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QUESTAR

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Barrie L. McKay
Vice President Regulatory Affairs

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June 22, 2015

David Clark, Commissioner, Utah Public Service Commission
Thad LeVar, Commissioner, Utah Public Service Commission
Jordan White, Commissioner, Utah Public Service Commission
Chris Parker, Director, Utah Division of Public Utilities
Michele Beck, Director, Utah Office of Consumer Services
Alan Minier, Chairman, Wyoming Public Service Commission
Bill Russell, Deputy Chairman, Wyoming Public Service Commission
Kara Brighton, Commissioner, Wyoming Public Service Commission
Bryce Freeman, Administrator, Wyoming Office of Consumer Advocate

Re: 2014-2015 Trail Unit Stipulation Report

In January of 2014, the Public Service Commissions of Utah and Wyoming approved the Trail Unit Acquisition as a Wexpro II Property. The terms and conditions contained in section 14 of the Trail Unit Acquisition Settlement Stipulation (Settlement Stipulation) and the Orders of each Commission approving the Settlement Stipulation require Questar Gas Company (Questar Gas or the Company) to file a report in June 2015 that supports the Company's decision to either sell or shut in cost-of-service production during the transition period between January 2014 and May 31, 2015. This report contains the information required in Section 14.

After discussions with the Utah Division of Public Utilities, the Utah Office of Consumer Services, and the Wyoming Office of Consumer Advocate, the Company used the most-recent twelve months to determine the per-Dth cost of cost-of-service production. The Company then calculated the total carrying cost for the cost-of-service gas that would be required to be shut in based on conditions at the time. The carrying cost is the total cost of not depreciating the investment in the shut-in wells. These carrying costs were subtracted from the cost-of-service price to determine the minimum price at which the gas could be sold. This minimum price was compared to the Northwest Pipeline (NWP) first-of-month index price each month as a proxy for purchased gas costs.

The Company executed North American Energy Standards Board (NAESB) agreements with multiple parties to provide for the sale of cost-of service production. However, there were no periods between the time the Settlement Stipulation went into effect and the start of the 2015-2016 IRP year where gas could be sold based on the Settlement Stipulation criteria.

The following table summarizes the calculations described above. From February 2014 through May 2015, there were days during five months in which production volumes needed to be shut-in. April 2014 was the only time period where market prices were high enough to potentially allow for the sale of the production (compare line 4 with line five below). Attempts were made to sell production at the minimum sales price. However, daily prices and demand did not result in any interest for the production at that price. Therefore, no gas was sold during this reporting time period. If any sales had occurred, Questar Gas' customers would have been credited with the proceeds of the sale.

		April 2014	**July 2014**	**August 2014**	**September 2014**	**October 2014**
1	**12-Month Average Cost-of-Service ($)**	**$4.63**	**$4.70**	**$4.68**	**$4.70**	**$4.75**
2	**Shut-in Cost-of-Service Production (Dth/day)**	**20,968**	**7,342**	**26,661**	**29,851**	**32,064**
3	**Carrying Cost of Shut-in Production ($/Dth)**	**$0.304**	**$0.091**	**$0.456**	**$0.511**	**$0.548**
4	**Calculated Minimum Sales Price ($)**	**$4.326**	**$4.609**	**$4.224**	**$4.189**	**$4.202**
5	**NWP First-of-Month Index Price ($)**	**$4.32**	**$4.42**	**$3.69**	**$3.83**	**$3.77**

Sincerely,

Barrie L McKay

Barrie L. McKay
Vice President Regulatory Affairs/Energy Efficiency

cc: