Second Quarter
Variance Report

September 2019
Through
November 2019
Docket No. 19-057-01

Dominion Energy Utah
Second Quarter Variance Report
September 2019 – November 2019

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Second Quarter Variance Report for the period September 2019 – November 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 second quarter, the actual weather was warmer than the 2019 – 2020 IRP normal temperature estimates for September and November and colder than the 2019 – 2020 IRP normal temperature estimates for October. The colder October weather occurred mostly during a record cold period at the end of the month. See Exhibit 1.1.

Gas Storage Exhibits 2.1 – 2.6

In the second quarter, Clay Basin inventory was slightly lower than the 2019 – 2020 IRP estimates for September and October and higher than the 2019-2020 IRP estimates in November. The lower inventory in September and October was due to lower starting inventory for the quarter and colder weather in October. The inventory switched to higher than the 2019-2020 due to increased purchases and slightly warmer weather in November.

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 under 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 closely matched to the 2019 – 2020 IRP Aquifer inventory estimates in September and November. In October, inventory was lower because of withdrawal usage due to cold weather during the month. 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 second quarter of the 2019 – 2020 IRP year were 18% higher than the level forecasted in the IRP. See Exhibit 3.1. The variance occurred primarily in the month of October when temperatures were considerably lower than normal.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

Gas purchases in September, October and November were above the 2019 – 2020 IRP estimates due to colder-than-expected temperatures and lower gas prices. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3

Purchase gas costs were higher than the 2019 – 2020 IRP estimates in September, October and November due to increased purchases in these months. See Exhibit 5.1.

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

Because the Company planned to purchase no gas from third parties in September, purchased gas unit costs cannot be compared to the 2019 – 2020 IRP estimates for the month. Unit prices for October were lower than expected. Unit costs for November, on average, were slightly higher than anticipated, due mostly to higher prices in the first few days of the month. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

The cost-of-service gas volume for September, October and November were in line with the 2019 – 2020 IRP estimate. See Exhibit 7.1.

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

Wexpro new drill volumes for September and October were lower than IRP estimates for 2019 – 2020 IRP model and new drill volumes in November were higher than the IRP estimates for 2019-2020 due to some of the wells being delayed to later in the quarter. 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 2019 -2020 IRP projected purchase gas to be 35.07% for the quarter. Due to colder weather in October and increased purchases in November actual purchase gas represented 46.15% of total gas for the quarter. The Q2 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	Sep-19	10.51%	0.00%	89.49%	100.00%
2	Oct-19	52.99%	43.65%	47.01%	56.35%
3	Nov-19	56.70%	46.18%	43.30%	53.82%
4	Q2	46.15%	35.07%	53.85%	64.93%

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

TABLE 2

	September	October	November	Total Dth for Quarter	September
Estimated Shut-in (dth/day)	0	0	0	0	0
Actual Shut-in (dth/day)	0	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 following projects have been updated during the second quarter.

LG0012 District Regulator Station, Nibley, Utah

After further analysis, this pipeline and regulator station has been deferred for an additional year. The project is under design and the pipe and property will be procured in 2020. and the Company anticipates commencing construction on the project in 2021.

Flyer Way HP Regulator Station, Salt Lake City, Utah

The Company indicated in the IRP that construction was anticipated to be completed in 2019. Though construction was underway in 2019, the project will be complete in the first quarter of 2020.

RE0027 FL26 Regulator Station, Lindon, Utah

After further analysis regarding system capacity and demand growth, this project has been deferred until 2021.

Syracuse Regulator Station, Syracuse, Utah

After further analysis regarding system capacity and demand growth, this project has been deferred. The Company will purchase property for the regulator station in the first quarter of 2020 and expects to complete construction on the project in 2021.

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 Docket No. 19-057-01

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 – 9.3
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Average Market Price and Cost-of-Service Price Exhibits 10.1 – 10.2

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