- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Questar Gas Company's Integrated Resource Plan for Plan Year: May 1, 2009 to April 30, 2010	)))))))	DOCKET NO. 09-057-07 REPORT AND ORDER

ISSUED: March 22, 2010

SHORT TITLE

Questar Gas Company 2009 Integrated Resource Plan

SYNOPSIS

The Commission provides guidance on Questar Gas Company's 2009 Integrated Resource Plan and clarifies requirements of the 2009 Standards and Guidelines.

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PROCEDURAL HISTORY

On May 4, 2009, Questar Gas Company ("Company") filed its Integrated Resource Plan for the period of May 1, 2009, through April 30, 2010 ("2009 IRP" or "Plan") in accordance with the Company's proposed Modified IRP Guidelines for Questar Gas Company filed in Docket No. 97-057-06,[1] and our Report and Order issued on December 14, 2007 in Docket No. 07-057-01.[2]

On May 6, 2009, the Commission issued an action request to the Utah Division of Public Utilities ("Division") to review the IRP 2009 and provide recommendations to the Commission by July 13, 2009. On May 11, 2009, the Commission issued a Request for Comments with a due date of July 13, 2009, inviting all interested parties to provide comments in three areas, namely: 1) the adequacy of the IRP 2009 process and plan; 2) the sufficiency of the changes and enhancement to information provided by the Company in the 2009 IRP going forward; and 3) what changes, if any, would be necessary for the IRP 2009 to fulfill the requirements of the 2009 Integrated Resource Planning Standards and Guidelines presented in our March 31, 2009, Report and Order on Standards and Guidelines for Questar Gas Company in Docket No. 08-057-02.[3] In response to this request, on July 13, 2009, the Company, the Division, and the Office of Consumer Services ("Office") filed comments on the 2009 IRP.

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[1]Docket No. 97-057-06, "In the Matter of the Integrated Resource Plan for Questar Gas Company."

[2]Docket No. 07-057-01, "In the Matter of the the Filing of Questar Gas Company's Integrated Resource Plan for Plan Year: May 1, 2007 to April 30, 2008."

[3]Docket No. 08-057-02, "In the Matter of: the Revision of Questar Gas Company's Integrated Resource Planning Standards and Guidelines."

INTRODUCTION AND BACKGROUND

The Company has filed IRPs or IRP updates annually with the Commission since 1991. In the November 21, 1991, Report and Order in Docket 89-057-15, the Commission directed the Company to provide a long-term least-cost integrated resource plan ("IRP"). On May 24, 1991, the Commission established Docket 91-057-09[4] in which the Company's proposed IRP outline was evaluated. In this same docket, on September 26, 1994, the Commission issued the Final Standards and Guidelines for Integrated Resource Planning for Mountain Fuel Supply ("Standards and Guidelines"). The Standards and Guidelines require, among other things, a biennial filing, an action plan, an evaluation of risks associated with various resource options, consideration of environmental externalities, and acknowledgment. The Company's 1991 and 1993 IRPs were filed prior to issuance of the Standards and Guidelines. The Company's 1995 and 1997 IRPs were filed pursuant to the Standards and Guidelines.

On December 19, 1997, in Docket 97-057-06, the Company petitioned the Commission to modify the Standards and Guidelines. Modified IRP guidelines ("Modified Guidelines") were jointly developed by the Company, the Division and the Office (then known as the Committee of Consumer Services) and submitted to the Commission for approval on April 17, 1998. The Modified Guidelines require, among other things, an annual filing with confidential quarterly updates, an IRP "Results" section containing a variety of model sensitivity runs, a discussion of how changes or risks in the natural gas industry may affect resource options

[4]Docket No. 91-057-09, "In the Matter of the Analysis of an Integrated Resource Plan."

available to the Company, and a set of general guidelines which clearly identify the specific resource decisions necessary to implement the IRP in a manner consistent with the strategic business plan. The Modified Guidelines propose no acknowledgment requirement. Since 1999, all of the Company's IRPs, including the 2009 IRP, have been filed pursuant to the Modified Guidelines.

In response to comments filed in Docket No. 07-057-01, the Commission in its December 14, 2007, Report and Order identified eleven areas which were to be addressed by the Company and included in the 2008 and future IRPs.

As the issues facing the natural gas industry had changed significantly since both the Standards and Guidelines were issued and the Modified Guidelines were proposed, in 2008 the Commission undertook a review of the Company's IRP process in Docket No. 08-057-02. On March 31, 2009, the Commission issued a Report and Order on Standards and Guidelines ("2009 Standards and Guidelines") for Questar Gas Company effective June 1, 2009.

While the 2009 IRP was filed under previous standards and guidelines, in this docket parties were asked to comment on, among other things, what changes, if any, would be necessary for the 2009 IRP to fulfill the requirements of the 2009 Standards and Guidelines. This information will be beneficial to the Company in preparing future IRPs under the 2009 Standards and Guidelines. Herein we provide a summary of and address parties' comments on the 2009 IRP.

SUMMARY OF THE 2009 IRP

The Company's 2009 IRP is the culmination of a multi-stage process. First the Company uses a combination of the Proxy Model and the Forecast Pro Model to develop forecasts of annual temperature-adjusted system sales, system firm peak design-day gas demand, annual system throughput, and system annual natural gas requirement. The Company uses this information, along with other operational data, in its evaluation of system capabilities and constraints, and consequently the design of system infrastructure modifications necessary to meet the forecasts.

The Company also uses these forecasts to inform the development of its annual natural gas Request for Proposals ("RFP"). The RFP is used by the Company to solicit bids for base load and peaking gas supplies. Information on proposed gas-supply packages received from potential suppliers, along with the load forecasts and information on Company-owned gas supplies and other resources, is then entered into the linear programming model SENDOUT, Version 12.5.5, maintained by Ventyx. This version of the SENDOUT model has the capability of using the Monte Carlo method/stochastic simulation algorithm for risk analysis. The Monte Carlo method utilizes repeated random sampling based upon relative frequency distribution data of key variables or draws from historic data to generate probabilistic results. To avoid excessive computer run times, SENDOUT limits the number of variables for which stochastic analysis can be applied to two, namely price and weather.

Per the Modified Guidelines, the Company's 2009 IRP includes an executive summary, modeling results, and general guidelines which are supported by specific sections on IRP background; customer and demand forecasts; system constraints and capabilities; purchased gas; cost-of-service (Company-owned) gas; gathering, transportation and storage; energy efficiency programs (demand side management ("DSM") activities); and associated exhibits. The Company also provides a summary of the previous year's gas usage and price. The goals and objectives identified by the Company in the 2009 IRP are: to project future customer requirements; to analyze alternatives for meeting customer requirements from a system capacity and gas-supply source standpoint; to develop a plan that will provide customers with the most reasonable costs over the long term consistent with reliable service and stable prices within the constraints of the physical system and available gas supply resources; and to use the guidelines derived from the IRP process as a basis for creating a flexible framework for guiding day-to-day as well as longer-term gas supply decisions.

The 2009 IRP contains the following results: 1) an annual system sales forecast of 107.5 million decatherms in 2009 increasing to 126.5 million decatherms in 2019, as compared with last year's forecast of 104.3 million decatherms in 2008 increasing to 112.3 million decatherms in 2018 (the Company explains this increase is due to last year's forecast reliance on the 2007 year-end decline in use per customer and the unexpected collapse in market prices for natural gas); 2) a firm customer design-day gas supply projection of approximately 1.257 million decatherms at the city gates for January 2010, as compared with 1.196 million decatherms for January 2009; 3) a system throughput of 166.6 million decatherms in 2009 increasing to 195.9 million decatherms in 2019, as compared with 172.4 million decatherms increasing to 217.3 million decatherms for the same period in the previous IRP;[5] and 4) a total annual natural gas requirement of 122.5 million decatherms (approximately 50.4 million decatherms of Company-owned natural gas, assuming normal weather conditions, the Company's forecasted market prices for purchased gas, and the completion of new company-owned gas resources as planned,

[5]The decrease in throughput results from the inclusion of only "expected" volumes for electric generation in the forecast rather than the "contracted" take or pay volumes.

and approximately 72.1 million decatherms of purchased natural gas) for the 2009/2010 forecast period as compared with 126.9 million decatherms forecast in the 2008 IRP.

COMMENTS AND RECOMMENDATIONS OF THE PARTIES

The Company, Division and Office provide comments on the 2009 IRP. The Company evaluated each section of the 2009 IRP for conformance with the 2009 Standards and Guidelines. Its comments can be categorized as follows: 1) identification of requirements where it has provided the requisite information in the past and will continue to do so in future IRPs; 2) general comments on the planning nature of the IRP and its role in the ratemaking process; 3) requests for clarification or expansion of requirements of the 2009 Standards and Guidelines; 4) areas of disagreement with the 2009 Standards and Guidelines; and 5) comments on the required Distribution Action Plan.

The Division first recommends the Commission acknowledge the 2009 IRP. The Division then summarizes the results of the 2009 IRP; provides historical information on the IRP process, the Company’s demand-side management efforts and results, and gas costs including gathering, transportation and storage costs; and discusses the Company’s hedging program, variance reports, and gas quality issues. The Division also provides several specific comments with respect to the requirements of the 2009 Standards and Guidelines, mainly addressing detailed gas supply/demand results reporting, and makes a recommendation regarding the dollar value for reporting of distribution non-gas related projects. The Division concludes the

Company has provided the additional information and addressed specific issues as directed by the Commission in its December 14, 2007, Report and Order in Docket No. 07-057-01.[6]

Similar to the Company, the Office provided its comments within the outline of the 2009 Standards and Guidelines. The Office notes that many of these new requirements will provide important and useful information in evaluating Questar's resource plan and that the additional information required will satisfy many of the Office's concerns raised regarding insufficient information within the 2009 IRP. The Office's comments can be categorized as follows: 1) cost recovery, ratemaking and affiliated relations pertaining to the Company's pipeline expansion project; 2) areas where existing information is either sufficient or insufficient to meet the intent of the 2009 IRP Standards and Guidelines; and 3) identification of required changes and additions to meet the intent of the 2009 IRP Standards and Guidelines. In order to ensure that the next IRP meets expectations, the Office recommends that the Commission provide specific guidance to the Company listing the items and issues missing from this IRP that would be necessary to be compliant with the 2009 Standards and Guidelines.

We continue by addressing the parties' comments in the order of the specific sections of the 2009 IRP Standards and Guidelines.

a) Section I. Definition and Purpose

Pursuant to this section, the Company maintains the IRP should be viewed and treated as a *planning document* which serves to guide the decision making of the Company in

[6]Docket No. 07-057-01, "In the Matter of the Filing of Questar Gas Company's Integrated Resource Plan for Plan Year: May 1, 2007 to April 30, 2008." This Order required the Company to provide the additional information and address specific issues in future IRPs.

responding to actual events, not a definitive decision as to how the Company will operate. The Company must be allowed to maintain flexibility to deal with actual events as they occur.

The Division states it realizes actual results will vary from the IRP plan due to actual weather, gas price variances, production field capabilities and supply system constraints. These differences can be explained in the quarterly variance analysis reports.

The Office comments the guidelines indicate one of the purposes of the IRP is that it may be used to evaluate the Company's requests for recovery of gas costs in various proceedings, including pass-through and general rate cases. The Office is very concerned about the substantial budget reduction related to the pipeline expansion program noted in the 2009 IRP. In the 2009 IRP, funding of the pipeline expansion program has been sharply reduced from $45 million as specified in the 2007 general rate case to $10 million a year. The Office maintains the Company claims this 78% reduction in budget stems from the severe credit crisis, which has impacted the Company's ability to access capital markets and economically finance the pipeline expansion program.[1] Ratepayers are currently funding a $45 million pipeline expansion program, yet Questar Corporation has apparently decided to underfund the program by $35 million due to budget cuts and potentially divert revenue provided by ratepayers to other activities. In addition, the Company provides no evidence in the 2009 IRP demonstrating Questar's credit rating has declined and has had difficulties accessing capital at reasonable terms. The Office suggests this seems to be a matter requiring further investigation.

[1] See 2009 IRP page 4-15 and 16, "Explanation of Revised Feeder Line Replacement Funding Levels."

We agree with parties the IRP is a planning document and all deviations, both with respect to Distribution Non-Gas ("DNG") and 191 account issues, should be explained in detail, both the amount of the variance and the reason for the variance, in either the variance report, action plan, or future IRP. As with the Office, we too, are concerned about the Company's reduction in spending for its pipeline expansion program. However, since this matter is under consideration in the Company's 2009 General Rate Case Application in Docket No. 09-057-16,[2] we decline to address this issue in the context of this docket.

b) Section II. Reporting Requirements

Pursuant to Section II.A pertaining to IRP filing and reporting requirements, Questar affirms it will now begin filing its IRP in early June and will modify its reporting of distribution-related information to comply with the 2009 Standards and Guidelines.

The Office believes that the Company reasonably followed most of the filing requirements in the 2009 Standards and Guidelines. The Office, however, notes within the System Constraints and Capabilities section the Company only provides information relating to projects in the 2008-2009 time period. The Office believes the Company needs to include additional information about upcoming projects in its next IRP in order to be in compliance with the requirement to report on projects for the "following two calendar years." The Company agrees with this assessment as noted above.

[2]Docket No. 09-057-16, "In the Matter of: The Application of Questar Gas Company for Authority to Increase its Retail Gas Utility Service Rates in Utah and for Approval of Its Proposed Gas Service Schedules and Gas Service Regulations."

Section II.B requires the Company to file confidential quarterly variance reports. The Company states it has not previously been required to include distribution-related information in the quarterly variance reports. The Company does not anticipate that the 2009 IRP would have to be modified in order to meet the requirements of Section II.B.

The Office looks forwards to additional explanatory sections in the Company's upcoming variance reports in order for them to be compliant with this guideline.

We clarify variances for distribution-related projects shall now be included in the quarterly variance reports.

c) Section III. Planning Process and IRP Development, Review and Public Comment

Sections III.A and III.B require the Company to hold at least one informational public meeting with the Commission, the Division and the Committee and any other interested party in April or early May each year, at which the Company will provide specific information pertaining to modeling and forecasting. The Company welcomes the requirement that the Commission, Division and Office provide comments on the adequacy of the usage/customer forecasting, and linear programming optimization ("LPO") and DSM modeling. The Company recommends expansion of this requirement to include comments and feedback to the Company's plan with regard to all of the requirements in Sections III.A and B.

Regarding changes in the LPO, DSM and gas network analysis ("GNA") modeling processes, the Company notes it will not have fully developed modeling and forecasting by April or early May. During the April or early May informational meeting, the Company will be prepared to discuss other items listed in Sections III.A and B, and its preliminary findings relating to the modeling. The Company recommends if more information is desired, interested parties may want to request an additional informational meeting as provided in Section III.A.3.

The Office does not believe the latest quarterly report and near and long term gas quality and storage issues were addressed in any public meeting. The Office also notes there were no informational meetings discussing confidential matters, although it is unaware of any confidential issues requiring such a meeting. In future IRPs, the Office recommends the Company could ensure compliance with this guideline by noting whether or not such issues exist for each case.

We agree with the Company's recommendation to include comments and feedback to the Company's plan with regard to all of the requirements in Sections III.A and B, thereby making the requisite public meetings more akin to public input meetings. We also agree with the Office's suggestion regarding the Company's compliance with this condition. We also recognize the constraints regarding presentation of the results of the LPO, DSM and GNA models and find the Company's recommended solution to this acceptable. We also encourage all participants in these meeting to ensure all of the required topics are addressed as well as other associated issues.

We do have one concern, however, relating to how the Company notices its public meetings. While these meetings are scheduled with the Commission it is not clear how the Company is ensuring public notification of these meetings. We direct the Company to explain its method for noticing the IRP meetings during one of the 2010 IRP public meetings.

d) Section IV. Role of IRP in Ratemaking Proceedings

Section IV recognizes the IRP "may be used by regulators and other parties as evidence in their evaluation of cost recovery of both gas and non-gas costs for the relevant period." Section IV also provides "the Commission's evaluation of prudence in ratemaking proceedings will be based on the reasonableness of the Company's decision-making process in view of the planning process and associated IRP, and the information available at the time the decision is made." The Company again emphasizes the IRP is a planning document containing forecasts and plans based on information available at the time and should not be utilized as a hard-and-fast rule by which the Company must operate.

The Company suggests these Guidelines seem more applicable to a production or transmission decision that are typically years in the planning. The Company asserts at the distribution level, events and circumstances change in unpredictable ways and such events and circumstances may cause the Company to deviate from its prior plans. Indeed, the Company argues, much of the distribution-related information required under the new 2009 Standards and Guidelines is dependent upon circumstances wholly beyond the Company's control.[1] The Company states it makes business decisions based upon the facts as they ultimately unfold, even when those facts are different than what was anticipated when the IRP was drafted.

[1] Questar Gas cannot predict, for example, when a developer will choose to construct a subdivision or facility that will require the construction of new gas mains or other facilities. Predicting all such developments two years into the future is simply not possible.

The Office notes if the Commission does not follow up on the budget reduction impacting the pipeline expansion project within this docket, then it will likely become an issue in future rate proceedings.

We again emphasize the IRP is a planning document. Through its variance reports, the Company is required to explain deviations from the IRP. We do not view the information contained in the IRP any differently from other publically available information which helps parties evaluate the prudency of an action taken by the Company in any type of cost recovery proceeding.

Again, as indicated above, as the Company's pipeline expansion projects are under consideration in the Company's 2009 General Rate Case Application in Docket No. 09-057-16, we decline to comment on this issue in the context of this docket.

e) Section V. Affiliate Relations

The Office is concerned the pipeline budget reduction mentioned above may reflect a situation in which the financial considerations within Questar Corporation have influenced resource planning to the detriment of customers, which would be in direct conflict of this guideline. On page 4-16 of the 2009 IRP, the Company indicates Questar Corporation has cut total capital expenditures for 2009 by $1.3 billion, which is a reduction of 50% from 2008 levels. The associated budget cut for the Company is a reduction from $138 million to $84 million. The Office suggests this budget cut needs to be investigated by the Commission in context of the reduction in the pipeline expansion program discussed by the Office above.

Again, since this matter is under consideration in the Company's 2009 General Rate Case Application in Docket No. 09-057-16, we decline to address this issue in the context of this IRP docket.

f) Section VI. General Guidelines and DNG Action Plan

Section VI requires the Company to develop a list of general guidelines governing its operational strategies for the gas supply resources for the upcoming year as well as a DNG Action Plan ("Distribution Action Plan") outlining the specific resource decisions and steps necessary to implement the IRP relating to distribution resources. It further provides the guidelines and Distribution Action Plan "will serve as the basis for evaluating the Company's performance over the planning year." The Company observes though it has, in the past, provided a list of general guidelines governing its strategies for the gas supply resources, it was not previously required to include a Distribution Action Plan. Distribution expenditures, by their very nature, are more fluid and require far less lead time to implement. The Company does not believe it is workable or meaningful to include a level of detail identifying every new main extension or service line in such a plan, but rather suggests it is more appropriate to include in the Distribution Action Plan an overview of its planned distribution-related costs and projects. The Company believes the Distribution Action Plan should consist of a general discussion of material projects.

The Office believes the IRP Section 2-6 Goals and Objectives can be seen as a precursor to fulfilling this guideline. However, the Office looks forward to a more specific action plan in fulfillment of this guideline in future IRPs.

We agree with the Company's assessment regarding the Distribution Action Plan. For new main extensions or service lines, we find it appropriate to include an overview of the planned projects and their costs. The Distribution Action Plan, however, should address material projects as identified by the Company in Section IX.C.2 of the 2009 Standards and Guidelines as discussion below. In addition, the Company must explain how it defines materiality.

g) Section VII. IRP Models

Section VII requires the Company to provide a list and description of the models utilized for compiling the IRP. The Company indicates it has provided this information in the 2009 IRP, and will continue to provide this information in the future.

The Division states it is unclear how or if the SENDOUT model determines the shrinkage, loss and unaccounted for gas demand requirement. In addition, the Division assumes the SENDOUT model calculates the storage fuel factor (i.e., the supply requirement which is used by compressors to inject or withdraw gas from the storage reservoirs).

The Division observes sales demand drives the supply requirement. Weather and gas price are the two variables influencing the demand requirement as mentioned in the IRP on page 9-2. The Division maintains when the SENDOUT model performs the Monte Carlo analysis, weather is the only variable influencing sales demand. However with the recent reported increase in usage per customer (see Exhibit 3.2), price also appears to have an influence on customers' usage patterns. Because price does play an important role in usage patterns, the Division recommends the Company needs to investigate how the SENDOUT model can be adapted to reflect the influence price has on customer usage.

The Office believes the level of description of IRP models is sufficient to meet the intent of this guideline.

We direct the Company to explain how it currently incorporates the connection between natural gas price and usage patterns during one of the 2010 IRP public meetings.

h) Section VIII. Level of Detail

Section VIII requires the Company to provide sufficient information to show how the Company reaches its resource selection conclusions as to the least-cost plan for providing energy services, including acquisition of natural gas storage, transportation, and distribution services consistent with its duties specified in Utah Code 54-3-1. The IRP must also address all relevant system, contractual, gas quality, operational and regulatory issues known to the Company at the time the IRP is submitted. The Company believes it has provided this information in the 2009 IRP, and will continue to provide this information in the future.

The Office believes the Company's consideration of alternatives and criteria used to make decisions in acquiring certain services or resources is lacking. The Company has increased its discussion of relevant issues impacting system planning and operations, but it is difficult for the Office to comment on whether the Company has identified "all known" issues relevant to planning and operations. The Office is concerned about the lack of discussion on issues such as Ruby Pipeline, the Kern River Expansion, the Sunstone, and Overthrust expansions and what impact these might have on supplies, contracts, gas quality, prices, etc. The Office submits these are the types of issues the Commission was referencing in the 2009 Standards and Guidelines. The Office expects to see discussion of these issues in the next IRP.

We commend the Company on its recent efforts to increase the level of detail in the IRP. In order to address the Office's concern in a proactive manner, to the extent parties are made aware of issues which they believe are relevant to Questar's IRP planning process, these issues should be suggested to the Company for inclusion in the IRP at any time or should be brought forth during the IRP public meetings so that the Company will have time to evaluate them and how they will be addressed in the IRP.

I) Section IX. Specific IRP Components, A. General Information Requirements

Regarding the requirements of Section IX.A, the Office maintains the Company currently includes information which only partially satisfies the 2009 Standards and Guidelines.

Section IX.A.1. requires the inclusion of a description of IRP objectives and goals for both the gas supply and distribution functions of the Company. The Company states it has included these descriptions in the 2009 IRP and will continue to do so in the future. The Office maintains the Company, in order to fully comply, will need to add a description of IRP objectives for both the gas supply and distribution functions of the Company.

Section IX.A.2 requires the Company to include a range of load growth forecasts broken out by residential, small commercial and non-General Service categories of commercial, industrial and electric generation customer groups. The Company maintains it has in the past developed its forecasts based upon the service class categories described above but did not show results broken into those service class categories. The Company believes providing a "range of load growth forecasts" is both unnecessary and unduly burdensome. The stochastic nature of the Monte Carlo modeling sufficiently addresses the range of demand variation. Adding a range of forecasts will triple the time and effort necessary to complete the modeling. Additionally, the Company is concerned about reflecting the service class subgroups in the modeling process. Modeling at this level of granularity will substantially increase the complexity and preparation time for modeling, especially when compared to the limited value such a breakout would provide. The Company believes these new requirements provide no additional value and will place an undue burden upon the Company.

The Office maintains the Company, in order to fully comply, will need to change its presentation of load forecasts to match the guideline requirements.

Based upon the Company's comments we clarify the intent of Section IX.A.2. It is the intent of this Section to require the Company to add a range of forecasts to its modeling process. We agree the stochastic nature of the Monte Carlo method will sufficiently address the range of demand variation/historic volatility. This method, however, does not necessarily address uncertainty in forecasts. We find further discussion on this issue is warranted during one of the 2010 IRP public meetings.

We also find the presentation of the forecasts should be broken into the various categories of customers rather than single groups. For example, the charts on Exhibit 3.1 of the 2009 IRP only show system GS year-end customers and additions. Of greater use, however, would be to see charts broken out by residential, commercial, and other firm sales and interruptible classes. Charts addressing average usage per customer should be broken out by the various classes of customers. Charts addressing system non-GS gas demand should be broken out by applicable schedules. Firm peak demand, system throughput, system sales, and other related graphs should be broken down into the various categories as well. We find presentation of information in this manner is of value to parties as the current charts do not indicate the classes of customers responsible for the growth which, in a planning document, would be important in the assessment of the Company's system and upcoming projects. Further discussion of this issue in light of the Company's models may be warranted during upcoming pre-2010 IRP filing meetings.

Section IX.A.3 of the Guidelines requires the Company to include a range of weather conditions. The Company states it has always included such information in its IRP, did so in the 2009 IRP, and will continue to do so in the future. The Office maintains the Company, in order to fully comply, will need to present a discussion and analysis of a range of weather conditions, rather than relying solely on the use of a random weather year selected by the SENDOUT model.

Section IX.A.4 requires the Company to analyze the effect various economic and demographic factors would have on consumption or future loads. The Company states it has included such information in the past, did so in the 2009 IRP, and will continue to do so in the future. The Office maintains the Company, in order to fully comply, will need to include additional analysis about factors that will affect natural gas consumption such as alternative energy sources and changes in end uses.

In this section we note the Company, Division and Office have varying notions of whether information is lacking in the 2009 IRP and what additional information must be included in future IRPs in order for it to be compliant with the 2009 Standard and Guidelines.

With such disparate evaluations we find these issues require further discussion by the parties and we direct the Company to include a discussion of each of the issues which we have not specifically addressed above during one of the 2010 IRP public meetings. During these meetings we encourage open dialogue whereby parties clarify and discuss their positions with the goal of reaching a consensus, to the extent possible, on the issues above.

j) Section IX. Specific IRP Components, B. 191 Account Issues

The Office maintains many of the requirements of the 191 Account Issues in the 2009 Standards and Guidelines have not been included in 2009 IRP and need to be added to future IRPs in order for them to be consistent with the new guidelines.

Section IX.B.1 requires the Company to include an economic assessment of ". . . all viable delivery, gas supply, load management and demand-side resource options on a consistent and comparable basis . . ." The Company maintains it has previously included economic analyses related to delivery and gas supply in its IRPs, including the 2009 IRP, and will continue to do so in the future. The Company states it regularly reports to the Commission the results of economic analyses for the demand-side resources, included them in the 2009 IRP, and will include those results in its IRPs in the future.

The Company, however, is concerned the Commission is seeking reporting on "load management." This term is more commonly applied in the context of electric utilities. The Company is uncertain what "load management" would be as applied to a natural gas utility or how it would report upon it. The Company seeks clarification regarding this requirement.

Although the Company discusses resource options such as Wexpro, transportation and demand-side resources, the Office maintains the IRP does not provide "economic assessment of all viable delivery, gas supply, load management and demand-side resource options on a consistent and comparable basis." The Office believes this is a critical function of integrated planning and looks forward to reviewing this type of analysis in future IRPs. The Office continues to be concerned about the lack of detail included in the IRP regarding the gathering agreements and asserts that the 2009 IRP includes a relatively brief discussion of the System Wide Gathering Agreement, which is the largest, but only one of the gathering agreements. The Office states it would expect a detailed explanation of that contract compared to other gathering and transportation agreements as well as evidence that these contracts continue to benefit consumers. The Office believes that this additional information is necessary to fulfill the requirement for "discussion and analysis" included in the 2009 Standards and Guidelines.

While many people are familiar with electric residential load control programs for air conditioners or electric water heaters, in this context we view load management as any technique or strategy which either reduces maximum demand on the system or reduces demand during a period of interruption. As such this would entail, at a minimum, an assessment of interruptible contracts and their affect on Questar's system and how they contribute to and/or are used for peak load management. With respect to the Office's comments regarding "economic assessment of all viable delivery, gas supply, load management and demand-side resource options on a consistent and comparable basis," further discussion on this issue should be undertaken during one of the 2010 IRP public meetings. We also agree with the Office additional information on System Wide Gathering Agreement should be provided by the Company in either the IRP or as part of the 2010 IRP process.

Section IX.B.2 requires the Company to depict its proposed gas supply portfolio and operational strategy, including the supply/demand results broken out by residential, commercial and the non-GS categories of commercial, industrial and electric generation. The Company states it has historically provided such information, but has not been required to break out the results into service classes. The Company maintains providing such information broken out by customer service class is burdensome and of such limited value, therefore it should not be required.

The Division, on the other hand, believes a complete monthly representation of the demand/supply portfolio is important in the IRP process to ensure that all components of the actual accounting process followed in gas supply pass-through proceedings are presented in the planning process. The Division provides a proposed Gas Balance table formatted as discussed in IX.B.2 and an explanation of how the numbers in the table are derived. The Division states for the next IRP the detail of the total sales will need to be provided, especially the non-GS sales sector. Because economic conditions influence each of these sales sectors and in order to arrive at a more complete analysis of the supply requirements, the Division believes the sales forecasts need to be developed and explained at this level of detail. The Division assumes the SENDOUT model will allow for inputs at this level of detail. If not, the Division suggests the Company will need to investigate what changes will be necessary to incorporate these inputs into the model.

The Division realizes actual results will vary from the IRP plan due to actual weather, gas price variances, production field capabilities and supply system constraints. Those differences can be explained in the quarterly variance analysis reports. The Division maintains the variance reports should present the analysis at the same level of detail as the IRP Gas Balance presentation outlined in this section.

The Office maintains a results section, as specified in the guidelines, needs to be added to future IRPs in order for them to be consistent with the new guidelines.

We agree with the Division's position on this issue and find this type of information of value in evaluating the Company's IRP.

Section IX.B.3 requires the Company to include a discussion and analysis of the availability and use of storage reservoirs and an explanation of the reservoir management practices in the IRP. The Company states it has included such discussions previously, did so in the 2009 IRP, and will continue to do so in the future.

Section IX.B.4 requires the Company to include a discussion and analysis of gathering and transportation-related issues. The Company states it has included such discussions previously, did so in the 2009 IRP, and will continue to do so in the future. The Company notes that some such information is confidential and will be presented confidentially in the future.

Section IX.B.5 requires the Company to include a discussion of producer imbalances, and fields where recoupment nominations have occurred or may occur. The 2009 IRP included a discussion of producer imbalances, but the Company was not required to include a discussion of where and when future recoupment nominations may occur. Due to changing market conditions, these imbalance and recoupment issues often occur without significant notice and, therefore, can be very difficult to predict. The Company notes such information is confidential and, to the extent such imbalances are anticipated, it will include them, on a confidential basis, in future IRPs.

The Office maintains additional discussion of Wexpro imbalances (including "terms, time-periods, volumes and fields where recoupment nominations have occurred and/or may occur") needs to be added to future IRPs in order for them to be consistent with the new guidelines. Specifically, the Office desires adequate discussion and analysis to clearly evaluate whether the imbalances are being handled in a way benefitting customers.

We agree additional information on how the Company manages imbalances (e.g., how/when does the Company decide to initiate recoupment actions) should be provided by the Company either in the IRP or during the 2010 IRP public or confidential meetings.

Section IX.B.6 requires the IRP include a discussion and evaluation of reasonably predicted, anticipated or known gas quality issues during the planning horizon. The Company states it has previously reported on such matters in its IRPs, did so in the 2009 IRP, and will continue to do so in the future.

The Office maintains additional discussion and analysis of potential future gas quality issues needs to be added to future IRPs in order for them to be consistent with the new guidelines. Given the significant time and resources spent by the Company and regulators addressing the coal seam gas and associated CO2 gas processing issues, the Office believes an in-depth analysis of gas quality issues needs to be routinely included in IRP filings.

Section IX.B.7 requires the IRP include a discussion of the level of lost and unaccounted for gas and an explanation of the Company's efforts at reducing lost and unaccounted for gas and reducing natural gas emissions in pipeline construction activities. The Company notes it has not previously been required to include such a discussion in its IRPs and therefore did not do so in the 2009 IRP, but will provide such information in the future.

The Office maintains an explanation of the Company's efforts at reducing lost and unaccounted for gas and reducing natural gas emissions in pipeline construction and operations activities would need to be added to future IRPs in order for them to be consistent with the new guidelines. The Company agrees with this assessment as noted above.

Section IX.B.8 requires the IRP include a planning horizon of "sufficient length to effectively model Company production as well as economically viable energy efficiency measures." The Company states it has included such discussions previously, did so in the 2009 IRP, and will continue to do so in the future.

Section IX.B.9 requires the IRP include a discussion of "how changes or risks in the natural gas industry, the regulatory environment, and/or industry standards" may affect "resource options available to the Company and potential impacts on resource options and attendant costs." The Company states it has included such discussions previously, did so in the 2009 IRP, and will continue to do so in the future.

The Office maintains an explanation of how industry, regulatory, and standard changes, may affect resource options would need to be added to future IRPs in order for them to be consistent with the new guidelines.

Section IX.B.10 requires the IRP include a set of general guidelines which identify the resource decisions necessary to implement the results of the planning process and associated IRP. The Company states it has included such guidelines previously, did so in the 2009 IRP, and will continue to do so in the future.

The Office maintains the identification of specific resource decisions showing the business plan is consistent with the IRP needs to be added to future IRPs in order for them to be consistent with the 2009 Standards and Guidelines.

Section IX.B.11 requires the IRP include an evaluation of the risks associated with various resource options and a list of considerations permitting flexibility in the planning process. The Company states it has included such discussions previously, and did so in the 2009 IRP, and will continue to do so in the future.

The Office maintains the Company must evaluate the risks of various options listing flexibility in options and addressing future uncertainty needs to be added to future IRPs in order for them to be consistent with the 2009 Standards and Guidelines.

Section IX.B.12 requires the IRP modeling to be used to calculate avoided gas costs. The Company believes this requirement has been met in the past, and it will continue to meet this requirement in the future.

The Office maintains the IRP must include analysis or information necessary to calculate avoided gas costs in order to be consistent with the new guidelines.

As with the previous section, in this section we note the Company, Division and Office have varying notions of whether information is lacking in the 2009 IRP and what additional information must be included in future IRPs in order for it to be compliant with the 2009 Standard and Guidelines. With such disparate evaluations we find these issues require further discussion by the parties and we direct the Company to include a discussion of each of the issues which we have not specifically addressed above during one of the 2010 IRP public meetings. During these meetings we encourage open dialogue whereby parties clarify and discuss their positions with the goal of reaching a consensus, to the extent possible, on the issues above.

k) Section IX. Specific IRP Components, C. DNG Issues

The Office maintains the current IRP contains an overview of the system and its capabilities and constraints, but very little of the other requirements for DNG issues included in the 2009 Standards and Guidelines.

Section IX.C.1 of the Guidelines requires the Company to provide an overview of the distribution system and to identify system capabilities and constraints. The Company states it has included such discussions previously, did so in the 2009 IRP, and will continue to do so in the future.

Section IX.C.2 requires the Company to identify "substantial" or "material" projects and their associated budgets, long-range plan estimates, and a forecast of the revenue requirement impacts for those projects over the three-year time frame addressed in the IRP. To the extent such projects were under way or are in the planning process, the Company maintains it has included such discussions in the 2009 IRP. The Company notes this requirement lends itself more to production and transmission related projects, and smaller projects, like mains, measurement and regulator station equipment projects are often small and numerous and will rarely, if ever, rise to the level of a "substantial" or "material" project.

Section IX.C.2 also requires the Company to summarize the analyses of alternatives evaluated for each project, including costs, benefits and risks associated with each as well as a comparison with the next best alternative. The Company believes this makes sense for a material project, but at the distribution level, there are not many projects that reach a material level when compared to a production or transmission project. Determining the benefits, risks and next best alternatives is not typically done for capital investment below the feeder line level. The Company will follow the Commission's Order and establish a materiality level and report accordingly.

The Division recommends the analysis required under this section be limited to projects requiring $1,000,000 or more for replacement or growth during the next two-year period. Growth projects should include feeder line and large diameter mains with the attendant revenue requirement calculations. Projects under $1,000,000 should be reported in aggregate with a total expected capital expenditure amount for the next two years, and exclude the analysis of revenue requirement, alternatives evaluated or cost /benefit of the next best alternative.

The Office suggests additional information related to the identification of substantial projects including; feeder line, large diameter main, small diameter main, and measurement and regulation station equipment projects, with their associated capital budgets and long-range plan estimates, and a forecast of the revenue requirement impacts over a three year time frame needs to be added to future IRPs to be in compliance with the 2009 Standards and Guidelines.

The Office also suggests a summary of the analysis of alternatives evaluated for each project, including costs, benefits, and risk and a comparison of each selected project with the next best alternative along with the reason for its rejection would need to be added to future IRPs in order to be in compliance with the 2009 Standards and Guidelines. The Office further suggests a comparison of each selected project with the next best alternative, including cost, benefit, risk, tradeoffs, etc. needs to be added to future IRPs in order to be in compliance with the 2009 Standards and Guidelines.

Section IX.C.3 requires the IRP include a discussion of how changes or risks in the natural gas industry and/or the regulatory environment affect resource options available to the Company and their potential impacts on resource options and costs. Though the Company did report on such matters in a general fashion in the 2009 IRP, it was not previously required to offer discussion specifically related to distribution issues. Nonetheless, the Company believes the general discussion appearing in the 2009 IRP sufficiently fulfills the requirements of this section, and will continue to include such information in future IRPs.

The Office suggests a discussion and analysis of how industry, regulatory, and standard changes, may affect resource options and costs needs to be added to future IRPs in order to be in compliance with the 2009 Standards and Guidelines.

Section IX.C.4 requires the Company include “a range” of estimated external costs in order to show how such costs might affect the selection of resources. The Guidelines are not clear as to what “external costs” are referenced in this section. The Company seeks clarification on this issue.

The Office suggests a range, not precise quantification of estimated external costs and their effect on the selection of a resource would need to be added to future IRPs in order to be in compliance with the 2009 Standards and Guidelines.

The Company’s clarification request has merit. We find further discussion on this issue is warranted during one of the 2010 IRP public meetings.

Section IX.C.5 of the Guidelines requires the IRP include an explanation of the underlying integrity management plan activities and associated costs for the three-year time frame. The Company states the 2009 IRP included such an explanation and such information will be provided in the future.

The Office suggests the integrity management plan with associated costs for the three-year time frame addressed would need to be added to future IRPs in order to be in compliance with the 2009 Standards and Guidelines.

Section IX.C.6 requires the Company to include a DNG Action Plan outlining specific resource decisions and steps necessary to implement the IRP. The Company again reiterates its concern that the Guidelines seem to be more applicable to a production, generation or transmission setting and would only apply to the distribution level for material projects.

The Office suggests the DNG Action Plan outlining specific resource decisions and steps to implement the IRP consistent with the Company's budget and business plan for three years needs to be added to future IRPs to be in compliance with the 2009 Standards and Guidelines.

As with the previous section, we note the Company, Division and Office have varying notions of whether information is lacking in the 2009 IRP and what additional information must be included in future IRPs in order for it to be compliant with the 2009 Standard and Guidelines. With such disparate evaluations, we find these issues require further discussion by the parties and we direct the Company to include a discussion of each of the issues which we have not specifically addressed above during one of the 2010 IRP public meetings.

During these meetings we encourage open dialogue whereby parties clarify and discuss their positions with the goal of reaching a consensus, to the extent possible, on the issues above.

l) Other Issues

In our March 31, 2009, Report and Order in Docket No. 08-057-02, we agreed with the Company's suggestion regarding technical conferences to better familiarize interested parties with the terms and conditions of the Wexpro Agreement and to discuss the modeling and planning provisions associated with its high pressure and intermediate high pressure systems. In preparation for the filing of the 2010 IRP, we direct the Company, with input from parties, to determine acceptable dates for these technical conferences during the next public meeting for the 2010 IRP. Once dates are determined the Commission will issue a notice for the requisite technical conferences.

DISCUSSION AND CONCLUSIONS

We again commend the Company for its commitment to the IRP process and timely IRP filings. We also recognize the Company's enhancement of the contents of the IRP as required by our December 14, 2007, Report and Order in Docket No. 07-057-01. We find the changes valuable and help educate parties on the issues and challenges facing the Company. We appreciate the candor of the parties as expressed in their comments. As there appear to be divergent ideas of what information will be necessary for the 2010 IRP to comply with the 2009 Standards and Guidelines, we encourage parties to attempt to resolve their issues through discussion during the upcoming 2010 IRP public meetings. We look forward to these meetings with the hope these issues will be clarified and resolved.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

1. The Company, the Division, and interested parties shall address IRP topics as directed in this order.
2. The Company shall include in all future IRPs and quarterly reports, information as clarified in this order.

DATED at Salt Lake City, Utah, this 22nd day of March, 2010.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#65746