PASS-THROUGH APPLICATION OF	)	
QUESTAR GAS COMPANY FOR	)	Docket No. 07-057-09
AN ADJUSTMENT IN RATES	)	
AND CHARGES FOR NATURAL	)	
GAS SERVICE IN UTAH	)	APPLICATION

All communications with respect to
these documents should be served upon:

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APPLICATION
AND
EXHIBITS

October 4, 2007

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

PASS-THROUGH APPLICATION OF QUESTAR GAS COMPANY FOR AN ADJUSTMENT IN RATES AND CHARGES FOR NATURAL GAS SERVICE IN UTAH	)))))	Docket No. 07-057-09 APPLICATION

Questar Gas Company (Questar Gas or the Company) respectfully submits to the Utah Public Service Commission (Commission) for approval of this application for an adjustment to the commodity and supplier non-gas cost portions of its Utah natural gas rates.

The Questar Gas Company Utah Natural Gas Tariff PSCU 400 (Tariff), Section 2.10, provides for pass-through applications to be filed "no less frequently than semi-annually." The driving force behind the proposed price decrease in this filing is a forecasted decrease in purchased gas prices.

This filing is based on the September 2007 average of projected gas prices from three nationally recognized forecasting organizations, as explained below in paragraph 6. This pass-through application reflects Utah gas costs of $621,104,648. This represents a decrease of $89,563,000, which includes a decrease of $34,986,000 in the supplier non-gas (SNG) rates and a decrease of $54,577,000 in the commodity rates.

If the Commission grants this application, typical residential customers using 80 decatherms per year will see a decrease in their yearly bill of $69.03 (or 9.56%). The Company proposes to implement this request by charging the new rates effective November 1, 2007.

In support of this application, Questar Gas states:

1. Questar Gas' Operations. Questar Gas, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Commission,

and the Company's present rates, charges, and general conditions for natural gas service in Utah are set forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in the Preston, Idaho area. Under the terms of agreement between the Commission and the Idaho Public Utilities Commission, the rates for these Idaho customers are determined by the Utah Commission. Volumes for these customers have been included in the Utah volumes.

2. Applicable Statutes. The Commission may grant relief requested in this case pursuant to Utah Code Ann. § 54-4-1 (2000) and to the extent applicable § 54-7-12 (2004).

3. Tariff Provision. The Commission has authorized Questar Gas to implement Account No. 191 of the Uniform System of Accounts to balance its gas costs with revenues. This filing is made under §2.10 of the Tariff, pages 2-11 through 2-16, which sets forth procedures for recovering gas costs shown in Account No. 191 by means of periodic and special adjustments to rates and an annual amortization of that account.

4. Test Year. The test year for this application is based on expected sales, purchases, transportation, gathering, storage and royalties for the 12 months ending October 2008.

5. Cost of Questar Gas Production. Exhibit 1.1 shows the expected test-year costs for gas produced for Questar Gas by Wexpro Company (Wexpro) under Articles II and III of the Wexpro Agreement. System-wide, total costs for Questar Gas' production are expected to be $231,199,470, as shown in Exhibit 1.1, page 13. These costs comprise the following elements:

(a) Royalty Payments. During the test year, Questar Gas will make system-wide royalty payments of $43,222,315 on Company-owned gas produced by Wexpro. These royalty payments are based on projected volumes for the test year and the price forecast for the test year explained below in paragraph 6.

(b) Operator Service Fee. Questar Gas is obligated to pay Wexpro an operator service fee for operating Questar Gas wells. The operator service fee for gas produced from productive gas wells for Questar Gas by Wexpro and the costs of gas purchased from Wexpro oil wells is expected to be $187,977,155 system wide.

6. Purchased Gas Costs. Questar Gas' total purchased gas costs are calculated to total $365,720,912 as shown in Exhibit 1.2, line 6. For this test year, purchased gas costs are projected to average $5.44362/Dth. These costs are based on projected gas purchase volumes, existing contract terms, projected contracts, amendments to cap prices for price stability and a forecast of gas prices. In previous pass-through applications, the Company has used the gas price forecast from Global Insight, Inc. However, widely fluctuating gas prices have led the Company to monitor other gas price forecasts. In this case, the Company proposes to use an average of gas-price forecasts from Global Insight, Inc., Cambridge Energy Research Associations, Inc. (CERA), and PIRA Energy Group (PIRA). Questar is a subscriber to the gas price forecasts from all three of these nationally recognized forecasting organizations. CERA is a leading advisor to international energy companies, governments, financial institutions and technology providers. PIRA is an international energy consulting firm specializing in global energy market analysis and intelligence. Exhibit 1.10 provides a comparison of the gas price forecasts from each of these organizations for the 2005-2006, 2006-2007 and the 2007-2008 heating seasons and the average of the three forecasts. The forecasts shown here were those prepared at the beginning of each heating season. Exhibit 1.10 also provides the actual gas prices for the 2005-2006 and the 2006-2007 heating seasons. In both of these time periods, the average forecast was closer to the actual prices than the Global Insight forecast alone. Although past performance is no guarantee of future results, the use of an average of all three forecasts is considered by the Company to be in the public interest because this methodology should remove some of the variability in the

gas price forecasts used in the pass-through calculations from case to case. These purchase gas costs are comprised of the following elements:

(a) Questar Gas currently expects to purchase 45,226,300 Dths under existing contracts at a total cost of $248,107,873 shown in Exhibit 1.2, line 3. Included in these costs, in accordance with the Commission-approved stipulation in Docket Nos. 00-057-08 and 00-057-10, is $2,000,000 associated with projected amendments to establish capped prices in the upcoming test year. For this year's heating season, the Company anticipates entering into contracts or amendments to fix prices for about one-third of the gas purchased for the period from October 2007 through March 2008. The other two-thirds of the gas purchases for the period from October 2007 through March 2008 will remain priced at first-of-month index prices along with all of the gas purchased for the remaining test year.

(b) Also, Questar Gas expects to contract in the future for an additional 17,779,742 Dths at a total estimated cost of $95,344,092 as shown on Exhibit 1.2, line 5.

(c) In addition to current and future contracts, Questar Gas anticipates buying 4,177,354 Dths on the spot market at a total estimated cost of $22,268,947. (Exhibit 1.2, line 4.)

7. Transportation, Gathering and Processing Charges. Questar Gas incurs system-wide charges for transportation and gathering services for delivery of gas to its system. These costs are calculated to be $88,915,459, as shown in Exhibit 1.3, page 1, line 23. The transportation (as well as storage) costs are based on upstream pipelines' rates. These costs comprise the following elements:

(a) Questar Pipeline and Kern River Demand Rates. Annual transportation demand charges to transport produced and purchased gas are calculated to be $60,505,639 system wide. (Exhibit 1.3, page 1, line 8.)

Also included is a projected capacity release credit of $3,353,658. (Exhibit 1.3, page 1, line 3.)

(b) Questar Pipeline and Kern River Commodity Rates. The transportation volumes in this case reflect the level of Company-owned production and purchased-contract gas transported during the test year and current FERC approved rates. Transportation commodity charges are calculated to be $1,061,038. (Exhibit 1.3, page 1, line 15.)

(c) Other Gathering, Processing and Transportation Charges. Questar Gas uses expected production and gathering volumes for the test year to compute gathering charges. The gathering costs under the system-wide agreement with Questar Gas Management Company (QGM) are estimated to be $17,404,064. (Exhibit 1.3, page 1, line 18).

Other gathering and processing charges and transportation charges are $2,262,956 and $1,879,659 respectively. (Exhibit 1.3, page 1, lines 19-20.)

(d) Costs to manage the heat content of gas. Costs to manage the heat content of gas supplies reaching the Price, Payson, and Indianola city gates are shown on line 22. A separate rate, as required by Commission Order (Docket No. 05-057-01, et al.) in the Gas Management Case, has been designed for each class of customers and included in the commodity or gas management portion of each rate. Exhibit 1.6, page 4, shows the development of these rates.

(e) Summary of Other Costs. For the test-year, other gathering, processing and transportation costs are calculated to be $27,348,782 system wide. (Exhibit 1.3, page 1, lines 18, 21 and 22.)

8. Storage Gas Charges. Questar Gas also incurs system-wide storage and working gas charges for gas to be delivered during the winter heating season. These costs are $20,004,027 as shown in Exhibit 1.3, page 2, line 25. The components of these costs are the following:

(a) Storage Demand. The demand component of storage is calculated to be $14,025,058. (Exhibit 1.3, page 2, line 4.)

(b) Storage Commodity. The charges during the test year for injections to and withdrawals from peaking storage and Clay Basin storage fields are calculated to be $465,348. (Exhibit 1.3, page 2, line 9.)

(c) Working Storage Gas. The return on working storage gas for the most recent 13 months is $5,513,621. (Exhibit 1.3, page 2, line 24.)

9. Summary of Gas-Related Gas Costs. Exhibit 1.4, page 1, shows Questar Gas' gas costs by component and page 2 reflects the annualized unit cost of storage gas as well as the withdrawal and injection adjustment. Exhibit 1.4, page 3, shows other revenues that are treated as direct credits to gas costs, as required by the Commission in its Order in Docket No. 80-057-10 and as revised by Commission Order in Docket No. 01-057-14. Other revenues of $40,174,265 are the forecasted amounts for the 12 months of the test year as shown in Exhibit 1.4, page 3, line 8. Exhibit 1.5 allocates system-wide costs to Utah and Wyoming jurisdictions on the basis of either peak-day demand or commodity sales as appropriate. The result of these allocations is $621,104,648 in gas costs for Utah. (Exhibit 1.5, line 17.)

10. Unit Gas Commodity Cost in Rates. Exhibit 1.6, page 1, shows the derivation of gas commodity unit costs to be reflected in Questar Gas' Utah rate schedules, excluding supplier non-gas costs. Total Utah estimated test-year costs to be collected through the Account No. 191 procedures are $621,104,648. These costs are adjusted by F-3, I-4, and IS-4 commodity credits for a total of $611,088,519. (Exhibit 1.6, page 1, line 5.) The portion of expected test-year gas costs to be recovered on a commodity basis is $512,625,547. (Exhibit 1.6, page 1, line 11.) The corresponding unit cost of gas applicable to Utah rates is $5.11646/Dth. (Exhibit 1.6, page 1, line 12.)

11. Amortization of 191 Account Balance. Currently included in Questar Gas' gas cost rate is a commodity credit amortization of $0.63517/Dth approved by the

Commission in Docket No. 06-057-09. The Company proposes to amortize the October 2007 forecasted 191 account over-collected balance of $30,600,065 (commodity portion) with a $0.30542/Dth credit amortization. (Exhibit 1.6, page 1, line 13.) The treatment of the supplier non-gas cost portion of the 191 Account and gas management costs are described in paragraphs 13 and 14.

12. Net Unit Commodity Cost. The net result of the changes in gas costs summarized in paragraph 10 and the 191 Account amortization discussed in paragraph 11 yields a unit commodity cost of $4.81104/Dth for firm customers, a decrease of $0.51261/Dth. (Exhibit 1.6, page 1, line 14.)

13. Supplier Non-Gas Costs. Since mid-1984, Questar Gas' rate structure has incorporated a supplier non-gas component that reflects Questar Pipeline's and other suppliers' non-gas costs billed to Questar Gas. The Company has been tracking this supplier non-gas component of its Account No. 191 pursuant to the terms of its tariff. The test-year supplier non-gas costs of $93,889,720 (Exhibit 1.6, page 2, line 1) are adjusted by subtracting $25,399,186, which is the forecasted October 2007 credit (over-collected) balance in the supplier non-gas portion of Account No. 191. The result is a total of $68,490,534 of supplier non-gas costs. (Exhibit 1.6, page 2, line 3.) Current rates are estimated to recover $103,476,335 in supplier non-gas costs. (Exhibit 1.6, page 2, line 4.) Questar Gas, therefore proposes applying a uniform percentage decrease of about 33.92% to the supplier non-gas cost component of firm sales rates. (Exhibit 1.6, page 2, line 7.)

14. Gas Management Costs. Pursuant to the Commission's order approving the Gas Management Cost Stipulation (Stipulation) in Docket Nos. 04-057-04, 04-057-11, 04-057-13, 04-057-09 and 05-057-01, the Company is allowed to recover in rates 90% of the actual non-fuel costs as defined in the Stipulation. (Exhibit 1.6, page 4, line 1.) The Stipulation also provides that Questar Gas' rate recovery for any fuel charges at the CO2 removal plant for gas processing services performed for Questar Gas

will be for the lesser of 360,000 Dth/year or the actual fuel gas used priced at the Company's weighted average cost of gas. Additionally, the Stipulation sets forth that any third party revenue that exceeds $400,000 annually will be credited 50% to Questar Transportation Services and 50% to Questar Gas and any such credit to Questar Gas will be recorded in the 191 Account as an offset to costs recoverable from customers. The current annual estimated credit for third-party revenue is $595,000, as shown on line 4. The total Utah allocation of gas management costs related to the CO2 removal plant are estimated to be $4,573,253 as shown on line 5. As directed by Commission Order, these costs have been allocated to all classes based on percentages in QGC's BLM (Rate Design) Exhibit 1, line 2 in Docket 02-057-02. (See Exhibit 1.6, Page 4, Column B, lines 6 through 13.) Using the projected volumes for the test period (Exhibit 1.6, Page 4, Column D, lines 6 through 13), results in the rates shown in Column E. For sales customers, these rates are added to the commodity portion (Column F) of each class' respective rate schedule. The final commodity rate for each class is shown in Column G. For the FT-2 and Interruptible Transportation schedules, the rates in Column E are the same as shown in Column G. These rates will be in effect until February 1, 2008. Prior to that date, QGC will file an application to remove the gas management costs associated with the CO_2 removal plant from all applicable rate schedules.

15. Change in Typical Customer's Bill. The annualized consolidated change in rates calculated in this application is a 9.56% decrease, or a decrease of $69.03 per year for a typical GS-1 residential customer using 80 decatherms per year. The projected month-by-month changes in rates are shown in Exhibit 1.7.

16. Current Rate Schedules. Questar Gas' proposed Utah rate schedules reflect the combination of the changes in commodity costs, and supplier non-gas costs allocable to Utah customers. (Exhibit 1.8.)

17. Effect on Earnings. Because the rate sought in this application is a pass-through of the direct costs of gas that Questar Gas obtains for its customers, there

will be no change in the Company's net profits or rate of return except for the return on working storage gas which was approved by the Commission in Docket No. 93-057-01.

18. Exhibits. Questar Gas submits the following Exhibits in support of its request for no adjustment in its rates for natural gas service in Utah:

Exhibit 1.1	Test-Year Cost of Questar Gas' Production
Exhibit 1.2	Test-Year Purchased Gas Costs
Exhibit 1.3	Test-Year Transportation, Gathering, Processing and Storage Charges
Exhibit 1.4	Summary of Test-Year Gas Related Costs and Revenues Credits
Exhibit 1.5	Test-Year Gas Cost Allocation
Exhibit 1.6	Test-Year Gas Cost Change
Exhibit 1.7	Effect on GS-1 Typical Customer
Exhibit 1.8	Proposed Statement of Rates
Exhibit 1.9	Questar Pipeline FERC Tariff Schedules
Exhibit 1.10	Comparison of Gas Price Forecasts

WHEREFORE, Questar Gas respectfully requests that the Commission, in accordance with its rules and procedures and the Company's commission-approved tariff:

1. Enter an order authorizing Questar Gas to implement rates and charges applicable to its Utah natural gas service that reflect annualized gas costs of $621,104,648 as more fully set out in this Application and in Exhibit 1.8.

DATED this 4th day of October 2007.

Respectfully submitted,

QUESTAR GAS COMPANY

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STATE OF UTAH)
:
COUNTY OF SALT LAKE)

Alan K. Allred, being first duly sworn upon oath, deposes and states: He is the President and Chief Executive Officer of Questar Gas Company; he has read the foregoing application; and the statements made in this application are true to the best of his knowledge and belief.

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Alan K. Allred

Subscribed and sworn to before me this 4th day of October 2007.

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Notary Public
Residing in Salt Lake City, Utah

QUESTAR GAS COMPANY
180 East First South
P. O. Box 45360
Salt Lake City, Utah 84145-0360

CURRENT RATE SCHEDULES

P.S.C. Utah No. 400
Affecting All Sales Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: October 4, 2007

QUESTAR GAS COMPANY

By ______________________________
Alan K. Allred
President and Chief Executive Officer