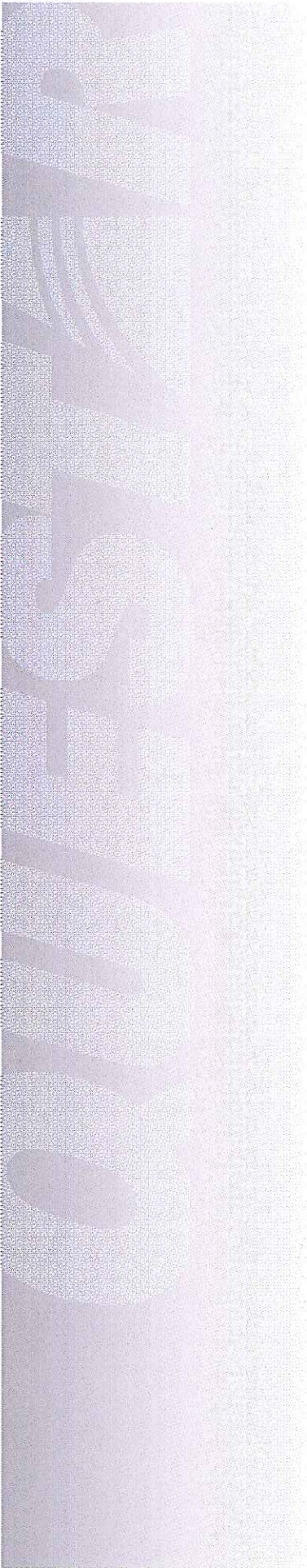


QGC EXHIBIT 3

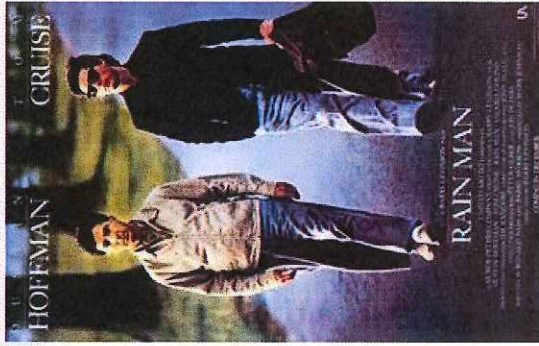


Senate Bill 275
Technical Conference

May 22, 2013

Kelly B. Mendenhall
Director Regulatory Affairs
Questar Gas Company

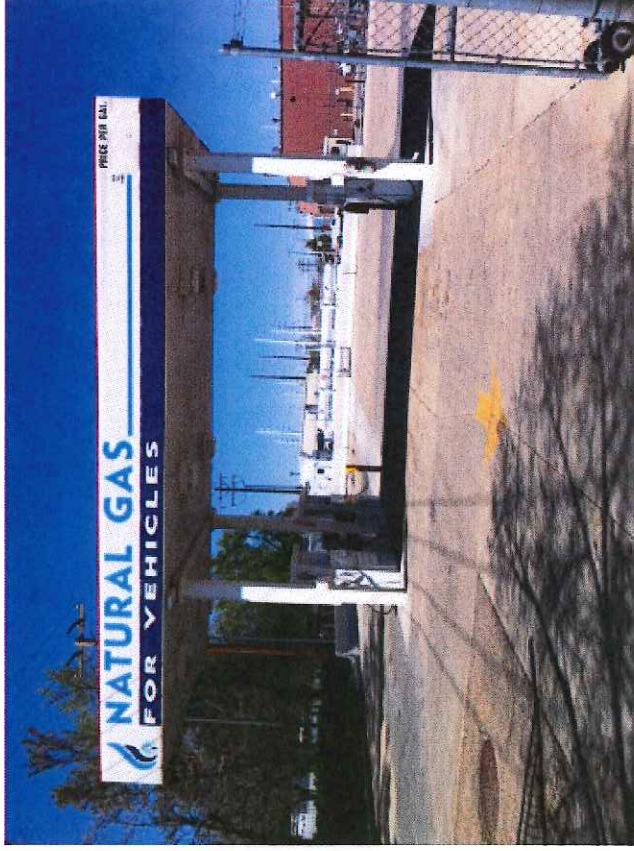
1988



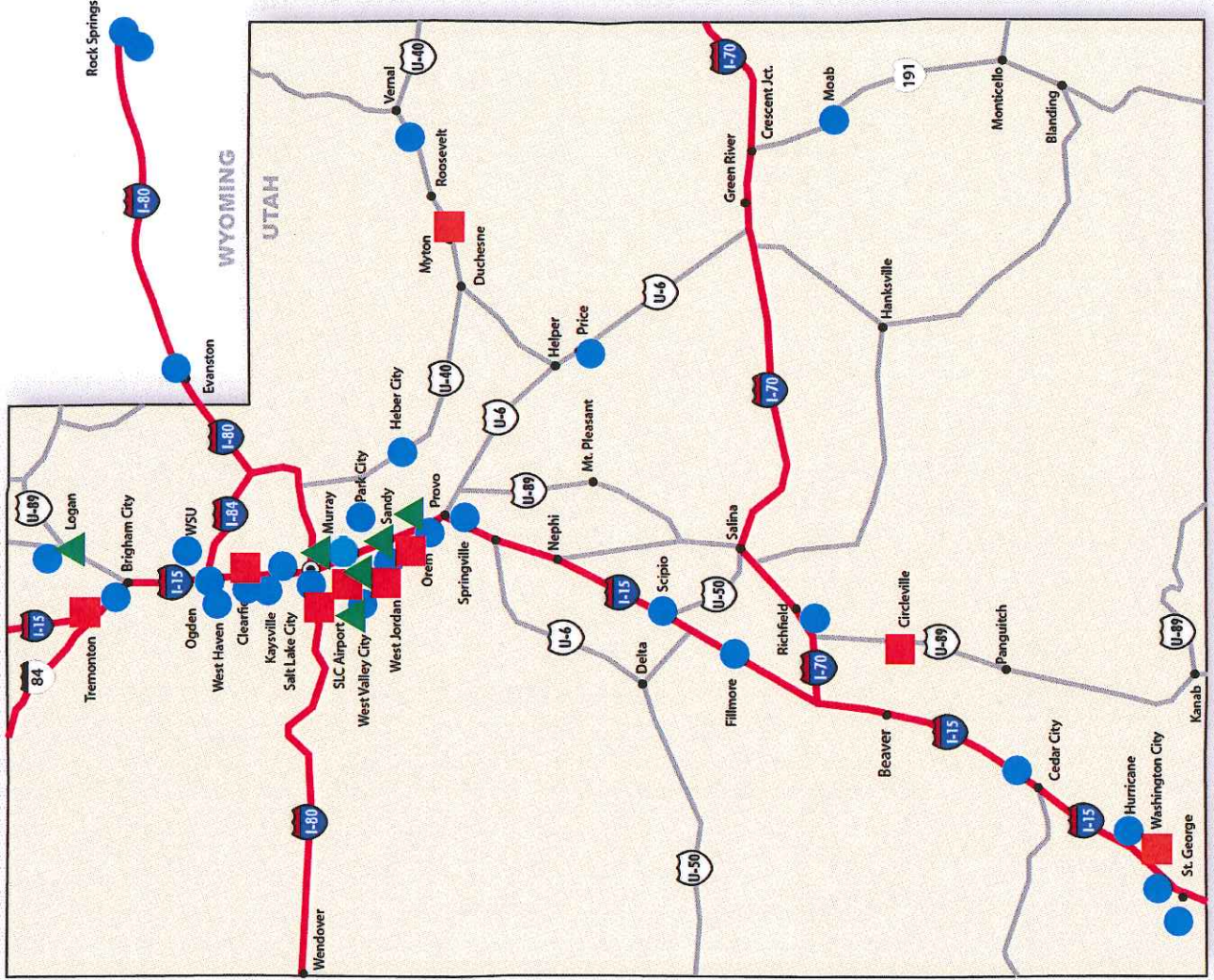
QUESTAR®



Questar Gas opens 1st public station



NGV Station Map



\$15 million
Investment

\$1.7 million operating
expenses

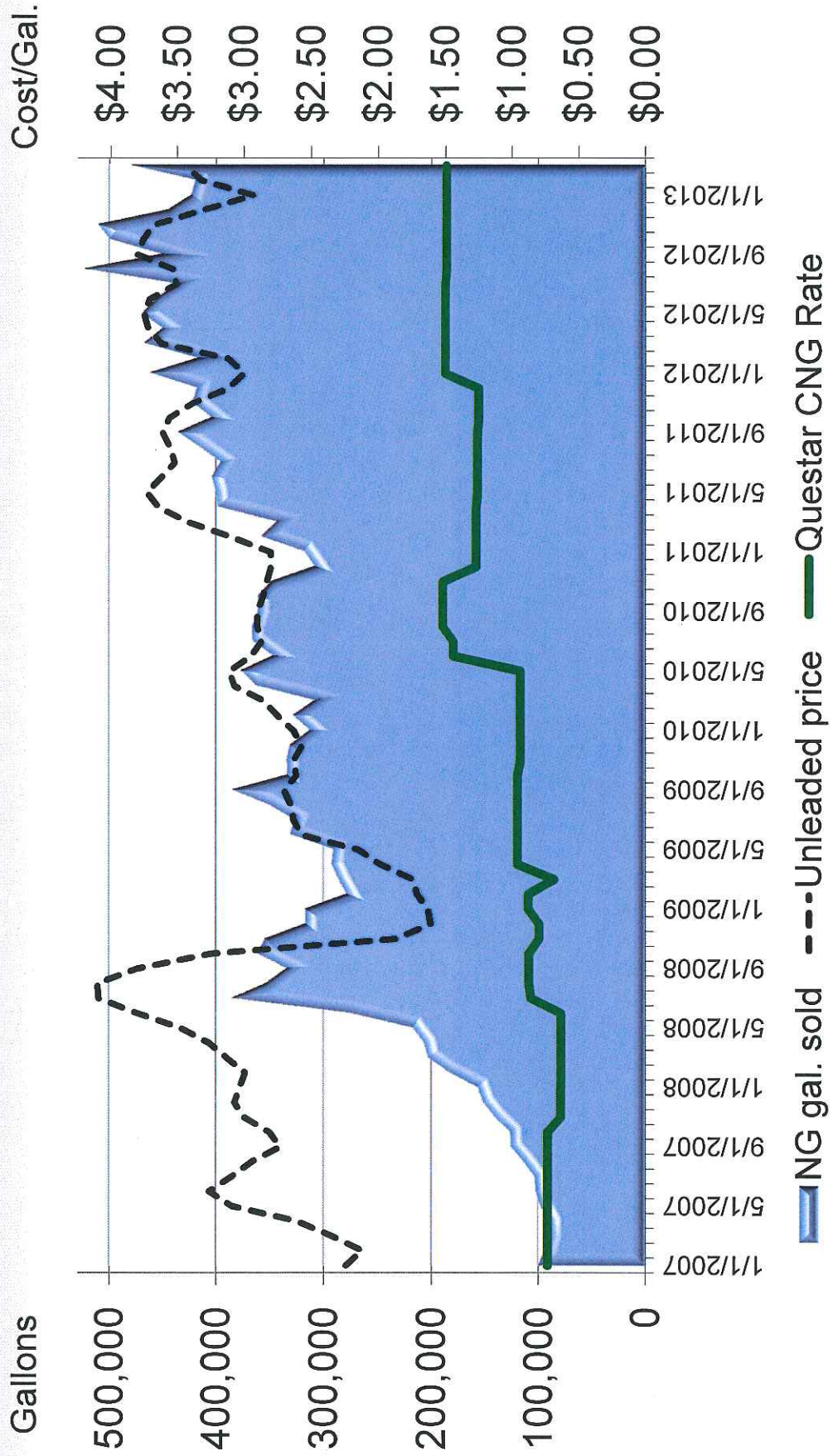
4,580 GGE per hour

5.4 million GGE sold

LEGEND:

- 29 Questar Gas Stations
- ▲ 6 State/Municipal Stations
- 9 Private/Public Stations

Questar Gas CNG demand



Rural Station



\$500K – \$1M of
Investment

\$20K - \$75K of O&M
Expenses

40K – 200K of GGE
sold

Urban Station

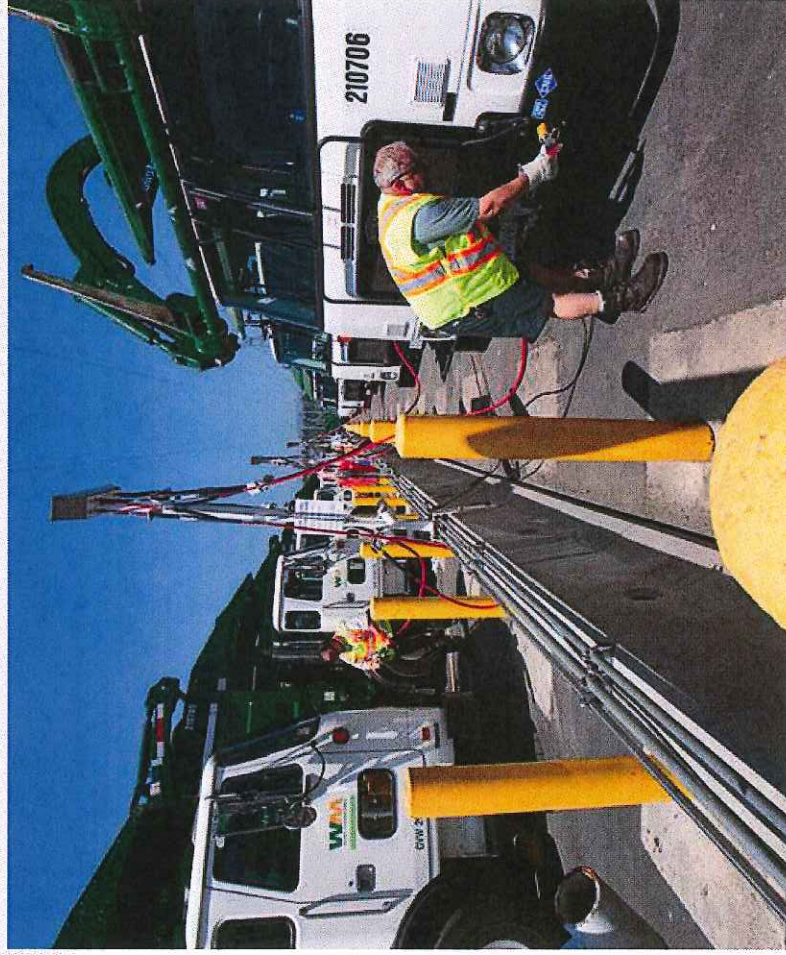


\$750K - \$1.4M of
Investment

\$25K - \$150K of O&M
Expenses

200K – 600K of GGE
sold

Fleet Facility



\$3M-\$5M of Investment

\$50K - \$300K of O&M Expenses

200K – 1.5M GGE Sold

2009 law allows for NGV rate to be subsidized

54-4-13.1. Natural gas vehicle rate.

- (1) The commission may find that a gas corporation's request for a natural gas vehicle rate that is less than full cost of service is:
 - (a) in the public interest; and
 - (b) just and reasonable.
- (2) If the commission approves a gas corporation's request under Subsection (1), the remaining costs may be spread to other customers of the gas corporation.
 - Enacted by Chapter 303, 2009 General Session

NGV rate is currently subsidized

- **Docket 09-057-16**

NGV Vehicle Cost of Service:

\$2.6 Million

NGV Rate Design:

\$2.2 Million

Amount Subsidized by other classes: \$400,000

$(432,000 \text{ DTH} \times 8.33 \text{ GGE}) = 3.6 \text{ Million GGE}$

\$0.11/Gallon subsidy

**Docket 09-057-16
(Settlement Stipulation)**

The parties agree.....[The Company] will apply for Commission approval of any investment in NGV refueling infrastructure that requires an annual capital expenditure exceeding \$1.5 million.

54-4-13.4. Natural gas fueling stations and facilities - Recovery of expenditures for stations and facilities.

- (1) The commission shall find that a gas corporation's expenditures for the construction, operation, and maintenance of natural gas fueling stations and appurtenant natural gas facilities for use by the state, political subdivisions of the state, and the public are in the public interest and are just and reasonable, if:
 - (a) the gas corporation's expenditures for the fueling stations and appurtenant facilities:
 - (i) are prudently incurred; and
 - (ii) do not exceed \$5,000,000 in any calendar year, unless the commission determines after the first year, through the general rate making process, that a higher amount is appropriate and in the best interest of the public;
 - (b) the gas corporation shows that the estimated annual incremental increase in revenue related to the stations and facilities exceeds 50% of the annual revenue requirement of the stations and facilities; and
 - (c) the stations and facilities are in service and are being used and are useful.

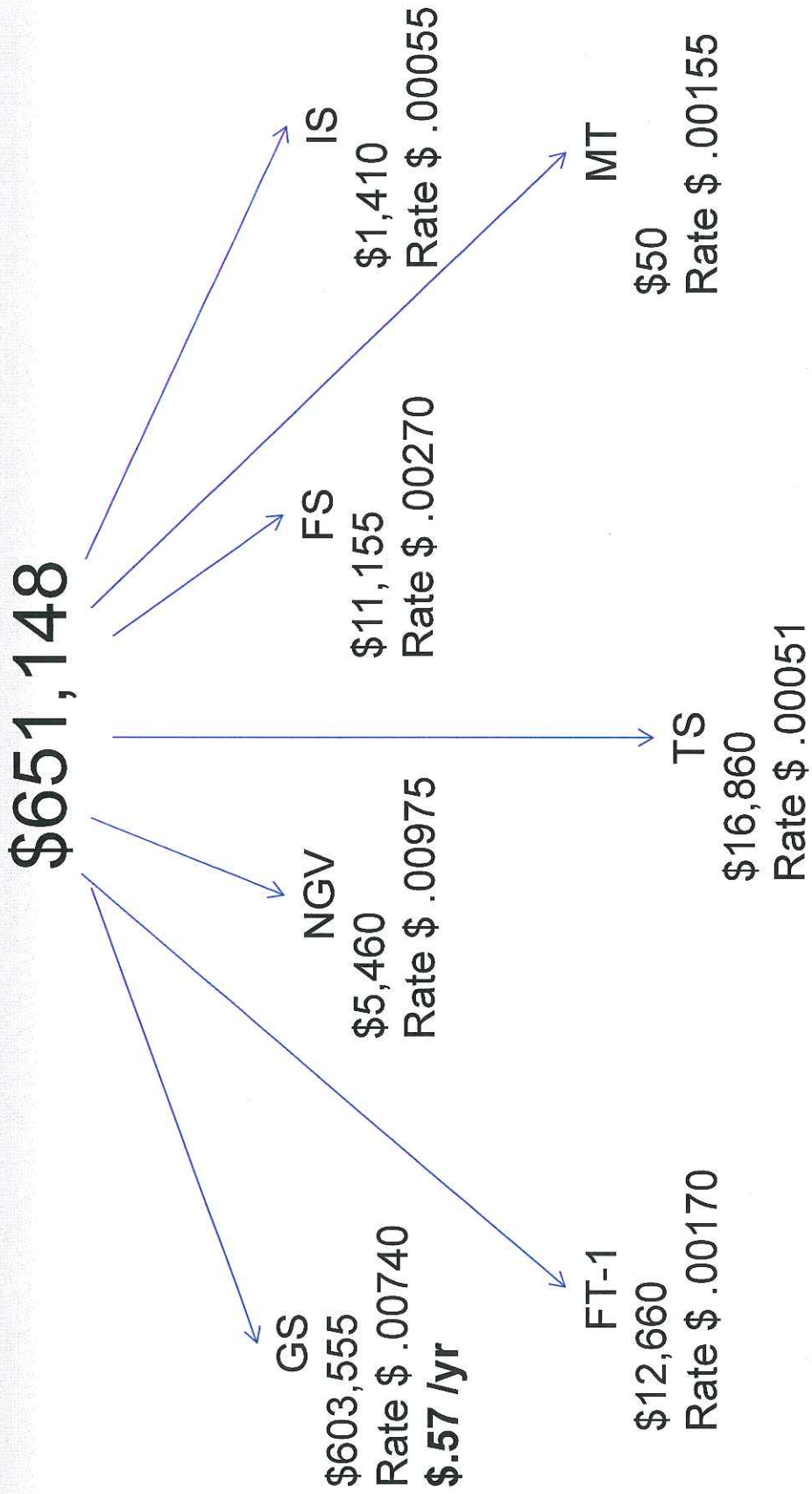
54-4-13.4. Natural gas fueling stations and facilities - Recovery of expenditures for stations and facilities.

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 - (a) the gas corporation's expenditures for the fueling stations and appurtenant facilities:
 - (i) are prudently incurred; and
 - (ii) do not exceed **\$5,000,000** in any calendar year, unless the commission determines after the first year, through the general rate making process, that a higher amount is appropriate and in the best interest of the public;
 - (b) the gas corporation shows that the estimated annual incremental increase in revenue related to the stations and facilities exceeds 50% of the annual revenue requirement of the stations and facilities; and
 - (c) the stations and facilities are in service and are being used and are useful.

Revenue Requirement \$5 Million in Investment

Investment	\$5,000,000
x Allowed Return	<u>8.42%</u>
Pre-Tax Return	421,000
Income Taxes	168,500
Depreciation (10%)	500,000
Property Taxes (1.2%)	60,000
O&M	152,795
Total	\$1,302,295
50% Incremental Revenue	<u>-\$651,148</u>
Revenue Requirement	\$651,148

Impact on a customers bill



Capital Investment Impact on Customers Bill



54-4-13.4. Natural gas fueling stations and facilities - Recovery of expenditures for stations and facilities.

- (1) The commission shall find that a gas corporation's expenditures for the construction, operation, and maintenance of natural gas fueling stations and appurtenant natural gas facilities for use by the state, political subdivisions of the state, and the public are in the public interest and are just and reasonable, if:
 - (a) the gas corporation's expenditures for the fueling stations and appurtenant facilities:
 - (i) are prudently incurred; and
 - (ii) do not exceed \$5,000,000 in any calendar year, unless the commission determines after the first year, through the general rate making process, that a higher amount is appropriate and in the best interest of the public;
 - (b) the gas corporation shows that the estimated **annual incremental increase in revenue related to the stations and facilities exceeds 50% of the annual revenue requirement of the stations and facilities**; and
 - (c) the stations and facilities are in service and are being used and are useful.

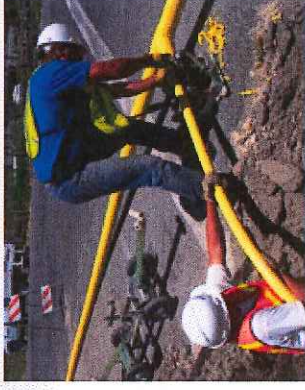
NGV Rate Breakdown per GGE



Natural Gas
50¢



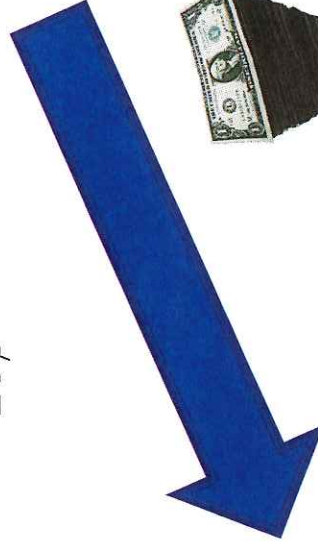
Interstate-transportation
10¢



Distribution-system
9¢



Compression, parts, labor & fees:
54¢



Rate:
\$1.23
Plus .18 Fed Tax & .08 State: \$0.26

Questar Gas pump price
\$1.49

Incremental Revenue Calculation

1 GGE = \$0.63

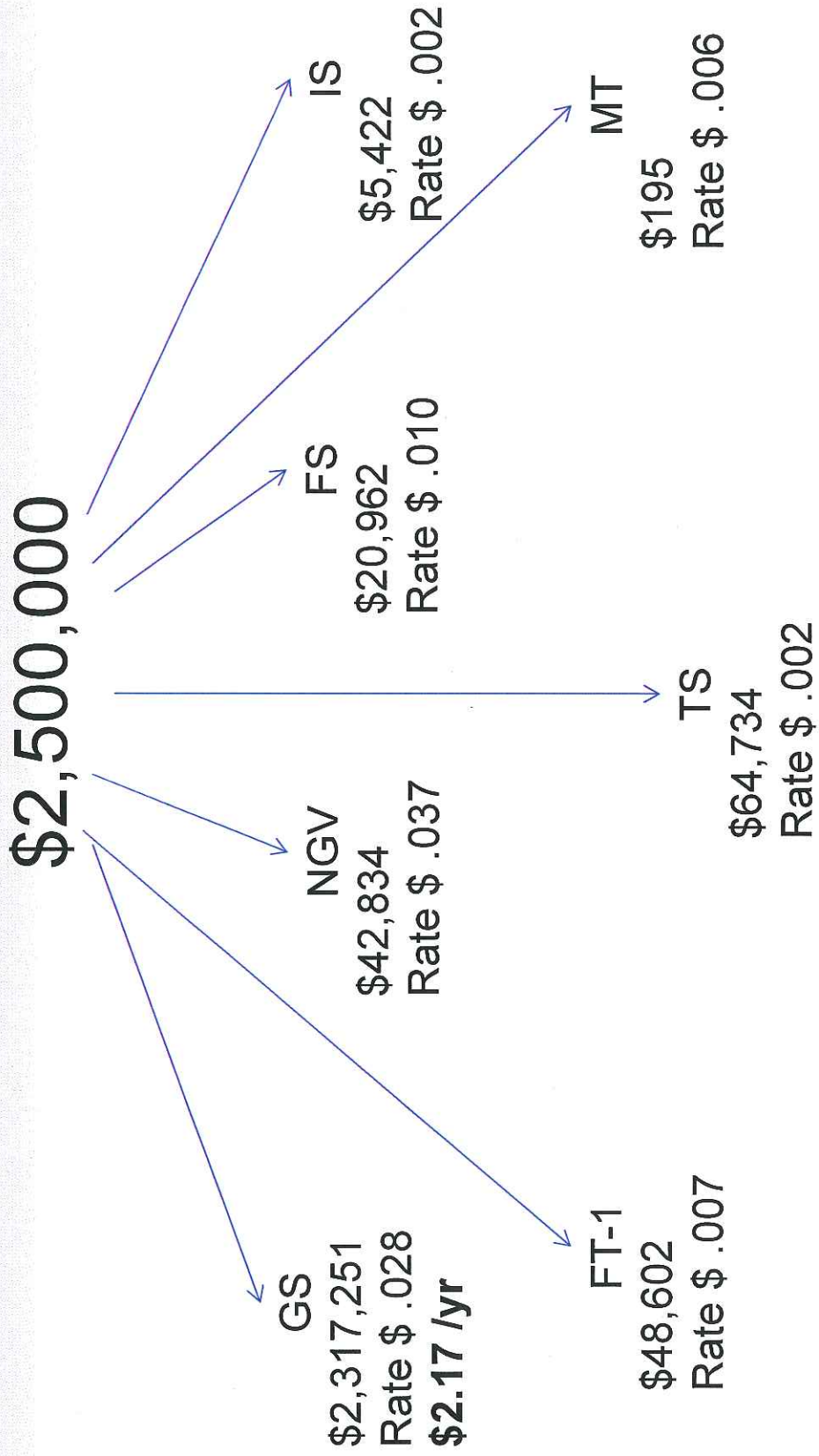
\$1M investment = \$130,230 revenue = 206,000 GGE

\$5M investment = \$651,148 revenue = 1,030,000 GGE

Fact or Myth?

- \$30 million conserved at these stations
MYTH that could be used to fund
- There are no customers
POSSIBLE, BUT UNLIKELY
- This bill is a blank check for stations
MYTH
- Questar will collect \$5 million and give it to others to build stations.
?????

Impact on a customers bill



Expense vs. Capital Impact on a typical customer's bill

