First Quarter
Variance Report
Redacted

June 2014
through
August 2014
Docket No. 14-057-15

Questar Gas Company
First Quarter Variance Report
June 2014 – August 2014

Questar Gas Company (Questar Gas or Company) respectfully submits this First Quarter Variance Report for the period June – August 2014. This report identifies the variance between the actual results and the projections set forth in the 2014 Integrated Resource Plan (IRP).

Weather Exhibits 1.1 – 1.3.

June 2014 was warmer than anticipated in the IRP normal case as seen by lower heating degree days than forecasted. See Exhibit 1.1. Heating degree days were negligible during the other months.

Gas Storage Exhibits 2.1 – 2.4.

Clay Basin injection was ahead of IRP estimates for the quarter due to higher than forecasted cost-of-service production. By August, injection was about 2.7 million dth ahead of estimates. Some of the initial discrepancy in June was due in part to a warmer than normal May leading to more gas in the basin than anticipated as the model starting point. Injecting gas into Clay Basin throughout the summer benefits customers by reducing the need to shut-in cost-of-service production, and making additional volumes available in the winter through the use of storage.

Aquifer Inventory was greater than projected for June through August. The variance shown in Exhibit 2.2 is caused by more gas left in the Aquifers at the end of the heating season than was forecast in the IRP.

Questar Gas had contracted to start injection into the Ryckman Creek Storage facility the spring of 2014, but Ryckman could not guarantee it could withdraw volumes from the facility. The Company elected not to put gas into Ryckman without a guarantee of withdrawal. Questar Gas continues to monitor the status of the Ryckman storage facility as a storage option. Questar Gas has not started to incur any charges on the storage contract at Ryckman.

Firm Sales Exhibits 3.1 – 3.4.

The net variance of actual firm sales results for the quarter is approximately 18,000 dth, or 0.2% above the projection. Total firm usage in June and August was about 53,000 dth above the forecast, and firm usage in July was about 72,000 dth below. Customer growth through the quarter was in line with projections, and heating degree days were close to normal. The moderate variance realized in all three months is the result of inherent statistical estimation variance in the forecasting process.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3.

Exhibit 4.1 shows small third party purchases compared to projections that the company would purchase no volumes. Because the model did not project purchasing volumes during the quarter, there were neither projected purchase costs nor purchase unit costs.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3.

Both volume and unit cost are above IRP estimates. Total Purchase costs are small because the projected showed it would not be purchasing any volumes. Actual purchase costs exceed the projected cost of zero.

Gas Purchased from Third Parties Unit Cost Variance Exhibits 6.1, 6.2.

Unit costs for the summer are a function of volume and cost. Because there were no projected volumes, the unit costs are compared to a projection of no cost.

Cost-of-Service Gas Exhibits 7.1 – 7.3.

June and August production exceeded IRP projections by 547,000 dth and 671,000 Dth respectively. Most of this is variance was due to less production being shut in than anticipated.

July production, however, was below projections largely due to Questar Pipeline Company maintenance work on Mainline 22 during the second week of July. This maintenance work caused the gas to be trapped on the upstream side of the pipeline so delivery was unavailable to the Questar Gas system during this week. When the production resumed after being shut in, the rates were higher than they were prior to the shut in. This is a common occurrence when wells are shut in.

This chart summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. For all months actual shut in was less than estimates had been because Questar Gas' injected more into storage than the forecasted amount.

	June	**July**	**August**
Estimated Shut-in	10,263	28,525	31,787
Actual Shut-in	0	7,342	26,661

Cost-of-Service Gas New Drill Component Exhibits 8.1 – 8.3.

Exhibit 8.1 shows the source of the Company production variances explained in section 7 of this report. For the quarter, New Drill production was a very small portion of total company production.

This chart summarizes purchase and cost-of-service volume variances using IRP projections and actual results as a percent of total. The Q1 number is a percent of total and not an average.

	Actual Purchase as Percent of Total	**IRP Purchase as Percent of Total**	**Actual Cost-of-Service as Percent of Total**	**IRP Cost-of-Service as Percent of Total**
Jun-14	0.08%	0.83%	99.92%	99.17%
Jul-14	0.05%	0.00%	99.95%	100.00%
Aug-14	0.07%	0.00%	99.93%	100.00%
Q1	0.07%	0.29%	99.93%	99.71%

Supplemental Graphs Exhibits 9.1 – 9.3.

Exhibits 9.1 and 9.2 show the total production and new drill by nominations group. Exhibit 9.3 shows the details on gas purchases. In June 2014, the production received from the Trail field collected under the Wexpro I agreement was far below the IRP forecasted volume. The production received from the Trail field collected under the Wexpro II agreement was far above the IRP forecasted volume. This variance was due to the production balancing management between Wexpro I and Wexpro II. In February of 2014, Wexpro II production at the Trail field was "shut in" because all of the specifics of the deal were not yet in place. This created an "underproduced" situation for Wexpro II and an "overproduced" situation for Wexpro I at the Trail field. To bring the production back in balance, the Wexpro I production at the Trail field was then "shut in" for June 2014, shifting the production to Wexpro II.

Purchased Gas and Cost-of-Service Price Comparison Exhibit 10.1, 10.2.

Exhibit 10.1 shows the price difference between cost-of-service gas and purchased gas. Exhibit 10.2 compares the actual price of purchased gas with the trailing twelve months (TTM) price of cost-of-service gas.

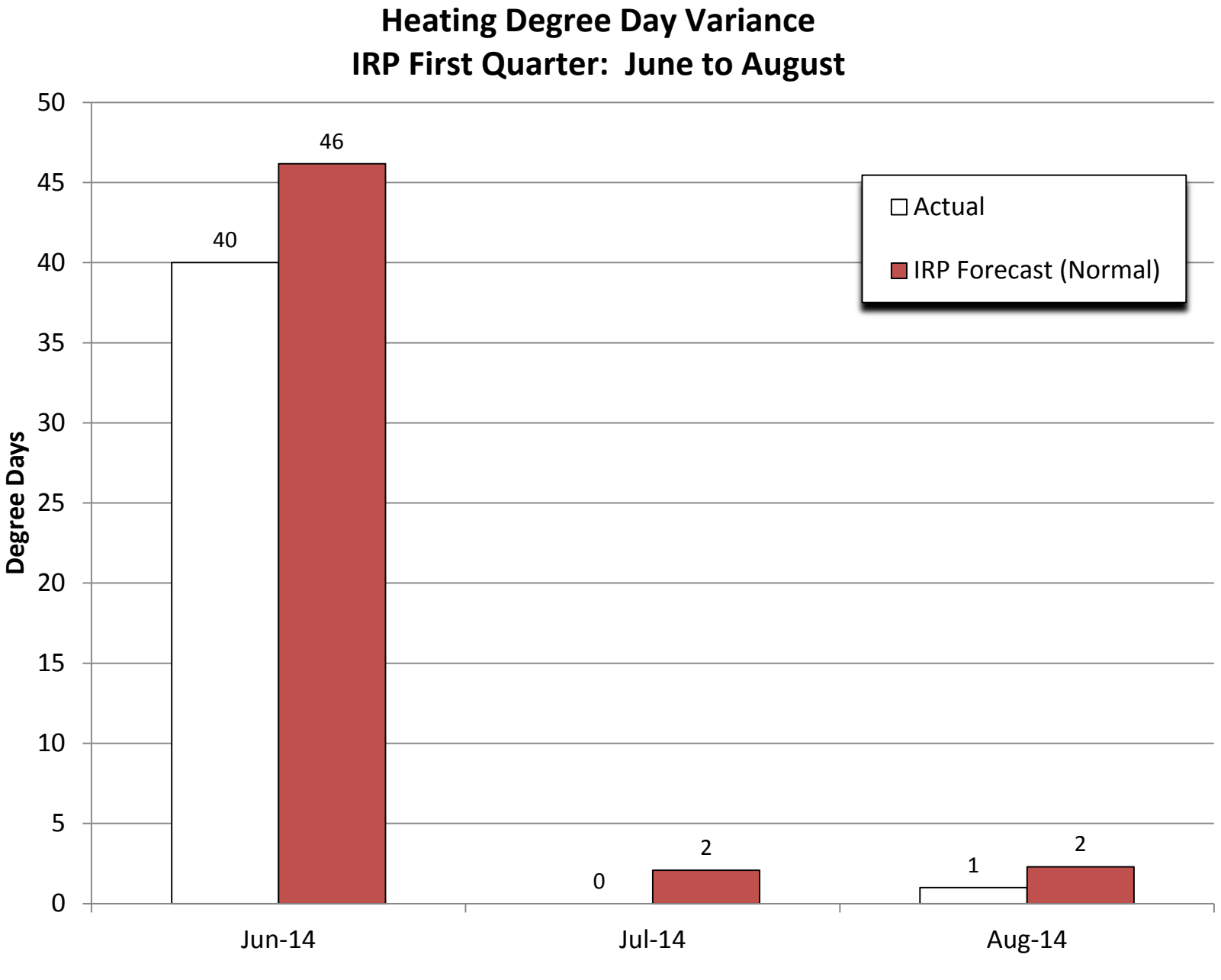
Gathering

Pursuant to Commission order in Docket No. 12-057-07, the Company provides the following update regarding the Questar Gas Company v. QEP Resources, Inc. lawsuit, Civil No. 120902969, Third Judicial District Court. The Court heard oral argument on 5 different motions or cross motions for summary judgment on October 1, 2014. The Court indicated that it would convene a conference call sometime during November to schedule trial dates in February or March 2015.

DNG Action Plan Variance Report

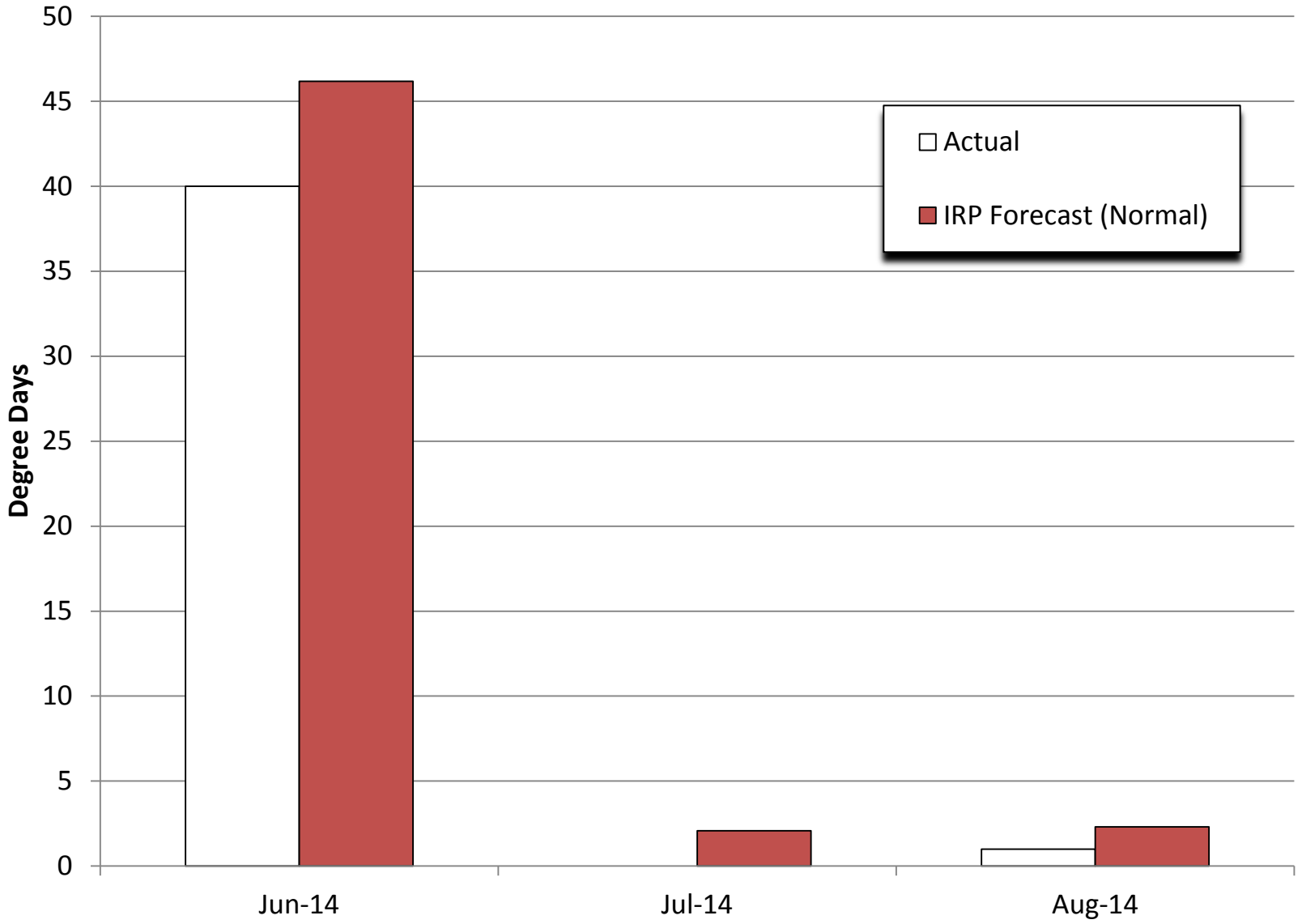
All projects were on schedule and on budget during the first quarter.

Heating Degree Day Graphs
Exhibit 1.1 – 1.3
Docket No. 14-057-15

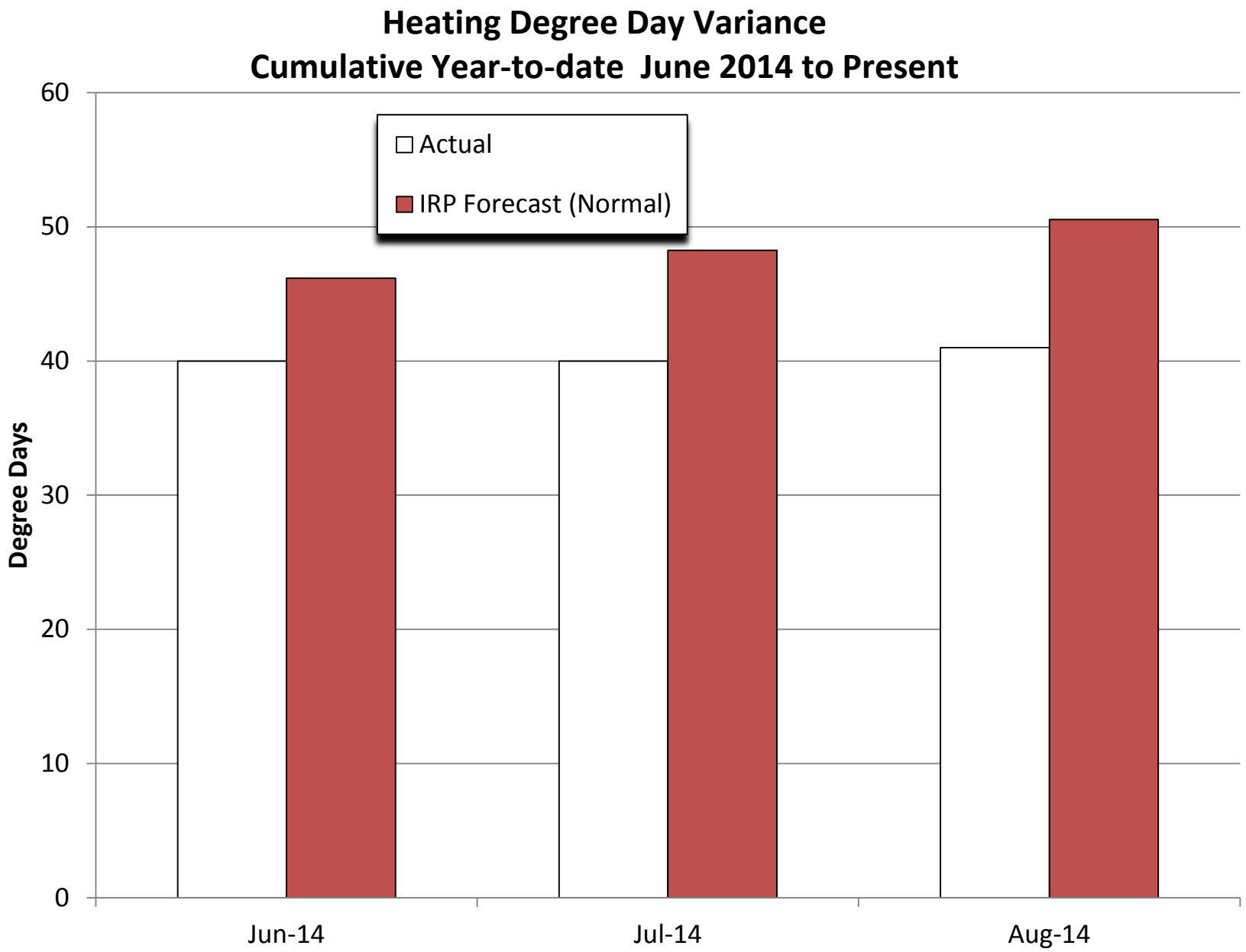


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.1

Heating Degree Day Variance
IRP Year: June 2014 to Present

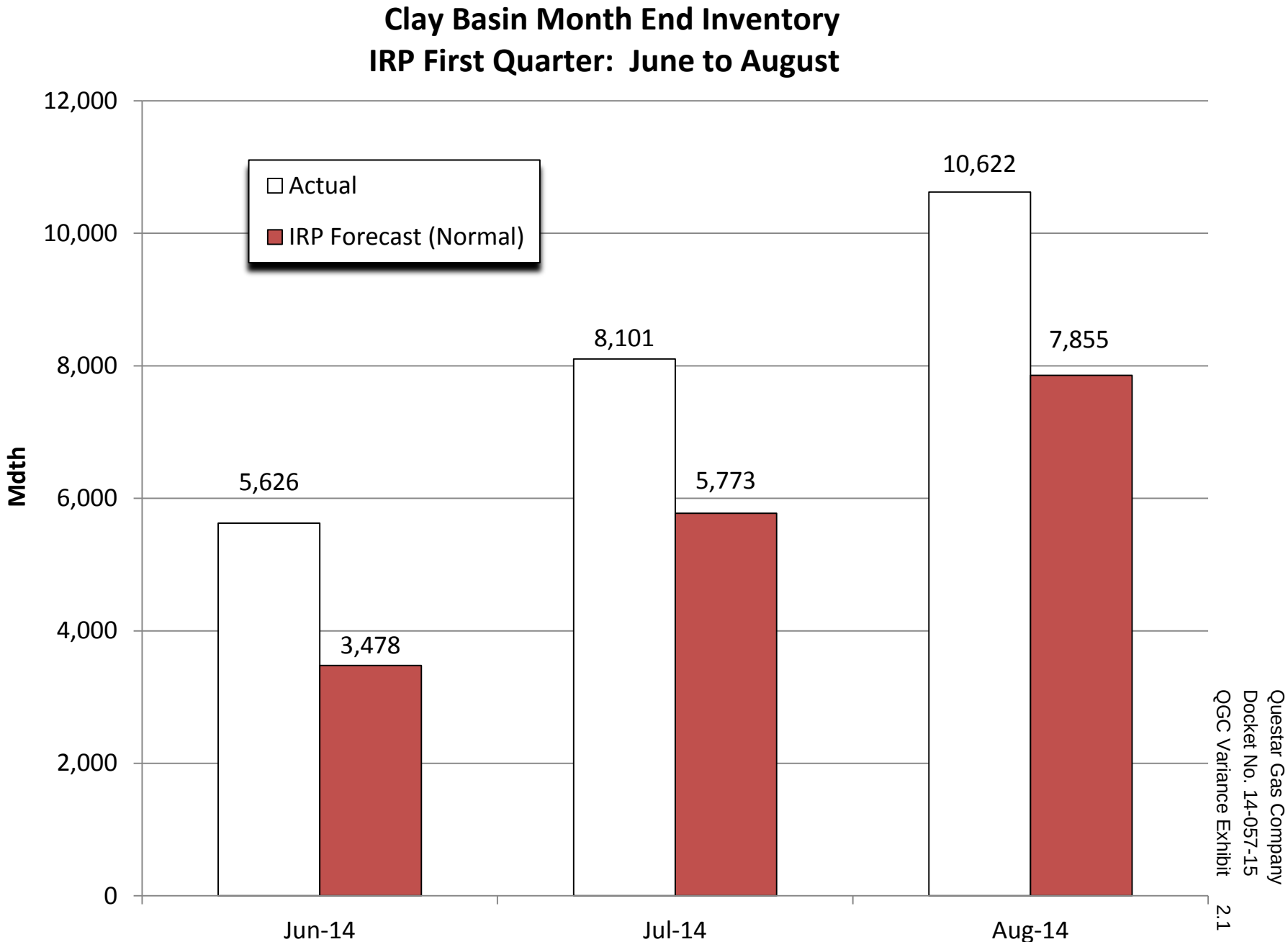


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.2

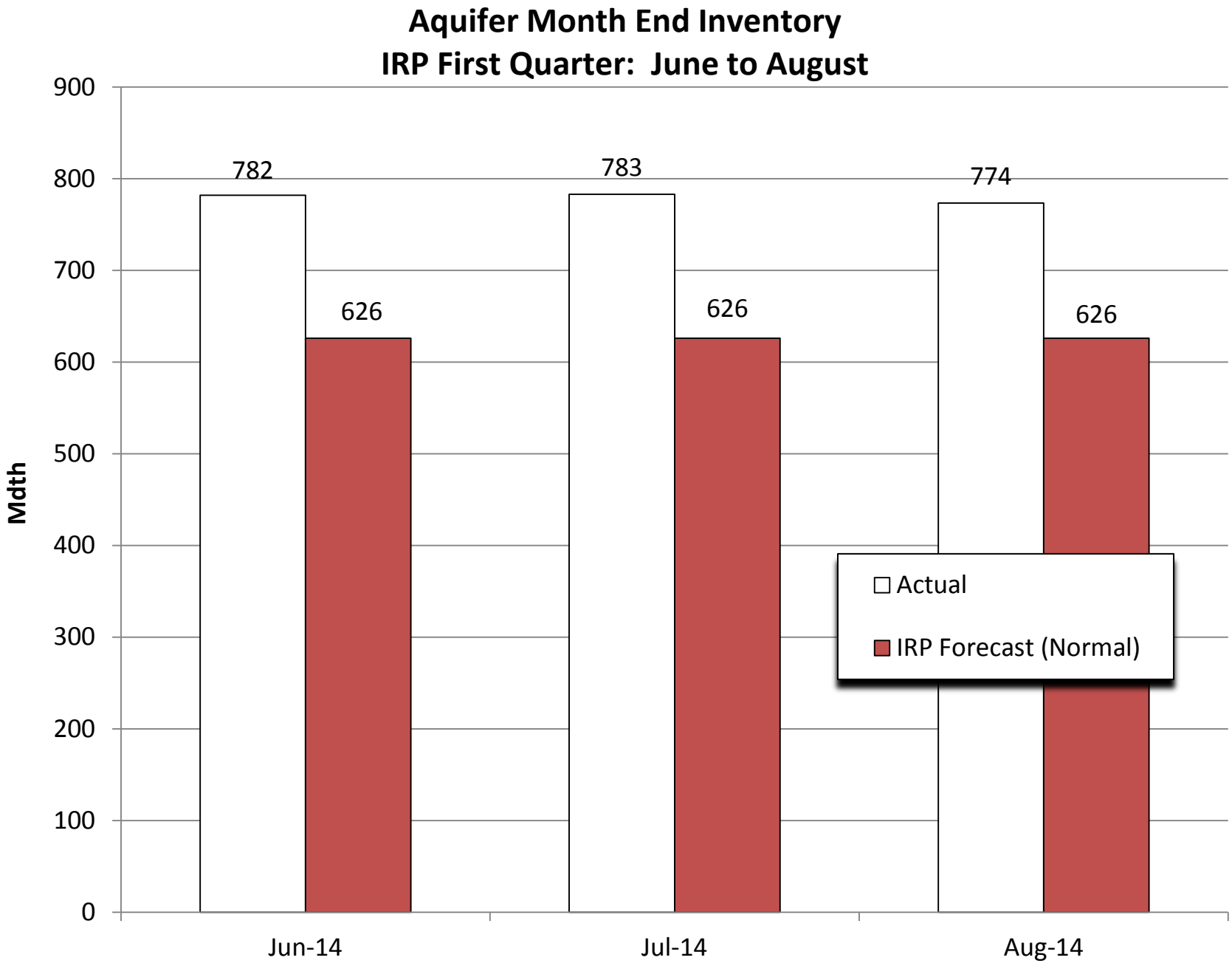


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.3

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 14-057-15

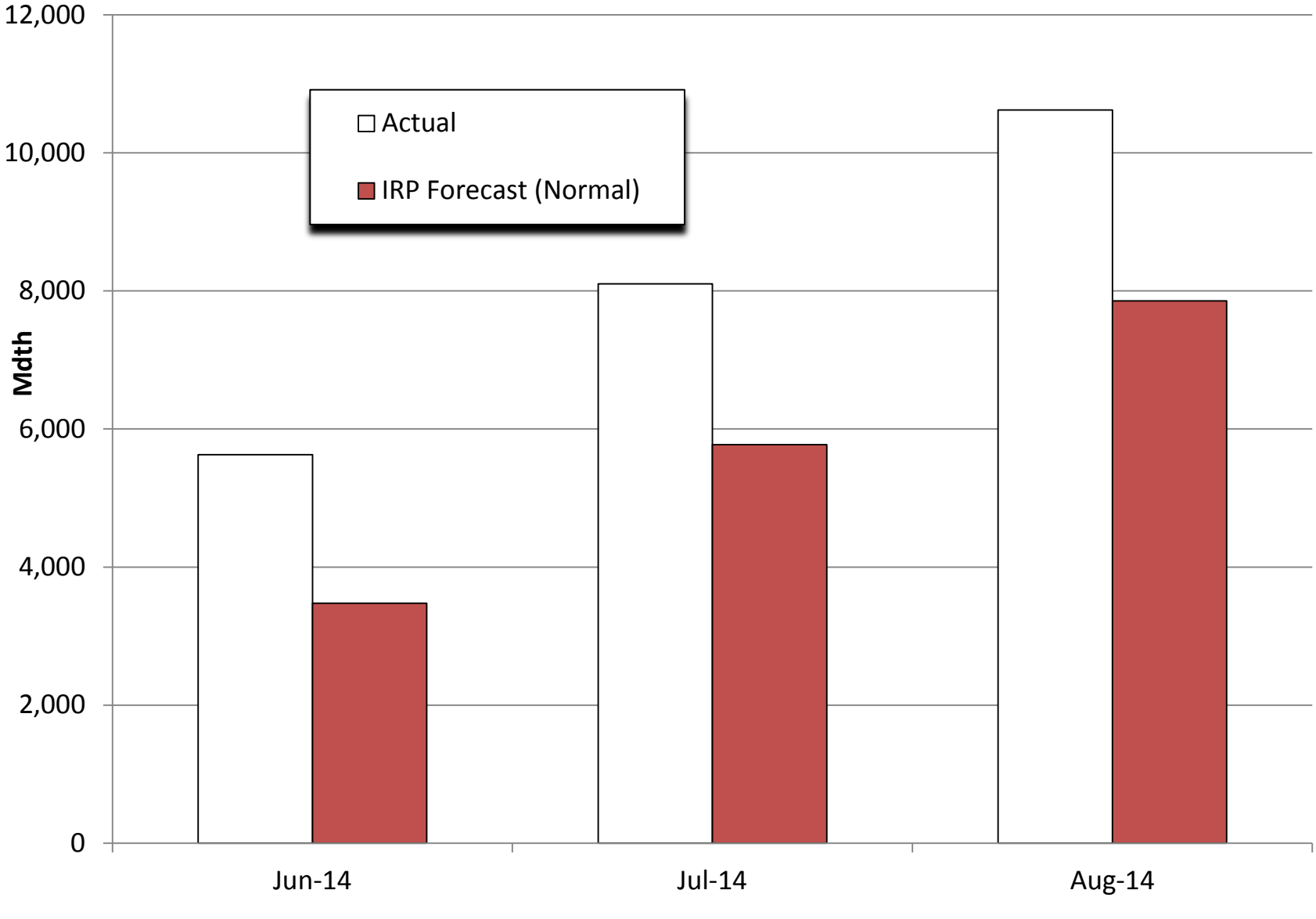


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.1



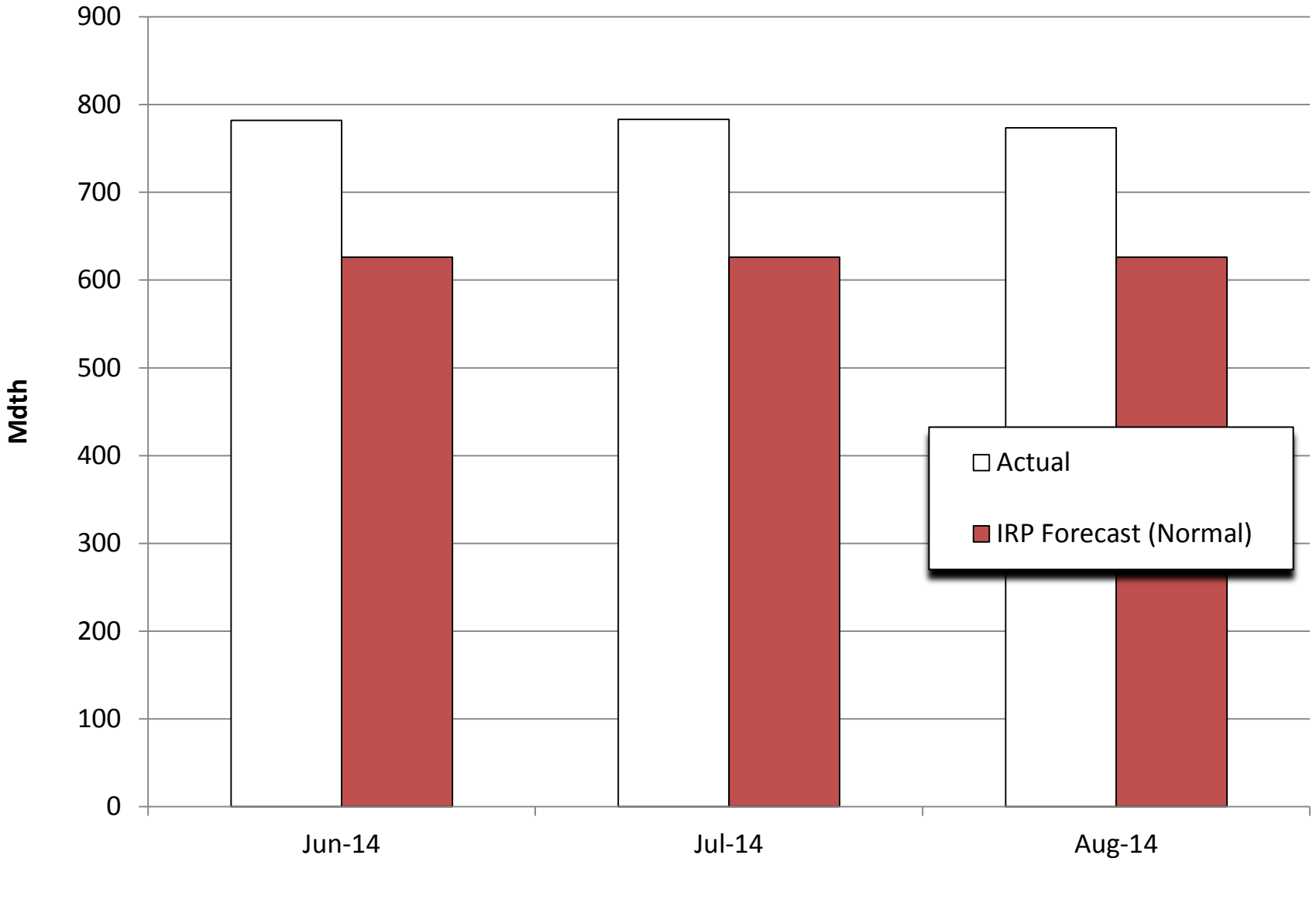
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.2

Clay Basin Month End Inventory
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.3

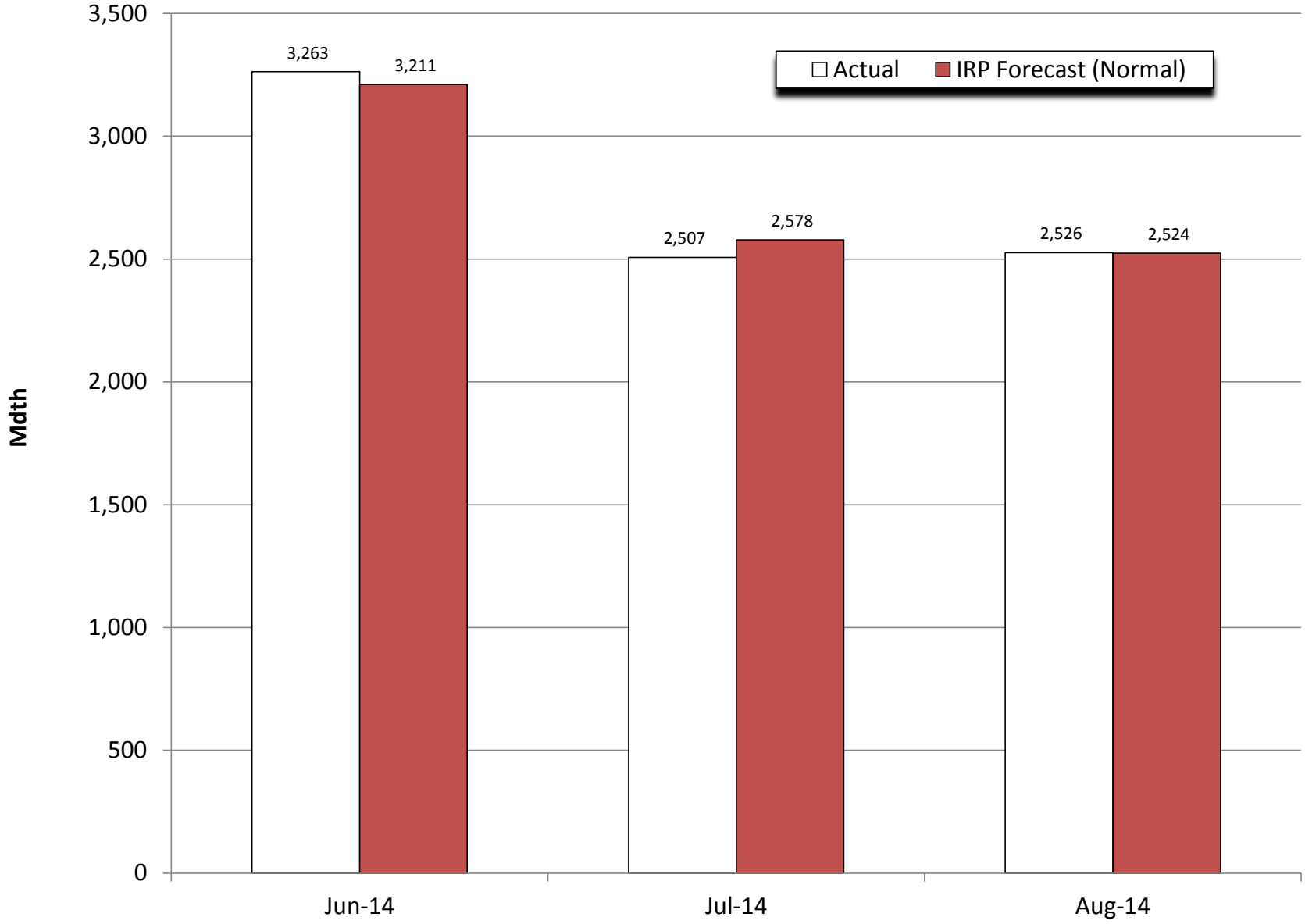
Aquifer Month End Inventory
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.4

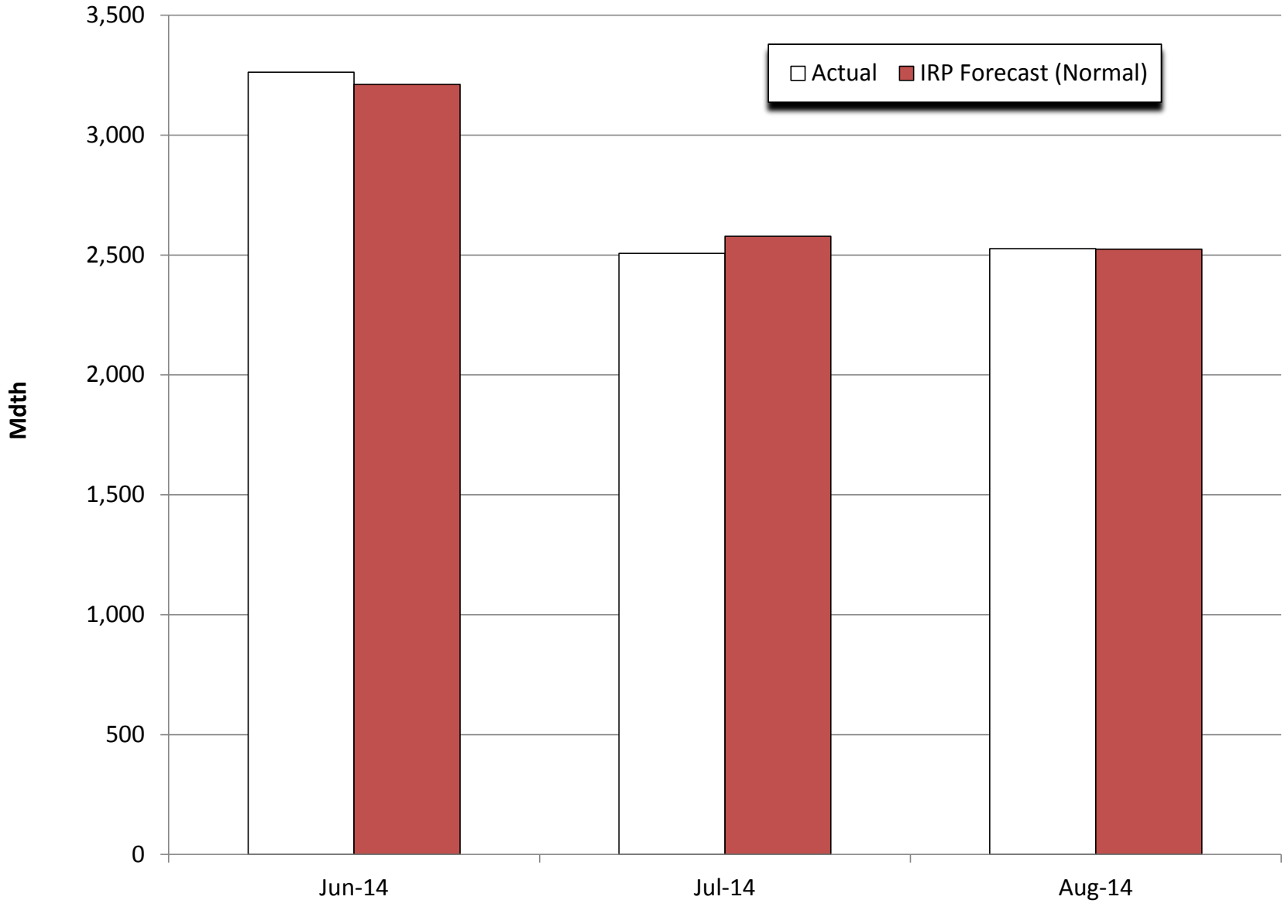
Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 14-057-15

Firm Sales Variance
IRP First Quarter: June 2014 to August 2014



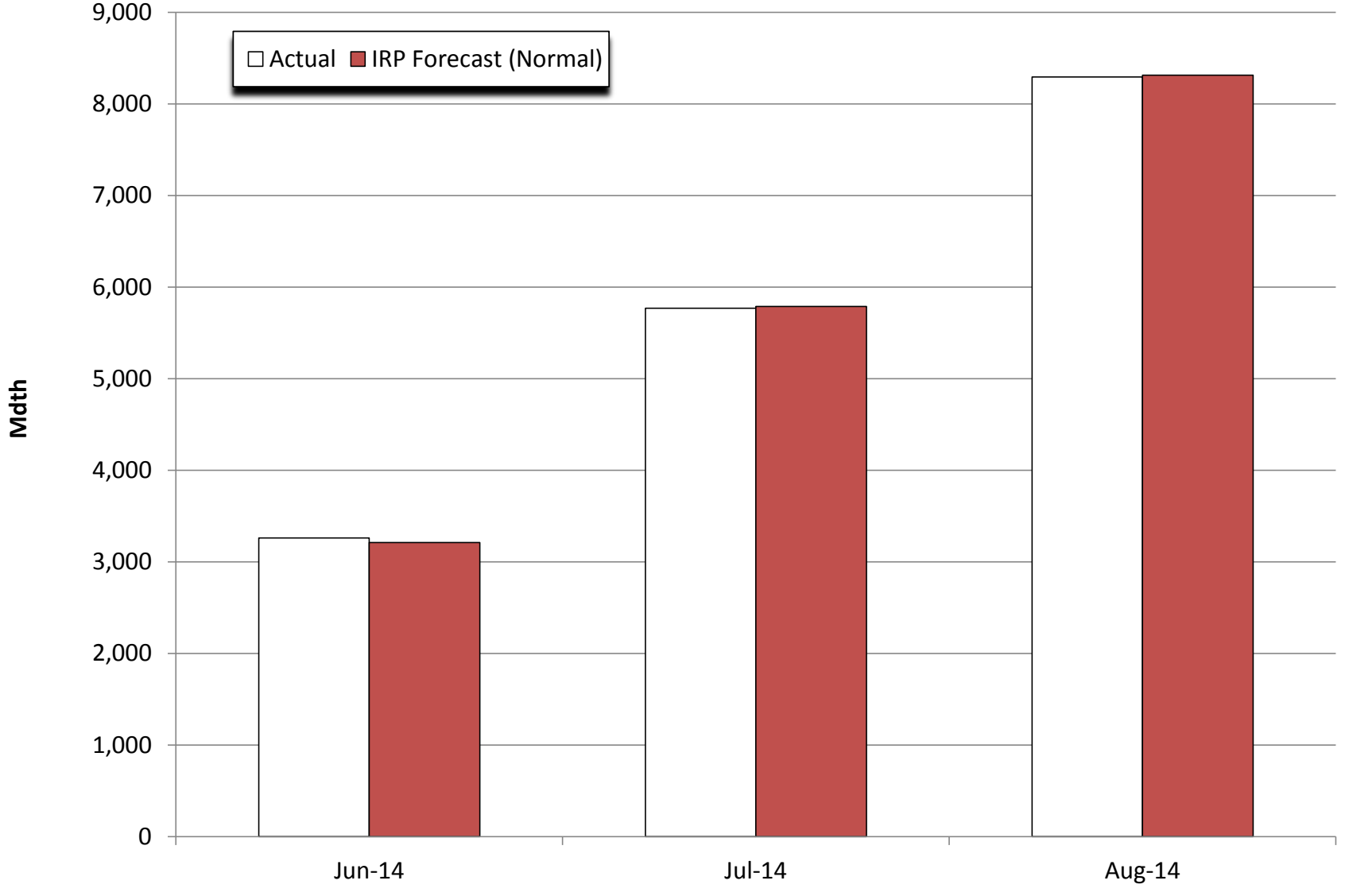
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.1

Firm Sales Variance
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.2

Firm Sales Variance
Cumulative Year-to-date June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.3

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.4

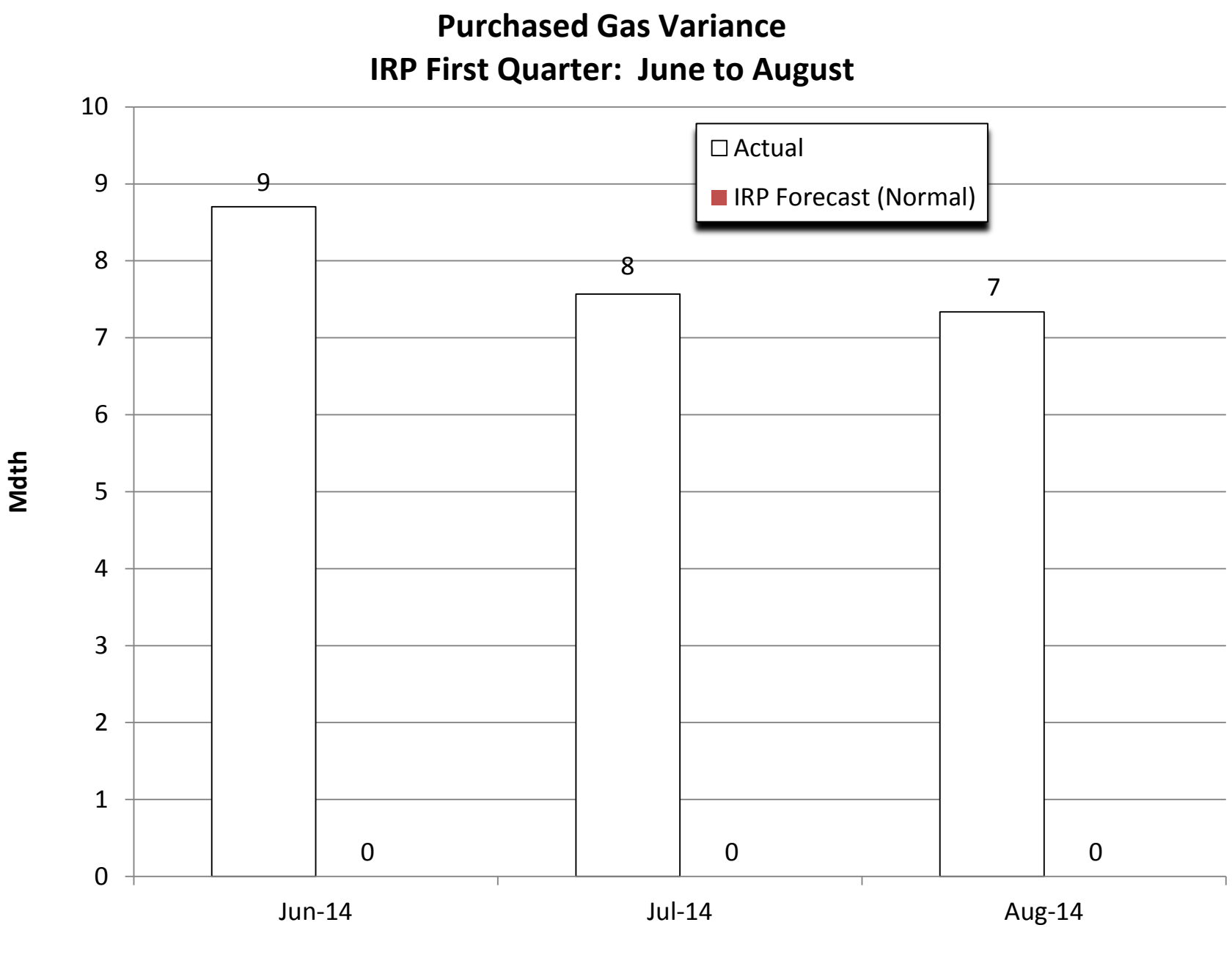
IRP Variance

Actual Results

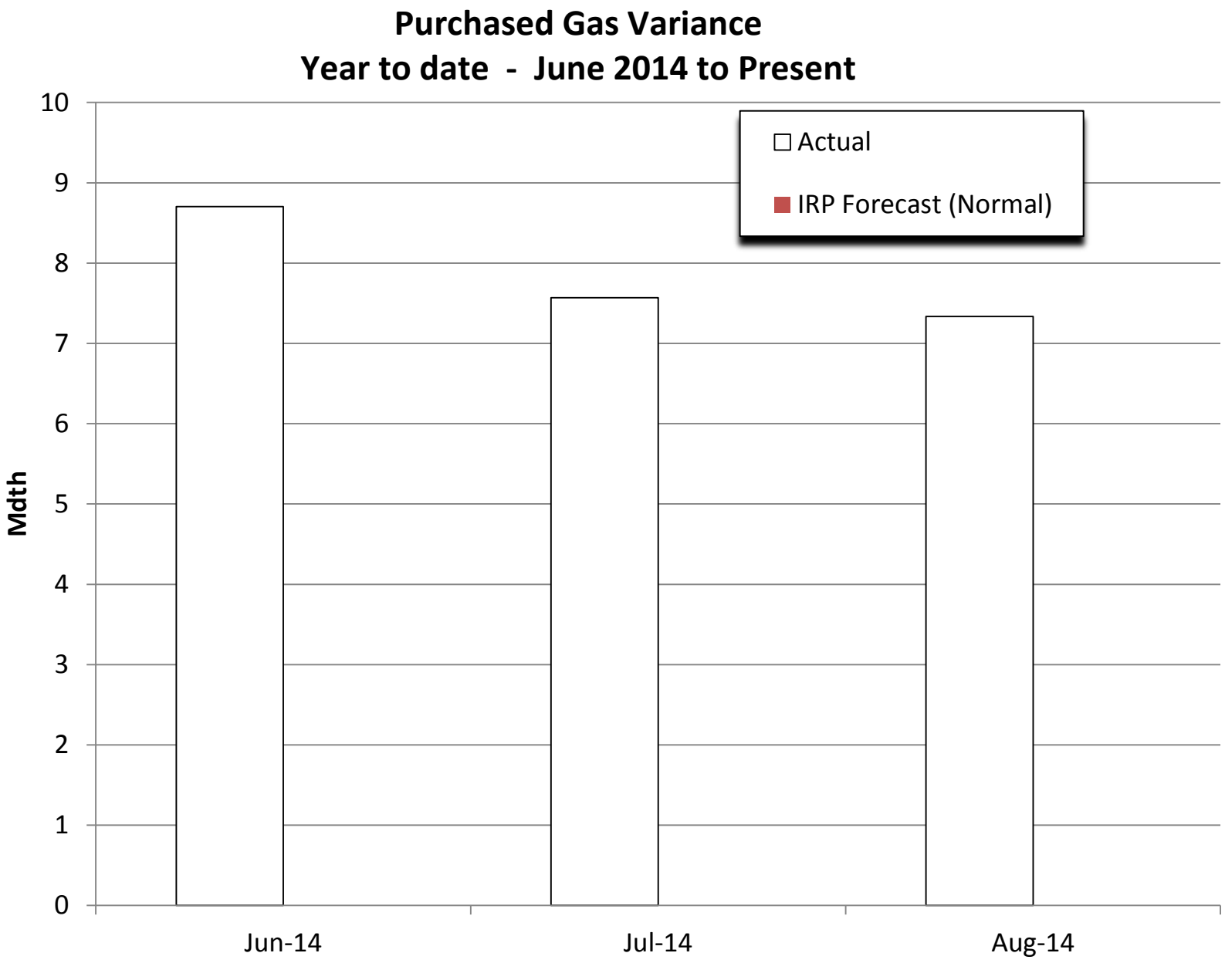
		Jun-14		Jul-14		Aug-14	
1	SUPPLY	Actual	IRP	Actual	IRP	Actual	IRP
2	Cost of Service Prod (Mbtu)	6,816	6,268	5,591	5,734	6,147	5,476
3	Purchases (Mbtu)	9	-	8	-	7	-
4	Clay Basin With (Mbtu)	-	96	-	59	-	57
5	Acquifers With (Mbtu)	13	-	130	-	20	-
6	Ryckman With (Mbtu)	-	-	-	-	-	-
7	Off-System	66	85	-	87	79	87
8							
9	Total Supply	6,903	6,449	5,729	5,880	6,253	5,620
10							
11	DEMAND						
12	Firm Sales (Mbtu)	3,263	3,211	2,507	2,578	2,526	2,524
13	Interruptible Sales (Mbtu)	249	205	211	208	198	231
14	Clay Basin Inj (Mbtu)	3,257	2,274	2,557	2,354	2,906	2,140
15	Acquifers Inj (Mbtu)	4	-	135	-	12	-
16	Ryckman Inj (Mbtu)	-	350	-	361	-	361
17	Off-System	66	82	77	85	79	85
18	Fuel	146	311	144	281	134	267
19	Company Use / L&U	(82)	17	99	14	398	14
20							
21	Total Demand	6,903	6,449	5,729	5,880	6,252	5,620
22							
23							
24	Clay Basin Current Bal	5,626	3,478	8,101	5,773	10,622	7,855
25	Acquifers current balance	2,081	626	783	626	773	626
26							
27	Purchases($/Dth)	4.04	-	3.81	-	4.00	-
28	Purchases $ (000)	36	-	30	-	28	-
29							
30	Variances						
31	Cost of service volumes	548	-	-	-	671	-
32	Purchase volumes	9	-	8	-	7	-
33	Purchase $ Act over (under) IRP	$ 36	$ -	$ 30	$ -	$ 28	$ -
34	Vol Variance	$ -	$ -	$ -	$ -	$ -	$ -
35	$ Variance	$ 36	$ -	$ 30	$ -	$ 28	$ -
36	Check	$ -	$ -	$ -	$ -	$ -	$ -
37	Quarter Variance					$ 95	
38	Vol Variance					$ -	
39	$ Variance					$ 95	
40	Check					$ -	

Gas Purchased from Third Parties

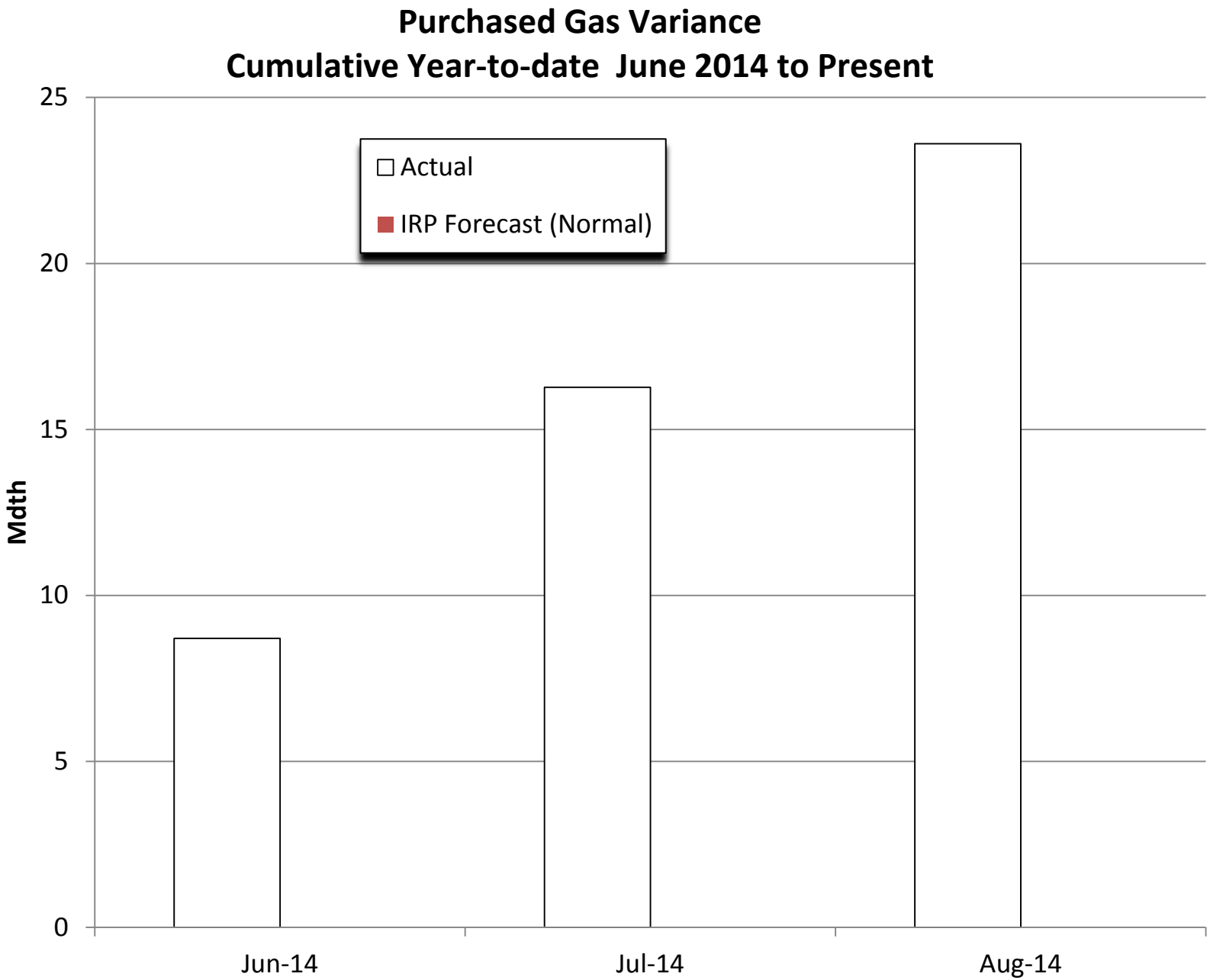
Volume Variance Exhibits 4.1 – 4.3 Docket No. 14-057-15



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.1



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.2



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.3

Gas Purchased from Third Parties

Cost Variance Exhibits 5.1 – 5.3 Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.1

Purchased Gas Cost Variance

IRP First Quarter: June to August

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.2

Purchased Gas Cost Variance

Year-to-date: June 2014 to Present

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.3

Purchased Gas Cost Variance

Cumulative Year-to-date: June to Present

[REDACTED]

Gas Purchased from Third Parties

Unit Cost Variance Exhibits 6.1 – 6.2 Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 6.1

Purchased Gas Unit Cost Variance

IRP First Quarter: June to August

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 6.2

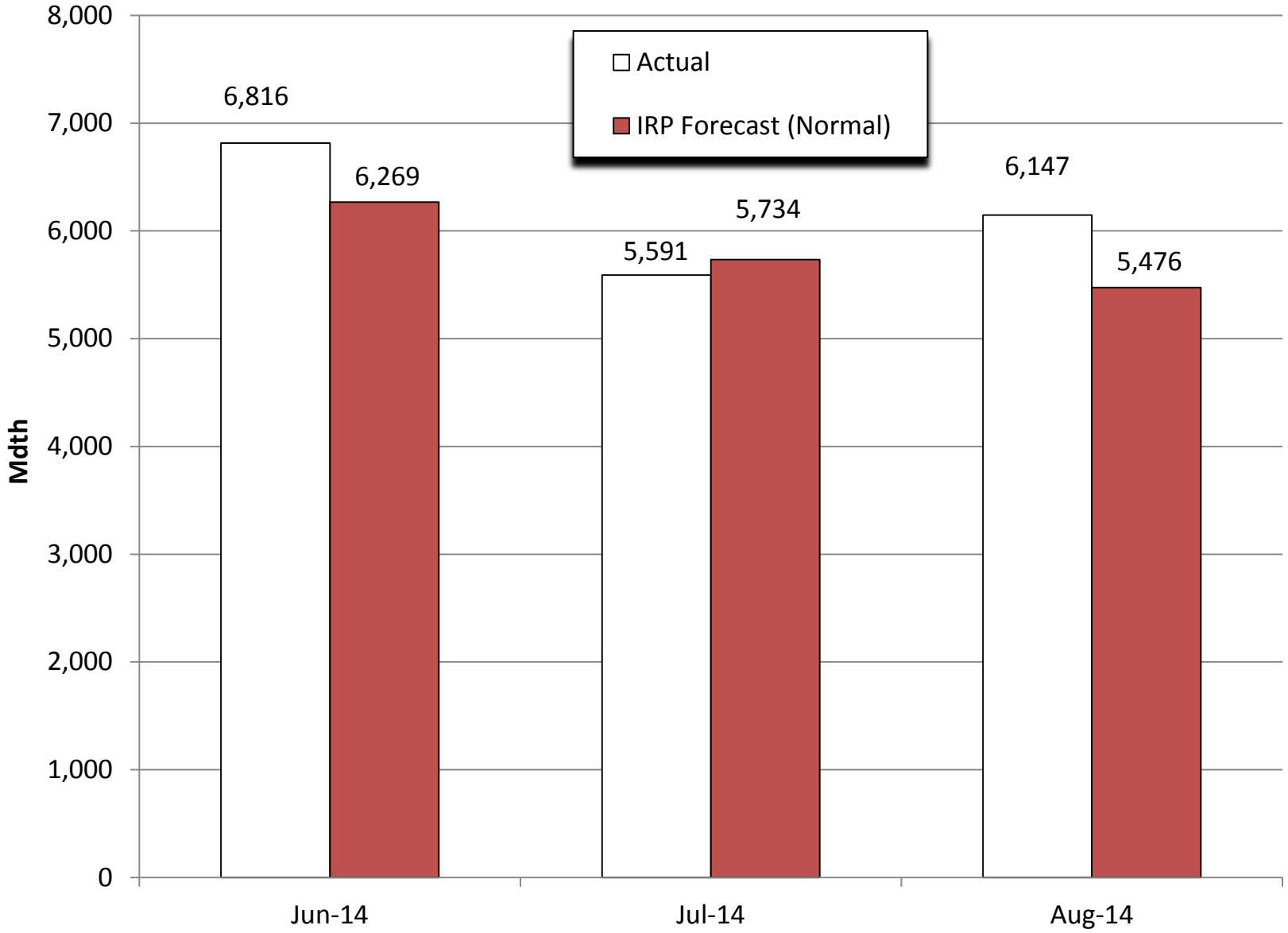
Purchased Gas Unit Cost Variance

Year-to-date: June 2014 to Present

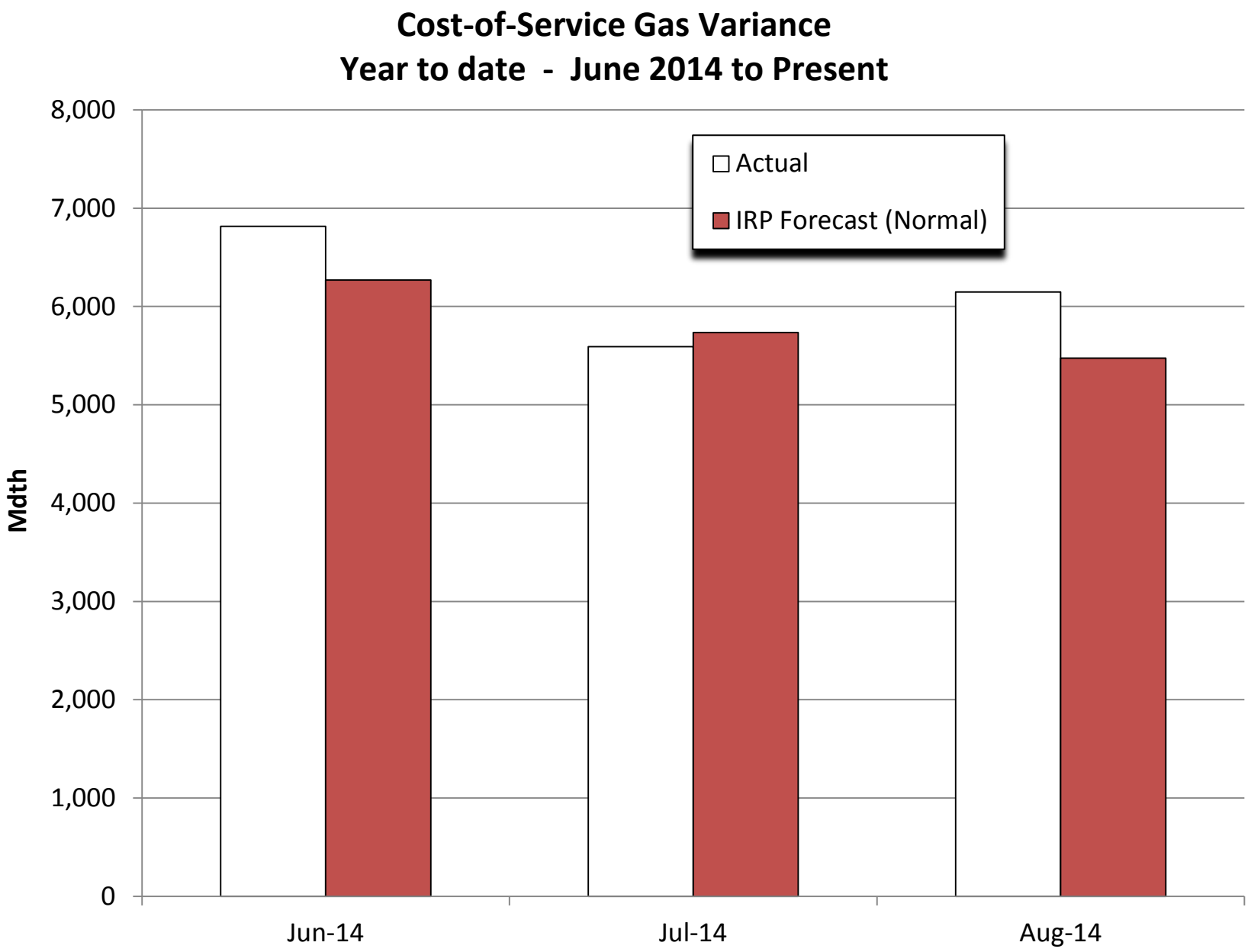
[REDACTED]

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 14-057-15

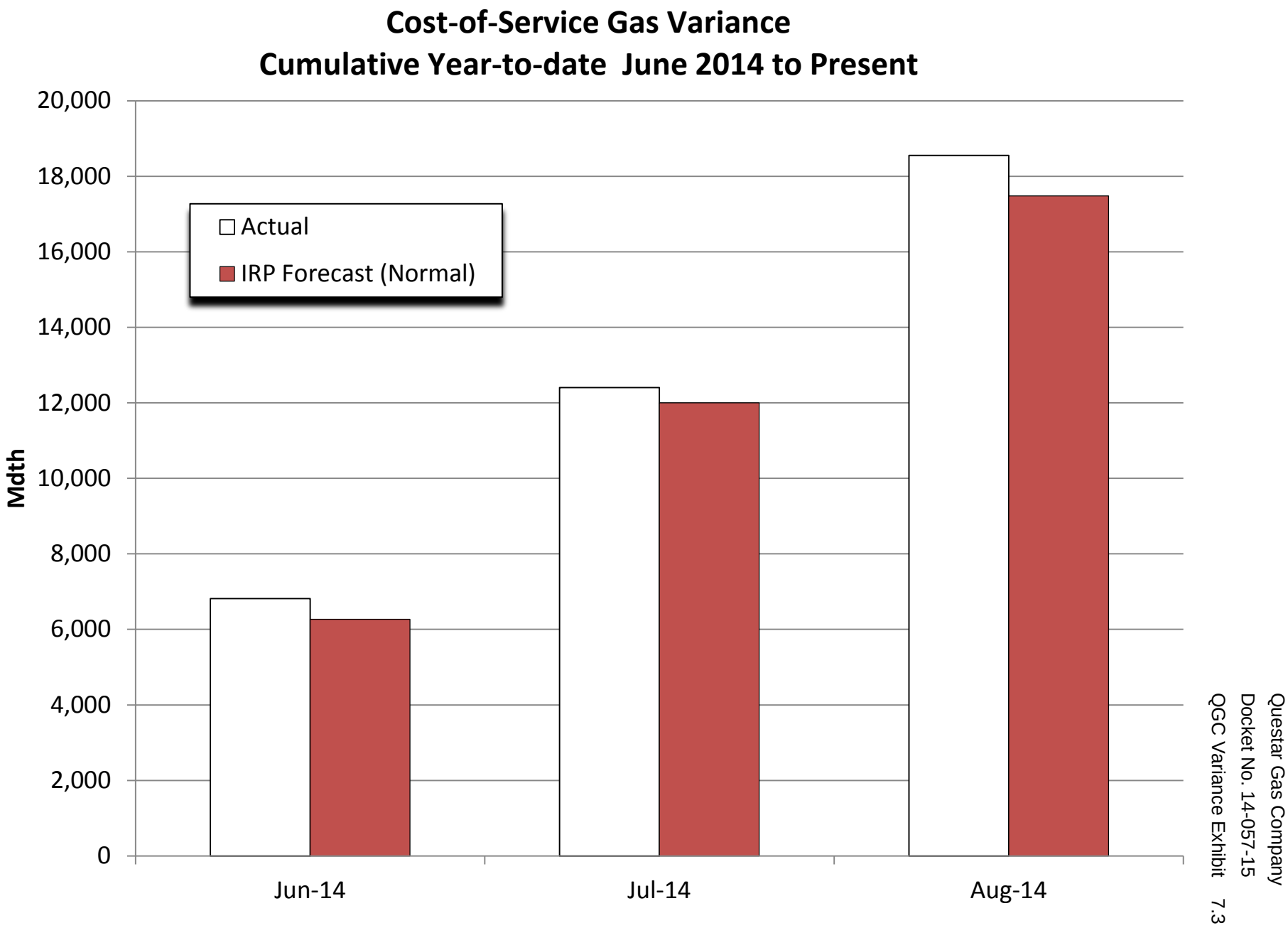
Cost-of-Service Gas Variance
IRP First Quarter: June to August



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.1



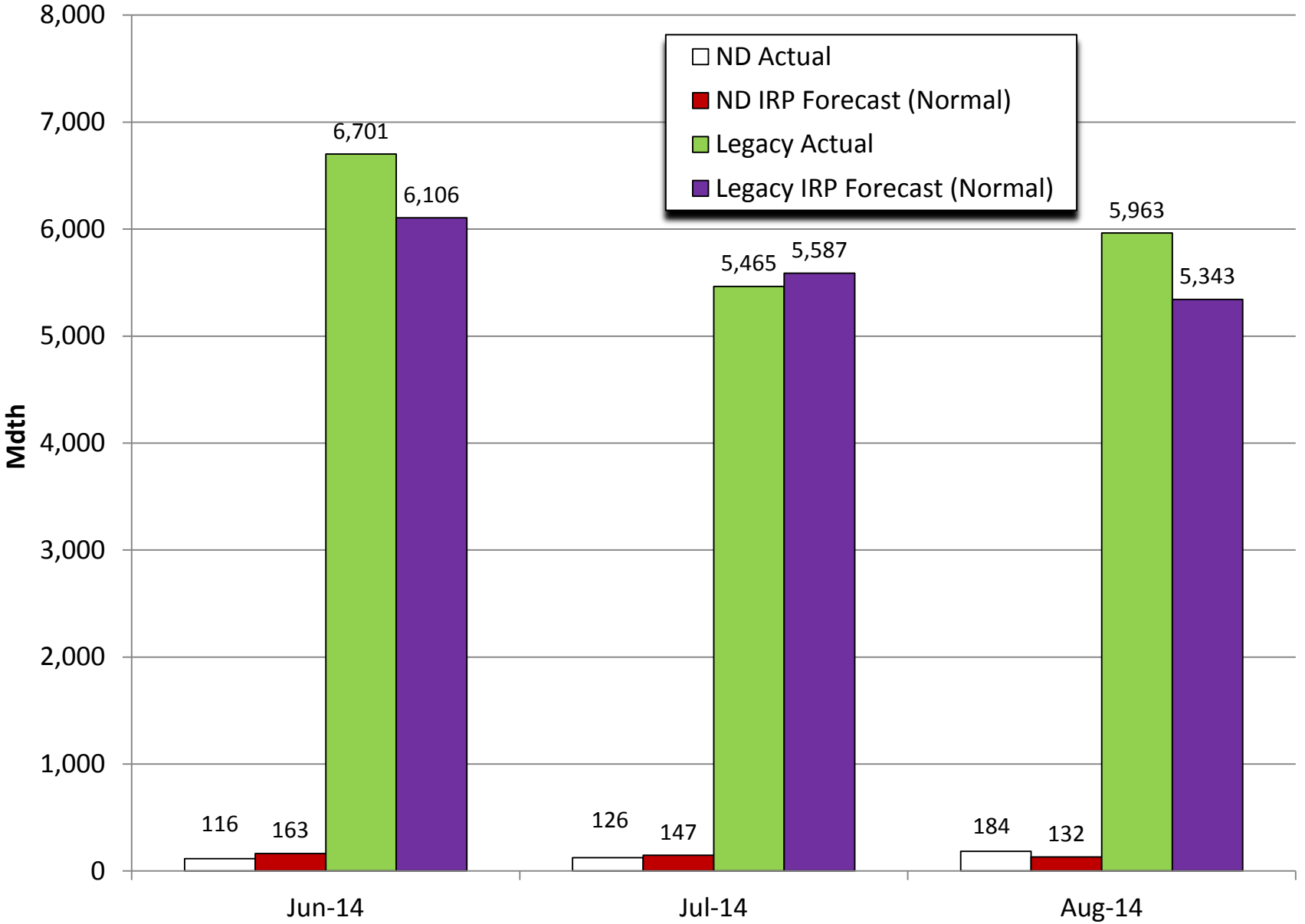
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.2



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.3

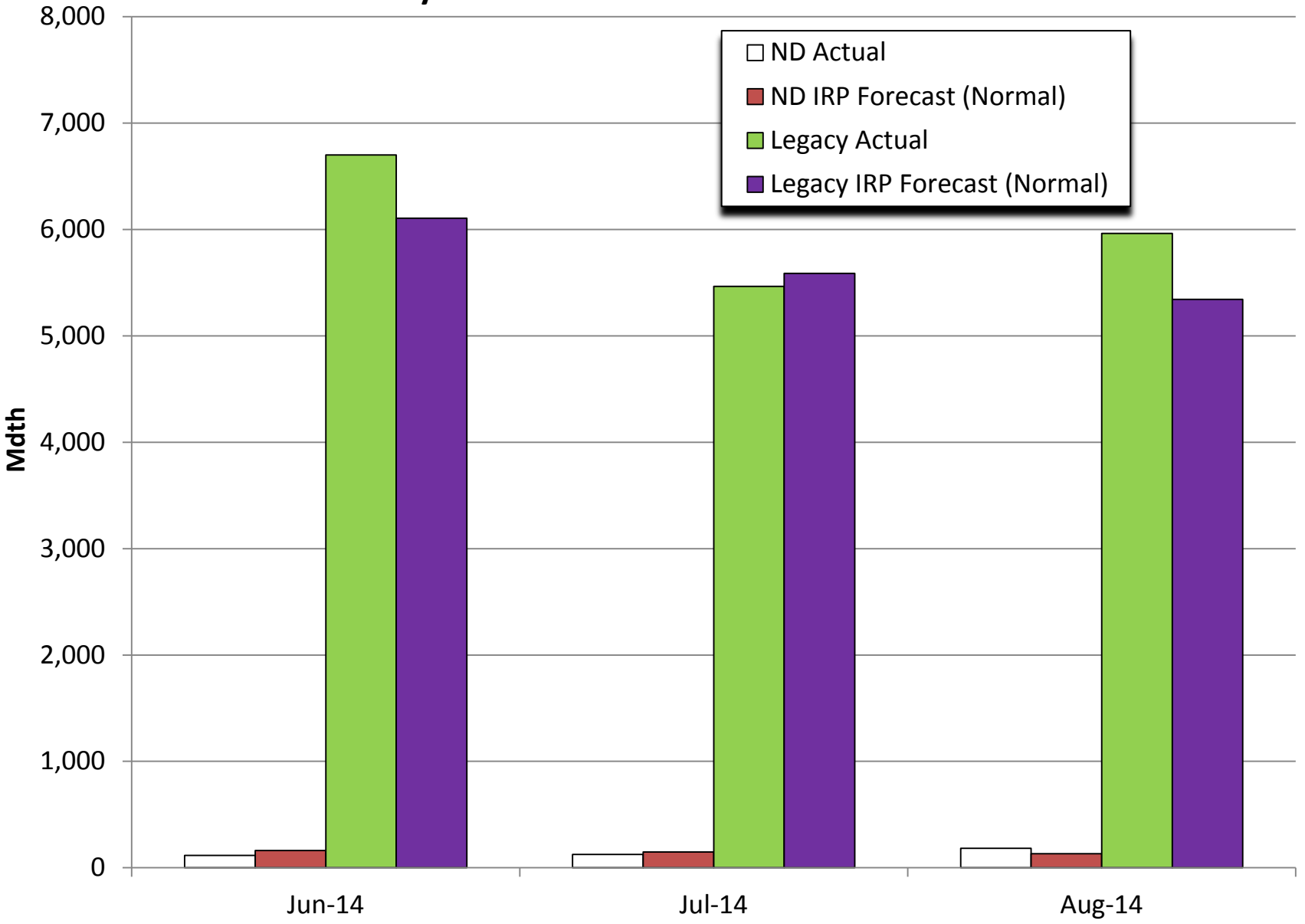
Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 14-057-15

Cost-of-Service New Drill Component
IRP First Quarter: June to August



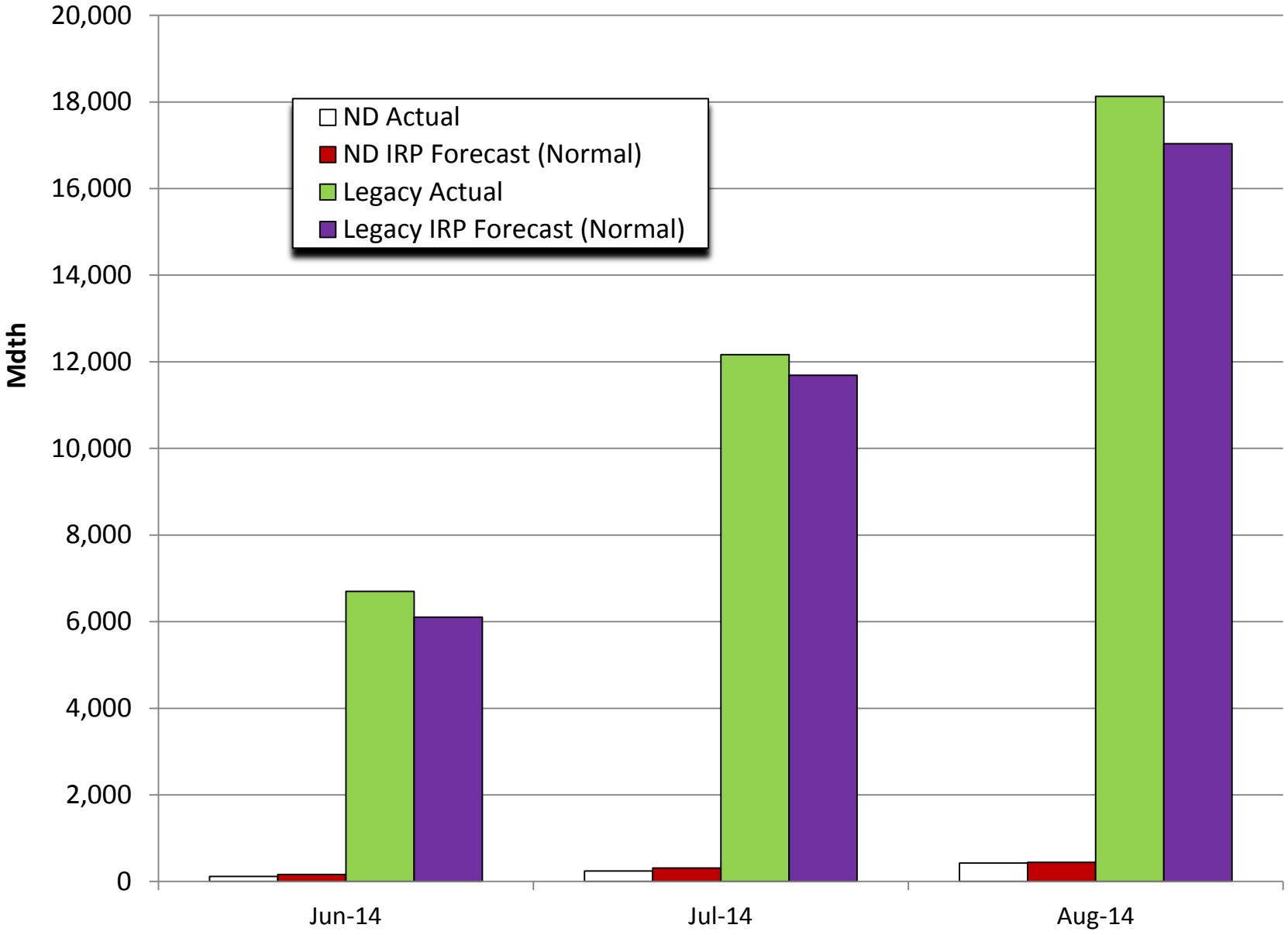
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.1

Cost-of-Service New Drill Component
Monthly Year to date - June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.2

Cost-of-Service New Drill Component
Cumulative Year-to-date June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.3

Data
Exhibits 9.1 – 9.3
Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 9.1

Total Production and New Drill by Nomination Group

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 9.2

Total Production and New Drill by Nomination Group

[REDACTED]

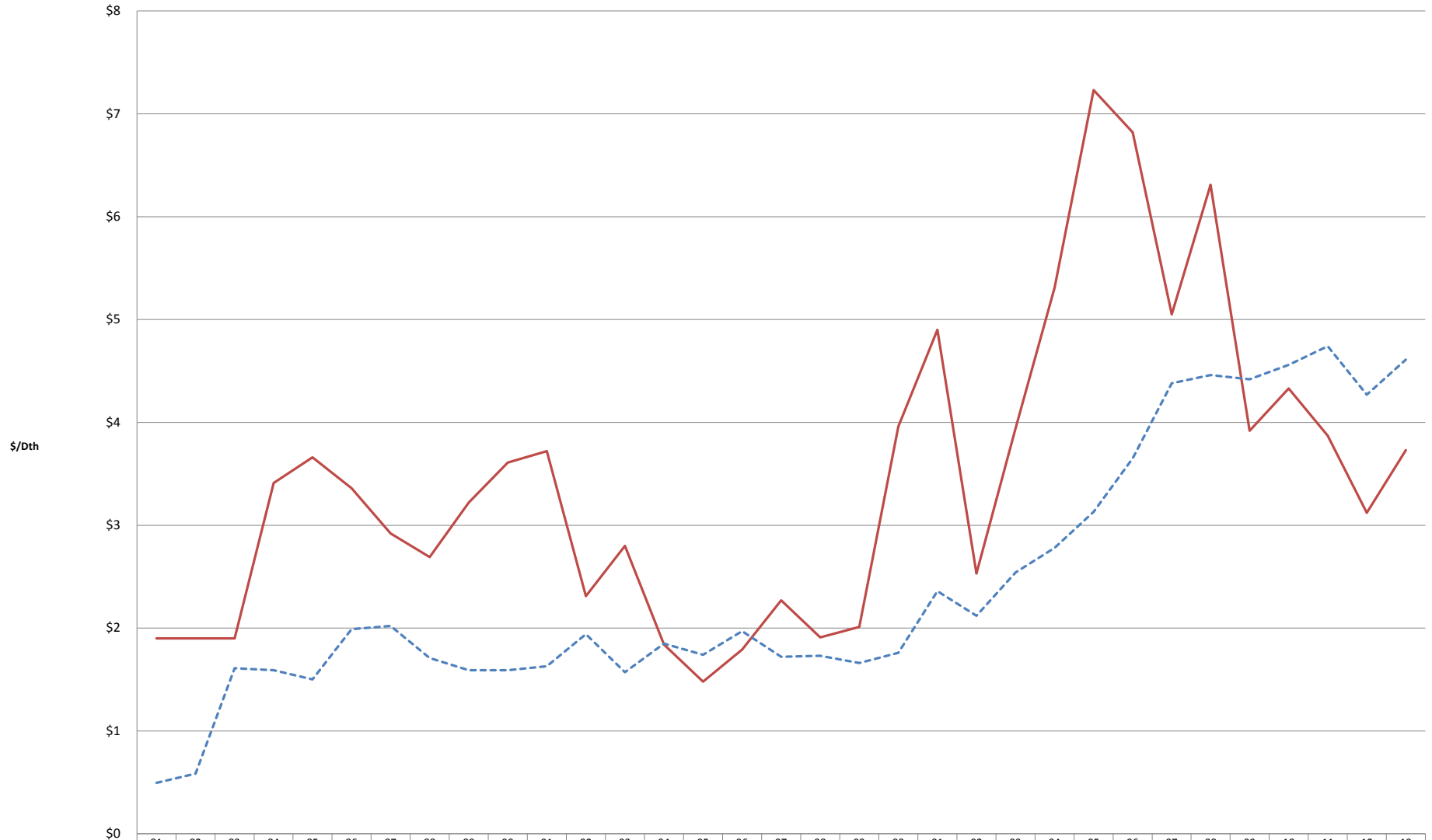
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 9.3

Gas Purchases

[REDACTED]

Purchased Gas and Cost-of-Service Gas Price Comparison
Exhibits 10.1 – 10.2
Docket No. 14-057-15

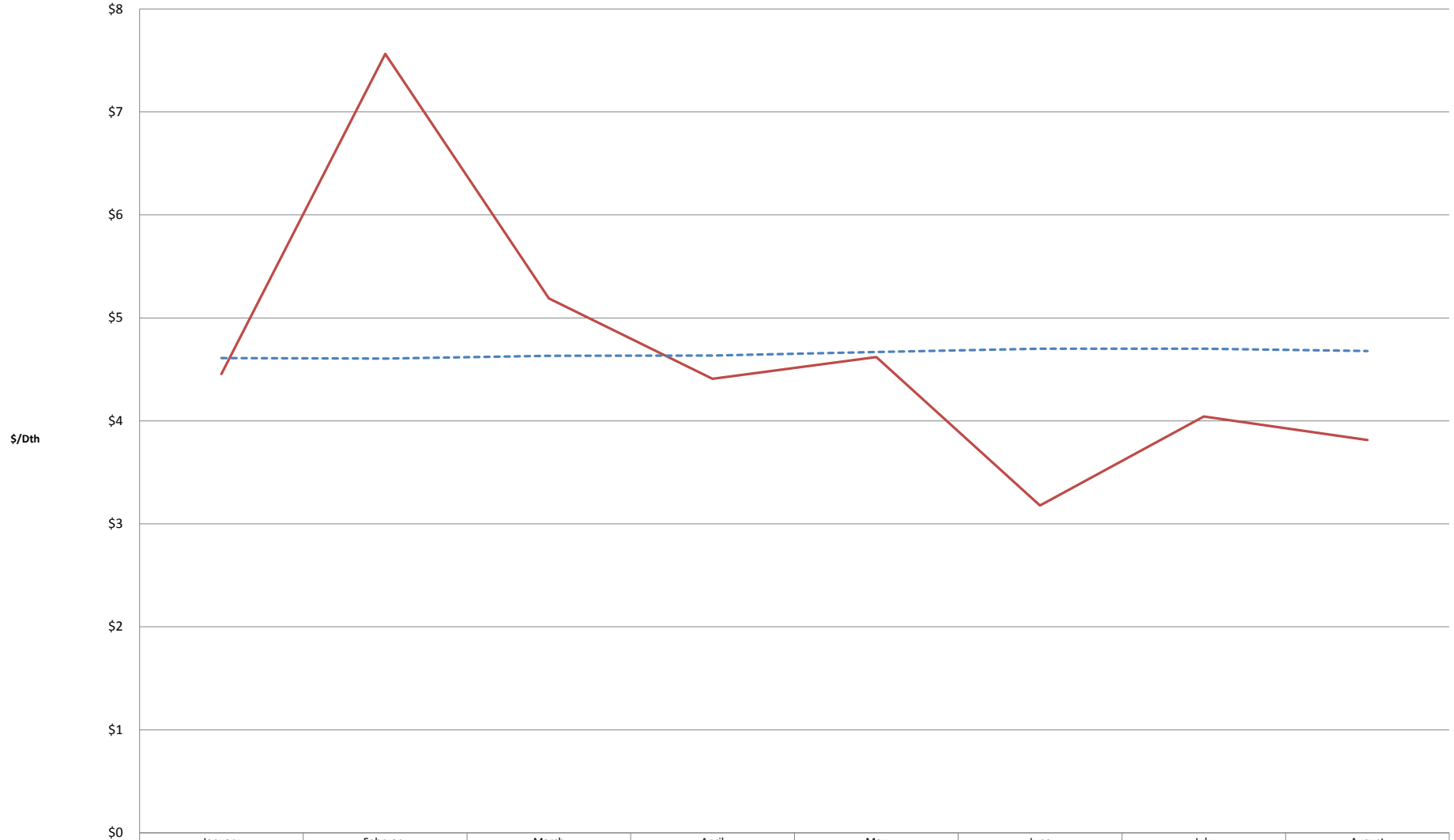
Purchased Gas vs Cost-of-Service Gas
Historical



	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13
Purchased Gas	$1.90	$1.90	$1.90	$3.41	$3.66	$3.36	$2.92	$2.69	$3.22	$3.61	$3.72	$2.31	$2.80	$1.84	$1.48	$1.79	$2.27	$1.91	$2.01	$3.96	$4.90	$2.53	$3.94	$5.31	$7.23	$6.82	$5.05	$6.31	$3.92	$4.33	$3.87	$3.12	$3.73
Cost-of-Service Gas	$0.49	$0.58	$1.61	$1.59	$1.50	$1.99	$2.02	$1.71	$1.59	$1.59	$1.63	$1.94	$1.57	$1.85	$1.74	$1.97	$1.72	$1.73	$1.66	$1.76	$2.36	$2.12	$2.54	$2.78	$3.13	$3.65	$4.38	$4.46	$4.42	$4.56	$4.74	$4.27	$4.61

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 10.1

Actual Purchased Gas vs TTM Cost-of-Service Gas
2014 YTD



	January	February	March	April	May	June	July	August
Purchased Gas	4.45	7.56	5.19	4.41	4.62	3.18	4.04	3.82
Cost-of-Service Gas	4.61	4.61	4.63	4.63	4.67	4.70	4.70	4.68

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 10.2