

First Quarter
Variance Report

June 2019
Through
August 2019
Docket No. 19-057-01

Dominion Energy Utah
First Quarter Variance Report
June 2019 – August 2019

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this First Quarter Variance Report for the period June 2019 – August 2019. This report identifies the variance between the actual results and the projections set forth in the 2019 – 2020 Integrated Resource Plan (IRP).

Weather Exhibits 1.1 – 1.3

During the first quarter, the actual weather was warmer than the 2019 – 2020 IRP normal temperature estimates for all three months in the quarter. See Exhibit 1.1.

Gas Storage Exhibits 2.1 – 2.6

In the first quarter, Clay Basin inventory was lower than the 2019 – 2020 IRP estimates for June, July, and August. The lower inventory was due to lower starting inventory for the quarter. In the prior IRP quarter, the updated model did not recommend purchasing gas to inject based on updated pricing forecasts for this period.

Based on analysis using the Sendout model, the Company purchased a Park and Loan storage contract at Clay Basin. The contract provided additional injection and storage rights at Clay Basin in the months of July and August. The additional injection rights prevented the need to shut-in gas for these months. Gas stored in this contract will be transferred into the standard Clay Basin storage contracts in either December or January. See Exhibit 2.1.

Aquifer inventory for the quarter was lower than the 2019 – 2020 IRP Aquifer inventory estimates in June, July, and August. The Aquifer inventory was lower because Gas Supply reduced inventory slightly below the typical 50% to free space for Company-owned gas to help reduce the likelihood of shut-ins. See Exhibit 2.2.

Actual Spire Storage West inventory was in line with the 2019 – 2020 IRP inventory estimates. See Exhibit 2.3.

Firm Sales Exhibits 3.1 – 3.4

Actual sales through the first quarter of the 2019 – 2020 IRP year were 7% lower than projected normal-weather usage. The monthly variation followed heating degree days. June heating degree days total was about 70% of normal. July and August had no heating degree days.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

No gas was purchased from third parties in the first quarter. June purchased gas amounts were lower than the 2019 – 2020 IRP estimates due to updated pricing, eliminating any gas purchased for injection compared with the 2019 – 2020 IRP estimates. July and August were in-line with the 2019 – 2020 IRP estimates. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Because no gas was purchased in the first quarter, purchase gas costs were lower than the 2019 – 2020 IRP estimates in June, but in-line with estimates in July and August. Actual first quarter purchase costs were \$0 compared to the first quarter IRP estimate for purchase costs of \$1.684 million. Lower costs in June were due to higher prices than forecast eliminating any gas purchased for injection. See Exhibit 5.1.

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2

Because no gas was purchased from third parties in the first quarter, purchased gas unit costs cannot be calculated or compared to the 2019 – 2020 IRP estimates. See Exhibit 6.1.

Cost-of-Service Gas

Exhibits 7.1 – 7.3

The cost-of-service gas volume for June, July, and August was higher than the 2019 – 2020 IRP estimate. The Canyon Creek and Trail fields produced more than forecasted during the quarter. The overproduction was due to production optimization exceeding expectation and continued results from the Trail compression project. Bruff and other fields were also overproduced due to the deferment of summer shut-ins. A new jumper line installed to connect Whiskey Canyon to the Canyon Creek gathering system allowed Whiskey Canyon to produce in-line with forecast despite downtime for installation of the new jumper. Powder Wash and Church Buttes were under produced due to well maintenance activities and plant compressor maintenance. Pinedale was under produced due to delayed completions. 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 were lower than IRP estimates in the 2019 – 2020 IRP model.

In the first quarter, the only new well to come on was in Trail during the month of June. Pinedale wells planned to be completed in the first IRP quarter were delayed until later in the year. See Exhibit 8.1.

Table 1 below summarizes purchase and cost-of-service volume variances using 2019 – 2020 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-19	0.00%	12.31%	100.00%	87.69%
2	Jul-19	0.00%	0.00%	100.00%	100.00%
3	Aug-19	0.00%	0.00%	100.00%	100.00%
4	Q1	0.00%	4.49%	100.00%	95.51%

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)	0	0	13,669	13,669
Actual Shut-in (dth/day)	0	0	0	0

Supplemental Graphs

Confidential Exhibits 9.1, 9.2

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 following project has been updated during the first quarter.

New Utah State Prison Site, Salt Lake City, Utah

FL131 to the new Utah State Prison will be completed in the 2nd quarter of 2020 as a result of schedule slip on the road construction. The Company's FL131 pipeline alignment follows a new road to the prison and large sections of the pipeline could not be constructed until the road was brought to rough grade and certain other utilities had been installed.

Extension of Natural Gas Service to Eureka, Utah

During the 1st quarter of the 2019 IRP year, the Company finalized its decision to extend natural gas service to Eureka. The Company has filed two applications seeking Commission approval to extend the Companies natural gas distribution system to Eureka, Utah. For additional detail, please see Docket Nos. 19-057-31 and 19-057-32.

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

Docket No. 19-057-01

Gas Storage Graphs
Exhibits 2.1 – 2.6
Docket No. 19-057-01

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 19-057-01

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
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Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
Docket No. 19-057-01

Gas Purchased
From Third Parties

Unit Cost Variance
Exhibits 6.1 – 6.2
Docket No. 19-057-01

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 19-057-01

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 19-057-01

Data

CONFIDENTIAL

Exhibits 9.1 – 9.2

Docket No. 19-057-01

Average Market Price and
Cost-of-Service Price
Exhibits 10.1 – 10.2
Docket No. 18-057-01