

Fairfield Expansion
Technical Conference
Docket No. 25-057-20

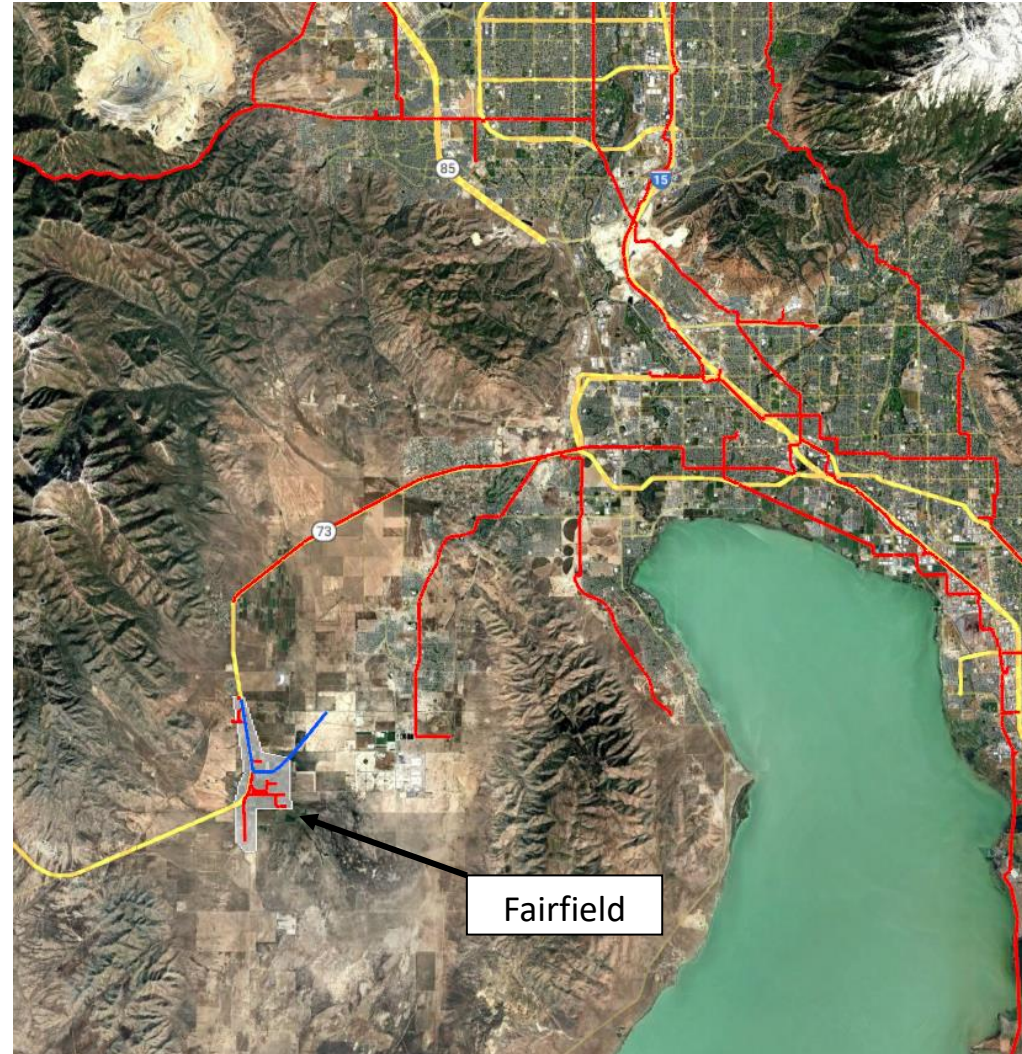
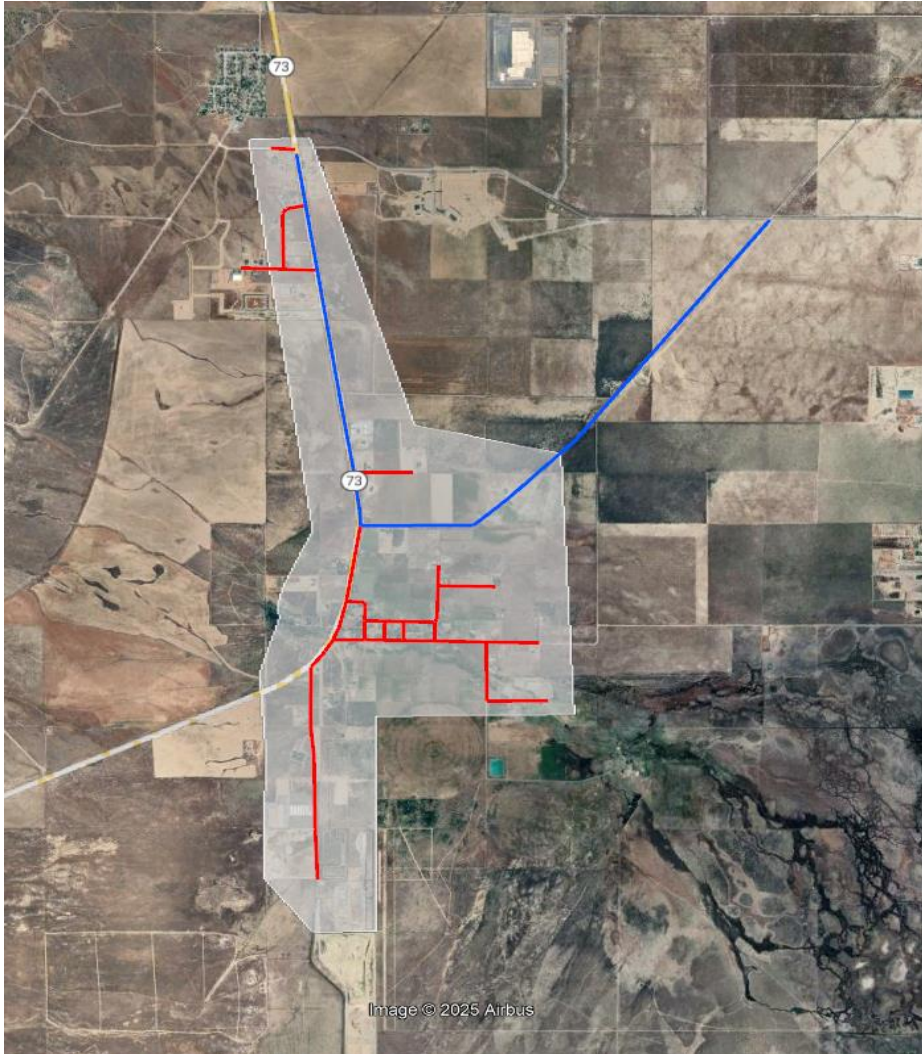


Scope



- 87 Potential customers
 - Counted by service lines going to structures
- 68,783 feet of IHP pipe
 - (27,700 ft of 8", 5620 ft of 6", 14,080 ft of 4" and 21,383 ft of 2")
- 21,861 feet of service line

Geography






Customer Interest

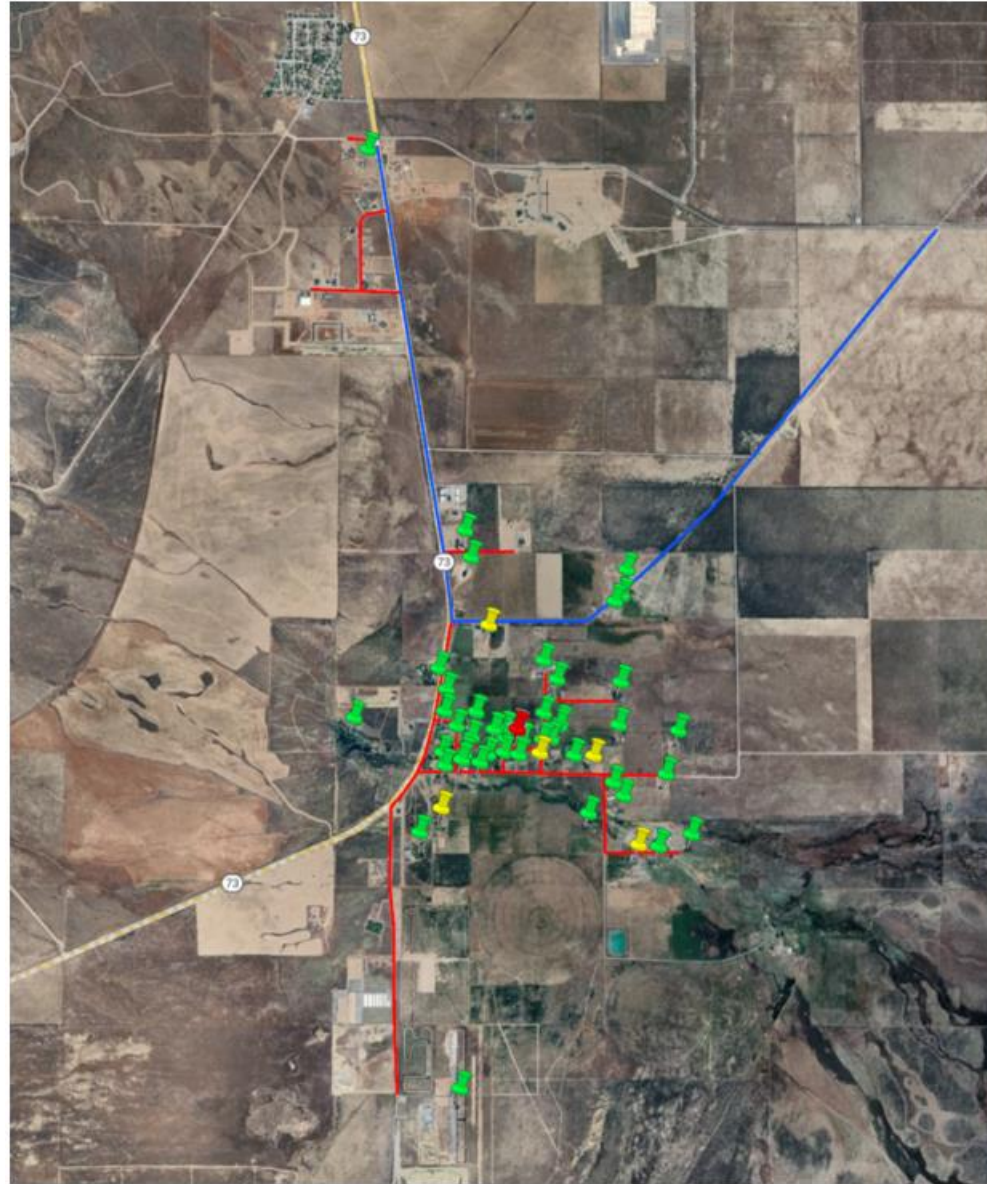
- Web page on Enbridgegas.com
- <https://www.enbridgegas.com/about-enbridge-gas/projects/utah-rural-expansion>
- Open House on June 9, 2025
- Surveys
- Door hanger
- Mayor outreach



Survey Responses

Are you interested in receiving natural gas service?

-  57 “Yes” Responses
-  4 “Unsure” Responses
-  1 “No” Responses



Spending Caps



- DNG from most recent general rate case = \$481,158,558
- 2% of DNG = \$9,623,171
- 5% of DNG = \$24,057,928
- Used tracker model to add investment

Total Net Investment
Less: Amount currently in rates
Replacement Infrastructure in Tracker
Less: Accumulated Depreciation
Accumulated Deferred Income Tax
Net Rate Base
Current Commission-Allowed Pre-Tax Rate of Return
Allowed Pre-Tax Return (Line 6 x Line 7)
Plus: Net Depreciation Expense
Net Taxes Other Than Income (1.2% x Line 6)
Total Revenue Requirement

2% cap	5% cap
Mains Revenue Requirement	Mains Revenue Requirement
\$88,659,061	\$221,647,658
\$0	\$0
\$88,659,061	\$221,647,658
(\$1,140,747)	(\$2,851,867)
(5,613,024)	(14,032,560)
\$81,905,291	\$204,763,232
8.46%	8.46%
\$6,929,188	\$17,322,969
\$1,711,120	\$4,277,800
\$982,863	\$2,457,159
\$9,623,171	\$24,057,928

Increase in revenue requirement in 3-year and cumulative windows (See EGU Exhibits 1.11 and 1.12)

\$6.6 Million

\$14.7 Million

Combined revenue requirement in 3-year and cumulative windows (See EGU Exhibits 1.13 and 1.14)

\$9.3 Million

\$17.5 Million

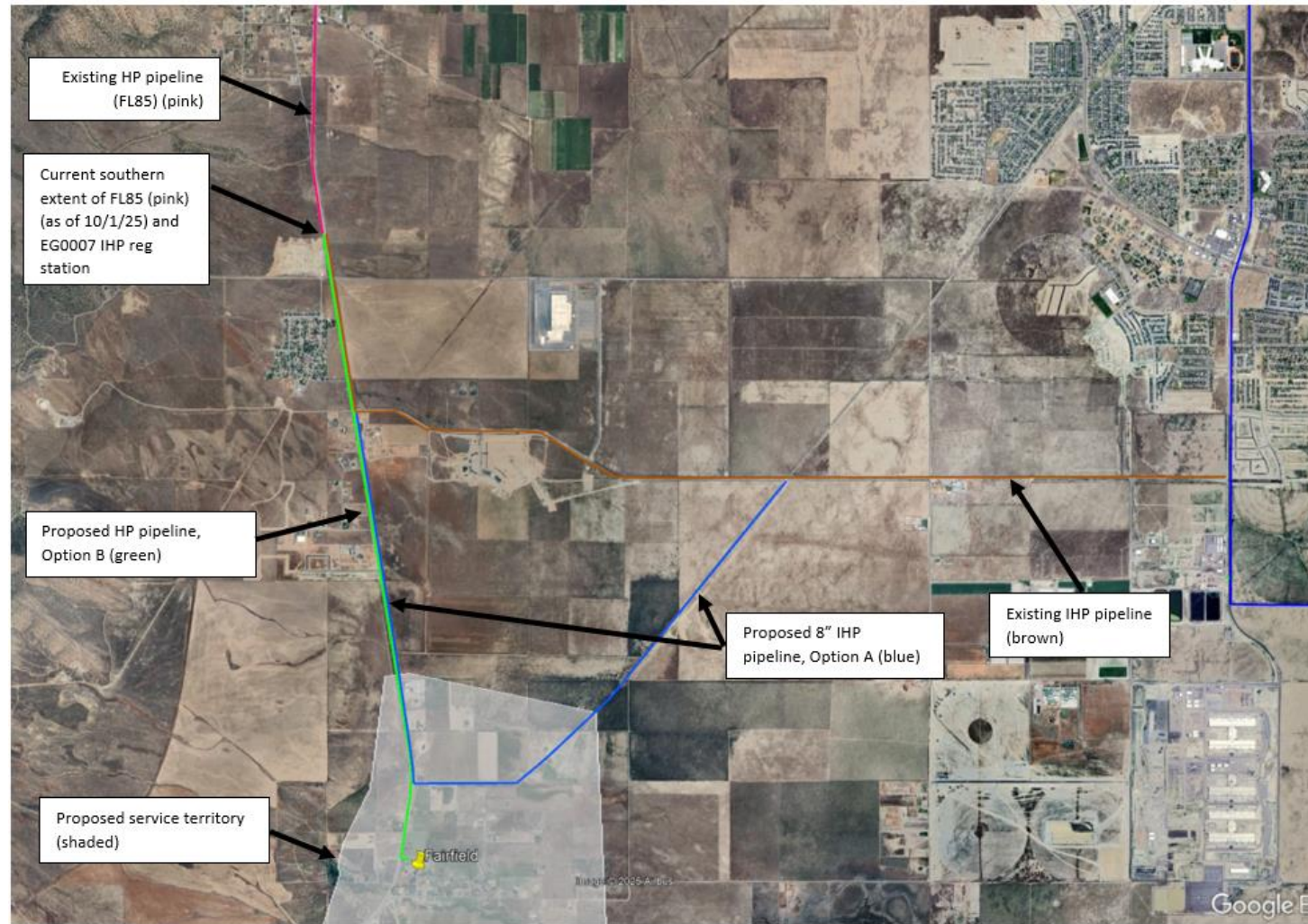
Q1. Pipe Size



- The 8" plastic mains proposed in option A would be able to deliver approximately 330 mcfh to the Fairfield community.
- 2" pipe could serve existing load but would leave no room for growth
- 2" vs 8" Cost Difference: \$1,080,300
 - > Based on \$39/ft and 27,700 ft
- 4" vs 8": Cost Difference: \$844,850
 - > Based on \$30/ft and 27,700 ft

1. Exhibit 2.05 states that the proposed project is sized for growth. Please specify the growth that is planned for the project.
 - a. Would a 2" line be adequate to serve the existing load?
 - b. Please provide the cost differential between a 2" primary feed line and the one proposed in the application

Q2. System Map



2. Please provide updated system maps from Exhibit 2.06 specifically showing:

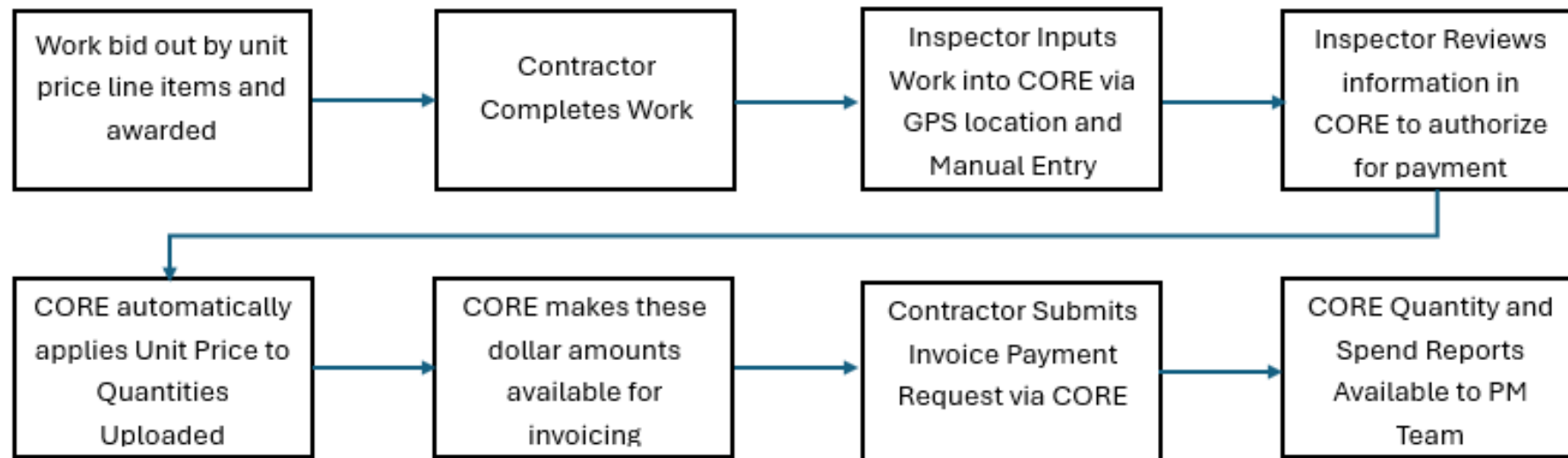
- The existing pipe as of 10/1/2025
- The anticipated schedule of the project until 3/2026
- The proposed expansion planned in the area after Order is issued

Q3. Project Costs

- All internal labor, materials, administrative overheads, contractor costs and other related expenses are recorded against unique project numbers created for:
 - > IHP mains
 - > IHP services
- If the project comes in under budget, then the funds will be spent on other capital projects at the discretion of Engineering and Operations management.

3. Please demonstrate how the hours and other expenses are tracked internally.
 - a. If the project comes in under budget, please explain what happens to the excess funds.
 - b. How are the contractor costs calculated and tracked and reviewed?

IHP Cost Tracking Workflow



- Core is the software system used to track IHP Costs
3. Please demonstrate how the hours and other expenses are tracked internally.
- a. If the project comes in under budget, please explain what happens to the excess funds.
 - b. How are the contractor costs calculated and tracked and reviewed?

Q4. Unique Challenges



- Environmental concerns with soil contamination

4. Is there anything unique or challenging regarding this project? Namely: permitting, easements, and/or environmental concerns that could affect the cost? If so, please specify.

Q5. Project Update

Project	Potential Customers	Services Installed As of 10/1/2025	Meters Installed As of 10/1/2025
Eureka 19-057-31	360	289	263
Goshen/Elberta 21-057-06	379	327	283
Green River 21-057-12	483	326	224
Genola 23-057-13	507	330	167
Portage 24-057-13	107	44	5

5. Please provide current numbers for this table

Q6. Capacity Differences



- Option A
 - > IHP solution with 8" plastic
 - Supply approximately 330 mcfh

- Option B
 - > HP pipeline with 2x2 IHP regulator station
 - Supply approximately 460 mcfh

6. What are the capacity differences between option A and option B?

Q7. New Development

- EGU has not corresponded with any developer.
- Company proposed system was not sized to serve this potential new load, however it would have the capacity to do so.

7. Exhibit 4.0 states “One of the biggest developers in Eagle Mountain has expressed interest in building new homes in the area and has purchased over 1,300 acres for residential development”, Please provide copies of all correspondence, including meeting notes, EGU has had with this developer?

Q8. Difference in Utah Code

EGU Exhibit 1.02

Statute/Regulation Reference	Requirement	Location in Testimony
Utah Code Ann. §54-17-402(2)(c)(ii)	An explanation of projected benefits from the proposed rural gas infrastructure development project.	Direct Testimony of Hollie McKinney, EGU Exhibit 4.0; Direct Testimony of Jordan Parks, EGU Exhibit 1.0 and accompanying EGU Exhibits 1.10, 1.11; Direct Testimony of Reid Hess, EGU Exhibit 3.0
Utah Code Ann. §54-17-402(3)(b)(ii)(A)	The potential benefits to previously unserved rural areas.	Direct Testimony of Hollie McKinney, EGU Exhibit 4.0; Direct Testimony of Jordan Parks, EGU Exhibit 1.0 and accompanying EGU Exhibits 1.07 and 1.10; Direct Testimony of Reid Hess, EGU Exhibit 3.0.

- Benefits Include:
 - safe, reliable, and affordable heating source.
 - Cost savings and convenience vs Propane
 - Economic opportunities

8. Please provide the Company's interpretation of and differentiate between 54-17-402 (c)(ii) "an explanation of projected benefits from the...project" and 54-17-402 3(b)(ii)(A) "the potential benefits to previously unserved rural areas". What specific sections in the Company's testimony address these?

Q9. Ancillary Costs

- Costs vary from customer to customer
- Conversion Kits: \$15 - \$300
- Furnace Cost: \$3,200 - \$8,400
- Water Heater Cost: \$1,100 – \$2,900
- Duct Work: cost depends on extent of work required

Q10. Low Income



- These are programs offered by state and local government to assist low-income households with conversion costs.
- The Low-income assistance programs offered by the Company are different, providing assistance on customer gas bills.

10. Exhibit 1.03, the rural expansion community analysis includes “access to low-income conversion assistance”. What is the relevance of including this factor? How are those organizations different from, or are they the same as, Utah ratepayer funded programs? Please specify

Q11. Customers Who Qualify for Low Income



- The Company has not calculated the number of potential customers who would qualify for Low Income assistance or the impact on overall cost-of-service/rate base.
- Estimated Annual Savings of \$1125 compared to propane

11. Has EGU calculated the number of potential new customers that would likely qualify for Low Income assistance or other rebates in this area? If so, please provide that calculation.

a. Has EGU calculated the financial impact of the potential customers receiving low-income assistance/rebates on the overall cost of service/rate base? If so, please provide the analysis.

b. After switching their appliances to be capable of accepting natural gas, how long does the Company calculate it would it take for an average customer in this area (using 70Dth/year) to see a positive return on their investment in natural gas savings?

Q12. Propane vs Gas Costs



- 2024 Propane Costs from EIA
 - > Winter: \$2.29 - \$2.48
 - > Summer: \$2.21 - \$2.35
- EGU Exhibit 1.17

Annual Saving Using Natural Gas vs Propane					
	A	B	C	D	E
	Gallons used per year	Price per gallon	Annual delivery & rental Fees	Estimated Annual Cost	
1	Propane	764	\$2.21	\$100.00	\$1,791.92
	DTH used per year	Price per DTH	Monthly Base Charge	Estimated Annual Cost	
2	Natural Gas	70.0	\$8.33	\$6.75	\$663.98
					Estimated Annual Savings with Natural Gas
					\$1,127.95

12. Please provide a cost comparison of propane vs natural gas prices in the summer vs winter for this area.

Q13. HB 422 allows EGU to seek approval to bring natural gas infrastructure to rural communities and spread costs to all rate classes



§ 54-17-401

Voluntary Resource Decision Statute

Relating to:

- Rural natural gas infrastructure development projects
- Unserved customers

§ 54-17-402(2)

EGU request for approval of a rural natural gas infrastructure development project

Includes:

- Project description
- Projected benefits
- Estimated costs
- Any other information the Commission requires

§ 54-17-402(3)(b)(ii)

Commission assess whether approval is in the public interest

Taking into consideration:

- Potential benefits to unserved rural areas
- Potential new customers
- Natural gas consumption
- Revenues, costs, and other factors determined by the Commission to be relevant

13. What is the expected cost recovery time of this investment for the rest of EGU's customers? i.e.. How long will it take an average customer usage of 70Dth/year to pay off this investment?