

Second Quarter
Variance Report

September 2023
Through

November 2023

Docket No. 23-057-02

Dominion Energy Utah
Second Quarter Variance Report
September 2023 – November 2023

Questar Gas Company *dba* Dominion Energy Utah (Dominion Energy or Company) respectfully submits this Second Quarter Variance Report for the period September 2023 – November 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 second quarter, September, October, and November all had temperatures warmer than forecasted resulting in fewer heating degree days than expected.

Gas Storage

Exhibits 2.1 – 2.4

Clay Basin inventory was slightly lower than the 2023 – 2024 IRP estimates in September, October, and November. Clay Basin began enforcing allocation injection restrictions in September. When the inventory level of the total Clay Basin facility is higher, Mountain West lowers the amount of the injection allocated to each shipper prorated based on their contracts. This is necessary because as the pressure rises in the facility the compressors have less injection power, reducing the amount that can be injected. See Exhibit 2.1

Aquifer inventory was higher than anticipated in September and October, was near the anticipated inventory in November. See Exhibit 2.2

Firm Sales

Exhibits 3.1 – 3.4

Actual sales through the second quarter of the 2023 – 2024 IRP year were 7% lower than projected normal-weather usage. The warmer weather resulted in customers using less natural gas which, in turn, causes the variance seen in this report. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

The Company's gas purchases were near the anticipated levels in September, lower in October, and higher than anticipated in November. The Company purchased more gas than what was forecasted in November to fill storage, taking advantage of the low gas prices. See Exhibit 4.1.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Purchase gas costs were lower than projected in September and October and higher in November than the 2023 – 2024 IRP estimates. Costs were lower in September and October due to low gas prices. Purchase gas costs were higher in November because the Company bought more gas than projected taking advantage of the large spreads between November prices and December through February prices. 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 September and slightly higher than forecast in October and November. See Exhibit 6.1.

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

The cost-of-service gas production was lower than forecasted in September, October, and November. This variance is due to unplanned compressor downtimes. See Exhibit 7.1.

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

Expected new drill closely matched projections in September. New drill production was lower than expected in October and November because the drilling and completion in the Alkali Gulch Unit was delayed. 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 51.13% for the quarter. The actual purchase gas percentage was near the forecast at 51.82%.

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
Sep-23	25.43%	23.90%	74.57%	76.10%
Oct-23	42.22%	51.19%	57.78%	48.81%
Nov-23	66.28%	62.23%	33.72%	37.77%
Q2	51.82%	51.13%	48.18%	48.87%

Table 2 below summarizes estimated average daily shut-in verses actual average daily shut-in during the first quarter. The only shut in wells were shut in for operational and maintenance reasons.

TABLE 2

	September	October	November	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 second quarter.

DNG Action Plan

The following project was updated during the second quarter.

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

The project is expected to begin in March 2024. Construction was delayed due to a delay in obtaining permits from the city. The permits were obtained at the end of 2023, but construction needs to be delayed until after the heating season.

On-System LNG Facility, Magna, Utah

The Magna LNG tank peaked at 73.5% full on December 8, 2023. As of February 13, 2024, it sits at 61% full after additional operational testing. In the last report, the Company explained that the LNG pumps were with the manufacturer undergoing repair and design changes. Both pumps have since successfully passed factory acceptance testing and full send-out testing at the Magna LNG plant. The send-out tests provided the opportunity to further tune the vaporization system as well. The Magna facility was available for use for the majority of the heating season and liquefaction to fill the tank is planned for this spring/summer.

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 February 14, 2024, 326 customers had signed up for service in Eureka. Service lines have been installed for 326 of those customers, and 251 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 February 14, 2024, 341 customers had signed up for service in those communities. Service lines have been installed for 314 of those customers, and 174 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 February 14, 2024, 338 customers had signed up for service in Green River. Service lines have been installed for 276 of those customers, and 53 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. The Commission approved the Application in this docket, and the Company will construct the Genola system during 2024. The Company has not selected chosen its next candidate community.

Heating Degree Day
Graphs
Exhibit 1.1 – 1.3
Docket No. 23-057-02

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 23-057-02

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 23-057-02

Gas Purchased
From Third Parties

Volume Variance
Exhibits 4.1 – 4.3
Docket No. 23-057-02

Gas Purchased
From Third Parties

Cost Variance
Exhibits 5.1 – 5.3
Docket No. 23-057-02

Gas Purchased
From Third Parties

Unit Cost Variance
Exhibits 6.1 – 6.2
Docket No. 23-057-02

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 23-057-02

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 23-057-02

Data
Confidential
Exhibits 9.1 – 9.3
Docket No. 23-057-02

Average Market Price and Cost-
of-Service Price

Exhibits 10.1 – 10.2
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