

Fourth Quarter Variance Report

March 2018

Through

May 2018

Docket No. 17-057-12

Dominion Energy Utah
Fourth Quarter Variance Report
March 2018 – May 2018

Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Fourth Quarter Variance Report for the period March 2018 – May 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 fourth 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 fourth quarter, Clay Basin inventory was higher than the 2017 – 2018 IRP estimates for the quarter. At the end of March, Clay Basin actual inventory was slightly greater than the 2017 - 2018 IRP Clay Basin inventory estimates. At the end of April the 2017 - 2018 IRP Clay Basin estimate was approaching zero inventory while actual inventory was increasing. At the end of May the actual inventory had increased sharply compared to the 2017 - 2018 IRP Clay Basin inventory estimates. The increases in both April and May were due to warmer than normal weather in both months. See Exhibit 2.1.

Aquifer inventory was greater than the 2017 – 2018 IRP Aquifer inventory estimate for March due to warmer than normal temperatures and baseload purchase gas still in use. Aquifer inventory closely matched IRP estimates for April and May. See Exhibit 2.2.

Actual Spire Storage West (Ryckman Creek Storage) was less than 2017 – 2018 IRP Spire (Ryckman) inventory estimates due to concerns about bankruptcy in 2017. The small amount of Spire (Ryckman) inventory in March was injected into Spire (Ryckman) in December for operational use. With bankruptcy concerns resolved, some gas was injected into Spire (Ryckman) in April but full injection did not occur until May 2018. See Exhibit 2.3.

Firm Sales Exhibits 3.1 – 3.4

Usage during the fourth quarter was 16% below the forecasted level – a result of heating degree days dropping 34% below the normal 30-year level for the same time period. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

The volume of purchased gas for each month was less than 2017-2018 IRP estimates. This was due to warmer than normal temperatures and withdrawal of storage gas from Clay Basin in March and the Aquifers in April. May had no purchase volumes. 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. All three months had purchase costs less than then 2017-2018

IRP estimates with both volume and daily prices lower than the IRP estimates. There were no purchase gas costs in May. 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 fourth quarter were lower than IRP estimates for the quarter. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

For March, April, and May, cost-of-service gas volumes were higher than 2017 – 2018 IRP estimates. Newly drilled Pinedale wells along with tubing repairs by Pinedale Energy Partners out performed expectations for the quarter. Higher-than-expected production in Trail was 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 Fourth IRP quarter were greater than the production forecasts used in the 2017 – 2018 IRP model. These new drill volumes came from wells that began production in July of 2017 and additional new wells coming on through December of 2017. There were no new drill wells completed in Q4.

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

TABLE 1

	March	April	May	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 Q4 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	Mar-18	32.18%	46.85%	67.82%	53.15%
2	Apr-18	18.67%	31.57%	81.33%	68.43%
3	May-18	0.00%	7.55%	100.00%	92.45%
4	Q4	19.59%	32.50%	80.41%	67.50%

Supplemental Graphs

Confidential Exhibits 9.1 – 9.4

Confidential Exhibits 9.1 and 9.2 show the total projection and new drill by nominations group. Confidential Exhibits 9.3 and 9.4 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 North Salt Lake Kern River Gate Station project has been renamed to the Rose Park Kern River Gate Station project. The name change occurred due to the confusion with other current projects having the work “North” in them, and the fact that the project is in the city limits of Salt Lake City, not North Salt Lake. All other projects were on schedule and on budget during the fourth quarter.

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

Docket No. 17-057-12

Gas Storage Graphs
Exhibits 2.1 – 2.6
Docket No. 17-057-12

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 17-057-12

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
Docket No. 17-057-12

Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
Docket No. 17-057-12

Gas Purchased
From Third Parties

Unit Cost Variance
Exhibits 6.1 – 6.2
Docket No. 17-057-12

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 17-057-12

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 17-057-12

Data

CONFIDENTIAL

Exhibits 9.1 – 9.4

Docket No. 17-057-12

Average Market Price and
Cost-of-Service Price
Exhibits 10.1 – 10.2
Docket No. 17-057-12