Customer and Gas Demand Forecast

System Total Temperature-Adjusted Dth Sales and Throughput Comparison – 2008 IRP and Actual Results for 2008

On a temperature-adjusted basis, Questar Gas' actual natural gas sales during 2008 totaled 108.0 million Dth. This compares with the 104.3 million Dth that were projected in last year's IRP. Average Utah General Service (GS) use per customer flattened at year end resulting in a twelve month total of 110.0 Dth (see Exhibit 3.2) compared to last year's base case forecast of 105.2 Dth.

Temperature-adjusted system throughput (Dth sales plus Dth transported) was 170.2 million Dth in 2008 compared to last year's IRP forecast of 172.4 million Dth for the same period.

Economic conditions and use per customer trends that form the basis for the forecast shifted dramatically during 2008, leading to a significantly different forecast for this year's IRP. The housing and credit crises and the resulting economic recession accelerated much more rapidly during 2008 than anticipated, resulting in fewer customer additions in 2008 than expected. Also, as shown above, use per customer within the Utah GS class in 2008 increased slightly instead of continuing the sharp drop seen in 2007.

The current forecast reflects the effects of this rapidly changing economic landscape with significantly reduced customer additions through 2011. Use per customer within the GS class is expected to level off in 2010 and 2011 before continuing a downward trend. Natural gas prices are projected to remain significantly lower relative to income during the next few years, then the effects of energy efficiency begin to overwhelm the macroeconomic factors and usage declines resume. Industrial consumption is forecasted to decrease initially as the effects of the recession on manufacturing are realized.

The volumes for Utah and Wyoming are based on normal temperatures. In each state, the historical data used to compute normal temperatures has been updated through the period ending 2007.

Temperature-Adjusted Dth Sales and Throughput Comparison – 2009 IRP and 2008 IRP

This year's forecast of system sales is anticipated to increase from 107.5 million Dth in 2009 to 126.5 million Dth in 2019. Last year's forecast projected a system sales increase from 104.3 million Dth in 2008 to 112.3 million Dth in 2018. This material change in the total forecast results primarily from the combination of two factors. The first is last year's forecast relied on the 2007 year-end decline in use per customer. The second factor is the unexpected collapse in market prices for natural gas.

Last year's forecast for 2018 showed total system GS year-end customers at 1,132,603, annual Utah GS use per customer at 88.4 Dth and annual Wyoming GS use per customer at 137.14 Dth. This year's forecast for 2019 shows system GS year-end customers at 1,115,393, annual Utah GS use per customer at 104.4 Dth and annual Wyoming GS use per customer at 127.3 Dth. The annual use per Utah residential customer is forecast to be 79.1 Dth in 2019, while that of the Utah commercial customer is forecast to be 442.1 Dth for the same year. The annual use per Wyoming residential customer is forecast to be 87.2 Dth in 2019. The annual use per Wyoming commercial customer is forecast to be 478.2 Dth for the same year.

System throughput in this year's forecast grows from 166.6 million Dth in 2009 to 195.9 million Dth in 2019 (see Exhibit 3.8). Last year's forecast projected system throughput grows from 172.4 million Dth to 217.3 million Dth for the same period. As with last year's throughput forecast, the 2009 forecast includes expected throughput for electric generation customers.

Residential Usage and Customer Additions

Utah

Utah residential GS customer additions in 2008 totaled 12,848, a drop of 7,532 from total additions in 2007. Economic conditions driving the slowdown in housing and residential construction continued to climb throughout 2008 and into 2009, leading to a forecast of about 10,000 additions in 2009 and about the same in 2010. Customer additions begin to accelerate in 2011 driven by expectations of gradual economic recovery and increase to 18,800 additions in 2012 and 22,000 in 2013.

Actual temperature-adjusted residential use per customer for the twelve months ending December 2008 was 83.51 Dth, a slight increase over the 82.43 figure from 2007. Residential temperature-adjusted use per customer is expected to decline to 82.55 Dth in 2009. Modest customer growth and a lower gas bill relative to personal income cause use per customer to increase slightly and then flatten through 2012. But in 2013 a downward trend resumes as customer additions return to pre-2008 levels and the effects of the company's energy-efficiency programs continue to accumulate, driving use per customer down to 79.07 in 2019.

Volumes were projected using the residential model designed around estimates of natural gas appliance saturation by efficiency rating throughout the residential customer base, customer growth projections, and projected changes in economic variables that affect use per customer such as the average residential gas bill and household income. Effects on use per customer from the company's energy efficiency programs have also been addressed in the model.

Wyoming

Wyoming residential GS customers increased by 510 in 2008, 211 lower than the prior year's additions. Economic conditions driving the slowdown in housing and residential construction are expected to persist through at least the first half of 2009, and the forecast of customer additions reflects this slowdown with about 300 additions expected in 2009 and 360 additions in 2010. Gradual economic recovery begins to drive customer additions up toward the end of 2010 and into 2011, and by 2013 average annual additions of 560 are expected each year through 2019.

Wyoming residential annual use per customer ended 2008 at 86.1 Dth. As with last year, relatively flat residential use per customer is forecast.

Small Commercial Usage and Customer Additions

Utah

The key inputs to the long-term forecast model of usage per GS commercial customer and number of GS commercial customers are: 1) the residential customer forecast; 2) adjusted Utah employment figures from Global Insight, and 3) individual class historical trends. Temperature-adjusted Utah GS commercial usage per customer for the twelve months ended December 2008 was 464.6 Dth. Over the last 18 years, the average annual usage per customer has dropped 69.5 Dth or 13% from the December 1990 level of 534.1 Dth. This year's forecast reflects a continuation of this downward trend. The forecasted Utah GS commercial usage per customer for year-end 2009 is forecast to be 455.9 Dth with a continuing decline to 442.1 Dth in 2019.

Utah GS commercial customer additions are expected to change in direct proportion to the changes in Utah GS residential customer additions. Historically, the relationship of commercial customers to residential customers has remained stable. As we add residential customers, commercial customers are added to provide services to them. It is anticipated that approximately 900 customers will be added in 2009 and then ramping up from 900 to 1,750 customers in subsequent years of the 11-year forecast.

Wyoming

Temperature-adjusted usage for small commercial customers in Wyoming for the twelve months ending December 2008 was 484.5 Dth. Small commercial usage per customer for year-end 2009 is forecasted to be 483.9 Dth and declines to 478.2 by 2019.

During the last 3 years small commercial year-end customer additions have averaged 61 customers. This year's IRP forecast has customer additions at 55 for 2009 and then averaging 60 additions for the balance of the 11-year forecast.

Large Commercial and Industrial (Non-GS) Gas Demand

As shown in Exhibit 3.6 system large commercial and industrial gas demand remains relatively flat, going from 69 million Dth in 2009 to 80 million Dth in 2019. From 2009 into 2010 the forecast includes a decrease in demand due to increasing macroeconomic deterioration while during 2010 until 2019 the forecast slowly changes course to reflect a modest increase in large commercial and industrial gas demand on a year-by-year basis.

This forecast was compiled by separating data into three sub-groups (commercial, industrial, and electric generation.) Subsequently, the regional natural gas sales growth rates provided courtesy of Global Insight's "2009 U.S. Energy Outlook" were applied to each respective sub-group. Finally, known and measurable changes for customers from Questar Gas' marketing representatives were included in the forecast.

Electric generation is closely tied to volatile commodity pricing, the corresponding spark spread (difference between the market price of electricity and its cost of production), and temperatures during the summer months.

Firm Customer Design-Day Gas Demand

As in prior years, the design-day demand projections are based on a one-in-twenty year (five occurrences in 100 years) weather event. More specifically, the design-day firm customer gas demand projection is based on a theoretical day where the mean temperature is –5 degrees Fahrenheit at the Salt Lake Airport weather station and correspondingly design-day temperatures are seen coincidentally across the Company's service territory.

Wind speed, average December, January and February Utah GS sales, and prior days' temperatures and sales are factors that have been statistically significant in predicting daily gas send-out during the peak of the winter heating season. These factors are also employed in making the forecast of daily gas sales to firm customers. The design-day demand projections distinguish between firm sales customers and firm transportation customers for gas supply and system capacity planning purposes.

As shown in Exhibit 3.7, the firm customer design-day gas supply projection for the 2009-2010 heating season is 1.257 million Dth. The design-day projection grows to a level of 1.407 million Dth in the winter of 2018-2019.

Source Data

Where available, the Company has obtained economic and demographic information from state and local sources such as the University of Utah (Bureau of Economic and Business Research) and the Utah Governor's Office of Planning and Budget. Where local information was not available, it was obtained from nationally recognized economic forecasting organizations such as Global Insight.

The Utah and Wyoming Economic Outlook

Below is a review of recent history and the current economic outlook:

Summary of Utah Economy
Annual Percentage Change

Population	2.7%	2.4%	2.2%	2.1%
Personal Income	6.9%	3.4%	4.8%	5.1%
Construction Employment	7.0%	-10.0%	0.9%	1.7%
Manufacturing Employment	2.6%	-3.1%	-0.3%	-0.1%
Non-Manufacturing Employment	3.4%	-0.4%	1.7%	1.8%
Total Employment	3.3%	-0.7%	1.5%	1.6%
Average Single-Family & Multi-Family Dwelling units	21,223	9,553	15,433	17,992

Source: Based on Fall, 2008 long-term forecasts by Global Insights.

Summary of Wyoming Economy
Annual Percentage Change

Population	1.2%	0.7%	0.5%	0.4%
Personal Income	10.1%	5.4%	4.2%	4.5%
Construction Employment	7.2%	-8.1%	-1.5%	-0.6%
Manufacturing Employment	1.3%	--3.7%	-0.6%	-0.3%
Non-Manufacturing Employment	3.5%	-0.5%	0.5%	0.5%
Total Employment	3.4%	-0.6%	0.5%	0.5%

Source: Based on Fall, 2008 long-term forecasts by Global Insights.

The U.S. Economic Outlook

Below is a review of recent history and the consensus economic outlook:

U.S. MACROECONOMIC FORECAST
Source: GLOBAL INSIGHT Review of the U.S. Economy – April, 2009

						Forecast	
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Real Gross Domestic Product 1/	2.5	3.6	2.9	2.8	2.0	1.1	-3.5
GDP Price Index - Chain Wt. 1/	2.1	2.9	3.3	3.2	2.7	2.2	1.5
CPIU 1/	2.3	2.7	3.4	3.2	2.9	3.8	-1.4
Real Disposable Income 1/	2.2	3.6	1.4	3.5	2.8	1.3	2.5
Pre-tax Profits 1/	12.1	24.0	17.6	15.2	-1.6	-10.1	-14.3
Unemployment Rate 3/	6.0	5.5	5.1	4.6	4.6	5.8	9.1

Housing Starts 4/	1.9	2.0	2.1	1.8	1.3	0.9	0.6
3-month Treasury Bills 3/	1.1	1.4	3.1	4.7	4.4	1.4	0.3
30-Year Fixed Mortgage Rate 3/	5.8	5.8	5.9	6.4	6.3	6.0	4.9
Trade Balance 2/	-523	-625	-729	-788	-731	-673	-406
Vehicle Sales – Total 4/	16.6	16.9	17.0	16.5	16.1	13.1	9.5
Real Non-Res Fixed Investment 1/	1.0	5.8	7.2	7.5	4.9	1.6	-18.8
Industrial Production 1/	1.3	2.5	3.3	2.3	1.5	-2.2	-10.2

1/ Annual Rate of Change (Percent)
2/ Billions of 1996 chained dollars
3/ Percent
4/ Million Units

Long-term U.S. Economic Outlook
Source: **GLOBAL INSIGHT** Review of the U.S. Economy – April, 2009

	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Real Gross Domestic Product 1/	1.4	3.5	4.0	3.3	2.8	2.7	2.8
GDP Price Index - Chain Wt. 1/	1.0	1.3	1.3	1.7	2.0	2.0	1.9
CPIU 1/	1.6	2.1	2.3	2.3	2.3	2.3	2.3
Real Disposable Income 1/	0.2	1.3	2.4	1.9	3.5	3.6	3.2
Pre-tax Profits 1/	10.3	12.5	6.6	1.3	-0.3	3.5	3.2
Unemployment Rate 3/	10.2	9.6	8.5	7.7	7.3	7.0	6.6
Housing Starts 4/	0.8	1.3	1.5	1.7	1.7	1.7	1.8
3-month Treasury Bills 3/	0.6	2.2	3.4	3.7	4.6	4.6	4.6
30-Year Fixed Mortgage Rate 3/	5.0	5.8	6.2	6.5	7.1	7.1	7.1
Trade Balance 2/	-544	-646	-747	-795	-818	-815	-806
Vehicle Sales - Total 4/	11.3	13.8	15.6	17.1	17.5	17.5	17.6
Real Non-Res Fixed Investment 1/	-0.1	13.2	13.0	8.4	4.8	3.6	3.8
Industrial Production 1/	-0.3	4.6	5.3	3.6	2.8	2.7	2.7

1/ Annual Rate of Change (Percent)
2/ Billions of 1996 chained dollars
3/ Percent
4/ Million Units

Forecast Exhibits

The following charts summarize the 10-year customer and gas demand forecast. All charts contain temperature-adjusted data.