

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Enbridge Gas Utah for Approval of the Piceance Development Phase II as a Wexpro II Property	<u>DOCKET NO. 25-057-10</u> <u>ORDER APPROVING SETTLEMENT STIPULATION</u>
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ISSUED: August 25, 2025

SYNOPSIS

The Public Service Commission (PSC) approves a settlement stipulation to include the Piceance Development Phase II as a Wexpro II property.

PROCEDURAL BACKGROUND

On June 11, 2025, Enbridge Gas Utah (EGU) filed an application, along with supporting testimony and exhibits, seeking to add the Piceance Development Phase II (“Piceance II”) as a Wexpro II property (“Application”) pursuant to procedures and conditions established in the Wexpro II Agreement,<sup>1</sup> Trail Unit Settlement Stipulation,<sup>2</sup> Canyon Creek Settlement Stipulation,<sup>3</sup> and the Production Cap Settlement Stipulation<sup>4</sup> (collectively, “Wexpro II Agreements”).

On June 25, 2025, the PSC issued a Scheduling Order, Notice of Technical Conference, and Notice of Hearing.<sup>5</sup> The Division of Public Utilities (DPU) and the

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<sup>1</sup> *In the Matter of the Application of Questar Gas Company for Approval of the Wexpro II Agreement*, Docket No. 12-057-13, Order issued March 28, 2013.

<sup>2</sup> *In the Matter of the Application of Questar Gas Company for Approval to Include Property Under the Wexpro II Agreement*, Docket No. 13-057-13, Order issued January 17, 2014.

<sup>3</sup> *In the Matter of the Application of Questar Gas Company for Approval of the Canyon Creek Acquisition as a Wexpro II Property*, Docket No. 15-057-10, Order issued November 17, 2015 (“Canyon Creek Stipulation”).

<sup>4</sup> *Application of Dominion Energy Utah to Modify the Wexpro Production Cap*, Docket No. 22-057-04, Order issued April 13, 2022.

<sup>5</sup> The technical conference was held on July 9, 2025. The conference recording is available at: <https://www.youtube.com/live/vrBVSczSgBk> and EGU’s conference materials may be found at:

Office of Consumer Services (OCS) filed written testimony on July 22, 2025, and EGU filed rebuttal testimony on July 30, 2025. On August 6, 2025, EGU, Wexpro Company (“Wexpro”), DPU, and OCS (collectively “Parties”) filed the Piceance Phase II Settlement Stipulation (“Settlement”).

On August 11, 2025, the PSC held an evidentiary hearing during which witnesses for EGU, DPU, and OCS provided testimony supporting the Settlement. There were no intervenors in this docket, and there was no opposition to the Application or the Settlement.

#### THE APPLICATION

The Application states that on December 23, 2024, Wexpro Development Company (“WDC”) entered into a Joint Development Agreement (“JDA”) with the owner of a working interest located in Garfield and Mesa Counties, Colorado, known as Piceance Basin. The Application represents that, although not technically subject to the Wexpro II Agreements, EGU “voluntarily offers the entire [Piceance II] for approval to be included as a Wexpro II property.”<sup>6</sup> EGU also represents it contemporaneously filed an application with the Wyoming Public Service Commission for approval of inclusion of Piceance II as a Wexpro II property.<sup>7</sup> The Application states that WDC has

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<https://pscdocs.utah.gov/gas/25docs/2505710/340566RdctdEGUPrsntnJuly92025TchnclCnfrnc7-8-2025.pdf>

<sup>6</sup> Application at 2.

<sup>7</sup> Approval by the Utah and Wyoming Commissions is required for newly acquired interests and property to be included under the Wexpro II Agreements.

initiated development of Piceance II at its own risk and, if the Application is approved, the drilling costs incurred will be passed on to EGU customers.

PRE-FILED TESTIMONY

EGU witnesses Kelly Mendenhall and Brady Rasmussen provided testimony supporting the Application. Mr. Mendenhall describes the JDA, summarizes the requirements for acquiring properties for inclusion as Wexpro II properties, and discusses why including Piceance II as a Wexpro II property is in the public interest. For example, Mr. Mendenhall explains that Piceance II will produce gas at a price point at or below the five-year forward curve with stable pricing for 20-30 years, which benefits EGU's customers.<sup>8</sup>

Mr. Rasmussen's written direct testimony also describes the JDA, outlines how WDC determines its annual drilling program, explains how WDC can continue to drill at or below the five-year forward curve, and explains what WDC is doing to help reduce the overall price of cost-of-service ("COS") gas.<sup>9</sup> Mr. Rasmussen states Piceance II is a low-risk opportunity and, if the Application is approved, EGU and WDC will continue to ensure that COS production does not exceed the 55 percent supply limitation set in the Wexpro II Agreements.

DPU witness Eric Orton's written direct testimony states that EGU provided the relevant information in the Application, exhibits, and data request responses. DPU

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<sup>8</sup> See Mendenhall Written Direct Testimony at 4-5.

<sup>9</sup> See *generally* Rasmussen Written Direct Testimony at 2-3 and 5-8.

recommends approval of the Application, allowing Piceance II to be included as a Wexpro II property. However, Mr. Orton raises 2 issues “with the objective of bringing awareness to the” PSC relating to future Wexpro II properties.<sup>10</sup>

First, Mr. Orton is unsure whether the JDA, as he understands it, fits within the terms of the Wexpro II Agreements.<sup>11</sup> Mr. Orton characterizes this as a legal question, but neither provides guidance on its answer nor requests the PSC to rule on this issue.

Second, Mr. Orton raises an issue relating to the 2015 Canyon Creek Stipulation and its “shared savings” provision.<sup>12</sup> DPU is concerned about this provision relative to the Application because, according to Mr. Orton, Wexpro could be compensated for risk it is not assuming in Piceance II.<sup>13</sup> Based on this concern, Mr. Orton requests that the PSC “consider elimination of the shared savings provision outlined in the Canyon Creek Stipulation, at least [in] some circumstances.”<sup>14</sup>

However, although DPU expressed concerns with the Application, Mr. Orton states that “[i]f the forecasts provided [by EGU] in the Application ... are reasonably accurate, the overall COS for gas produced from the Wexpro II properties will be lower for ratepayers than if [Piceance II] is not approved for inclusion as a Wexpro II

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<sup>10</sup> Orton Written Direct Testimony at 4.

<sup>11</sup> *See id.* at 7 & 10.

<sup>12</sup> *See id.* at 7-8. Although more involved and nuanced, this provision basically provides that if the price of COS gas is less than the market price, the difference in those prices (i.e., the savings) will be shared between Wexpro and EGU's ratepayers, with a cap on the amount that Wexpro can receive.

<sup>13</sup> *See id.* at 8-9.

<sup>14</sup> *Id.* at 10.

property.”<sup>15</sup> Thus, Mr. Orton concludes, based on the likely lower “overall COS for ratepayers and increase the gas volumes available, while keeping their total production below the allowed cap of 55% ... [under] the Wexpro II agreement,”<sup>16</sup> DPU recommends the PSC approve the Application.

OCS witness Bela Vastag’s written direct testimony identifies potential benefits and risks to ratepayers from Piceance II. For example, OCS highlights ratepayers’ likely cost savings because the projected COS gas is below the projected average market price,<sup>17</sup> and notes Piceance II’s contribution to COS gas supply without threatening the 55 percent cap.<sup>18</sup> In contrast, Mr. Vastag also identifies the potential risk that Piceance II’s COS projected prices are not guaranteed.<sup>19</sup> However, even with the identified risks, OCS recommends the PSC approve the Application, stating “[t]he projected 5-year average price ... is a reasonable price for ratepayers considering some of the extreme spikes in natural gas market prices we have seen in recent years.”<sup>20</sup>

In rebuttal, EGU witness Mr. Rasmussen addresses Mr. Orton’s question about whether Piceance II “might be outside the intended scope of the Wexpro II Agreement.”<sup>21</sup> Specifically, Mr. Rasmussen provides several examples of different

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<sup>15</sup> *Id.* at 9.

<sup>16</sup> *Id.* at 10.

<sup>17</sup> Vastag Written Direct Testimony at 3.

<sup>18</sup> *See id.* at 4.

<sup>19</sup> *See id.* at 5.

<sup>20</sup> *Id.* at 6.

<sup>21</sup> Rasmussen Written Rebuttal at 3.

types of agreements historically used by Wexpro to develop gas properties as a non-operating working interest owner, like in Piceance II, which have benefitted Utah ratepayers.<sup>22</sup> EGU witness Austin Summers also addresses Mr. Orton's concerns about the Canyon Creek Stipulation. Mr. Summers disagrees with Mr. Orton on this issue and notes that the shared savings "mechanism [in the Wexpro II Agreements] incentivizes Wexpro to keep costs low, which ultimately benefits customers through lower cost-of-service prices."<sup>23</sup>

#### THE SETTLEMENT

The Settlement resolves the issues raised in the docket. Among other things, the Parties agree that the (1) PSC should approve Piceance II as a Wexpro II property, (2) Parties will meet prior to the next Wexpro acquisition to discuss the issues raised by DPU in its written direct testimony, and (3) Parties will meet prior to the next Wexpro acquisition and EGU will demonstrate how it has made the reporting of the shared savings more transparent in EGU's monthly reports.

#### TESTIMONY AT HEARING

EGU witness Mr. Summers provided background information about the Wexpro II Agreements as they relate to specific provisions in the Settlement. For example, Mr. Summers testified about those agreements that specifically address the issues raised

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<sup>22</sup> See *id.* at 1-2 and 3-4.

<sup>23</sup> Summers Written Rebuttal at 3.

by DPU in Mr. Orton's direct testimony.<sup>24</sup> In this regard, Mr. Summers testified that EGU is confident that the issues raised by DPU will be resolved prior to EGU seeking the addition of another property under the Wexpro II Agreements.<sup>25</sup>

Mr. Summers also addressed an issue raised by OCS's written direct testimony, and testified that the Settlement reflects EGU's commitment to increase the transparency of its reporting under the Wexpro II Agreements. Specifically, EGU will add a line-item in its monthly 191 account reports that delineates any shared savings resulting from the Wexpro II Agreements.<sup>26</sup> Mr. Summers concluded that the economics of Piceance II are favorable and approval of the Application will result in EGU ratepayers benefitting from future COS production.

DPU witness Mr. Orton summarized the Application, DPU's position, and affirmed DPU's support of the Settlement. Mr. Orton also testified about the issues raised in his written direct testimony, stating it was only after his direct testimony and EGU's rebuttal testimony had been filed that DPU, EGU, and Wexpro "engaged in arms-length settlement discussions and negotiations, where [DPU's] concerns were addressed and discussed adequately."<sup>27</sup> And consistent with Mr. Summers' testimony on this point, Mr. Orton testified that he expects the issues raised in his written direct

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<sup>24</sup> See Hearing Transcript at 14-15.

<sup>25</sup> See *id.*; see also *id.* at 21-22.

<sup>26</sup> See *id.* at 15; see also *id.* at 22-23.

<sup>27</sup> *Id.* at 38.

testimony will be resolved pursuant to the Settlement prior to EGU seeking to add another property under the Wexpro II Agreements.<sup>28</sup>

Mr. Orton also clarified that DPU is not requesting the PSC's opinion on the legality of Piceance II as it relates to the Wexpro II Agreements,<sup>29</sup> and further affirmed that DPU's recommendation to approve the Application is not contingent upon the outcome of future discussions between the Parties under the Settlement.<sup>30</sup> Finally, Mr. Orton testified that the Settlement "is just and reasonable in result and would be in the public interest by providing net benefits to ratepayers."<sup>31</sup>

OCS witness Mr. Vastag testified about the Settlement, and affirmed its provisions addressing the issues raised by both OCS and DPU in their written direct testimony. Mr. Vastag also testified about the benefits of adding Piceance II as a Wexpro II property and stated the Settlement is "just and reasonable in result and in the public interest [and] [t]he OCS recommends ... the [PSC] approve [the Settlement]."<sup>32</sup>

### FINDINGS AND CONCLUSIONS

As set forth in Utah Code Ann. § 54-7-1, settlements of matters before the PSC are encouraged at any stage of a proceeding. The PSC may approve a settlement agreement provided the evidence in the record supports a finding that the agreement

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<sup>28</sup> See *id.* at 36 and 38-39.

<sup>29</sup> See *id.* at 40-41.

<sup>30</sup> See *id.* at 42.

<sup>31</sup> *Id.* at 39.

<sup>32</sup> *Id.* at 47.



is just and reasonable in result. In making such a finding, the PSC must consider “the interests of the public and other affected persons.”<sup>33</sup> We evaluate the record evidence, the Application’s compliance with the Wexpro II Agreements, and past PSC orders. We find designating Piceance II as a Wexpro II Agreement property is reasonably likely to reduce the price of cost-of-service gas, provides a supply hedge to EGU customers, and maintains cost-of-service gas production below the fifty-five percent production cap established in the Wexpro II Agreements.

Therefore, based on our review of the Application, the Settlement, the written and live testimony of the EGU, DPU, and OCS witnesses, and there being no opposition, we find that substantial evidence exists to conclude that the Settlement is just, reasonable, and in the public interest.

ORDER

Pursuant to our above discussion, findings, and conclusions, we approve the Settlement that includes approval of Piceance II as a Wexpro II property.

DATED at Salt Lake City, Utah, August 25, 2025.

/s/ John E. Delaney  
Presiding Officer

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<sup>33</sup> Utah Code Ann. § 54-7-1(2)(a).

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Approved and confirmed August 25, 2025 as the Order of the Public Service  
Commission of Utah.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#341142

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on August 25, 2025, a true and correct copy of the foregoing was served upon the following as indicated below:

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