

First Quarter
Variance Report

June 2024
Through
August 2024
Docket No. 24-057-04

Enbridge Gas Utah First Quarter Variance Report June 2024 – August 2024

Questar Gas Company *dba* Enbridge Gas Utah respectfully submits this First Quarter Variance Report for the period June 2024 – August 2024. This report identifies the variance between the actual results and the projections set forth in the 2024 - 2025 Integrated Resource Plan (IRP).

Weather

Exhibits 1.1 – 1.3

During the first quarter, June temperatures were higher than the IRP forecast resulting in fewer heating degree days than expected. July and August had temperatures close to the IRP forecast.

Gas Storage

Exhibits 2.1 – 2.4

Clay Basin inventory was slightly lower than the 2024 – 2025 IRP estimates in June, July, and August. This is due to Mountain West Pipeline lowering the injection allocations into Clay Basin. Because of the high inventory in the storage reservoir, Mountain West Pipeline lowered the overall injection capability into the facility. As a result, our allocated portion of the injection capacity was lower than anticipated. The lower injection capacity slowed our ability to inject into our storage account. See Exhibit 2.1

Aquifer inventory was higher than expected in June, July, and August due to beginning the quarter with higher-than-expected inventory. See Exhibit 2.2

Firm Sales

Exhibits 3.1 – 3.4

Actual sales for the first quarter of the 2024-2025 IRP year were 4% lower than projected normal usage. Actual sales were lower than projected because of warmer than expected weather. See Exhibit 3.1.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3

The Company's gas purchases were slightly lower than the anticipated levels in June and higher in July and August. The Company purchased less gas than what was forecasted due to low demand in June. See Exhibit 4.1. Cumulative purchases for the year were higher than forecasted in July and August, as shown in Exhibit 4.3.

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3

Exhibit 5.1 shows that purchase gas costs were significantly lower than the 2024 – 2025 IRP estimate in June, higher in July and slightly lower in August. This was due to lower purchased volumes in June and lower unit costs in August. Exhibit 5.3 shows that the cost of gas purchases for the IRP year was lower than forecasted for the year.

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2

Actual gas prices were extremely low in June and August and slightly lower in July. The low pricing was due to low demand throughout the country and high storage inventories. See Exhibit 6.1.

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

The cost-of-service gas production was close to the IRP forecast in June and lower than forecasted in July and August. This variance is due to unplanned compressor downtimes and maintenance. See Exhibit 7.1.

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

Expected new drill was exactly what was projected June, July, and August. There was no new drilling production planned to come on for June, July, and August and no new volumes were received. See Exhibit 8.1.

Table 1 below summarizes purchase and cost-of-service volume variances using 2024 – 2025 IRP projections and actual results as a percent of total. The 2024 – 2025 IRP projected purchase gas is expected to be 5.58% for the quarter. The actual purchase gas percentage was slightly higher than the forecast at 6.78%.

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
Jun-24	6.46%	6.83%	93.54%	93.17%
Jul-24	7.00%	5.04%	93.00%	94.96%
Aug-24	6.90%	4.86%	93.10%	95.14%
Q1	6.78%	5.58%	93.22%	94.42%

Table 2 below summarizes the 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

	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

All projects were on schedule and on budget during the first quarter.

On-System LNG Facility, Magna, Utah

The Magna LNG plant conducted multiple send-out tests throughout the first quarter of 2024, to further tune the vaporization system. On April 1, 2024, the plant resumed liquefaction operations. It shut down on July 27, 2024, when the tank was 97% full to perform seasonal maintenance. Successful vaporization tests were conducted at the end of September and beginning of October to verify system readiness and train new operators. The plant resumed liquefaction operations on October 7 and filled the tank to 100% as of October 20. The plant is now in hold status and is available for withdrawals when needed.

Rural Expansion Update

In 2017, Utah lawmakers amended Utah Code Ann. §§ 54-17-401, 402, and 403 to encourage the expansion of natural gas service to rural communities. These statutes allow the costs of extending service to rural communities to be spread amongst all customers, with spending caps in place to prevent large swings in customer bills. In 2020, the Utah Legislature passed HB 129, which allows the Company to purchase existing assets to aid in providing gas service to rural communities. Since the inception of the program, the Company has requested and received approval from the Utah Commission to construct expansions to Eureka, Goshen/Elberta, Green River, and Genola. The Company completed construction on most of the Genola system on November 15, 2024. The Company remains in contact with city officials and customers in each rural expansion community to ensure that homes and appliances are properly modified in order to safely receive natural gas service. Table 3 below summarizes the progress for each of the rural expansion communities.

TABLE 3

	Services Signed Up	Services Installed	Meters Installed
Eureka	326	326	258
Goshen/Elberta	341	318	231
Green River	344	310	150
Genola	256	110	30

On September 20, 2024, The Company filed an application to extend service to Portage, Utah. The Company awaits Commission approval of its application and upon approval will construct the Portage system during 2025. The Company has not selected its next candidate community.

MountainWest Ownership Impact on the Joint Operating/Interconnect Process

The Company is working with MountainWest Pipeline on an interconnect agreement to ensure a similar process to the Joint Operating Agreement analysis is performed annually into the future.

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
Exhibits 7.1 – 7.3
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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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