

Depreciation Technical Conference

February 6, 2014

Q.1 Provide reconciliation of \$28 million

| | |
|-----------------------|-----------------------|
| Investment | \$47.2 Million |
| Accum Dep | \$19.3 Million |
| Net Book Value | \$27.9 Million |



Investment

| Distribution | |
|--------------|------------------------------|
| 374 | Land |
| 375 | Structures \$47MM |
| 376 | Mains |
| 377 | Compressor Station Equipment |
| 378 | M&R Station Equipment |
| 380 | Services |
| 381 | Meters |
| 383 | House Regulators Dist Plant |
| 387 | Other Equipment |
| 388 | Asset Retire Costs - Dist |

| General Plant | |
|---------------|--------------------------------|
| 389 | Land |
| 390 | Structures |
| 391 | Office Furniture |
| 392 | Transportation Equipment |
| 393 | Stores Equipment |
| 394 | Tools, Shop & Garage Equipment |
| 395 | Laboratory Equipment |
| 396 | Power Operated Equipment |
| 397 | Communication |
| 398 | Miscellaneous Equipment |
| 399 | Asset Retire Costs – General |

Accumulated Depreciation

What we did

| Distribution UT | |
|-----------------|----------------------------|
| 108 | Distribution – UT (\$47MM) |

| General Plant | |
|---------------|---------|
| 108 | General |

What we should have done

| Distribution UT | |
|-----------------|----------------------------|
| 108 | Distribution – UT (\$19MM) |

| General Plant | |
|---------------|---------|
| 108 | General |

How we fix it

| Distribution UT | |
|-----------------|----------------------------|
| 108 | Distribution – UT (\$28MM) |

| General Plant | |
|---------------|----------------|
| 108 | General \$28MM |

Q.2 Provide corrected book salvage

| Cash | | 108 Removal | | 108 Salvage | |
|-------------|--------------|--------------|-----------|-------------|-------------|
| | 1/ \$986,060 | | | | |
| 2/ \$68,703 | | 1/ \$986,060 | | | 2/ \$68,703 |
| 3/ \$33,000 | | | | | |
| | \$884,357 | | \$986,060 | | \$101,703 |

Removal – Gross Salvage = Net Salvage

$$\$953,060 - \$68,703 = \$884,357$$

$$\$986,060 - \$101,703 = \$884,357$$

QUESTAR GAS COMPANY

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

| YEAR | REGULAR RETIREMENTS | COST OF REMOVAL | | G R O S S S A L V A G E | | | | NET SALVAGE | |
|-------|------------------------|--------------------|-----|-------------------------|-----|-----------------|-----|----------------|------|
| | | AMOUNT | PCT | REUSE AMOUNT | PCT | FINAL AMOUNT | PCT | AMOUNT | PCT |
| 1990 | 888,760 | 596,275 | 67 | | 0 | 24,927 | 3 | 571,348- | 64- |
| 1991 | 713,961 | 442,716 | 62 | | 0 | 17,083 | 2 | 428,632- | 60- |
| 1992 | 468,144 | 379,711 | 81 | | 0 | 4,777 | 1 | 374,935- | 80- |
| 1993 | 752,222 | 426,867 | 57 | | 0 | 28,833 | 4 | 398,035- | 53- |
| 1994 | 707,517 | 484,031 | 68 | | 0 | 36,834 | 5 | 447,198- | 63- |
| 1995 | 586,315 | 409,882 | 70 | | 0 | 5,106 | 1 | 404,776- | 69- |
| 1996 | 302,171 | 376,451 | 125 | | 0 | | 0 | 376,451- | 125- |
| 1997 | | 69,383 | | | | 600 | | 68,783- | |
| 1998 | | 641,465 | | | | 7,920 | | 633,545- | |
| 1999 | | | | | | | | | |
| 2000 | | | | | | | | | |
| 2001 | | | | | | | | | |
| 2002 | 1,285,666 | 1,210,373 | 94 | | 0 | | 0 | 1,210,373- | 94- |
| 2003 | 110,916 | 375,529 | 339 | | 0 | 31,705 | 29 | 343,825- | 310- |
| 2004 | 105,240 | 96,928 | 92 | | 0 | 133,329 | 127 | 36,401 | 35 |
| 2005 | 190,644 | 63,518 | 33 | | 0 | 159,528 | 84 | 96,010 | 50 |
| 2006 | 673,584 | 74,315- | 11- | | 0 | 70,837 | 11 | 145,152 | 22 |
| 2007 | 322,881 | 240,023 | 74 | | 0 | 199,180 | 62 | 40,843- | 13- |
| 2008 | 236,164 | 399,358 | 169 | | 0 | 178,610 | 76 | 220,748- | 93- |
| 2009 | 369,858 | 582,247 | 157 | | 0 | 121,121 | 33 | 461,126- | 125- |
| 2010 | 204,536 | 953,060 | 466 | | 0 | 68,703 | 34 | 884,357- | 432- |
| 2011 | 689,189 | 1,647,908 | 239 | | 0 | | 0 | 1,647,908- | 239- |
| 2012 | 136,525 | 873,894 | 640 | | 0 | | 0 | 873,894- | 640- |
| TOTAL | 8,744,294 | 10,195,309 | 117 | | 0 | 1,089,094 | 12 | 9,106,215- | 104- |

THREE-YEAR MOVING AVERAGES

| | | | | | | | | | |
|-------|---------|---------|-----|--|---|---------|----|----------|------|
| 90-92 | 690,288 | 472,901 | 69 | | 0 | 18,596 | 2 | 457,305- | 66- |
| 91-93 | 644,776 | 416,432 | 65 | | 0 | 16,898 | 3 | 399,534- | 62- |
| 92-94 | 642,628 | 430,203 | 67 | | 0 | 23,481 | 4 | 406,722- | 63- |
| 93-95 | 682,018 | 440,260 | 65 | | 0 | 23,591 | 3 | 416,669- | 61- |
| 94-96 | 532,001 | 423,455 | 80 | | 0 | 13,980 | 3 | 409,475- | 77- |
| 95-97 | 296,162 | 285,239 | 96 | | 0 | 1,902 | 1 | 283,337- | 96- |
| 96-98 | 100,724 | 362,433 | 360 | | 0 | 2,840 | 3 | 359,593- | 357- |
| 97-99 | | 236,950 | | | | 2,840 | | 234,109- | |
| 98-00 | | 213,822 | | | | 2,640 | | 211,182- | |
| 99-01 | | | | | | | | | |
| 00-02 | 428,555 | 403,458 | 94 | | 0 | | 0 | 403,458- | 94- |
| 01-03 | 465,527 | 528,634 | 114 | | 0 | 10,568 | 2 | 518,066- | 111- |
| 02-04 | 500,607 | 560,944 | 112 | | 0 | 55,011 | 11 | 505,932- | 101- |
| 03-05 | 135,600 | 178,659 | 132 | | 0 | 108,187 | 80 | 70,471- | 52- |

Q.2 Provide corrected book salvage

QUESTAR GAS COMPANY

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

| YEAR | REGULAR RETIREMENTS | COST OF REMOVAL | | G R O S S S A L V A G E | | | | NET SALVAGE | | |
|------|------------------------|----------------------|-----|-------------------------|-----|-----------------|-------------------|----------------|----------|------|
| | | AMOUNT | PCT | REUSE AMOUNT | PCT | FINAL AMOUNT | PCT | AMOUNT | PCT | |
| 2002 | 1,285,666 | 1,210,373 | 94 | | 0 | | 0 | 1,210,373- | 94- | |
| 2003 | 110,916 | 375,529 | 339 | | 0 | 31,705 | 29 | 343,825- | 310- | |
| 2004 | 105,240 | 96,928 | 92 | | 0 | 133,329 | 127 | 36,401 | 35 | |
| 2005 | 190,644 | 63,518 | 33 | | 0 | 159,528 | 84 | 96,010 | 50 | |
| 2006 | 673,584 | 74,315- | 11- | | 0 | 70,837 | 11 | 145,152 | 22 | |
| 2007 | 322,881 | 240,023 | 74 | | 0 | 199,180 | 62 | 40,843- | 13- | |
| 2008 | 236,164 | 399,358 | 169 | | 0 | 178,610 | 76 | 220,748- | 93- | |
| 2009 | 369,858 | 582,247 | 157 | | 0 | 121,121 | 33 | 461,126- | 125- | |
| 2010 | 204,536 | 953,060 | 466 | 986,060 | | (91,790 | 68,703 | 34 | 884,357- | 432- |
| 2011 | 689,189 | 1,647,908 | 239 | 1,804,184 | | 156,276 | 0 | 1,647,908- | 239- | |
| 2012 | 136,525 | 873,894 | 640 | 999,682 | | 125,788 | 0 | 873,894- | 640- | |

Q.3 Change in removal cost and salvage data



Q.5 Explain asset retirement costs

| | | |
|-----------------------------------|-------------------------------|-------------------------|
| 374 | Land | 10,555,273.01 |
| 375 | Structures & Improve - Struct | 8,489,055.78 |
| 376 | Distribution Plant | 1,012,195,237.69 |
| 377 | Compressor Station Equipment | 4,925,666.86 |
| 378 | Measuring & Reg Station Equip | 52,816,877.11 |
| 380 | Services | 323,654,142.37 |
| 381 | Meters | 261,367,699.36 |
| 383 | House Regulators Dist Plant | 15,116,117.00 |
| 387 | Other Equipment | 1,093,732.16 |
| 388 | Asset Retire Costs - Dist | 309,948.00 |
| Distribution Plant - Total | | 1,690,523,749.34 |

| | | |
|------------------------------|--------------------------------|-----------------------|
| 389 | General Plant - Land | 2,719,379.85 |
| 390 | Structures and Improvements | 58,038,765.21 |
| 391 | Office Furniture and Equipment | 58,853,279.25 |
| 392 | Transportation Equipment | 40,625,256.36 |
| 393 | Stores Equipment | 36,328.48 |
| 394 | Tools, Shop & Garage Equipment | 24,389,362.29 |
| 395 | Laboratory Equipment | 76,245.36 |
| 396 | Power Operated Equipment | 10,609,322.88 |
| 397 | Communication Equipment | 3,684,915.30 |
| 398 | Miscellaneous Equipment | 211,687.94 |
| 399 | Asset Retire Costs - General | 52,300.00 |
| General Plant - Total | | 199,296,842.92 |

| | | |
|-----|-------------------------------------|-------------------------|
| 101 | Total - Gas Plant in Service | 1,971,070,107.66 |
|-----|-------------------------------------|-------------------------|

Q.6-2 What percent of production plant is allocated to Utah?

| Dth Sales Excluding Transportation | |
|------------------------------------|---------------|
| 106,653,131 Dth | 4,021,248 Dth |
| UT 96.36% | WY 3.64% |