

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 24-057-16</u>
Application of Enbridge Gas Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 24-057-17</u>
Application of Enbridge Gas Utah to Amortize the Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 24-057-18</u>
Application of Enbridge Gas Utah to Amortize the Conservation Enabling Tariff Balancing Account	<u>DOCKET NO. 24-057-19</u>
Application of Enbridge Gas Utah for an Adjustment to the Low Income/Energy Assistance Rate	<u>DOCKET NO. 24-057-20</u>
Application of Enbridge Gas Utah to Change the Infrastructure Rate Adjustment	<u>DOCKET NO. 24-057-21</u>
	<u>ORDER</u>

ISSUED: October 31, 2024

SYNOPSIS

The Public Service Commission (PSC) approves the six applications (“Applications”) Enbridge Gas Utah (EGU) filed in the referenced dockets (“Dockets”). Our approval results in a total average net decrease of \$12.57 or 1.9 percent to the annual bill of a typical GS residential customer using 70 decatherms (Dth) of natural gas per year (\$1.05 or 1.9 percent per month) from current rates.

The PSC approves the following applications on an interim basis (collectively, “Interim Rate Applications”), subject to audit, effective November 1, 2024:

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- i. Pass-Through Application of EGU for an Adjustment in Rates and Charges for Natural Gas Service in Utah (“Pass-Through Application”)(Docket No. 24-057-16);
- ii. Application of EGU for an Adjustment to the Daily Transportation Imbalance Charge (“TIC Application”)(Docket No. 24-057-17);
- iii. Application of EGU to Amortize the Energy Efficiency Deferred Account Balance (“EE Application”)(Docket No. 24-057-18); and
- iv. Application of EGU to Change the Infrastructure Rate Adjustment (“IRA Application”)(Docket No. 24-057-21).

In addition, the PSC approves final rates and tariff modifications as requested in the following applications (collectively, “Final Rate Applications”), effective November 1, 2024:

- i. Application of EGU to Amortize the Conservation Enabling Tariff Balancing Account (“CET Application”)(Docket No. 24-057-19); and
- ii. Application of EGU for an Adjustment to the Low Income/Energy Assistance Rate (“Low Income Application”) (Docket No. 24-057-20).

PROCEDURAL BACKGROUND

EGU filed the Applications on October 1, 2024. Each application proposes discrete rate changes and modifications to EGU’s PSCU Tariff No. 700, effective November 1, 2024.

On October 7, 2024, the PSC held a consolidated scheduling conference and subsequently issued a Scheduling Order and Notice of Hearing for the Dockets. On October 21, 2024, the Division of Public Utilities (DPU) filed three sets of comments and recommendations regarding the Applications. To differentiate these comments, the following nomenclature is adopted:

- “DPU Comments A” address Docket Nos. 24-057-16, 24-057-17, 24-057-19 and 24-057-20.
- “DPU Comments B” address Docket No. 24-057-18.

- “DPU Comments C” address Docket No. 24-057-21.

No other comments were filed, there were no intervenors, and the Applications were unopposed.

On October 25, 2024, the PSC held a consolidated evidentiary hearing to consider the Applications, during which EGU and DPU provided sworn witness testimony (“Hearing”).

FACTUAL BACKGROUND

Docket No. 24-057-16: Pass-Through Application

In this application, EGU proposes a \$39,563,164¹ 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”).² The Pass-Through Application is based on projected Utah gas-related costs of approximately \$608,417,569³ for the forecast test year ending October 31, 2025 (“Test Year”).⁴ EGU’s proposed Base Gas Cost and Amortization rates for the GS, FS, IS, and NGV rate classes are shown below:

¹ See Pass-Through Application at 1.

² 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.

³ See Pass-Through Account Application, Exhibit 1.11, tab Ut 1.01 p2, ln. 51. EGU’s total gas cost for the test year is \$626,666,192 and the Utah allocated gas cost for the test year is \$608,417,569.

⁴ See Pass-Through Application at 2, ¶4.

Table 1

	Current Commodity Rate per Dth	Proposed Commodity Rate per Dth
GS & FS Rate Schedule		
Base Gas Cost	\$4.59173	\$4.25170
191 Amortization Rate	<u>\$0.00000</u>	<u>\$0.00000</u>
Total Commodity Rate	\$4.59173	\$4.25170
IS Rate Schedule		
Base Gas Cost	\$4.58119	\$4.23935
191 Amortization Rate	<u>\$0.00000</u>	<u>\$0.00000</u>
Total Commodity Rate	\$4.58119	\$4.23935
NGV Rate Schedule		
Base Gas Cost	\$4.58119	\$4.23935
191 Amortization Rate	\$0.00000	\$0.00000
RIN Credit	<u>(\$1.32550)</u>	<u>(\$1.34766)</u>
Total Commodity Rate	\$3.25569	\$2.89169

EGU estimates that a residential customer using 70 Dths per year will see an annual bill decrease of \$22.82 or 3.45 percent due to the rate changes proposed in this application.

DPU Comments A

DPU states the proposed rate reduces the base gas cost from \$4.59173 to \$4.25170. Additionally, DPU provides an overview of the impact of the LNG facility, Supplier Non-Gas (SNG) costs, and proceeds from EGU's compressed natural gas (CNG) stations on the 191 Account. DPU also states that EGU's total projected natural gas cost for the Test Year is \$626,666,192, with 44.9% of the annual gas requirement supplied with Wexpro cost of service production.⁵ DPU compares this filing with

⁵ See DPU Comments A at 5.

previous filings and states, “[a]fter a period of elevated [cost for] market purchases, the cost has begun trending back towards historical norms and continues that trend with this filing.”⁶ DPU concludes that it will continue to monitor the 191 Account until the next general rate case, states the rates proposed in the Pass-Through Application are in the public interest and represent just and reasonable rates, and recommends approval.⁷

Docket No. 24-057-17: TIC Application

In this application, EGU proposes to decrease the Daily TIC approximately 0.4 percent, from \$0.07009⁸ to \$0.06982⁹ 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)¹⁰ rate schedules, using historical data for the twelve months ending August 31, 2024.¹¹

⁶ *Id.* at 7.

⁷ *See id.* at 12.

⁸ The TIC Application (and an accompanying exhibit) states \$0.07009 but was corrected at Hearing to \$0.07008. Hearing audio at 00:17:05–00:17:30. The audio recording of the Hearing is available at <https://www.youtube.com/live/pReSVYzJ0ql>.

⁹ *See* TIC Application at 4, ¶6.

¹⁰ *See id.* at 2. 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[.]”

¹¹ *See id.* at 4, ¶6. The PSC approved the TIC and provided for its review and recalculation concurrent with the 191 Account pass-through filings in Docket No. 14-057-31, Order issued November 9, 2015. *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.

DPU Comments A

DPU states that the proposed rate of \$0.06982 is calculated based on the imbalance volumes for the previous 12-month period ending August 31, 2024. DPU also states that EGU's Exhibit 1.1 contains 540,849 lines of data describing daily nominations and imbalances for all the transportation customers. DPU states it "will continue to analyze the historical nominations as well as the imbalance charges and will verify the collected penalty is being accurately credited to GS customers in the 191 account and will make recommendations if appropriate."¹² DPU concludes the TIC Application is in the public interest, represents just and reasonable rates, and should be approved on an interim basis.¹³

Docket No. 24-057-18: EE Application

In this application, EGU proposes to increase the Energy Efficiency amortization rate component of the DNG Rate for all GS Rate Schedule usage blocks to \$0.24543 per Dth from the \$0.15907 per Dth rate approved in Docket No. 23-057-20.¹⁴ The proposed rate reflects an August 31, 2024 Energy Efficiency Account under-collected balance of \$3,662,978 and a projected 2025 Energy Efficiency budget of approximately \$28.5 million.¹⁵ EGU states that based on forecasted 2025 budgeted expenditures and

¹² DPU Comments A at 10.

¹³ *See id.* at 12.

¹⁴ *See Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance*, Docket No. 23-057-20, Order, issued December 21, 2023.

¹⁵ *See EE Application* at 2 and EGU Exhibit 1.3 page 2. The PSC notes EGU used its former acronym "DEU" in the application and to designate many of its exhibits in the EE Application.

projected volumes for the 2024-2025 test year, it will be able to collect the necessary revenue while at the same time minimizing interest expense.¹⁶ EGU estimates that a residential customer using 70 Dths per year will see an annual bill increase of \$6.04 or 0.91 percent due to the increased amortization rate.

DPU Comments B

DPU provides an explanation of the energy efficiency program, stating its “financial goal ... is to cover expenses and minimize interest income or interest expense[]” such that “neither the ratepayer nor the utility provider is harmed.”¹⁷ In this regard, DPU presented an analysis of 3 different scenarios: one with an unchanged amortization rate; one with EGU’s proposed amortization rate; and one with an amortization rate higher than EGU’s proposed rate.¹⁸ According to DPU, the results of this analysis show that “[b]ased on the projected [over-collected and under-collected] balances and forecasted interest income,” EGU’s proposed rate “will closely meet the EE deferred account’s financial goals.”¹⁹ DPU thus concludes the rates proposed are in the public interest and represent just and reasonable rates for Utah customers.²⁰ DPU recommends the PSC approve the requested rate change on an interim basis, effective November 1, 2024, with final recommendations provided at a later date, and subject to audit and review.

¹⁶ See *id.* at 2-3.

¹⁷ See DPU Comments B at 5.

¹⁸ *Id.* at 6-7.

¹⁹ *Id.* at 7-8.

²⁰ See *id.* at 8.

Docket No. 24-057-19: CET Application

In this application, EGU requests approval to amortize the Conservation Enabling Tariff (CET) Account balance and adjust the distribution non-gas (DNG) portion of its GS rate schedule. According to EGU, as of August 31, 2024, the CET account has an over-collected balance of (\$22,638,515.68).²¹ EGU proposes to amortize this balance by allocating the total CET account balance to each of the two summer and two winter blocks comprising GS DNG rates proportionate to estimated test-year DNG revenues for each such block as follows:²²

	<u>Current CET Rate per Dth</u>	<u>Proposed CET Rate per Dth</u>	<u>Difference in CET Rates per Dth</u>
GS Rate Schedule			
Summer Block 1	(\$0.18679)	(\$0.17842)	(\$0.00837)
Summer Block 2	(\$0.09758)	(\$0.09321)	(\$0.00437)
Winter Block 1	(\$0.22890)	(\$0.21863)	(\$0.01027)
Winter Block 2	(\$0.13969)	(\$0.13343)	(\$0.00626)

EGU states that approval of the application will result in a \$0.69 or 0.1 percent increase to the annual bill of a typical GS customer using 70 Dth per year.²³

DPU Comments A

DPU states that approval of the CET Application will result in a \$0.69 or 0.1 percent increase to the annual bill of a typical GS residential customer using 70 Dth per year. However, DPU states that “[e]ven though [the] proposed rate adjustment

²¹ See CET Application at 2, ¶4.

²² See *id.*, EGU Exhibit Ex. 1.2.

²³ See *id.* at 1.

represents an increase of \$0.69 (or 0.10%)[,] rate payers will still receive a credit on their bill as the previous decrease was a \$17.92 refund to customers of the over-collected amount.”²⁴ DPU concludes that the rates proposed in the CET Application are in the public interest, represent just and reasonable rates, and recommended the PSC approve them as final, effective November 1, 2024.²⁵

Docket No. 24-057-20: Low Income Application

In this application, EGU proposes an energy assistance credit of \$109.²⁶ This credit provides bill credits to qualifying low-income customers under the Low Income/Energy Assistance Program (“Energy Assistance Program”) approved by the PSC in Docket No. 10-057-08. The program is funded through allocations to the DNG rates of the GS, FS, NGV, IS, FT-1, MT, TSS, TSM, and TSL rate classes and collected in the Low Income/Energy Assistance Fund’s 191.8 balancing account (“Balancing Account”), with a target amount of \$1.5 million.²⁷ EGU is allowed to collect \$1.5 million annually to fund the Energy Assistance Program, and the Low Income Application seeks an adjustment to the Balancing Account to ensure that the target amount of \$1.5 million is maintained.²⁸

²⁴ DPU Comments A at 11. *See* Docket No. 23-057-19, Order issued December 21, 2023, at 2-3 (discussing \$17.92 refund).

²⁵ *See id.* at 12.

²⁶ *See* Low Income Application at 3.

²⁷ *See id.* at 2.

²⁸ *See id.*

EGU states that it over-collected \$125,389 from customers during the period ending July 2024, and on a cumulative basis since the beginning of the Energy Assistance Program.²⁹ EGU proposes to remove that amount from the \$1.5 million target amount, to ensure the total collected is no more than \$1,374,611 during the test period. EGU also proposes to contribute \$250,000 to the Department of Workforce Services Housing and Community Development Weatherization Assistance Program.

According to the Low Income Application, EGU represents that it met with interested parties, including representatives from DPU and the Office of Consumer Services, and those in attendance determined the proposed credit of \$109 was appropriate.³⁰ EGU states that approval of the application will result in a \$0.05 decrease to the annual bill of a typical GS customer using 70 Dth per year.³¹

DPU Comments A

DPU confirmed its support for EGU's energy assistance credit of \$109 in the Low Income Application and that approval will result in a \$0.05 decrease to the annual bill of a typical GS residential customer using 70 Dth per year.³² DPU also states that EGU "is proposing to change the bill credit amount to \$109 and estimates that there will be 17,105 eligible customers, which is approximately 24% fewer eligible customers than the previous filing, for a total payout amounting to \$1,874,278."³³ DPU

²⁹ *See id.* at 3.

³⁰ *See id.*

³¹ *See id.* at 1 and 4.

³² *See* DPU Comments A at 12.

³³ *See id.* at 11.

states the rates proposed are in the public interest, represent just and reasonable rates, and recommends approval as a final rate, effective November 1, 2024.³⁴

Docket No. 24-057-21: IRA Application

In this application, EGU proposes to adjust its Infrastructure Rate Adjustment (IRA) applied to DNG portions of its GS, FS, IS, TSS, TSM, TSL, TBF, MT, and NGV rate schedules.³⁵ The PSC approved the IRA in 2010 as part of the Infrastructure Tracker Pilot Program (“ITP”)³⁶ to allow EGU to track and recover, through incremental natural gas rate surcharges, costs directly associated with the replacement of aging gas distribution infrastructure. EGU assigns the IRA to each rate class based on the PSC-approved total pro rata share of DNG tariff revenue ordered in the most recent general rate case.³⁷

The PSC authorized the continuation of the ITP in its December 23, 2022, Order in Docket No. 22-057-03 (“2022 GRC Order”) as being in the public interest.³⁸ The PSC permitted any infrastructure investment over \$84.7 million on or after January 1, 2022, to be included in the ITP.³⁹

³⁴ See *id.* at 12.

³⁵ See IRA Application at 1 and EGU Exhibit 1.2.

³⁶ See *In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rates and Charges and Make Tariff Modifications*, Docket No. 09-057-16, Report and Order, issued June 3, 2010.

³⁷ See IRA Application at 3, ¶15.

³⁸ See 2022 GRC Order at 15.

³⁹ See *id.*

The IRA Application also presents the amount of infrastructure investments made, calculations showing the revenue increase required for EGU to recover its tracked investments, and revised tariff sheets reflecting the proposed rate adjustments in several exhibits, which reflect EGU’s calculation of the ITP-related incremental revenue requirement as follows:

Incremental Revenue Requirement Calculation⁴⁰

	Revised Revenue Requirement
1 Total Net Investment	\$189,622,580
2 Less: Amount currently in rates	(\$84,700,000)
3 Replacement Infrastructure in Tracker	\$104,922,580
4 Less: Accumulated Depreciation	(\$4,315,441)
5 Accumulated Deferred Income Tax	(\$824,727)
6 Net Rate Base	\$99,782,411
7 Current PSC-Allowed Pre-Tax Rate of Return	8.46%
8 Allowed Pre-Tax Return	\$8,441,592
9 Plus: Net Depreciation Expense	\$2,025,006
10 Net Taxes Other Than Income	\$1,237,302
11 Total Revenue Requirement	\$11,703,900
12 Enbridge Settlement Credit	(\$275,000)
13 Remaining Revenue Requirement	\$11,428,900
14 Previous Revenue Requirement	\$4,989,700
15 Incremental Revenue Requirement	\$6,439,199

The IRA Application reflects an incremental revenue requirement of \$6,439,199.⁴¹ Under the incremental revenue requirement, EGU estimates that a

⁴⁰ See IRA Application, EGU Exhibit 1.1 page 5.

⁴¹ See *id.*

typical GS residential customer using 70 Dths per year will see a total annual bill increase of \$3.58 or 0.54 percent.⁴²

DPU Comments C

DPU states if the IRA Application is approved, a typical GS residential customer will see a total annual bill increase of \$3.58 or 0.54 percent.⁴³ DPU also states that the rates proposed in the IRA Application comply with past PSC orders and recommends their approval on an interim basis, effective November 1, 2024, subject to audit and review.⁴⁴

HEARING

At Hearing, EGU and DPU provided a summary of their respective written direct testimony for the Interim Rate Applications and Final Rate Applications.⁴⁵ In each instance, DPU and EGU stated granting the rates as proposed in the Interim Rate Applications and Final Rate Applications are just, reasonable, and in the public interest. DPU further testified that "If all six dockets are approved in today's hearing, a typical GS customer would see a decrease in their annual bill of \$12.57 or 1.9 percent."⁴⁶

⁴² See IRA Application at 3, ¶17 and EGU Exhibit 1.4.

⁴³ See DPU Comments C at 3, ¶14.

⁴⁴ See *id.* at 3-4.

⁴⁵ A few minor and non-substantive corrections were made to some of this written testimony.

⁴⁶ Hearing audio at 00:50:48-00:51:05.

FINDINGS, CONCLUSIONS, AND ORDER

A. Interim Rate Applications (24-057-16, 24-057-17, 24-057-18, and 24-057- 21).

In the Interim Rate 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 Interim Rate Applications including an analysis of EGU's proposals and supporting documentation. DPU testified that based on this review, the rates proposed in the Interim Rate Applications are just, reasonable, and in the public interest, and recommended that we approve them on an interim basis. There was no opposition to the Interim Rate Applications, EGU's testimony, or DPU's testimony and recommendation.

Accordingly, we find substantial evidence supports the conclusion that the rate changes requested by EGU in the Interim Rate 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 and will provide final recommendations at a later date.

We therefore approve the proposed rates on an interim basis 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 actually incurs.

B. Final Rate Applications (24-057-19 and 24-057-20).

In the Final Rate 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 reviewed the Final Rate Applications including an analysis of EGU’s proposals and supporting documentation. DPU testified that, based on its review, the rates proposed in the Final Rate Applications are just, reasonable, and in the public interest, and recommended approval. There was no opposition to the Final Rate Applications, EGU’s testimony, or DPU’s testimony and recommendation.

Accordingly, we find substantial evidence supports the conclusion that the rate changes requested by EGU in the Final Rate Applications⁴⁷ are just, reasonable, and in the public interest.

⁴⁷ The proposed rates and modifications related to these applications – the CET Application and the Low Income Application – do not require an audit.

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ORDER

Therefore, we order:

1. The rates proposed in Docket Nos. 24-057-16, 24-057-17, 24-057-18, and 24-057-21 are approved on an interim basis, effective November 1, 2024, pending the results of DPU's forthcoming audits;
2. The rates proposed in Docket Nos. 24-057-19 and 24-057-20 are approved as final, effective November 1, 2024; and
3. The proposed tariff modifications in the six applications described above are approved, effective November 1, 2024.

DATED at Salt Lake City, Utah, October 31, 2024.

/s/ John E. Delaney
Presiding Officer

Approved and confirmed October 31, 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#336314

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.

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CERTIFICATE OF SERVICE

I CERTIFY that on October 31, 2024, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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