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Dominion Energy®

August 30, 2017

Heber M. Wells Building
P. O. Box 45585
Salt Lake City, UT 84145-0585

Re: Replacement Infrastructure 2017 Annual Plan and Budget Update – Docket No. 16-057-17

Dear Commissioners:

Dominion Energy Utah (Dominion Energy or the Company) respectfully submits this update to its 2017 Annual Plan and Budget submitted on November 15, 2016, and requests the Utah Public Service Commission (Commission) to approve additional necessary capital investment. The increase is required due to a Weber County road project that necessitates relocation of segments of Feeder Line 51 (FL51) in 2017. FL51 was originally scheduled to be constructed in 2035.

On November 18, 2016, subsequent to the Company's November 15, 2016 filing of the 2017 Plan, Weber County officials notified the Company that a road project may require replacement of segments of FL51 in 2017. At that date neither the timeline or scope of work had been determined. In its April 2017 Technical Conference the Company discussed possible spending on FL51 in 2017 while noting that the schedule, budget, and footage were still unknown. On June 29, 2017 the Company received confirmation from Weber County officials that a significant portion of high pressure pipe on FL51 would need to be relocated due to the road project, beginning in the second half of 2017.

Dominion Energy has reviewed the Weber County road design and has prepared pipeline designs, cost, and time estimates for the FL51 relocation. Based on this analysis the Company estimates the FL51 project will cost a total of $6.74 million to complete. As outlined in the 2017 Plan, the Company has an allowed budget of $64.17 million in 2017 and has committed to invest $64.15 million to replace segments of Feeder Line 21, Feeder Line 26, and segments of intermediate high pressure belt lines in Salt Lake, Davis, and Utah counties. This leaves little flexibility to undertake the replacement of FL51 within the currently approved budget. However, after careful consideration and working with project manager and contractors, the Company has determined that it can reduce spending in its intermediate high pressure projects and the Feeder Line 26 project by $1.47 million. Accordingly, the Company requests a budget increase $5.27 (6.74 – 1.47 = 5.27) million to accomplish the Feeder Line 51 work.

The Partial Settlement Stipulation (Stipulation) approved in Docket No. 13-057-05 states that:

> "…the Infrastructure Rate-Adjustment Mechanism shall be limited to a total of $65 million per year to cover the costs associated with replacing both high pressure and intermediate high pressure natural gas facilities. The annual budget shall be indexed each year for inflation using the most recent corresponding Global Insight inflation rate reported as the 'GDP Deflator.'" (Paragraph 24).

The Stipulation further provides that:

> "[t]he Company may request Commission approval to exceed the budget cap if there are exigent circumstances requiring immediate capital expenditures." (Paragraph 22.a.)

The Company believes that the facts and circumstances surrounding the replacement of FL51 are exigent. The Company did not know of the required replacement until after the budget was filed. Requests for a timeline or scope of project were not answered until mid-2017. The county is now requiring replacement before the end of this year.

Attachment 1 shows the original budgeted amounts in column B and the updated budgeted amounts in column C. Column D shows the changes to the original budget. As shown Feeder Line 51 has been added to the high pressure replacement list.

In addition to the budget dollar impact, the Company is also providing footage and location detail for these projects. Attachment 2 shows the amount of footages to be replaced by size and vintage year. Attachment 3 contains a map showing the specific location of the feeder line.

In accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Dominion Energy Utah's Tariff, the Company will continue to submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Respectfully Submitted,

Barrie L. McKay

Barrie L. McKay
Director
Customer Rates and Regulation

cc: Division of Public Utilities
Office of Consumer Services