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Barrie L. McKay
Vice President Regulatory Affairs

March 19, 2015

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

2015 MAR 24 A 8:48
COMMUNICATIONS SECTION

Re: Replacement Infrastructure Annual Plan and Budget, Fourth Quarter Variance Report
Docket No. 13-057-18

Dear Mr. Parker:

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 issued February 21, 2014 in Docket No. 13-057-05 (Order). In the Order, the Utah Public Service Commission (Commission) approved a Partial Settlement Stipulation (attached to the Order as Appendix A). Paragraph 22(C) of the Partial Settlement Stipulation indicates that the Company will file quarterly variance reports showing the actual expenditures in the infrastructure replacement program, as compared to the budget, and describing any material variances from the most current replacement schedule.

On November 15, 2013, Questar Gas submitted a Replacement Infrastructure Annual Plan and Budget in Docket No. 13-057-18 (2014 Budget) replacement plan to the Commission. The 2014 Budget included a budget for feeder line replacement projects during 2014. On April 23, 2014 a budget for Intermediate High Pressure (IHP) projects was submitted as part of the First Quarter Variance Report.

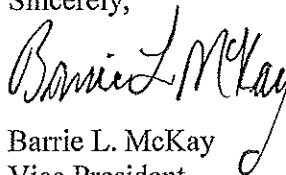
The attached Exhibit 1 provides budgeted amounts for IHP and high pressure (HP) projects to be replaced in 2014, as well as the status of each replacement project through the fourth quarter of 2014. Column A of Exhibit 1 shows the budget by project. Column B shows the costs incurred to date. Column C shows the budget variance for 2014 for each of these projects.

The Company was able to accomplish more work than anticipated in the fourth quarter relating to the Feeder Line 6 and Feeder Line 24 projects. FL24 was originally scheduled to begin in 2015. Work on this project began in 2014 when it appeared as though a significant portion of FL6 would be delayed due to permitting issues (see Third Quarter Variance Report Exhibit 1, Footnote 1). The Company was able to obtain a portion of the necessary permitting to recommence work on FL6 in the fourth quarter, while also making progress on FL24. These projects are both scheduled to continue through 2015. As the Company was able to complete more work than anticipated in 2014, the budget for 2015 will be reduced accordingly. An updated budget summary is provided as Exhibit 2.

In addition to the modifications above, the Company would also like to update the 2015 budget to include replacement for a portion of Feeder Line 26. This project had previously been scheduled to begin in 2017 (see Docket 13-057-18, Attachment 2 of the May 5, 2014 correspondence). This portion will occur in 2015 to accommodate pending development along SR92. The Company has negotiated an alignment with the developer that will meet its needs without causing unreasonable cost to Questar Gas Company. The Company estimates that it will spend \$3.3 million in 2015 to replace 2,200 feet of 20" pipe on Feeder Line 26.

Questar Gas will continue to provide quarterly feeder line progress updates on an ongoing basis. If you or your staff have additional questions concerning these reports, please contact me.

Sincerely,



Barrie L. McKay
Vice President
Regulatory Affairs/Energy Efficiency

cc: Public Service Commission
Office of Consumer Services

QGC Infrastructure Replacement Project Summary
As of 12/31/2014

		A	B	C
		2014		(A - B)
Project		Budget	Costs YTD 2014	Budget Variance
High Pressure				
1	FL6 Total	38,750,000	42,265,333	(3,515,333) 1/
2	FL18 Total	2,000,000	1,931,415	68,585
3	FL34 Total	3,000,000	980,283	2,019,717 2/
4	FL36 Total	8,000,000	8,085,559	(85,559)
5	FL21-50 Total	250,000	489,688	(239,688)
6	FL24 Total	0	3,908,399	(3,908,399) 3/
Pre-engineering (Future Projects)				
7	FL14		152	
8	FL22		1,094	
9	FL11		24,855	
10	FL21		105,630	
11	FL13		5,805	
12	FL24		6,332	
13	FL38		3,236	
14	FL48		(2,123)	
15	FL23		12,298	
16	Pre-engineering (Future Projects)	3,000,000	157,279	2,842,722
Carry Over From Previous Projects				
17	FL35		339,817	
18	Carry Over From Previous Projects	0	339,817	(339,817)
19	Total High Pressure	55,000,000	58,157,773	(3,157,773)
Intermediate High Pressures				
20	Salt Lake County Total	5,570,000	6,184,882	(614,882)
21	Davis County	930,000	704,569	225,431
22	Utah County Total	3,500,000	3,186,120	313,880
23	Total Intermediate High Pressure	10,000,000	10,075,571	(75,571)
24	Total Infrastructure Tracker	65,000,000	68,233,344	(3,233,344)

- 1/ Sandy City required a 14,000 ft. bore that was not in the original budget. In addition, right-of-way, permitting, and traffic control costs were significantly more expensive than anticipated.
- 2/ Construction was delayed due to a failed bore. 2015 budget for FL34 has been increased to include the \$2M not spent in 2014.
- 3/ FL24 work began early when it appeared as though work on FL6 would be delayed due to permitting issues. Included in this work was a piece of pipe that had been exposed due to a washout. This exposed pipe constituted a safety concern and could not be delayed. As the Company was able to complete work that had not been anticipated in 2014, the budget for 2015 will be reduced accordingly. An updated budget summary is provided as Exhibit 2.

Updated 2015 Feeder Line Replacement Budget

A	B	C
Feeder Line	Original 2015 Budget	Updated 2015 Budget
High Pressure		
1 FL6 1/	5,000,000	5,000,000
2 FL24 2/	49,000,000	40,466,656
3 FL34 3/	1,000,000	3,000,000
4 FL26 4/	-	3,300,000
5 Total High Pressure	55,000,000	51,766,656
Intermediate High Pressure		
6 Salt Lake County Total	6,960,000	6,960,000
7 Weber County Total	2,650,000	2,650,000
Total Intermediate High Pressure	9,610,000	9,610,000
8 Pre-engineering (Future Projects)	1,490,000	1,490,000
9 Total Annual Budget	66,100,000	62,866,656

1/ This is a continuation of the FL6 replacement project that began in 2014

2/ This is a continuation of the FL24 replacement project that began in 2014

3/ This is a continuation of the FL34 replacement project that began in 2014, including the portion that was delayed in 2014 due to a failed bore.

4/ The Company plans to replace 2,200' of 20" pipe on FL26 in 2015. This pipe was originally installed in 1962