

Jenniffer Clark (7947)  
Dominion Energy Utah  
333 S. State Street  
P.O. Box 45360  
Salt Lake City, Utah 84145-0360  
Phone: (801) 324-5392  
Fax: (801) 324-5935  
*Jenniffer.clark@dominionenergy.com*

*Attorney for Questar Gas Company  
dba Dominion Energy Utah*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

---

IN THE MATTER OF DOMINION  
ENERGY UTAH REPLACEMENT  
INFRASTRUCTURE ANNUAL PLAN AND  
BUDGET, 2023

Docket No. 22-057-22

**REPLACEMENT INFRASTRUCTURE  
ANNUAL PLAN AND BUDGET,  
FOURTH QUARTER VARIANCE  
REPORT**

---

Questar Gas Company dba Dominion Energy Utah (Dominion Energy or the Company) respectfully submits this report and its accompanying exhibit in accordance with the Report and Order issued February 21, 2014, in Docket No. 13-057-05 (Order). In the Order, the Utah Public Service Commission (Commission) approved a Partial Settlement Stipulation (attached to the Order as Appendix A). Paragraph 22(c) of the Partial Settlement Stipulation indicates that the Company will file quarterly variance reports showing the actual expenditures in the infrastructure replacement program, as compared to the budget, and describing any material variances from the most current replacement schedule.

On November 15, 2022, Dominion Energy submitted its Replacement Infrastructure Annual Plan and Budget in Docket No. 22-057-22 (2023 Budget) to the Commission. The 2023 Budget included a budget for high pressure feeder line (HP) and intermediate high-pressure belt main (IHP) replacement projects during 2023.

The attached Exhibit 1 provides budgeted amounts for both HP and IHP projects replaced in 2023, as well as the amount spent for each replacement project through December 31, 2023. Column B of Exhibit 1 shows the budget by project. Column C shows the costs through the fourth quarter of 2023. Column D shows the variance for 2023 for each of these projects. The Company finished 2023 over budget by \$2,637,703. The causes for this total variance vary by individual project and are discussed below.

There were several events that resulted in increased costs on most projects. First, the Company prepared its 2023 Budget in 2022, using the most recent project-cost data from 2021. In 2022 and 2023, the construction industry experienced higher-than-typical inflation, resulting in significantly increased costs for many of the Company's projects. Additionally, many of the projects in the 2023 Budget experienced high groundwater, which resulted in additional costs. The Company offers specific information about each variance below.

Line 1 of DEU Exhibit 1 addresses costs related to Feeder Line 43. This project was significantly under budget for the year because the project had been delayed. The Company was unable to construct the project because it encountered difficulties addressing real-property related issues on allotted Indian land and verifying the Company's underlying rights for existing and replacement pipelines. The Company has been working with the Bureau of Indian Affairs to resolve remaining issues related to access and expects to recommence work on this project in 2024.

Line 2 of DEU Exhibit 1 addresses costs related to Feeder Line 13. This project was over budget by \$1.65 million for a number of reasons. First, the project was impacted by inflation and unanticipated groundwater as described above. The 2023 installation on Feeder Line 13 is near the Jordan River surplus canal. High groundwater in the area resulted in additional costs associated with removing excess water from the excavation, storing that water until removal, and pumping/ trucking the water offsite. All of these activities negatively impacted the construction schedule and resulted in delay-related costs.

The Company also experienced delayed permitting from the Army Corps of Engineers. Initial permitting had been processed by the Salt Lake County office of the Army Corps of Engineers and contained typical requirements. However, as a result of crossing the Jordan River Surplus Canal an additional permit from the California office of Army Corps of Engineers was required. The updated permit included a number of requirements that are atypical for Company work, and more costly.

Additionally, the 2023 Budget was prepared in November 2022 with the intent that FL 13 replacement pipe installed up to that time would be cleaned, tested and placed into service in 2022 before the 2023 budget period. In fact, because water for testing and cleaning was not available, these activities were delayed and took place during the 2023 budget period.

Finally, during construction of the drilled crossing of the Jordan River Surplus Canal the Company encountered an unmarked/unknown fiber bundle which required that Company crews shift the excavation and running line of the pipe. This shift increased the costs related to exported spoils, imported flowable fill, imported road base, concrete restoration, traffic control (due to greater required quantities), and directional drilling.

Line 3 of DEU Exhibit 1 addresses costs related to Feeder Line 12. This project was over budget by \$2.41 million. This cost overage was largely a timing issue. Due to cold weather at the end of 2022 some of the work planned for Feeder Line 12 in 2022 was delayed until warmer weather in spring of 2023, shifting costs from 2022 to 2023.

Line 4 of DEU Exhibit 1 addresses costs related to Feeder Line 4. This project was not included in the 2023 budget and cost \$1.35 million during 2023. This is the result of a timing issue. Specifically, the replacement of Feeder Line 4 project not originally planned for 2023. However, in 2023 the Company replaced a regulator station, and a portion of FL 4 fed the station. The Company initially believed that it could replace the regulator station without impacting FL 4, but existing property constraints caused the relocation of the regulator station. This relocation resulted in the immediate need to replace a portion of FL 4.

Line 5 of Exhibit 1 addresses costs related to Feeder Line 33. This project was over budget by \$4.07 million for several reasons. First, inflation resulted in significantly higher costs on this project than anticipated, as described above. This project was also impacted by an unanticipated high-water table, with issues similar to those described above within the report on Exhibit 1 Line 2. Additionally, the project suffered delays because the City of North Salt Lake had permitted other work in the vicinity, and that work conflicted with the project. The city directed Dominion Energy to address the conflict by working at night, which altered the Company's traffic control plan, and further delayed the project. These delays and work schedule changes resulted in increased costs.

Line 6 of DEU Exhibit 1 addresses costs related to Feeder Line 34 and shows that it was over budget by \$12.19 million. This project was more costly than expected for several reasons. The City of West Jordan limited the Company's construction zone to 1000 total feet at a time. The Company typically obtains much larger work zones which allow it to install pipe more efficiently and makes the restoration work much more cost effective. A smaller work zone has a compounding effect on project costs because the Company is limited in its construction space as well as its restoration space. The small work zone of 1000 feet in West Jordan required the Company to use 500 feet to restore asphalt, half of the space the Company and its contractors typically use. This smaller space equates to more time moving equipment and less time laying asphalt. The Company incurred similarly costly impacts to its installation work that was likewise constrained. This spatially constrained project was further impacted by a very high-water table through June of 2023, causing trench collapse and the same types of water-related cost increases described above for other projects. Finally, this project was also impacted by higher-than-normal inflation (like other projects discussed previously). The combination of these challenges caused a significant elevation in costs for this project.

Line 7 of Exhibit 1 addresses costs related to Feeder Line 21-13. This project was under budget by \$6.75 million. The Company did not complete the project in 2023 because it discovered an EPA Superfund site impacting the route of the project and paused before construction started to address

handling of contaminated soils. The Company anticipates constructing the pipeline in 2024-2025.

Line 8 of DEU Exhibit 1 addresses costs related to Feeder Line 127. This project was over budget by \$1.93 million as a result of inflation, as discussed above.

Line 10 of DEU Exhibit 1 addresses costs related to beltline work. The beltline replacement program was under budget for a number of reasons. First, Beltline 28 could not be completed until work on a regulator station on North Temple was complete. The North Temple regulator station project was originally planned to be completed in 2022, allowing the Beltline 28 work to occur in 2023. The regulator station work was delayed from 2022 to 2023, due in part to delay in receiving permits, delaying construction to the Spring of 2023. As a result, Beltline 28 replacement work was not completed in 2023 as planned.

Similarly, Beltline 32 had been planned for 2023 but was delayed by permitting and difficulty obtaining property rights. Only a portion of the anticipated work on Beltline 7 was completed during 2023 because portions of the project were hampered by unanticipated city requirements for traffic control, road closures, and construction restrictions related to city events. Additionally, the discovery of underground utilities during construction caused changes in project design while unexpected soil conditions near a bore location on main street required a temporary halt to the project for additional geotechnical testing.

Line 12 of DEU Exhibit 1 addresses Pre-engineering costs associated with the Feeder Line Replacement Project. Pre-engineering costs were over budget by \$1.06 million, largely as a result of a re-categorization of activities from the construction phase to the pre-construction phase. The Company has made an effort to accelerate certain engineering activities to the pre-construction phase of the project that were previously being handled during construction. Conducting these engineering activities earlier in the process improves the Company's ability to timely obtain necessary permitting and rights-of-way, which in turn aids in ensuring that construction is efficient and that it doesn't

experience unnecessary interruptions or delays. Future budgets will reflect higher cost estimates for pre-engineering work to account for this change in practice.

The Company will continue to provide quarterly feeder line progress updates on an ongoing basis.

DATED this 23<sup>rd</sup> day of April 2024.

Respectfully submitted,



Jenniffer Clark (7947)  
Dominion Energy Utah  
333 S. State Street  
PO Box 45360  
Salt Lake City, Utah 84145-0360  
(801) 324-5392  
Jenniffer.clark@dominionenergy.com

*Attorney for Dominion Energy Utah*

**CERTIFICATE OF SERVICE**

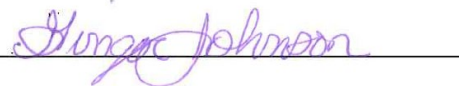
This is to certify that a true and correct copy of the Replacement Infrastructure Annual Plan and Budget, 4th Quarter 2023 Tracker Variance Report was served upon the following persons by e-mail on April 23, 2024:

Patricia E. Schmid  
Patrick Greco  
Assistant Attorneys General  
160 East 300 South  
P.O. Box 140857  
Salt Lake City, UT 84114-0857  
[pschmid@agutah.gov](mailto:pschmid@agutah.gov)  
[pgreco@agutah.gov](mailto:pgreco@agutah.gov)  
Counsel for the Division of Public Utilities

Chris Parker  
Brenda Salter  
Utah Division of Public Utilities  
160 East 300 South  
Salt Lake City, Utah 84114-6751  
[chrisparker@utah.gov](mailto:chrisparker@utah.gov)  
[bsalter@utah.gov](mailto:bsalter@utah.gov)

Robert J. Moore  
Assistant Attorney General  
160 East 300 South  
P.O. Box 140857  
Salt Lake City, UT 84114-0857  
[rmoore@agutah.gov](mailto:rmoore@agutah.gov)  
Counsel for the Office of Consumer Services

Michele Beck  
Director  
Office of Consumer Services  
160 East 300 South  
PO Box 146782  
Salt Lake City, UT 84114-6782  
[mbeck@utah.gov](mailto:mbeck@utah.gov)

  
\_\_\_\_\_