

Dominion Energy Utah
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November 15, 2018

Chris Parker
Utah Division of Public Utilities
Heber M. Wells Building, 4th Floor
P. O. Box 146751
Salt Lake City, UT 84114-6751

Re: Replacement Infrastructure Annual Plan and Budget, Third Quarter Variance Report
Docket No. 17-057-25

Dear Chris,

Questar Gas Company dba Dominion Energy (Dominion Energy or the Company) respectfully submits this report and its accompanying exhibit to the Utah Division of Public Utilities (Division) in accordance with the Report and Order issued February 21, 2014 in Docket No. 13-057-05 (Order). In the Order, the Utah Public Service Commission (Commission) approved a Partial Settlement Stipulation (attached to the Order as Appendix A). Paragraph 22(C) of the Partial Settlement Stipulation indicates that the Company will file quarterly variance reports showing the actual expenditures in the infrastructure replacement program, as compared to the budget, and describing any material variances from the most current replacement schedule.

On November 15, 2017, Dominion Energy submitted a Replacement Infrastructure Annual Plan and Budget in Docket No. 17-057-25 (2018 Budget) replacement plan to the Commission. The 2018 Budget included a budget for high pressure feeder line (HP) and intermediate high pressure belt main (IHP) replacement projects during 2018.

The attached Exhibit 1 provides budgeted amounts for both HP and IHP projects to be replaced in 2018, as well as the amount spent for each replacement project through September 30, 2018. Column B of Exhibit 1 shows the budget by project. Column C shows the costs through the third quarter. Column D shows the remaining budget for 2018 for each of these projects.

The Company will continue to provide quarterly feederline progress updates on an ongoing basis. If you or your staff has additional questions concerning these reports, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Mendenhall", written over a light blue horizontal line.

Kelly Mendenhall
Director
Regulatory and Pricing

cc: Public Service Commission
Office of Consumer Services

2018 Infrastructure Replacement Budget
For the Third Quarter Ending September 30, 2018

A	B	C	D
Feeder Line	2018 Budget	Actual Costs as of September 30, 2018	Variance (Over) / Under
High Pressure			
1 FL21	\$45,650,000	\$33,229,631	\$12,420,369
FL23	\$4,500,000	\$7,535,373	(\$3,035,373) 1/
2 FL35*	320,000	\$253,355	66,645
3 FL51	500,000	\$5,655,014	(5,155,014) 2/
4 Total High Pressure	\$50,970,000	\$46,673,374	\$4,296,626
Intermediate High Pressure			
5 Salt Lake County Total	\$7,500,000	\$3,100,106	\$4,399,894
6 Utah County Total	750,000	\$936,253	(186,253) 3/
7 Davis County Total	4,100,000	\$5,140,711	(1,040,711) 4/
8 Total Intermediate High Pressure	\$12,350,000	\$9,177,070	\$3,172,930
9 Pre-engineering (Future Projects)	\$550,000	\$409,763	\$140,237
10 Total	\$63,870,000	\$56,260,206	\$7,609,794

1/ Due to issues with the permitting and completion of FL21 work, funding was utilized on this project resulting in greater than projected costs.

2/ Due to delays, approximately 9,744 feet of the 15,100 foot pipeline were installed in 2017, with the rest expected to be completed in 2018. The primary cause of this overage was a result of a change of scope that moved the running line from in the dirt (off the road and shoulder) into the roadway. The change in running line caused us to shift from using no-cost native soils as backfill to using flow fill and slurry backfills to achieve the required compaction for roadway construction and traffic. Constructing in the road also required the addition of milling, road plating, 24/7 traffic flagging, traffic control, trucking/hauling, and hard surface restoration. Finally, potholing for utilities support services costs increased by approximately 30% when the running line shifted.

3/ Permit fees were far beyond the budget amount and caused a significant shift in total project costs.

4/ This Belt Line work is associated with the FL21 work in Davis County. During installation it is preferable to have the 24" HP put in place prior to the 8" IHP line. Due to the complications experienced with FL21 Belt line experienced similar delays and cost escalations.

* The previous budget had FL34 listed in error. It should have been FL35.