy.com

Attorney for Enbridge Gas Utah

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

PASS-THROUGH APPLICATION	)	
OF ENBRIDGE GAS UTAH FOR	)	Docket No. 24-057-09
AN ADJUSTMENT IN RATES AND	)	
CHARGES FOR NATURAL GAS	)	
SERVICE IN UTAH	)	VERIFIED APPLICATION

Questar Gas Company dba Enbridge Gas Utah ("Enbridge Gas" the "Company") respectfully requests Utah Public Service Commission ("Commission") approval of this Verified Application ("Application") for a decrease of $479,543,728 in its Utah natural gas rates. The driving force behind the price decrease requested in this Application 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. The information contained in this Application reflects Utah gas costs of $646,890,205. Therefore, a typical residential customer using 70 dekatherms per year will see a decrease in their total annual bill of $277.44 (or 29.53%).

In support of this Application, Enbridge Gas states:

1. <u>Enbridge Gas Operations</u>. Enbridge Gas, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Utah Public Service Commission, and the Company's rates, charges, and general conditions for natural gas service in Utah are set

forth in the Company's Utah Natural Gas Tariff No. 700[1] ("Tariff"). Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in Franklin County, Idaho. The rates for these Idaho customers are determined by the Utah Commission pursuant to an agreement between the Commission and the Idaho Public Utilities Commission. Volumes for these customers have been included in the Utah volumes.

2. Applicable Statutes. The Commission may grant relief requested in this case pursuant to its general authority pursuant to Utah Code Ann. § 54-4-1 and the energy balancing account authority embodied in Utah Code Ann. § 54-7-13.5 (2023).

3. Tariff Provision. The Commission has authorized Enbridge Gas to implement Account No. 191 of the Uniform System of Accounts to balance its gas costs with revenues. This filing is made under §2.06 of the Tariff, pages 2-9 through 2-14, which sets forth procedures for recovering gas costs shown in Account No. 191 by means of periodic and special adjustments to rates and an amortization of that account over one year. Pursuant to the Order Approving Dominion Energy's Modifications to Tariff Section 2.06 in Docket No. 19-057-T01, this Application categorizes costs based upon updated definitions of Supplier Non-Gas ("SNG") and Commodity costs.

4. Tariff Change. When the Company files its semi-annual Pass Through filings, it establishes rates for both Commodity and Supplier Non-Gas costs. The Company is proposing to change the frequency of the filings for the Commodity and SNG rate determination. In December, 2022, gas prices increased substantially as a result of increased electric demand and below-average storage levels in the Pacific states. An ongoing drought in the west had driven down hydroelectric production and natural gas electric production replaced that demand. By February 28, 2023 the under-collected balance had reached \$539 million. The Company has left the Commodity rates unchanged since March 1, 2023. While multiple rate changes were not needed in 2023, the Company met the requirements of the Tariff to file no less frequently than semi-annually. With unpredictable events happening more frequently in recent years, the Company seeks more

[1] Pending Commission Approval of Docket No. 24-057-T03.

flexibility to when it is required to file a pass-through filing. The Company proposes the Commission to allow the Company to file on a periodic basis, at least once each calendar year. This does not prohibit the Company from filing more frequently, but it eliminates the requirement to file semi-annually, if that filing cadence is not necessitated by the 191 Account balance. A legislative version and a clean version of the proposed Tariff language in §2.06 are attached as EG Exhibits 1.7 and 1.8, respectively.

5. Test Year. The test year for this Application is based on expected sales transportation, and storage for the 12 months ending June 30, 2025. EG Exhibit 1.1 page 2 allocates system-wide costs to Utah and Wyoming jurisdictions on the basis of either peak-day demand or commodity sales, as appropriate. The Company's Liquified Natural Gas facility (LNG facility) will only serve the Utah jurisdiction, and therefore costs associated with the LNG facility are directly assigned to Utah. The result of all of the allocations discussed in this paragraph is $646,890,205 in gas costs for Utah (EG Exhibit 1.1 page 2, line 21).

6. Cost-of-Service Production. EG Exhibit 1.2 page 1 shows the expected test-year costs for gas produced for Enbridge Gas by Wexpro Company ("Wexpro") under the Wexpro I and Wexpro II Agreements. System-wide, total costs for this' production are expected to be $245,129,827, as shown on line 13. These costs comprise the following elements:

a. Royalty Payments. During the test year, Enbridge Gas will make royalty payments of $16,940,682 (EG Exhibit 1.2, page 1, line 3) on Company-owned gas produced under Wexpro I and royalty payments of $11,662,448 (EG Exhibit 1.2, page 1, line 8) on Wexpro II production. These royalty payments are based on projected well head volumes for the test year and the price forecast for the test year explained below in paragraph 12.

b. Operator Service Fee. Enbridge Gas pays Wexpro an operator service fee for operating cost-of-service wells pursuant to the Wexpro I and Wexpro II agreements and applicable settlement agreements. The Wexpro I operator service fee for gas produced from productive gas wells for Enbridge Gas by Wexpro is expected to be $148,614,767 (EG Exhibit

1.2, page 1, line 4). The operator service fee for Wexpro II is expected to be $67,911,930 (EG Exhibit 1.2, page 1, line 9).

c. EG Exhibit 1.2, page 2, shows other revenues that are treated as direct credits to gas costs, as required by the Commission in its Order in Docket No. 80-057-10 and as revised by Commission Order in Docket No. 01-057-14. Other revenues of $28,287,017 are the forecasted amounts for the 12 months of the test year as shown on EG Exhibit 1.2, page 2, line 21. There are no anticipated credits for sales of gas under the Wexpro II Trail Unit Stipulation[2] in this test period (line 20).

7. Summary of Gas-Related Gas Costs. EG Exhibit 1.2, page 3 summarizes Enbridge Gas Wexpro's total gas costs by component. The total forecasted costs and volumes for Wexpro I, Wexpro II, and in total are shown on lines 8, 13, and 20, respectively.

a. Gathering Charges. Gathering charges are computed on the basis of forecasted production and gathering volumes for the test period. A portion of Wexpro I gathering services and the costs of that gathering continue to be provided under the terms of the 1993 system-wide gathering agreement as amended ("Gathering Agreement"). Other gathering charges associated with Wexpro I are $1,314,800 (EG Exhibit 1.2, page 3, line 6). Wexpro II volumes are gathered under a separate agreement and are estimated to be $479,164 (EG Exhibit 1.2, page 3, line 12). Wexpro acquired the majority of the Wexpro II gathering system in November 2021. Charges for the use of these systems had previously been included and shown as gathering charges. Costs associated with the gathering systems are now included in the Wexpro II operator service fee.

8. Purchased Gas Costs. Enbridge Gas' total purchased gas costs are calculated to be $366,245,981 as shown in EG Exhibit 1.2, page 4, line 6. For this test year, purchased gas costs are projected to average $4.61341. These costs are based on projected gas purchase volumes, existing contract terms, projected contracts, and a forecast of gas prices. In this case, the Company

[2] The Commission approved the Wexpro II Trail Unit Stipulation in Docket No. 13-057-13.

has used an average of gas-price forecasts from the S&P Global Platts Forecast and Platts NYMEX Forward Curve. These purchased gas costs comprise the following elements:

a. Enbridge Gas currently expects to purchase 38,025,000 Dths through purchase contracts at a total cost of $228,215,646 as shown in EG Exhibit 1.2, page 4, line 3.

b. In addition to purchase contracts, Enbridge Gas anticipates buying 34,061,934 Dths on the spot market at a total estimated cost of $115,853,337 (EG Exhibit 1.2, page 4, line 4).

c. Also, Enbridge Gas expects to contract in the future for an additional 7,300,303 Dths at a total estimated cost of $22,176,998 as shown on EG Exhibit 1.2, page 4, line 5.

9. Storage Adjustment. EG Exhibit 1.2, page 5, line 3 shows an adjustment that is made to commodity prices due to the temporary difference between when gas is injected into and withdrawn from storage. This adjustment fluctuates due to seasonal timing of injections and withdrawals, along with the seasonal costs of gas going into and out of storage.

10. Working Storage Gas. The return on working storage gas for the most recent 12 months is $2,701,349 (EG Exhibit 1.2, page 5, line 17).

11. LNG. The Company's voluntary request for pre-approval of its resource decision to construct the LNG facility was approved by the Commission in an Order in Docket No. 19-057-13. The LNG facility will provide additional gas supply reliability in the 2024-2025 winter heating season. The costs related to the LNG facility will be recovered by the General Service (GS) and Firm Sales Service (FS) customers in general rates. The commodity-related LNG costs will be recovered from GS and FS customers in this Application and comprise the following elements:

a. LNG Purchased Gas. The LNG tank will be filled in the test period for a total cost of $569,840 as shown in EG Exhibit 1.2, page 6, line 1.

b. LNG Storage Adjustment. EG Exhibit 1.2, page 6, line 4 shows an adjustment that is made to commodity prices due to the temporary difference between when gas is injected into and subsequently withdrawn from the LNG tank for a total adjustment of $371,629 as shown in EG Exhibit 1.2, page 6, line 4. This adjustment fluctuates due to seasonal timing of injections and withdrawals, along with the seasonal costs of gas going into and out of storage. The withdrawals shown are for 15% of the tank volume that must be vaporized each year to cycle the tank to ensure the heat content of the LNG remains within the Company's Wobbe limit.

c. LNG Working Storage Gas Charges. The return on working storage gas balances are estimated for the test period totaling $328,276 (EG Exhibit 1.2, page 6, line 18).

12. Forecasted Gas Cost Comparison. Confidential EG Exhibit 1.3 provides a comparison of the gas price forecasts, as well as the average of the forecasts, for the test year.

13. Transportation. Enbridge Gas incurs system-wide charges for transportation of gas to its distribution system. The transportation, storage, and peak hour service costs are based on upstream pipelines' rates. These costs are calculated to be $73,040,808, as shown in EG Exhibit 1.4, page 1, line 30. These costs include the following elements:

a. MountainWest Pipeline (MWP), MountainWest Overthrust Pipeline (MWOP), and Kern River Gas Transmission Company (Kern River) Demand Rates. Annual transportation demand charges to transport produced and purchased gas are calculated to be $67,115,037 system-wide (EG Exhibit 1.4, page 1, line 15). This includes a capacity release credit of $3,834,241 (EG Exhibit 1.4, page 1, line 5). The Company's contract with MWOP totals $154,269 (EG Exhibit 1.4, page 1, line 7). This contract extends the path of capacity on an existing contract with MWP. This contract allows the Company to purchase gas at a more convenient location and transport it to the receipt point on a MWP contract.

b. MWP, MWOP, and Kern River Commodity Rates. The transportation volumes in this Application reflect the level of Wexpro I and Wexpro II production and purchased-contract gas transported during the test year and current FERC approved rates. Transportation commodity charges are calculated to be $614,829 (EG Exhibit 1.4, page 1, line 25).

c. Peak Hour Service. Peak-hour demand is the demand occurring during the hours during the day when total customer usage is at its highest. Design-Day demand calculates the total usage flowed during a 24-hour period (day), while the peak-hour demand is the maximum flow rate during that day. The upstream pipelines that serve the Company can only meet those usage levels above the Design-Day Demand on an operationally available (interruptible) basis. To guarantee firm service during peak-hour, Enbridge Gas' most recent agreement with Kern River provides peak-hour services for a cost of $1,388,457 (EG Exhibit 1.4, page 1, line 27). Enbridge Gas' most recent agreement with MWP provides peak-hour services for a cost of $1,630,162 (EG Exhibit 1.4, page 2, line 28).

14. Storage Charges. Dominion Energy also incurs system-wide storage and working gas charges for gas to be delivered during the winter heating season. These costs are $19,420,208 as shown in DEU Exhibit 1.4, page 2, line 13. The components of these costs are the following:

a. Storage Demand. The demand component of storage is calculated to be $18,825,058 (DEU Exhibit 1.4, page 2, line 5). In April 2024, a contract with Spire Storage West (Spire) began.

b. Storage Commodity. The charges during the test year for injections to and withdrawals from aquifer peaking, Spire, and Clay Basin storage fields are calculated to be $595,150 (EG Exhibit 1.4, page 2, line 12).

15. LNG Storage-Related Electricity Costs. The process of liquifying natural gas requires electricity. Electric costs will fluctuate with the liquefaction of natural gas for storage into the LNG tank. Because these costs are directly related to the amount of gas that needs to be liquified each year, they could be highly variable from year to year. Additionally, the rate paid for these electricity costs could also fluctuate from year to year. These costs will be included in the 191 Account as stated in the July 28, 2022, Order in Docket No. 22-057-08. For the test year, electricity costs of the LNG plant are estimated to be $1,661,344 (EG Exhibit 1.4, page 2, line 14). This number is calculated using actual electric costs for the historical year.

16. Supplier Non-Gas Cost Class Allocation. In the Report and Order dated February 25, 2020 in Docket No. 19-057-02, the Commission approved a new method for allocating supplier non-gas costs to customers. This method allocates peak hour contract costs to transportation

customers. EG Exhibit 1.4, page 3, shows the allocation of SNG costs to all classes, as approved in that order.

17. Unit Commodity Cost in Rates. EG Exhibit 1.5, page 1, shows the derivation of gas commodity unit costs to be reflected in Enbridge Gas' rate schedules. The portion of expected test-year gas costs to be recovered on a commodity basis is $554,326,832 (EG Exhibit 1.5, page 1, line 1) and LNG Costs to be recovered by the GS and FS rate classes on a commodity basis is $1,269,745 (EG Exhibit 1.5, page 1, line 2). The corresponding unit cost of gas applicable to Utah rates for GS and FS customers is $4.59173/Dth (EG Exhibit 1.5, page 1, line 8). The unit cost of gas for Interruptible Sales (IS) and Natural Gas Vehicle (NGV) customers is $4.58119 (EG Exhibit 1.5, page 1, line 11 and 14).

18. Amortization of Commodity Portion of 191 Account Balance. The actual April 30, 2024 191 Account commodity portion is under-collected by $5,059,462. When this filing is effective the Company expects the balance to be fully collected. The Company proposes to remove the amortization and reset the rate to $0.00000 (EG Exhibit 1.5, page 1, lines 9, 12, and 15, column D).

19. Net Unit Commodity Cost. The net result of the changes in gas costs, summarized in paragraph 17, and the 191 Account amortization discussed in paragraph 18 yields a unit commodity cost of $4.59173/Dth for GS and FS customers, a decrease of $3.95710/Dth (EG Exhibit 1.5, page 1, line 10). Since IS customers do not pay for LNG costs, the unit commodity rate for the IS class is $4.58119/Dth, a decrease of $3.95143/Dth (EG Exhibit 1.5, page 1, line 13).

20. RIN (Renewable Identification Numbers) Proceeds from CNG. The Order issued on October 30, 2020, in Docket No. 20-057-14 directed the Company "to continue to evaluate other methods to more transparently account for the NGV RIN credit in the 191 Account model, rather than the method it used in this case in which it recognized the credit through the commodity portion of the test year forecast." The Company has evaluated and changed the method of handling the RIN proceeds to be recognized in the amortization rate rather than the commodity rate. This treats the RIN proceeds similar to other known, or historical costs. In Docket No. 22-057-16, RIN

proceeds were generated through RNG (renewable natural gas) sales at the Company's CNG Stations. The RIN proceeds totaled $139,370 (EG Exhibit 1.5, page 1, footnote 4). A total of $163,551 is expected to be amortized by July 1, 2024 with an amount of $24,181 remaining to be amortized. In addition, new RIN proceeds have been received from September 2022 to April 2024 totaling $287,880. The sum of remaining RIN proceeds and new RIN proceeds results in a total of $263,699 of RIN proceeds ($24,181 + $287,880) to be amortized over the test period. A credit of $1.32550 will reduce the commodity cost for NGV customers yielding a unit commodity cost of $3.25569 (EG Exhibit 1.5, page 6, line 17, column B).

21. Supplier Non-Gas Costs. Since mid-1984, Enbridge Gas' rate structure has incorporated a supplier non-gas component that reflects suppliers' non-gas costs billed to Enbridge Gas. The Company has been tracking this supplier non-gas component of its Account No. 191 pursuant to the terms of its Tariff. The base test-year supplier non-gas costs are $91,293,628 (EG Exhibit 1.5, page 2, line 1).

a. Net Unit SNG Cost. Current rates, including the amortization, are estimated to recover $77,085,426 in supplier non-gas costs (EG Exhibit 1.5, page 2, line 6). Enbridge Gas has provided a calculation of the SNG rates at EG Exhibit 1.5 page 3. The GS and FS Summer/Winter differentials are also shown on pages 4 and 5 of EG Exhibit 1.5.

b. Supplier Non-Gas Amortization. Consistent with the Division of Public Utilities' recommendation in Docket No. 11-057-08, the Company began amortizing the balance in the SNG portion of the 191 account annually instead of semi-annually. The change was meant to reduce volatility and interest costs by limiting the swings in the SNG account due to the changes in the definitions of commodity and SNG costs determined in Docket No. 19-057-T01. The Company now estimates that the SNG balance should swing between $14,000,000 over-collected and $14,000,000 under-collected. The SNG balance in March 2024 was over collected by $28,775,136. Therefore, the Company is proposing to amortize the $14,775,163 over-collected portion of this balance. The credit amortizations are shown on EG Exhibit 1.5 page 3, lines 17-19.

c. In Docket No. 14-057-31, the Commission approved the Company's request to charge transportation customers for SNG costs associated with the services they use. The Company began charging these customers a "Transportation Imbalance Charge" in February 2016 and began collecting from customers in March 2016. A total of $440,761 was collected from transportation customers from December 2023 to April 2024 and included in the SNG balance used to calculate the credit amortizations. The Company is submitting an application concurrently with this Application to review and update the Transportation Imbalance Charge based on the most recent 12 months of data. See Docket No. 24-057-08 for more information.

22. Change in Typical Customer's Bill. The annualized consolidated change in rates calculated in this Application is a 29.53% decrease, or a decrease of $277.44 per year for a typical GS residential customer using 70 dekatherms per year. The projected month-by-month changes in rates are shown in EG Exhibit 1.6.

23. Proposed Tariff Sheets. Enbridge Gas' proposed Utah Tariff sheets reflect the commodity costs, and of the changes in supplier non-gas costs allocable to Utah customers (EG Exhibit 1.7).

24. Combined Tariff Sheets. In addition to this Pass-Through Application, the Company is also concurrently filing a Motion to Implement Step 3 Increase in Rates in Docket No. 22-057-03, an Application of Questar Gas Company dba Enbridge Gas Utah to Modify its Tariff to Reflect Name Change in Docket No. 24-057-T03, and an Application for an adjustment to the Daily Transportation Imbalance Charge in Docket No. 24-057-08. EG Exhibit 1.8 shows the proposed rate schedules that reflect the Tariff sheets that will be effective should the Commission approve all applications, and accepts Enbridge Gas' modified Tariff.

25. Effect on Earnings. Because the rate sought in this Application is a pass through of the direct costs of gas that Enbridge Gas obtains for its customers, there will be no change in the Company's rate of return. Net profits are also unaffected except for the return on the changed amount of working storage gas which was approved by the Commission in Docket No. 22-057-03.

26. Exhibits. Enbridge Gas submits the following Enbridge Gas Exhibits in support of its request for an adjustment in its rates for natural gas service in Utah:

EG Exhibit 1.1	Summary of Pass-Through Costs
EG Exhibit 1.2	Test-Year Commodity Costs
EG Exhibit 1.3	Confidential Comparison of Gas Price Forecasts
EG Exhibit 1.4	Test-Year SNG Costs
EG Exhibit 1.5	Calculation of Commodity and SNG Rates
EG Exhibit 1.6	Effect on GS Typical Customer
EG Exhibit 1.7	Legislative/Proposed Tariff Sheets
EG Exhibit 1.8	Combined Legislative/Proposed Tariff Sheets
EG Exhibit 1.9	Pass Through Model

WHEREFORE, Enbridge Gas respectfully requests that the Commission, in accordance with its authority, rules and procedures and the Company's Tariff:

1. Enter an order authorizing Enbridge Gas to implement a decrease in rates and charges applicable to its Utah natural gas service that reflect annualized gas costs of $646,890,205 as adjusted in EG Exhibit 1.5 and as more fully set out in this Application and in EG Exhibit 1.7.

2. Authorize Enbridge Gas to implement the revised rates effective July 1, 2024 on an interim basis.

DATED the 3rd day of June 2024.

Respectfully submitted,

ENBRIDGE GAS UTAH

Jenniffer Nelson Clark

Jenniffer Nelson Clark
Attorney for Enbridge Gas Utah

VERIFICATION

State of Utah)
) ss.
County of Salt Lake)

Kelly Mendenhall, being first duly sworn upon oath, deposes and states: he is the Director, Regulatory and Pricing of Enbridge Gas Utah; he has direct personal knowledge of the matters addressed herein; he has read the foregoing Application; and the statements made in the Application are true and correct to the best of his knowledge, information and belief. The documents attached thereto are true and correct copies of the documents they purport to be.

Kelly Mendenhall
Director, Regulatory and Pricing

Subscribed and sworn to before me this 3rd day of June, 2024.

RENA PORTER
Notary Public State of Utah
My Commission Expires on:
April 25, 2027
Comm. Number: 730504

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Verified Application was served upon the following persons by e-mail on June 3, 2024:

Patricia E. Schmid
Patrick Grecu
Assistant Attorneys General
160 East 300 South
P.O. Box 140857
Salt Lake City, UT 84114-0857
pschmid@agutah.gov
pgrecu@agutah.gov
Counsel for the Division of Public Utilities

Chris Parker
Brenda Salter
Utah Division of Public Utilities
160 East 300 South
P.O. Box 146751
Salt Lake City, Utah 84114-6751
chrisparker@utah.gov
bsalter@utah.gov

Robert J. Moore
Assistant Attorney General
500 Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111
rmoore@agutah.gov
Counsel for the Office of Consumer Services

Michele Beck
Director
Office of Consumer Services
160 East 300 South
P.O. Box 146782
Salt Lake City, UT 84114-6782
mbeck@utah.gov

Ginger Johnson