

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF QUESTAR GAS ) CASE NO. QST-G-23-01**  
**COMPANY’S AND ENBRIDGE QUAIL )**  
**HOLDINGS, LLC’S JOINT APPLICATION )**  
**FOR APPROVAL OF THE PROPOSED SALE ) ORDER NO. 36204**  
**OF FALL WEST HOLDCO LLC TO )**  
**ENDBRIDGE QUAIL HOLDINGS, LLC )**  
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On October 20, 2023, Questar Gas Company (“Questar”) dba Dominion Energy Utah and Enbridge Quail Holdings, LLC (“Enbridge”) filed a copy of a Joint Notice and Application (“Joint Application”) currently pending before the Utah Public Service Commission (“UPSC”) that seeks approval of Enbridge’s acquisition of Questar’s parent company, Fall West Holdco LLC (the “Transaction”). In response to the filing of the Joint Application, the Idaho Public Utilities Commission (“IPUC”) opened this case to review the Transaction as it relates to Questar’s Idaho customers—who are rate regulated by UPSC under a Contract for Regulatory Services between the IPUC and UPSC.

On March 27, 2024, the IPUC issued a Notice of Application and Notice of Modified Procedure, setting public comment and company reply deadlines. Staff filed the only comments.

On April 3, 2024, Staff conducted a Virtual Public Workshop. None of Questar’s Idaho customers or members of the public attended.

On April 10, 2024, the Commission held a customer hearing in Preston, Idaho. No members of the public testified or otherwise participated in the hearing.

Having reviewed the record, the Commission issues this Order approving the Joint Application as follows.

**THE JOINT APPLICATION**

The Joint Application outlines the multi-step corporate reorganization process by which Questar will become a wholly owned subsidiary of Enbridge. If the Transaction is approved, Questar will stay headquartered in Salt Lake City, Utah, and remain locally managed by many of its current employees.

## STAFF COMMENTS

Staff intervened and formally participated in UPSC Docket No. 23-057-16, the proceeding opened to review the Transaction in Utah. Staff participated in the drafting of a Commitment Matrix and Settlement Stipulation (“Stipulation”) in that proceeding to ensure Idaho’s interests were considered and reflected in the documents. After reviewing the Joint Application, Commitment Matrix, and Stipulation, Staff recommended that the Commission revise the current Contract for Regulatory Services (“CRS”) with the UPSC and amend Certificate of Public Convenience and Necessity (“CPCN”) No. 315 due to Questar’s change in ownership, contingent upon the IPUC and UPSC’s approval of the Transaction.

### 1. Regulatory History<sup>1</sup>

For the last 30 years, customers in Franklin County, Idaho, have received natural gas services from a Utah based natural gas utility under Idaho CPCN at rates set by the UPSC. *See* Order No. 23282 (issuing CPCN No. 315 to Mountain Fuel Supply Company and establishing the CRS under which the UPSC rate regulated Idaho customers). Over the years, CPCN No. 315 was amended to reflect changes in the name of the company providing gas service and its service territory expansion. *See e.g.*, Order No. 33367. Since 2016, the IPUC has required Questar to provide notice of filings it makes with the UPSC. Order No. 33628.

### 2. Customer Notification and Public Outreach

On September 5, 2023, Dominion Energy announced that it had completed a sale process and executed agreements to sell its three natural gas distribution companies to Enbridge. The sale includes Questar and Wexpro Company, which provide service to Idaho, Utah, and Wyoming customers. Dominion Energy Utah will be rebranded to Enbridge Gas Utah with messaging matched to its different customer classes.

### 3. Current Regulatory Considerations

#### Updates to CPCN No. 315 the CRS

Contingent upon approval of the Stipulation by UPSC and completion of the Transaction, Staff recommended amending CPCN No. 315 to reflect the applicable Company name changes

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<sup>1</sup> Due to the unusual regulatory framework governing Questar, Staff provided a short overview of the development of that framework to inform understanding of Staff’s recommendations.

and references to prior Commission Orders.<sup>2</sup> Similarly, Staff recommended the current CRS be continued with essentially the same terms, but updated to reflect applicable name changes, current addresses, and phone numbers for the parties.

#### Consumer Support

Staff observed that Questar's Idaho customers receive support for consumer issues through the same process as Utah customers. Idaho customers needing assistance should contact Questar Gas Customer Service via an 800-number or Questar's website. Issues that cannot be resolved informally with Questar may be presented to the Utah Division of Public Utilities telephonically or via the Division's website. Questar customers who contact the IPUC Consumer Assistance group will be provided with contact information for both Questar and the Utah Division of Public Utilities after an IPUC Utilities Investigator obtains limited information from the customer.

#### Pipeline Safety

Under the current CRS, the IPUC Pipeline Safety Section supervises Questar Gas's facilities in Idaho. Staff recommended that IPUC Pipeline Safety Section maintain this supervision going forward.

### **4. Customer Benefits and Notification**

#### Idaho Customer Benefits

The Joint Application described a number of benefits customers would recognize if the Transaction is approved. Enbridge owns and operates the largest North American natural gas utility by volume, giving Questar the benefit of the financial resources of a natural gas focused parent company. However, Questar will stay headquartered in Salt Lake City, Utah, and remain locally managed by many of its current employees. Thus, customers will continue doing business with people they have interacted with in the past.

Additionally, Questar represented that it will not seek recovery of any associated transaction and goodwill costs from its customers in rates. Moreover, Questar indicated that it will also include a summary showing Wexpro production by location and natural gas purchases by pipeline interconnect hub within its Integrated Resource Plan. In the next two general rate cases, Questar will refrain from seeking recovery on a per customer basis for increases above the amount reflected in the Commitment Matrix for ordinary operating, maintenance, and administrative and

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<sup>2</sup> Based upon informal communications with Enbridge's counsel, "Questar Gas Company" is the legal name of the entity that will hold title to the gas system assets. This company will operate in Idaho under the dba "Enbridge Gas Idaho."

general expenses. Certain ring-fencing structures and financial commitments will also be established. Compliance with these commitments will be demonstrated in reports filed with the UPSC.

During its review of the Joint Application, Staff determined that an Energy Assistance charge of \$0.01176 per Dth (dekatherm = 10 therms) included in the Questar's tariff should not apply to Idaho customers. While developing the Commitment Matrix, parties in the UPSC case agreed to eliminate the Energy Assistance charge for Idaho customers. Using data supplied by Questar for the IPUC fiscal years 2017–2023, Staff determined that the average General Service (“GS”) customer consumed approximately 74.11 Dth (dekatherms) of natural gas yearly. Elimination of the charge will save the average Idaho GS customer approximately \$0.87 annually. If the Transaction is approved, Questar's tariff and billing system will exclude Idaho customers from this charge going forward. The Company's tariff also included a Sustainable Transportation Energy Plan surcharge of \$0.00346 per Dth that is due to sunset in June of 2024 reducing Utah and Idaho customers charges by this amount.

The Commitment Matrix also provides for a credit to the revenue requirement in the 2024 Infrastructure Replacement Investment Tracker of \$275,000. This will reduce the potential increase in rates for customers. EQ Holdings, in consultation with local Questar management, will make a charitable contribution of \$2,000 to a charitable organization in Idaho, in the calendar year when the closing occurs.

Staff indicated that it will monitor and review the tariff change process to verify completion of the Idaho specific terms. This process review will be coordinated within the Utah process. In sum, Staff believed the proposed Stipulation and Commitment Matrix are reasonable and in the public interest.

## **DISCUSSION AND FINDINGS**

Questar is a gas corporation and public utility subject to the Idaho Commission's jurisdiction pursuant to *Idaho Code* §§ 61-117 and -129. The CRS allows application of rates, charges and service regulations adopted by the UPSC to Questar's Idaho customers if certain parameters (protecting Idaho customers) are met. We maintain all other authority granted to the IPUC by the Idaho Legislature under Title 61 of Idaho Code.

Based on our review, we find that Enbridge has the necessary financial, managerial and technical qualifications to operate Questar. Enbridge has experience operating large natural gas

utilities and access to financial resources that will benefit Idaho customers. Additionally, Questar's local operations will remain headquartered in Salt Lake City, Utah, and largely staffed by its existing employees, so Idaho customers will continue receiving service from the same experienced personnel that they have worked with in the past.

Moreover, Staff's involvement in the development of the Commitment Matrix and Stipulation has ensured the document contains provisions providing for the continued safe, reliable, and adequate service in Idaho along with ring fencing provisions safeguarding Idaho customers. The Energy Assistance charge included in the Questar's tariff will not apply to Idaho customers going forward. With the sunset of the Sustainable Transportation Energy Plan surcharge in June of 2024 and the credit to revenue requirement in the Infrastructure Replacement Investment Tracker, Idaho customers may see their bills decrease further. In addition to lower customer billing rates, EQ Holdings will make a \$2,000 contribution to a charitable organization in Idaho. Staff's monitoring of the tariff revision process will ensure completion of these terms. Accordingly, we find Enbridge's acquisition of Questar is just, reasonable and in the public interest.

Enbridge's acquisition of Questar, however, presents a few additional regulatory issues. The first relates to CPCN No. 315, which currently authorizes Questar to hold and operate a general natural gas transmission and distribution system in Franklin County, Idaho. *See* Order No. 33367 (issuing the Second Amended Certificate No. 315). Gas corporations must obtain a CPCN to provide service in Idaho. *See Idaho Code* §§ 61-526, -527. This document should be issued to the public utility constructing the gas system or providing services and accurately describe the service territory of the utility. Staff noted that the Transaction could necessitate an amendment CPCN No. 315 to ensure that the document reflects the correct name of the utility providing gas service going forward. However, because Questar will remain the legal entity holding title to the gas system assets subject to CPCN No. 315, no such amendment is necessary.

Second, we must address the regulatory framework that will govern Questar's future operations in Idaho. As stated previously, Questar's Idaho customers receive service under rates, charges and service regulations adopted by the UPSC pursuant to the CRS. However, the CRS authorizing this relationship was formed in 2016. Since then, changes have occurred that are not reflected in the existing CRS. For example, the IPUC's offices are no longer located at the address listed in the existing CRS. This makes the formation of an updated contract for regulatory services reasonable.

Accordingly, consistent with the criteria laid out in *Idaho Code* § 61-505(3), we find that: 1) the continued provision of natural gas utility service to Franklin County by Questar and any successor is in the public interest; 2) it is impractical or not in the public interest for the Commission to conduct proceedings for Questar's operation in Franklin County separate from proceedings conducted by UPSC for Questar ratepayers located in Utah; 3) Questar's Idaho customers located in Franklin County have full rights of participation in hearings conducted by UPSC and the same rights as Utah customers have to pursue service-related issues against Questar; and 4) the rates, charges and services applicable to Questar's Idaho customers are not less favorable than those of Questar's customers located in Utah. Additionally, as the case with our prior CRS, Idaho's winter moratorium Rule 306, IDAPA 31.21.01.306, shall apply to Questar's customers located in Idaho. Consequently, we find that it is in the public interest for us to execute the updated CRS.

We further find it fair, just, and reasonable to authorize the IPUC President to sign the updated CRS on behalf of the IPUC. An unsigned form of the CRS is attached to this Order as **Exhibit 1**. Additionally, we direct Staff to present the updated CRS to the UPSC for its consideration and execution.

Furthermore, to maintain appropriate regulatory oversight consistent with Title 61 of Idaho Code, we direct Questar to notify the IPUC by letter when it files notices, applications, requests, etc., with the UPSC. This will prevent unnecessary duplication of dockets, but still allow the IPUC to follow proposed business decisions made by Questar that impact Idaho customers.

### **ORDER**

IT IS HEREBY ORDERED that the IPUC President is authorized to sign the updated CRS on behalf of the IPUC, an unsigned form of which is attached to this Order.

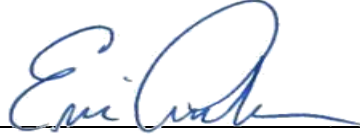
IT IS FURTHER ORDERED that IPUC Staff shall forward a copy of the CRS signed by the IPUC President to the UPSC for consideration and execution.

IT IS FURTHER ORDERED that Questar shall promptly provide the IPUC with copies of all documents it files with UPSC related to the permitting, construction, and operation of Questar's gas system.

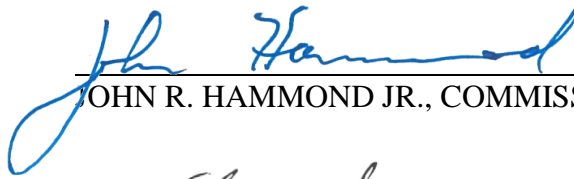
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter

decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6<sup>th</sup> day of June 2024.



ERIC ANDERSON, PRESIDENT



JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez  
Commission Secretary

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**Exhibit No. 1**

**CONTRACT FOR REGULATORY SERVICES**

This contract is entered into by and between the IDAHO PUBLIC UTILITIES COMMISSION (hereinafter IPUC), whose principal office is located at 11331 W. Chinden Blvd. Building 8, Suite 201-A, Boise, ID 83714, telephone (208) 334-0300, and the UTAH PUBLIC SERVICE COMMISSION (hereinafter UPSC), whose principal office is located at 160 East 300 South, Salt Lake City, Utah 84111, telephone (801) 530-6716.

WHEREAS, IPUC has the power and authority pursuant to *Idaho Code* § 61-505(2) to “contract with the regulatory agencies of neighboring states to . . . set rates and charges for customers in Idaho located in or near border communities served by utilities principally located in” neighboring states, and,

WHEREAS, Questar Gas Company (“Questar”), whose principal office is located at 180 East First South, PO Box 11368, Salt Lake City, Utah 84139, serves natural gas customers in Utah, Wyoming, and Idaho, and,

WHEREAS, Questar is a public utility regulated by UPSC, and,

WHEREAS, IPUC has found that the provision of utility service to customers in Franklin County, Idaho, by Questar is in the public interest and has issued Certificate of Public Convenience and Necessity No. 315 to Questar, and,

WHEREAS, the IPUC and UPSC previously entered into a contract for regulatory services dated August 1990 and March 2016, and,

WHEREAS, the IPUC shall maintain its pipeline safety supervision over Questar’s facilities located in Idaho, and,

WHEREAS, IPUC has found that it is impractical or not in the public interest to conduct regulatory proceedings for affected Idaho residents separate from the proceedings conducted by UPSC for Questar’s Utah ratepayers, and,

WHEREAS, Questar’s parent, Dominion Resources, Inc., and Enbridge Quail Holdings, LLC (“EQ Holdings”) have entered into an Agreement, by which (if approved) Questar will become a wholly owned subsidiary of EQ Holdings and Questar will subsequently do business in Idaho as Enbridge Gas Idaho.



WITNESSETH:

1. Scope. The IPUC and UPSC hereby contract and agree that the rates, charges and service regulations adopted by UPSC for Questar in Utah shall be applied to similarly situated customers served by Questar in Idaho and that the findings, decisions and orders of the UPSC are presumptively correct and will take effect according to the terms of the order of the UPSC, with review as provided by *Idaho Code* § 61-505(4). Idaho residents who receive utility service from Questar will be accorded full rights of representation and participation in the hearings conducted by UPSC concerning Questar as well as the same rights that Utah customers have to pursue service-related issues. The rates, charges and service regulations for Idaho customers will not be less favorable than those of similarly situated Utah customers.

2. Winter Moratorium. It is further agreed that Idaho customers of Questar will be subject to Rule 306 of the IPUC Customer Relations Rules for Gas, Electric, and Water Public Utilities, IDAPA 31.21.01.306, which provides restrictions on termination of natural gas service during the winter months of December through February.

3. Revenue, Expenses, Service. UPSC agrees to include the revenue, investment and expenses of Questar's Idaho service territory in its calculation of rates and charges for Questar. UPSC agrees to place the IPUC on its service lists for any cases involving Questar so that IPUC may receive all orders, notices, etc. that are issued in cases that involve Questar.

4. Toll-Free Number. UPSC agrees to provide toll-free telephone access to Idaho customers of Questar to contact the UPSC.

5. Term and Renewal. It is the intent of IPUC and UPSC that this contract have an initial term of one (1) full calendar year from June 1, 2024, and shall be renewed automatically for additional one (1) year terms, subject to the Termination provision below.

6. Termination. Either party may provide written notice of termination of this contract prior to the expiration of the initial term or each one (1) year renewal term. Such termination will be effective upon delivery of the written notice of termination. This contract may be discontinued and terminated pursuant to the applicable laws of either Idaho or Utah.

7. IPUC Review. IPUC may review this contract or rates applied to Idaho residents pursuant to this contract upon petition of Idaho customers of Questar upon the conditions provided by *Idaho Code* § 61-505(4), namely: a showing that all remedies with the UPSC have been

exhausted, that all remedies with Questar have been exhausted and that Idaho customers have been discriminatorily, preferentially or otherwise unlawfully treated by the UPSC.

8. Written Notice. Any notice given in connection with this contract shall be in writing and shall be delivered either by hand to the other party, by certified mail, postage prepaid, return receipt requested, to the addressee provided below or by facsimile transmission to the other party at the facsimile number below. Notice shall be deemed delivered immediately upon personal service or facsimile transmission or forty-eight (48) hours after depositing notice or demand in the United States mail. Either party may change its address by giving written notice of the change to the other party.

TO:  
Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074  
[secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

TO:  
Utah Public Service Commission  
160 East 300 South  
Salt Lake City, UT 84111  
Telephone: (801) 530-6716  
FAX: (801) 530-6796  
ATTN: Commission Secretary

Street Address for Express Mail:

11331 W. Chinden Blvd.  
Building 8, Suite 201-A  
Boise, ID 83714

9. Headings. The headings have been inserted for convenience solely and are not to be considered when interpreting the provisions of this contract.

10. Counterparts. This contract may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11. Sovereign Immunity. Nothing in this contract shall be construed as a waiver of Idaho's or Utah's sovereign immunity, which immunity is hereby expressly reserved.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

DATED this                    day of June 2024.

IDAHO PUBLIC UTILITIES COMMISSION  
By:

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Eric Anderson, President

UTAH PUBLIC SERVICE COMMISSION  
By:

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, Chairman