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Action Request Response

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

Casey J. Coleman, Utility Technical Consultant

Date: January 6, 2026

Re: **Docket No. 25-999-02**, Enbridge Gas Utah's Declaration of Dividend.

Recommendation (No Action Required)

Based upon the following analysis, the Division of Public Utilities (Division) finds no indication that the capital and operations of Questar Gas Company dba Enbridge Gas Utah (EGU or Company) will be impaired pursuant to Utah Code § 54-04-27. The Division recommends that the Commission take no action concerning the dividend.

Discussion

On December 17, 2024, The Board of Directors of EGU declared a gas dividend of \$25 million, payable to the record holder of EGU's common stock at the close of business on January 16, 2026. The date fixed for payment of this dividend is January 20, 2026.

To provide the Commission with an update of the Company's financial condition for EGU, the Division has included Exhibit 1. This exhibit provides a summary of the financial results for the periods ending December 31, 2020, through September 30, 2025, and has been taken from the Company's historical SEC 10-K and audited financial statements.



The Commission should be aware that since Questar's merger with Dominion, the financial information related to Questar Gas and supporting footnotes changed. The Company was no longer required to prepare SEC 10-K or 10-Q financial reports. The Company does produce audited financial statements on an annual basis and unaudited financial statements on a quarterly basis. Financial statements produced by Enbridge are consistent with previous statements.

In review of the financial information for EGU, for the 12 months ending December 31, 2024, total revenue decreased from \$1.664 billion to \$1.420 billion. The decrease in total revenue is primarily due to decreases in commodity prices. From a longer-term perspective, total revenue has consistently increased from 2020 through 2023. Revenues in 2024 are higher than 2022 and are more in line with the general increase seen in those years. For the third quarter of 2025, no commodity pass through revenues had been reported but revenues were \$766.2 million, a 38.9 percent increase from 2024. Net income was \$62.2 million for the end of third quarter of 2025, whereas total net income for 2024 was \$131.0 million.

Exhibit 1, Page 2, shows total accounts receivable to be \$45.8 million for the end of 3rd quarter 2025, a decrease of \$155.7 million from the end of 2024. Accounts receivable will likely increase in the 4th quarter due to additional gas usage in the heating season. Net plant and equipment increased to \$3.972 billion, up from \$3.793 billion from the end of 2024, and \$3.584 billion in 2023. For the years under review, net plant has experienced an average growth rate of 6.0% per year.

Per Exhibit 1 Page 4, the Company had a Regulatory Return on Equity (ROE) of 9.11% for 2023. The Company's authorized return on equity is 9.60%, as determined in the rate case effective December 2022. Based on the calculations, the Division concludes that the Company's earnings are within an acceptable range of its authorized return. Calculation of the ROE for a partial year is difficult due to the seasonal nature of gas usage. The Division will continue to monitor the regulatory ROE calculations and will report any findings to the Commission.

The Company's regulatory capital structure for the 3rd Quarter 2025 was 45.6% debt and 54.4% equity. Following the dividend, the equity position is projected to decrease but will stay within the historical ranges for capital structure.

Per Utah Code Annotated § 54-4-27, EGU is required to publish notice of the dividend in a newspaper circulated in the city where the principal place of business is located. EGU filed with the Commission on January 5, 2026 verification that the dividend declaration notice was published in the Deseret News on December 19, 2025.

Conclusion

The Division has determined that, based on past and current financial statements, the dividend payments will likely not affect the financial standing or stability of EGU. The Division recommends that the Commission take no action concerning the dividend.

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