

Dominion Energy Utah
Fourth Quarter Variance Report
March 2017 – May 2017

Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Fourth Quarter Variance Report for the period March 2017 – May 2017. This report identifies the variance between the actual results and the projections set forth in the 2016 Integrated Resource Plan (IRP).

Weather

Exhibits 1.1 – 1.3

Exhibit 1.1 shows that the actual weather was significantly warmer than the 2016-2017 IRP normal temperature estimates for March. In April, temperatures were normal and temperatures in May were again warmer than IRP estimates. Exhibit 1.3 shows that for the IRP year, the cumulative HDD total was below normal.

Gas Storage

Exhibits 2.1 – 2.4

Clay Basin had slightly higher inventory levels than the 2016 – 2017 IRP forecast for March, but inventory levels were lower than IRP estimates in April and May.

The 2016-2017 IRP forecast included gas purchases to be injected into Clay Basin in April and May. Model runs updated in the spring of 2017, which incorporated updated production and price forecasts, also continued to suggest to purchase gas to inject into Clay Basin given normal temperatures. However, in updated model runs with temperatures warmer than normal, the model would reach capacity at Clay Basin over the course of the summer without the purchase of gas for injection. Filling Clay Basin early in the summer creates the potential need to shut-in cost-of-service production as the summer progresses. For this reason, the Company did not purchase additional gas for injection into Clay Basin and as a result, inventory was lower than estimates for April and May.

Aquifer inventory was higher than IRP estimates in March but closely matched projections for April and May. See Exhibit 2.2.

The higher inventory in March was due to warmer than estimated temperatures, and the annual Clay Basin draw-down, which occurred at the same time.

Firm Sales

Exhibits 3.1 – 3.4

Usage was 13% below the forecasted level for the quarter, as a result of temperatures running above normal for the period. Heating degree days for the quarter were 21% below normal. Temperature-adjusted usage per Utah GS customer was 30.6 Dth, about 2 Dth higher than projected for the quarter. The quarter-ending GS customer total of 989,991 was just below the 990,821 forecasted.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

Exhibit 4.1 shows much less purchase gas in March through May compared to projections for the quarter.

Warm temperatures in March and May, combined with withdrawal of storage gas and more cost-of-service gas than estimated reduced the need to purchase gas during this quarter.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3
As a result of lower purchased volumes in these months, total monthly costs for third party gas were lower than March through May estimates. See Exhibit 5.1.

Gas Purchased from Third Parties Unit Cost Variance Exhibits 6.1, 6.2
Unit costs for the quarter were lower than IRP estimates in March, but higher in April and May. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3
For March through May, cost-of-service gas volumes were higher than 2016 – 2017 IRP estimates. Canyon Creek, Trail, Powder Wash, and Church Buttes fields all produced above IRP estimates for the quarter. See Exhibit 7.1.

Cost-of-Service Gas New Drill Component Exhibits 8.1 – 8.3
Wexpro new drill for the quarter was below 2016 – 2017 IRP estimates. A scheduled well in Trail was pushed from the fall of 2016 until early 2017 and was ultimately not drilled. Mesa and Canyon Creek wells planned for early 2017 were completed early in the fall of 2016 and by the spring of 2017, the 2016 – 2017 IRP estimated volumes were beginning to decline.

Table 1 below summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. There was no shut-in gas during the Fourth 2016 – 2017 IRP quarter.

TABLE 1

	March	January	May	Total Dth for Quarter
Estimated Shut-in (dth/day)	0	0	0	0
Actual Shut-in (dth/day)	0	0	0	0

Table 2 below summarizes purchase and cost-of-service volume variances using 2016 – 2017 IRP projections and actual results as a percent of total. The Q4 number is a percent of total and not an average.

TABLE 2

		Actual Purchase as Percent of Total	IRP Forecast (Normal) Purchase as Percent of Total	Actual Cost-of- Service Into- Pipe as Percent of Total	IRP Forecast (Normal) Cost-of- Service Into-Pipe as Percent of Total
1	Mar-17	27.79%	57.26%	72.21%	42.74%
2	Apr-17	30.14%	49.42%	69.86%	50.58%
3	May-17	8.69%	37.57%	91.31%	62.43%
4	Q4	23.27%	49.42%	76.73%	50.58%

Supplemental Graphs

Exhibits 9.1 – 9.4

Confidential Exhibits 9.1 and 9.2 show the total projection and new drill by nominations group. Confidential Exhibits 9.3 and 9.4 show detailed information related to gas purchases.

Average Market Price and Cost-of-Service Price

Exhibit 10.1, 10.2

Exhibit 10.1 shows the price difference between cost-of-service gas and average market price. Exhibit 10.2 compares the actual market price with the trailing twelve months (TTM) price of cost-of-service gas on an into-pipe basis.

DNG Action Plan

The first, second, and third quarter variance reports provided details on NL0001 District Regulator Station in North Logan. All other projects were on schedule and on budget during the fourth quarter.

Fourth Quarter Variance Report

March 2017

Through

May 2017

Docket No. 16-057-08

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

Docket No. 16-057-08

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 16-057-08

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 16-057-08

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
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Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
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Gas Purchased
From Third Parties

Unit Cost Variance
Exhibits 6.1 – 6.2
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Cost-of-Service Gas
Exhibits 7.1 – 7.3
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Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
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Data

Exhibits 9.1 – 9.4

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Average Market Price and
Cost-of-Service Price
Exhibits 10.1 – 10.2
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