



November 15, 2017

Heber M. Wells Building
P. O. Box 45585
Salt Lake City, UT 84145-0585

*Re: Replacement Infrastructure 2018 Annual Plan and Budget –
Docket No. 17-057-25*

Dear Commissioners:

In accordance with Section 2.07 of Dominion Energy Utah's Natural Gas Tariff No. 400 (Tariff), Dominion Energy Utah (Dominion Energy or Company) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2018. As shown in Exhibit 1, Dominion Energy has budgeted \$50.97 million to replace segments of Feeder Lines 21, 23, 34 and 51 during 2018 (Column B, Line 6). Dominion Energy has also budgeted \$12.35 million to replace several segments of intermediate high pressure (IHP) belt lines in Salt Lake, Utah, and Davis Counties (Column B, Line 10). In addition to 2018 replacement, the Company expects to spend about \$0.55 million on engineering studies and preparation related to replacement projects scheduled to begin after 2018 (Column B, Line 11). Column B, Line 12 shows the total budgeted amount of \$63.87 million.

Exhibit 2 provides summaries taken from the High Pressure (HP) and IHP Master Lists. Page 1 shows the existing HP footages by size and year of installation in columns A-W. Column X shows the anticipated footage that will be replaced in 2018. Page 2 shows similar information for the IHP belt line footages to be replaced. Exhibit 3 shows the route of each of the respective projects. Exhibit 4 shows the projected time line for each of the projects identified above.

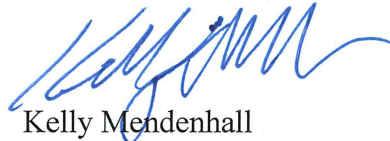
As set forth in Section 2.07 of the Tariff, Dominion Energy considers a number of elements in determining which pipelines to replace. The criteria the Company uses in scheduling HP and IHP pipeline replacements is set forth in Attachment 5 to the Company's May 1, 2017 correspondence to the Commission and Confidential Exhibit E to the Partial Settlement Stipulation in Docket 13-057-05, respectively. Where possible, the Company has made an effort to group projects in proximate geographic areas to minimize Company and contractor travel and mobilization/demobilization costs.

Dominion Energy notes that the total budgeted amount of \$63.87 million is within the 2018 budget levels agreed to in the Settlement Stipulation filed on October 30, 2017 in Docket No. 16-057-17, which states that "Dominion Energy will reduce its upcoming 2018 infrastructure replacement tracker budget by the lesser of \$5.27 million or the actual

amount that replacement spending in 2017 exceeds the allowed 2017 spend amount of \$64.17 million.” Paragraph 24 of the Partial Settlement Stipulation in Docket No. 13-057-05 (approved by the February 21, 2014 Report and Order in the same docket) provides that the budget shall not exceed \$65 million (adjusted for inflation using the Global Insight “GDP Deflator” rate). Exhibit 5 is a copy of the GDP deflator provided in the September 2017 IHS US Economic Outlook publication. Adjusting the Commission-allowed \$65 million budget cap by the 1.1% 2015 inflation rate, the 1.3% 2016 inflation rate, the 1.8% 2017 inflation rate, and the 2.1% 2018 inflation rate results in a \$69.14 million cap for 2018. This amount is then reduced by the \$5.27 million mentioned above, which results in a total allowed budget of \$63.87 million. The Company anticipates that it will continue to replace HP and IHP infrastructure at a rate of \$65 million per year adjusted for inflation. The Company will continue to monitor the federal requirements related to pipeline safety and will report whether this level of spending is adequate in its next general rate case.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Dominion Energy’s Tariff, the Company will continue to submit quarterly reports to the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Respectfully Submitted,



Kelly Mendenhall
Director
Regulatory and Pricing

cc: Division of Public Utilities
Office of Consumer Services