

Fourth Quarter Variance Report

March 2021

Through

May 2021

Docket No. 20-057-02

Dominion Energy Utah
Fourth Quarter Variance Report
March 2021 – May 2021

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

Weather

Exhibits 1.1 – 1.3

During the fourth quarter, March temperatures were near normal while the actual weather was warmer than the 2020 – 2021 IRP normal temperature estimates for April and May in terms of HDD.

Gas Storage

Exhibits 2.1 – 2.6

In the fourth quarter, Clay Basin inventory was higher than the 2020 – 2021 IRP estimates for the entire quarter. The higher inventory levels were caused by decreased withdrawals in March and April, driven by long term pricing trends, coupled with increased injections in May due to increases in the forward price curves for the upcoming winter. See Exhibit 2.1

Aquifer inventory was slightly lower than the 2020 – 2021 IRP estimates for the entire quarter. This is due to starting at a lower inventory level after significant withdrawals in February. 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 and continued strict withdrawals required to bring inventory to zero by the time the contract ended on 3/31/2021 See Exhibit 2.3.

Firm Sales

Exhibits 3.1 – 3.4

Actual sales through the fourth quarter of the 2020-2021 IRP year were lower than the forecasted level. The cause of the variance was disparity between actual and normal temperatures. Heating degree days in April saw a variance of -14% and May saw the largest variance of -23%. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

Gas purchases through the quarter were slightly above average due to the model's response to long term pricing trends and its recommendation to buy now and save storage gas for later. 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 because the Company purchased more gas than projected.

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

Purchased Gas unit costs were close to the 2020 - 2021 IRP estimates with March and April being lower than expected and May being higher than expected. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

The cost-of-service gas for the entire quarter was very close to what was expected. See Exhibit 7.1.

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

Wexpro New Drill Volumes were a bit higher than expected due to new well expected in Q2 coming on in Q3 and volumes being pushed into Q4. Legacy volumes were slightly lower than the 2020 – 2021 IRP estimate. Notably, some of the Pinedale wells scheduled for completion in 2019 did not finish until Jan 2020. These wells were not included as new drill for the IRP. 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 27.47% for the quarter. Due to the increased purchases the Company came in high and actual purchase gas represented 36.76%. The Q4 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
Mar-21	50.80%	38.97%	49.20%	61.03%
Apr-21	35.62%	29.30%	64.38%	70.70%
May-21	12.03%	7.02%	87.97%	92.98%
Q4	36.76%	27.47%	63.24%	72.53%

Table 2 below summarizes estimated average daily shut-in verses actual average daily shut-in during the third quarter. Due to long term pricing outlooks and storage use the very minimal shut in was no longer optimal in the model and thus not shut in.

TABLE 2

	March	April	May	Total Dth for Quarter
Estimated Shut-in (dth/day)	24	24	24	2,177
Actual 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. It was discovered during this variance report that two groups were incorrectly placed in Wexpro I instead of Wexpro II YCCRUNIT MT and YCCRUNIT D8 and 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

Changes to the DNG action plan were reported in the first three quarters of variance reports. There are no additional changes to report in the fourth quarter.

On-System LNG Facility, Salt Lake City, Utah

The facility is expected to be in-service in the 4th quarter of 2022 and will be utilized to help meet supply reliability needs in the 2021-2022 winter heating season.

Pandemic-Related Update

Usage during the 4th quarter was 8% higher than usage during the same quarter last year, with steady year-over-year increases in usage per customer during each of the three months. Commercial GS usage per customer was 17% higher compared to the 4th quarter of last year while residential usage per customer increased by 2%.

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 and on August 5, 2021, the Company filed an application with the Commission for that expansion. *See* Docket No. 21-057-12.

Additionally, the Company began construction on the Eureka expansion project at the end of May 2021 and is on track to be in service before the 2021-2022 heating season begins. As of mid-August 2021, 210 customers had signed up for service, and another 146 customers were in the contracting process. All potential customers in Eureka have been contacted. 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