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Initial Comments

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
Ryan Daigle, Utility Technical Consultant

Date: September 19, 2025

Re: **Docket No. 25-057-13, Enbridge Gas Utah's** Adjustment in Rates and Charges to the 191 Pass-Through
Docket No. 25-057-15, Enbridge Gas Utah's Amortization of the Conservation Enabling Tariff
Docket No. 25-057-16, Enbridge Gas Utah's Application for an Adjustment to the Daily Transportation Imbalance Charge

Recommendation (Approve)

After a preliminary review of the applications, the Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve, on an interim basis, Enbridge Gas Utah's (Enbridge or Company) requested rate changes in Docket Nos. 25-057-13 and 25-057-16. The Division finds applying these interim rates to be just, reasonable, and in the public interest. The Division also concludes the requested rates in Docket No. 25-057-15 are just, reasonable, and in the public interest and recommends the Commission approve the requested rates as final rates, as they do not require interim rate approval. In addition to the dockets addressed in this memo, Enbridge simultaneously filed four additional applications, Docket No(s). 25-057-14 (Infrastructure Rate Adjustment), 25-057-17 (Low-Income/Energy Assistance Rate), 25-057-18 (Energy Efficiency Deferred Account Balance), and 25-057-19 (Sustainable Transportation Energy Plan Rate). The Division supports the Company's requested effective date of October 1, 2025, for all applications filed on August 29, 2025.

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Issue

On August 29, 2025, Enbridge filed seven applications with the Commission. On September 5, 2025, the Commission held a scheduling conference and established September 19, 2025, as the date for the Division and other parties to file comments. This memo represents the Division's initial comments for Docket Nos. 25-057-13, 25-057-15, and 25-057-16.

Docket No. 25-057-13 – 191 Pass Through

Enbridge's 191 Pass-Through filing is a request for Commission approval for an increase of $22,062,495[1] to the Utah natural gas rates. As stated in the Company's application, the driving force behind this increase is the removal of the supplier non-gas (SNG) credit amortization and a reduction in the commodity credit amortization rate.[2] If the Commission approves the proposed rate, a typical GS customer using 70 dekatherms (Dth) per year will see an increase in their total annual bill of approximately $11.95 or 1.86%.[3] The information in Table 1 provides the change based on the proposed rates to a customer's bill if they use 50-150 Dths per year. The change per month is calculated using the total change divided by 12 months rather than the actual expected change in each individual month, as winter months would be significantly different than summer months in terms of natural gas usage.

Table 1

Customer Bill Change (Based on Dth usage)			
Annual Dth	Increase ($)	Percentage	per/mon.
50	$ 16.94	3.52%	$ 1.41
60	$ 20.33	3.62%	$ 1.69
70	$ 23.72	3.69%	$ 1.98
80	$ 27.11	3.75%	$ 2.26
90	$ 30.50	3.80%	$ 2.54
100	$ 33.88	3.84%	$ 2.82
110	$ 37.27	3.87%	$ 3.11

[1] Pass-Through Application, Paragraph 1.
[2] Pass-Through Application, Paragraph 1.
[3] Pass-Through Application, Paragraph 1.

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120	$ 40.66	3.90%	$ 3.39
130	$ 44.05	3.92%	$ 3.67
140	$ 47.44	3.94%	$ 3.95
150	$ 50.83	3.96%	$ 4.24

LNG Facility

In this application, Enbridge states that it plans to fill the LNG storage tank during the test period, at an estimated total cost of $2,182,131[4] with a storage adjustment of $542,577 as a credit[5] for the timing difference between when LNG is injected into and subsequently withdrawn from the LNG storage tank. Utah customers pay for the gas as it is withdrawn or used on the system but also pay a return on the value of the gas held in storage. The return on working storage gas balances is estimated to be $387,388[6] and is calculated based on the estimated amount held in the LNG facility each month. If the tank is not filled or withdrawn as currently projected, the actual cost will vary and will be trued up as part of the 191 balancing account.

The LNG Facility requires a significant amount of electricity to cool and liquefy the natural gas. The cost of electricity needed to run the LNG facility is based on the volume of dekatherms liquefied and injected into storage. For the test year, electricity costs at the LNG plant are estimated to be $901,941 and are included in the Supplier Non-Gas (SNG) cost of this application.[7] These costs will reflect the lower electrical demand due to the plant filling up during the previous period rather than the currently forecast period. The Commission approved the LNG electricity cost in a previous 191 Pass-Through application.[8]

[4] Exhibit 1.2, Page 6, Column B, Line 1.
[5] Exhibit 1.2, Page 6, Column B, Line 4.
[6] Exhibit 1.2, Page 6, Column D, Line 18.
[7] Exhibit 1.4, Page 2, Column F, Line 14.
[8] Order in Docket No. 22-057-08

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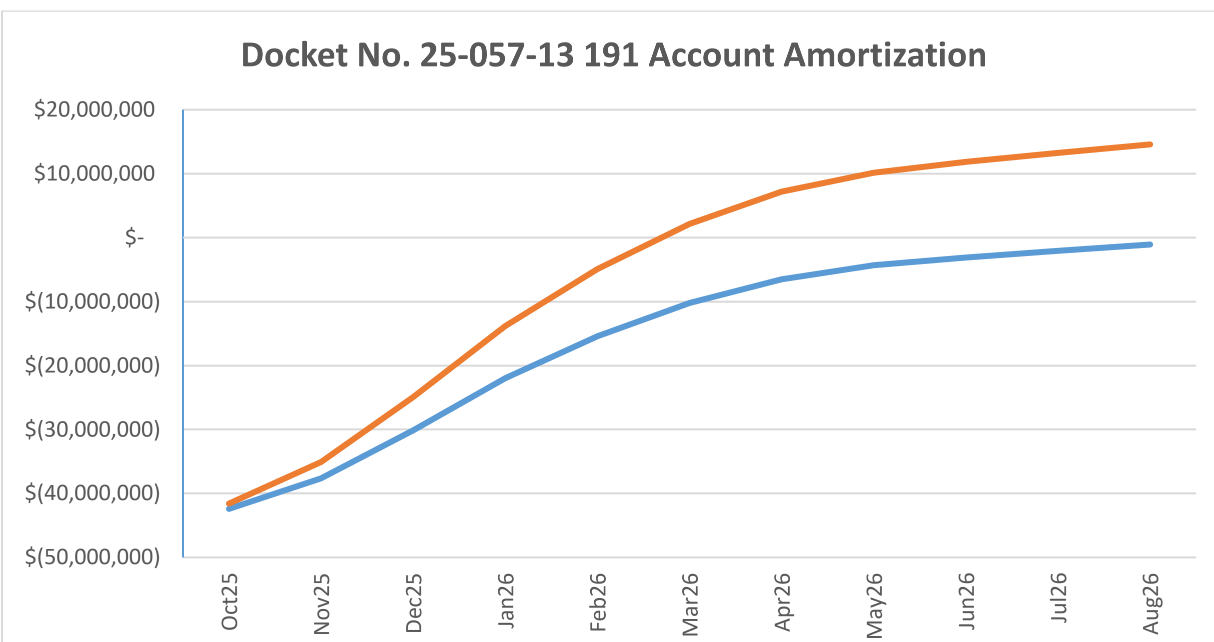
Rate Details

As a recap of the 191 Account balance changes through the last several filings, in December of 2022, the under-collected amount increased to approximately $225 million and by February 28, 2023, the under-collected balance reached its highest level of $539 million. By November 2023, the 191 Account was reduced to $313 million under-collected. In a filing earlier this year in Docket No. 25-057-01, the balance remained over-collected at approximately $60 million. Although the balance in the 191 Account has decreased from the previous filing to approximately $44.7 million, it is still significantly over-collected and should be refunded to customers as soon as possible. The 191 Account has been over-collected since approximately May of 2024. The Division anticipates that if certain milestones are not met as laid out in the projected payback period as forecast in Chart 1 the Division will request an updated filing to facilitate a more rapid payback of the existing over-collected amount. Enbridge proposes a change to the commodity amortization rate from the previously approved amount of $0.49090 to $0.36130 per Dth, which is an approximate 26.4% decrease to the credit amortization rate. The 12-month amortization of the 191 account is provided in Chart 1 provided below.

Chart 1



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The Utah gas costs in the previous filing, Docket No. 25-057-01, were $654,242,827[9] with a forecast test year ending January 31, 2026. The current filing is based on projected Utah gas costs of $655,492,765 for the forecast test year ending September 30, 2026.[10] The proposed rate would decrease the base gas cost from $4.60945 to $4.53506.[11] While the total gas cost is lower in this filing, the combination of the base gas cost and the reduction in the credit amortization of the over-collected balance results in an increase from the current rate from $4.11855 to $4.17376.

RIN Proceeds from CNG

Natural Gas Vehicle (NGV) customers Renewable Identification Numbers (RIN) proceeds were generated through renewable natural gas (RNG) sales at the Company's compressed natural gas (CNG) stations. In Enbridge's application, the RIN proceeds of approximately $117,954 are expected to be amortized by October 1, 2025, with an amount of $120,437 remaining to be amortized. New RIN proceeds from December 2024 through July 2025 total $124,536, and when accounting for the amount remaining to be amortized during the test period, equates to $244,973.[12]

Supplier Non-Gas Costs (SNG)

SNG costs are set by contractual transportation and storage agreements and tariffs. Historically, SNG costs have been relatively stable and predictable, which is unlike the volatility that exists in the market price of natural gas. These costs are associated with transporting market purchased and Wexpro gas from market hubs to city gates and storing the gas in available facilities for later withdrawal during the winter months. While the contract amounts are relatively stable, the estimation and collection of these costs occur through volumetric rates, which are set assuming normal weather conditions. Variations in the actual volumetric sales due to changing weather conditions will impact the collection of these costs and will result in over or under-collection of SNG costs.

[9] Docket No. 25-057-01, Exhibit 1.1, Page 2, Column E, Line 21.
[10] Exhibit 1.1, Page 2, Column E, Line 21.
[11] Exhibit 1.05, Page 1, line 8.
[12] Exhibit 1.05, Page 1, Footnote 4.

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The Commission approved changes to the SNG cost allocation in Docket No. 19-057-T01. With these changes, the Company now estimates that the SNG balance will swing between $14.0 million under-collected and $14.0 million over-collected. The process of under- and over-collection during the year is intended to minimize the amount of interest paid or collected by the Company on the SNG costs included in the 191 balances. The Company is projecting total SNG costs of $94,278,494 for the test year.[13] As this rate was not considered during the previous filing and was submitted "…earlier than usual…,"[14] the Company is requesting to reset the SNG credit amortization rate to $0.0000 to bring the SNG balance to within the preferred under/over-collected range.

Gas Supply

For the test year, October 1, 2025, through September 30, 2026, the Company is projecting a total system requirement of 129,642,444 Dths.[15] Of the total requirement, 127,303,684 Dths[16] will be used to meet the projected sales requirement. Approximately 42.4%[17] of the annual gas requirement will be satisfied with the Wexpro cost-of-service production, 30.0%[18] will be satisfied under current purchase contracts, and 27.6%[19] will be purchased through future contracts and spot market transactions. The total expected natural gas cost for the test year is $674,183,115.[20]

The cost-of-service gas from all Wexpro production is projected to cost $251,580,261 at an average cost of $4.58 per Dth.[21] The price for cost-of-service gas from Wexpro has been relatively stable but fluctuates somewhat for various reasons, including royalties and similar provisions related to market prices. The cost-of-service production is reported separately as

[13] Exhibit 1.5, page 2, Column D, Line 1.
[14] Pass-Through Application, Paragraph 20.b.

[15] Exhibit 1.2, Page 3, Column C, Line 20 + Page 4, Column C, Line 6.
[16] Exhibit 1.5, Page 1, Column E, Line 7.
[17] Exhibit 1.2, Page 3, Column C, Line 20 / Exhibit 1.2, Page 3, Column C, Line 20 + Page 4, Column C, Line 6.
[18] Exhibit 1.2, Page 4, Column C, Line 3 / Exhibit 1.2, Page 3, Column C, Line 20 + Page 4, Column C, Line 6.
[19] Exhibit 1.2, Page 4, Column C, Line 4 + Exhibit 1.2, Page 4, Column C, Line 5 / Exhibit 1.2, Page 3, Column C, Line 20 + Page 4, Column C, Line 6.
[20] Exhibit 1.1, Page 2, Column C, Line 21.
[21] Exhibit 1.2, Page 3, Column D, Line 20.

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Wexpro I and Wexpro II. The separation of the cost allows the Company and the Division to monitor and compare the total cost and production volume under the separate agreements. Wexpro I production has a projected cost of $154,870,838 for 36,132,880 Dths, which represents approximately 65.7% of the total cost-of-service production, at an average cost of $4.29 per Dth.[22] Wexpro II production has a projected cost of $96,709,423[23] for 18,838,150 Dths, at an average cost of $5.13 per Dth[24] including gathering, and represents approximately 34.3% of total production. The cost-of-service gas production includes the operator service fee (OSF) of $243,588,745[25] payable to Wexpro, which is up from the previous filing's $222,151,071.[26] As part of its audit and review of the 191 Account, the Division is reviewing the calculations and costs associated with the OSF in this filing as well as previous pass-through filings.

Forecast Natural Gas Prices

The market price forecast anticipates an average natural gas price of [redacted] per Dth during the summer months and [redacted] per Dth in the winter months and is based on an average of future price projections from two different forecasting entities, Platts NYMEX Forward Curve and S&P Global Platts. The two price forecasts along with the average of the two are provided in Chart 2 below. The two forecasts typically have more variation during the winter heating season and trend closer during the shoulder months and during the summer.

[22] Exhibit 1.2, Page 3, Column D, Line 8.
[23] Exhibit 1.2, Page 3, Column B, Line 13.
[24] Exhibit 1.2, Page 3, Column D, Line 13.
[25] Exhibit 1.2, Page 1, Line 12.
[26] Docket No. 25-057-01, Exhibit 1.2, Page 1, Line 12.

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Chart 2-CONFIDENTIAL

[redacted]

Chart 3 provides a comparison of local market price to the forecasted pricing averages from the historically used IHS Markit and S&P Global Platts, along with the Platts NYMEX Forward Curve data. The dashed line is the historical first-of-month (FOM) natural gas spot price for the Opal, Wyoming market. The solid lines are the forecast averages of market prices from the current filing and previous filings. It is important to show the recent volatility in the market to provide a comparison of the forecast prices and actual FOM prices as these have a dramatic effect on the 191 Account balance.

Chart 3-CONFIDENTIAL

[redacted]

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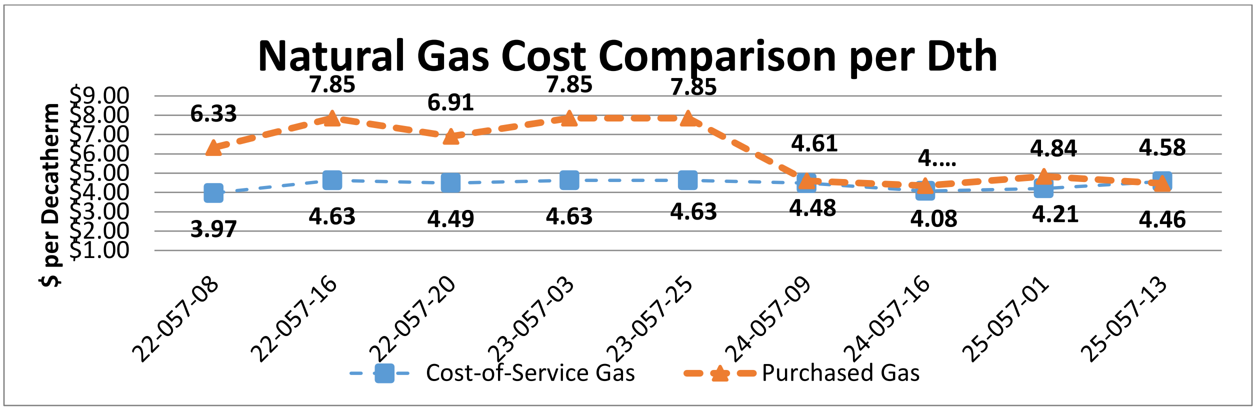
Comparison to the Previous Filing

The Company's application provides a forecast of anticipated costs and revenue for the test year in Exhibit 1.2. A comparison between the projected natural gas costs of the current filing and previous filings is provided below in Chart 4. After a period of elevated market purchases, the costs continue trending towards historical norms as was the case in the previous filing.

Chart 4



Docket No. 25-057-15 – Conservation Enabling Tariff (CET)

The CET filing is a request to amortize the August 2024 over-collected 191.9 Account balance of $8,421,844.[27] Although the current balance is significantly lower than previous filings, the balance continues to be a significant over-collection, which should be returned to customers as quickly as possible. The previous filing requested to amortize the $22,638,516 over-collected balance.[28] If approved, a typical GS residential customer will see an annual increase of $9.17 or 1.43%.[29]

[27] Conservation Enabling Tariff Application, Paragraph 4.
[28] Conservation Enabling Tariff Application, Paragraph 4.
[29] Conservation Enabling Tariff Application, Paragraph 1

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Background

The CET was originally authorized as a pilot program in 2006[30] and was approved as a permanent program in 2010.[31] The CET is a mechanism designed to ensure the Company collects from GS customers only the Commission-authorized revenue per customer. Tariff §2.08 sets forth procedures for recovering the allowed distribution non-gas (DNG) revenue per customer by means of periodic adjustments to rates. The rate change in this docket affects only the CET component of the distribution non-gas (DNG) rates of the GS rate class.

Discussion

As noted above, the CET is over-collected by $8,421,844. The CET Account has now been over-collected for a record 34 months, which is the longest duration the account has remained over-collected. Based on discussions with the Company, variability in actual usage by customers that diverges from the estimated test year forecast will lead to over- or under-collection. The Weather Normalization mechanism also has limitations when the actual weather conditions trend higher or lower than the forecast test year values. Temperature swings and usage variability can lead to large swings in over/under-collection. The consistent over-collection is likely due to a combination of the rate change from the last General Rate Case (GRC), which became effective in January 2023, and inconsistencies between the Company's estimation of expected customer usage and the actual usage. Even though the proposed rate adjustment represents an annual increase of $9.17 (or 1.43%), the amortization rate remains a credit rather than a debit. There has been testimony filed with the Commission in the current GRC (Docket No. 25-057-06) regarding suggested guidelines for the CET, and while not part of this proceeding, will certainly have an impact on these rates as the Revenue Requirement ordered in that case will alter the amount the Company is allowed to collect through the CET. The Division finds the proposed amortization rate to be just, reasonable, and in the public interest. Chart 5 below provides the forecast for repayment of the currently over-collected CET Account.

[30] Docket No. 05-057-T01, Order Approving Settlement, October 5, 2006, page 15.
[31] Docket No. 09-057-16. Report and Order, June 3, 2010, page 22.

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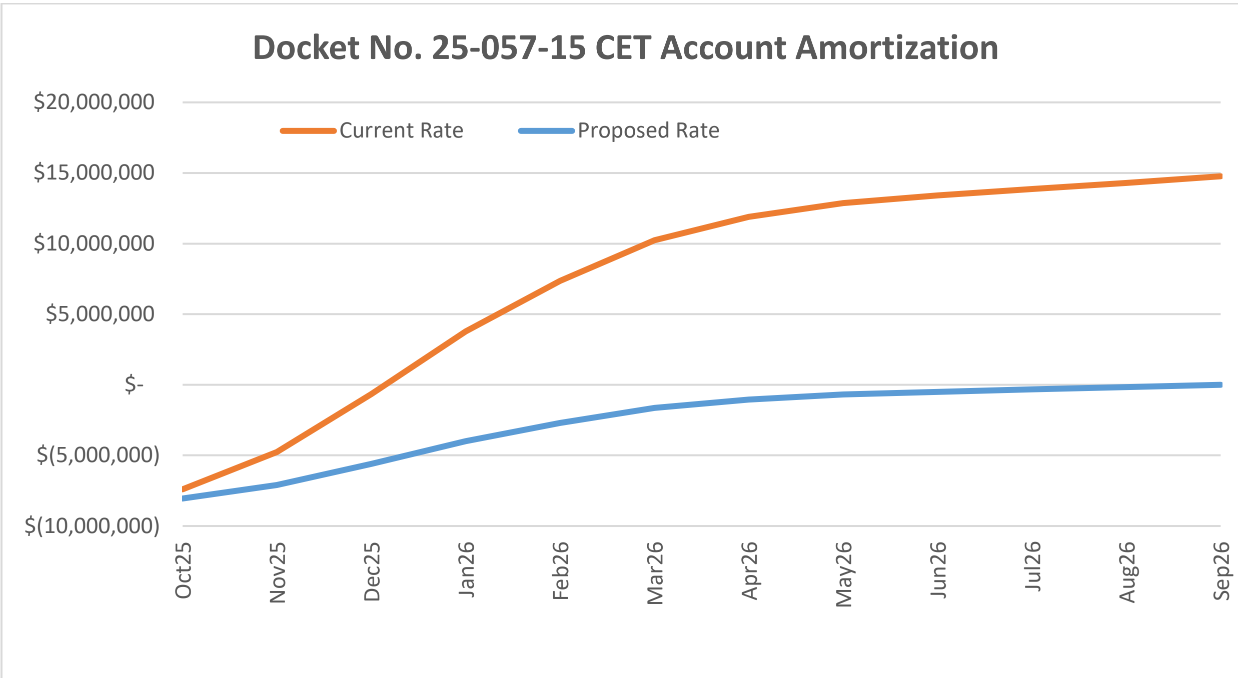
Chart 5



Docket No. 25-057-16 Transportation Imbalance Charge

Enbridge's Daily Transportation Imbalance Charge (TIC) filing is a request to adjust the imbalance charge calculation approved in Docket No. 14-057-31. The TIC began in February 2016 and is recalculated as part of each 191 Pass-Through filing. The revised calculation is based on updated volumes through July 31, 2025. The Company's application requests an approximate 1.9% increase to the daily TIC from the rate approved in the previous filing, Docket No. 24-057-26.[32] During the twelve months ending July 31, 2025, transportation customers paid approximately $820,000[33] in imbalance charges, which were credited to GS customers through the 191 Account.

In Docket No. 14-057-31, the Commission approved a supplier non-gas (SNG) rate for transportation customers for daily nomination imbalance volumes that were outside of a ±5% daily tolerance threshold. This rate applies to transportation customers that were

[32] Submission of Corrected EGU Exhibits 1.1C through 1.5C, Paragraph 4.
[33] Calculated from EGU monthly reporting

Redacted

taking service under MT, TS, and FT-1 rate schedules, and any amount collected under this rate is credited to GS customers through the 191 Account. The rate is intended to charge transportation customers for SNG services when used and was implemented in part to improve the daily accuracy of the gas nomination process. The Company imposes this charge only on customer nominations outside of the tolerance limit. This is the first filing of the TIC, but the second review of the TIC in 2025. As specified by Commission order, this rate is to be reviewed with each Pass-Through filing and the next GRC. The information requested by the Division in Docket No. 24-057-08 and subsequently required by Commission order, was provided in the current filing. However, the usability and accuracy of the filing were deficient. The Company provided the Division a corrected exhibit on September 8, 2025, and filed the corrected exhibits with the Commission on September 11, 2025. As the review period for the Pass-Through filings becomes more condensed due to erroneous exhibits, it creates a chokepoint for the Division in adequately reviewing the filings in their entirety. The Division would like to see accurate filings to afford the required time to review these Applications.

The proposed new rate of $0.07783 per Dth is an approximately 1.9% increase from the current rate of $0.07641per Dth and is calculated based on the historical imbalance volumes for the previous 12 months ended July 31, 2025.[34] The Division continues to review Exhibit 1.1, which includes the daily nomination and imbalance information for all transportation customers during this period and includes 477,052 lines of information.

On any given day, the gas nominations of several individual customers fall outside the acceptable range. Some customer nominations may bring more gas to the system than their actual usage while others may bring less gas than the amount they actually use. There is also a large variation in the size of customers using the transportation rate schedule. In response to previous data requests, the Company has provided additional information to include the marketing agents for each contract number. In reviewing the information from Exhibit 1.1 in the current as well as previous filings, the Division notes the following:

[34] Corrected Redacted EGU Exhibit 1.1C, Cell X33

Redacted

1. The [redacted] largest contracts utilize approximately [redacted] of the total transportation volume but account for only [redacted] of the imbalance charges. Most of the agents for the large-use customers continue to be more accurate with the daily nomination process and could potentially have the most impact on the distribution system if their nominations were not accurate.
2. The large-use customers represent the majority of the total usage with [redacted] of the largest contracts utilizing [redacted] of the total volume. These customers were more accurate in their nominations and account for approximately [redacted] of the total imbalance charges.

The remaining customers represent only [redacted] of the total TS volume but represent approximately [redacted] of the total customer contracts. These small-use customers will have a lesser impact on the distribution system if their nominations are not as accurate as their usage.

Conclusion

On August 29, 2025, Enbridge filed seven applications with the Commission and requested an effective date of October 1, 2025, for all of the filings. Based on calculations provided by the Company, the net impact to a typical GS customer using 70 Dths per year, if all applications are approved, is an increase of approximately $23.72 or 3.69%. The Division will continue to monitor the TIC and its efficacy in shifting nomination behavior and has addressed the findings in the current GRC. As stated, if the 191 or CET accounts fail to reach the milestones provided by the account balance forecasts (in Charts 1 & 5), the Division will request a filing to expedite the payback of the over-collected amount to customers.

There were several discrepancies that should be addressed in these filings. There were errors within the exhibits for the TIC filing which required correction prior to review. In the application in Docket No. 25-057-13, the Division noticed that the term “decrease” is used in item 1 on page 11, but after verification with the Company this is meant to say “increase.” Going forward the Division holds that it is necessary to have accurate filings to avoid impeding the Division’s ability to have an adequate review of these filings.

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In conclusion, the Division has reviewed the applications and recommends the Commission approve the proposed rates on an interim basis for Dockets 25-057-13 and 25-057-16. As Docket 25-057-15 does not require interim rate approval, the Division recommends those rates to be approved as final rates. The Division recommends the Commission approve the applications with an effective date of October 1, 2025. The proposed changes result in just and reasonable rates for Utah customers and are in the public interest.

cc: Austin C. Summers, Enbridge Gas Utah
Michele Beck, Office of Consumer Services