



Questar Gas Company
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November 12, 2011

Chairman Ted Boyer
Utah Public Service Commission
Heber M. Wells Building, 4th Floor
P. O. Box 146751
Salt Lake City, UT 84114-6751

Re: Replacement Infrastructure 2012 Annual Plan and Budget

Dear Ted:

In accordance with Section 2.07 of Questar Gas Company's Tariff, Questar Gas Company (Questar Gas) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2012. Questar Gas has budgeted to replace five major feeder lines during 2012: 1) Feeder Line 14 (Droubay Rd in Tooele), 2) Feeder Line 23 (800 N and 200 W in Logan), 3) Feeder Line 25 (100 E and State St in Lehi), 4) Feeder Line 35 (13400 S in Herriman and Riverton), and 5) Feeder Line 50 (Hwy 65 in Henefer). In addition to the major replacements, the company expects to spend about \$2 million on minor replacements. Exhibit 1, page 1, contains a table outlining the installation date (Column B), the original pipe size (Column C), the new pipe size (Column D), the length of the project (Column E), the anticipated cost in 2012 (Column F) for each of these projects, and estimated total project costs (Column G). Pages 2 through 6 of Exhibit 1 show the route of each of the respective projects. The solid line on each map shows the work expected to be complete in 2012. The dotted line represents work to be completed after 2012.

Questar Gas considered a number of elements in determining which pipelines to replace during 2011 including population density adjacent to a segment, diameter, operating history, overall pipe and coating condition, required future capacity reinforcements, and optimization of construction operations. Where possible, Questar Gas has made an effort to group projects in proximate geographic areas to minimize company and contractor travel and mobilization/demobilization costs.

Exhibit 2 shows the projected time line for each of the projects identified above. Feeder Lines 23, 25, and 50 are expected to be complete in 2012. Completion details on Feeder Lines 14 and 35 can be seen on exhibit 1, pages 2 and 5 respectively.

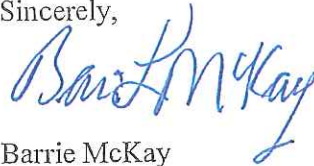
Questar Gas notes that, since it expects to spend \$57 million on the projects identified above (Exhibit 1, Column F, Line 7), it has attached information related to applicable budget limitations for your convenience and reference. Paragraph 15 of the Settlement Stipulation in Docket No. 09-057-16 (approved by the June 3, 2010 Report and Order in the same Docket) provides that the budget shall not exceed \$55 million (adjusted for inflation using the Global Insight Steel Index). Exhibit 3 is a copy of the

Global Insight Steel Index. Adjusting the 2010 \$55 million budget cap by the 7.6% 2011 inflation rate and the 1.8% 2012 inflation rate results in a \$60.2 million cap for 2012.

Exhibit 4 shows the infrastructure replacement schedule. It is anticipated that the Company will spend \$55 million per year from 2013 through 2016.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 09-057-16 and with Section 2.07 of Questar Gas' Tariff, the Company will continue to submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects.

Sincerely,



Barrie McKay
General Manager
State Regulatory Affairs

cc: Division of Public Utilities
Office of Consumer Services