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UTAH DEPARTMENT OF COMMERCE

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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: June 16, 2026

Re: **Docket No. 26-057-10,** Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah

Docket No. 26-057-11, Application of Enbridge Gas Utah 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. 26-057-10 and 26-057-11. The Division finds applying these interim rates to be just, reasonable, and in the public interest. The Division supports the Company's requested effective date of July 1, 2026, for both dockets.

Issue

On May 1, 2026, Enbridge filed with the Commission its Pass-Through Application for an Adjustment in Rates and Charges (191 Pass-Through Application) in Docket No. 26-057-10 and its Application for an Adjustment to the Daily Transportation Imbalance Charge (TIC Application) in Docket No. 26-057-11. On May 19, 2026, the Commission held a scheduling conference and established June 16, 2026, as the date for the Division and other parties to file comments. This memo represents the Division's initial comments for Docket Nos. 26-057-10 and 26-057-11.

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Docket No. 26-057-10 – 191 Pass-Through Application

Enbridge's 191 Pass-Through Application is a request for Commission approval for an increase of $16,885,451 to Utah natural gas rates.[1] As stated in the Company's application, the driving force behind this increase is an increase in SNG costs and a reduction in the commodity credit amortization rate.[2] If the Commission approves the proposed rate, a typical General Service (GS) customer using 70 dekatherms (Dth) per year will see an increase in their total annual bill of approximately $9.20 or 1.32%.[3] The information in Table 1 shows the impact that the proposed rates would have to a customer's bill if they use 50-150 Dths per year and includes both the rates previously approved in the Company's most recent Application to Amortize the Conservation Enabling Tariff Balancing Account in Docket No. 26-057-09 and the rates proposed in this application. 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 the cost during winter months would be significantly different than summer months.

Table 1

Customer Bill Change (Based on Dth usage)			
Annual Usage (Dth)	Annual Increase ($)	Percentage Increase	$ per month
50	$ 18.21	3.49%	$1.52
60	$ 21.85	3.58%	$1.82
70	$ 25.49	3.65%	$2.12
80	$ 29.13	3.70%	$2.43
90	$ 32.78	3.74%	$2.73
100	$ 36.42	3.78%	$3.03
110	$ 40.06	3.81%	$3.34
120	$ 43.70	3.83%	$3.64
130	$ 47.34	3.85%	$3.95
140	$ 50.98	3.87%	$4.25
150	$ 54.63	3.89%	$4.55

[1] *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, Application at 1, ¶ 1 (191 Pass-Through Application).
[2] *Id.*
[3] *Id.*

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LNG Facility

In this application, Enbridge states that it plans to fill the Liquified Natural Gas (LNG) storage tank during the test period, at an estimated total cost of $2,373,266, with a storage adjustment of $68,312.[4] The adjustment is due to the timing difference between when LNG is injected into and subsequently withdrawn from the LNG storage tank.[5] 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 $358,972[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 Dths liquefied and injected into storage. For the test year, the estimated $1,830,665 in electricity costs at the LNG plant are included in the SNG costs.[7] These costs will reflect the lower electrical demand due to the plant filling up during the previous period rather than the current test year. The Commission approved the LNG electricity cost in a previous 191 Pass-Through application.[8]

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,[9] and by February 28, 2023, the under-collected balance reached its highest level of $539 million.[10] By November 2023, the 191 Account was reduced to $313 million under-

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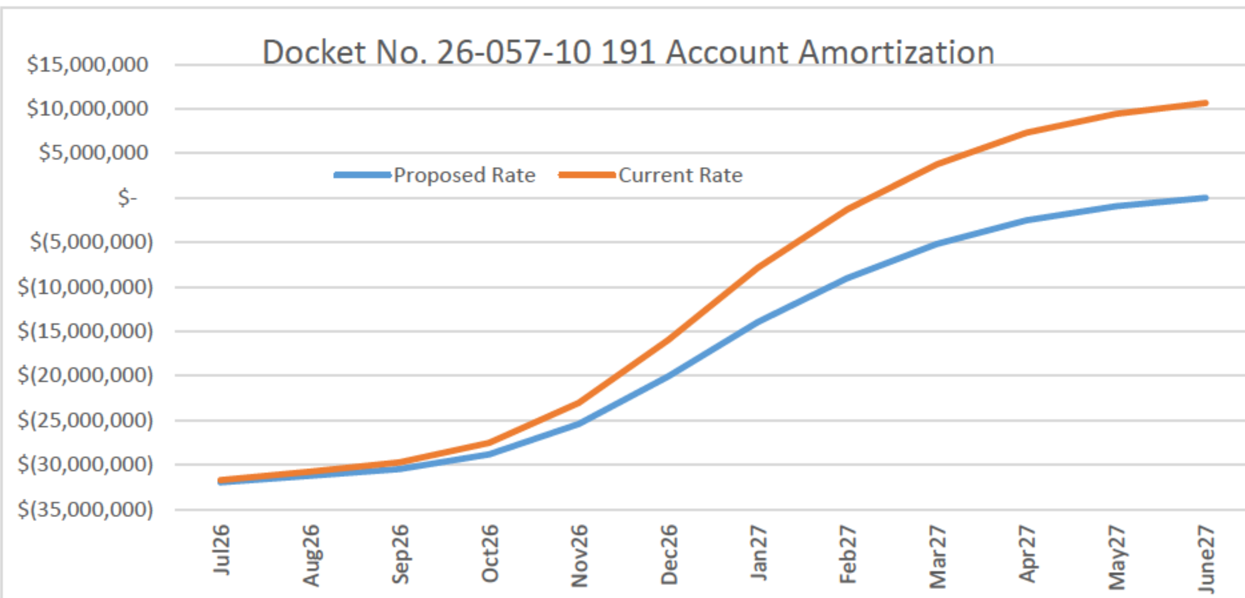
[4] EGU Ex. 1.02 at 6, Column B, Line 1.
[5] *Id.* at 6, Column B, Line 4.
[6] *Id.* at 6, Column D, Line 18.
[7] EGU Ex. 1.04 at 2, Column F, Line 17.
[8] *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 22-057-08, Order (July 28, 2022) at 9.
[9] *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 23-057-03, Application (February 1, 2023) at 17
[10] *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 23-057-25, Application (December 28, 2023) at 5

Redacted

collected.[11] In the previous 191 filing last year in Docket No. 25-057-13, the balance remained over-collected at approximately $44.7 million.[12] Although the balance in the 191 Account has decreased from the previous filing to approximately $32.7 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. Enbridge proposes to change the commodity amortization rate from $0.36130 to $0.27255 per Dth, which is an approximate 24.6% decrease to the credit amortization rate. The twelve-month amortization of the 191 account is provided in Chart 1.[13] If the Commission approves the proposed rates in this application and the amortization of the balance is not aligning with the forecasted amortization shown in Chart 1, the Division may recommend that Enbridge make an additional 191 filing to facilitate a more rapid payback of the over-collected amount.

Chart 1



The Utah gas costs in the previous 191 filing were $655,492,765 with a forecast test year ending January 31, 2026.[14] The current filing is based on projected Utah gas costs of

[11] *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 23-057-25, Application (December 28, 2023) at 5
[12] *Pass-Through Application of Dominion Energy Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 25-057-13, Application (August 29, 2025) at 17
[13] DPU Exhibit 1.01
[14] Docket No. 25-057-01, EGU Ex. 1.1 at 2, Column E, Line 21.

Redacted

$611,267,520 for the forecast test year ending June 30, 2027.[15] The proposed rate would decrease the base gas cost from $4.53506 to $4.23007 per Dth.[16] The combination of the base gas cost and the reduction in the credit amortization of the over-collected balance results in a change in the current rate of $4.17376 to $3.95752 per Dth.

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 $181,946 are expected to be amortized by July 1, 2026, with an amount of $63,027 remaining to be amortized.[17] New RIN proceeds from August 2025 through March 2026 total $143,807, and when accounting for the amount remaining to be amortized during the test period, equates to $206,835.[18]

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.

The Commission approved changes to the SNG cost allocation in Docket No. 19-057-T01.[19] With these changes, the Company now estimates that the SNG balance will swing between

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[15] EGU Ex. 1.01 at 2, Column E, Line 21.
[16] EGU Ex. 1.05 at 1, line 8.
[17] 191 Pass-Through Application, ¶ 19
[18] EGU Ex. 1.05 at 1 n.4.
[19] *Application of Dominion Energy Utah for Approval of Modifications to Tariff Section 2.06, Docket No. 19-057-T01*, Order Approving Dominion Energy Utah's Modifications to Tariff Section 2.06 (May 9, 2019) at 6-7.

Redacted

$14.0 million under-collected and $14.0 million over-collected.[20] 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 $103,301,506 for the test year[21] and is requesting to adjust the SNG debit amortization rate to $0.12027 to bring the SNG balance within the preferred range.[22]

Gas Supply

For the test year, July 1, 2026, through June 30, 2027, the Company is projecting a total system requirement of 122,995,803 Dths,[23] with 123,629,311 Dths[24] used to meet the projected sales requirement. Approximately 44.7% of the annual gas requirement will be satisfied with the Wexpro cost-of-service production,[25] 30.8% will be satisfied under current purchase contracts,[26] and 24.5% will be purchased through future contracts and spot market transactions.[27] The total expected natural gas cost for the test year is $629,005,489.[28]

The cost-of-service gas from all Wexpro production is projected to cost $241,264,985 at an average cost of $4.39 per Dth.[29] 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 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 $153,736,434 for 35,765,181 Dths, which represents approximately 65.0% of the total cost-of-service production, at an average cost of $4.30 per Dth.[30] Wexpro II production has a projected cost of $87,528,551 for 19,245,666

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[20] 191 Pass-Through Application, ¶ 20, section b.
[21] EGU Ex. 1.05 at 2, Column D, Line 1.
[22] EGU Ex. 1.09 at 2
[23] EGU Ex. 1.02 at 3, Column C, Line 20 + Page 4, Column C, Line 6.
[24] EGU Ex. 1.05 at 1, Column E, Line 7.
[25] *Id.* at 3, Column C, Line 20 / Exhibit 1.2, at 3, Column C, Line 20 + at 4, Column C, Line 6.
[26] EGU Ex. 1.02 at 4, Column C, Line 3 / at 3, Column C, Line 20 + at 4, Column C, Line 6.
[27] *Id.* at 4, Column C, Line 4 + at 4, Column C, Line 5 / at 3, Column C, Line 20 + at 4, Column C, Line 6.
[28] EGU Ex. 1.01 at 2, Column C, Line 21.
[29] EGU Ex. 1.02 at 3, Column B, Line 20; Column D, Line 20.
[30] *Id.* at 3, Column D, Line 8.

Redacted

Dths, at an average cost of $4.55 per Dth, including gathering, and represents approximately 35.0% of total production.[31] The cost-of-service gas production includes the operator service fee (OSF) of $229,783,181[32] payable to Wexpro, which is down from the previous filing's $243,588,745.[33] 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 and previous pass-through filings. In this application, the Company has included an additional $2.7 million in costs associated with a new storage contract with Spire, with an approximate 12.5% increase to the rate paid for the additional storage space. Existing storage contracts with Spire remain at the original rate. The storage commodity component, which includes injections and withdrawals, also increased by approximately $25,000 with no increase to the rate paid per Dth.

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. This 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. The two forecasts typically have more variation during the winter heating season and trend closer during the summer and shoulder months.

[31] *Id.* at 3, Column B, Line 13; Column D, Line 13.
[32] *Id.* at 1, Line 12.
[33] *Pass-Through Application of Enbridge Gas Utah for an Adjustment in Rates and Charges for Natural Gas Service in Utah*, Docket No. 25-057-13, EGU Ex. 1.02 at 1, Line 12.

Redacted

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

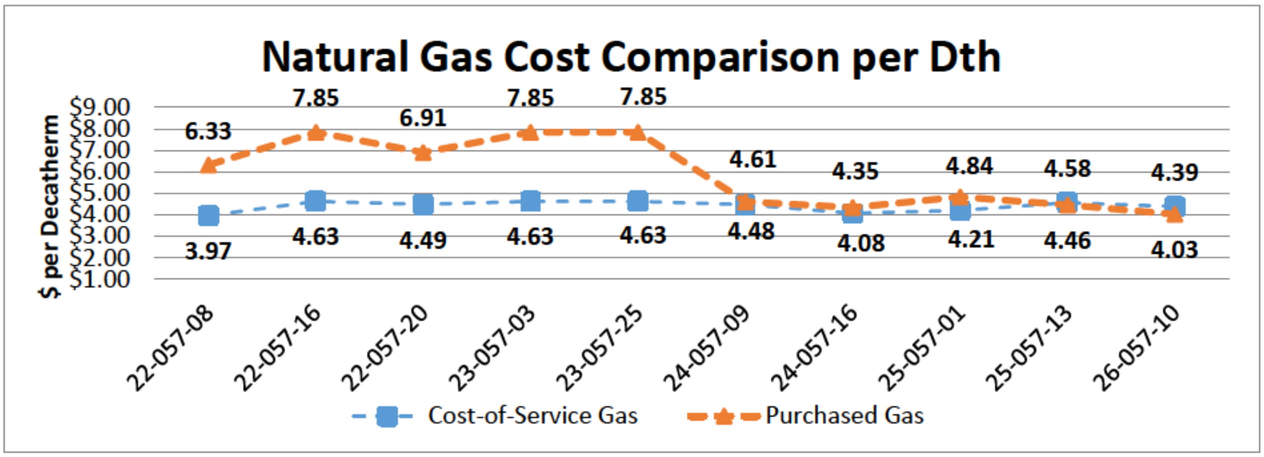
[redacted]

Redacted

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 in Chart 4. After several years of elevated market purchases, the forecast price of market purchased gas is closer to the forecast of the cost-of-service gas from Wexpro.

Chart 4



Docket No. 26-057-11 – TIC Application

The Company's application is a request to adjust the daily transportation imbalance charge (TIC) calculation. The TIC began in February 2016 and is recalculated as part of each 191 Pass-Through filing. The calculation is based on updated volumes through March 31, 2026. The Company's application requests an approximate 3.9% increase to the daily TIC from the rate approved in the previous filing, Docket No. 25-057-16.[34] During the twelve months ending March 31, 2026, transportation customers paid approximately $867,858 in imbalance charges, which were credited to GS customers through the 191 Account.

In Docket No. 14-057-31, the Commission approved a SNG rate for transportation customers for daily nomination imbalance volumes that were outside of a ±5% daily

[34] Submission of Corrected EGU Exhibits 1.1 through 1.5, Paragraph 4.

Redacted

tolerance threshold.[35] The TIC applies to transportation customers that were 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 Enbridge's first filing of the TIC in 2026, and as specified by Commission order, this rate is to be reviewed with each 191 Pass-Through filing and in 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 again deficient. The Company provided the Division with a corrected exhibit via an informal data request on May 15, 2026. It is important for the Company to provide accurate information in its exhibits to afford Division staff sufficient time to review the correct data in these applications.

The proposed new rate of $0.08087 per Dth is an approximately 3.9% increase from the current rate of $0.07783 per Dth and is calculated based on the historical imbalance volumes for the previous 12 months ended March 31, 2026.[36] The Division continues to review Exhibit 1.1, which includes the daily nomination and imbalance information for all transportation customers during this period and has 479,952 lines of information. The Division will continue to monitor the TIC and its efficacy in shifting nomination behavior to determine if another request for program review is warranted.

On any given day, the gas nominations of several individual customers fall outside the tolerance threshold. Some customer nominations may bring more gas to the system than their actual usage while others may bring less gas than the amount used. There is also a large variation in the size of customers using the transportation rate schedule. The Company has provided information regarding the marketing agents for each contract. In reviewing the information from Exhibit 1.1 and past filings, the Division notes the following:

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[35] *Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Use of Supplier-Non-Gas Services*, Docket No. 14-057-31, Order (Nov. 9, 2015).
[36] EGU Ex. 1.1, Cell X22

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 approximately [redacted] of the total volume. These customers were more accurate in their nominations and account for approximately [redacted] of the total imbalance charges.
3. The remaining customers represent only 20% of the total TS volume but represent approximately 89% 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 compared to the actual usage.

Conclusion

Based on its preliminary review of the applications, the Division recommends the Commission approve the proposed rates on an interim basis for Docket Nos. 26-057-10 and 26-057-11. If the Commission approves the applications, the net impact to a typical GS customer using 70 Dths per year is an increase of approximately $25.49 or 3.65%. The Division concludes that the proposed adjustments to rates result in just and reasonable rates for Utah customers and are in the public interest, and recommends the Commission approve the applications with an effective date of July 1, 2026.

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