

Third Quarter
Variance Report

December 2017

Through

February 2018

Docket No. 17-057-12

Dominion Energy Utah
Third Quarter Variance Report
December 2017 – February 2018

Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Third Quarter Variance Report for the period December 2017 – February 2018. 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 third quarter, the actual weather was warmer than the 2017-2018 IRP normal temperature estimates for each of the three months. See Exhibit 1.1.

Gas Storage Exhibits 2.1 – 2.6

In the third quarter, Clay Basin inventory was higher than the 2017 – 2018 IRP forecast for the period. Low prices in the December operational model recommended the purchase of gas instead of withdrawing from Clay Basin which delayed withdrawals until January. Prices were relatively higher in January and February incenting Clay Basin withdrawal. See Exhibit 2.1.

Aquifer inventory equaled the 2017 – 2018 IRP estimate for December, but was lower than the estimate in January and February. Cold weather during the beginning of February brought down inventory in the Aquifers and warmer temperatures held the Aquifers at this lower level during the last weeks of the month. See Exhibit 2.2.

With Ryckman bankruptcy concerns relieved, a small amount of gas was injected into the Ryckman storage facility in December for operational use. That gas was then partially used in January and February. See Exhibit 2.3, Injections/withdrawals at Ryckman Creek are expected to follow IRP projections starting in the spring of 2018.

Firm Sales Exhibits 3.1 – 3.4

Heating degree days for the quarter were 21% below normal with the largest variance occurring in January. Resulting usage through the quarter was 10% below usage forecasted on a normal-weather scenario.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

The volume of purchased natural gas for December was greater than IRP estimates in December due to low prices. During January and February the amount of purchase gas was less than estimates due to relatively higher actual prices. Higher prices meant the model recommend Clay Basin withdrawal instead of purchasing gas. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3

Purchase Gas costs usually follow the trend of the Gas Purchased from Third Parties Volume variance above. December was an exception to this trend. December had more purchase volumes at lower total cost than IRP estimates due to low prices. During all

three months of the quarter the total monthly costs were lower than the 2017 – 2018 IRP estimates. See Exhibit 5.1.

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2

Actual unit costs for each of the three months during the third quarter were lower than IRP estimates for the quarter. See Exhibit 6.1.

Cost-of-Service Gas

Exhibits 7.1 – 7.3

For December, January, and February, cost-of-service gas volumes were higher than 2017 – 2018 IRP estimates. Newly drilled Pinedale wells out performed expectations for the quarter. The Trail field also out-performed expectations due to compression in the field outperforming projections. Low line pressure in Canyon Creek also allowed newly drilled wells in Whiskey Canyon to outperform their estimates. See Exhibit 7.1.

Cost-of-Service Gas New Drill Component

Exhibits 8.1 – 8.3

Wexpro new drill volumes for the third IRP quarter were greater than the production forecasts used in the 2017 – 2018 IRP model. In December, new wells came on in Whiskey Canyon and Trail. There was no other new drill in January and February.

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 third quarter of the 2017 – 2018 IRP year.

TABLE 1

	December	January	February	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 Q3 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	Dec-17	60.42%	60.97%	39.58%	39.03%
2	Jan-18	51.77%	65.60%	48.23%	34.40%
3	Feb-18	52.46%	61.00%	47.54%	39.00%
4	Q3	55.39%	62.68%	44.61%	37.32%

Supplemental Graphs

Confidential 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 anticipated construction in 2018 of LG0012 District Regulator Station in Nibley, Utah. However, the region's growth rate has been slower than originally estimated, thus allowing the construction to be postponed until 2019. The Company anticipates starting construction around April 2019 and completing around July 2019.

Heating Degree Day
Graphs

Exhibit 1.1 – 1.3

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Gas Storage Graphs
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Firm Sales Graphs
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Gas Purchased
From Third Parties

Volume Variance
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Gas Purchased
From Third Parties

Cost Variance
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Gas Purchased
From Third Parties

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

CONFIDENTIAL

Exhibits 9.1 – 9.3

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Average Market Price and
Cost-of-Service Price
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