2023 Infrastructure Tracker Annual Update

June 2023

Agenda

Program Discussion

- Why replace aging pipelines
- Replacement and in-line inspection
- NARUC Report - Industry is replacing pipelines

Belt Line Replacement

- 2023 Projects Update
- Scheduling
- 2022 Cost Variance

High Pressure Replacement

- 2023 Projects Update
- Scheduling
- 2022 Cost Variance

What was going on in 1970?

March: Beatles release **Let It Be.**

April: Apollo 13 announces **"Ok Houston, we've had a problem here."**

September: Ford introduces the **Ford Pinto** for **$1,850.**

October: **PBS** becomes a US television network.

November: **CFR 192** **takes effect.**

Why replace aging pipelines?

- Construction practices have improved over time.
- Replacement mitigates risks related to:
  - Outdated practices regarding:
    - Material Manufacturing
    - Reconditioned pipe
    - Excavation methods
    - Auger/Directional Drilling methods
    - Bedding
    - Welding
    - Coating
    - Laying
    - Backfilling
  - Lacking records
  - Lacking AC/DC mitigation
  - Inability to perform inline inspections



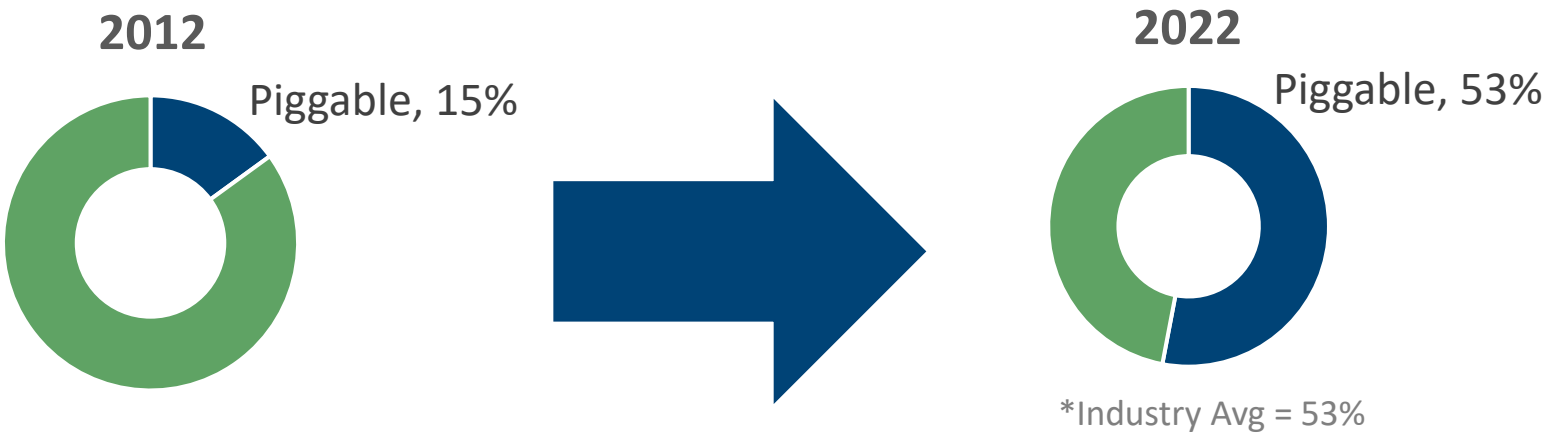


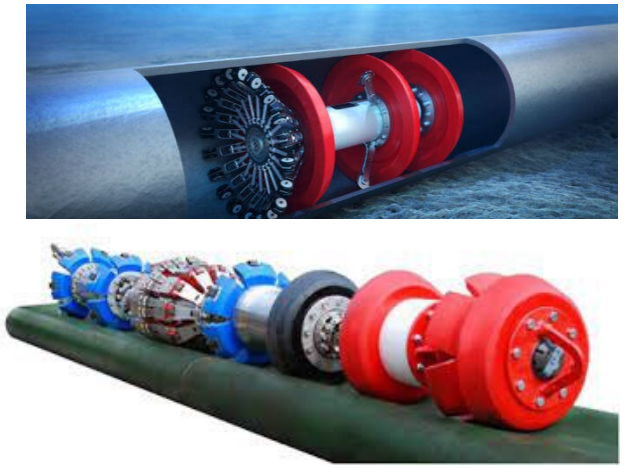



Replacement and In-Line Inspection

Pipeline replacement enables in-line inspection of the high-pressure system.

- The Company's replacement program has increased the amount of piggable pipe and decreased the amount of transmission pipe.
  - All high-pressure (HP) pipelines installed by the Company are designed and constructed to be piggable. Note: in-line inspection is not an option in IHP pipelines due to the lacking pressure to drive pigging tools.
  - Since 2012, the Company has more than tripled its miles of piggable HP pipelines.[1]





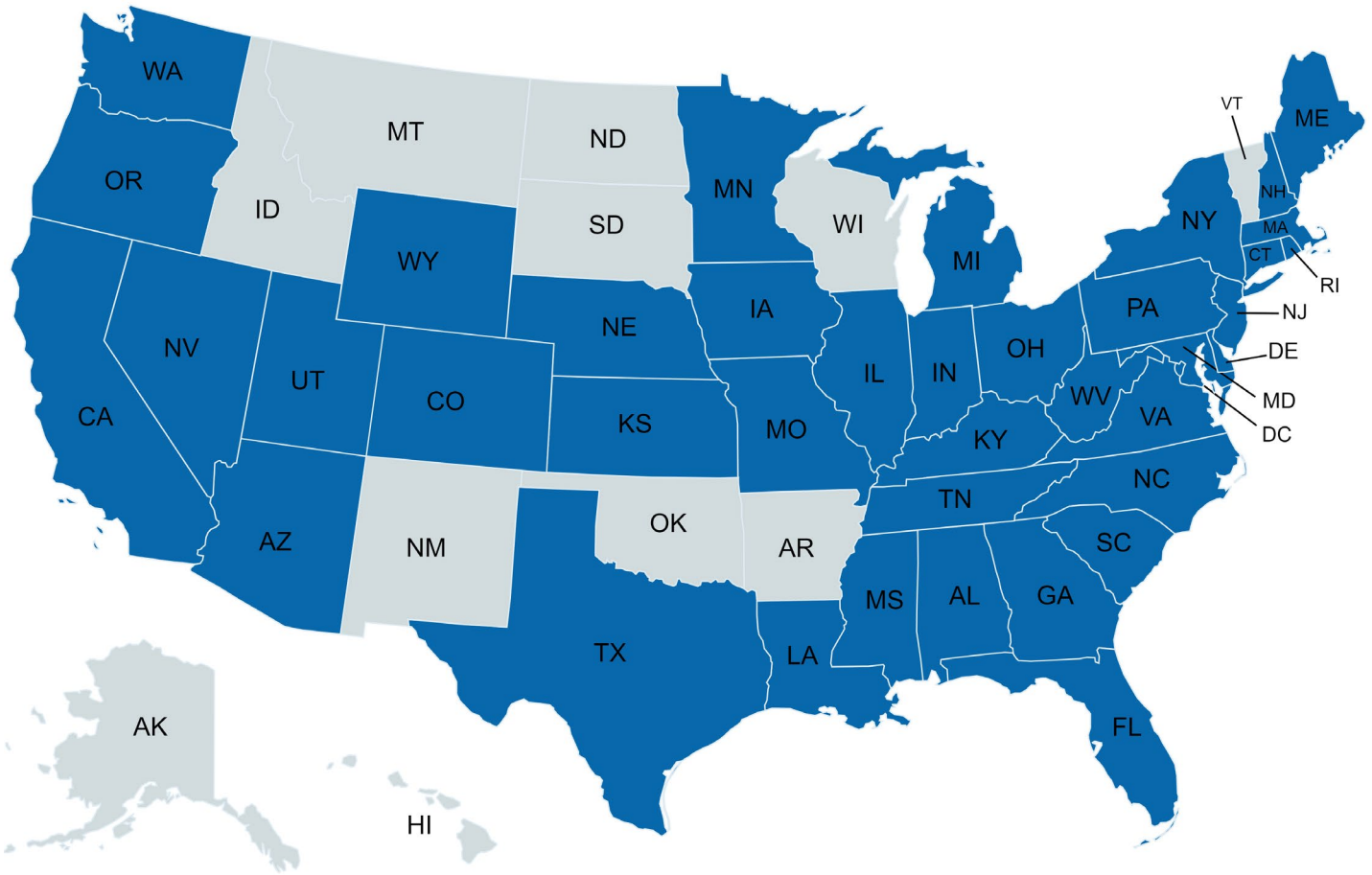
- Does in-line inspection eliminate the need to replace the Company's aging, legacy pipelines?
  - No, little of the approximate 288 miles of pipe currently identified for replacement can be internally inspected.
  - In-line inspection may improve data used in risk rankings and replacement priority, but it does not eliminate the need to replace the targeted pipelines in the infrastructure replacement program.

1 PHMSA Transmission Annual Report data. The Company's total miles of piggable transmission pipe has increased from 123 miles to 422 miles.

NARUC reports that the industry is replacing pipelines

"Natural Gas Distribution Infrastructure Replacement and Modernization: A Review of State Programs -January 2020"

States With Pipeline Replacement Recovery Mechanisms



> *"Natural gas is an essential fuel for the U.S. economy, providing fuel for heating, electricity, and other services to customers. However, natural gas delivery infrastructure is aging, and technologies that were novel at the time of installation may no longer hold that position. Thus, thoughtful communication among state regulators on what states are doing to promote and facilitate such replacement is appropriate….*
>
> *Consequently, the NGIMP decided to produce this informational handbook summarizing state programs currently in use…. It covers relevant programs in 41 states and the District of Columbia."*

The Honorable Diane X. Burman
Chair, DOE-NARUC Natural Gas Infrastructure Modernization Partnership
Chair, NARUC Committee on Gas
Commissioner, New York State Public Service Commission

"Across the United States, utility commissions have reviewed and approved infrastructure modernization programs and are continuing to do so." Page 41

Source: https://pubs.naruc.org/pub/45E90C1E-155D-0A36-31FE-A68E6BF430EE

Belt Line 2023

Current 2023 Projects Schedule

- Salt Lake County ($11.8M)
  - BL7
    - Phase II ($11.7M)
    - Phase III- Design of 16" retirement at South Temple ($100K)

- Salt Lake County ($100K)
  - BL32- 600N/700N in Salt Lake City
    - On hold/HDD Crossing at the Jordan River

- Salt Lake County ($700K)
  - BL28- North Temple 2200 W to 1000 W in Salt Lake City
    - Completed 2” install and casing @ Jordan River
    - Insertion of 8" plastic to be completed in 2024

Belt Line 2023

Belt Line:	BL32-in Salt Lake City
Stage:	On hold/SLC HDD approval
Challenges Include:	Boring of I-215, Redwood Road and the Jordan River
Footage:	15,000 feet

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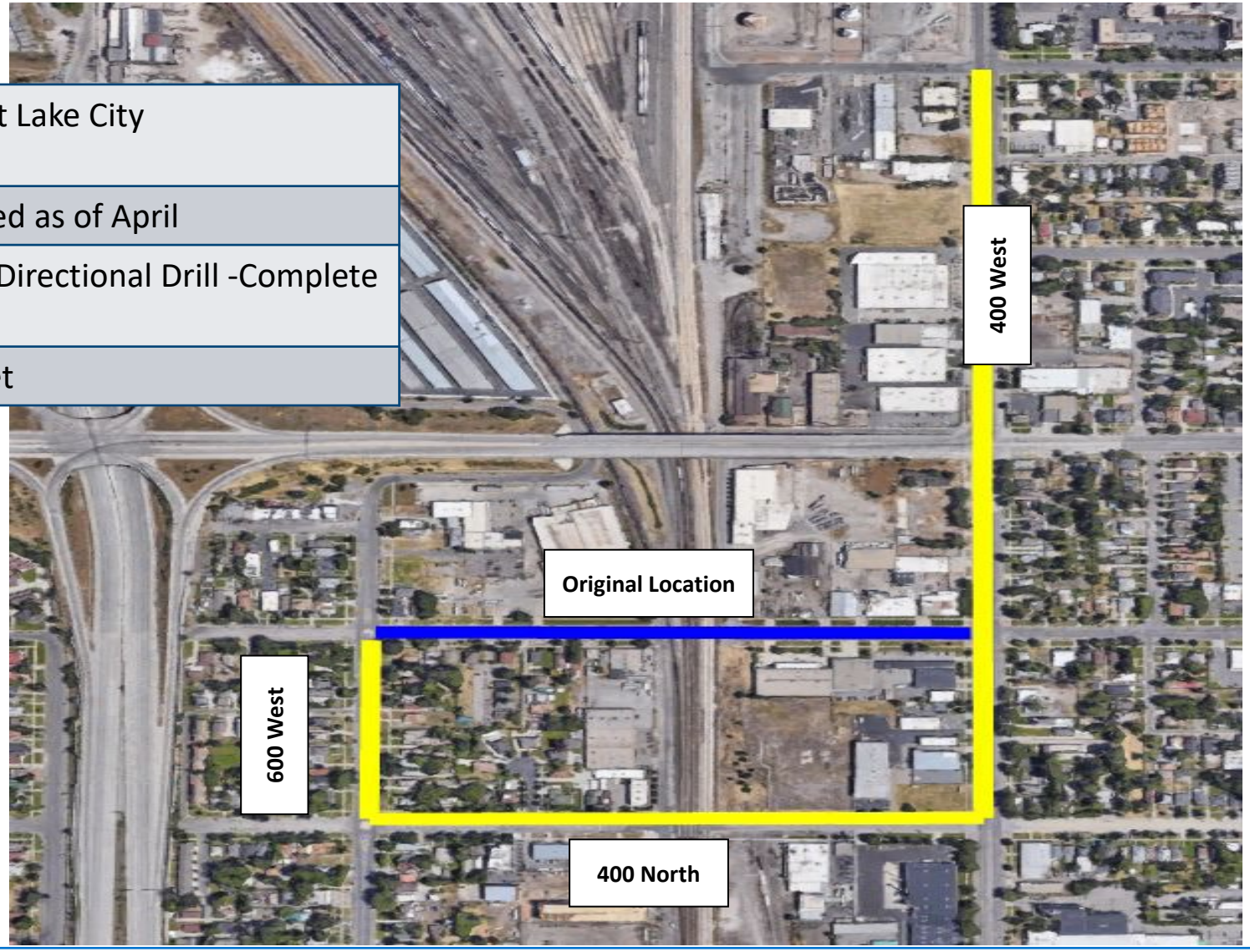
Belt Line 2023

Belt Line:	BL29 Salt Lake City
Stage:	Completed as of April
Challenges Include:	Railroad Directional Drill -Complete
Footage:	3,020 feet



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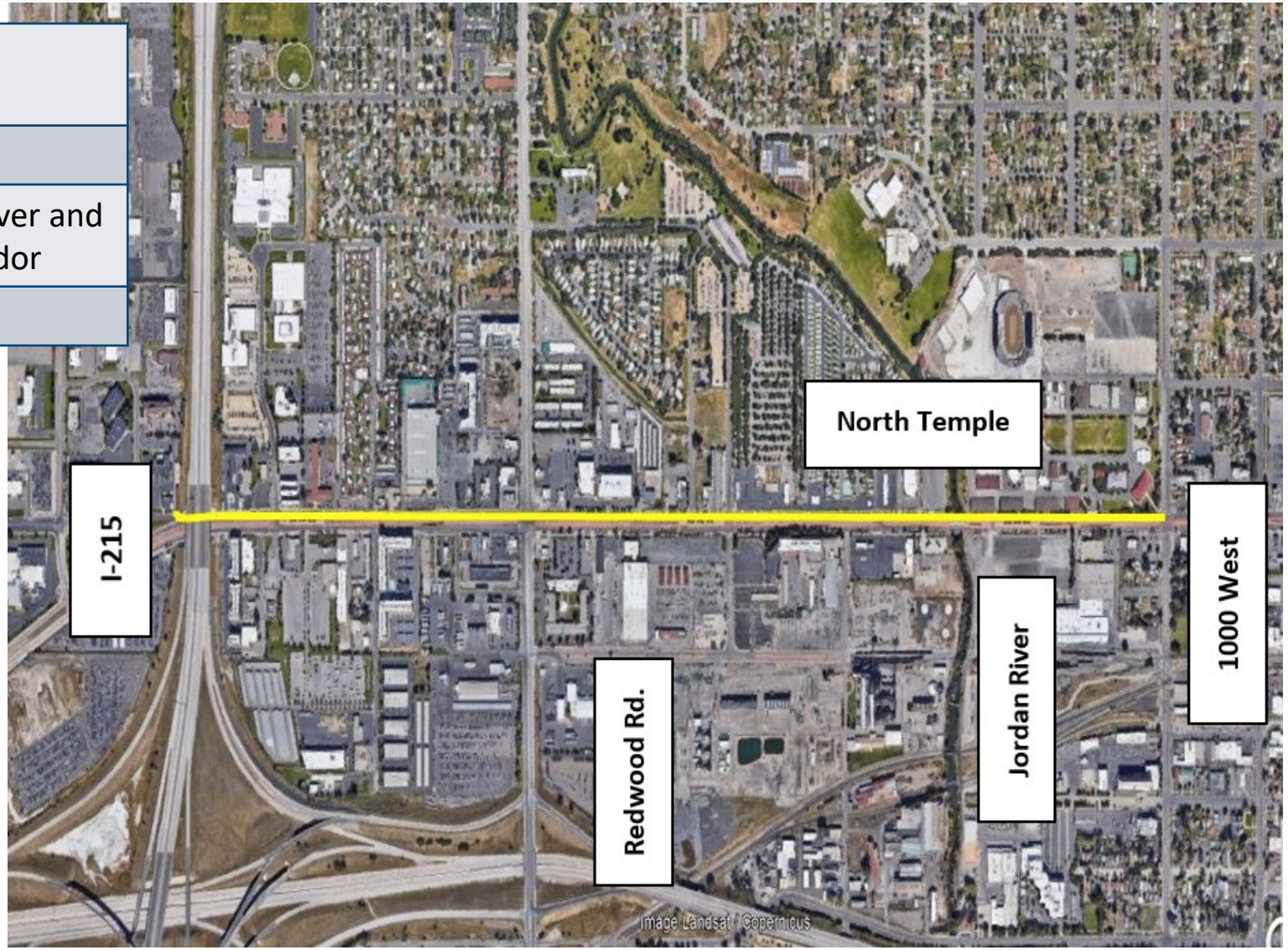
Belt Line 2023

Belt Line:	BL28-in Salt Lake City
Stage:	Under construction
Challenges Include:	Boring of the Jordan River and Congested Utility Corridor
Footage:	8,500 feet



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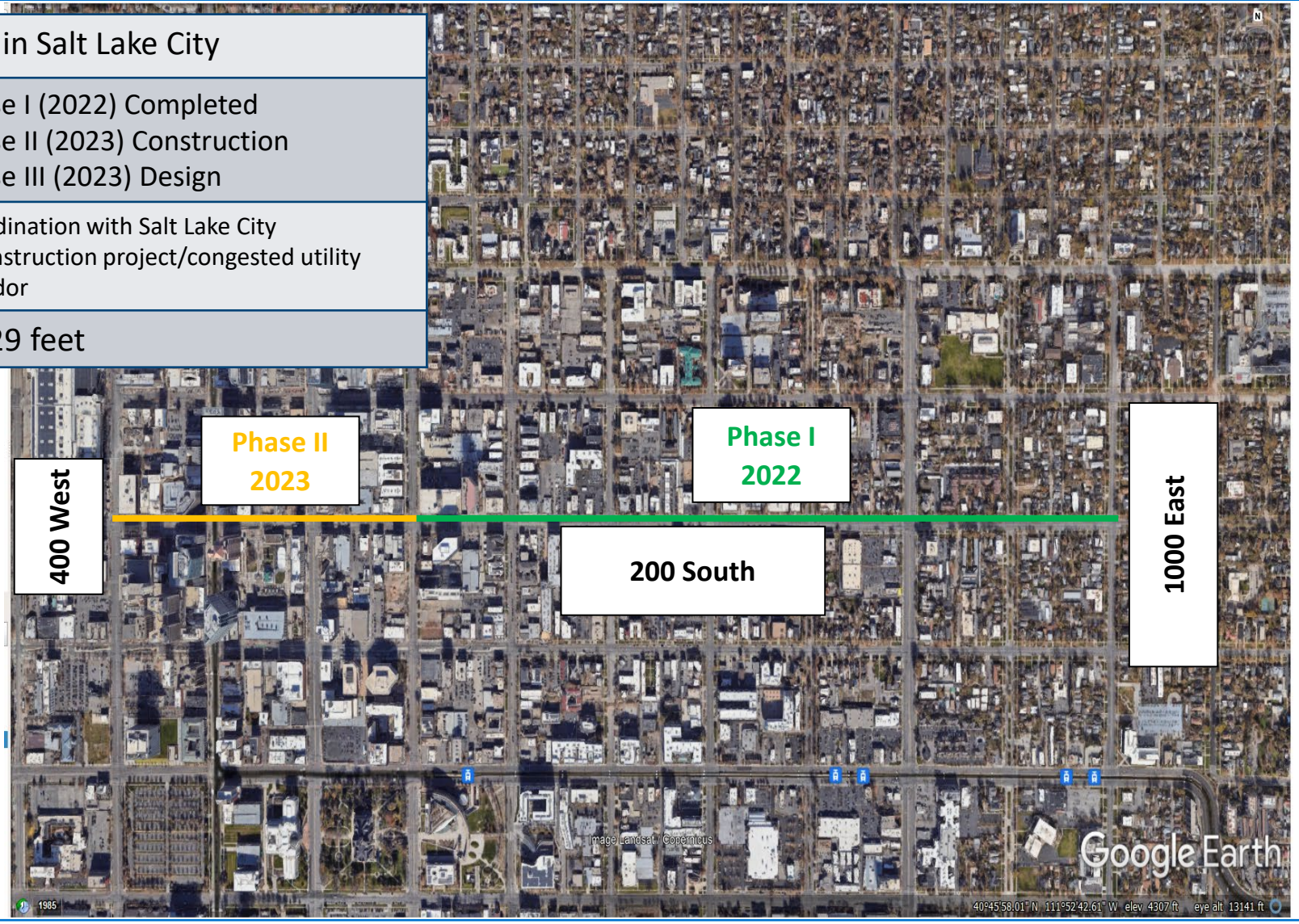
Belt Line 2023

Belt Line:	BL7 in Salt Lake City
Stage:	Phase I (2022) Completed Phase II (2023) Construction Phase III (2023) Design
Efficiency/Challenges	Coordination with Salt Lake City reconstruction project/congested utility corridor
Footage:	9,029 feet



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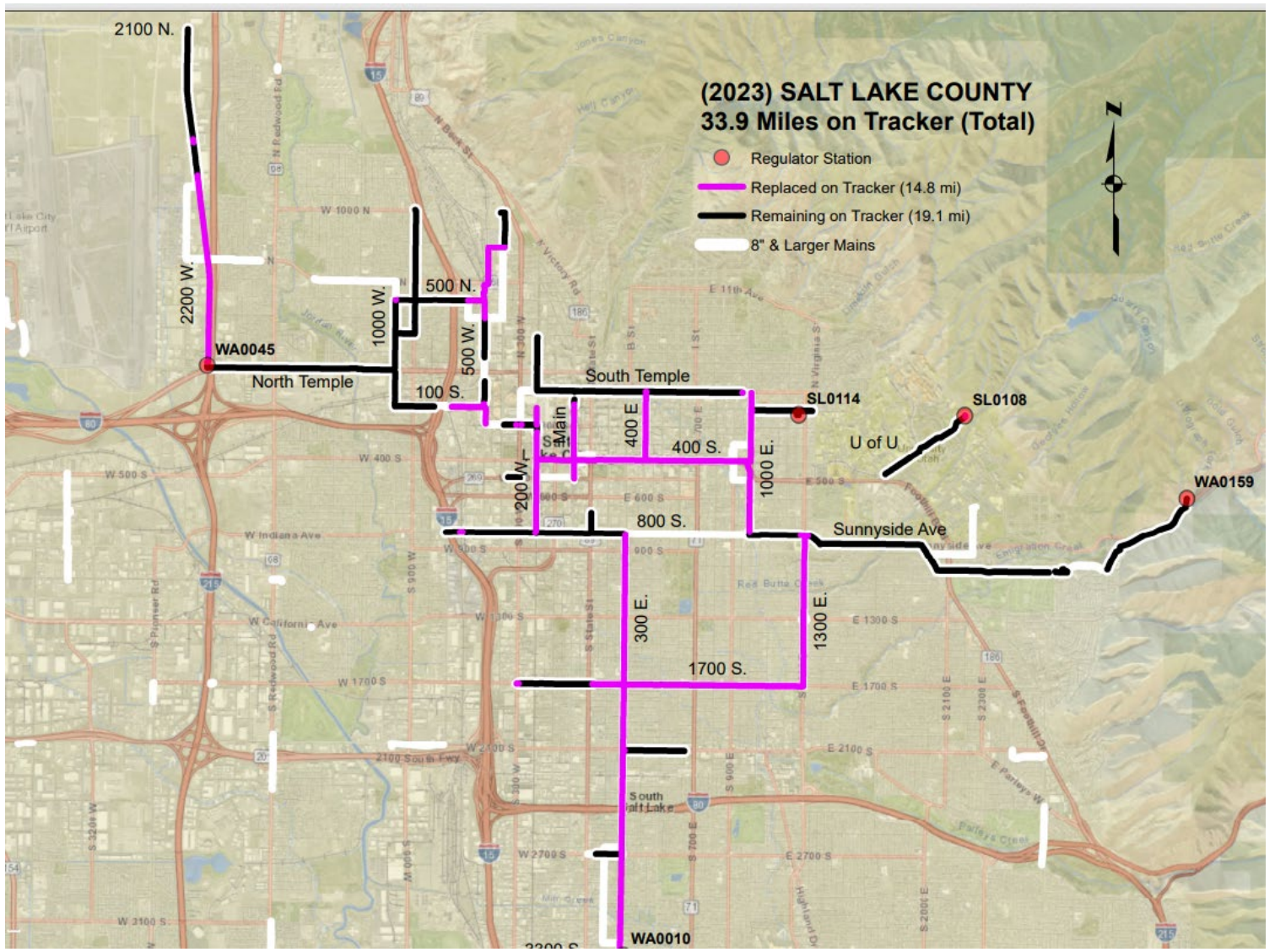
Belt Line 2023



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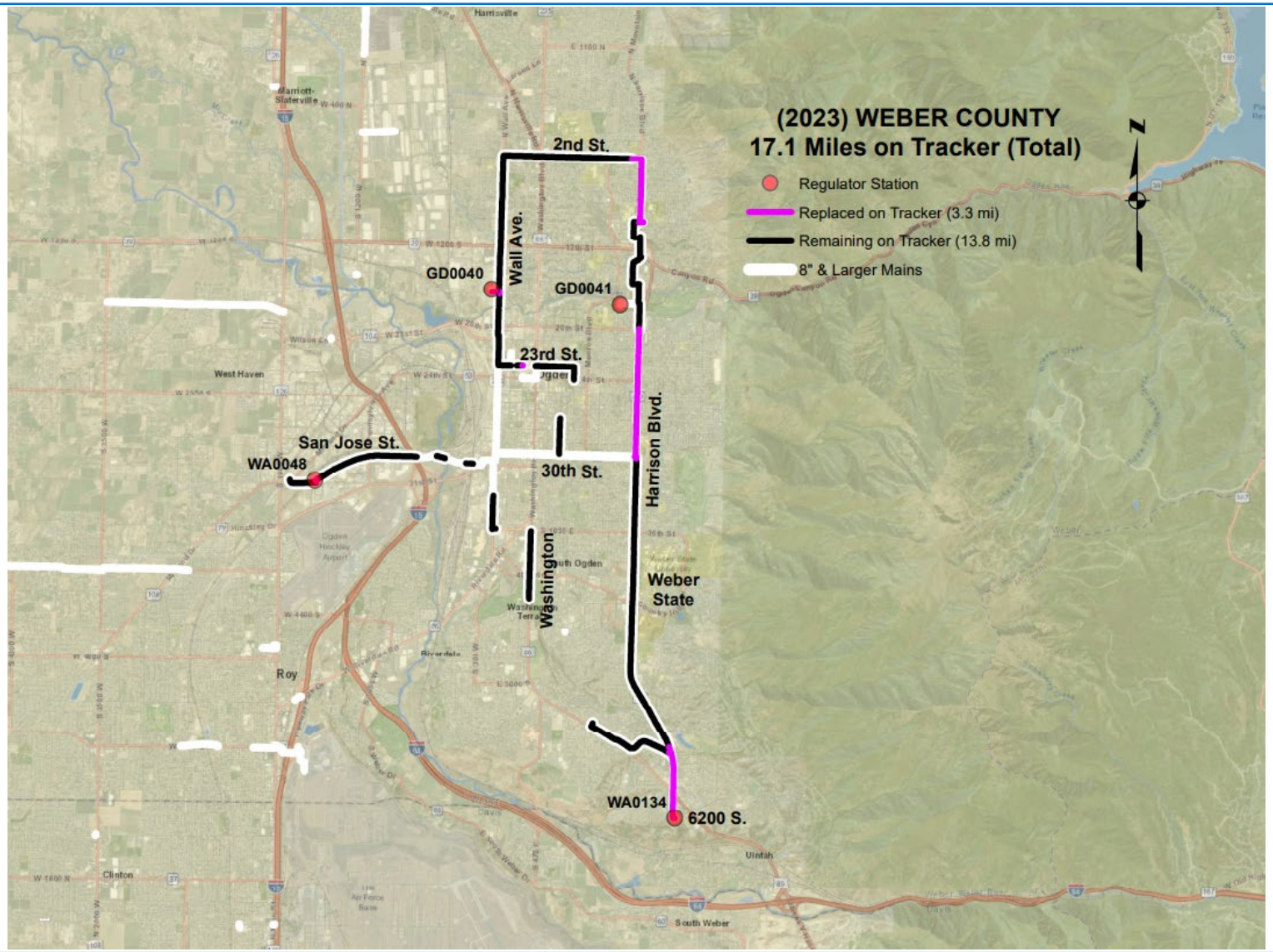
Belt Line 2023



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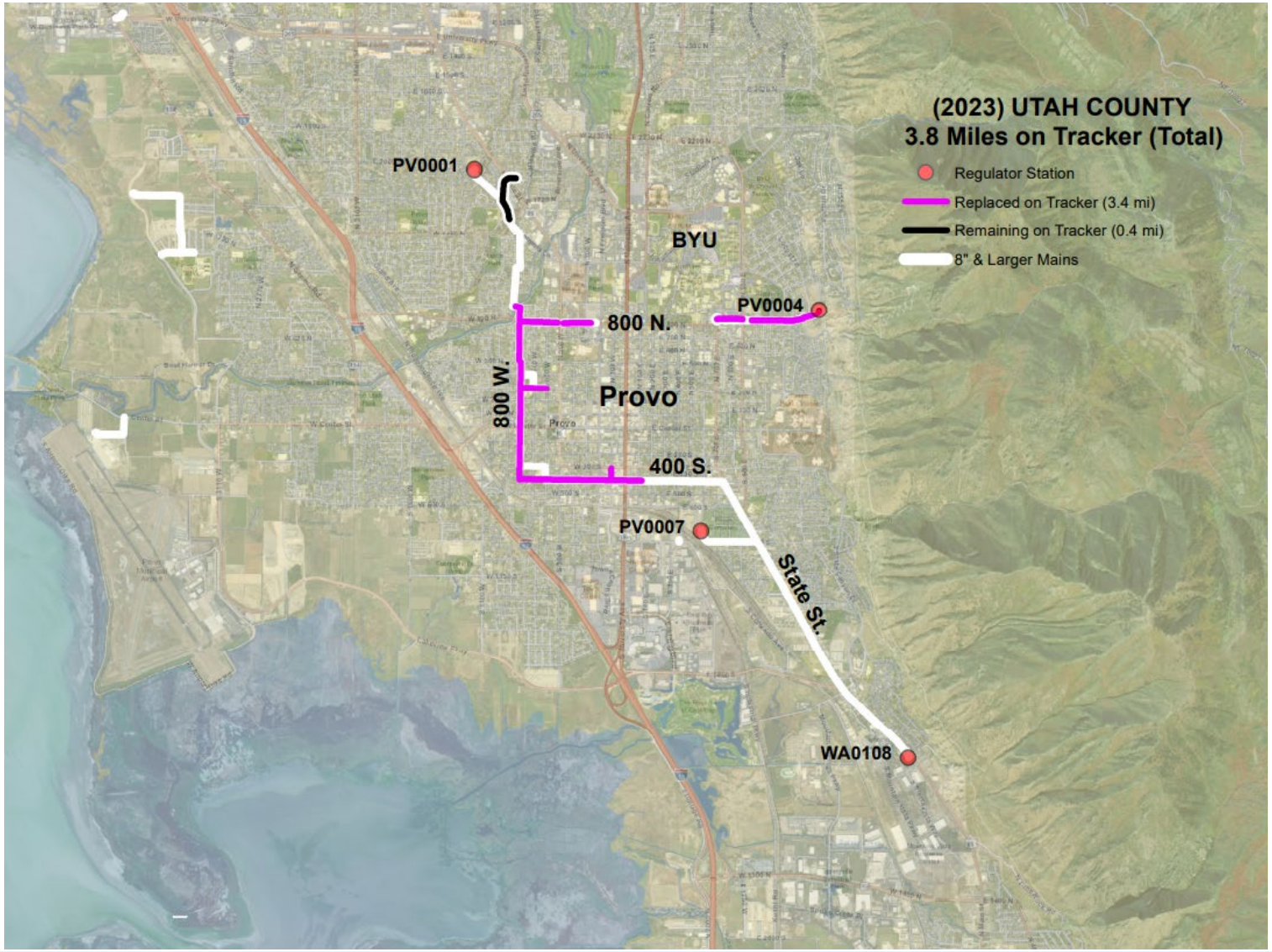
Belt Line 2023



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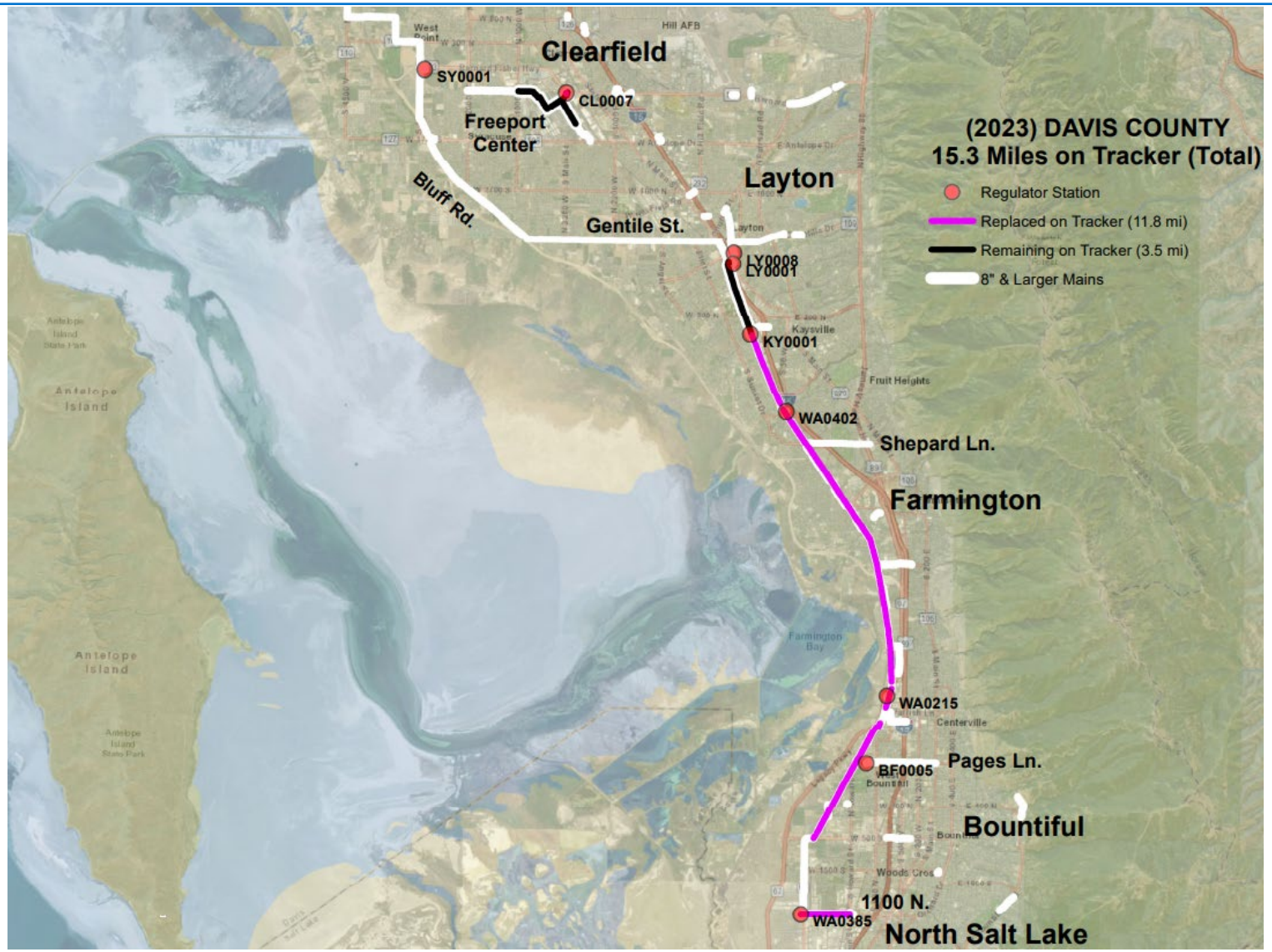
Belt Line 2023



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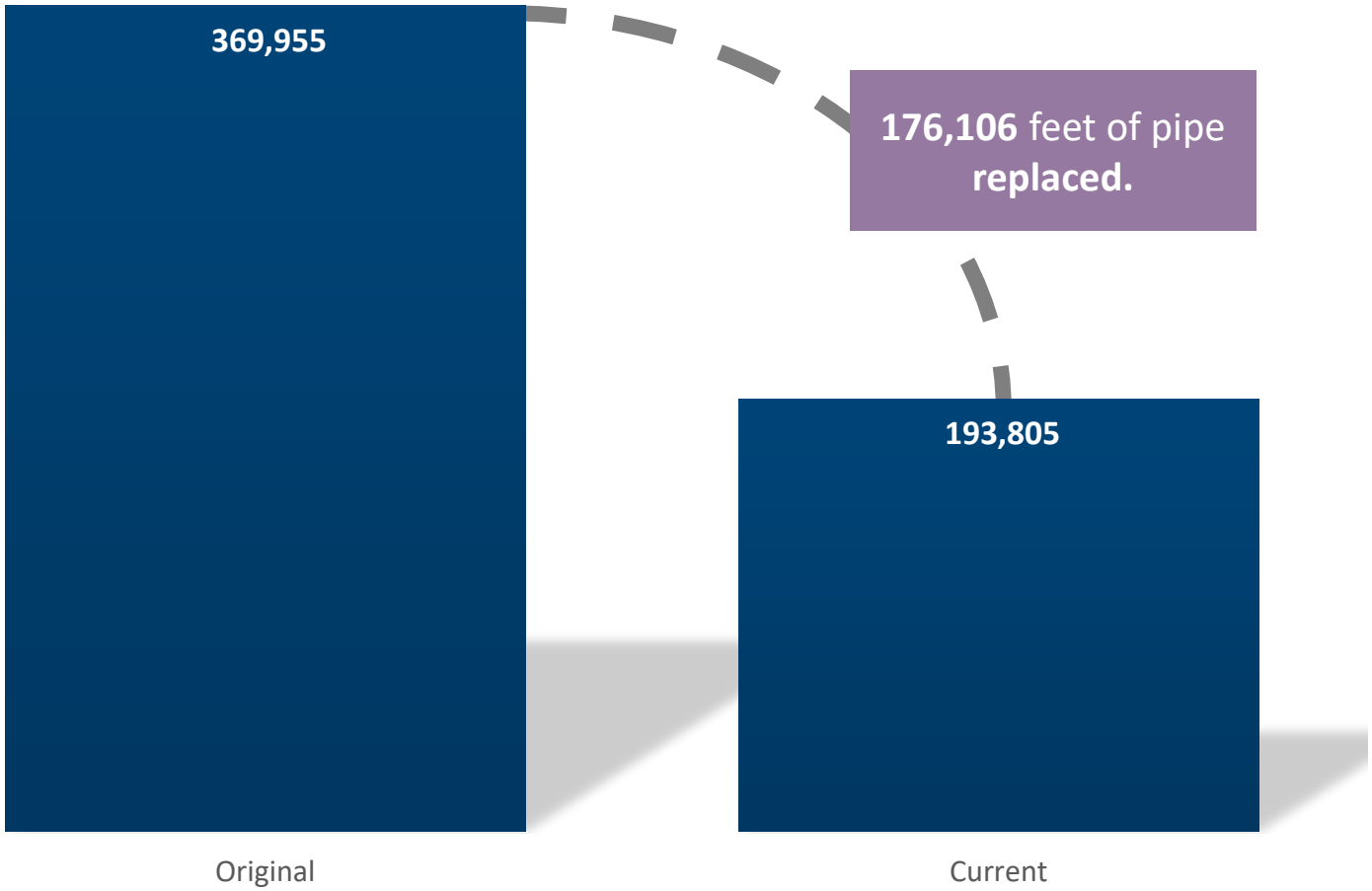
Belt Line Cumulative Progress to Date

IHP Master List Update

	Original Tracker Pipe Footage	Miles		
Salt Lake County	178,848	33.9		
Utah County	20,242	3.8		
Weber County	90,259	17.1		
Davis County	80,606	15.3		
Total	369,955	70.1		
	Replaced Tracker Pipe Footage	Miles		
Salt Lake County	78,166	14.8		
Utah County	18,309	3.5		
Weber County	17,651	3.3		
Davis County	61,980	11.8		
Total	176,106	33.4		
	Remaining Tracker Pipe Footage	Miles		
Salt Lake County	100,682	19.1		
Utah County	1,933	0.4		
Weber County	72,608	13.8		
Davis County	18,582	3.5		
Total	193,805	36.7		



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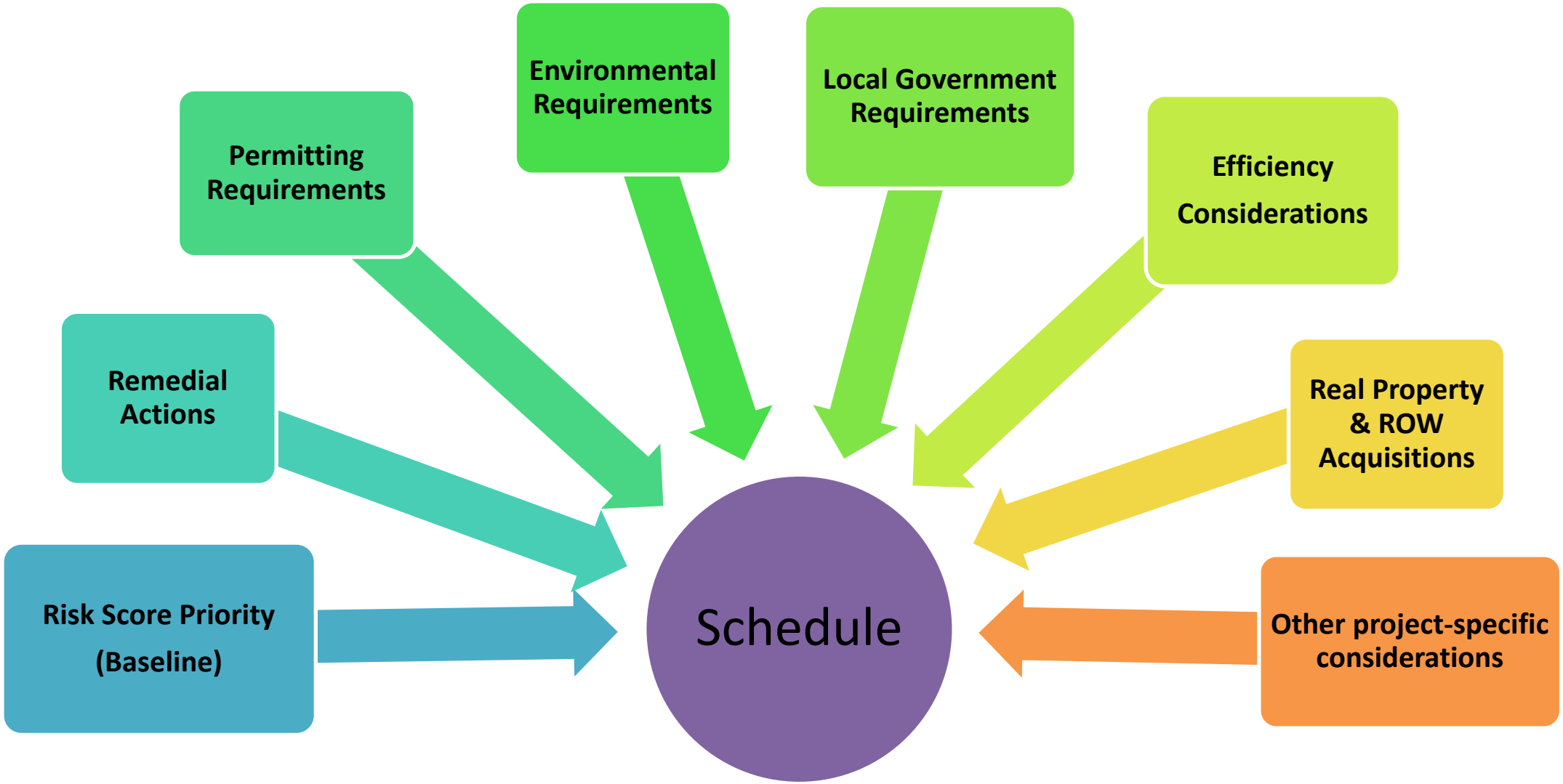
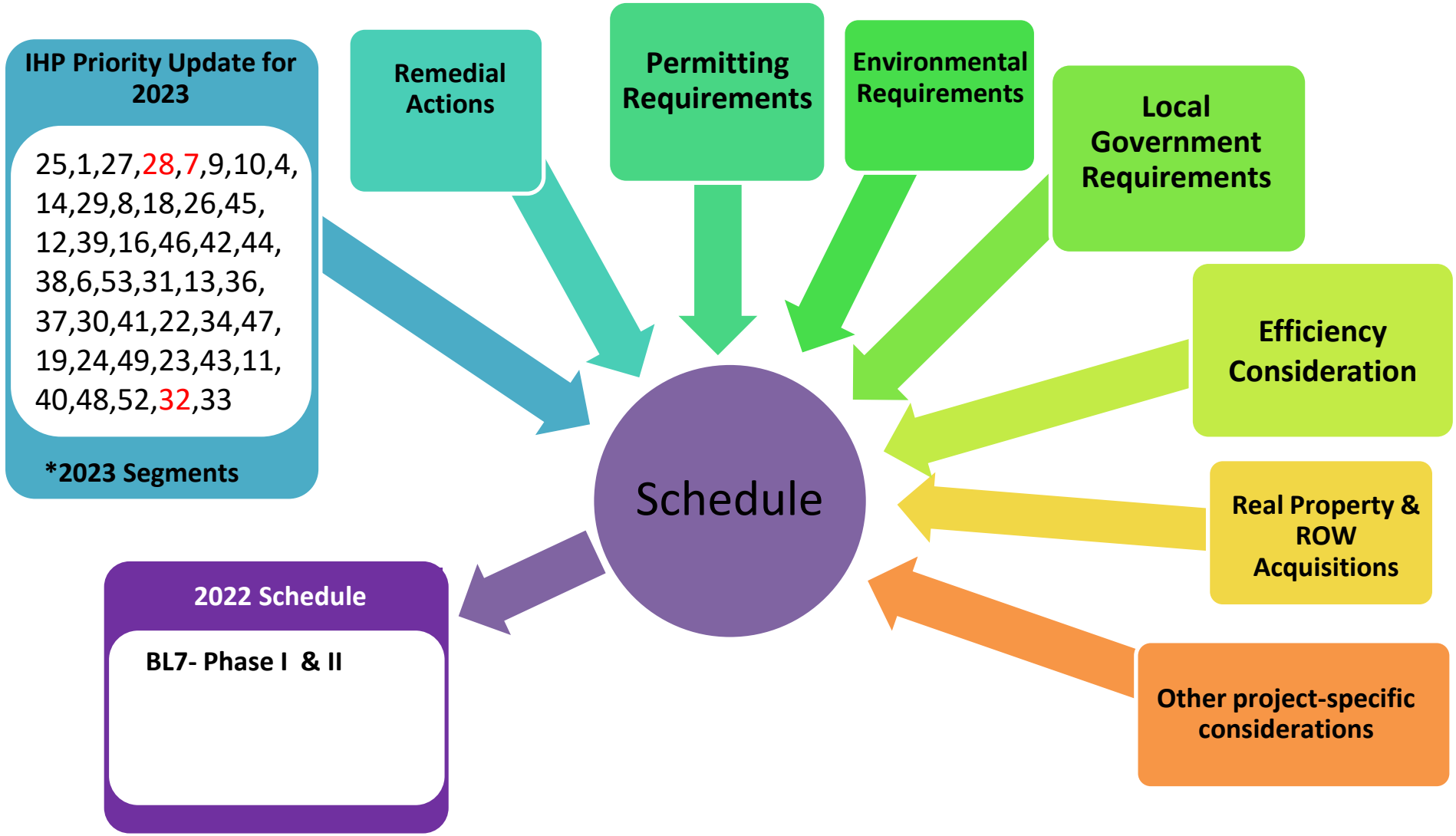
Scheduling Criteria - Belt Line Replacements



Belt Line 2023 Implemented Schedule



June 2022 Risk Score Priority

Segment Priority:

Partially Complete Segments

1, 27, 28, 7, 9, **10**, **4**, 14, **29**, 8, 18, 26, 45, 12, 39, **16,** 46, 42, 44, 38, 6, 53, **31**, **13**, 36, **37**, 30, **41, 22, 34,** 47, 19, 24, **49,** 23, 43, 11, **40,** 48, **52,** 25, **32,** 33.

Completed segments:

2, 3, 5, 15, 17, 20, 21, 35, 50, 51, 54

June 2023 Risk Score Priority

Segment Priority:

Partially Complete Segments

25, **1**, 27, 28, **7**, **9**, **10**, **4**, 14, **29**, 8, **18**, **26**, 45, 12, **39**, **16**, 46, **42**, **44**, **38**, **6**, 53, **31**, **13**, 36, **37**, 30, **41**, **22**, **34**, **47**, 19, 24, **49**, 23, **43**, 11, **40**, **48**, **52**, **32**, **33**.

Completed segments:

2, 3, 5, 15, 17, 20, 21, 35, 50, 51, 54

Prioritized by relative risk score

Belt Line 2023 Spending Variance

Project	Budget	Actual	Variance
Salt Lake County	$10,000,000	$8,626,724	$1,313,276
Total	**$10,000,000**	**$8,626,724**	**$1,313,276**

*2022 4Q Tracker Variance Report; Docket No. 21-057-27

Questions?

High Pressure Replacement

HP Replacement Program

- 2023 Projects Update
- Scheduling
- 2022 Cost Variance

High Pressure Replacement

Line:	FL13
Schedule:	2021-2024
2023 Budget:	$5,000,000
Approx. Footage:	63,265 feet

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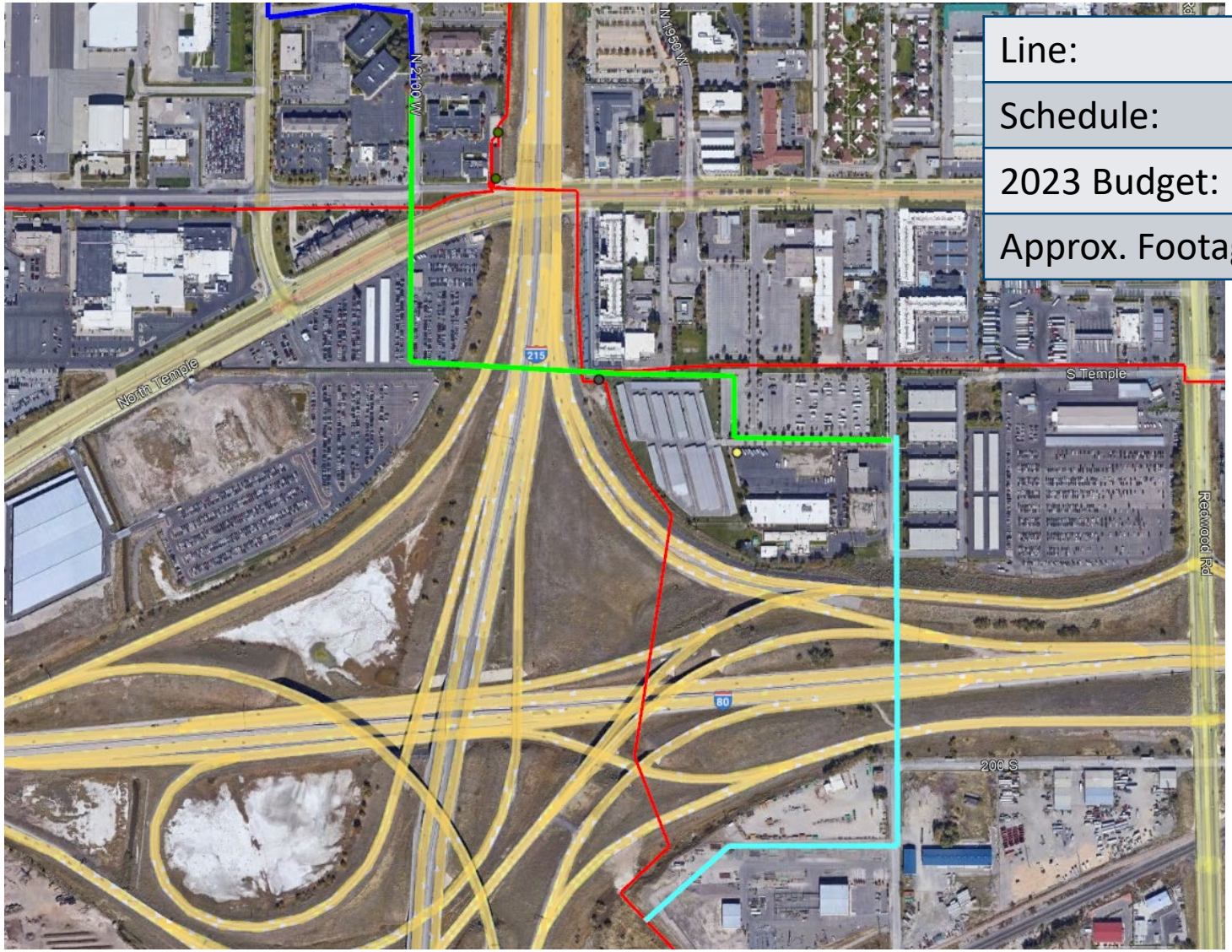
High Pressure Replacement



Line:	FL12
Schedule:	2022-2023
2023 Budget:	$500,000
Approx. Footage:	3,432 feet

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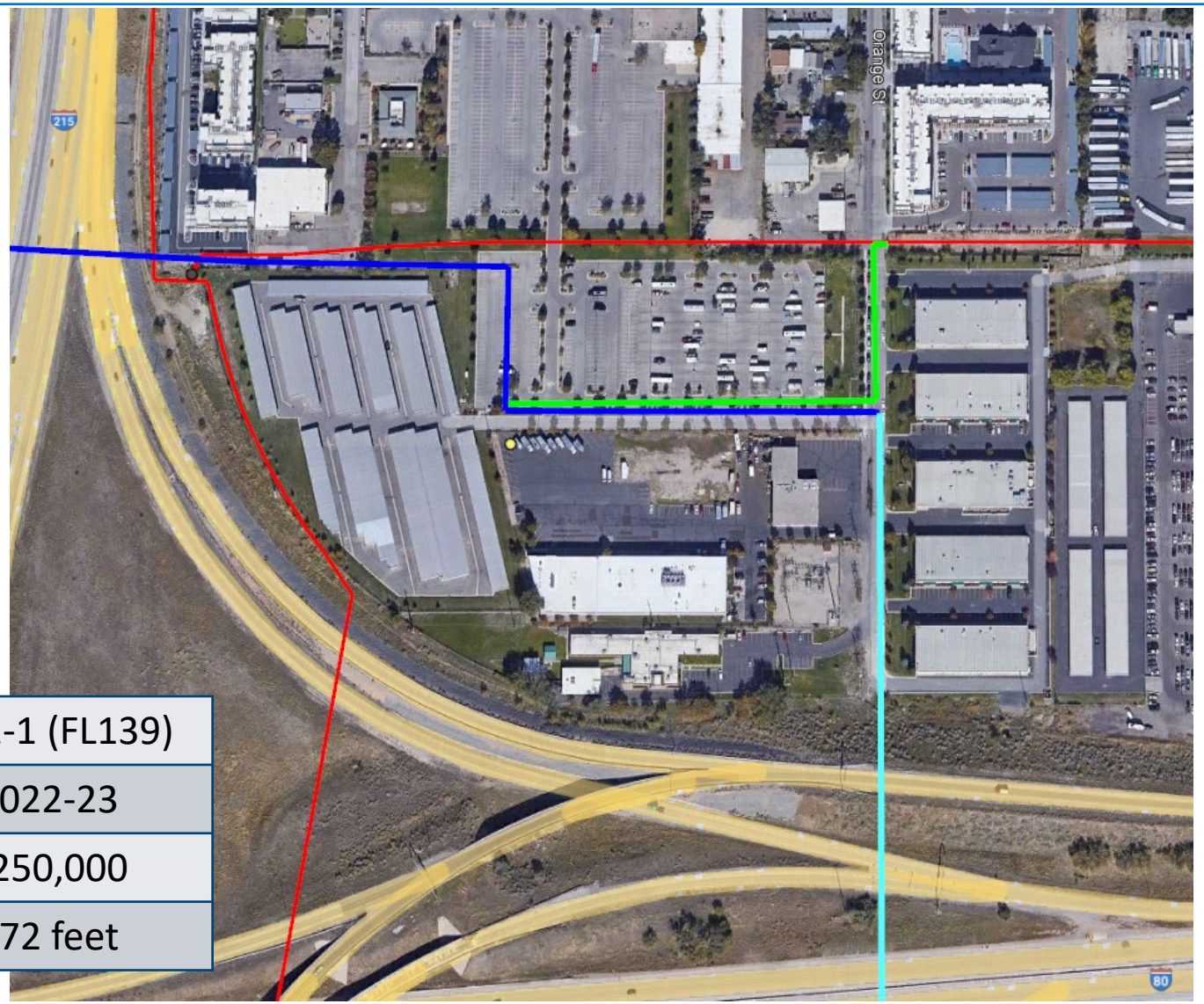
High Pressure Replacement



Line:	FL12-1 (FL139)
Schedule:	2022-23
2023 Budget:	$250,000
Approx. Footage:	972 feet

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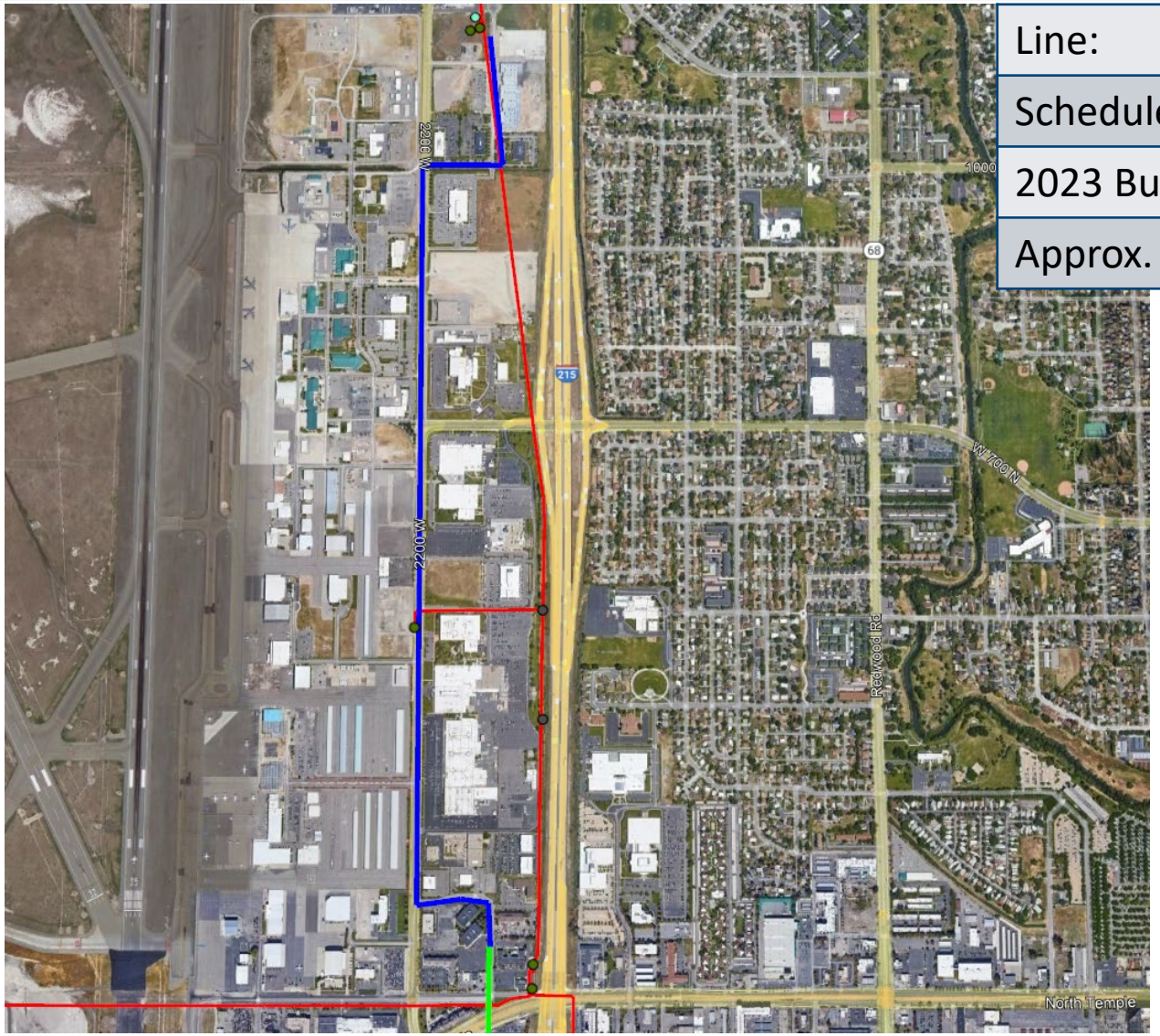
High Pressure Replacement



Line:	FL33 (FL12)
Schedule:	2022-23
2023 Budget:	$150,165
Approx. Footage:	9,240 feet

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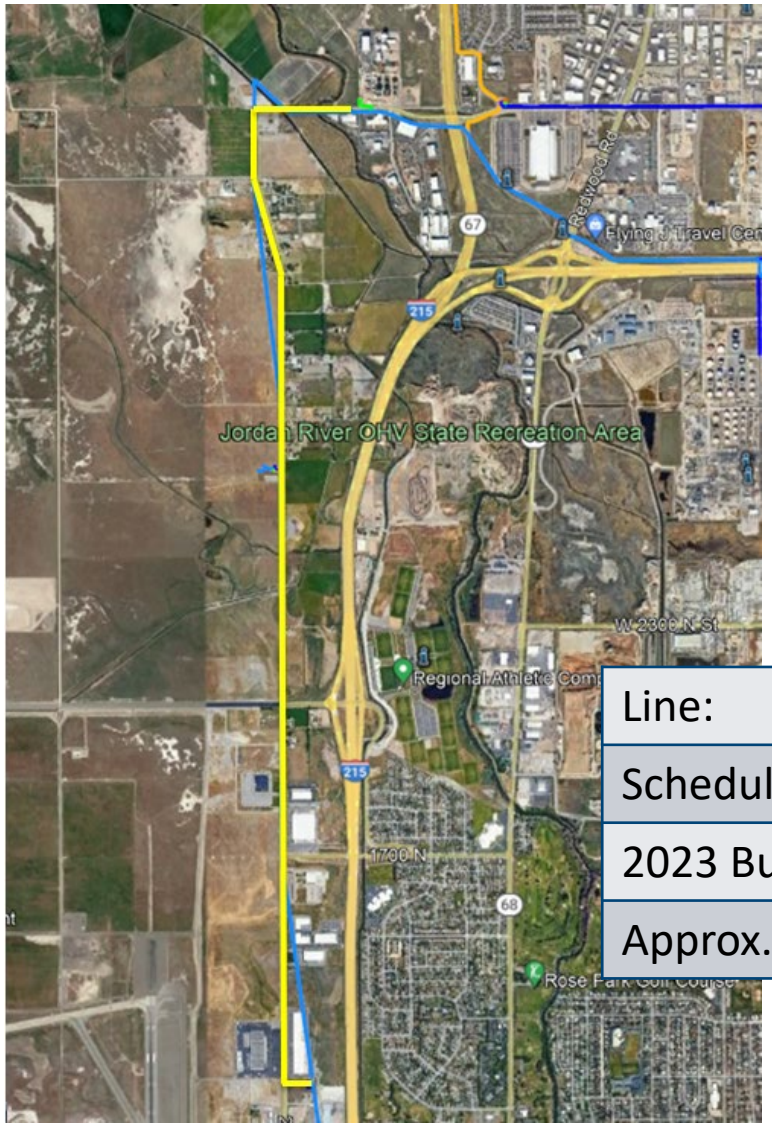
High Pressure Replacement

Line:	FL22 (FL127)
Schedule:	2023
2023 Budget:	$10,250,000
Approx. Footage:	8,900 feet

High Pressure Replacement



Line:	FL33/FL21-10 (FL143)
Schedule:	2023
2023 Budget:	$18,500,000
Approx. Footage:	18,500 feet

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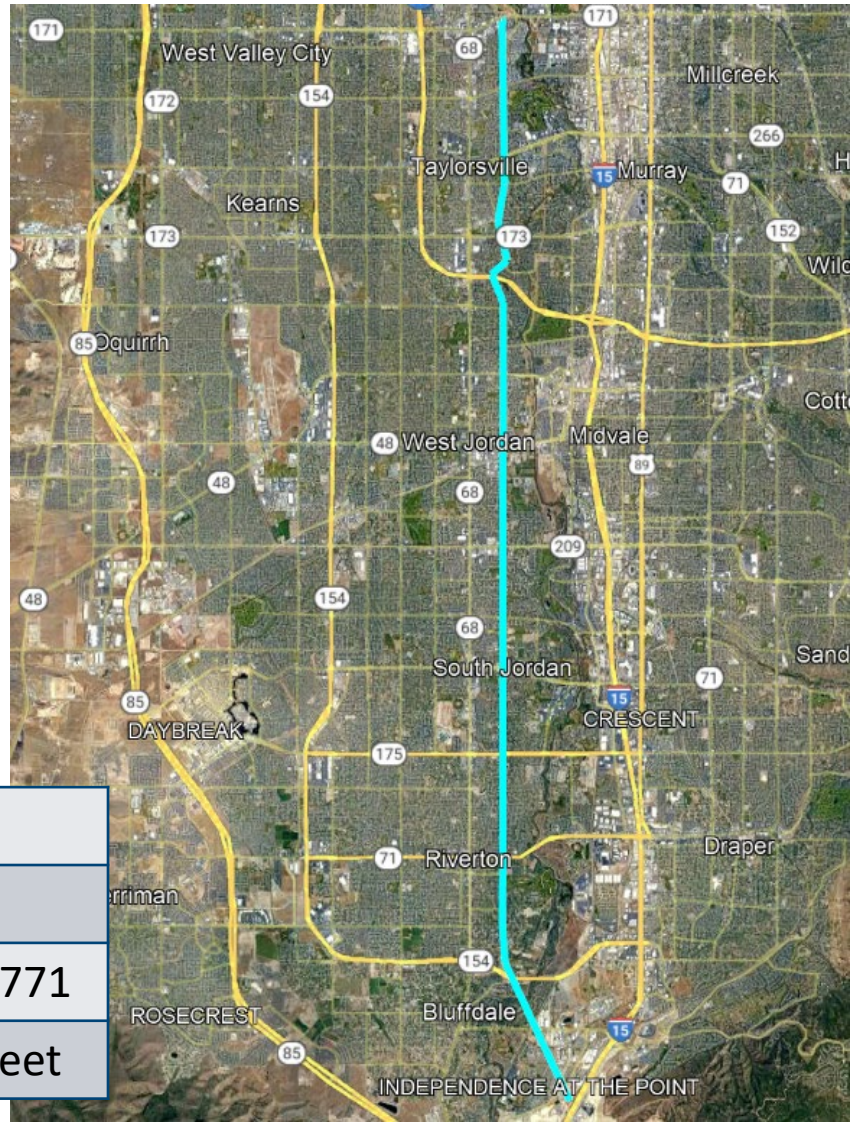
High Pressure Replacement



Line:	FL34
Schedule:	2023-27
2023 Budget:	$14,446,771
Approx. Footage:	85,000 feet

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High Pressure Replacement

Line:	FL43-3 (FL134)
Schedule:	2021-2024
2023 Budget:	$15,120,000
Approx. Footage:	95,400 feet

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High Pressure Replacement

Line:	21-13 (FL145)
Schedule:	2023-2024
2023 Budget:	$7,100,000
Approx. Footage:	8,500 feet

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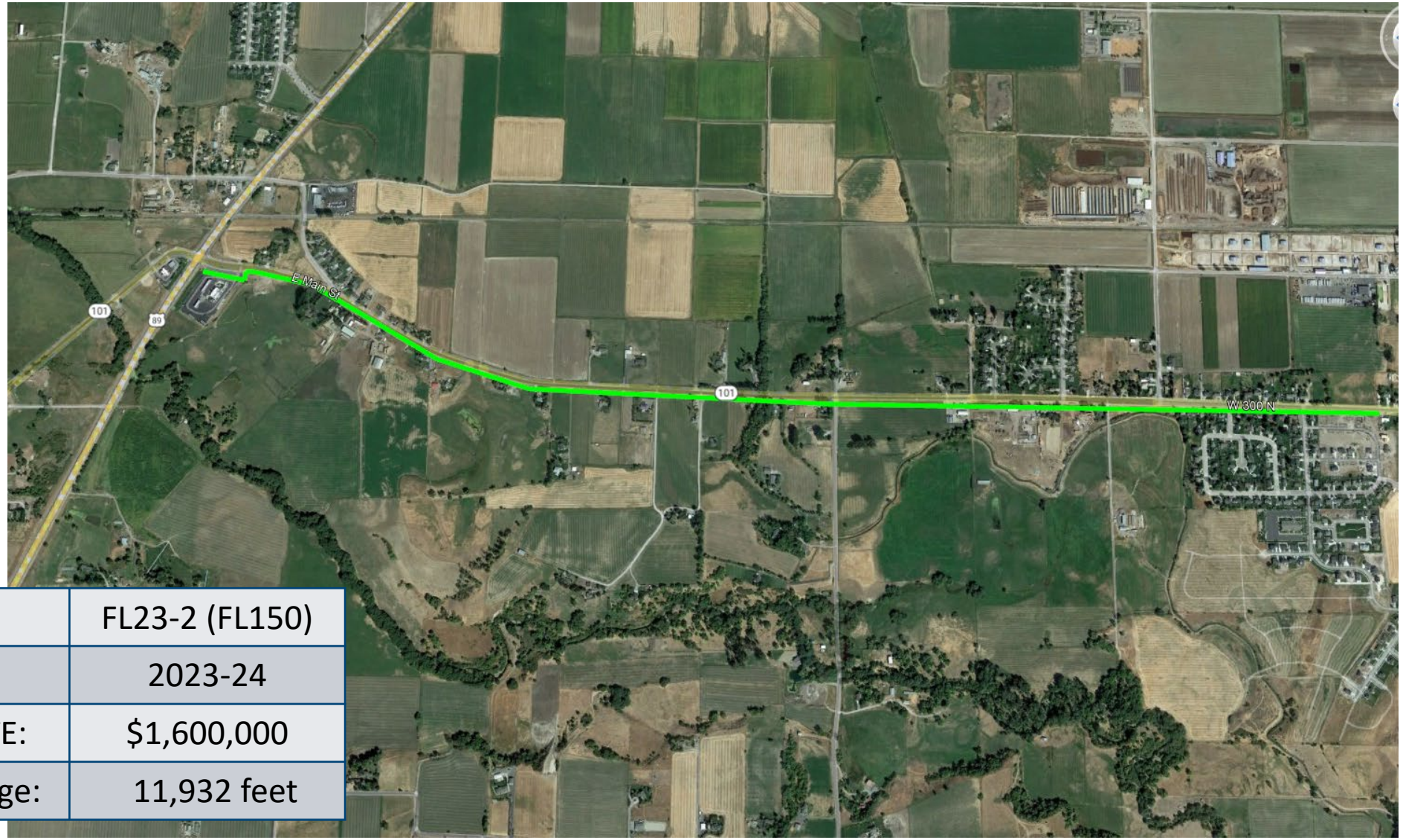
High Pressure Replacement



Line:	FL23-2 (FL150)
Schedule:	2023-24
2023 ESTIMATE:	$1,600,000
Approx. Footage:	11,932 feet

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High Pressure Replacement

Line:	FL4
Schedule:	2023
2023 ESTIMATE:	$915,000
Approx. Footage:	813 feet

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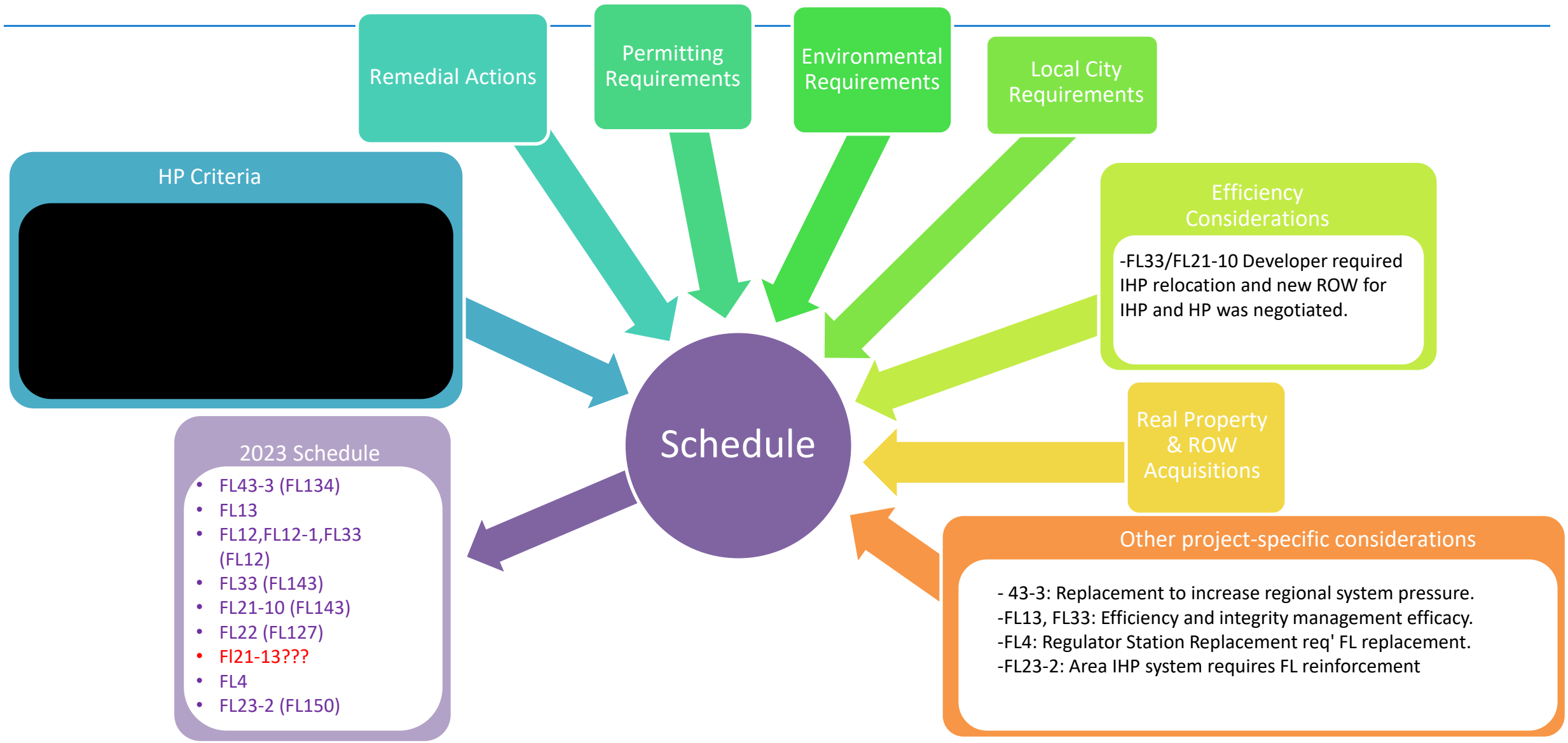
High Pressure Replacement – 2023 Schedule

Line	Location
FL34	Salt Lake County
FL13	Salt Lake County
FL12, FL12-1 (FL139), FL33 (FL12)	Salt Lake County
FL33 & FL21-10 (FL143)	SL/Davis County
FL22 (FL127)	Weber County
FL43-3 (FL134)	Duchesne County
FL21-13 (FL145)	Davis County
FL4	Salt Lake County
FL23-2 (FL150)	Cache County

Scheduling Feeder Line Replacements

Scheduling per Section III of the Settlement Stipulation, Docket 13-057-05, Exhibit 4


Remedial Actions
Permitting Requirements
Environmental Requirements
Local City Requirements
HP Criteria
[redacted]
Efficiency Considerations
-FL33/FL21-10 Developer required IHP relocation and new ROW for IHP and HP was negotiated.
Schedule
Real Property & ROW Acquisitions
2023 Schedule
• FL43-3 (FL134)
• FL13
• FL12,FL12-1,FL33 (FL12)
• FL33 (FL143)
• FL21-10 (FL143)
• FL22 (FL127)
• Fl21-13???
• FL4
• FL23-2 (FL150)
Other project-specific considerations
- 43-3: Replacement to increase regional system pressure.
-FL13, FL33: Efficiency and integrity management efficacy.
-FL4: Regulator Station Replacement req' FL replacement.
-FL23-2: Area IHP system requires FL reinforcement

Feeder Line 2022 Cost Variance

Project	Budget	Actual	Variance	Notes
FL12/FL33	$17,467,285	$15,728,116	$1,739,169	
FL43	$16,145,000	$9,889,554	$6,255,446	Construction on this project has paused pending the resolution of an ongoing property dispute.
FL13	$33,200,240	$47,066,181	($13,865,941)	The cost of material and labor have escalated, and construction delays have also increased the costs, resulting in expected costs exceeding the original estimated costs for FL13.
Other		$3,107,132	($3,107,132)	The Company invested approximately $1.2 million to replace portions of FL42, FL47, and FL19, while completing work on separate but connected infrastructure. In addition, the Company spent $1.9 million on materials and property rights for FL34 and FL 022 /23 in anticipation of replacing those lines in 2023.
Pre-engineering	$550,000	$633,823	($83,823)	
Total HP	**$66,812,525**	**$75,790,983**	**($8,978,458)**	
Total IHP	**$10,000,000**	**$8,686,724**	**$1,313,276**	
Total	**$77,362,525**	**$85,111,529**	**($7,749,004)**	

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*2022 4Q Tracker Variance Report; Docket No. 21-057-27

Questions?