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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Action Request Response

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
Eric Orton, Utility Technical Consultant

Date: January 21, 2025

Re: **Docket No. 24-057-25**, Enbridge Gas Utah to Change the Rural Expansion Rate Adjustment.

Recommendation (Approve)

The Division of Public Utilities (Division) has reviewed Enbridge Gas Utah's (Enbridge or Company) proposed new rates in the Rural Expansion Rate Adjustment tracker (RERA) and recommends the Public Service Commission of Utah (Commission) approve the proposed new rates on an interim basis with an effective date of February 1, 2025. This interim basis will allow the Division additional time to complete its audit review. The object of the Division's audit review is to ensure that the rates collected from customers will be no more or less than the costs the Company incurs in its RERA program.

Issue

In this application, Enbridge seeks to add \$1.785 million to the RERA. The proposed change will increase the rates for the Distribution Non-Gas (DNG) portions of its Utah GS, FS, IS, TSF and TSI, TBF, MT, and NGV natural gas rate schedules, as specified in section 9.02 of its Tariff as approved in Docket No. 19-057- 31.

Division of Public Utilities

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Background

Utah passed a law in 2018 that allowed utilities to recover the costs of expanding natural gas service to unserved, rural areas with the costs to be collected from all the utility's customers. The Company's first project proposed under this rule was an expansion of natural gas service to Eureka, Utah. The Company then filed an additional application asking for approval to continue the Eureka expansion east to Goshen and Elberta. The Company's next application was to extend service to Green River. The Company then filed to extend service to Portage, which is still pending. The Company has filed two previous applications to recover the RERA costs in Docket Nos. 21-057-30 and 23-057-28. This is the third application.

On December 31, 2024, Enbridge filed the current application with a request to recover additional capital investment in the RERA. On that same day, the Commission issued its Action Request directing the Division to review the application and make recommendations on or before January 30, 2025. On January 3, 2025, the Commission issued a notice of a Scheduling Conference in this docket which was held on January 7, 2025. As a result of that scheduling conference, the dates of the Division's Action Request Response and its initial comments became due on January 21, 2025, with reply comments due January 23, 2025, and the hearing in this matter is scheduled to be held on January 24, 2025. This is the Division's Action Request Response, recommendation, and comments.

Discussion

The Division's Action Request Response in the first RERA filing (Docket No. 21-057-30) recommended that the Commission approve the application contingent upon the completion of its audit review. The Division found the Company's filing to be otherwise complete and sufficient. The Commission reached a similar conclusion and approved the Application contingent upon an audit. This audit was not completed because the Company filed a General Rate Case. The Division deemed the review and examination of the general rate case process as equivalent to an audit for the purpose of determining the accuracy of the proposed rates.

In the second RERA filing (Docket No. 23-057-28) the Division initially recommended not approving the application until the Company provided evidence that it was complying with the requirements of the Utah Code §54-17-4. 2. The code requires that the RERA costs for each project be clearly identifiable. This ensures that the Commission approved projects that are in service (as defined by the Commission in its Docket No. 21-057-30 Order) and the costs for each project are auditable by the Division. Following the Division's recommendation, the Company provided the figures in a format showing the RERA costs recorded by project and the Division revised its recommendation in reply comments.

Issue

In the previous RERA, the Company agreed with the Division's request to provide the information in Exhibits 1.1 and 1.2 in such a format that the specific costs of each project could be identified. The Company provided the information in its updated exhibits with an explanation in reply comments and in the current filing. It also agreed to show the extent to which each project is complete. The specific budget information is contained below and shows that all projects except Goshen/Elberta are currently within budget.

Budgeted vs Actual Rural Expansion Project Costs		
Project	Budget	Actual Costs Through November 30, 2024
Eureka	\$22,685,000	\$22,667,307
Goshen/Elberta	\$12,397,172	\$12,605,834
Green River	\$43,201,979	\$38,569,559
Genola	\$24,135,888	\$15,098,548

As part of the current filing, Enbridge has included the following exhibits:

1. Exhibit 1.1 shows Enbridge's cumulative investment in RERA main lines closed and in service as of November 2024.
2. Exhibit 1.2 provides similar information as Exhibit 1.1 but addresses only service lines.
3. Exhibit 1.3 shows the calculation of the revenue requirement requested. Line 1 of that Exhibit shows that approximately \$66.698 million in infrastructure investment has been

placed into service by the end of November 2024 including an incremental revenue requirement increase of \$1.785 million (the purpose of this filing).

4. Exhibit 1.4 shows the proposed Cost of Service Allocation to the rate classes listed above.

5. Exhibit 1.5 shows how the proposed revenue requirement amount will be divided using the demand charge and volumetric rates to collect the proposed amount from each customer class.

6. Exhibit 1.6, as originally filed, shows the monthly change to a typical GS customer of \$0.96 per year or 0.10%. This was incorrect in the initial filing. The attached corrected Exhibit 1.6U shows that the annual increase is not \$0.96 but rather \$0.98 per year or 0.15%. The Division asked the Company for verification of the originally filed numbers and received the following reply in an email from the Company. "The Rural Expansion Rate Adjustment was incorrectly filed with rates from July 1, 2024. The corrected exhibit for the RERA is attached as EGU Exhibit 1.6U." This does not affect the calculated rates in Exhibits 1.7-1.10 and the tariff sheets are correct.

7. Exhibit 1.7 shows the proposed tariff sheets in legislative format for these rate classes.

8. Exhibit 1.8 shows the proposed tariff sheets in final format

9. Exhibit 1.9 shows the proposed tariff sheets if all the applications are approved in legislative format.

10. Exhibit 1.10 shows the proposed tariff sheets if all the applications are approved in final format.

Conclusion

The Division recommends the Commission approve the proposed rates on an interim basis until the Division can complete its review audit, at which time it will make a final recommendation to the Commission. This application complies with the Enbridge tariff and the proposed tariff sheets accurately reflect the proposed changes as filed by the Company

and as amended in this memo. The proposed rates are just, reasonable, and in the public interest and the Division recommends Commission approval.

cc: Kelly B. Mendenhall, Enbridge Gas Utah
Michele Beck, Office of Consumer Services