

Docket No. 25-057-06
DPU Data Request No. 13.02
Requested by the Division of Public Utilities
Date of EGU Response: July 11, 2025

DPU 13.02: In reference to Exhibit 5.14, Tab “Rate Base”. FERC accounts 378 and 375 (Measuring & Regulation Station Equip) for Utah increased approximately 20% from Jan 2023 to Dec 2024 (\$149,201,951 to \$178,789,970). This item is projected to increase approximately 50% from Dec 2024 to YE 2026.

- (1) Please confirm these percentage increase calculations, or correct if mistaken.
- (2) What is the percentage increase in this category (378, 375 for Utah) for the three-year period of Jan 2020 to Dec 2022?
- (3) What are the factors that make the projected increase from Dec 2024 to YE 2026 substantially higher than that from Jan 2023 to Dec 2024?

Answer: (1) The referenced percentages are correct.

(2) From January 2020 – December 2022, the balance for M&R stations in the 101 account increase 29%, from a beginning balance of \$120,907,857 to a December 2022 balance of \$156,854,795.

(3) The calculated 50% increase includes \$48M related to capital spend from prior periods but not yet moved to the specified 101 account. Prior to 2025, the Company had spent \$24.7 million that had accumulated in the 106 account for completed M&R station projects, and another \$17.5 million accumulated in the 107 account for unfinished M&R station projects. This “bubble” of capital spend from prior periods is accounted for and rolled into the 101 account in the ‘101_106 Projection Tab’ of the model (EGU Exhibit 5.14U), and drives the larger increase seen in the 101 account through December 2026.

Setting aside the prior period capital spend rollover, new capital spend from 2025-2026 adds \$49 million in incremental capital through December 2026, accounting for an increase of 27% over the \$178.8 million December 2024 balance. (\$49M/\$178.8M).

From a capital expenditure standpoint, the Company has invested in several M&R projects over the last two years. A few notable projects include a new gate station on FL144 totaling \$2.66 million, a new high pressure station serving Salt Lake City totaling \$2.33 million, and a new high-pressure station on FL 012-FL 055 serving Salt Lake City totaling \$2.32 million, a \$2.91 million station remodel in Moab, a station remodel off FL013 for \$1.19 million, a \$1.17 million station replacement

and valve replacement in Stansberry, a station replacement on FL 12 totaling \$2.10 million, and a \$1.43 million station replacement on FL 4.

Looking ahead, the Company anticipates elevated capital expenditures for M&R stations compared to past years. Inflationary pressures have increased the overall costs of M&R projects compared to just 5 years ago. This impacts contractor and material costs for each project. Additionally, in response to the Mega Rule requirements of TVC (Traceable, Verifiable, and Correct) records, the Company has identified many stations requiring accelerated replacements/remodels to achieve TVC compliance. Partially because of this, the Company is doing more station projects than it was previously.

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