

Third Quarter
Variance Report

December 2022

Through

February 2023

Docket No. 22-057-02

Dominion Energy Utah
Third Quarter Variance Report
December 2022 –February 2023

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Third Quarter Variance Report for the period December 2022 – February 2023. This report identifies the variance between the actual results and the projections set forth in the 2022 - 2023 Integrated Resource Plan (IRP).

Weather

Exhibits 1.1 – 1.3

During the third quarter, December and January temperatures were very volatile resulting in fewer heating degrees days than expected. However, the colder days during these months were extremely cold. February was colder than normal temperatures, resulting in more heating degree days.

Gas Storage

Exhibits 2.1 – 2.4

In the third quarter, Clay Basin inventory started higher than the 2022 – 2023 IRP estimates due to a few large volume purchases of gas already in Clay Basin storage. The Company purchased the gas in November and October, and it was transferred into DEUWI's storage accounts. The inventory in Clay Basin ended February higher than forecasted in the IRP due to an operational requirement to keep some gas in Clay Basin through March. The IRP provided guidance to have the Clay Basin inventory at zero to end February. The Company has added a constraint to the current operational model and all models going forward will require 1,000,000 Dth to be kept in storage through March because it is necessary to have gas in storage through the month of March to maintain operations during a time with a great deal of variability in temperatures. See Exhibit 2.1

Aquifer inventory was slightly lower in December and significantly higher than the 2022 – 2023 IRP estimates in January and February in preparation for colder winter days. The IRP model provided guidance to use the Aquifers more significantly, however inventory was kept in the facilities for reliability to provide operational flexibility and support through the remainder of the heating season. See Exhibit 2.2

Firm Sales

Exhibits 3.1 – 3.4

Actual sales through the third quarter of the 2022 – 2023 IRP year were 8% higher than the level forecasted in the IRP. The variance occurred primarily in the month of February when temperatures were lower than normal. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

Gas purchases for December, January, and February were higher than the forecasted purchase amounts due to the colder temperatures on many days during the period and less aquifer usage than forecasted as described above. Despite the overall reduced HDD during December and January compared to normal, the Company did experience a number of extreme cold events during these months. This included the two highest demand days in history. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Purchase gas costs were higher than the 2022 – 2023 IRP estimates in in December, January, and February. Purchase gas costs rose significantly in November and continued to rise during the entire third quarter due to increased purchased volumes and increased unit costs. See Exhibit 5.1.

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

The third quarter began with higher-than-normal prices that continued throughout the quarter. In the month of December, the western United States experienced high daily pricing due to low storage volumes in the Pacific Northwest, and high demand. In January, high monthly pricing indexes resulted in high pricing throughout the month. These high prices were not anticipated in the IRP modeling. See Exhibit 6.1.

Cost-of-Service Gas Exhibits 7.1 – 7.3

The cost-of-service gas production was slightly lower than expected for December, January, and February. This was due to extreme winter conditions constraining some well operations, unscheduled compressor down times, and planned facility maintenance. See Exhibit 7.1.

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

Expected new drill was lower than expected for December, January, and February. Delays in the new drill were caused by permitting and supply chain issues. See Exhibit 8.1.

Table 1 below summarizes purchase and cost-of-service volume variances using 2022 – 2023 IRP projections and actual results as a percent of total. The 2022 – 2023 IRP projected purchase gas is expected to be 69.06% for the quarter. The actual purchase gas percentage came in higher than the forecast at 79.78%.

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-22	72.70%	67.94%	27.30%	32.06%
Jan-23	77.50%	70.30%	22.50%	29.70%
Feb-23	85.51%	68.87%	14.49%	31.13%
Q3	79.78%	69.06%	20.22%	30.94%

Table 2 below summarizes estimated average daily shut-in versus actual average daily shut-in during the first quarter. There were no shut ins during the quarter.

TABLE 2

	December	January	February	Total Dth for Quarter
Estimated Shut-in (dth/day)	153	152	151	13,693
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.

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.

Modeling Adjustments

The first quarter variance report provided details on model adjustments. No additional model adjustments were made during the second quarter.

DNG Action Plan

The following projects were updated during the third quarter.

SY0002 Syracuse District Regulator Station and FL47 Extension for the SY0002 Station, Syracuse, UT

The SY0002 and FL47 Extension has been split into phases due to permitting issues. Phase 1 was completed earlier this year and is about a third of the total length of pipe. Phase 2 is currently planned to be installed in 2024. Phase 2 includes the remainder of the FL47 Extension and the SY0002 station itself. The Company is working with UDOT and Syracuse City on the alignment, permits, and moratoriums along the roadway.

St. George – River Road District Regulator Station and FL71-5 Extension for the South St. George – River Road District Regulator Station, St George, Utah

The construction has been delayed until 2025 due to issues securing property.

TG0005, Saratoga KRGT Gate Station, Saratoga Springs, Utah

The construction has been delayed until 2026 because of the addition of the Westport Gate and the Rose Park Gate, and the fact that both will be providing additional capacity into the system.

Eagle Mountain District Regulator Station, near 4000 N and Hwy 73 and FL85 Extension for New Eagle Mountain District Regulator Station, Eagle Mountain, UT

The construction has been moved back to 2024 due to issues obtaining property for the station.

On-System LNG Facility, Magna, Utah

The liquefied natural gas facility in Magna, Utah was placed in service in December of 2022. In Docket 22-057-16, parties agreed to limit the filling of the tank to three- or four-days' worth of withdrawal capacity. Liquefaction began in November 2022 and continued through mid-January 2023. Due to high natural gas prices this winter heating season, the Company elected to stop filling the tank with about 14 feet of LNG in storage. This is enough volume to keep the tank cool, but only one day worth of withdrawal capacity.

Liquefaction was planned for the spring and summer months in 2023. After starting liquefaction, the plant experienced a malfunction with critical equipment in late April. The equipment is under warranty and the Company is working with the manufacturer to remedy the situation as quickly as possible. Currently, liquefaction is expected to resume in late summer and the tank is expected to be approximately 80% full and available for withdrawals during the 2023-2024 winter heating season. If weather and commodity pricing are conducive, liquefaction could continue into the heating season, further increasing usable inventory.

Rural Expansion Update

The Company completed construction on the majority of the Eureka system in mid-November 2021. It has commenced natural gas service to some customers, and more customers are in the process of converting their equipment to safely burn natural gas. As of May 19, 2023, 306 customers had signed up for service in Eureka. Service lines have been installed for 303 of those customers, and 187 meters have been installed. The Company remains in contact with Eureka city officials and customers to ensure that homes are properly and safely converted.

The Company completed construction on the majority of the Goshen and Elberta systems on November 14, 2022. As of May 19, 2023, 321 customers had signed up for service in those communities. Service lines have been installed for 302 of those customers, and 84 meters have been installed. The Company remains in contact with Goshen and Elberta city officials and customers to ensure that homes are properly and safely converted.

The Company continues to make progress toward providing service to the community of Green River. Construction of the Green River project began in early 2023 and the Company anticipates that service will commence in the 4th quarter of 2023. As of May 19, 2023, 240 customers have signed up for service and the Company has installed 4 service lines. The Company has been in contact with Green River city officials and customers to ensure that homes are properly and safely converted.

Heating Degree Day
Graphs
Exhibit 1.1 – 1.3
Docket No. 22-057-02

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 22-057-02

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 22-057-02

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
Docket No. 22-057-02

Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
Docket No. 22-057-02

Gas Purchased
From Third Parties

Unit Cost Variance
Exhibits 6.1 – 6.2
Docket No. 22-057-02

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 22-057-02

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 22-057-02

Data
Confidential
Exhibits 9.1 – 9.3
Docket No. 22-057-02

Average Market Price and Cost-
of-Service Price

Exhibits 10.1 – 10.2
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