Third Quarter
Variance Report

December 2020
Through
February 2021
Docket No. 20-057-02

Dominion Energy Utah
Third Quarter Variance Report
December 2020 – February 2021

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Third Quarter Variance Report for the period December 2020 – February 2021. This report identifies the variance between the actual results and the projections set forth in the 2020 - 2021 Integrated Resource Plan (IRP).

February 12 -18th Weather/Pricing Event

During February 2021 a polar vortex occurred the mid-continental United States causing production interruptions and significant demand increases in that area. The impacts of this event, however, were far-reaching as gas supplies from other areas, such as the Rockies, were drawn to that area. The pipelines that serve the Company's area were capable of flowing gas to the mid-continental United States. As a result, Dominion Energy saw the supply and demand economics play out in the form of index price spikes reaching almost $200/dth locally.

Weather Exhibits 1.1 – 1.3

During the third quarter, the actual weather was slightly warmer than the 2020 – 2021 IRP normal temperature estimates for January and February in terms of HDD. December was very close to normal, but slightly cooler.

Gas Storage Exhibits 2.1 – 2.6

In the third quarter, Clay Basin inventory was lower than the 2020 – 2021 IRP estimates for the entire quarter. The lower inventory was caused by a lower starting inventory level carryover from Q1/Q2.

Aquifer inventory for the quarter was slightly low in December and January lower starting inventory carrying over from Q2. However, the Aquifers saw significantly higher-than-normal withdrawal in the month of February because the Company utilized the Aquifers to minimize purchases at extremely high costs during the weather/pricing event that took place February 12- 18th. See Exhibit 2.2

Actual Spire Storage West inventory was lower than the 2020 – 2021 IRP inventory estimate mainly due to carryover from the previous quarter. Strict withdrawals continued to ensure that all of the Company's gas would be removed by the end of the contract at the end of March 2021. Exhibit 2.3.

Firm Sales Exhibits 3.1 – 3.4

Actual sales through the third quarter of the 2020 – 2021 IRP year were 3% lower than projected normal-weather usage due to warmer weather. The monthly variation followed heating degree days. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3

Gas purchases through the quarter were very close to the IRP projections in December and January. However, February purchases were lower than projected because the Company opted to utilize storage at a higher rate in order to minimize the purchase of high-cost supply during the weather/pricing event that took place February 12- 18th. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3

Purchase gas costs were higher than the 2020 – 2021 IRP estimates because prices were significantly higher than the forecast in the IRP for December and January. February prices were higher due in large part to the extreme weather/pricing event. See Exhibit 5.1.

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

Purchased Gas unit costs were higher throughout the quarter. In December and January, gas prices were higher than the IRP forecast, however, not out of the range of normal winter gas prices (IRP price forwards were very low for this period.) February, as previously mentioned saw extremely high prices for a short period that skewed the unit cost for the month far outside the normal range. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

The cost-of-service gas for the entire quarter closely matched forecasted production. See Exhibit 7.1.

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

Wexpro New Drill Volumes were slightly higher than expected due to new wells that were expected to come on in Q2 but instead came on in Q3. Legacy volumes were only slightly lower than the 2020 – 2021 IRP estimated volumes. See Exhibit 8.1.

Table 1 below summarizes purchase and cost-of-service volume variances using 2020 – 2021 IRP projections and actual results as a percent of total. The 2020 – 2021 IRP projected purchase gas to be 67.58% for the quarter. Likely due to the few days in February where purchases were avoided, the Company came in slightly low and actual purchase gas represented 66.55%. The Q3 number is a percent of total and not an average.

TABLE 1

	Actual Purchase as Percent of Total	Normal Purchase as Percent of Total	Actual Cost-of-Service as Percent of Total	Normal Cost-of-Service as Percent of Total
Dec-20	70.03%	70.17%	29.97%	29.83%
Jan-21	66.57%	66.65%	33.43%	33.35%
Feb-21	61.10%	65.10%	38.90%	34.90%
Q3	66.55%	67.58%	33.45%	32.42%

Table 2 below summarizes estimated average daily shut-in verses actual average daily shut-in during the third quarter. The model did not select the very minimal forecast of shut in volumes due to pricing being higher than the IRP forecast

TABLE 2

	December	January	February	Total Dth for Quarter
Estimated Shut-in (dth/day)	24	24	23	2,141
Acutal Shut-in (dth/day)	0	0	0	0

Supplemental Graphs Confidential Exhibits 9.1 – 9.3

These exhibits reflect source data for Cost-of-service, New Drill and Purchase Gas exhibits. While preparing this Variance Report, the Company discovered that two groups (YCCRUNIT MT and YCCRUNIT D8) were incorrectly placed in Wexpro I instead of Wexpro II and they have been moved going forward.

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 following project has been updated during the third quarter.

RE0027 FL26 HP Regulator Station, Lindon Utah

The capacity upgrade for RE0027 was indefinitely delayed because of the construction of the Rose Park Gate Station and the LNG Plant. These additional sources have enabled the Company to delay the construction of the RE0027 upgrade while still providing safe and reliable service.

COVID-19 Update

On a weather-normalized basis, total sales usage for the quarter was down about 560,000 Dth, or 1%, from the same period last year. Most of the decline occurred during the January / February billing cycles. The residential class saw a modest net increase in demand of about 80,000 Dth for the quarter where customer growth offset a decline in average usage of about 1 Dth per customer. The commercial sector realized a net loss. While some of that loss is attributed to the departure of about 40 customers from commercial sales service to transportation service in October of 2020, most of the loss is likely explained by more conservative consumption in the commercial sector from reduced in-person commercial activity and warmer temperatures that allowed both commercial and residential customers to reduce usage, even on a weather-normalized basis.

Rural Expansion Update

As indicated in the Company's 2020-2021 IRP, Dominion Energy has been considering other candidate communities for possible expansion. The Company has identified Green River as a promising candidate for rural expansion. Green River has expressed an interest in receiving natural gas and the Company believes that expansion to

this community is consistent with applicable statutes and regulations. The Company is currently preparing an application to seek Utah Public Service Commission (Commission) approval to expand to this community, and expects to file the application soon.

Additionally, The Company has received bids and awarded contracts for construction of the Eureka expansion project. Construction began at the end of May 2021 and is on track to be in service before the 2021-2022 heating season begins. As of mid-May 2021, 128 customers had signed up for service, and contact had been made with another 160 customers. The Company believes it is on track to get all interested customers signed up before the heating season begins.

Heating Degree Day Graphs
Exhibit 1.1 – 1.3
Docket No. 20-057-02

Gas Storage Graphs
Exhibits 2.1 – 2.6
Docket No. 20-057-02

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 20-057-02

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
Docket No. 20-057-02

Gas Purchased From Third Parties

Cost Variance Exhibits 5.1 – 5.3 Docket No. 20-057-02

Gas Purchased From Third Parties

Unit Cost Variance Exhibits 6.1 – 6.2 Docket No. 20-057-02

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 20-057-02

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 20-057-02

Data
Confidential
Exhibits 9.1 – 9.3
Docket No. 20-057-02

Average Market Price and Cost-of-Service Price Exhibits 10.1 – 10.2

Docket No. 20-057-02