

# First Quarter Variance Report

June 2018  
Through  
August 2018  
Docket No. 18-057-01

Dominion Energy Utah  
First Quarter Variance Report  
June 2018 – August 2018

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this First Quarter Variance Report for the period June 2018 – August 2018. This report identifies the variance between the actual results and the projections set forth in the 2018 Integrated Resource Plan (IRP).

**Weather**

Exhibits 1.1 – 1.3

During the first quarter, the actual weather was warmer than the 2018 - 2019 IRP normal temperature estimates for each of the three months. See Exhibit 1.1.

**Gas Storage**

Exhibits 2.1 – 2.6

In the first quarter, Clay Basin inventory was slightly higher than the 2018 – 2019 IRP estimates for the quarter. The increases in July and August were due to Dominion Energy Questar Pipeline (DEQP) not enforcing injection constraints into Clay Basin, allowing more injection than estimated in the IRP. See Exhibit 2.1.

Aquifer inventory for June and July closely matched the 2018 – 2019 IRP Aquifer inventory estimates. Aquifer inventory was slightly higher for August. At the end-of-August, the Company increased its injections into the aquifers to help mitigate the shut-in of Company-owned supplies. See Exhibit 2.2.

Actual Spire Storage West inventory closely matched the 2018 – 2019 IRP inventory estimates. See Exhibit 2.3.

**Firm Sales**

Exhibits 3.1 – 3.4

Actual sales through the first quarter of the 2018 IRP year were 10% less than the Forecast in the IRP. The variance seems to arise primarily from the normal heating degree days through the same period being 12% higher than actual. See Exhibit 3.1.

**Gas Purchased from Third Parties Volume Variance**

Exhibits 4.1 – 4.3

The volume of purchased gas for June and August matched the 2018 – 2019 IRP estimates. During the last 6 days of July Dominion Energy Utah purchased 4,700 dth due to scheduled Company line work in Rock Springs requiring gas to be delivered to the CIG Foothills Station. See Exhibit 4.1.

**Gas Purchased from Third Parties Cost Variance**

Exhibits 5.1 – 5.3

Purchase Gas Costs followed the trend of Gas Purchased from Third Parties Volume Variance above. June and August purchase costs matched the 2018-2019 IRP estimates. Actual July purchase costs were \$12,000. The July IRP estimate for purchase costs was zero. This was again due to Rock Spring scheduled line work at the end of July. See Exhibit 5.1.

**Gas Purchased from Third Parties Unit Cost Variance**

Exhibits 6.1, 6.2

June and August unit costs matched the 2018 - 2019 IRP estimates for the quarter. The scheduled line work in Rocks Springs required the Company to purchase gas in July. The

unit cost was \$2.54 compared to the IRP estimate of no unit cost for the month. See Exhibit 6.1.

**Cost-of-Service Gas**

Exhibits 7.1 – 7.3

For June, the cost-of-service gas volume was less than the 2018 – 2019 IRP estimate. Reservoir testing in Canyon Creek, Powder Wash, Church Buttes and Whiskey Canyon all contributed to the under production. At the request of Dominion Energy Utah, Wexpro shut-in approximately 12,000 Dth/day of natural gas for the last 15 days of June.

July and August cost-of-service gas volumes were greater than IRP estimates despite the continuation of shut-in production. Canyon Creek, Trail, Church Buttes, Bruff and Whiskey Canyon all overproduced during July and August. The overproduction was due to ending reservoir testing, field wide compression in Trail and work-overs (performing maintenance to replace the production tubing to boost production of a well) and well optimization especially in Church Buttes.

At the request of Dominion Energy Utah, Wexpro shut-in an additional 3,000 Dth/day for a total shut-in of approximately 15,000 Dth/day for all of July, August and continuing into IRP second quarter. See Exhibit 7.1.

**Cost-of-Service Gas New Drill Component**

Exhibits 8.1 – 8.3

Wexpro new drill volumes for the first IRP quarter matched IRP estimates for 2018 – 2019 IRP model. There was no new drill during the quarter.

Table 1 below summarizes purchase and cost-of-service volume variances using 2018 – 2019 IRP projections and actual results as a percent of total. The Q1 number is a percent of total and not an average.

TABLE 1

		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	Jun-18	0.00%	0.00%	100.00%	100.00%
2	Jul-18	0.08%	0.00%	99.92%	100.00%
3	Aug-18	0.00%	0.00%	100.00%	100.00%
4	Q1	0.03%	0.00%	99.97%	100.00%

Table 2 below summarizes estimated average daily shut-in verses actual average daily shut-in during the first quarter.

TABLE 2

	June	July	August	Total Dth for Quarter
Estimated Shut-in (dth/day)	1,549	10,780	7,538	614,321
Actual Shut-in (dth/day)	6,359	15,000	15,000	1,139,384

**Supplemental Data**

Exhibits 9.1 – 9.3

These Confidential Exhibits reflect source data for Cost-of-service, New Drill and Purchase Gas.

**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 following projects have been updated during the first quarter.

*North Temple High Pressure Regulator Station, Salt Lake City, Utah*

The project has been renamed to the Flyer Way HP Regulator Station. The name change occurred due to the fact that the new station is not located on North Temple, but is being relocated to a street called Flyer Way.

*Rose Park Gate Station, Salt Lake City, Utah*

Construction has been postponed to 2020. Slower than anticipated growth in the Davis and Weber counties has allowed the project to be delayed one year.

*TG0007 Regulator Station, Saratoga Springs, Utah*

Design of the project has progressed and the Company has identified two possible routes.

The first option is to extend 8” pipe from the existing TG0004 station, run east to Redwood Rd, and then run south on Redwood Rd for approximately 4 miles. The total length of this alignment is 5.18 miles. UDOT has recently repaved this road and the asphalt restoration requirements for the trench will be extensive, if allowed at all. Traffic control would also add significant cost. Total cost for this option is estimated at \$11,400,000.

The second option is to extend 8” pipe from the existing TG0004 station in a South Southeasterly direction, following a future road corridor that Saratoga Springs has master planned. The total length of this alignment is 4.4 miles. This option is preferable because it is shorter, the running line would be almost entirely in undeveloped dirt, traffic control would be minimal, and the trench restoration costs would be low. This option would require the purchase of easements. Total cost for this option is estimated at \$8,100,000.

*LG0012 District Regulator Station, Nibley, Utah*

The project has been postponed until 2020. Slower than anticipated growth in Cache County has allowed the project to be delayed one year.

*St George 12” Reinforcement tie, St George, Utah*

The Company has consulted with pipeline construction experts and determined that the entire project can be constructed within the calendar year. Construction start has been delayed until Jan 2020. The project will be completed in Oct 2020.

Heating Degree Day  
Graphs  
Exhibit 1.1 – 1.3  
Docket No. 18-057-01

Gas Storage Graphs  
Exhibits 2.1 – 2.6  
Docket No. 18-057-01

Firm Sales Graphs  
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Gas Purchased  
From Third Parties

Volume Variance  
Exhibits 4.1 – 4.3  
Docket No. 18-057-01



Gas Purchased  
From Third Parties

Cost Variance  
Exhibits 5.1 – 5.3  
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Gas Purchased  
From Third Parties

Unit Cost Variance  
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Cost-of-Service Gas  
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Cost-of-Service Gas  
New Drill Component  
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