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**Questar Gas Company**

180 East 100 South

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Salt Lake City, UT 84145-0360

Tel 801 324 5555

March 30, 2012

Chris Parker  
Utah Division of Public Utilities  
Heber M. Wells Building, 4th Floor  
P. O. Box 146751  
Salt Lake City, UT 84114-6751

Dear Chris:

Questar Gas Company (Questar Gas or the Company) respectfully submits this report and its accompanying exhibit to the Utah Division of Public Utilities (Division) in accordance with the Report and Order approving the Settlement Stipulation issued June 3, 2010 in Docket No. 09-057-16. Paragraph 15 of the settlement stipulation states that, "The Company will file quarterly reports describing the progress of infrastructure replacement with the Division."

The attached Exhibit 1 is a status report for the 12 months of 2011. On November 15, 2010, Questar Gas submitted a replacement plan to the Commission. Column A of Exhibit 1 shows the budget by project as it was filed in the November 15<sup>th</sup> plan. Column B shows the 2011 costs incurred. Column C shows the variance in actual expenditures relative to the budget for each of these projects. Column D shows the anticipated completion date or actual completion date if the project is already in service.

Several factors have contributed to the variance between the budget and the actual costs on each project. These factors are detailed below.

Feeder Line 12

- Worse than anticipated ground water conditions were encountered on the project due to high levels of precipitation in the spring of 2011. Water levels were anticipated to be approximately 5 ½ feet below the surface. Actual levels encountered were less than 3 feet below the surface.
- Higher water tables complicated trench de-watering operations and required trucking of approximately 7 million gallons of water per day for off- site disposal that was not anticipated in the budget.
- Water levels also required shallower than anticipated pipe installation depths, resulting in more utility crossings than were anticipated. As a result, more fittings and welding were required.
- The above factors slowed the footage installation to approximately half of the rates that budget projections were based upon.

- In the area of 2100 S. and 900 W., uncertainty on the part of Salt lake City regarding utility locations required re-routing of the line after partial trenching of a segment had been completed.
- In the Cheyenne and Navajo Street areas, a longer route with additional drops for utility conflicts was utilized to minimize impacts to two local schools.

#### Feeder Line 18

- Due to cold weather conditions during the winter of 2011, it wasn't possible to take the necessary portions of the system out of service. A 45 day delay was encountered and multiple contractor mobilizations were required.
- Decommissioning of the old pipeline was more expensive than anticipated.

#### Feeder Line 17

- Uncertainty in utility locations required many re-routes and re-alignments. Layton City also required a reroute that increased project length.
- One additional directionally drilled crossing of a canal not anticipated in the budget was required.
- Additional measures in tight working areas were required to maintain service to Hill Air Force Base.

#### Feeder Line 25/7

- Project length was significantly increased (approximately 17,000 feet) from the original project plan due to required re-routes that stranded some existing pipe and due to the need to upgrade the pressure rating of some existing 12-inch pipe segments. A major re-route was made at 2100 North at the request of UDOT and Lehi City.
- Project experience and the high level of other road construction activity in Utah County required significant additions to traffic control resources to protect public safety and minimize impacts.
- Ground water challenges were encountered on the project including trench collapse problems. As a result, more surface damage to roads requiring repair was experienced and more trench shoring was necessary. As a result, productivity was reduced and project costs increased.
- The I-15 Core construction project greatly impacted project trucking costs to haul and dispose of trench spoil material and supply fill material. Routes and travel times were longer than anticipated. Costs were approximately 40 percent higher than were anticipated in the budget.
- The Highway 93 crossing budget estimate was based upon open cut construction methods. UDOT's revised road project schedule required that the crossing be made with a bored crossing technique, which resulted in additional costs.

#### Other Feederline Projects

There was \$3,334,000 budgeted for other small feederline replacement projects. Actual

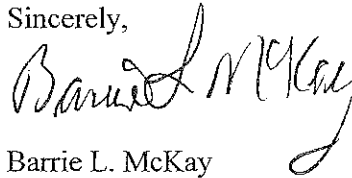
expenditures for these projects were \$1,956,686, or \$1.38 million under budget.

Future Feederline Projects

To allow scheduled projects to be completed and to enable pipe purchases for 2012 work to be made, Questar Gas allocated additional capital funding to the feeder line replacement program during 2012 as is indicated in lines 41-59 of Exhibit 1. The capital was available due to lower customer growth than what was budgeted.

Questar Gas will continue to provide quarterly feederline progress updates on an ongoing basis. If you or your staff has additional questions concerning these reports, please call me.

Sincerely,

A handwritten signature in black ink that reads "Barrie L. McKay". The signature is written in a cursive style with a large, sweeping "M" and "K".

Barrie L. McKay  
General Manager  
State Regulatory Affairs

cc: Public Service Commission  
Office of Consumer Services

**QGC Feeder Line Replacement Project Summary**  
As of 12/31/2011

Project	Description	A 2011 Budget	B 2011 Costs	C (A - B) Variance	D Completion Date
<b>FL19</b>					
1	01007067 FL19 Install 8",12" and 20"		52,629		
2	<b>FL19 Total</b>	500,000	52,629	(447,371)	Nov-10
<b>FL12</b>					
3	01008213 FL12-1 - Phase I - Install 7300' of 24" HP Pipe and 1 24" Block Valve Assembly		2,607,564		
4	01009341 FL12-2 phase II - Inst 20,835' of 24" HP Pipe		14,498,340		
5	01009441 FL13 2100 South 1045 West. Replacement of FL12 reconditioned pipe		131,767		
6	<b>FL12 Total</b>	15,566,000	17,237,671	1,671,671	Aug-11
<b>FL18</b>					
7	01009497 FL18-INST 7732' OF 12" & 200' OF 8" FBE ST HP PIPE & BLOCK VALVE ASSEMBLY		2,087,573		
8	<b>FL18 Total</b>	1,420,000	2,087,573	667,573	Mar-11
<b>FL17</b>					
9	01009359 FL17-INST 10,100' OF 12" FBE ST & 1,300' OF 6" FBE ST HP PIPE, ETC.		5,844,103		
10	<b>FL17 Total</b>	4,180,000	5,844,103	1,664,103	Aug-11
<b>FL25/7</b>					
11	01009666 FL25 100 East and State Street, Lehi		23,919,063		
12	01040078 FL26 - INST 6"X20" BELOW GROUND BLOCK VALVE ASSEMBLY		108,180		
13	01040064 FL24-INST 1650' OF 6" FBE ST HP PIPE PG0001, Pleasant Grove		20,350		
14	<b>FL25/7 Total</b>	20,000,000	24,047,593	4,047,593	Dec-11
<b>Other Feederline Projects</b>					
15	01006822 FL4		18,047		2010
16	01006824 FL11		(3,251)		2010
17	01040422 FL70		55,403		2012
18	01009120 FL23		152,275		2011
19	01009182 FL6		133,824		2011
20	01009253 FL34		9,396		2012
21	01009410 FL44		85,668		2011
22	01009612 FL10		153,059		2011
23	01009716 FL7		13,107		2011
24	01009725 FL46		203,449		2011
25	01009896 FL68		191,743		2011
26	01010051 FL8		15,726		2012
27	01010098 FL6		50,875		2012
28	01040177 FL24		248,078		2011
29	01040181 FL31		3,210		2012
30	01040196 FL71		171,787		2011
31	01040251 FL16		102,011		2011
32	01040330 FL71		112,287		2012
33	01040404 FL42		12,393		2011
34	01040421 FL53		5,015		2012
35	01040492 FL16		32,806		2011
36	01040493 FL110		2,544		2012
37	01040499 FL89		15,762		2012
38	01040914 FL52		2,055		2012
39	01041006 FL42		169,420		2011
40	<b>Other Total</b>	3,334,000	1,956,686	(1,377,314)	
<b>Future Feederline Projects</b>					
41	01010105 FL50		58,472		2013
42	01010132 FL23		879,210		2012
43	01040158 FL41		59,888		2013
44	01010104 FL14		186,989		2012
45	01009221 FL36		80,401		2014
46	01009372 FL26		6,964		2013
47	01009662 FL21		8,025		2013
48	01009663 FL21		2,746		2013
49	01040189 FL11		605,052		2013
50	01040190 FL14		11,465		2012
51	01040195 FL26		194,361		2013
52	01040209 FL38		20,359		2013
53	01040277 FL35		3,490,886		2012
54	01040420 FL22		27,784		2013
55	01040465 FL26		125,321		2013
56	01040494 FL21		14,358		2013
57	01040857 FL41		50,754		2013
58	01040858 FL41		35,454		2013
59	01041007 FL26		1,682,785		2013
60	<b>Future Feederline Total</b>		7,541,273	7,541,273	
61	<b>Grand Total</b>	45,000,000	58,767,529	13,767,529	