IN THE MATTER OF THE APPLICATION OF ENBRIDGE GAS UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 25-057-06 VERIFIED APPLICATION

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VERIFIED APPLICATION AND EXHIBITS

May 1, 2025

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF ENBRIDGE GAS UTAH TO INCREASE DISTRIBUTION RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 25-057-06 VERIFIED APPLICATION

Pursuant to Utah Code Ann. §§ 54-4-4 and 54-7-12 and Utah Admin. Code R746-1-101, *et seq.* and R746-700-1, *et seq.*, Questar Gas Company dba Enbridge Gas Utah ("Enbridge", "EGU" or the "Company") respectfully requests an order authorizing an increase in its distribution rates and charges, approving the continuation of various Company recovery mechanisms, and approving the Company's proposed tariff modifications. Specifically, the Company seeks an order authorizing a total revenue requirement of $657 million with a rate-effective date of January 1, 2026, and a revenue deficiency of $114.7 million to be collected through the proposed rate changes set forth below and in the direct testimony supporting this Application.

The Company's revenue deficiency is primarily driven by capital expenditures and related expenses, updated depreciation rates, and a general increase in operating and maintenance costs since its last rate case in 2022. The capital investments are associated with the Company's ongoing need to maintain, upgrade, and replace aging infrastructure, and increased costs to serve the Company's growing customer base. These investments and cost increases have resulted in rates that are no longer sufficient to pay for the Company's services to customers or to satisfy the Company's revenue requirement and, therefore, are no longer just and reasonable. As a result, the Company requests that the Utah Public Service Commission ("Commission") authorize the implementation of new rates proposed in this Application, to be effective January 1, 2026, consistent with Utah Code Ann. §§ 54-4-4 and 54-7-12.

In addition, the Company requests that the Commission approve the continuation of the Conservation Enabling Tariff ("CET"). As set forth in the supporting testimony, the CET, which has been in place for many years, continues to serve the objective for which it was designed. It has removed any disincentive for the Company to offer energy efficiency programs. It has also provided the additional benefit of ensuring that the Company's overall revenue recovery and the amounts paid by customers are not adversely impacted by changes in customer usage. As such, the CET is just, reasonable, and in the public interest, and the Company proposes that the CET be allowed to continue.

Further, the Company requests that the Commission approve the continuation of the Infrastructure Rate Adjustment ("IRA") Mechanism at currently approved spending limits. The Company submits that, consistent with the findings and conclusions of the Commission during the Company's last two rate cases, the IRA is in the public interest because it facilitates the need for replacement of aging infrastructure through a consistent and transparent process that balances the interests of customers and the Company.

The Company also requests that the Commission approve the continuation of the Rural Expansion Tracker ("Tracker"). The Tracker allows the Company, pursuant to Utah statutes, to expand its gas distribution system to Commission-approved rural areas in Utah. The Tracker has been performing as anticipated and has been effective in bringing natural gas service to areas of Utah that have long requested such service.

Finally, the Company requests that the Commission approve the changes to the Company's Utah Natural Gas Tariff No. 700 ("Tariff") proposed in this Application and the enclosed pre-filed direct testimony.

These requests are supported by this Application and the other supporting evidence discussed below.

I. PRELIMINARY MATTERS

A. Enbridge Gas Utah's Operations

Enbridge is a corporation organized and existing under the laws of the state of Utah, with its principal business office located at 333 South State Street, Salt Lake City, Utah. The Company is engaged in the business of providing natural gas as a local distribution company. Enbridge currently distributes natural gas to approximately 1,200,000 customers throughout the state of Utah and in Franklin County, Idaho subject to the ratemaking jurisdiction of the Commission. In addition, the Company distributes gas to communities and rural areas in southwest Wyoming under the jurisdiction of the Wyoming Public Service Commission.

B. Articles of Incorporation; Tariff

A copy of Enbridge's Articles of Incorporation is on file with the Commission. The Company's present rates, charges, and general conditions for natural gas service in Utah are regulated by the Commission and are set forth in Enbridge's Tariff, which is also on file with the Commission. Rates and the Tariff changes proposed through this Application will be published as the Company's Utah Natural Gas Tariff No. 800 upon Commission approval and will supersede the current rates and Tariff provisions.

II. APPLICATION FOR AN INCREASE IN DISTRIBUTION NON-GAS RATES AND CHARGES FOR NATURAL GAS SERVICE

A. Current Rate Structure

Enbridge's current rates are divided into three components: (1) distribution non-gas ("DNG") rates, which relate to costs incurred by the Company in providing service to its retail customers, exclusive of the costs of gas supplies and transporting that gas to Enbridge's system; (2) supplier non-gas ("SNG") rates, which reflect the costs of transporting natural gas from natural gas fields to various city gates on the Company's system; and (3) commodity costs associated with acquiring gas supplies, including gas purchases, the Wexpro operator service fee for the production of Company-owned gas supplies, and other gas-supply related expenses.

The rate relief requested through this Application is limited to the DNG–cost portion of the Company's rates. The SNG and commodity rates are considered in separate pass-through proceedings in accordance with the Company's Tariff and the rules and procedures of the Commission. The proposed DNG rates would collect approximately 44% of Enbridge's total revenue, while SNG and commodity rates make up the remaining 56% of revenue.

B. Previous Rate Proceeding Establishing DNG Rates

The Company's current DNG rates reflect the Commission's Report and Order in Docket No. 22-057-03, as adjusted by the Commission-approved CET amortizations, Demand-Side Management amortizations, Energy Assistance charges, Infrastructure Replacement Adjustment Mechanism Surcharges, Tracker Surcharges, and the Sustainable Transportation Energy Surcharge.

C. Necessity for the Relief Sought Through This Application

The Company's present rates and charges authorized by the Commission no longer provide the Company with the opportunity to recover its costs of providing natural gas service while earning a reasonable rate of return on its investments in the rate base necessary to provide that service. Therefore, these rates are no longer "just and reasonable" as required by Utah Code Ann. § 54-3-1 and do not meet the standards enunciated by the United States Supreme Court and the Supreme Court of Utah. Based upon the test period as set forth in the testimony in this case, absent any rate relief the Company will earn a return of only 5.55% on equity invested.

D. Basis for Determination of Rate Relief

The proposed test period ending December 31, 2026 includes the revenues, expenses, and plant that best reflect the conditions the Company will encounter during the rate-effective period. As set forth more fully in the direct testimony submitted with this Application, Enbridge examined its operations and associated costs, revenues, and plant. It also considered and projected all the material changes the Company knows or reasonably expects to occur during 2026. The Company has included adjustments that reduce its revenue requirement as well as those that increase it. These forecasted results were then modified to account for regulatory adjustments consistent with past Commission orders and practice to arrive at the revenue requirement projected for the proposed test period.

E. Factors Contributing to Revenue Deficiency

The primary drivers giving rise to the proposed rate increase are the Company's ongoing capital investment requirements to maintain, replace, and install infrastructure to serve customers; changes in depreciation rates, and increases in taxes, labor and non-labor O&M expenses since the Company's last general rate case. With regard to the Company's capital investments, the average projected net plant balance for 2026, reflecting the capital projects that are necessary to maintain a safe and reliable system, exceeds the average 2023 balance approved by the Commission in Docket 22-057-03 by $1 billion.

In addition, the Company continues to see significant increases in many of its labor and non-labor O&M expense categories, reflective of high interest rates, increased inflation, and economic instability seen throughout the market. DNG rates need to be adjusted to account for those increases and to accurately reflect the expected conditions that will exist during the rate-effective period. All of these cost increases contributed to the revenue deficiency the Company is seeking to address through this proceeding.

F. Return on Equity

Consistent with applicable law, for Enbridge to meet its public-service obligation to its Utah customers, it must be given a reasonable opportunity to earn rate of return, including a return on equity ("ROE"), commensurate with returns realized by investors on capital investments of similar risk in the capital markets. As showing in the Direct Testimony of Jennifer Nelson, attached to this Application as EGU Exhibit 2.0, the Company's rates should be based on an authorized ROE of 10.6 percent. This ROE is consistent with the return on equity of comparable gas utilities and is necessary to maintain the long-term financial integrity of the Company's utility operations and provide a fair return on shareholder investment.

Enbridge's requested ROE is also fair and appropriate in today's financial marketplace, particularly given the increase in interest rates since the Company's last general rate case; the impacts of increased inflation and other market factors; and the range of reasonable ROEs of a proxy group of companies comparable to Enbridge, as measured using industry-accepted models discussed in Ms. Nelson's direct testimony.

G. Capital Structure

The Company proposes an authorized capital structure that corresponds to its anticipated actual capital structure during the rate-effective period, consisting of a ratio of 53% equity and 47% debt. As discussed in detail in Ms. Nelson's direct testimony and the Direct Testimony of Warren Reinisch, attached as EGU Exhibit 3.0, this proposed capital structure is not only consistent with the Company's expected actual capital structure, but also is consistent with the capital structures of the proxy group of gas distribution utilities comparable to Enbridge.

H. Summary of Test-Period Deficiency and Rate Impact

1. Test-Period Deficiency.

The factors discussed above contribute to a revenue deficiency in the Company's Utah operations. To compensate for that deficiency, Enbridge will need to increase rates to collect an additional $114.7 million in annual revenues for its Utah operations as described in the Direct Testimony of Jordan K. Stephenson, attached to this Application as EGU Exhibit 4.0.

2. Cost-of-Service and Rate Design.

Enbridge requests that the above-described revenue requirement be spread among customer classes in accordance with the cost-of-service studies and rate design described in the Direct Testimony of Austin C. Summers, attached to this Application as EGU Exhibit 5.0. As discussed in Mr. Summers' testimony, the Company has conducted updated cost-of-service studies, the results of which are explained in detail in his testimony and associated exhibits. The Company does not propose to make any changes to its rate design in this docket. Rather, it proposes to use the same rate design the Commission approved in the Company's last general rate case. The Company does propose to increase the Transportation Service Administrative Fee from $2,400 per year to $3,000 per year, due to an increase in costs that are collected through the fee.

Additionally, due to a decrease in volumes in the NGV class over the last few years, the Company proposes to subsidize the cost of this rate to avoid a large price increase to NGV customers.

3. Financial Impact.

The effect of the proposed rate increase on the typical GS customer who uses 70 Dth per year will be an increase of approximately $61 per year. This is an overall increase to a typical customer's bill of approximately 9.5%.

III. CONSERVATION ENABLING TARIFF

The Company requests that the Commission approve the continuation of the CET. As discussed in the Direct Testimony of Kelly B Mendenhall, attached hereto as EGU Exhibit 1.0, the evidence demonstrates that the CET continues to serve the objective for which it was designed. Specifically, it has removed the disincentives for the Company to offer energy efficiency programs and, in addition, effectively ensures that the Company's overall revenue recovery and the amounts paid by customers are not adversely impacted by changes in customer usage.

IV. INFRASTRUCTURE RATE-ADJUSTMENT MECHANISM

Enbridge is requesting that the Commission approve the continuation of the Infrastructure Rate Adjustment ("IRA"), as more fully set forth in the pre-filed direct testimony of Mr. Mendenhall. Consistent with the findings and conclusions of the Commission during the Company's last two rate cases, the IRA facilitates the replacement of aging infrastructure through a consistent and transparent process that balances the interests of customers and shareholders.

V. RURAL EXPANSION TRACKER

The Company further requests that the Commission approve the continuation of the Tracker. As Mr. Mendenhall explains in his direct testimony, the Tracker allows the Company to expand its gas distribution system to Commission-approved rural areas in Utah, consistent with Utah law and is just, reasonable, and in the public interest.

VI. TARIFF CHANGES

Enbridge requests that the Tariff changes described in the Direct Testimony of Jordan Parks, attached as EGU Exhibit 7.0, and shown on EGU Exhibit 7.03, be approved.

VII. COMPLETE FILING

In accordance with Utah Admin. Code R746-700-1 *et seq.*, Enbridge has provided all information, evidence, and data necessary to constitute a complete filing of a general rate case. EGU Appendix 1 to this Application provides a list of the categories of information required by Utah Admin. Code R746-700-1 *et seq.* and a reference to where the required information can be found within the Application and the supporting testimony.

VIII. SUPPORTING EVIDENCE

The following exhibits are attached in support of this Application and, by this reference, are incorporated herein: the sworn testimony of Kelly B Mendenhall, with associated exhibits (EGU Exhibits 1.0 to 1.07), Jennifer Nelson (EGU Exhibits 2.0 to 2.10), Warren Reinisch (EGU Exhibit 3.0), Jordan K. Stephenson (EGU Exhibits 4.0 to 4.33), Austin C. Summers (EGU 5.0 to 5.14), David Landward (EGU Exhibits 6.0 to 6.03), and Jordan Parks (EGU Exhibits 7.0 to 7.04), and additional information provided in compliance with Utah Admin. Code R746-700-1 *et seq.* (EGU Appendix 1).

IX. RELIEF REQUESTED

WHEREFORE, Enbridge respectfully requests that the Commission:

A. Schedule a time and place for hearing on this Application and give appropriate notice in accordance with Utah law;

B. Authorize an increase in rates and charges that will satisfy a total revenue requirement of $657 million, as described in this Application;

C. Authorize the implementation of new rates and Tariff changes consistent with Utah Code Ann. §§ 54-4-4 and 54-7-12 effective January 1, 2026;

D. Approve the continuation of the Conservation Enabling Tariff, the Infrastructure Rate-Adjustment Mechanism, and the Rural Expansion Tracker; and

E. Approve the Tariff changes proposed in this Application and the attached pre-filed direct testimony.

RESPECTFULLY SUBMITTED this 1st day of May, 2025.

ENBRIDGE GAS UTAH

Jenniffer Nelson Clark

Jenniffer Nelson Clark
Enbridge Gas Utah

Cameron Sabin
Mayer Brown LLP

Attorneys for Enbridge Gas Utah

VERIFICATION

STATE OF UTAH)

COUNTY OF SALT LAKE)

Kelly B Mendenhall, being first duly sworn upon oath, deposes and states: He is the Director of Regulatory Affairs of Enbridge Gas Utah; 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.

Subscribed and sworn to before me this 1st day of May, 2025.

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 May 1, 2025:

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