Initial Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Savannah Torman, Utility Analyst

Date: September 19, 2025

Re: **Docket No. 25-057-18,** Application of Enbridge Gas Utah to Amortize the Energy Efficiency Deferred Account Balance

Recommendation (Approval With Conditions)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve the Application to Amortize the Energy Efficiency (EE) Deferred Account Balance on an interim basis, as filed, provided the Company meets updated filing conditions for future filings. Enbridge Gas Utah (Enbridge or Company) requested an effective date of October 1, 2025. The Division will further review, audit, and make final recommendations at a later date.

Issue

On August 29, 2025, Enbridge filed its application seeking Commission approval to amortize the under-collected EE deferred account balance. On August 29, 2025, the Commission issued its Action Request to the Division, requesting it review the application and make recommendations by September 29, 2025. On September 2, 2025, the Commission issued a Notice of Virtual Consolidated Scheduling Conference for September 5, 2025. On September 8, 2025, the Commission issued a consolidated scheduling order for the following six dockets: Docket Nos. 25-057-13, 14, 15, 16, 17, and 19. The scheduling order requested that initial comments be filed with the Commission by September 19, 2025, with reply comments due by September 23, 2025, and a virtual hearing scheduled for September 24, 2025. This memorandum represents the Division's Action Request Response.

Application Description

The Company submitted its Application to Amortize the EE Deferred Account Balance with the following eight exhibits:

- EGU Exhibit 1.1 provides a summary of the accounting entries for the EE deferred expenses from August 2024 to July 2025.

- EGU Exhibit 1.2 provides a summary of deferred EE-related expenditures by program (page 1) and expenditure type (page 2) from August 2024 to July 2025. According to the Exhibit, the positive balance of $3,655,549 signifies that ratepayers are underpaying.

- EGU Exhibit 1.3, Page 1, is a graphical representation of the actual and projected EE balance from December 2024 through September 2026. The graph shows a comparison of the account balance if the amortization rate remains at $0.24543, versus if the rate is changed to the proposed amount of $0.27321. The tab entitled Page 1 Backup of the same exhibit provides the qualitative values that are represented in the graph. At the end of the test year, September 2026, the account will be under-collected by $7,636,861 if the amortization rate remains unchanged. If the rate is changed, the account balance will be under-collected by $4,151,381.

- EGU Exhibit 1.3, Page 2, provides the projected EE account balance with information regarding: actual June 2025 and July 2025 expenditures, the forecasted budgeted expenditures for August 2025 to December 2026, and actual/projected Dekatherms (Dth) volumes for June 2025 to December 2026.

- EGU Exhibit 1.4 presents the red-lined legislative tariff sheets if the rate is approved.

- EGU Exhibit 1.5 presents the proposed tariff if the rate is approved.

- EGU Exhibit 1.6 demonstrates the financial impact of the proposed rate on typical residential customers using 70 Dth a year. The expected impact on customers' annual bills is an increase of $1.93 annually, or 0.30%, if the rate is approved.

- EGU Exhibit 1.7 is the red-lined Combined GS Rate Schedule tariff sheets that would be effective if all seven applications are approved.

- EGU Exhibit 1.8 is the final Proposed GS Rate Schedule tariff sheets that would be effective if all seven applications are approved.

In addition to this EE Application, Enbridge concurrently filed the following dockets:

- Pass-Through Application of Enbridge for an Adjustment in Rates and Charges for Natural Gas Service in Utah in Docket No. 25-057-13;
- Application of Enbridge to Change the Infrastructure Rate Adjustment (Tracker) in Docket No. 25-057-14;
- Application of Enbridge to Amortize the Conservation Enabling Tariff (CET) Balancing Account amortization rate in Docket No. 25-057-15;
- Application of Enbridge for an Adjustment in the Daily Transportation Imbalance Charge (TIC) in Docket No. 25-057-16;
- Application of Enbridge to Adjust the Low Income/Energy Assistance Rate in Docket No. 25-057-17;
- Application of Enbridge to Remove the Sustainable Transportation Energy Plan (STEP) in Docket No. 25-057-19.

The Division's response to the other dockets will be provided in separate memos.

Discussion

The current account balance as of August 1, 2025 is $3,655,549 and the 2026 forecasted expense budget is $30,880,000, bringing the projected account balance to $34,535,549 by the end of December 2026, excluding interest expense. The Company calculates that if the amortization rate remains at $0.24543, it will collect $29,811,623. If the proposed amortization rate of $0.27321 is used, the Company will collect $33,186,156, and the net interest expense will be $0 between October 2025 and September 2026. The proposed amortization rate aims to correct the current and projected under-collections in the EE account. If the Company's forecast responds as expected, the EE balance at the end of 2026 will not be $0, but it will be within an acceptable range to limit interest expense.

Effect on a Typical GS Customer

If the proposed increase to the amortization rate is approved by the Commission, a typical GS rate class customer using 70 Dth per year will see an increase in their annual bill of $1.93, or 0.30%. This increase also occurs in the context of additional rate changes in the other applications filed by the Company (Docket Nos. 25-057-13, 14, 15, 16, 17, and 19).

Upon examination of this Application and others, the Division noted that the Company did not provide information on the cumulative impact these applications would have on customers' annual bills if all applications are approved by the Commission. This information is useful for understanding the comprehensive financial impact on customers, because the Company has historically submitted these Applications together, resulting in multiple rate changes at once.

Conclusion

The Division recommends the Commission approve this application on an interim basis, with the expectation that the Company should provide information regarding the cumulative financial impact of simultaneous rate changes in future filings. The proposed changes in this Docket are in the public interest and represent just and reasonable rates for Utah customers. The Division reviewed the tariff sheets provided and recommends the

Commission approve them on an interim basis, pending its audit, review, and final recommendations.

cc: Kelly Mendenhall, Enbridge Gas of Utah
Travis Willey, Enbridge Gas of Utah
Michele Beck, Office of Consumer Services