

Fourth Quarter Variance Report

March 2019

Through

May 2019

Docket No. 18-057-01

Dominion Energy Utah
Fourth Quarter Variance Report
March 2019 – May 2019

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Fourth Quarter Variance Report for the period March 2019 – May 2019. 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 fourth quarter, the actual weather was colder than the 2018 – 2019 IRP normal temperature estimates for March and May, but warmer for April. See Exhibit 1.1.

Gas Storage

Exhibits 2.1 – 2.6

In the fourth quarter, Clay Basin inventory was lower than the 2018 – 2019 IRP estimates for March, April, and May. The lower inventory was due to the updated Operational Sendout model selecting the option of not purchasing gas to inject into storage based on updated pricing forecasts for this period. See Exhibit 2.1.

Aquifer inventory for the quarter was higher than the 2018 – 2019 IRP Aquifer inventory estimates in March, in-line with estimates in April, and lower than estimates in May. March inventory was higher than forecast due to higher Clay Basin withdrawals during the month, delaying Aquifer withdrawals to April. May inventory was lower than forecast in order to provide flexibility in the event injections were needed for operational reasons through the summer. See Exhibit 2.2.

Actual Spire Storage West inventory was lower than the 2018 – 2019 IRP inventory estimates because the Operational Sendout model selected the option of not purchasing gas to inject into storage based on updated pricing forecasts for this period. See Exhibit 2.3.

Firm Sales

Exhibits 3.1 – 3.4

Actual usage for March and May were higher than the projected normal-weather usage due to more heating degree days. April actual usage was much lower than projected normal-weather usage with warmer weather causing fewer heating degree days. Heating degree days for the quarter were 1% below normal.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

The volume of purchased gas for the fourth quarter was lower than forecast due to updated pricing reducing the amount of gas purchased for injection compared with the 2018 – 2019 IRP estimates. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Purchase Gas Costs were higher than the 2018 – 2019 IRP estimates in March, but lower than estimates in April and May. Actual fourth quarter purchase costs were \$16.744 Million. The fourth quarter IRP estimate for purchase costs was \$23.204 Million.

Higher costs in March were due to higher than forecasted prices. Lower costs in April and May were due to lower purchase volumes, despite higher prices than forecast. See Exhibit 5.1.

Gas Purchased from Third Parties Unit Cost Variance Exhibits 6.1, 6.2

Purchased gas unit costs for the fourth quarter were higher than the 2018 - 2019 IRP estimates for the quarter. March purchased gas unit costs in particular were much higher than forecast. The March unit cost was \$3.63 compared to the IRP estimate of \$2.15 for the month. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

The cost-of-service gas volume for March, April, and May was more than the 2018 – 2019 IRP estimate. The Canyon Creek and Trail units produced more than forecasted during the quarter. The overproduction was due to new drill production exceeding expectation and continued positive results from the Trail compression project. Powder Wash, Church Buttes, and Bruff were also overproduced due to recovery from difficult winter operations. These overproductions were partially offset by lower production in Pinedale as a result of delayed completions and Whiskey Canyon due to shut-ins required to install a new jumper line used to bring these wells into the Canyon Creek gathering system. See Exhibit 7.1.

Cost-of-Service Gas New Drill Component Exhibits 8.1 – 8.3

Wexpro new drill volumes for the fourth IRP quarter were lower than IRP estimates for 2018 – 2019 IRP model.

In the fourth quarter, the only new wells to come on were in Pinedale during the month of April.

Changes were made in the new-drill data for the second and third quarters of this year. These changes affected the new drill data for both quarters and the total cost-of-service gas volume for the months January and February. Updated data is reflected in the attached exhibits.

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 Q4 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	Mar-19	33.58%	44.23%	66.42%	55.77%
2	Apr-19	23.99%	43.90%	76.01%	56.10%
3	May-19	4.32%	31.06%	95.68%	68.94%
4	Q4	22.40%	40.35%	77.60%	59.65%

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

TABLE 2

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

Supplemental Graphs

Confidential Exhibits 9.1 – 9.3

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

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 project updates. All other projects were on schedule and on budget during the fourth quarter.

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

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Gas Storage Graphs
Exhibits 2.1 – 2.6
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Firm Sales Graphs
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Gas Purchased
From Third Parties

Volume Variance
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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
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Cost-of-Service Gas
New Drill Component
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Data

CONFIDENTIAL

Exhibits 9.1 – 9.3

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Cost-of-Service Price
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