

First Quarter
Variance Report

June 2023
Through
August 2023
Docket No. 23-057-02

Dominion Energy Utah

First Quarter Variance Report

June 2023 – August 2023

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this First Quarter Variance Report for the period June 2023 – August 2023. This report identifies the variance between the actual results and the projections set forth in the 2023 - 2024 Integrated Resource Plan (IRP).

Weather

Exhibits 1.1 – 1.3

During the first quarter, June temperatures were warmer than forecasted resulting in lower heating degree days than expected. July and August experienced normal temperatures.

Gas Storage

Exhibits 2.1 – 2.4

In the first quarter, Clay Basin inventory was slightly lower in June and July than the 2023 – 2024 IRP estimates and close to the IRP Normal in August. The quarter began with lower-than-expected inventory due to the cold temperatures in May but ended near the amount forecast in the 2023-2024 IRP. See Exhibit 2.1

Aquifer inventory was higher than anticipated in June, July, and August. See Exhibit 2.2

Firm Sales

Exhibits 3.1 – 3.4

Actual sales through the first quarter of the 2023 – 2024 IRP year were 3% higher than projected normal-weather usage. The difference from normal weather to actual is a forecasting variance. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

Gas purchases for June, July and August were higher than the forecasted purchase amounts. The Company took advantage of low gas prices and purchased more gas than what was predicted to fill storage facilities. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Purchase gas costs were slightly lower in June and July than the 2023 – 2024 IRP estimates. Gas prices in June and July were low, and as a result the Company purchased more gas than anticipated in the IRP. Notwithstanding these purchases, the purchase gas costs in June were lower than anticipated. Purchase gas costs were higher in August because the Company purchased more gas than it projected in the IRP in order to fill its storage as discussed above. See Exhibit 5.1.

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2

Actual gas prices were substantially lower than forecasted in June and slightly lower in July and August. See Exhibit 6.1.

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

The cost-of-service gas production was slightly higher for June and July and near forecast for August. See Exhibit 7.1.

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

Expected new drill volumes were exactly what was projected June, July, and August. There was no planned new drilling for June, July, and August and none took place. See Exhibit 8.1.

Table 1 below summarizes purchase and cost-of-service volume variances using 2023 – 2024 IRP projections and actual results as a percent of total. The 2023 – 2024 IRP projected purchase gas is expected to be 15.43% for the quarter. The actual purchase gas percentage came in higher than the forecast at 22.17%.

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
Jun-23	27.30%	20.16%	72.70%	79.84%
Jul-23	15.79%	13.29%	84.21%	86.71%
Aug-23	22.49%	12.38%	77.51%	87.62%
Q1	22.17%	15.43%	77.83%	84.57%

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

TABLE 2

	June	July	August	Total Dth for Quarter
Estimated Shut-in (dth/day)	0	0	0	0
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

No model adjustments were made during the first quarter.

DNG Action Plan

The following projects were updated during the first quarter.

WA1596 District Regulator Station, South Salt Lake City, UT

The construction is expected to begin in March 2024 due to a delay in acquiring a construction use permit from South Salt Lake

WA1617 – New Regulator Station on Sheep Lane and FL147 – 1 Mile of 8-inch pipe for New Regulator Station on Sheep Lane, Grantsville, Utah

WA1617 and the FL147 Extension are delayed until 2024 due to finalization of property conveyance with developer. Construction is expected to start in March 2024.

On-System LNG Facility, Magna, Utah

As of November 29, 2023, the LNG tank is approximately 70% full (65 feet). Liquefaction is running well. The Company plans to continue liquefying as long as natural gas prices remain low. There are two LNG withdrawal pumps at the Magna LNG facility. The facility can successfully vaporize at the rated capacity of the plant with one functional pump. In January 2023, the Company identified some performance issues with both pumps and sent them back to the manufacturer in February for inspection. The manufacturer performed repairs and maintenance on the pumps over the summer and planned to have the pumps back to the Company in October. In mid-October, the pumps were tested at the manufacturer's facility. One pump failed and the other pump passed testing and was sent to the LNG facility for installation. After it was installed at the Magna facility, the second pump also failed. The pumps are still under warranty. Both pumps are now with the manufacturer who has done a root cause analysis and is making design changes. The pumps will be re-installed at the LNG facility in mid-December. It is expected that the facility will be available for withdrawal for the rest of the heating season.

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 November 28, 2023, 315 customers had signed up for service in Eureka. Service lines have been installed for 312 of those customers, and 250 meters have been installed. The Company remains in contact with Eureka city officials and customers to ensure that homes and appliances are properly modified in order to safely receive natural gas service.

The Company completed construction on most of the Goshen and Elberta systems on November 14, 2022. As of November 28, 2023, 333 customers had signed up for service in those communities. Service lines have been installed for 314 of those customers, and 163 meters have been installed. The Company remains in contact with Goshen and Elberta city officials and customers to ensure that homes and appliances are properly modified in order to safely receive natural gas service.

The Company completed construction on most of the Green River system on October 26, 2023. As of November 28, 2023, 322 customers had signed up for service in Green River.

Service lines have been installed for 253 of those customers, and 5 meters have been installed. The Company has been in contact with Green River city officials and customers to ensure that homes and appliances are properly modified in order to safely receive natural gas service.

On September 8, 2023, The Company filed an Application to extend service to Genola, Utah. That docket is currently in the discovery phase. The Company has not chosen its next candidate community to receive service.

Heating Degree Day Graphs

Exhibit 1.1 – 1.3

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Gas Storage Graphs
Exhibits 2.1 – 2.4
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Firm Sales Graphs
Exhibits 3.1 – 3.4
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Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
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Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
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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
Exhibits 8.1 – 8.3
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Data
Confidential
Exhibits 9.1 – 9.3
Docket No. 23-057-02

Average Market Price and Cost-
of-Service Price

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