

Nucor Exhibit 3.1

Docket No. 25-057-06

**Enbridge Responses to Data Requests Referenced
in the Phase II Surrebuttal Testimony of
Lance D. Kaufman, Ph. D. on behalf of
Nucor Steel-Utah, a division of Nucor Corporation**

NUC 3.01: Please refer to DPU Exhibit 6.0 R Phase II at 1:21-22.

- a. The Enbridge Gas Utah Integrated Resource Plan at 16-3 states the design day is “A day with a daily mean temperature of -5 degrees Fahrenheit or lower in the Salt Lake valley.” Given that lower temperatures lead to greater gas use, it seems as though modeling a design day requires a specific temperature rather than a temperature at or below a threshold value. In the IRP, did the company use a specific temperature, or a range of temperatures when determining design day demand? If a specific temperature provide the temperature. If a range of temperatures provide the range of temperatures and explain how these were converted into a single measure of demand.
- b. Please provide the basis for selecting -5 degrees as the temperature threshold for design day in the 2025 IRP.
- c. Is the design day based on the daily mean temperature in Salt Lake valley or Salt Lake City Airport?

Please provide the actual low mean temperature for Salt Lake valley by year from 1945 to present.

- Answer:
- a. The Company sets its design day planning on a single daily mean temperature – that of –5 degrees Fahrenheit – as measured at the Salt Lake City International Airport weather station.
 - b. The design day temperature was derived as a one-in-twenty-year event, meaning the probability of –5 degrees observed as the lowest daily mean temperature of the year has a 5% probability of occurring.
 - c. Please see NUC 3.01 Attachment.xlsx.

Prepared by: David Landward, Regulatory Consultant

NUC 3.09: Please refer to EGU Exhibit 5.0R at 16:335 to 343. Is it EGU's position that rate design changes in rates should never occur when they conflict with the attribute of stability, predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to rate payers and with a sense of historical continuity? If no, when are such changes warranted?

Answer: EGU does not hold the position that rate design changes in rates should never occur when they conflict with the attribute of stability, predictability of rates themselves, with a minimum of unexpected changes seriously adverse to rate payers and with a sense of historical continuity. Instead EGU recognizes changes must be warranted since there are multiple competing guiding principles of rate of design.

Bonbright's principles offered in 5.0R inform and guide the Company's cost allocation and rate design proposals. The Company recognizes that all rate changes may be viewed as disruptive to customers to some degree. These guiding principles help the Company craft proposals that minimize such disruptions. They are not used as prohibitors in cases where departure from historical consistency and predictability is unavoidable. An important example is the formation of the TSL, TSM, and TSS classes that were approved by the Commission and took effect in 2023.

Prepared by: Jessica Ipson, Regulatory Consultant
David Landward, Regulatory Consultant

NUC 3.08: Please refer to EGU Exhibit 5.0R at 15:312-314. Please identify each cost that the company determined could be argued to benefit only certain customers. For each cost, please explain why only certain customers benefit from the cost, provide a method of identifying the customers that benefit, and provide an estimate of the total amount of costs allocated to each rate schedule. If the company declines to identify numerous costs, please provide the basis for the referenced statement.

Answer: There are certain costs that could be argued to benefit only certain customers. For example, the cost to extend a high pressure feederline to serve new residential developments could be viewed as benefiting primarily those new customers in those new developments. However, the Company's approach views its distribution system as an integrated whole and uses the cost allocation factor 60% design day and 40% throughput to spread the high pressure feederline costs systemwide.

Prepared by: Jessica Ipson, Regulatory Consultant

NUC 3.06: Are there economies of scale in the distribution of gas? Please explain.

Answer: Yes, there are economies of scale in the distribution of gas. As customer counts and throughput increase, costs can be spread across a larger base causing the average cost per unit of gas to decrease.

A natural gas distribution company seeks to recover costs incurred to serve its customer base. It is not producing a commodity and selling it at retail value where there may be a competitive incentive to produce at a larger scale to reduce unit cost. Rather, the utility is distributing the commodity that has been procured to meet projected demand and earns its return on the distribution rate base. As the customer base grows, demand and necessary distribution infrastructure grow with it.

At the rate class level, fixed and volumetric charges are set to recover allocated costs. In classes characterized by higher average usage, economies of scale may be evident as higher relative usage distributes costs across higher class volume, yielding lower volumetric rates. However, cost allocation based upon throughput may restrain the extent of the scaled effect; higher throughput will incur greater costs allocated by throughput.

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NUC 3.07: Please refer to EGU Exhibit 5.0R at 15:297-302. Please also refer to Docket No. 22-57-03 DEU Exhibit 4.0 at 5: 105-114.

- a. Did EGU predecessor DEU previously advocate for creating additional subclasses for TS customers? If yes, please explain how the creation of these subclasses was consistent with the principle of average rate making.
- b. Did the creation of subclasses for TS customers cause some TS customers to experience reduced rates?

Answer: a. For many years, the Transportation Service (TS) class did not pay full cost rates. The issue became more pronounced as the TS class grew in size, resulting in firm sales service classes subsidizing TS rates. On February 25, 2020, the Utah Public Service Commission issued a Report and Order in Docket No. 19-057-02, stating: “We also find that a separate proceeding following our final order on the rates in this case is an appropriate and reasonable means to evaluate the TS class composition and other cost allocation issues associated with rate classes. It will provide adequate time for study before [Dominion Energy Utah] files its next [general rate case]. Accordingly, we will establish an investigatory proceeding in a new docket shortly after the reconsideration period for this order concludes.”

Docket No. 20-057-11 was opened to allow the Company to collaborate with stakeholders to study these issues and develop a proposal for the 2022 General Rate Case.

- b. Yes, some TS customers saw rate reductions, while others experienced increases.

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