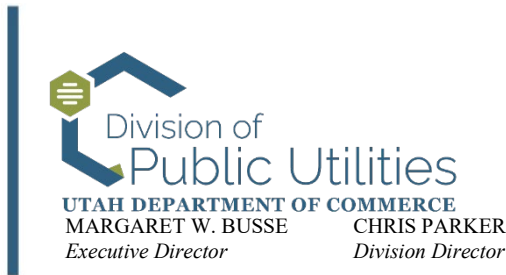


SPENCER J. COX
Governor
DEIDRE M. HENDERSON
Lieutenant Governor



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: May 18, 2026
Re: **Docket No. 26-057-09, Application of Enbridge Gas Utah to Amortize the Conservation Enabling Tariff Balancing Account**

Initial Comments

Recommendation (Approve)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve Enbridge Gas Utah's (Enbridge or Company) request for approval to amortize the Conservation Enabling Tariff (CET) balance. The Division concludes that the requested rates are just, reasonable, and in the public interest and recommends the Commission approve the requested rates as final rates, as they are not subject to a Division audit, with an effective date of June 1, 2026.

Issue

On May 1, 2026, Enbridge filed its application to amortize the CET balance and two other applications with the Commission.¹ On May 8, 2026, the Commission held a scheduling conference and established May 18, 2026, as the date for the Division and other parties to

¹ The other applications are the Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah, Docket No. 26-057-10 (191) and Application of Enbridge Gas Utah for an Adjustment to the Daily Transportation Imbalance Charge, Docket No. 26-057-11 (TIC).



file comments. This memo represents the Division’s initial comments on the CET application.²

The CET filing requests amortization of the March 2026 ending under-collected 191.9 Account balance of approximately \$17,428,223.³ The previous CET filing requested to amortize an over-collected balance of \$8,421,844.⁴ If the request in this docket is approved, a typical General Service (GS) residential customer will see an increase of \$16.27 or 2.33% in their annual bill. The information in Table 1 shows the change based on the proposed rates for the CET application only. This table provides the range of impacts to a customer’s bill if they use between 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 and costs.

Table 1

Customer Bill Change (Based on Dth usage)			
Annual Usage (Dth)	Annual Increase (\$)	Percentage Increase	\$ per month
50	\$ 11.62	2.22%	\$0.97
60	\$ 13.94	2.28%	\$1.16
70	\$ 16.27	2.33%	\$1.36
80	\$ 18.59	2.36%	\$1.55
90	\$ 20.92	2.39%	\$1.74
100	\$ 23.24	2.41%	\$1.94
110	\$ 25.56	2.43%	\$2.13
120	\$ 27.89	2.45%	\$2.32
130	\$ 30.21	2.46%	\$2.52
140	\$ 32.54	2.47%	\$2.71
150	\$ 34.86	2.48%	\$2.91

² The 191 and TIC applications will be addressed in a separate memo in those dockets.

³ Application at 2.

⁴ *Id.*

Background

The CET was originally authorized as a pilot program in 2006⁵ and was approved as a permanent program in 2010.⁶ The CET is a mechanism designed to ensure the Company only collects from GS customers 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 DNG rates of the GS rate class. The CET was historically reviewed at least once per year and in each general rate case (GRC). In the most recent GRC, the Commission imposed conditions on the CET, including the requirement that Enbridge file a CET application “when the CET balance exceeds or falls below a \$10 million threshold, and continue to make semi-annual filings until the CET balance returns to within that threshold.”⁷ This filing is due to the adoption of the ±\$10 million guardrails, which require the Company to file anytime the CET account is beyond this established threshold.

Discussion

As noted above, the CET is currently under-collected by approximately \$17,428,223. Previously, the CET Account was over-collected for a record 37 months, which is the longest duration the account has remained over-collected at such a high average monthly balance. Although the account balance has now shifted from over-collected to under-collected, the most recent monthly CET account balance was the largest monthly change in the history of the CET, which subsequently triggered the filing of this application.

Based on discussions with the Company, variability in actual usage by customers will naturally occur due to temperature fluctuations. This variation in the actual usage compared to the estimated test year forecast will lead to over- or under-collection. The Company also

⁵ *Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders*, Docket No. 05-057-T01, Order Approving Settlement Stipulation (Oct. 5, 2006) at 15-16.

⁶ *Application of Questar Gas Company for Authority to Increase its Retail Gas Utility Service Rates in Utah and for Approval of Its Proposed Gas Service Schedules and Gas Service Regulations*, Docket No. 09-057-16, Report and Order (June 3, 2010) at 22.

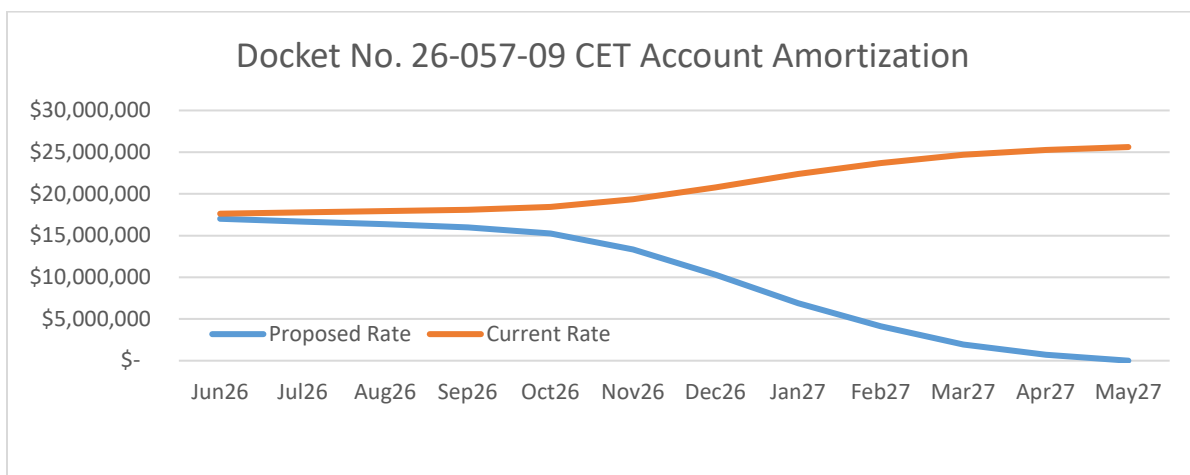
⁷ *Application of Enbridge Gas Utah to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 25-057-06, Order (Dec. 24, 2025) at 26.

incorporates a weather normalization mechanism to adjust actual usage to better reflect historical temperature and usage. The CET account volatility is likely due to a combination of the inconsistencies between the Company’s estimation of expected customer usage and actual usage. The Division continues to be concerned with the volatility of the CET and has been working with the Company to better understand the calculations and what has changed from previous years.

The Division received further clarification regarding the account volatility from the Company’s response to data request DPU 1.04.⁸ The Company stated that the abnormally warm weather conditions led to lower-than-expected natural gas usage and, subsequently, collected lower actual revenues. It is still unclear to the Division why the weather normalization calculation is not accounting for lower volumes as it has in the past. If these highly variable weather conditions continue, the CET program may need to be reformulated to better address those conditions.

The Company’s requested amortization rate in this filing shifts from a credit for over-collection in recent filings to a debit for under-collection. Chart 1⁹ below provides the forecast for repayment of the current under-collected CET Account.

Chart 1

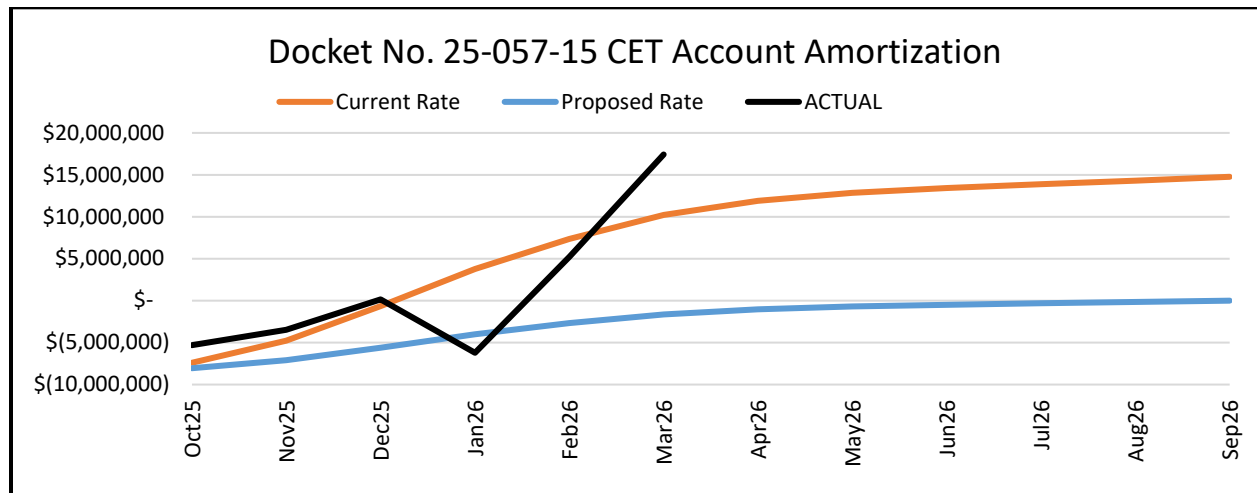


⁸ DPU Ex. 3.

⁹ DPU Ex. 4.

Chart 2¹⁰ shows the previous rate and proposed rate from the previous CET filing¹¹ and adds the actual account balance to show the volatility in the account after the last rate adjustment. The account balance has not performed as anticipated, with a large change from under-collected to over-collected during a period of warmer than normal weather and lower than forecast volume usage.

Chart 2



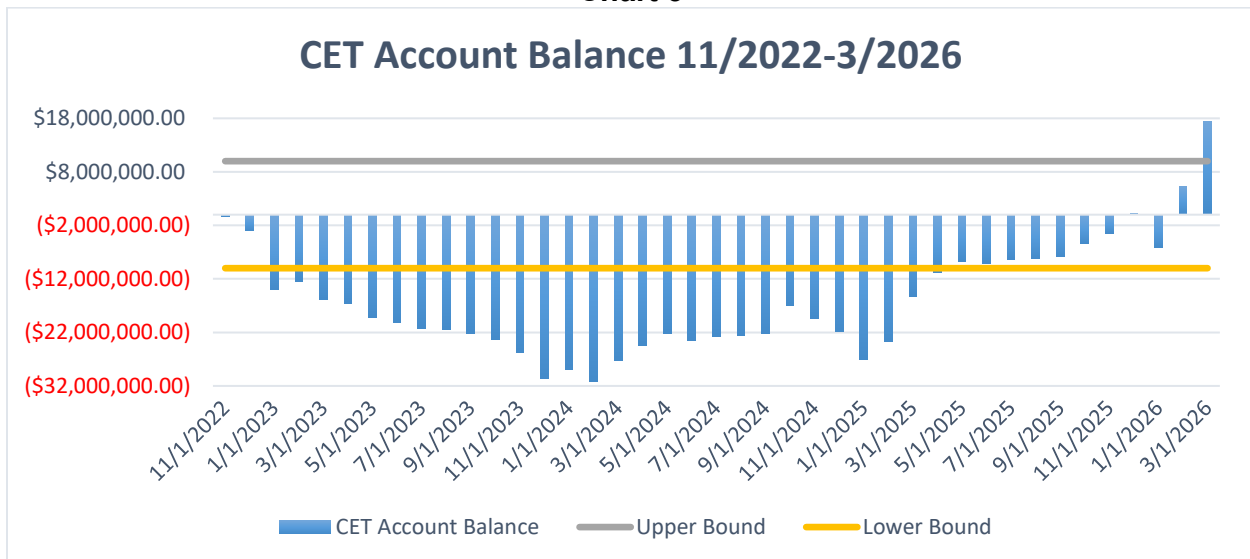
The Company has not provided a clear explanation or supporting information to account for the volatility in the CET in recent years. If the Division notices the amortization rate falling out of the expected amortization forecast and determines there is active concern for the account to reasonably achieve the expected amortization, it may request the Company make an additional filing to adjust the rate.

Chart 3 below provides the CET account balance from November 2022 through March 2026, a period of 41 months. This chart illustrates the long history of over-collection, the rapid shift to under-collection, and the account breaching the under-collected threshold of \$10 million.

¹⁰ DPU Ex. 5.

¹¹ *Application of Enbridge Gas Utah to Amortize the Conservation Enabling Tariff Balancing Account*, Docket No. 25-057-15, DPU Initial Comments (Sept. 19, 2025) at 11.

Chart 3



As noted above, the Commission recently placed conditions on the CET in its order in the most recent GRC:

- (1) EGU shall make a CET filing with the PSC when the CET balance exceeds or falls below a \$10 million threshold, and continue to make semi-annual filings until the CET balance returns to within that threshold; and
- (2) the amortization limit set forth in Section 2.08 of the Tariff shall be increased from 2.5 percent to 5.0 percent of total Utah jurisdictional base DNG GS revenues, and EGU shall promptly file a conforming amendment to Section 2.08 . . . [(3)] We also find EGU’s proposal to hire an independent third-party consultant to review the CET as part of a review of all of EGU’s energy efficiency programs is reasonable and appropriate. We direct EGU to file the consultant’s findings in a report with the PSC by the end of 2026.¹²

As for the first item, this is the first filing after the Commission established the condition that requires the Company to make a CET filing if the account balance exceeds the ±\$10 million threshold. This filing requirement could prove useful with this seemingly continual deviation from the anticipated customer natural gas usage, as the amortization would be adjusted more frequently to eliminate the unwanted outcome of the account becoming dramatically over- or under-collected. The second item was addressed in Enbridge’s response to data

¹² *Application of Enbridge Gas Utah to Increase Distribution Rates and Charges and Make Tariff Modifications*, Docket No. 25-057-06, Order (Dec. 24, 2025) at 26.

request DPU 1.02,¹³ where the Company indicated that it is in the process of selecting an independent third-party consultant. The third and final item was answered in the Company's response to data request DPU 1.01,¹⁴ in which it provided a similar response that the Company was working to retain a third-party consultant to perform the review.

Conclusion

Based on calculations provided by the Company, the Company's requested rate change in the CET would result in an increase of approximately \$16.27 or 2.33% in the annual bill for a typical GS customer using 70 Dths per year. As stated, if the CET account fails to reach the account balance forecasts (in Chart 1), the Division may request a filing to adjust the rate to bring the account back within the Commission's parameters.

In conclusion, the Division has reviewed the application and recommends the Commission approve the proposed CET amortization as final rates. The Division recommends the Commission approve the application with an effective date of June 1, 2026. 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

¹³ DPU Ex. 1.0.

¹⁴ DPU Ex. 2.0.