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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Investigation and the consolidation of Dockets of the Formal Complainants Against Questar Gas Company Relating to Back-Billing	Docket No. 08-057-011 SETTLEMENT STIPULATION
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Pursuant to Utah Code Ann. §54-7-1 (Supp. 2005) and Utah Administrative Code R746-100-10.F.5 (2005), Questar Gas Company (Questar Gas or the Company), the Utah Division of Public Utilities (Division), the Utah Committee of Consumer Services (Committee), and the Salt Lake Community Action Program (SLCAP) (all of the foregoing collectively the Stipulating Parties), submit this Settlement Stipulation to agree to a settlement of the issues raised in this docket.

PROCEDURAL BACKGROUND

1. On March 28, 2008, through a memorandum, the Committee requested that the Commission open an investigation into the issues involving Questar Gas' transponders and related issues and suggesting certain courses of action.

2. On April 1, 2008, the Commission issued an Order Consolidating Dockets and Notice of Procedural Conference (Order). In the Order, the Commission directed the Division to investigate and report upon a variety of issues more fully set forth in the Order.

3. On April 15, 2008, Questar Gas filed the Answer of Questar Gas Company that, among other things, summarized the events leading to the predivide errors that are among the issues in this docket.

4. Throughout this process, parties requested and were granted intervention, protective orders were put in place, and scheduling orders were issued.

5. The Division expanded its own internal investigation pursuant to the Order (Investigation) and the parties to this docket issued a variety of data requests.

6. On April 17, 2008, the Division filed a Proposed Scope of Investigation and Procedural Schedule in this docket and the parties participated in a Procedural Conference consistent with the Commission's schedule in this docket to discuss the scope and time table for the above referenced investigation, as well as to discuss the manner and timing of the adjudication of the individual complaints filed in this consolidated docket.

7. On April 21, 2008, the Commission issued its Scheduling Order "to address all issues investigated by the Division as they relate to the individual customer complaints comprising this consolidated docket such that any Commission decision resulting from the hearing will resolve all such complaints, as well as resolving any questions concerning the accounts of similarly situated Questar customers who have not filed a complaint." Order at p. 4.

8. On July 18, 2008, the Division issued a report setting forth its findings and recommendations in the Investigation (Report).

9. On September 9, 2008, the Company, the Committee, the Utah Ratepayers Association (URA), and SLCAP all filed comments in response to the Report.

10. Questar Gas, the Division, the Committee, the URA, the SLCAP, and some of the formal complainants engaged in settlement discussions and negotiations, a consequence of which the Stipulating Parties have reached agreement as to the proper resolution of the matters raised in this docket, as set forth in this Settlement Stipulation.

TERMS AND CONDITIONS

11. Settlement in Public Interest. The Stipulating Parties' entry into the Settlement Stipulation is based upon each Stipulating Party's independent review and analysis of the Division's report as well as other materials developed by each or provided in the course of the proceeding, including data responses. Entry into the Settlement Stipulation does not constitute a waiver of defenses or acceptance of the claims, evidence or objections of any party. The Stipulating Parties have agreed to compromise and settle their differences with respect to the Investigation in this docket and to enter into this Settlement Stipulation. The Stipulating Parties agree that approval of this Settlement Stipulation is in the public interest, is consistent with just and reasonable rates, and is a just and reasonable resolution to the individual customer complaints consolidated into this docket, to resolving the accounts of similarly situated Questar Gas customers, and to the remainder of the Company's customers. However, this Settlement Stipulation is not intended to limit the right of an individual customer to separately challenge a specific customer account as set forth below in Paragraph 12.b.

12. The Stipulating Parties agree as follows:
- a. The customers that have been under billed as a result of predivide-related errors to date should be back-billed for no more than six months prior to the date the error was discovered. Such customers shall have no less than one year to pay underbilled amounts. Questar Gas agrees to allow a reasonable payment period greater than one year as necessary to accommodate an established hardship. So long as the terms of payment are met, interest will not accrue on back-billed amounts.
 - b. The Stipulating Parties agree that a Commission Report and Order accepting this Settlement Stipulation should order that all rights available to customers who have filed formal and informal complaints related to back-billing for pre-divide related errors under Questar Gas' tariff or applicable statutes, rules or regulations shall remain available to each customer. To the extent that an order in this docket does not resolve all of the issues related to any individual customer's circumstances, such complainants shall retain the right to pursue unresolved issues in individual complaints before the Commission.
 - c. The Company shall record a total of \$480,000.00 as a cost below the line and not pass this amount on to ratepayers. This amount includes approximately \$150,000.00 of unrecorded revenues prior to the implementation of the Conservation Enabling Tariff. The Company will make all required accounting entries necessary to effect the purpose of this Settlement Stipulation. The Company will notify the Commission by

letter when the accounting entries have been made. The Division will audit and verify compliance with this provision as part of its ongoing audit and review responsibilities.

- d. The Company will, in a separate tariff-change filing, revise Section 8.02 of its Tariff to reflect (i) that all transponder-related billing errors may be back-billed for no more than six months from the date of discovery, and (ii) that customers may pay such back-billed amounts over the course of twelve months, without interest.

13. The Stipulating Parties further agree that the Company shall file a report with the Commission upon the conclusion of the initial round of the Company's Meter and Transponder Inspection Program (MTIP). The report will set forth the complete results reflecting any and all transponder-related errors identified through the initial round of MTIP inspections.

14. The Stipulating Parties further agree that if this Settlement Stipulation is not approved by the Commission, they will request the Commission to hold a scheduling conference to modify the schedule and set forth the appropriate procedure for the remainder of the case.

15. The Stipulating Parties expressly acknowledge and agree that no party to this docket has waived any contention regarding the issues raised in this docket and that approval of this Settlement Stipulation by the Commission shall not be deemed to be such a waiver or to bind the Commission or any party with respect to those issues except as otherwise expressly provided in this Settlement Stipulation. Nothing in this Settlement Stipulation or its approval shall be deemed to deprive the Commission from initiating, or

any Stipulating Party or person from requesting relief available under any applicable tariff provision, rule, regulation or statute that is not otherwise resolved by this Settlement Stipulation.

MISCELLANEOUS PROVISIONS

16. All negotiations related to this Settlement Stipulation are confidential and no party shall be bound by any position asserted in negotiations. Neither the execution of this Settlement Stipulation nor the order adopting this it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of ratemaking, nor shall they be construed to constitute a basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except a proceeding to enforce the approval or terms and conditions of this Settlement Stipulation.

17. The Company, the Division and the Committee each agree to, and other Parties may, make one or more witnesses available to explain and support this Settlement Stipulation to the Commission. Such witnesses will be available for examination. So that the record in this docket is complete, the Stipulating Parties may move for admission of comments, position statements or exhibits that have been filed on the issues resolved by this Settlement Stipulation; however, notwithstanding the admission of such documents, the Stipulating Parties shall support the Commission's approval of the Settlement Stipulation. As applied to the Division and the Committee, the explanation and support shall be consistent with their statutory authority and responsibility.

18. The Stipulating Parties agree that if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of the

Commission approving this Settlement Stipulation, each Party will use its best efforts to support the terms and conditions of the Settlement Stipulation. As applied to the Division and Committee, the phrase “use its best efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Stipulating Party shall take a position in that judicial review opposed to the Settlement Stipulation.

19. Except with regard to the obligations of the Stipulating Parties under the two immediately preceding paragraphs of this Settlement Stipulation, this Settlement Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission. This Settlement Stipulation is an integrated whole, and any Stipulating party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission’s approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation or if the Commission’s approval of this Settlement Stipulation is rejected or materially conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Settlement Stipulation consistent with the order. No Stipulating Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Settlement Stipulation, any Party retains the right to seek additional procedures before the Commission, including cross-examination

of witnesses, with respect to issues resolved by the Settlement Stipulation and no party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

RESPECTFULLY SUBMITTED: October ____, 2008.

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the SETTLEMENT STIPULATION was served upon the following persons via U.S. mail, postage prepaid, on October 9, 2008:

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