

Dominion Energy Utah
Second Quarter Variance Report
September 2017 – November 2017

Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Second Quarter Variance Report for the period September 2017 – November 2017. This report identifies the variance between the actual results and the projections set forth in the 2017 Integrated Resource Plan (IRP).

Weather Exhibits 1.1 – 1.3

During the second quarter, the actual weather was cooler in September and October than the 2017-2018 IRP normal temperature estimates. November was warmer than the 2017-2018 IRP normal temperature estimates. See Exhibit 1.1

Gas Storage Exhibits 2.1 – 2.4

Clay Basin had a slightly lower inventory level in September and November and a higher inventory level in October than the 2017 – 2018 IRP forecast. See Exhibit 2.1

Aquifer inventory was higher than IRP estimates in September and November and lower in October than the 2017 – 2018 IRP forecast.

An updated Aquifer injection schedule from Dominion Energy Questar Pipeline (DEQP) was included in the updated operational model on September 12, 2017.

In September, the updated injection schedule from DEQP resulted in more gas being injected into the Leroy Aquifer than in the IRP model. Also the IRP model did not recommend injecting to its maximum possible amount. This accounts for the actual inventory being higher than in the IRP model.

The lower actual inventory in October was due to using Aquifer gas mid-month to meet demand during the Clay Basin test.

During November, the IRP model scenario had a higher daily injection maximum than the current operational model, yet the actual injection in the Aquifers was 234,000 decatherms more over the course of the month. This was due in part to the lack of injections into the Ryckman storage facility. Injections into Ryckman Creek were limited due to bankruptcy and operational concerns at the facility. Gas that would have been injected into Ryckman Creek, as modeled in the IRP model, was instead injected into the Aquifers. See Exhibit 2.2

Ryckman storage was not used during this IRP quarter due to bankruptcy and operational concerns.

Firm Sales Exhibits 3.1 – 3.4

Usage during the second quarter was 7% below the forecasted level. The variance was primarily the result of heating degrees days falling 15% below the 30-year normal for the second quarter.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

Actual purchases for September and October were above IRP estimates due to colder temperatures in September. During October, volumes were purchased to fill the void created by the absence of Ryckman storage. Some volumes were also purchased to meet demand not being supplied due to the Clay Basin test.

In November, actual purchase volumes were reduced due to temperatures being warmer than temperatures used in the IRP models. See Exhibit 4.1

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3

Purchase Gas costs followed the trend of the Gas Purchased from Third Parties Volume variance above. Actual costs were higher than lower reflected in the IRP model in September and October and lower than costs produced by the IRP model in November. Lower actual unit costs than used in the IRP model also reduced the effect of Purchase Costs. See Exhibit 5.1

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

Actual unit costs for the second quarter variance report were lower than IRP estimates for the quarter. See Exhibit 6.1

Cost-of-Service Gas Exhibits 7.1 – 7.3

For September and November, cost-of-service gas volumes were higher than 2017 – 2018 IRP estimates. Canyon Creek, Trail, Powder Wash, and Church Buttes fields, along with older legacy wells produced above IRP estimates for the quarter.

October was lower than 2017 – 2018 IRP estimates. Unscheduled maintenance at Andeavor Plant 3, a tank replacement and insufficient line pressure at Church Buttes, and insufficient line pressure in Bruff all contributed to actual volumes being less than the projected IRP volumes for the month. See Exhibit 7.1.

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

Wexpro new drill volumes for the second IRP quarter were very close to the production forecasts used in the 2017 – 2018 IRP model.

Table 1 below summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. There was no shut-in gas during the second quarter of the 2017 – 2018 IRP year.

TABLE 1

| | September | October | November | Total Dth for Quarter |
|-----------------------------|-----------|---------|----------|-----------------------|
| Estimated Shut-in (dth/day) | 0 | 0 | 0 | 0 |
| Actual Shut-in (dth/day) | 0 | 0 | 0 | 0 |

Table 2 below summarizes purchase and cost-of-service volume variances using 2017 – 2018 IRP projections and actual results as a percent of total. The Q2 number is a percent of total and not an average.

TABLE 2

| | | 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-17 | 9.56% | 5.60% | 90.44% | 94.40% |
| 2 | Oct-17 | 26.84% | 18.89% | 73.16% | 81.11% |
| 3 | Nov-17 | 39.47% | 53.36% | 60.53% | 46.64% |
| 4 | Q2 | 27.79% | 32.79% | 72.21% | 67.21% |

Supplemental Graphs

Exhibits 9.1 – 9.3

Confidential Exhibits 9.1 and 9.2 show the total projection and new drill by nominations group. Confidential Exhibit 9.3 shows gas purchases.

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 Company has finished evaluating the options identified for the TG0006 District Regulatory Station in Lehi. The cost estimate for the second option listed (extending the tap line from district regulator station HR0002) is \$9.5 million. The cost estimate for the third, and preferred, option is \$3.2 million. DEU has commenced with design and permitting of this option (Extending from FL 25 approximately 1.5 miles). The anticipated schedule for the project is to start construction in mid-march 2018 and complete the project by end of June 2018.

Second Quarter
Variance Report

September 2017
Through

November 2017

Docket No. 17-057-12

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

Docket No. 17-057-12

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 17-057-12

Firm Sales Graphs
Exhibits 3.1 – 3.4
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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
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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
Exhibits 7.1 – 7.3
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Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
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Data
Exhibits 9.1 – 9.3
Docket No. 17-057-12

Average Market Price and
Cost-of-Service Price
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