

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Enbridge Gas Utah to change the Rural Expansion Rate Adjustment	<u>DOCKET NO. 24-057-25</u>
Application of Enbridge Gas Utah for an Adjustment to the Daily Transportation Imbalance Charge	<u>DOCKET NO. 24-057-26</u>
Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah	<u>DOCKET NO. 25-057-01</u> <u>ORDER</u>

ISSUED: January 31, 2025

**SYNOPSIS**

The Public Service Commission (PSC) approves the three applications (“Applications”) Enbridge Gas Utah (EGU) filed in the referenced dockets (“Dockets”) on an interim basis, subject to audit, effective February 1, 2025. Our approval results in a net average decrease of \$0.75 to the monthly bill of a typical GS residential customer using 70 decatherms (Dth) of natural gas, or a 1.39 percent decrease from current rates.

**PROCEDURAL BACKGROUND**

EGU filed three applications: (1) “Rural Expansion Application”, (2) “TIC Application”, and (3) “191 Application” (the “Applications”). The Applications propose discrete rate changes and modifications to EGU’s Utah Natural Gas Tariff No. 700 (“Tariff”) with an effective date of February 1, 2025.

The PSC issued Action Requests to the Division of Public Utilities (DPU) regarding the Applications and on January 3, 2025, issued a Notice of Virtual Consolidated Scheduling Conference. On January 9, 2025, the PSC held the scheduling conference and subsequently issued a Scheduling Order and Notice of Virtual Hearing for the Dockets.

DPU filed two memoranda regarding the Applications on January 21, 2025. To differentiate DPU's comments, the PSC adopts the following nomenclature for purposes of this Order:

- "DPU Comments A" address the Rural Expansion Application (Docket No. 24-057-25); and
- "DPU Comments B" address the TIC Application and the 191 Application (Docket Nos. 24-057-26 and 25-057-01).

There were no other comments filed and no intervenors in the Dockets.<sup>1</sup>

On January 24, 2025, the PSC held a virtual hearing to consider the Applications, during which EGU and DPU witnesses provided sworn testimony.<sup>2</sup>

### **FACTUAL BACKGROUND**

#### **Docket No. 24-057-25: Rural Expansion Application**

EGU proposes to increase the Rural Expansion Rate Adjustment ("RERA"). EGU states the revenue requirement for rural expansion has increased to \$4,777,258 (an increase of \$1,785,133 from the prior RERA).<sup>3</sup> The Rural Expansion Application proposes to modify the Distribution Non-Gas cost portion of each customer class. According to EGU, the proposed change will result in an annual increase of \$0.96 (or 0.10%) to a typical GS customer using 70 Dth.<sup>4</sup>

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<sup>1</sup> Based on testimony at the Hearing, and at the request of the Presiding Officer, EGU supplemented the record for the TIC Application by filing "Corrected Exhibit 1.1" on January 24, 2025.

<sup>2</sup> Reference herein to "Hearing" is to the audio recording of the January 24th hearing and is located at <https://www.youtube.com/live/kJb4D1ZowTw>.

<sup>3</sup> See Rural Expansion Application at Ex. 1.3.

<sup>4</sup> See Rural Expansion Application at 1. This proposed increase amount was stated inaccurately in the

***DPU Comments A***

DPU recommends the PSC approve the Rural Expansion Application on an interim basis. In making its recommendation, DPU summarizes its analysis of EGU's budgeted and actual expenditures for all previously approved rural expansion projects. Additionally, DPU represents that EGU inaccurately stated the amount of the proposed increase in the application as \$0.96 or 0.10% because the actual amount of the increase is \$0.98 or 0.15%. DPU further states that, through communication with EGU, it verified EGU Exhibit 1.6 to the Rural Expansion Application is incorrect. DPU provided an updated exhibit, EGU Exhibit 1.6U, identified in the Docket as DPU Attachment 1. DPU represents that the errors "do[] not affect the calculated rates in Exhibits 1.7-1.10 and the tariff sheets are correct."<sup>5</sup>

***Testimony at Hearing***

EGU witness A. Summers provided a summary of the Rural Expansion Application and testified about the corrections to the anticipated change in a typical customer's bill. Adopting EGU Exhibit 1.6U as provided in DPU Comments A, Mr. Summers stated the corrections show that a typical customer using 70 Dth annually will see an annual increase of \$0.98 (or 0.15%), not \$0.96 as stated in the application. Mr. Summers also testified about an error in DPU Comments A, stating the table on

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application, and that inaccuracy was carried into EGU Exhibit 1.6; the proposed increase amount should have been stated as \$0.98 (or 0.15%), which is correctly noted in DPU Comments A below and in EGU Exhibit 1.6U, and was confirmed at the hearing by all witnesses.

<sup>5</sup> DPU Comments A at 4, ¶ 6.

page 3 indicating that the previously approved Goshen/Elberta project was over budget is inaccurate and that the correct budget number is \$13,297,172, not \$12,397,172.<sup>6</sup>

DPU witness E. Orton provided a summary of the Rural Expansion Application, its purpose, and recommended approval on an interim basis. Mr. Orton concurred with Mr. Summers' corrections of DPU Comments A regarding the Goshen/Elberta project and affirmed that EGU is not over budget on its rural expansion projects.<sup>7</sup>

Finally, Messrs. Summers and Orton testified correction to the errors in EGU's Rural Expansion Application, EGU Exhibit 1.6, and the other corrections made at the hearing do not affect the financial analysis provided in the application, any of the exhibits filed with the application (other than EGU Exhibit 1.6), or the rates as proposed in the originally filed tariff sheets.<sup>8</sup> Messrs. Summers and Orton further testified that the proposed interim rates are just, reasonable, and in the public interest.

**Docket No. 24-057-26: TIC Application**

EGU proposes to increase the Daily Transportation Imbalance Charge ("TIC") from \$0.06982 to \$0.07641<sup>9</sup> per Dth for daily imbalance volumes outside of a five percent tolerance for transportation customers taking service under EGU's MT, TS,

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<sup>6</sup> Hearing at 1:08:45-1:09:31.

<sup>7</sup> Hearing at 1:14:04-1:15:12.

<sup>8</sup> Hearing at 1:10:58 to 1:12:30 (Summers) and 1:15:58 to 1:16:53 (Orton).

<sup>9</sup> See TIC Application at 4, ¶ 6.

and FT-1 (currently TBF, MT, TSS, TSM, TSL, and TSI) rate schedules, using historical data for the twelve months ending November 30, 2024.<sup>10</sup> 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.<sup>11</sup>

***DPU Comments B***

DPU states that the proposed rate of \$0.07641 is calculated based on the imbalance volumes for the previous 12-month period ending November 30, 2024. DPU represents that 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.”<sup>12</sup> DPU concludes the TIC Application is in the public interest, represents just and reasonable rates, and should be approved on an interim basis.

***Testimony at Hearing***

EGU witness T. Louder provided a summary of the TIC Application and stated the proposed changes are just, reasonable, and in the public interest. DPU witness R. Daigle provided a summary of DPU Comments B and recommended the PSC approve

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<sup>10</sup> Enbridge Gas Utah Natural Gas Tariff PSCU 700, Section 5-4, 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[.]”

<sup>11</sup> 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.

<sup>12</sup> DPU Comments B at 10.

the rates on an interim basis, subject to DPU's audit. Mr. Daigle also testified that the proposed rates for the TIC Application are just, reasonable, and in the public interest.

**Docket No. 25-057-01: 191 Application**

EGU proposes a decrease of \$17,391,911 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").<sup>13</sup> The 191 Application is based on projected Utah gas-related costs of approximately \$654,242,827 for the forecast test year ending January 31, 2026 ("Test Year").<sup>14</sup> According to EGU, the proposed change will result in an annual decrease of \$10.05 (or 1.55%) to a typical GS customer using 70 Dth.<sup>15</sup>

EGU's proposed changes for the GS, FS, NGV, and IS rate classes are shown below:

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<sup>13</sup> 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.

<sup>14</sup> See 191 Account Application at 2, ¶ 4.

<sup>15</sup> See 191 Account Application at 1. Similar to the Rural Expansion Application, discussed *supra*, this proposed decrease amount was stated inaccurately in the 191 Account Application, and that inaccuracy was carried into EGU Exhibit 1.06; the proposed decrease amount should have been stated as \$10.02 (or 1.54%), which is correctly noted in DPU Comments B below and in EGU Exhibit 1.06U, and was confirmed at the hearing by all witnesses.

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**Table 1**

	<b>Current Commodity Rate per Dth</b>	<b>Proposed Commodity Rate per Dth</b>
<b>GS Rate Schedule - Summer</b>		
Base SNG	\$0.41451	\$0.39197
Supplier Non-Gas Rate	\$0.35053	\$0.32799
Base Gas Cost	\$4.25170	\$4.60945
191 Amortization Rate	<u>\$0.0000</u>	<u>\$0.49090</u>
<b>Commodity Rate</b>	<b>\$4.25170</b>	<b>\$4.11855</b>
<b>GS Rate Schedule - Winter</b>		
Base SNG	\$0.89881	\$0.89382
Supplier Non-Gas Rate	\$0.75511	\$0.75012
Base Gas Cost	\$4.25170	\$4.60945
191 Amortization Rate	<u>\$0.0000</u>	<u>\$0.49090</u>
<b>Commodity Rate</b>	<b>\$4.25170</b>	<b>\$4.11855</b>
<b>FS Rate Schedule - Summer</b>		
Base SNG	\$0.82352	\$0.80237
Supplier Non-Gas Rate	\$0.69421	\$0.67306
Base Gas Cost	\$4.25170	\$4.60945
191 Amortization Rate	<u>\$0.0000</u>	<u>\$0.49090</u>
<b>Commodity Rate</b>	<b>\$4.25170</b>	<b>\$4.11855</b>
<b>FS Rate Schedule - Winter</b>		
Base SNG	\$0.92309	\$0.93300
Supplier Non-Gas Rate	\$0.77495	\$0.78486
Base Gas Cost	\$4.25170	\$4.60945
191 Amortization Rate	<u>\$0.0000</u>	<u>\$0.49090</u>
<b>Commodity Rate</b>	<b>\$4.25170</b>	<b>\$4.11855</b>
<b>NGV Rate Schedule</b>		
Base SNG	\$1.11938	\$1.11944
Supplier Non-Gas Rate	\$0.93990	\$0.93996
Base Gas Cost	\$4.23935	\$4.59649
Commodity Amortization	\$0.00000	\$0.49090
RIN Credit	<u>(\$1.34766)</u>	<u>(\$1.19829)</u>
<b>Commodity Rate</b>	<b>\$2.89169</b>	<b>\$2.90730</b>
<b>Total NGV Rate</b>	<b>\$14.360468</b>	<b>\$14.74997</b>

**IS Rate Schedule**

Base Gas Cost	\$4.23935	\$4.59649
191 Amortization Rate	\$0.00000	\$(0.49090)
<b>Commodity Rate</b>	<b>\$4.23935</b>	<b>\$4.10559</b>

***DPU Comments B***

DPU provides an overview of the impact of the LNG facility, Supplier Non-Gas (SNG) costs, and proceeds from EGU's compressed natural gas stations on the 191 Account. DPU also confirms that EGU's total projected natural gas cost for the Test Year is \$654,242,827, with 44.7% of the annual gas requirement supplied with Wexpro cost of service production. DPU compares this filing with previous filings and states, "[a]fter a period of elevated market purchases, the costs continue trending towards historical norms as was the trend in the previous filing."<sup>16</sup>

Additionally, DPU represents that EGU inaccurately stated the amount of the proposed decrease in the application as \$10.05 or 1.55% because the actual amount of the decrease is \$10.02 or 1.54%. DPU further states that, through communication with EGU, it verified EGU Exhibit 1.06 to the 191 Application is incorrect. DPU provided an updated exhibit, EGU Exhibit 1.06U, identified in the Docket as DPU Attachment 1. DPU represents that the errors "do[] not affect the calculated rates in Exhibits 1.7-1.10 and the tariff sheets are correct."<sup>17</sup> DPU concludes that it will continue to monitor the 191 Account until the next general rate case, states the rates proposed in the 191

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<sup>16</sup> DPU Comments B at 7.

<sup>17</sup> DPU Comments B at 2.



Application are in the public interest and represent just and reasonable rates, and recommends approval on an interim basis.

***Testimony at Hearing***

EGU witness A. Stewart provided a summary of the 191 Application. Mr. Stewart also testified the proposed rate changes result in rates that are just, reasonable, and in the public interest. Mr. Stewart further testified about the errors in the 191 Application as identified by DPU Comments B, and adopted EGU Exhibit 1.06U as provided by DPU. Mr. Stewart further testified that the correction of the errors “do not have any effect on the rate filed in this Pass-through filing.”<sup>18</sup>

DPU witness R. Daigle provided a summary of DPU Comments B for the 191 Application, including the errors in, and corrections to, that application. Mr. Daigle recommended the PSC approve the rates on an interim basis, and testified that the proposed rates for the 191 Application are just, reasonable, and in the public interest.

Finally, Messrs. Stewart and Daigle testified corrections to the errors in EGU's 191 Application, EGU Exhibit 1.06, and the other corrections made at the hearing do not affect the financial analysis provided in the application, any of the exhibits filed with the application (other than EGU Exhibit 1.06), or the rates as proposed in the originally filed tariff sheets.<sup>19</sup>

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<sup>18</sup> Hearing at 9:11-9:15.

<sup>19</sup> Hearing at 25:45 to 26:34 (Stewart) and 39:19 to 39:40 (Daigle).

**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. There was no opposition to the Applications, EGU's testimony, or DPU's testimony and recommendations.

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 and will provide a final recommendation at a later date.

We 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 no less from customers than the costs it incurs.

Therefore, we order:

- 1) The rates proposed in the RERA Application in Docket No. 24-057-25 are approved on an interim basis, effective February 1, 2025, pending the results of DPU’s forthcoming audit;
- 2) The rates proposed in the TIC Application in Docket No. 24-057-26 are approved on an interim basis, effective February 1, 2025, pending the results of DPU’s forthcoming audit; and
- 3) The rates proposed in the 191 Application in Docket No. 25-057-01 are approved on an interim basis, effective February 1, 2025, pending the results of DPU’s forthcoming audit.

DATED at Salt Lake City, Utah, January 31, 2025.

/s/ John E. Delaney  
Presiding Officer

Approved and confirmed January 31, 2025, 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#337978

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 January 31, 2025, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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