

PURCHASED GAS

Local Market Environment

Monthly index prices for gas delivered into the Questar Pipeline system during the 2006 calendar year averaged \$5.36 per decatherm. This was lower than the previous year which averaged \$6.73 per decatherm.

The price for gas on Questar Pipeline during the 2006-2007 heating season (November-March) averaged \$2.56 per decatherm lower than the previous year. The average price during this time period was \$5.37 per decatherm compared to \$7.93 per decatherm during the prior heating season.

Price Stabilization

During the winter of 2000-2001, the Utah Committee of Consumer Services (UCCS), Utah Division of Public Utilities (UDPU) and Utah Public Service Commission (UPSC) developed a working depth of knowledge from the instruction provided by the Company, instruction and seminars from outside providers and individual research.

On May 1, 2001, the Company filed a stipulation with the UPSC proposing price stabilization measures be used in conjunction with natural gas purchases during the winter months (October – March). This stipulation was approved by the Commission and following the Stipulation the Company proceeded to hedge portions of its natural gas portfolio each winter.

On February 28, 2006, the Company met with the UDPU, the UCCS and the Commission and proposed beginning its price stabilization program for the upcoming heating season in March. This proposal was implemented and resulted in a total of 37 hedging transactions during 2006. On March 13, 2006, the Company provided a letter to the Commission summarizing this meeting.

The Company met monthly with members of the UDPU, the UCCS and the UPSC during 2006. These meetings provided a venue for market updates as well as for progress reports on the hedging program.

On September 12, 2006, the Company met with the UDPU, the UCCS and the Commission in a monthly update meeting. During this meeting recent market declines were discussed as well as the opportunity to hedge at a price that would guarantee a rate decrease in the pending pass-through filing. As a result of this meeting, the Company hedged 6 Bcf at \$7.05/MMBtu and a \$108 million annual combined rate decrease was filed in Utah and Wyoming.

For the October 2006 – March 2007 time period, the Company hedged 66% of their base load gas supplies. This translated to 26.56 Bcf being hedged at \$7.45/MMBtu.

The Company has begun its hedging program for the 2007-2008 heating season and will continue to hedge and meet monthly with the UDPU, the UCCS and the UPSC.

Modeling Issues

Although a significant portion of the annual natural gas supplies required by the customers of Questar Gas are from Company-owned sources (discussed in the following section), the remaining needs must be met through purchases. On an annual basis, Questar Gas sends out a request for proposals (RFP) to producers and marketing companies to facilitate these purchases. This year the RFP was issued on February 9, 2007, and was received by 56 potential suppliers. Proposals for both base-load and peaking supplies were sought from the two major interstate pipeline systems in proximity to Questar Gas' major load centers, Questar Pipeline and Kern River Gas Transmission Company. Base-load supplies having availabilities of 365, 180, 150, 120, 90 days were requested. Multi-year winter-heating-season proposals were also sought with terms ranging from two to five years. Peaking proposals were requested on both pipeline systems for both two and three month availabilities during the coldest period of the winter-heating season.

To ensure reliability, proposals were required to specify a \$15.00 per decatherm penalty for failure to perform. Also required in proposals was language ensuring creditworthiness and language specifying the minimum advance notice required before nomination deadlines or gas flow.

March, 9, 2007, was the due date for responses. Sixteen potential suppliers submitted proposals for 186 gas supply packages (some supplies were offered under multiple proposals). Supplies offered under base-load proposals totaled 785,000 decatherms per day, up slightly from the 772,500 offered last year. Peaking supplies offered on Questar Pipeline's system totaled 515,000 decatherms per day, down from 600,000 decatherms per day last year. Peaking supplies offered on Kern River totaled 680,000 decatherms per day and were up substantially from last year's level of 380,000 decatherms per day.

Following the receipt of all the proposals each spring, Questar Gas reviews all the purchased-gas packages offered and extracts all the information needed as data inputs to the SENDOUT model. The pricing mechanisms utilized for each package must be identified and linked to the appropriate index price in the model. Also needing to be resolved is the availability of receipt and delivery point capacity on the interstate pipeline system utilized. To the extent that the same underlying gas supplies have been offered in different natural-gas price and term packages, they must be marked to prevent the modeling of more gas than is actually available.

The availability of gas supplies from the potential purchase from interruptible transportation customers of Questar Gas of supplies transported on the Company's

distribution system is one of the relatively unique natural gas supply sources modeled each year. As a condition to receiving interruptible transportation service, the Company's Utah Tariff allows for the purchase of these supplies during periods of interruption for the benefit of Questar Gas' firm sales customers. Upon notice by the Company, interruptible transportation customers are required to nominate levels of this resource as specified by the Company. The Company can purchase these supplies at the interconnecting upstream pipeline receipt point and use its own transportation capacity, or the purchase can take place at Questar Gas' city gates. The tariff specifies a predetermined pricing mechanism for payment for these supplies. Questar Gas has planned on the availability of 30,000 decatherms per day of this resource for its SENDOUT modeling process this year, the same level assumed last year.

The individual purchased-gas packages selected as a consequence of the SENDOUT modeling process this year are shown in the Results Section of this report. Exhibit 9.18 details the planned monthly volumes for each package of gas for the upcoming gas supply year. Gas purchase contracts were awarded on April 6, 2007.