

Fourth Quarter Variance Report

March 2023

Through

May 2023

Docket No. 22-057-02

Dominion Energy Utah Fourth Quarter Variance Report March 2023 – May 2023

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Fourth Quarter Variance Report for the period March 2023 – May 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 fourth quarter, March and April temperatures were colder than forecasted resulting in higher heating degree days than expected. May was warmer than normal temperatures, resulting in fewer heating degree days.

Gas Storage

Exhibits 2.1 – 2.4

In the fourth quarter, Clay Basin inventory in early March was higher than the 2022 – 2023 IRP estimates 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 in order to maintain operations during a time with a great deal of variability in temperatures. Although the inventory at the beginning of March was higher than normal, it quickly decreased through the month due to the colder than normal temperatures resulting in the end of March, April, and May inventories being lower than normal. See Exhibit 2.1

Aquifer inventory was higher in March than anticipated, and on target for April and May. Again, the Company maintained higher inventory in the Aquifers in order to maintain reliable service, and 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 fourth quarter of the 2022 – 2023 IRP year were 14% higher than the level forecasted. The monthly variation followed heating degree days. Temperatures were colder than normal causing 30% higher usage in March and 17% higher usage in April. In May, temperatures were warmer than normal causing 19% less usage than the level forecasted. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

Gas purchases for March and April were higher than the forecasted purchase amounts due to the colder temperatures. Volumes were lower than predicted in May. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Purchase gas costs were significantly higher in March, slightly higher in April and lower in May than the 2022 – 2023 IRP estimates. Purchase gas costs continued to be higher in March and April 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 fourth quarter began with higher-than-normal prices in March and April. Prices then dropped in May. See Exhibit 6.1.

Cost-of-Service Gas**Exhibits 7.1 – 7.3**

The cost-of-service gas production was near forecast for March and April. May cost-of-service gas production was higher than predicted. See Exhibit 7.1.

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

Expected new drill was lower than expected for March, April, and May. 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 55.27% for the quarter. The actual purchase gas percentage came in higher than the forecast at 57.95%.

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-23	71.35%	64.62%	28.65%	35.38%
Apr-23	56.83%	51.61%	43.17%	48.39%
May-23	26.88%	44.01%	73.12%	55.99%
Q4	57.95%	55.27%	42.05%	44.73%

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

	March	April	May	Total Dth for Quarter
Estimated Shut-in (dth/day)	156	155	154	14,094
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 fourth quarter.

DNG Action Plan

The following projects were updated during the fourth quarter.

WA1602 New FL13 East HP Regulator Station, District Regulator Station and ILI Facilities, Salt Lake City, UT

The project has been delayed as a result of delays in finalizing the conditional use permit (CUP) and easements across the property with Salt Lake City. The building permit was recently issued, and construction will continue once there is a crew that can finish the canal crossing. The project is expected to be mechanically complete by the end of the year. However, the full automation and electrical side of regulator station WA1602 will be completed early 2024.

WA1596 District Regulator Station, South Salt Lake City, UT

This project has been delayed into 2024 as a result of delays in the city of South Salt Lake's permitting timeframes. Design of the station is complete.

St. George – River Road District Regulator Station, St George, Utah

The project has been delayed to 2025 due to difficulty securing a property for the station.

TG0005, Saratoga KRGT Gate Station, Saratoga Springs, Utah

The project has been delayed until 2026 with the addition of the Westport Gate and the Rose Park Gate providing additional capacity into the system.

Eagle Mountain District Regulator Station, near 4000 N and Hwy 73 in Eagle Mountain, UT

The project has been delayed to 2024 due to difficulty procuring property for the station.

On-System LNG Facility, Magna, Utah

Liquefaction at the LNG Facility began this spring and was scheduled to continue through the summer months. In late April, after commencing liquefaction, the plant experienced a malfunction with critical equipment resulting in a loss of production for approximately 10 weeks while the equipment was being repaired by the original manufacturer. The repaired equipment was reinstalled in early July and the plant resumed liquefaction operations. As of August 29, the LNG tank is about 27% full (23 feet) and is projected to be approximately 70% 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 available inventory.

Rural Expansion Update

The Company completed construction on most 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 August 28, 2023, 311 customers had signed up for service in Eureka. Service lines have been installed for 307 of those

customers, and 198 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 most of the Goshen and Elberta systems on November 14, 2022. As of August 28, 2023, 326 customers had signed up for service in those communities. Service lines have been installed for 310 of those customers, and 113 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 August 28, 2023, 286 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.

The Company has identified Genola, Utah as the candidate community for a rural expansion project. The Company intends to file its application seeking approval to expand its system to Genola in September of 2023.

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
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Gas Purchased
From Third Parties

Volume Variance
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Gas Purchased
From Third Parties

Cost Variance
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Gas Purchased
From Third Parties

Unit Cost Variance
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Cost-of-Service Gas
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Cost-of-Service Gas
New Drill Component
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Data
Confidential
Exhibits 9.1 – 9.3
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Average Market Price and Cost-
of-Service Price

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