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Dominion Energy®

August 1, 2018

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
P.O. Box 146751
Salt Lake City, UT 84114-6751

Via E-mail

Dear Commissioners:

Pursuant to the Order Memorializing Bench Ruling Approving Settlement Stipulation in Docket No. 16-057-01 and paragraph 36 of the Settlement Stipulation attached thereto, Dominion Energy respectfully submits the attached Integration Progress Report for the 1st quarter 2018.

Paragraph 36 of the above-referenced Settlement Stipulation provides that "Dominion Questar Gas will work with the Division and the OCS on a collaborative basis to develop reporting requirements for an Integration Progress Report on planned and accomplished activities relative to the Merger. The report will also identify and include associated transition and transaction costs. Dominion Questar Gas will file the first Integration Progress Report with the Commission on or before April 15, 2017 for the period ending December 2016 and will provide updates quarterly thereafter until the conclusion of the next general rate case." The attached Integration Progress Report is the fifth report. Dominion Energy will submit future reports quarterly.

If you have any questions or concerns, please contact me.

Sincerely,

Kelly B Mendenhall
Director, Pricing and Regulation

Utah 1st Quarter 2018 Integration Progress Report

	Utah Stipulation	Status
1	After the time the Merger is effective as defined in the Merger Agreement ("Effective Time"), Questar Corporation will become a wholly-owned subsidiary of Dominion that will continue to exist as a separate legal entity (herein referred to as "Dominion Questar").	Completed 9/16/16. Dominion Energy continues to comply with the commitment.
2	At the Effective Time, Questar Gas (herein referred to as "Dominion Questar Gas"), will remain a direct, wholly-owned subsidiary of Dominion Questar and will continue to exist as a separate legal entity with its own complete set of books and records.	Completed 9/16/16. Dominion Energy continues to comply with the commitment.
3	Dominion will maintain Dominion Questar Gas' corporate headquarters in Salt Lake City, Utah. Dominion commits that there are no plans to change the location of Dominion Questar Gas' corporate headquarters from Salt Lake City to another location for the foreseeable future.	Completed 9/16/16. Dominion Energy continues to comply with the commitment.
4	Dominion will establish a new Western Region operating headquarters in Salt Lake City, Utah. No costs shall be allocated to Dominion Questar Gas customers associated with the new Western Region operating headquarters in Salt Lake City, Utah without approval by the Commission.	Completed 9/16/16. Dominion Energy continues to comply with the commitment.
5	Dominion intends that its board of directors will take all necessary action, as soon as practicable after the Effective Time, to appoint a current member of the Questar Corporation board as a director to serve on Dominion's board of directors.	Ron Jibson, former Chairman, CEO and President of Questar Corporation, has been appointed to Dominion's Board of Directors. The press release related to this appointment was filed as Exhibit 1 on April 17, 2017.
6	Dominion will take all necessary action to cause a current member of the Questar Corporation board to be appointed as a director to serve on the board of directors of the general partner of Dominion Midstream Partners, L.P. ("Dominion Midstream") as soon as practicable after such time as all or part of Questar Pipeline Company ("Questar Pipeline") is contributed to Dominion Midstream.	The Board of Directors of Dominion Midstream Partners appointed Harris Simmons as a director on October 24, 2016. Mr. Simmons was formerly lead director on the Board of Directors of Questar Corporation. The press release related to this appointment was filed as Exhibit 2 on April 17, 2017.
7	Dominion Questar Gas will be managed from an operations standpoint as a separate regional business under Dominion with responsibility for managing operations to achieve the objectives of customer satisfaction; reasonable rates; reliable service; customer, public, and employee safety; environmental stewardship; and collaborative and productive relationships with customers, regulators, other governmental entities, and interested stakeholders. Dominion Questar Gas will have its own local operating management located in Salt Lake City, Utah.	Dominion Energy continues to comply with the commitment.
8	Questar Gas and Dominion share the common focus on installing, upgrading and maintaining facilities necessary for safe and reliable operations. This focus will not be diminished in any way as a result of the Merger. Absent a material change in circumstances, Dominion Questar Gas will continue its planned total capital expenditure program with an estimated $209 million investment in 2017, $208 million investment in 2018, and $233 million investment in 2019 (excludes investment in peak shaving facility). Any variances to this plan will be supported by Dominion Questar Gas in its next general rate case. Dominion will maintain the environmental monitoring and maintenance programs of Dominion Questar Gas at or above current levels.	Dominion Energy continues to comply with the commitment. 2017 actual capital expenditures were $211 million, as shown in DEU Exhibit 22 of the 4th qtr 2017 report.
9	Dominion and its subsidiaries will continue to honor the Wexpro Stipulation and Agreement, the Wexpro II Agreement and the conditions approved in connection with inclusion of properties in the Wexpro II Agreement ("Wexpro Agreements") and the conditions and obligations provided therein. Dominion will not contribute Wexpro Company ("Wexpro") to Dominion Midstream or to any master limited partnership without the Commission's approval.	Dominion and its subsidiaries continue to comply with this commitment.

10	Dominion will give employees of Dominion Questar and its subsidiaries due and fair consideration for other employment and promotion opportunities within the larger Dominion organization, both inside and outside of Utah, to the extent any such employment positions are re-aligned, reduced, or eliminated in the future as a result of the Merger.	On June 6, 2017, Dominion Energy Utah and Dominion Questar Pipeline offered a Voluntary Severance Plan to all supervisors over the age of 55. The program was offered to 65 participants and 37 participants accepted the severance package. Of those that accepted, 25 were from Dominion Energy Utah. These employees will be retiring between August 1, 2017 and July 1, 2018. They received three weeks of severance for each year of service, up to 52 weeks. During the 2nd quarter, two employees in the Salt Lake City office accepted opportunities in other areas of the Company. On August 1, 2017, Craig Wagstaff was named President, Gas Distribution. In his new role, he will be responsible for all of the natural gas LDC's in the Dominion Energy Family. He will continue to be located in the Salt Lake City office. In August 2017, the Company announced its organizational alignment for the corporate functions which resulted in an elimination of 56 current positions. These employees are eligible for the Company's severance package and have also been given the opportunity to apply for other positions. An update of the plan is shown in DEU exhibit 31.
11	Dominion, at shareholders' cost, will contribute, within six months of the Effective Time, a total of $75,000,000 toward the full funding, on a financial accounting basis, of Questar Corporation's (i) ERISA-qualified defined-benefit pension plan in accordance with ERISA minimum funding requirements for ongoing plans, (ii) nonqualified defined-benefit pension plans, and (iii) postretirement medical and life insurance (other post-employment benefit ("OPEB")) plans, subject to any maximum contribution levels or other restrictions under applicable law, thereby reducing pension expenses over time in customer rates. Dominion represents that said $75,000,000 contribution, based on current plan funding, would be permissible and well within maximum contribution levels and other restrictions under applicable law.	This pension contribution was funded on January 19, 2017.
12	Dominion and its affiliates commit to make officers and employees of Dominion reasonably available to testify before the Commission and provide information that is relevant to any matter within the jurisdiction of the Commission.	Dominion Energy will comply with this commitment.
13	As part of this and future regulatory proceedings, Dominion Questar Gas will provide information in response to discovery or requests for information about Dominion or its subsidiaries that are relevant to matters within the Commission's jurisdiction.	Dominion Energy will comply with this commitment.
14	Dominion Questar Gas, Dominion Questar, and Wexpro will maintain access to a complete set of their books and records, including accounting records, as well as access to affiliate charges to Dominion Questar Gas, at their corporate offices in Salt Lake City, UT.	Dominion Energy continues to comply with this commitment.
15	Dominion commits to provide 30 days' notice to the Commission if it intends to create a corporate entity between Dominion Questar and Dominion Questar Gas.	Dominion has no plans to create a corporate entity between Dominion Questar and Dominion Questar Gas. Should these plans change Dominion will comply with this commitment.
16	For regulatory purposes, Dominion Questar Gas' accounting will continue to reflect assets at historical costs, approved depreciation rates, and deferred income taxes based on original cost in accordance with the Uniform System of Accounts and any relevant Commission orders.	Dominion Energy continues to comply with this commitment.
17	Dominion Questar Gas will not seek any changes to existing filed rates, rules, regulations, and classifications under Questar Gas' Utah Natural Gas Tariff No. 400 ("Tariff") because of the Merger, before its next general rate case, except to revise the Tariff to change the name of the operating entity. The Company will file for a name change within 21 days of the Effective Time.	On May 10, 2017, shareholders approved a name change for Dominion Resources Inc., to change its name to Dominion Energy. A tariff reflecting the name change was filed May 12th in Docket 17-057-T04 and the tariff was approved May 30th. On June 5, 2017, Questar Gas began doing business as Dominion Energy Utah. In July the Company began billing customers using the new name.
18	Dominion Questar Gas will continue to file annually and follow the Commission's Integrated Resource Plan process and guidelines.	Dominion Energy Utah filed its 2018/2019 IRP on June 14th, 2018, in Docket 18-057-01.

19	Dominion Questar will maintain established gas-supply interchangeability Wobbe indices for Questar Gas' receipt points and will be in compliance with the Commission's requirements.	Dominion Energy continues to comply with this commitment.
20	Goods and services provided to Dominion Questar Gas by Dominion or its subsidiaries shall be priced consistent with the Affiliate Expense Standard set forth in Section 2.06 of the Tariff. Dominion Questar Gas will have the burden of proof to show that prices for goods and services provided by Dominion or its other subsidiaries to Dominion Questar Gas are just and reasonable.	Dominion Energy continues to comply with this commitment.
21	Dominion Questar will not seek recovery of any acquisition premium (goodwill) or fair value in excess of net book value associated with the Merger from Dominion Questar Gas customers. Dominion will not record any goodwill or fair value in excess of net book value associated with the Merger on Dominion Questar Gas' books and will make the required accounting entries associated with the Merger on that basis. Dominion Questar will not seek recovery of any acquisition premium (goodwill) or fair value in excess of net book value associated with the Merger through allocation of cost to the affiliated companies of Dominion Questar.	Dominion Energy continues to comply with this commitment.
22	Dominion Questar will not sell all or a majority of Dominion Questar Gas' common stock without Commission approval.	Dominion will comply with this commitment.
23	Dominion, through Dominion Questar, will provide equity funding, as needed, to Dominion Questar Gas in order to maintain an end-of-year common equity percentage of total capitalization in the range of 48-55 percent (48-55%) through December 31, 2019.	Dominion Energy will comply with this commitment. As shown in the April 17, 2017, Integration Report Exhibit 5, the end-of-year common equity percentage of total capitalization for 2016 was 51%. The 2017 end-of-year common equity percentage of total capitalization was 49.91%
24	Dominion commits to use commercially reasonable efforts to maintain credit metrics that are supportive of strong investment-grade credit ratings (targeting the Single-A range) for Dominion Questar Gas. For the first four years following the Effective Time, in any rate proceeding where Dominion Questar Gas' rate of return is established or it seeks to reset the previously authorized rate of return on rate base, Dominion Questar Gas will demonstrate that its cost of debt proposed for recovery in rates is not greater than would have been incurred absent the Merger, and will hold customers harmless from any increases in the cost of debt caused by the Merger. Nothing in this provision shall limit the Parties, in any general rate proceeding, from presenting any arguments or evidence as to the appropriate rate of return for Dominion Questar Gas, consistent with the provisions of Paragraph 60 of this Settlement Stipulation.	Dominion Energy continues to comply with this commitment. Current target ratings for Questar Gas are A. Current senior unsecured ratings for Moody's and S&P are A2/stable and BBB+/stable which are equivalent to the ratings of Questar Gas since the acquisition. The stable outlook from both Moody's and S&P indicate a steady ratings outlook into the future. On December 15, 2016, Questar Gas obtained a long-term rating of A- from Fitch as shown in the April 17, 2017 report, Exhibit 6. On May 3, 2017, Fitch provided an update on Dominion Energy and kept the Questar Gas rating unchanged at A-. This report was attached as Exhibit 18 in the 3rd quarter report. On Dec 6, 2017 S&P gave a rating of BBB+/Stable/A-2. And on Dec 22, 2017 Moody's gave a rating of A2/Stable. These reports were included as attachments DEU 24 and 25 in the 4th quarter 2017 report.
25	Neither Dominion nor its subsidiaries will, without the Commission's approval, make loans to Dominion Questar Gas that bear interest at rates that are greater than the lower of i) rates being paid at the time of such loan by Dominion or such other subsidiary on its own debt or ii) rates available, at the time of such loan, on similar loans to Dominion Questar Gas from the market.	Dominion Energy continues to comply with this commitment.
26	Dominion Questar Gas will not lend funds to Dominon or other Dominion entities, including Dominion Questar.	Dominion Energy continues to comply with this commitment.

27	Dominion Questar Gas will not transfer material assets to or assume liabilities of Dominion or any other subsidiary of Dominion without the Commission's approval.	In 2017 there was a net vehicle transfer to Dominion Energy Questar Pipeline of $22,000. In 2018 Dominion Energy Questar Gas transferred $1.5 million in vehicles to Dominion Energy Services. This Transfer was discussed with the Division of Public Utilities and they were not opposed to the transfer of assets.
28	Dominion Questar Gas will not transfer its debt to Dominion, or any other subsidiary of Dominion, without the Commission's approval.	Dominion Energy continues to comply with this commitment.
29	Dominion will continue to provide to Dominion Questar Gas no less than the same access to short-term debt, commercial paper, and other liquidity that Questar Corporation currently has in place for Questar Gas.	Dominion Energy continues to comply with this commitment.
30	Dominion commits that Wexpro will not be a party to a money pool. To the extent that the short-term working capital is required by Wexpro, it will be provided under the terms of a one-way intercompany note at the actual cost of that short-term debt at the Dominion level.	Dominion Energy continues to comply with this commitment.
31	Dominion, at shareholders' expense, will increase Questar Corporation's historic level of corporate contributions to charities identified by local leadership that are within Dominion Questar Gas' service areas by $1,000,000 per year for at least five years following the Effective Time. Dominion Questar Gas will maintain or increase each jurisdiction's historic level of community involvement, low income funding, and economic development efforts in Questar Gas' current operating areas.	Dominion continues to comply with this commitment. To date, Dominion has been working to identify and evaluate charitable giving opportunities within the Dominion Energy service areas. Dominion has also established a Community Investment Board responsible for reviewing and approving charitable donations up to $25,000 per year per organization and for recommending the approval to the Dominion Foundation board charitable donations that exceed $25,000 per year per organization. At the end of each calendar year from 2017 to 2021, Dominion Energy will report to the Commission the total amount of its charitable contributions and demonstrate the fulfillment of this commitment. See exhibit DEU 26 for total charitable contributions from 2014 to 2017.
32	Dominion, at shareholders' expense, will establish a newly-formed advisory board for its Western Region operations composed of regional-based business and community leaders. This board will meet and receive information and provide feedback on community issues, government relations, environmental stewardship, economic development opportunities, and other related activities that affect Dominion's and Dominion Questar Gas' local stakeholders.	On November 28, 2016, Dominion Energy announced that it had named a citizen advisory council. Exhibit 7 of the April 17, 2017 integration report is a copy of the press release. The council held meetings on June 1, 2017, August 29th, 2017 and November 29, 2017.
33	Within five (5) business days of the filing of this executed Settlement Stipulation, Questar Gas will petition to withdraw its pending application before the Commission in Docket No. 16-057-03 to increase annual non-gas distribution revenue by approximately $22 million. The Commission's granting of the petition to withdraw is a condition of this Settlement Stipulation. Contingent upon the consummation of the Merger, the Parties further agree that Dominion Questar Gas will not file a general rate case to adjust its base distribution non-gas rates, as shown in Questar Gas' existing Tariff, prior to July 1, 2019 or later than December 31, 2019, unless otherwise ordered by the Commission. Dominion Questar Gas will not file an application for a major plant addition with a rate-effective date prior to March 1, 2020, absent emergency circumstances, except to address the peak-hour needs set forth in Questar Gas' 2016- 2017 Integrated Resource Plan (Docket No. 16-057-08). Dominion Questar Gas will bear the burden to demonstrate such emergency circumstances. Dominion Questar Gas will not seek a deferred accounting order prior to March 1, 2020, absent circumstances that are extraordinary and unforeseeable and that would have a material financial impact on Dominion Questar Gas. Dominion Questar Gas will bear the burden to demonstrate such material financial impact and extraordinary and unforeseeable circumstances.	On August 16, 2016 - QGC filed Petition for Approval of Withdrawal of the Verified Application. On August 22, 2016 Commission Order granted Withdrawal of the Application.

34	The Parties agree that the Utah Conservation Enabling Tariff ("CET") accrual caps will be suspended until rates become effective in the next filed general rate case. To the extent that the balance in the CET accrual account is above the accrual cap, the incremental amount will not be assessed interest during the suspension period. The amortization cap will remain in place.	As of March 2018, the balance in the CET is a $8,207,918.79 over collection. This is well within the existing amortization caps.
35	Dominion and Dominion Questar Gas will continue to comply with all existing laws, rules, regulations, provisions of its Tariff, orders, and directives of the Commission, as applicable, following the Effective Time.	Dominion Energy continues to comply with this commitment.
36	Dominion Questar Gas will work with the Division and the OCS on a collaborative basis to develop reporting requirements for an Integration Progress Report on planned and accomplished activities relative to the Merger. The report will also identify and include associated transition and transaction costs. Dominion Questar Gas will file the first Integration Progress Report with the Commission on or before April 15, 2017 for the period ending December 2016 and will provide updates quarterly thereafter until the conclusion of the next general rate case.	Dominion Energy filed the first integration report on April 17, 2017 and continues to provide quarterly updates.
37	Transaction costs associated with the Merger will not be recovered through rates of Dominion Questar Gas or recovered through charges from affiliated companies of Dominion Questar to Dominion Questar Gas. Transaction costs shall be defined as: i) Legal, consulting, investment banker, and other professional advisor costs to initiate, prepare, consummate, and implement the Merger, including obtaining regulatory approvals, ii) Rebranding costs, including website, advertising, vehicles, signage, printing, stationary, etc. ii) Executive change in control costs (severance payments and accelerated vesting of share-based compensation), iv) Financing costs related to the Merger, including bridge and permanent financing costs, executive retention payments, costs associated with shareholder meetings, and proxy statement related to Merger approval.	The transaction and transition costs for 2016 were filed in Exhibit 8 of the April 17, 2017 integration report. The transaction costs for the six months ended June 2017 were filed on August 15, 2017 in Exhibit 12 of this report. The transaction/transition costs for YTD December 2017 are shown in Exhibit 27 of the 2017 4th quarter report. 1st quarter 2018 are included in Exhibit 32. All of these costs shown in the exhibit are booked to 930.205. These are below the line and will not be included in customer rates.
38	Any transition or integration expenses arising from the Merger will not be deferred for future recovery from customers and will be expensed by Dominion Questar Gas and its affiliates as incurred during the transition period. Dominion Questar Gas' revenue requirement for the purpose of developing distribution non-gas rates will be evaluated in the next general rate proceeding, and that filing shall identify all transitions costs, if any, in the base period and the test period. Transition or integration costs that are capitalized and not expensed, including, but not limited to, information technology investments in new hardware and software, including related costs, to convert, conform, and/or integrate Questar Corporation and subsidiaries' systems into and with Dominion's systems, will be itemized and disclosed in the next general rate case. Dominion Questar Gas will have the burden of proof to show that the transition or integration costs are reasonable and result in a positive net benefit to customers.	The transition costs are shown in Exhibit 32. All of the costs shown in the exhibit are booked to 930.205.

39	Dominion Questar Gas will not seek recovery in its next general rate case of any increase in the aggregate total Operating, Maintenance, Administrative and General Expenses (excluding energy efficiency and bad debt costs) per customer over the 12 months ended December 2015 baseline level, unless it can demonstrate that the increase in such total expenses was not caused by the Merger. This amount per customer for the 12 months ended December 2015 was $138.24. For the first four calendar years following the Effective Time, Dominion Questar Gas will provide, on an annual basis, a baseline comparison between 2015 and the current year for Operating, Maintenance, Administrative and General Expenses for Questar Pipeline and Wexpro. Additional detail and the calculation of the 2015 baseline for Questar Gas, Questar Pipeline and Wexpro are shown in Attachment 1.	Dominion Energy will comply with this commitment. Exhibit 13, filed August 15, 2017, shows the O&M per customer for 2016. As the exhibit shows, the O&M per customer is $129.88 (in 2016 and 2017 DRS did not allocate a full portion of corporate overhead to Dominion Energy Utah). This is lower than the baseline amount of $138.24. Exhibit 28 shows the O&M per customer for 2017 of $111.37. Exhibit 29 of the 4th quarter 2017 report is the Questar Pipeline 2017 FERC Form 2. The Wexpro 2017 final financial statements are included as exhibit 33.
40	Joint Applicants shall hold customers harmless from any increases in the aggregate total costs for shared or common services provided by Dominion Questar Corporation and/or Dominion Resources Services Company, Inc. ("Dominion Resources Services") that are caused by the Merger.	Dominion Energy continues to comply with this commitment.
41	Joint Applicants shall hold customers harmless for any changes in income taxes and/or accumulated deferred income taxes, recoverable in Dominion Questar Gas rates caused by the Merger, to the extent that such action would be consistent with the tax normalization rules.	Dominion Energy continues to comply with this commitment.
42	Questar Pipeline's rates will change only pursuant to proceedings before the Federal Energy Regulatory Commission ("FERC").	Dominion Energy continues to comply with this commitment.
43	Joint Applicants shall hold customers harmless from any increases in Wexpro's shared services costs or income tax expense caused by the Merger.	Dominion Energy continues to comply with this commitment.
44	No later than January 1, 2018, Dominion Questar Gas will present and review with the Division and the OCS, for informational purposes, a proposed methodology for allocation of shared services costs. Dominion Questar will use the current allocation methodologies, including Distrigas, to allocate shared services costs to its subsidiaries until January 1, 2018. Dominion Questar Gas may propose another allocation methodology for use after December 31, 2017, provided that it has presented such methodology for review as set forth above.	Dominion Energy representatives met with members of the Division and OCS on October 23rd, 2017 to discuss proposed cost allocation methodologies. A copy of this presentation is attached as Exhibit 20 of the 3rd quarter progress report.
45	Dominion Questar Gas will work with the Division and the OCS on a collaborative basis to develop affiliate transactions reporting requirements and will file such information with the Commission beginning on July 1, 2018 for the 12 months ending December 31, 2017 and thereafter annually.	The 2017 affiliate transaction report was filed on July 1st 2018 in Docket number 18-057-06.

46	Costs that have been denied recovery by the Commission in prior orders, unless subject to regulation by another governmental agency, will continue to be excluded from rates absent further order from the Commission.	Dominion Energy continues to comply with this commitment.
47	Within 120 days of the Effective Time, Dominion Questar Gas will meet with the Division and the OCS on a collaborative basis and update Customer Satisfaction Standards, taking into account recent historical results. Dominion Questar Gas will report quarterly on its performance relative to the Customer Satisfaction Standards. Quarterly reporting will continue until Dominion Questar Gas' next general rate case filing. If the Dominion Questar Gas service levels become deficient, meaning they fall short of the Customer Satisfaction Standards as shown in the report, Dominion Questar Gas will file a remediation plan with the Commission explaining how it will improve and restore service to meet the Customer Satisfaction Standards.	Questar Gas met with the Division and the OCS and have updated the customer satisfaction standards. The first and second quarter results were filed on August 15, 2017 as Exhibit 14. The 3rd quarter 2017 results are attached as Exhibit 21. On January 9, 2018, the Company presented the metrics in a technical conference and explained its plan to resolve the deficient metrics. 4th quarter results were attached as Exhibit 30 in the 2017 4th quater report. 1st qtr 2018 results are attached as Exhibit 34.
48	Dominion Questar Gas shall maintain separate long-term debt with its own debt rating supplied by at least two of the recognized debt rating agencies. Any of the debt used to capitalize Dominion Questar Gas shall be kept within the regulated utility.	Dominion Energy continues to comply with this commitment.
49	Dominion Questar Gas shall establish and maintain its own bank accounts that are in its own name and direct access to exclusively committed credit facilities. Dominion shall provide Dominion Questar Gas with access to no less that $750,000,000 in short-term debt or commercial paper programs.	Dominion Energy continues to comply with this commitment.
50	In connection with its notification to the Commission of dividends paid by Dominion Questar Gas, Dominion Questar Gas shall provide a cash flow summary and explicitly notify the Commission if payment of any dividend would result in its actual common equity component of total capitalization falling below 45 percent (45%), using the method of calculating equity levels under the ratemaking precedents of the Commission. In addition, Dominion Questar Gas will make annual financial statements for Wexpro and Questar Pipeline available to regulators.	Dominion Energy will comply with this commitment. Dominion Energy Utah has not issued a dividend to its parent since the merger. The financial statements for Wexpro and Questar Pipeline were filed on August 15, 2017 as exhibit 15 and 16. The 2017 Questar Pipeline financials were filed as exhibit 29 in the 2017 4th quarter report. Wexpro 2017 final financials are included as exhibit 33.
51	Upon request, Dominion and all of its affiliates and subsidiaries must provide the Commission, the Division, and the OCS, including their auditors and authorized agents, and intervenors in rate proceedings, as appropriate, with reasonable access to transactional, accounting and other information, including personnel necessary to explain the requested information, regarding any costs directly or indirectly allocated to Dominion Questar Gas. Dominion and Dominion Questar Gas commit to maintain access to the requested books and records in Salt Lake City, Utah, or, at the option of the Division, or the OCS, Dominion Questar Gas agrees to pay reasonable travel costs to the location of the requested documents and personnel; such travel costs will not be passed on to Dominion Questar Gas customers.	Dominion Energy continues to comply with this commitment.

52	Dominion Questar Gas will clearly reflect all of its costs and investments in its financial reports, including costs and assets that are directly assigned or allocated to it from another subsidiary of Dominion. An audit trail will be maintained so that allocable costs can be specifically identified.	Dominion Energy continues to comply with this commitment.
53	Dominion and Dominion Questar agree not to assert in any forum that the provisions of PUHCA or its successor PUHCA 2005 (EPAct 2005), or the related Ohio Power v. FERC case, preempt the Commission's jurisdiction over affiliated interest transactions and will explicitly waive any such defense in those proceedings. In the event that PUHCA or its successor PUHCA 2005 (EPAct 2005) is repealed or modified, Dominion and Dominion Questar agree not to seek any preemption under such subsequent modification or repeal.	Dominion Energy continues to comply with this commitment.
54	The Joint Applicants commit to provide for and effect the appointment of a "Special Bankruptcy Director" to serve as a member of the Board of Directors of Dominion Questar Gas ("DQG Board"). Said Director shall be nominated by and retained from an independent entity such as CT Corporation (at Dominion shareholder expense) and shall not be employed by Dominion or any other Dominion affiliate. Said Director shall not participate in ordinary and routine activities of the DQG Board and shall have no voting rights except in the event of a vote by the DQG Board to approve a voluntary bankruptcy petition to be filed under Title 11 of the U.S. Code on behalf of Dominion Questar Gas. Notice of such vote shall be provided to the Special Bankruptcy Director and no voluntary bankruptcy petition on behalf of Dominion Questar Gas may be filed without the affirmative vote of the Special Bankruptcy Director. It is the intent of the Parties that the Special Bankruptcy Director will consider the interests of all relevant economic stakeholders, including without limitation the utility's customers, and the financial health and public service obligations of Dominion Questar Gas, in exercising his or her responsibilities, subject to applicable law. Concurrent with the notice to the Special Bankruptcy Director, Dominion Questar Gas will provide confidential notice to the Commission, Division and the OCS.	Dominion Energy continues to comply with this commitment. The Special Bankruptcy Director for Dominion Energy, Steven P. Zimmer, was appointed effective October 17, 2016.
55	Dominion or Dominion Questar Gas shall provide notice to the Commission, the Division, and the OCS of any bankruptcy petition or other filing that petitions for Dominion or any of its subsidiaries to be declared bankrupt. If the petition is voluntary, the notice shall be provided within three (3) business days of the petition's filing. If the petition is involuntary, the notice shall be filed within three (3) business days after the day on which the petition is served upon the entity subject to the petition or prior to any hearing adjudicating the petition, whichever is soonest.	Dominion Energy continues to comply with this commitment.
56	The Joint Applicants agree that they will use commercially reasonable efforts in consultation with interested suppliers and marketers to coordinate an upstream nomination process with Kern River Gas Transmission Company similar to the process currently available with Questar Pipeline Company, which nomination process is generally described in the Joint Motion for Dismissal filed with the Commission on October 15, 2014 in Docket No. 14-057-19. Within 120 days following the Effective Time, representatives of Dominion and Dominion Questar Gas will meet with interested transportation customers, the Division, the OCS, and any other interested parties and will act in good faith to review concerns of transportation customers and will consider any proposal by interested transportation customers regarding direct access by marketers/transporters to such customers.	Representatives of Dominion Energy met with interested parties on December 6, 2016. The group discussed the upstream nomination process on Kern River and marketer concerns.
57	Dominion Questar Gas will notify customers of the Merger in the following ways: i. A notice will be posted on Dominion Questar Gas' website within 5 days of the Effective Time notification. ii. Notification will be published in the Gas Light News billing insert within 60 days of the Effective Time notification.	Notice of the merger was provided on Questar Gas' website beginning September 16, 2016. Exhibit 11, filed in the April 17, 2017 integration report, included a copy of the notice that went to customers in the October bills.

Involuntary Severance Plan Summary

56 Dominion Energy Services (Questar Corporation) employees

Severance package includes a two month advance start date and three weeks of severance for each year of service up to 52 weeks.

Advance Notice Start Dates were scheduled as follows:

Month	Positions eliminated
September 2017	2
October 2017	3
November 2017	4
January 2018	4
February 2018	3
April 2018	31
July 2018	5
December 2018	4
Total	56

Of the 56 affected employees 17 have found other positions in the Company. This number will be updated in future integration progress reports.

Dominion Energy
Merger Costs
YTD March 31, 2018

		A	B	C	D	E	F	
		Dominion Energy Questar Pipeline Consolidated	Questar Gas	Wexpro	Other (Non DM)	Dominion Energy Questar Corporation	Total	
	Transaction Costs - GL Account 930205							
1	Severance	$0	$0	$0	$0	$0	$0	1/
2	Mark-to-market of performance shares and deferred compensation	0	0	0	0	0	0	
3	Restricted stock units settlement	0	0	0	0	0	0	1/
4	Peformance share settlement	0	0	0	0	0	0	1/
5	Peformance share - additional expense	0	0	0	0	0	0	1/
6	Wexpro software relicensing charges	0	0	0	0	0	0	
7	Legal	0	0	0	0	0	0	
8	Financial advisor	0	0	0	0	0	0	
9	Fees for special proxy statement	0	0	0	0	0	0	
10	Financing fees Questar Corporation $250 million notes	0	0	0	0	0	0	
11	Unamortized debt costs	0	0	0	0	0	0	
12	Debt issuance revolver fees	0	0	0	0	0	0	
13	Curtailment of Supplemental Executive Retirement Plan	0	0	0	0	0	0	1/
14	Curtailment of Pension/Medical/Life Plans					0	0	
15	Insurance proceeds					0	0	
16	Other transaction costs	0	0	0	0	0	0	
17	Total Transaction Costs	0	0	0	0	0	0	
	Transition Costs - GL Account 930205							
18	Retention	0	0	0	0	0	0	1/
19	Voluntary severance program	0	0	0	0	0	0	1/
20	Involuntary severance program	0	204,311	0	0	0	204,311	1/
21	Total Transition Costs for 2018	0	204,311	0	0	0	204,311	
22	Total	$0	$204,311	$0	$0	$0	$204,311	

1/ Costs include directly assignable costs and allocated corporate costs.

Allocated Costs					
Curtailment of Supplemental Executive Retirement Plan	0	0	0	0	0
Retention	0	0	0	0	0
Involuntary severance program	0	0	0	0	0

Dominion Energy
Merger Costs
LTD March 31, 2018

		A	B	C	D	E	F	
		Dominion Energy Questar Pipeline Consolidated	Questar Gas	Wexpro	Other (Non DM)	Dominion Energy Questar Corporation	Total	
	Transaction Costs - GL Account 930205							
1	Severance	$10,056,485	$5,644,730	$3,699,626	$80,769	$0	$19,481,610	1/
2	Mark-to-market of performance shares and deferred compensation	$134,589	$402,971	$168,960	$0	$2,532,972	3,239,492	
3	Restricted stock units settlement	$2,235,343	$2,561,901	$1,741,908	$20,707	$0	6,559,860	1/
4	Peformance share settlement	$1,811,092	$2,192,863	$1,294,449	$24,540	$0	5,322,945	1/
5	Peformance share - additional expense	$663,405	$674,976	$387,948	$7,468	$0	1,733,797	1/
6	Wexpro software relicensing charges	$0	$0	$393,700	$0	$0	393,700	
7	Legal	$0	$0	$0	$0	$6,234,519	6,234,519	
8	Financial advisor	$0	$0	$0	$0	$28,257,211	28,257,211	
9	Fees for special proxy statement	$0	$0	$0	$0	$658,124	658,124	
10	Financing fees Questar Corporation $250 million notes	$0	$0	$0	$0	$367,773	367,773	
11	Unamortized debt costs	$0	$0	$0	$0	$336,078	336,078	
12	Debt issuance revolver fees	$0	$0	$0	$0	$2,016,466	2,016,466	
13	Curtailment of Supplemental Executive Retirement Plan	$2,308,760	$5,451,368	$980,092	$123,885	$4,285,164	13,149,269	1/
14	Curtailment of Pension/Medical/Life Plans	$0	$0	$0	$0	$12,895,606	12,895,606	
15	Insurance proceeds	$0	$0	$0	$0	($559,573)	(559,573)	
16	Other transaction costs	$267,021	$49,877	$50,355	$1,014	$140,460	508,726	
17	Total Transaction Costs	17,476,695	16,978,687	8,717,038	258,383	57,164,799	100,595,602	
	Transition Costs - GL Account 930205							
18	Retention	385,800	541,973	828,906	5,928	386,195	2,148,802	1/
19	Voluntary severance program	2,374,208	8,814,100	2,375,757	74,870	4,667,262	18,306,197	1/
20	Involuntary severance program	0	204,311	1,125,277	0	335,109	1,664,696	1/
21	Total Transition Costs	2,760,008	9,560,384	4,329,939	80,798	5,388,566	22,119,696	
22	Total	$20,236,703	$26,539,072	$13,046,977	$339,181	$62,553,365	$122,715,298	
23	Allocated Costs							
24	Merger and restructuring	166,855	318,255	175,197	19,820	(680,127)	(0)	
25	Share-based compensation	1,864,135	3,555,613	1,957,343	262,812	(7,639,903)	0	
26	Severance program	5,199,538	9,917,480	5,459,515	733,049	(21,309,583)	0	
		7,230,528	13,791,347	7,592,056	1,015,681	(29,629,613)	(0)	

1/ Costs include directly assignable costs and allocated corporate costs.

Wexpro Company

Consolidated Financial Statements

Years Ended December 31, 2017 and 2016
and Report of Independent Auditors

GLOSSARY OF TERMS

The following abbreviations or acronyms used in these Consolidated Financial Statements are defined below:

Abbreviation or Acronym	Definition
2017 Tax Reform Act	An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (previously known as The Tax Cuts and Jobs Act) enacted on December 22, 2017
AFUDC	Allowance for funds used during construction
ARO	Asset retirement obligation
Commissions	The Public Service Commission of Utah and the Wyoming Commission
DEQPS	Dominion Energy Questar Pipeline Services, Inc.
DES	Dominion Energy Services, Inc.
Dominion Energy	The legal entity, Dominion Energy, Inc., one or more of its consolidated subsidiaries (other than Dominion Energy Questar) or operating segments, or the entirety of Dominion Energy, Inc. and its consolidated subsidiaries
Dominion Energy Questar	The legal entity, Dominion Energy Questar Corporation, one or more of its consolidated subsidiaries (other than Wexpro) or operating segment, or the entirety of Dominion Energy Questar Corporation and its consolidated subsidiaries
Dominion Energy Questar Combination	Dominion Energy's acquisition of Dominion Energy Questar completed on September 16, 2016 pursuant to the terms of the agreement and plan of merger entered into on January 31, 2016
GAAP	U.S. generally accepted accounting principles
mcfe	Thousand cubic feet equivalent
NGL	Natural gas liquids
QEP	QEP Energy Company
Questar Gas	Questar Gas Company
SEC	Securities and Exchange Commission
VIE	Variable interest entity
Wexpro	The legal entity, Wexpro Company, one or more of its consolidated subsidiaries, or the entirety of Wexpro Company and its consolidated subsidiaries
Wexpro II	The legal entity, Wexpro II Company
Wexpro Agreement	Comprehensive agreement with the states of Utah and Wyoming that sets forth the rights of Questar Gas to receive certain benefits from Wexpro's operations
Wexpro II Agreement	Agreement with the states of Utah and Wyoming modeled after the Wexpro Agreement that allows for the addition of properties under the cost-of-service methodology for the benefit of Questar Gas customers
Wexpro Agreements	The Wexpro Agreement and the Wexpro II Agreement combined
Wexpro Development	Wexpro Development Company
Wyoming Commission	Wyoming Public Service Commission

WEXPRO COMPANY
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2017	2016
	(in millions)	
REVENUES		
Operator service fee(1)	$ 306.9	$ 311.7
Oil and NGL sales	11.6	8.5
Other(1)	1.4	1.1
Total Revenues	319.9	321.3
OPERATING EXPENSES		
Operating and maintenance(1)	23.0	23.9
General and administrative(1)	19.6	26.0
Merger and restructuring costs	2.5	12.3
Production and other taxes	19.9	16.2
Depreciation, depletion and amortization	109.6	106.7
Accretion expense	4.3	4.0
Total Operating Expenses	178.9	189.1
OPERATING INCOME	141.0	132.2
Interest and other income(1)	0.5	0.4
INCOME BEFORE INCOME TAXES	141.5	132.6
Income taxes	(50.5)	(41.1)
NET INCOME	$ 91.0	$ 91.5

(1) See Note 10 for amounts attributable to related parties.

See notes accompanying the consolidated financial statements.

WEXPRO COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY

	Common Stock[(1)]	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp. Income (Loss)	Total
			(in millions)		
Balances at December 31, 2015	$ —	$ 181.8	$ 481.5	$ 0.1	$ 663.4
Dividends	—	—	(187.2)	—	(187.2)
Share-based compensation	—	2.6	—	—	2.6
Net income	—	—	91.5	—	91.5
Net other comprehensive loss	—	—	—	(0.1)	(0.1)
Balances at December 31, 2016	—	184.4	385.8	—	570.2
Dividends	—	—	**(107.0)**	—	**(107.0)**
Net income	—	—	**91.0**	—	**91.0**
Other	—	—	**0.2**	—	**0.2**
Balances at December 31, 2017	**$ —**	**$ 184.4**	**$ 370.0**	**$ —**	**$ 554.4**

(1) Par value $0.01 per share; 1,000 shares authorized, issued and outstanding

See notes accompanying the consolidated financial statements.

Note 1 – Description of Business

Wexpro is a wholly-owned subsidiary of Dominion Energy Questar, a wholly-owned subsidiary of Dominion Energy. Wexpro develops and produces cost-of-service reserves for a gas utility affiliate, Questar Gas, under the terms of the Wexpro Agreements and comprehensive agreements with the states of Utah and Wyoming.

Pursuant to the Wexpro Agreements, Wexpro recovers its costs and receives an after-tax return on its investment base. Wexpro's investment base is made up of the costs of acquired properties and commercial wells and related facilities, adjusted for working capital and reduced for deferred income taxes and accumulated depreciation, depletion and amortization. Property acquisition costs only pertain to properties that have been approved under the Wexpro II Agreement by the Commissions. The terms of the Wexpro Agreements coincide with the productive lives of the gas and oil properties covered therein. Wexpro's gas and oil development and production activities are subject to oversight by the Utah Division of Public Utilities and the staff of the Wyoming Commission, which have retained an independent certified public accountant and an independent petroleum engineer to monitor the performance of the agreements.

Wexpro has agreed to manage production to 65% of Questar Gas' annual forecasted demand. Beginning in June 2015 through May 2016 and for each subsequent 12-month period, if the combined annual production exceeds 65% of the forecasted demand and the cost-of-service price is greater than the Questar Gas purchased-gas price, an amount equal to the excess production times the excess price will be credited back to Questar Gas' customers. Wexpro may also sell production to manage the 65% level and credit back to Questar Gas' customers the higher of market price or the cost-of-service price times the sales volumes. As of December 31, 2017, Wexpro's trailing 12-month cost-of-service gas deliveries were below the 65% threshold.

Wexpro's primary market area is the Rocky Mountain region of the United States. Pursuant to the Wexpro Agreements, Wexpro's primary customer is Questar Gas which is responsible for over 90% of Wexpro's operating revenues and receivables from affiliates. The Wexpro Agreements generate the majority of Wexpro's revenue and net income.

Wexpro Development
Wexpro Development is an affiliate company owned by Dominion Energy Questar, but is not included in these consolidated financial statements. Wexpro Development invests in properties outside the Wexpro Agreements. However, the properties may be transferred to Wexpro II if approved by the Commissions.

Note 2 – Summary of Significant Accounting Policies

General
The Wexpro consolidated financial statements contain the accounts of the parent company and its wholly-owned subsidiary, Wexpro II. The consolidated financial statements were prepared in accordance with GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Wexpro also incorporates estimates of proved developed and total proved gas and oil reserves in the calculation of depreciation, depletion and amortization rates of its gas and oil properties. Changes in estimated quantities of its reserves could impact Wexpro's reported financial results. Actual results could differ from these estimates.

Wexpro reports certain contracts and instruments at fair value. The carrying amount of cash and cash equivalents, accounts receivable, receivables from affiliates, payables to affiliates and accounts payable are representative of fair value because of the short-term nature of these instruments. The carrying amount of the note payable to Dominion Energy is representative of fair value because of its short-term maturity and market-based interest rate.

Revenue Recognition
Wexpro recognizes revenues in the period that services are provided or products are delivered. In accordance with the Wexpro Agreements, production from the gas properties operated by Wexpro is delivered to Questar Gas at Wexpro's cost of providing this service, including an after-tax return on Wexpro's investment. Wexpro sells crude oil and NGL production from certain producing properties at market prices, with the revenues used to recover operating expenses and to provide Wexpro a return on its investment. Any operating income remaining after recovery of expenses and Wexpro's return on investment is divided between Questar Gas and Wexpro, with Wexpro retaining 46%. Amounts received by Questar Gas from the sharing of Wexpro's oil and NGL income are used to reduce natural gas costs to utility customers.

Regulatory Assets and Liabilities
The accounting for Wexpro's operations differs from the accounting for nonregulated operations in that it is required to reflect the effect of rate regulation in its Consolidated Financial Statements. For regulated businesses subject to state cost-of-service rate regulation, regulatory practices that assign costs to accounting periods may differ from accounting methods generally applied by nonregulated companies. When it is probable that regulators will permit the recovery of current costs through future rates charged to customers, these costs that otherwise would be expensed by nonregulated companies are deferred as regulatory assets. Likewise, regulatory liabilities are recognized when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have yet to be incurred. Generally, regulatory assets and liabilities are amortized into income over the period authorized by the regulator.

Wexpro evaluates whether or not recovery of its regulatory assets through future rates is probable and makes various assumptions in its analyses. The expectations of future recovery are generally based on orders issued by regulatory commissions, legislation or historical experience, as well as discussions with applicable regulatory authorities and legal counsel. If recovery of a regulatory asset is determined to be less than probable, it will be written off in the period such assessment is made.

Asset Retirement Obligations
The fair value of retirement costs is estimated based on abandonment costs of similar properties available to field operations and depreciated over the life of the related assets. Revisions to estimates result from material changes in the expected timing or amount of cash flows associated with AROs.

Income Taxes
Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws, including the provisions of the 2017 Tax Reform Act, involves uncertainty, since tax authorities may interpret the laws differently. In addition, the states in which Wexpro operates may or may not conform to some or all the provisions in the 2017 Tax Reform Act. Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

A consolidated federal income tax return is filed for Dominion Energy and its subsidiaries, including Wexpro. For 2016, a consolidated federal income tax return was filed for Dominion Energy Questar, including Wexpro, for the period January 1, 2016 through September 16, 2016. Wexpro was part of the consolidated federal income tax return filed by Dominion Energy for the period September 17, 2016 through December 31, 2016. In addition, where applicable, combined income tax returns for Dominion Energy and its subsidiaries are filed in various states; otherwise, separate state income tax returns are filed.

Wexpro participates in intercompany tax sharing agreements with Dominion Energy and its subsidiaries. Current income taxes are based on taxable income or loss and credits determined on a separate company basis. Under the agreements, if a subsidiary incurs a tax loss or earns a credit, recognition of current income tax benefits is limited to refunds of prior year taxes obtained by the carryback of the net operating loss or credit or to the extent the tax loss or credit is absorbed by the taxable income of other Dominion Energy consolidated group members. Otherwise, the net operating loss or credit is carried forward and is recognized as a deferred tax asset until realized.

The 2017 Tax Reform Act includes a broad range of tax reform provisions affecting Dominion Energy and its subsidiary Wexpro, including changes in corporate tax rates and business deductions. The 2017 Tax Reform Act reduces the corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. Deferred tax assets and liabilities are measured at the enacted tax rate expected to apply when temporary differences are realized or settled. Thus, at the date of enactment, deferred taxes were remeasured based upon the new 21% tax rate. The total effect of tax rate changes on federal deferred tax balances is recorded as a component of the income tax provision related to continuing operations for the period in which the law is enacted, even if the assets and liabilities relate to other components of the financial statements. As a regulated entity, Wexpro is required to adjust deferred income tax assets and liabilities for the change in income tax rates. However, as it is probable that the effect of the change in income tax rates will be recovered or refunded in future rates, Wexpro has recorded a regulatory asset or liability instead of an increase or decrease to deferred income tax expense.

Accounting for income taxes involves an asset and liability approach. Deferred income tax assets and liabilities are provided, representing future effects on income taxes for temporary differences between the bases of assets and liabilities for financial reporting and tax purposes. Accordingly, deferred taxes are recognized for the future consequences of different treatments used for the reporting of transactions in financial accounting and income tax returns. Wexpro establishes a valuation allowance when it is more-likely-than-not that all, or a portion, of a deferred tax asset will not be realized.

Wexpro recognizes positions taken, or expected to be taken, in income tax returns that are more-likely-than-not to be realized, assuming that the position will be examined by tax authorities with full knowledge of all relevant information.

The current portion of the ARO balance is $0.2 million and is included in accrued expenses and other on the Consolidated Balance Sheets. Changes in AROs from the Consolidated Balance Sheets were as follows:

	2017	2016
	(in millions)	
AROs at beginning of year	$ 68.9	$ 63.4
Accretion	4.3	3.9
Liabilities incurred	3.8	0.3
Revisions in estimated cash flows	9.2	2.1
Liabilities settled	(1.2)	(0.8)
AROs at end of year	$ 85.0	$ 68.9

Wexpro collects from Questar Gas and deposits in trust certain funds related to estimated ARO costs. These funds are used to satisfy retirement obligations as the properties are abandoned. The funds are measured using net asset value (or its equivalent) as a practical expedient which are not required to be categorized in the fair value hierarchy. At December 31, 2017 and 2016, the funds totaled $26.1 million and $19.2 million, respectively, and are included in other noncurrent assets on the Consolidated Balance Sheets. The accounting treatment of reclamation activities associated with AROs for properties administered under the Wexpro Agreements is defined in a guideline letter between Wexpro and the Utah Division of Public Utilities and the staff of the Wyoming Commission.

Note 4 – Short-Term Debt

Dominion Energy may make loans to Wexpro under a short-term borrowing arrangement. As of December 31, 2017, there were no short-term borrowings outstanding. At December 31, 2016, Wexpro had a short-term note with Dominion Energy for $4.0 million with a variable interest rate of 1.05%. Interest charges paid to Dominion Energy were less than $0.1 million for the years ended December 31, 2017 and 2016.

Note 5 - Income Taxes

Judgments and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws involves uncertainty, since tax authorities may interpret the laws differently. Wexpro is routinely audited by federal and state tax authorities. Ultimate resolution of income tax matters may result in favorable or unfavorable impacts of net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

The 2017 Tax Reform Act includes a broad range of tax reform provisions affecting Wexpro, as discussed in Note 2. The 2017 Act Reform Act reduces the corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. At the date of enactment, deferred tax assets and liabilities were remeasured based upon the enacted 21% tax rate expected to apply when temporary differences are to be realized and settled. The specific provisions related to regulated entities in the 2017 Tax Reform Act generally allows for the continued deductibility of interest expense, changes the tax depreciation of certain property acquired after September 27, 2017, and continues certain rate normalization requirements for accelerated depreciation benefits.

As indicated in Note 2, Wexpro's operations, including accounting for income taxes, are subject to regulatory accounting treatment. For regulated operations, many of the changes in deferred taxes represent amounts probable of collection from or refund to customers, and are recorded as either an increase to a regulatory asset or liability. The 2017 Tax Reform Act includes provisions that stipulate how these excess deferred taxes are to be passed back to customers for certain accelerated tax depreciation benefits. Potential refunds of other deferred taxes will be determined by Wexpro's state regulators.

Wexpro has completed or has made a reasonable estimate for the measurement and accounting of certain effects of the 2017 Tax Reform Act which have been reflected in the consolidated financial statements. The changes in deferred taxes were recorded as either an increase to a regulatory liability or as an adjustment to Wexpro's deferred tax provision.

The items reflected as provisional amounts are related to accelerated depreciation for tax purposes of certain property acquired and placed into service after September 27, 2017 and the impact of accelerated depreciation on state income taxes to the extent there is uncertainty on conformity to the new federal tax system.

The determination of the impact of the income tax effects of the items reflected as provisional amounts represents a reasonable estimate, but will require additional analysis of historical records and further interpretation of the 2017 Tax Reform Act from

Note 6 - Regulatory Assets and Liabilities and Regulatory Matters

Regulatory assets and liabilities include the following:

	December 31, 2017	2016
	(in millions)	
Regulatory Assets:		
Deferred depreciation, depletion and amortization(1)	$ 13.8	$ 13.8
Deferred production taxes(1)	3.7	3.7
Deferred other operations and maintenance(1)	2.8	1.9
Deferred royalties(2)	1.4	4.4
AROs(3)	0.2	0.2
Regulatory assets - current	21.9	24.0
Deferred production imbalance(4)	-	6.9
AROs(3)	0.5	0.7
Regulatory assets - noncurrent	0.5	7.6
Total regulatory assets	$ 22.4	$ 31.6
Regulatory Liabilities:		
Income taxes refundable through future rates(5)	$ 78.7	$ —
Depreciation(6)	13.5	9.7
Regulatory liabilities - noncurrent	92.2	9.7
Total regulatory liabilities	$ 92.2	$ 9.7

(1) Recoverable charges incurred by Wexpro but not yet billed to Questar Gas.
(2) Royalties on cost-of-service gas produced are recovered from Questar Gas on a delayed basis.
(3) Allowed recovery of the cumulative effect of adoption of revised accounting standards for AROs.
(4) Production imbalances are recovered from customers at the end of the gas wells' useful life.
(5) Amounts recorded to pass the effect of reduced income tax rates from the 2017 Tax Reform Act to customers in future periods, which will reverse at the weighted average tax rate that was used to build the reserves over the remaining book life of the property.
(6) Based on the Wexpro II Agreement, Wexpro depreciates its investment base on an accelerated basis. This corresponds to the accumulated incremental depreciation expense recorded in accordance with the Wexpro II Agreement.

In December 2015, Wexpro Development acquired working interests in 75 producing wells and 112 future drilling locations in the Trail, Whiskey Canyon, Canyon Creek and Kinney units in southwestern Wyoming (collectively known as the Vermillion Basin acquisition). In January 2017, Wexpro applied to the Commissions to have these properties included as Wexpro II properties. The proposal stipulated that the acquisition costs of the approved properties would be adjusted for the depreciation of the gas sold from the time Wexpro Development closed on the properties until their final approval as Wexpro II properties. In March 2017, the Commissions approved the inclusion of these properties in Wexpro II at an adjusted price of $11.1 million.

Note 7 - Employee Benefit Plans

Wexpro participates in retirement benefit plans sponsored by Dominion Energy effective December 2017, reflecting the merger of plans previously sponsored by Dominion Energy Questar, which provide certain retirement benefits to eligible active employees, retirees and qualifying dependents. Under the terms of its benefit plans, Dominion Energy reserves the right to change, modify or terminate the plans. From time to time in the past, benefits have changed, and some of these changes have reduced benefits.

Pension benefits for employees are covered by a defined benefit pension plan sponsored by Dominion Energy that provides benefits to multiple Dominion Energy subsidiaries. Retirement benefits payable are based primarily on years of service, age and the employee's compensation. As a participating employer, Wexpro is subject to Dominion Energy's funding policy, which is to contribute annually an amount that is in accordance with the provisions of the Employee Retirement Income Security Act of 1974. During 2017, Wexpro made $0.4 million of contributions to the pension plan, and no contributions to this plan are currently expected in 2018. Net periodic pension cost (credit) related to this plan was $(0.4) million and $0.5 million in 2017 and 2016, respectively, recorded in general and administrative expense in the Consolidated Statements of Income. The funding status of various Dominion Energy subsidiary groups and employee compensation is the basis for determining the share of total pension costs for participating Dominion Energy subsidiaries.

Retiree healthcare and life insurance benefits for employees are covered by a plan sponsored by Dominion Energy that provides certain retiree healthcare and life insurance benefits to multiple Dominion Energy subsidiaries. Annual employee premiums are subsidiaries, including Wexpro, as a subsidiary service company. The Consolidated Balance Sheets at December 31, 2017 and 2016, included amounts due to DEQPS of less than $1 million for both periods.

Wexpro entered into a service agreement with DES, an affiliated VIE, effective January 2018. DES provides accounting, legal, finance, and certain administrative and technical services to Dominion Energy and its subsidiaries including Wexpro.

Wexpro determined that it is not the primary beneficiary of DEQPS or DES as it does not have both the power to direct the activities that most significantly impact their economic performance nor the obligation to absorb losses and benefits which could be significant to it. Wexpro has no obligation to absorb more than its allocated share of DEQPS and DES costs.

Note 10 - Related-Party Transactions

Under the Wexpro Agreements, Wexpro earns revenues from Questar Gas as operator service fees for costs associated with operating gas wells for the benefit of Questar Gas customers.

Dominion Energy Questar and other affiliates (including DES) provide accounting, legal, finance and certain administrative and technical services to Wexpro. These costs are primarily included in general and administrative expense in the Consolidated Statements of Income on the basis of direct and allocated methods. Where costs incurred cannot be determined by specific identification, the costs are generally allocated based on each affiliated company's proportional share of revenues less product costs; property, plant and equipment; and labor costs for costs from Dominion Energy Questar and based on the proportional level of effort devoted by resources that is attributable to Wexpro, determined by reference to number of employees, salaries and wages and other similar measures for the relevant DES service. Management believes that the allocation methods are reasonable. Wexpro provides certain services to related parties, including technical services which are allocated based on the specific nature of the charges. Management believes that the allocation method is reasonable. The amounts for the services follow:

	December 31, 2017	December 31, 2016
	(in millions)	
Operator service fee	$ **306.9**	$ 311.7
Services provided by related parties	**12.5**	12.9
Services provided to related parties	**1.1**	0.7

See Note 4 for interest expense associated with related parties and Note 6 for regulatory assets associated with related parties.

Note 11 - Subsequent Events

The consolidated financial statements reflect management's consideration of known subsequent events as of May 22, 2018, the date the financial statements were issued.

August 1, 2018

Attached please find Dominion Energy Utah/Wyomings' Customer Satisfaction Standards Report (CSSR) for the 4th quarter ended December 2017.

In Docket No. 16-057-01, the Matter of Joint Notice and Application of Questar Gas Company and Dominion Resources, Inc., the parties agreed in paragraph 47 of the settlement stipulation that "Within 120 days of the Effective Time, Dominion Questar Gas will meet with the Division and the OCS on a collaborative basis and update Customer Satisfaction Standards, taking into account recent historical results. Dominion Questar Gas will report quarterly on its performance relative to the Customer Satisfaction Standards. Quarterly reporting will continue until Dominion Questar Gas' next general rate case filing. If the Dominion Questar Gas service levels become deficient, meaning they fall short of the Customer Satisfaction Standards as shown in the report, Dominion Questar Gas will file a remediation plan with the Commission explaining how it will improve and restore service to meet the Customer Satisfaction Standards."

The parties met with the Division and Office of Consumer Services in the 4th quarter of 2016 and updated 14 of the standards. This report includes these updated standards. The attached report is for the four quarters ending March 31, 2018 and provides the customer satisfaction results using the goals that were in effect at the beginning of the year.

The 1st quarter 2018 results are attached as Exhibit 34. There are three areas where the Company is deficient. Billing metric #1, read each meter monthly, was 94.4%, instead of 99% on average. This metric was deficient due to issues with battery failure on certain transponders. When the batteries fail, meter reads decrease and meter read estimates increase. The Company is currently undergoing a transponder replacement program that is scheduled to be complete in 2019. As these failing transponders are replaced it should result in higher meter reads. The second deficient metric was billing metric #5, "Response time to investigate meter problems and notify customer within 15 business days". This metric was 73% instead of 95%. This deficiency is also related to the transponder issues and resulted in a large backlog of customer requests. Because the billing department was short on staff and is also in the process of training new employees it was unable to respond to all of the requests within the 15 day time frame. The Customer Care deficiency is also related to these same issues. The average wait was 60 seconds instead of 45. Going forward, as the transponders are replaced there will be fewer issues to deal with and as new employees are trained the response times should improve.

CUSTOMER SATISFACTION STANDARDS
QUARTERLY REPORT

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Overall Impression of QGC								
1	How satisfied are you with the product and services you receive	6.0	CSS	6.3	6.2	6.3	6.2	6.3
2	Delivers natural gas to my home/good value for price paid	5.5	CSS	5.9	5.9	5.8	5.7	5.8
3	Keeps me informed when/why natural gas rates change before it happens	5.0	CSS	5.5	5.2	5.2	5.2	5.3
4	Consistently delivers natural gas to my home without disruption	6.5	CSS	6.7	6.6	6.7	6.7	6.7
5	Is honest and open in its dealings	5.5	CSS	6.0	5.9	5.8	5.8	5.9
6	Safely delivers natural gas to my home	6.5	CSS	6.6	6.6	6.6	6.6	6.6
7	Demonstrates care and concern for people like me	5.0	CSS	5.8	5.6	5.6	5.5	5.6

(1 to 7 scale: 1= do not agree at all; 7= strongly agree)
CSS - Customer Satisfaction Survey

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Customer Care								
1	Percentage of calls answered within 60 seconds after customer chooses menu option	85%	Internal Statistics	88.1%	92.0%	92.2%	86.9%	89.8%
2	Percentage of emergency calls answered within 60 seconds by agent	99%	Internal Statistics	99.4%	99.5%	99.4%	99.5%	99.4%
3	Average wait for customer after menu selection	less than 45 seconds	Internal Statistics	51	33	29	60	43
4	Callers that hang up after menu choice is made	less than 2%	Internal Statistics	1.5%	1.0%	0.9%	1.4%	1.2%
5	Amount of time talking with customer and completing request	less than 5 minutes	Internal Statistics	5.0	4.8	4.9	5.1	5.0
6	The phone staff was courteous	6.0	CSS	6.7	6.7	6.6	6.6	6.6
7	The phone staff was knowledgeable	6.0	CSS	6.6	6.6	6.3	6.3	6.5
8	My call was answered quickly	5.5	CSS	6.4	6.2	6.1	6.2	6.2
9	The person I spoke with was able to resolve my issue	6.0	CSS	6.4	6.5	6.2	6.1	6.3
10	The automated menu was easy to use	5.7	CSS	6.2	5.9	6.0	6.0	6.0
11	How satisfied are you with the actions taken by Questar Gas in response to your call	5.8	CSS	6.3	6.4	6.1	6.0	6.2

(1 to 7 scale: 1= do not agree at all; 7= strongly agree)
CSS - Customer Satisfaction Survey

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Customer Affairs								
1	Respond to customer regarding any PSC complaint within 5 business days	100%	Public Service Commission Report	100%	100%	100%	100%	100%

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Service Calls - Ask-A-Tech								
1	The technician was courteous	6.2	CSS	6.8	6.8	6.8	6.7	6.8
2	The technician was knowledgeable	6.2	CSS	6.7	6.8	6.6	6.6	6.7
3	The technician was able to help me quickly	5.9	CSS	6.6	6.6	6.7	6.6	6.6
4	The technician was able to help me resolve my issue	5.9	CSS	6.3	6.5	6.6	6.3	6.4
5	The automated menu was easy to use	5.7	CSS	6.1	6.4	6.5	6.2	6.3
6	How satisfied are you with the technician's overall performance	6.0	CSS	6.5	6.5	6.5	6.3	6.4

(1 to 7 scale: 1= do not agree at all; 7= strongly agree)
CSS - Customer Satisfaction Survey

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Service Calls								
1	The service technician was courteous	6.4	CSS	6.8	6.8	6.8	6.9	6.8
2	The service technician was knowledgeable	6.4	CSS	6.8	6.7	6.7	6.8	6.7
3	The service technician was able to help me quickly	6.2	CSS	6.7	6.6	6.6	6.8	6.7
4	The service technician was able to help me resolve my issue	6.2	CSS	6.4	6.5	6.5	6.5	6.5
5	How satisfied are you with the service technician's overall performance	6.3	CSS	6.7	6.6	6.7	6.7	6.7
6	Emergency calls - company representative is onsite within 1 hour of call	95%	Internal Statistics	98.3%	98.4%	98.3%	97.8%	98.2%
7	Remove meter seal within 1 business day requested by customer for activation	95%	Internal Statistics	100.0%	100.0%	100.0%	100.0%	100.0%
8	Activate or reactivate customers' gas service within 3 business days	95%	Internal Statistics	100.0%	100.0%	100.0%	100.0%	100.0%
9	Keeping customer appointments	95%	Internal Statistics	100.0%	98.9%	100.0%	100.0%	99.7%
10	Restore interrupted service caused by system failure within 1 business day (except for service interruptions caused by natural disasters, force majeure events and significant third party actions)	24 hours	Internal Statistics	100%	100%	100%	100%	100%

(1 to 7 scale: 1= do not agree at all; 7= strongly agree)
CSS - Customer Satisfaction Survey

	Service	2018 Annual Goal	Measurement Source	Q2 2017	Q3 2017	Q4 2017	Q1 2018	12 Mo. Ended 3/31/18
Billing								
1	Read each meter monthly	99%	Billing Statistics	97.4%	97.0%	93.8%	94.4%	95.7%
2	Percent of adjustments	3% Annual	Billing Statistics	0.53%	0.73%	0.60%	0.52%	2.38%
3	Send corrected statement to customer	5 Business Days	Internal Report	2.21 days	1.75 days	3.24 days	3.52 days	2.33 days
4	Percentage of billing inquiries requiring investigation responded to within 7 business day	95%	Internal Statistics	99.8%	99.8%	97.8%	98.3%	98.9%
5	Response time to investigate meter problems and notify customer within 15 business days	95%	Internal Statistics	94%	90%	84%	73%	85%

	Service	Northern Region	Eastern Region	Central Region	Southern Region	Wyoming Region
Customer Service						
1	Number of PSC complaints by region	3		5		
Service Calls						
1	The service technician was courteous	6.7	7.0	6.9	7.0	6.8
2	The service technician was knowledgeable	6.6	6.5	6.9	7.0	7.0
3	The service technician was able to help me quickly	6.5	7.0	6.8	7.0	7.0
4	The service technician was able to resolve my issue	6.0	6.8	6.6	6.6	7.0
5	How satisfied are you with the service technician's overall performance	6.4	7.0	6.7	7.0	7.0
6	Emergency calls - company representative is onsite within 1 hour of call	99.1%	93.2%	97.6%	97.2%	97.6%
7	Remove meter seal within 24 hours if requested by customer for activation	100.0%	99.7%	100.0%	99.8%	100.0%
8	Activate or reactivate customer's gas service within 3 business days	100.0%	100.0%	100.0%	100.0%	100.0%
9	Keeping customer appointments	100.0%	100.0%	100.0%	100.0%	100.0%
10	Restore interrupted service caused by system failure (exceptions include outages caused by natural disasters and third party actions)	100%	100%	100%	100%	100%