

February 15, 2018

Chris Parker
Utah Division of Public Utilities
Heber M. Wells Building, 4th Floor
P. O. Box 146751
Salt Lake City, UT 84114-6751

Re: Replacement Infrastructure Annual Plan and Budget, Fourth Quarter Variance Report
Docket No. 16-057-17

Dear Chris,

Dominion Energy Utah (Dominion Energy or the Company) respectfully submits this report and its accompanying exhibit to the Utah Division of Public Utilities (Division) in accordance with the Report and Order issued February 21, 2014 in Docket No. 13-057-05 (Order). In the Order, the Utah Public Service Commission (Commission) approved a Partial Settlement Stipulation (attached to the Order as Appendix A). Paragraph 22(C) of the Partial Settlement Stipulation indicates that the Company will file quarterly variance reports showing the actual expenditures in the infrastructure replacement program, as compared to the budget, and describing any material variances from the most current replacement schedule.

On November 15, 2016, the Company submitted a Replacement Infrastructure Annual Plan and Budget in Docket No. 16-057-17 (2017 Budget) to the Commission. The 2017 Budget included a budget for high pressure feeder line (HP) and intermediate high pressure belt main (IHP) replacement projects during 2017. This budget was subsequently modified to include a portion of Feeder Line 51 in Weber County (see Settlement Stipulation approved on November 27, 2017).

The attached Exhibit 1 provides the amount spent for each replacement project for the year ended 2017 as compared to the 2017 Budget. Column B of Exhibit 1 shows the budget by project. Column C shows the costs through the fourth quarter. Column D shows the variance for 2017 for each of these projects. Pursuant to the Settlement Stipulation modifying the 2017 Budget on November 27, 2017, the Company increased its 2017 budget to include work done on FL51. As a result the overall spending in 2017 was \$4.82 million higher than the allowed 2017 spend amount of \$64.17. The stipulation specifies that this excess amount must be removed from the 2018 budget. As such, the Company will submit a revised 2018 budget, reduced by \$4.82M, as part of its first quarter 2018 update.

Dominion Energy will continue to provide quarterly progress updates on an ongoing basis. If you or your staff has additional questions concerning these reports, please contact me.

Sincerely,



Kelly Mendenhall
Director
Regulatory and Pricing

cc: Public Service Commission
Office of Consumer Services

2017 Infrastructure Replacement Budget
For the Fourth Quarter Ending December 31, 2017

	A	B	C	D
	Feeder Line	2017 Budget	Actual Costs as of December 31, 2017	Variance (Over) / Under
High Pressure				
1	FL21	\$46,106,000	\$52,798,824	(\$6,692,824) 1/
2	FL26	-	\$0	0
3	FL51	6,737,000	\$5,064,607	1,672,393 2/
4	Total High Pressure	\$52,843,000	\$57,863,431	(\$5,020,431)
Intermediate High Pressure				
5	Salt Lake County Total	\$5,900,000	\$4,027,213	\$1,872,787 3/
6	Utah County Total	1,100,000	\$938,151	161,849
7	Davis County Total	9,024,000	\$5,736,958	3,287,042 1/
8	Total Intermediate High Pressure	\$16,024,000	\$10,702,322	\$5,321,678
9	Pre-engineering (Future Projects)	\$550,000	\$425,947	\$124,053
10	Total	\$69,417,000	\$68,991,700	\$425,300

1/ This pipeline was run concurrently with the Davis County Belt Line. The increased spending for the FL21 project is offset by the lower cost of the parallel Davis County Belt Line, but the construction cost of the combined projects were higher than expected. This was due to a wetter than usual winter and spring which slowed progress and increased expense considerably due to trench instability, pumping water and muddy conditions.

2/ Budget was based on installing nearly all of the pipeline in 2017. Due to delays approximately 9,744' of the 15,100' pipeline was installed.

3/ Salt Lake County Belt Line work was under budget due to postponing the 9,800' 300 East project from 2017 to 2018 and the lack of completion on the 1300 East project. Our contractor was on schedule to be complete when poor ground conditions were encountered which prohibited the directional drilling installation that was planned for the project.