

Third Quarter
Variance Report
Redacted

December 2014
through
February 2015
Docket No. 14-057-15

Questar Gas Company
Third Quarter Variance Report
December 2014 – February 2015

Questar Gas Company (Questar Gas or Company) respectfully submits this Third Quarter Variance Report for the period December – February 2015. 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.

The weather in December, January and February 2015 was warmer than normal compared to the 2014 forecast of normal temperatures. See Exhibit 1.1.

Gas Storage Exhibits 2.1 – 2.4.

The Clay Basin inventory shown in Exhibit 2.1 was higher than IRP estimates for the quarter in part due to warmer than normal weather. The IRP forecast was artificially lower due to programming and the lack of a constraint in the SendOut Model used for 2014. The model allowed the inventory to be reduced at a faster rate than is actually feasible. This has been remedied in the IRP model for the 2015 IRP. The actual Clay Basin inventory levels for this period are consistent with historical inventory levels. The three-year average inventory levels for December, January, and February are 6,777, 4,420, and 1,619 respectively.

Aquifer Inventory shown in Exhibit 2.2 was greater than projections for December through February due to warmer than normal weather. The modeling constraint issues mentioned above also affected the IRP forecast of the aquifer inventory. The actual aquifer inventory levels for this period are consistent with historical inventory levels. The three-year average inventory levels for December, January, and February are 1,754, 1,792, and 1,424 respectively.

Firm Sales Exhibits 3.1 – 3.4.

The weather during the third quarter was substantially warmer than normal. In terms of heating degree days, the normal total for the quarter used by the Company for the Salt Lake City weather zone is 3,032. But the realized heating degree days were only 2,396 – a difference of 636 heating degree days – resulting in usage 15.4% below the forecasted total.

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

Exhibit 4.1 shows fewer third party purchases in January and February compared to projections. This correlates to the combination of warm winter weather especially in February and slightly higher than expected cost-of-service production.

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

Total monthly costs for third parties were lower than projections for the quarter, due to the combination of reduced purchased volumes and unit costs below projections.

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2.

Unit costs for these three months are far below projections. Market prices were lower than forward curve projections.

Cost-of-Service Gas

Exhibits 7.1 – 7.3.

For all months, actual production was ahead of IRP projections. Canyon Creek led the extra production due to replacement of some corroded well tubing and great success with compression. While additional volume from compression usually declines with time, that decline has not yet occurred in Canyon Creek.

This chart summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. The Company did not project shut-in for any of the months in this quarter and no shut-ins occurred.

	December	January	February
Estimated Shut-in	0	0	0
Actual Shut-in	0	0	0

Cost-of-Service Gas New Drill Component

Exhibits 8.1 – 8.3.

In December and January, New Drill gas production closely matched estimates. February was slightly ahead due to good initial production in Pinedale.

This variance report has traditionally shown the ratio of gas supplied from both Company and Purchased supplies. However, during the preparation for the 2015 IRP, and during the February 9, 2015 IRP workshop meeting, the attendees discussed comparability of Company-produced volumes as they are measured and reported. As a result of these discussions, the Company is analyzing this issue, gathering data, and working with the Division toward a resolution. The Company expects to report on this issue in the next quarterly Variance Report.

This chart summarizes purchase and cost-of-service volume variances using IRP projections and actual results as a percent of total. The Q3 number is a percent of total and not an average.

	Actual Purchase as Percent of Total	Normal Purchase as Percent of Total	Actual Cost-of- Service as Percent of Total	Normal Cost-of- Service as Percent of Total
Dec-14	49.00%	48.98%	51.00%	51.02%
Jan-15	60.53%	62.43%	39.47%	37.57%
Feb-15	32.94%	67.97%	67.06%	32.03%
Q3	50.23%	60.85%	49.77%	39.15%

Supplemental Graphs

Exhibits 9.1 – 9.3.

Monthly and cumulative graphs show the levels of projected and actual production as well as projected and actual new drill.

Purchased Gas and Cost-of-Service Price Comparison

Exhibit 10.

In the May 18th Pass-Through Technical conference, requested that the Company update this comparison using an estimated 3.8% adjustment to the wellhead volume to more accurately compare the cost-of-service price to the purchase gas price. The Company will do so in the next quarterly Variance Report.

Gathering

Pursuant to Commission order in Docket No. 12-057-07, the Company provides the following update regarding the Questar Gas Company v. QEP Field Services Company (QEP) lawsuit. Following completion of discovery and exchange of expert reports, Questar Gas Company and QEP each filed three motions for partial summary judgment. The Court issued its Memorandum Decision on December 2, 2014, granting two of Questar Gas' three motions and denying all three of QEP's motions. With leave of Court, Questar Gas and Wexpro filed an additional motion for partial summary judgment regarding QEP's counterclaim. QEP filed a motion for clarification or reconsideration regarding one of the Court's rulings in the Memorandum Decision. Briefing on both motions has been completed.

On May 21, 2015, the parties (with QEP now being owned by Tesoro Logistics LLP) entered into a standstill agreement under which they agreed to hold the proceedings in the lawsuit in abeyance until September 1, 2015 while they attempt to settle their disputes. In the event the parties do not reach agreement during the standstill period. The parties are currently working with the Court to reschedule a hearing on the pending motions and the trial.

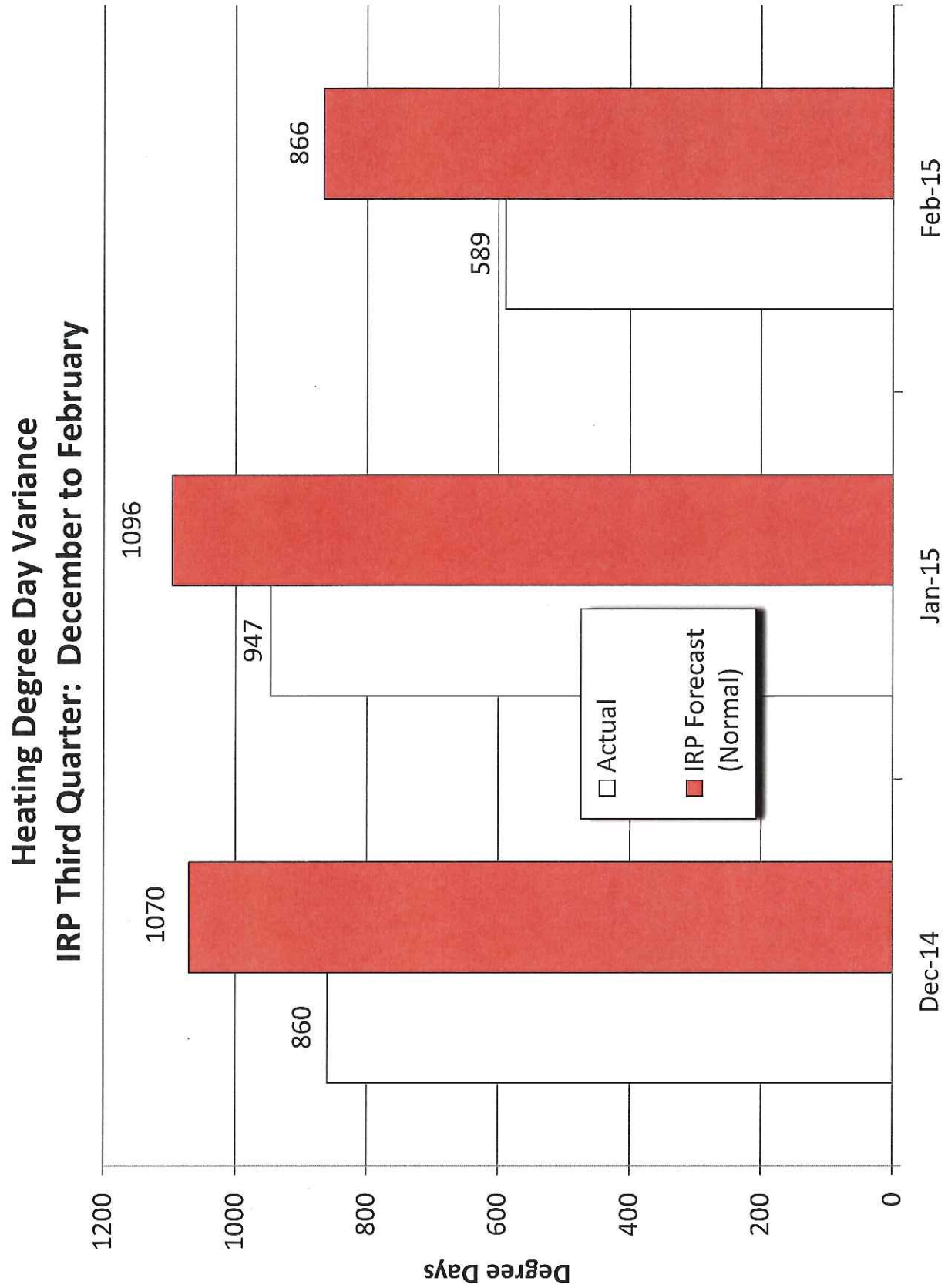
DNG Action Plan Variance Report

The second quarter variance report provided details on the La Barge project. All other projects were on schedule and on budget during the third quarter.

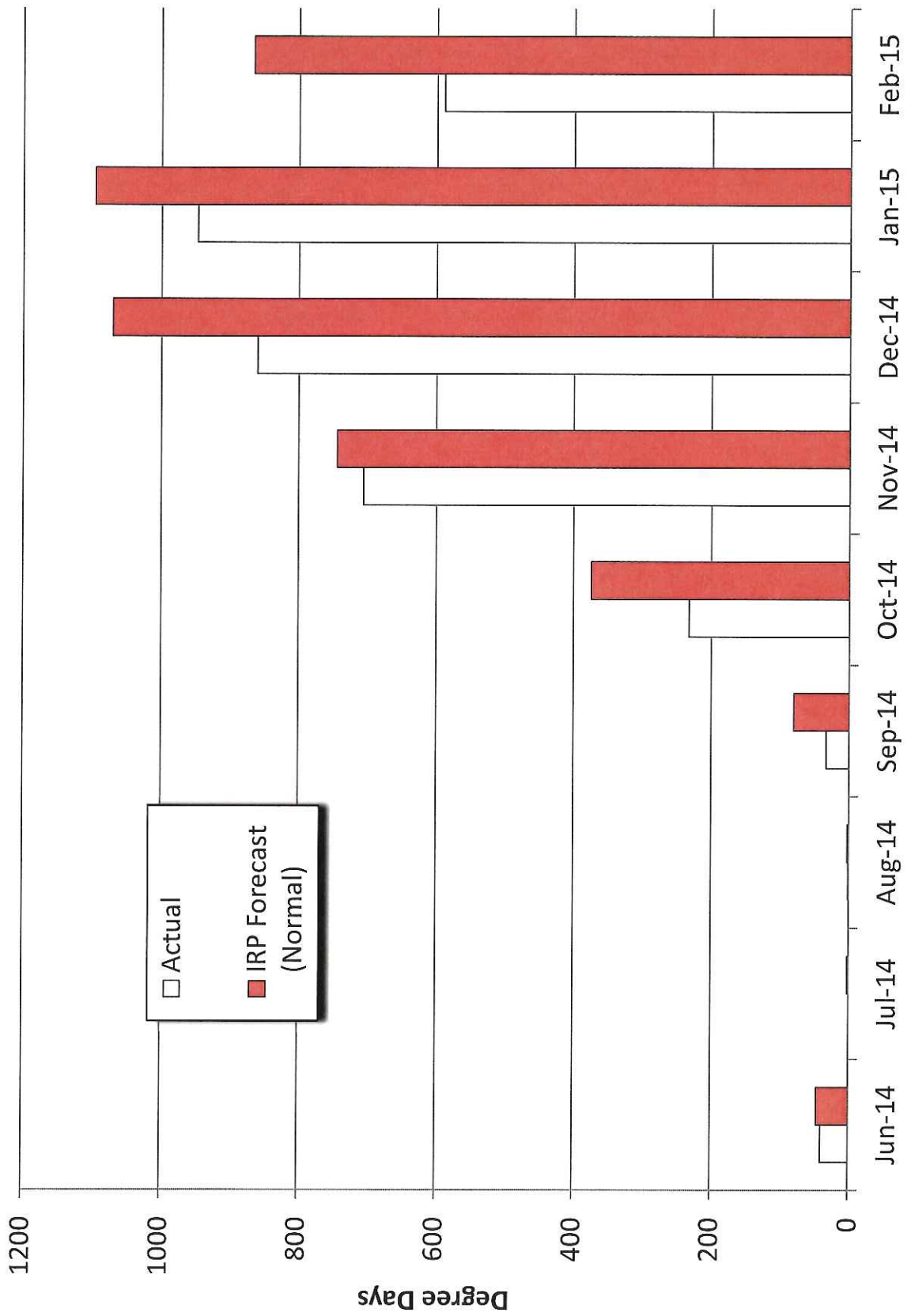
Heating Degree Day Graphs

Exhibit 1.1 – 1.3

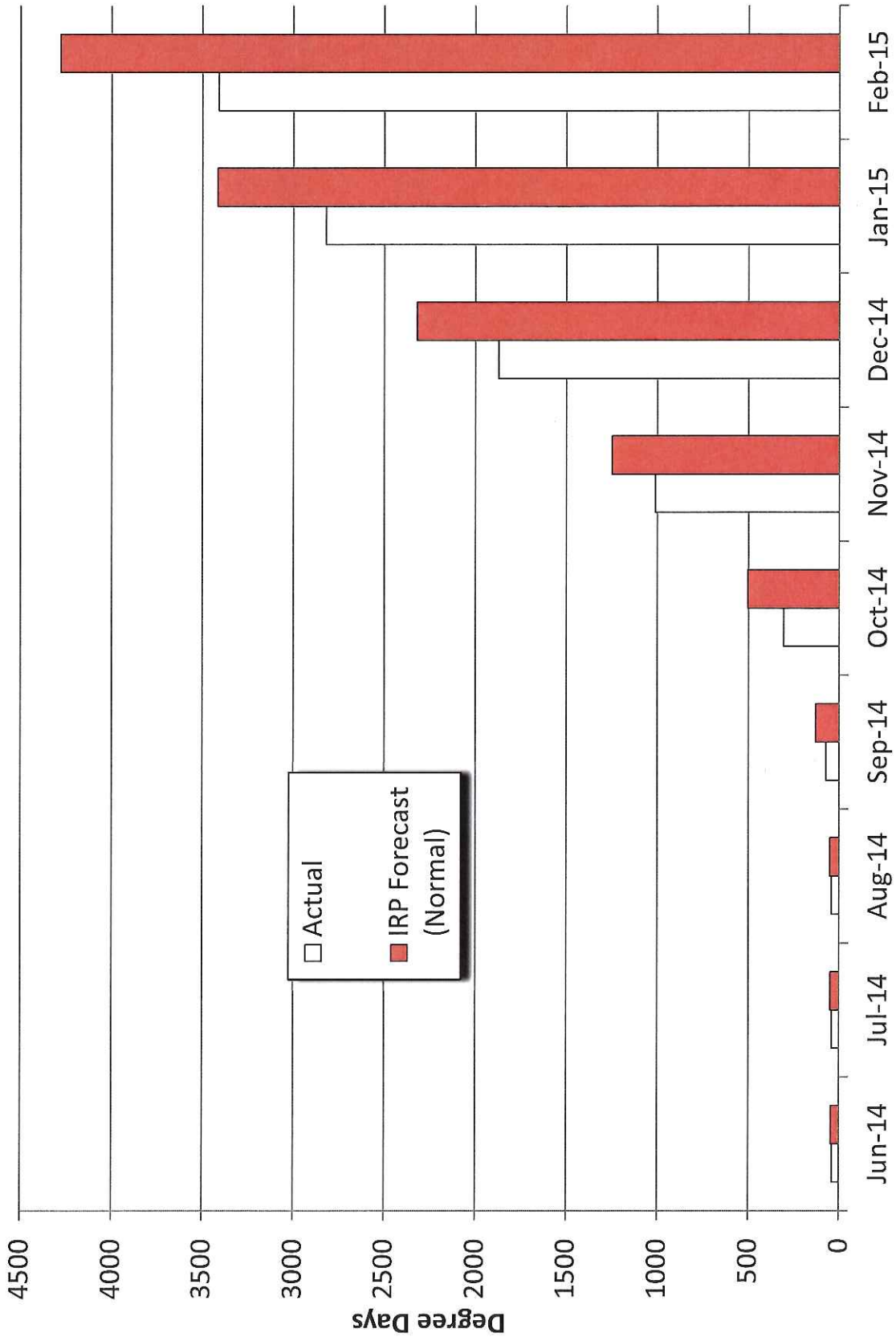
Docket No. 14-057-15



Heating Degree Day Variance IRP Year: June 2014 to Present

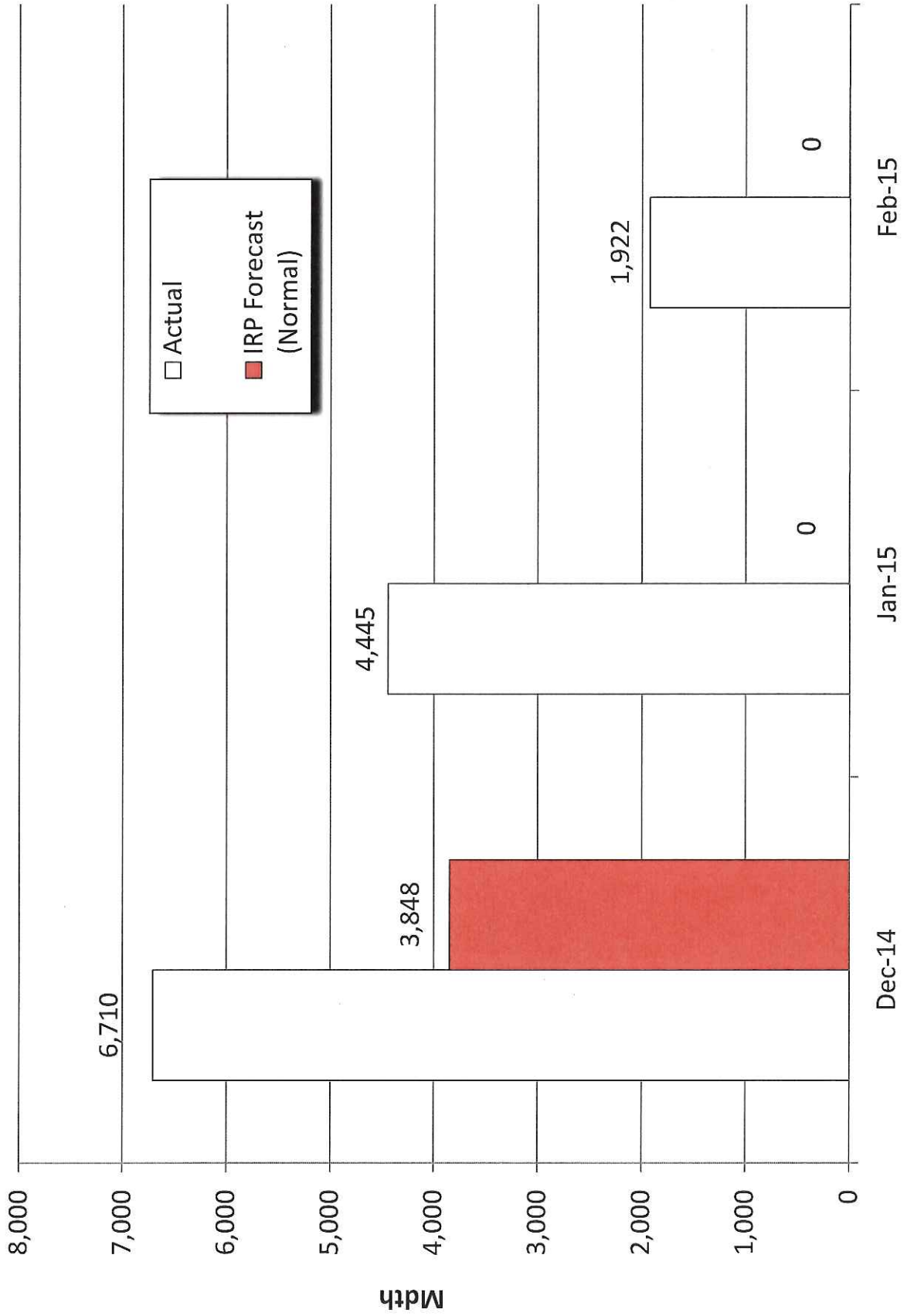


Heating Degree Day Variance



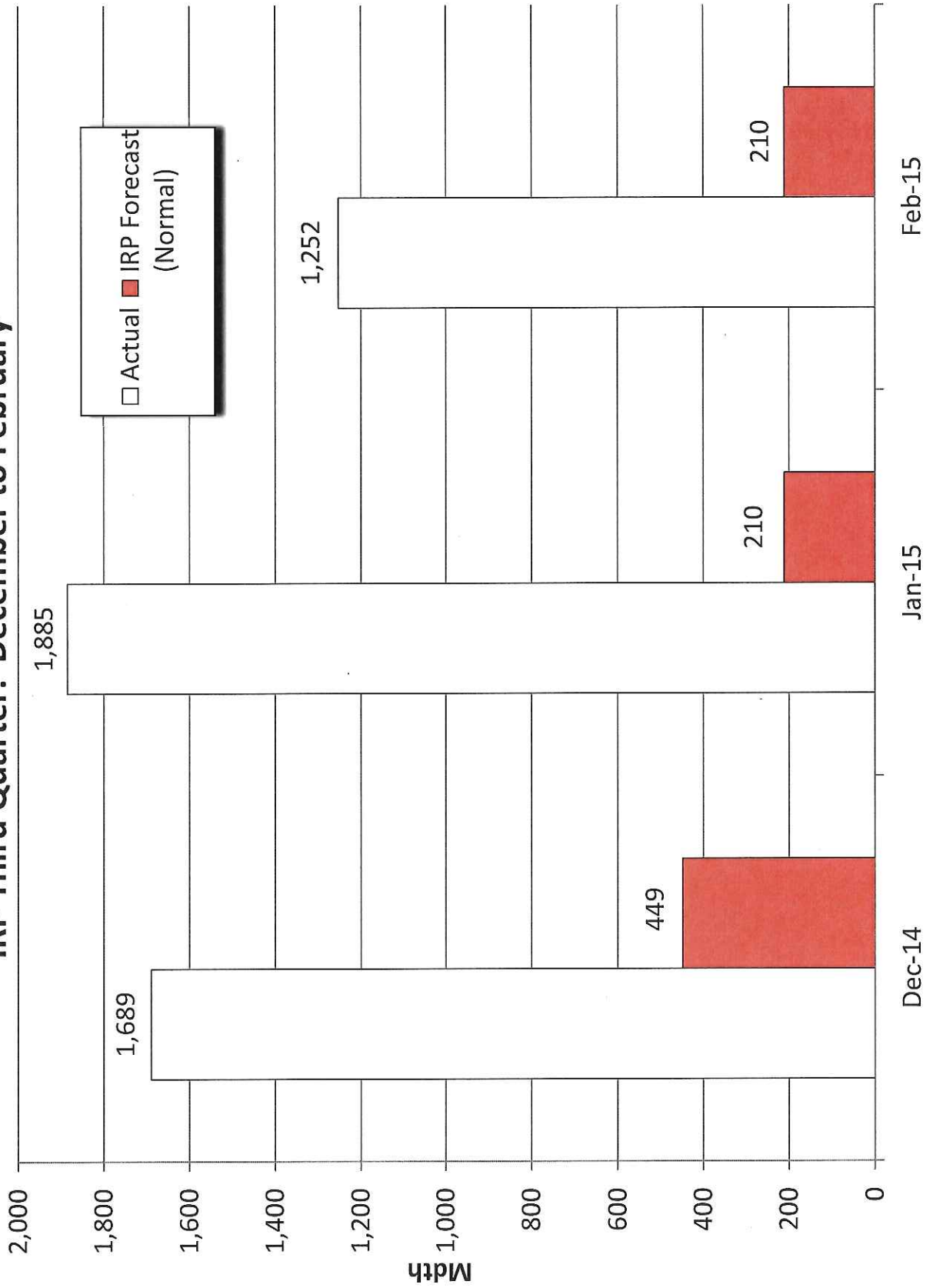
Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 14-057-15

Clay Basin Month End Inventory IRP Third Quarter: December to February

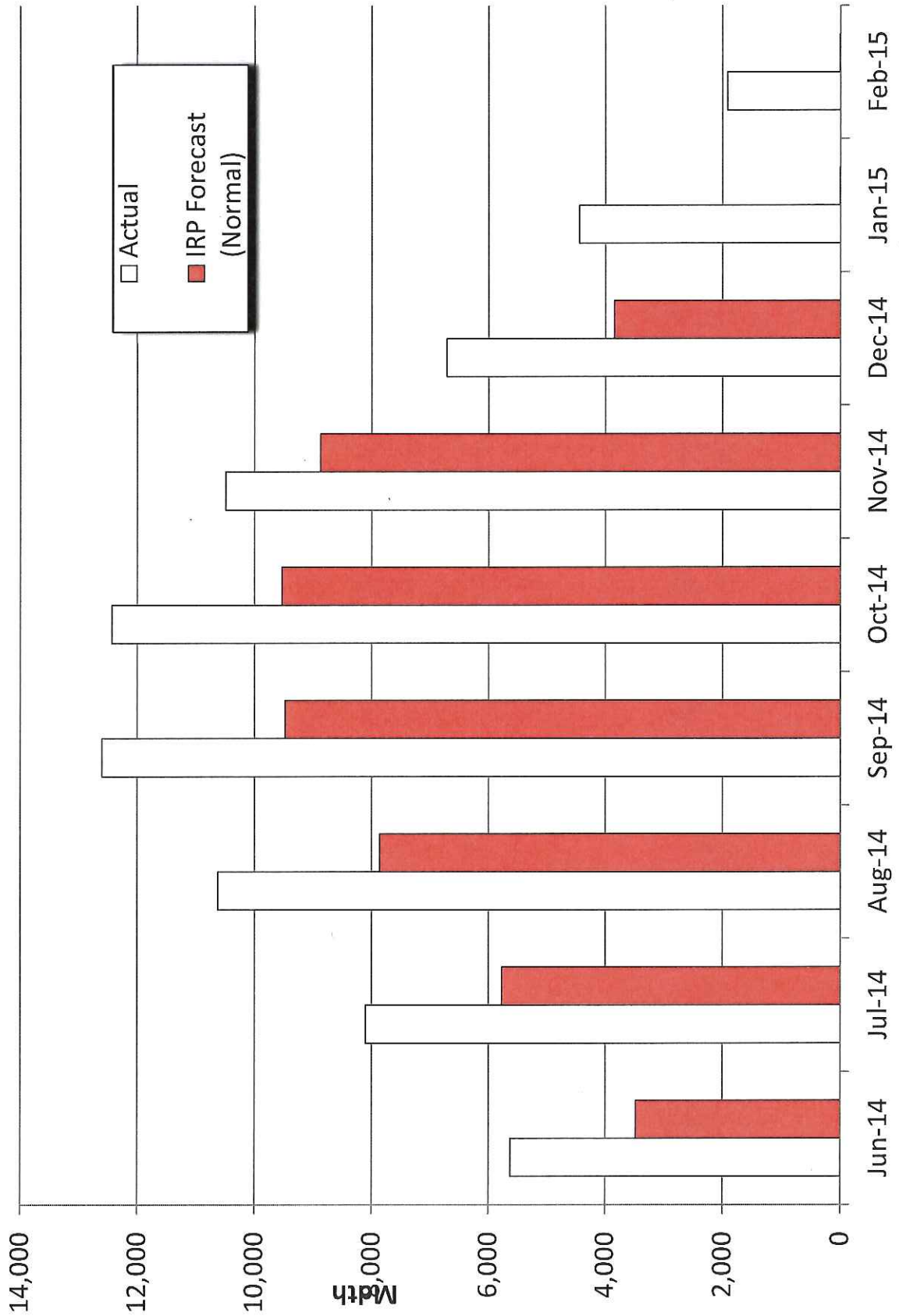


Aquifer Month End Inventory

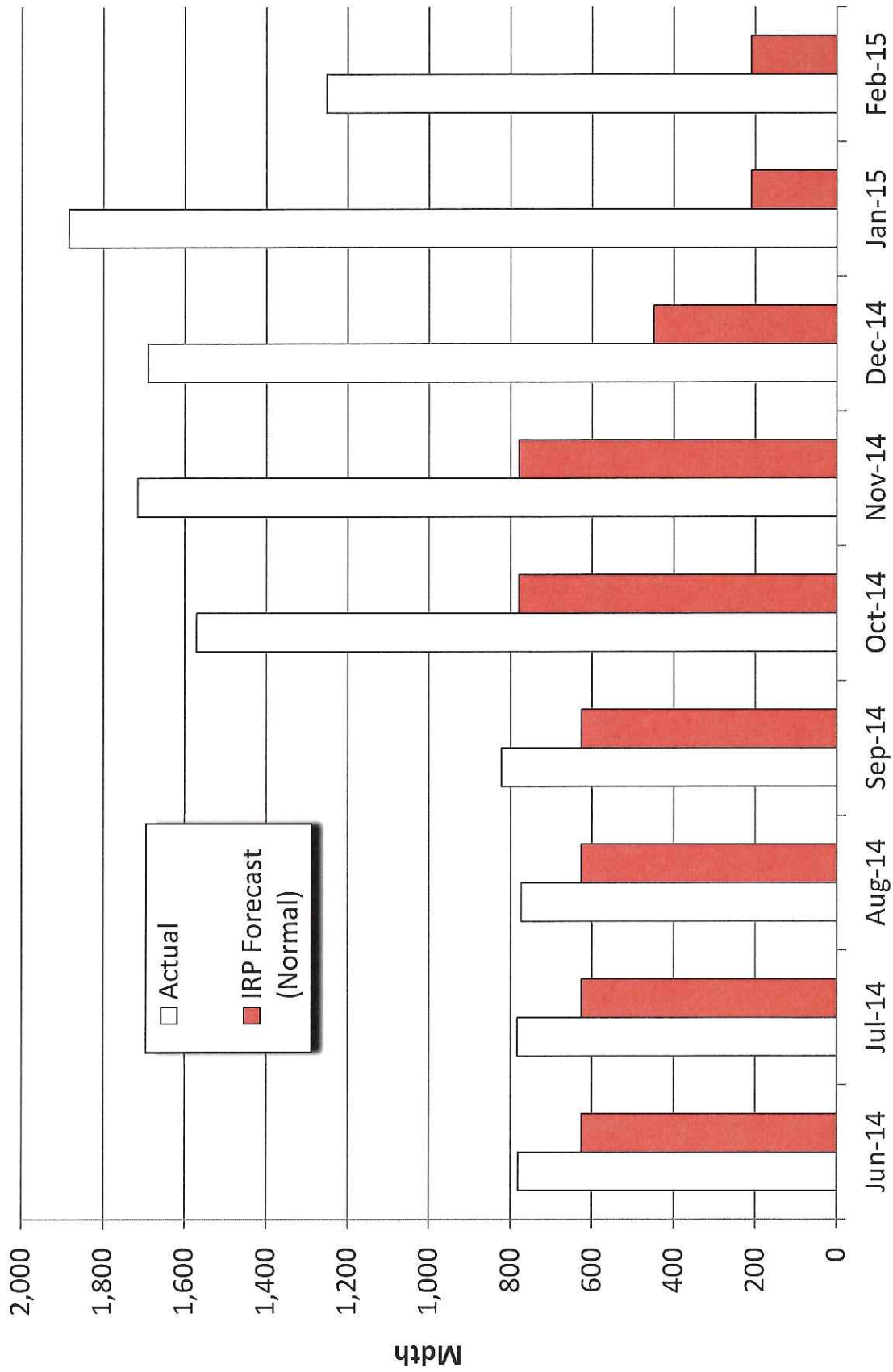
IRP Third Quarter: December to February



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

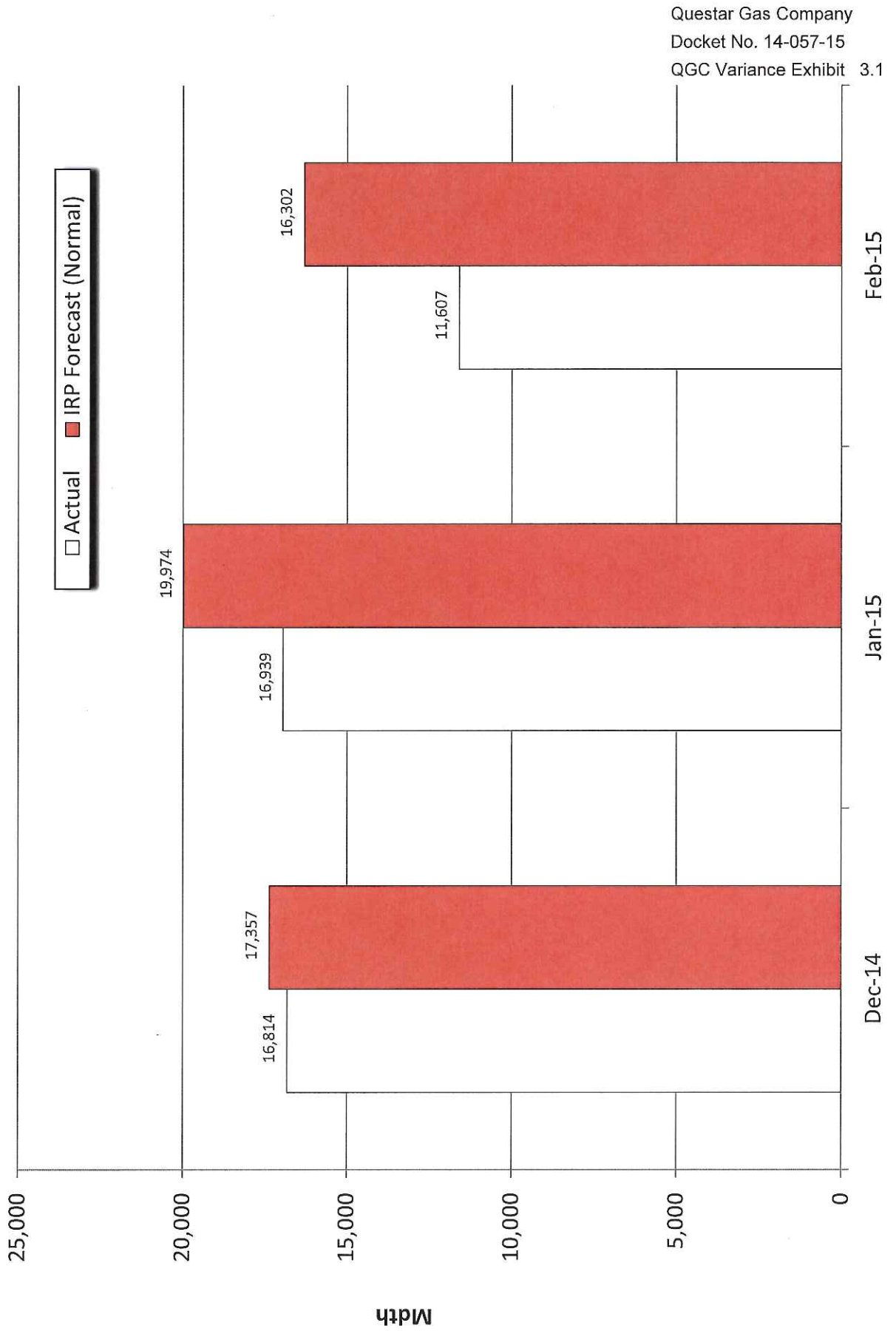


Aquifer Month End Inventory
IRP Year: June 2014 to Present

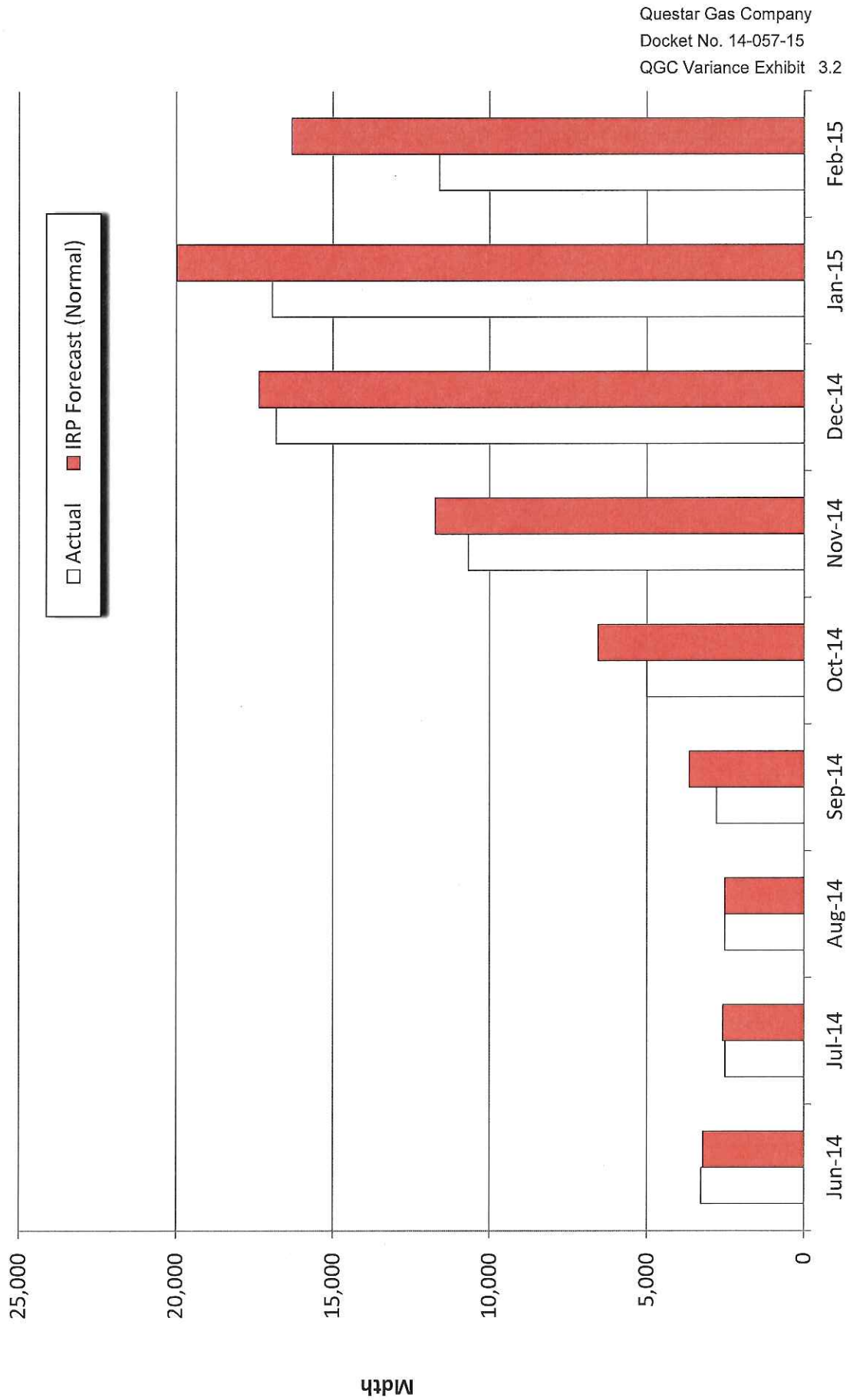


Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 14-057-15

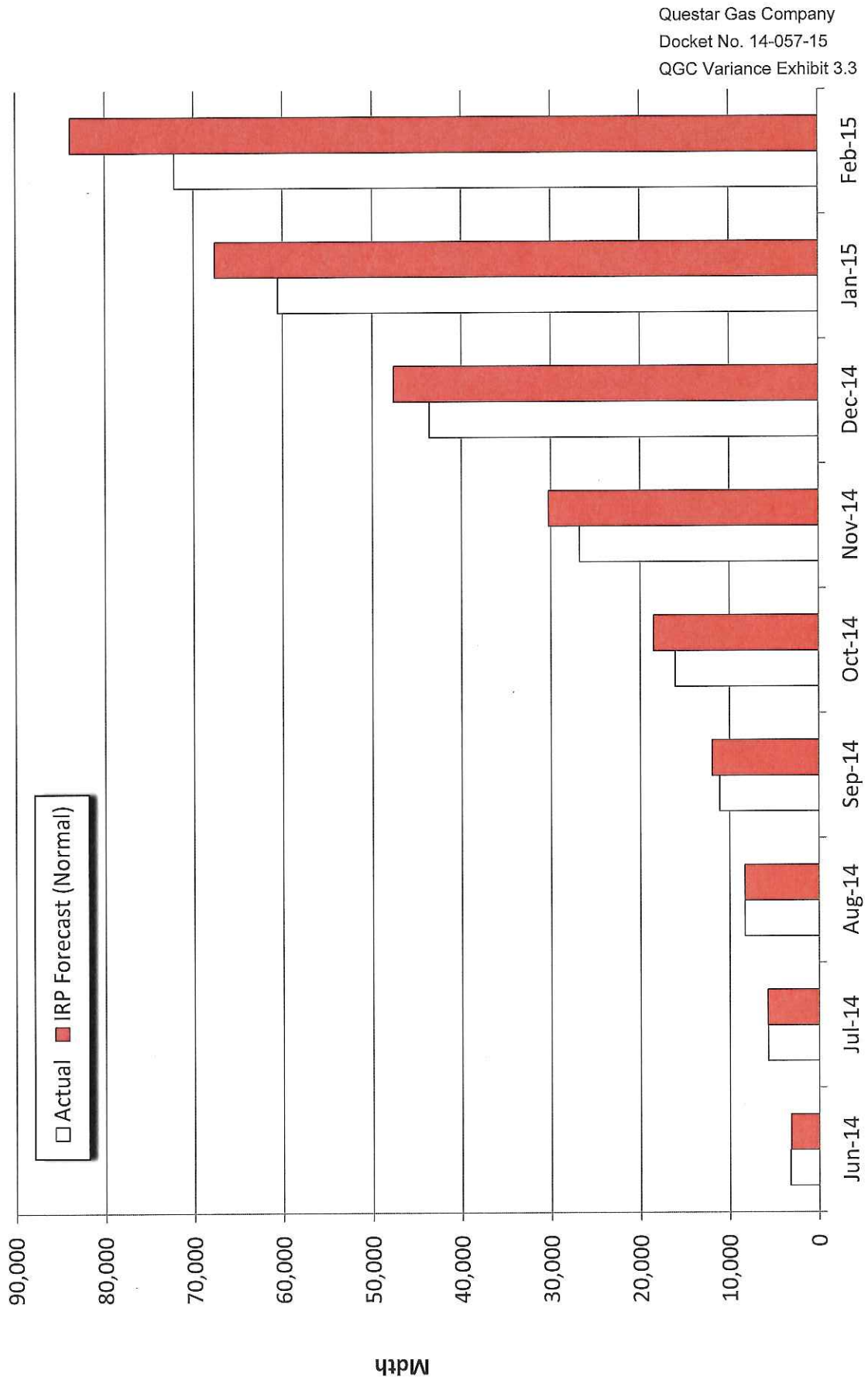
Firm Sales Variance
IRP Third Quarter: December 2014 to February 2015



Firm Sales Variance
IRP Year: June 2014 to Present



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



IRP Variance

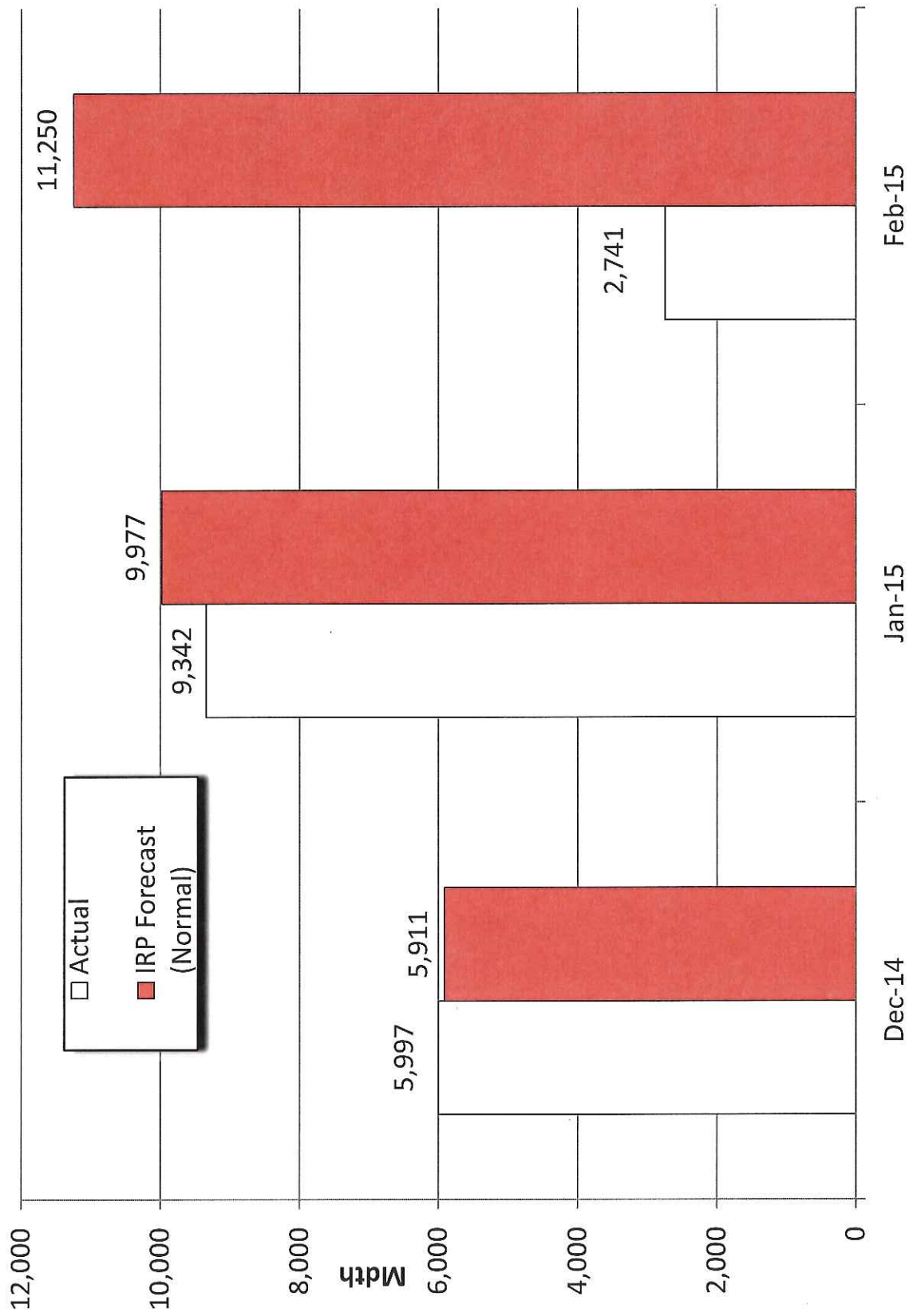
Actual Results

	Dec-14		Jan-15		Feb-15	
	Actual	IRP	Actual	IRP	Actual	IRP
SUPPLY						
1 Cost of Service Prod (Mbtu)	6,490	6,399	6,332	6,241	5,801	5,512
2 Purchases (Mbtu)	5,997	5,911	9,342	9,977	2,741	11,250
3 Clay Basin With (Mbtu)	3,781	5,026	2,366	3,848	2,629	-
4 Aquifers With (Mbtu)	189	332	38	238	628	-
5 Ryckman With (Mbtu)	-	515	-	515	-	230
6 Off-System	58	87	85	87	77	79
7 Total Supply	16,515	18,269	18,164	20,906	11,876	17,070
DEMAND						
8 Firm Sales (Mbtu)	16,814	17,357	16,939	19,974	11,607	16,302
9 Interruptible Sales (Mbtu)	235	255	177	275	166	264
10 Clay Basin Inj (Mbtu)	-	-	87	-	106	-
11 Aquifers Inj (Mbtu)	198	-	242	-	0	-
12 Ryckman Inj (Mbtu)	-	-	-	-	-	-
13 Off-System	58	85	85	85	77	76
14 Fuel	123	485	105	471	97	345
15 Company Use / L&U	(912)	88	529	101	(177)	82
16 Total Demand	16,515	18,270	18,164	20,906	11,876	17,070
17 Clay Basin Fuel Usage Adjustment	(1)	-	(0)	-	(0)	-
18 Clay Basin Transfers	-	-	15	-	-	-
19 Aquifers Fuel Usage Adjustment	(8)	-	(8)	-	(5)	-
20 Aquifers Transfers	-	-	-	-	-	-
21 Clay Basin Current Balance	6,710	3,848	4,445	-	1,922	-
22 Aquifers Current Balance	1,689	449	1,885	210	1,252	210
23 Purchases(\$/Dth)	3.60	4.80	2.95	4.76	2.74	4.59
24 Purchases \$ (000)	21,589	28,370	27,559	47,492	7,510	51,636
Variances						
25 Cost of service volumes	91	-	91	-	289	-
26 Purchase volumes	87	-	-	-	-	-
27 Purchase \$ Act over (under) IRP	\$ -	\$ (6,781)	\$ -	\$ (19,934)	\$ -	\$ (44,125)
28 Vol Variance	\$ 415	\$ -	\$ -	\$ (3,025)	\$ -	\$ (39,054)
29 \$ Variance	\$ (7,196)	\$ -	\$ -	\$ (16,909)	\$ -	\$ (5,071)
30 Check	\$ 6,781	\$ (6,781)	\$ -	\$ -	\$ -	\$ -
31 Quarter Variance					\$ (70,840)	
32 Vol Variance					\$ (41,664)	
33 \$ Variance					\$ (29,176)	
34 Check					\$ -	

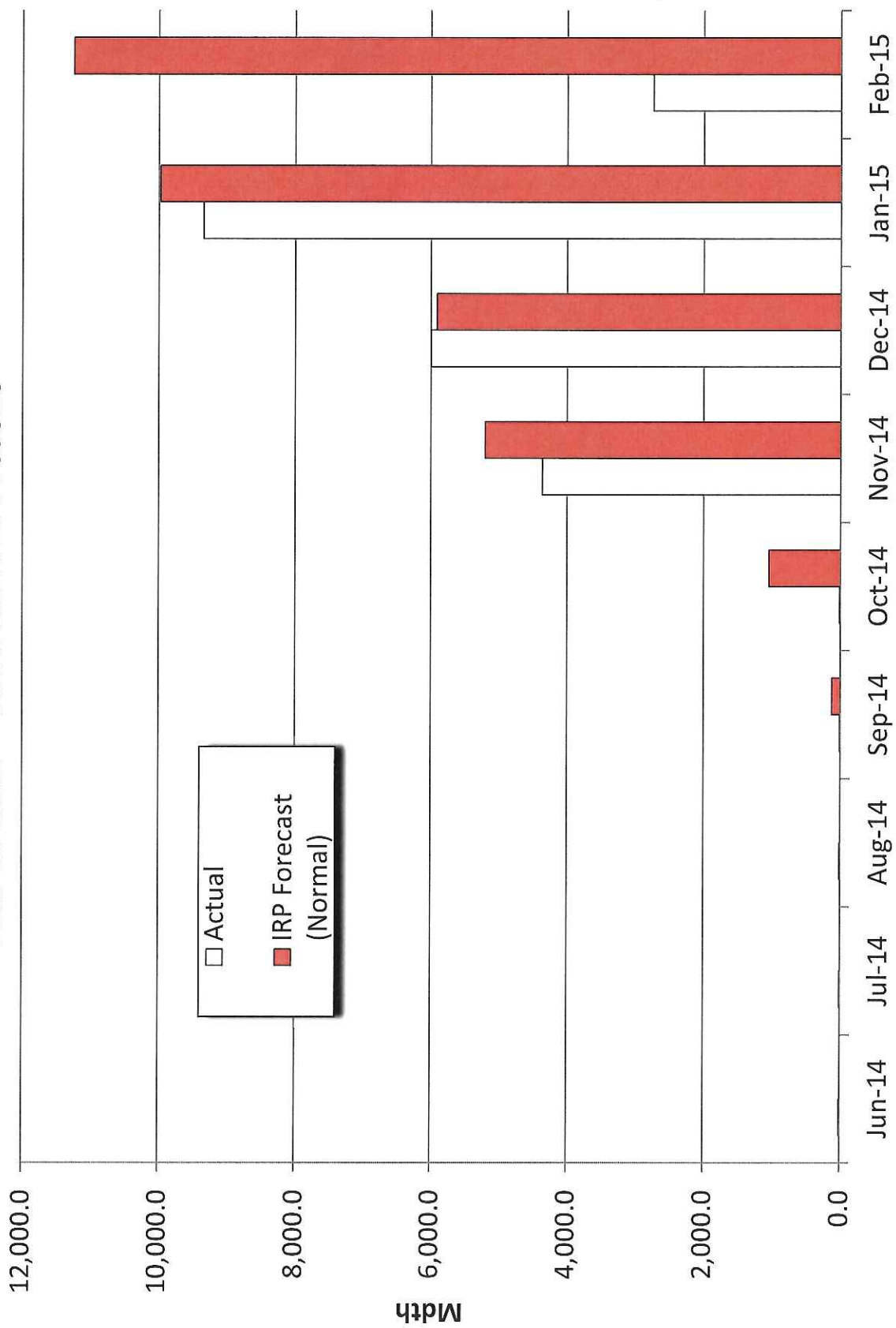
Gas Purchased
from Third Parties

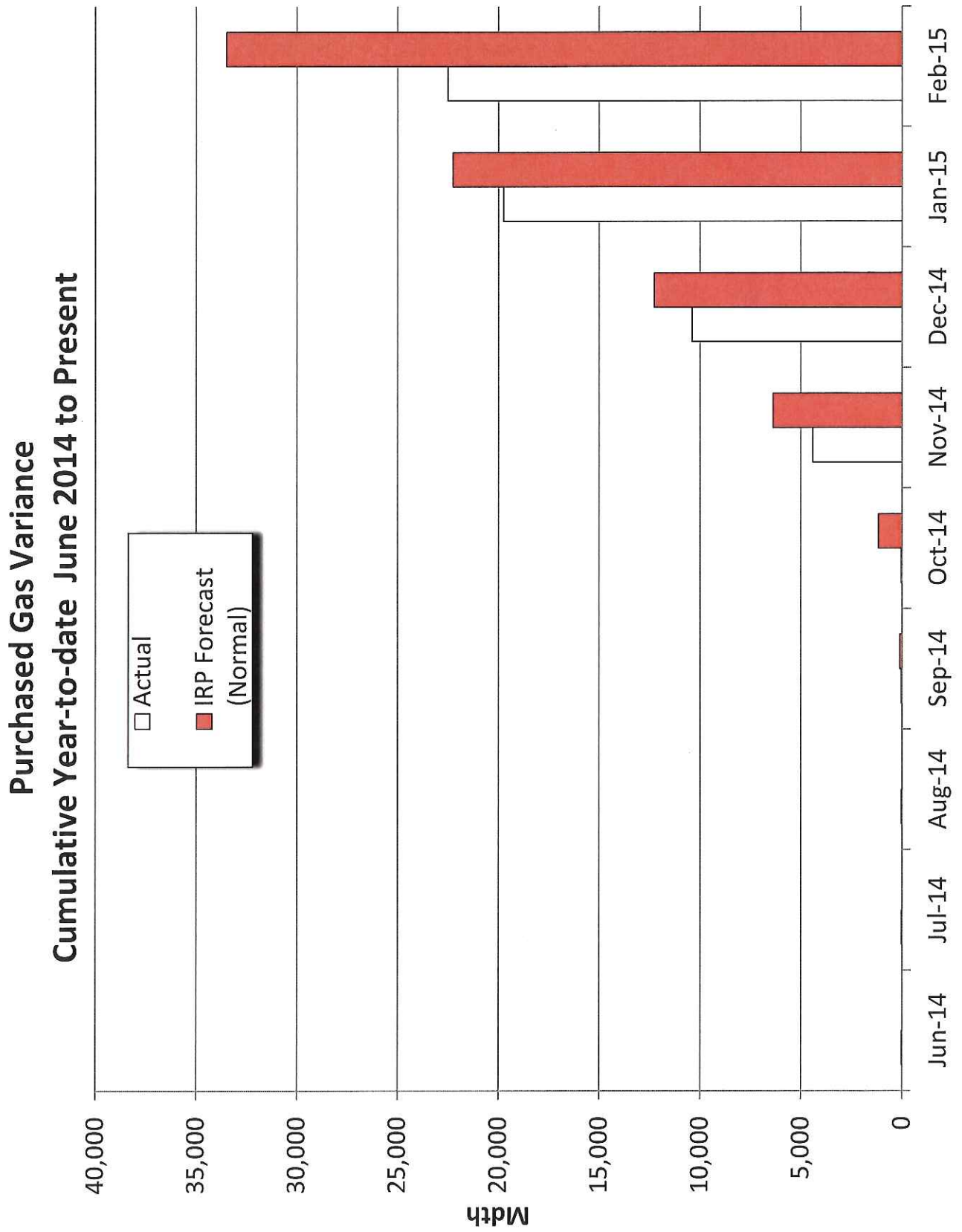
Volume Variance
Exhibits 4.1 – 4.3
Docket No. 14-057-15

Purchased Gas Variance IRP Third Quarter: December to February



Purchased Gas Variance
Year to date - June 2014 to Present





Gas Purchased
from Third Parties

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

Purchased Gas Cost Variance
IRP Third Quarter: December to February

[REDACTED]

Purchased Gas Cost Variance
Year-to-date: September 2014 to Present

[REDACTED]

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

Purchased Gas Unit Cost Variance
IRP Third Quarter: December to February

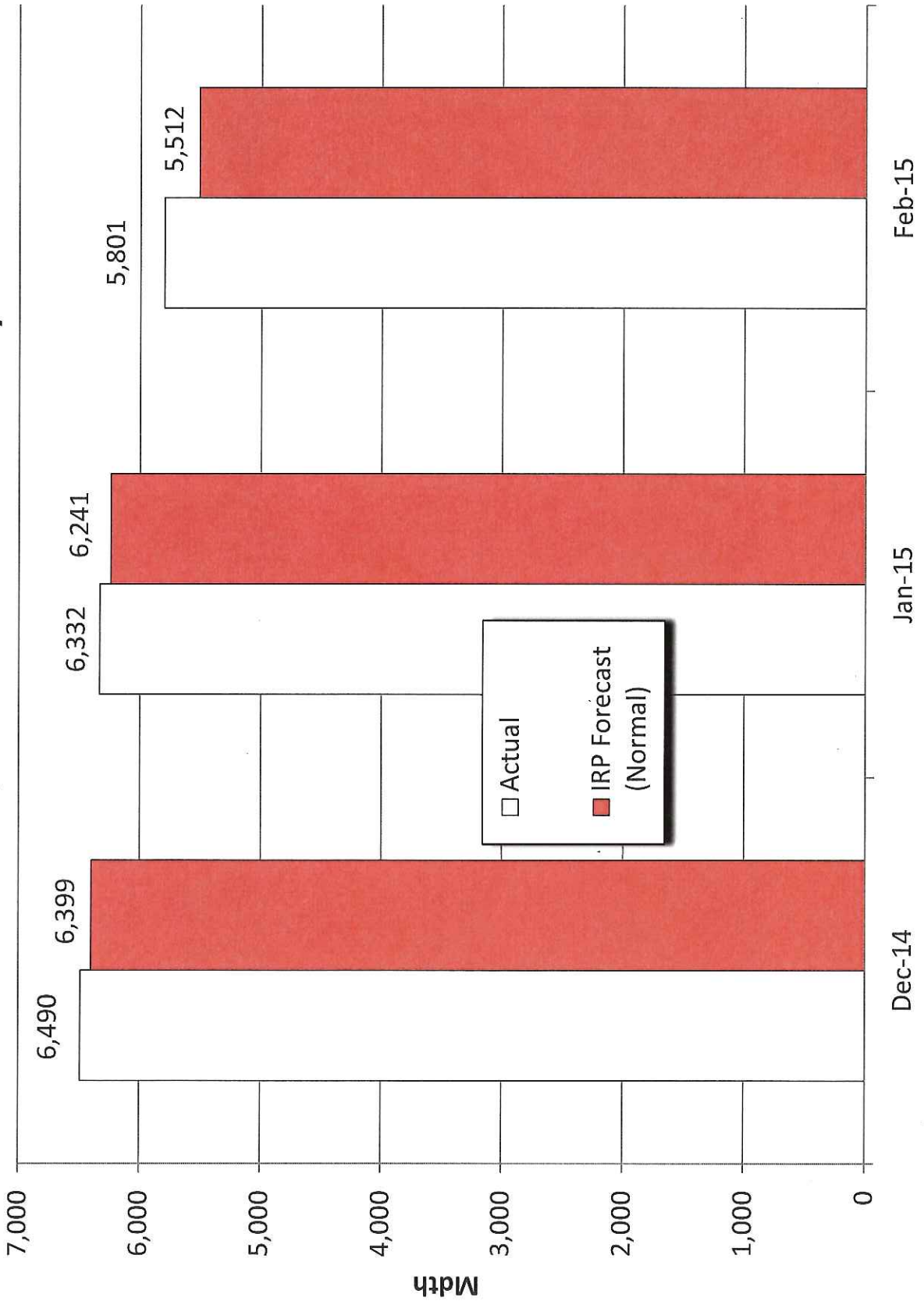
[REDACTED]

Purchased Gas Unit Cost Variance
Year-to-date: June 2014 to Present

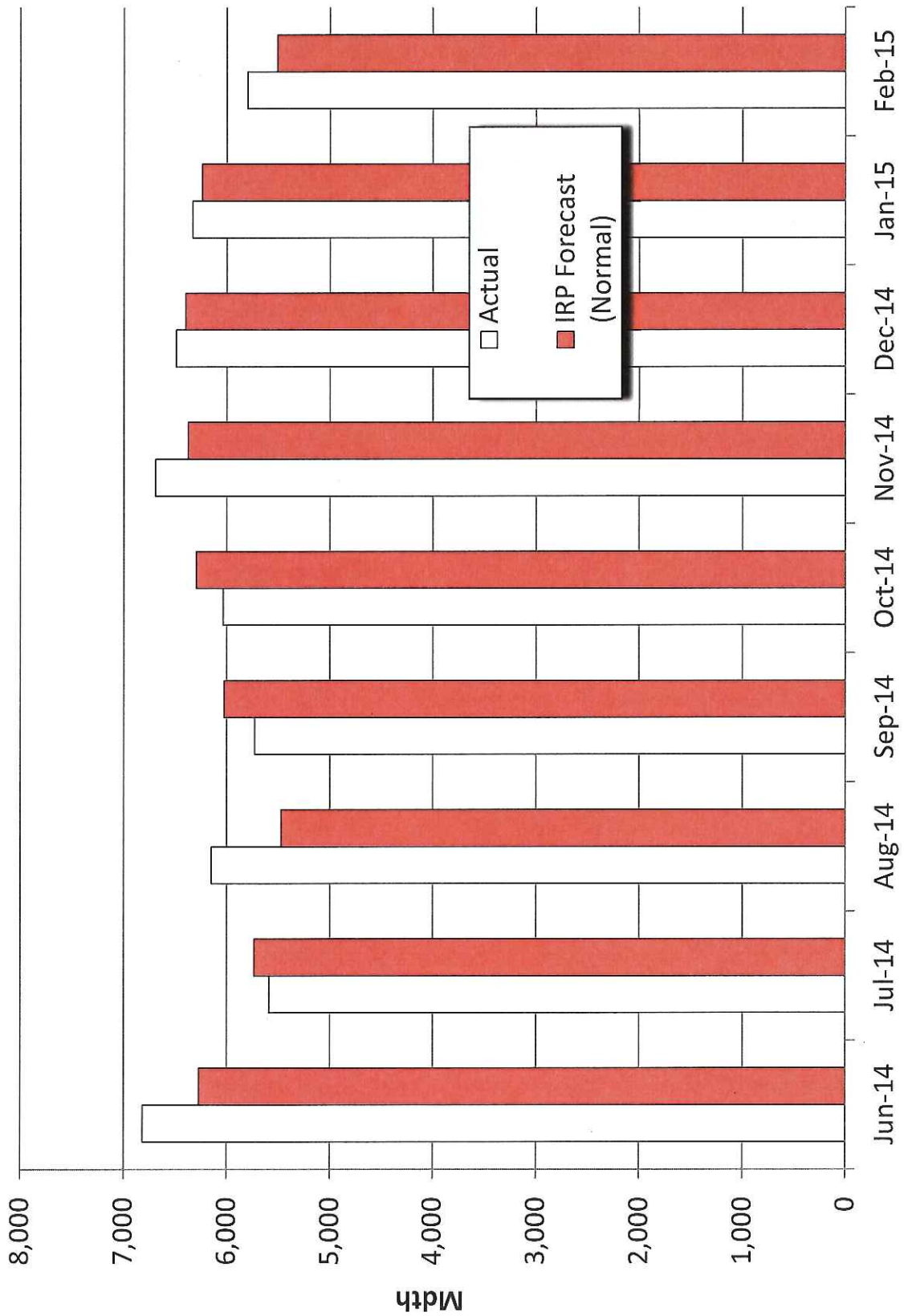
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Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 14-057-15

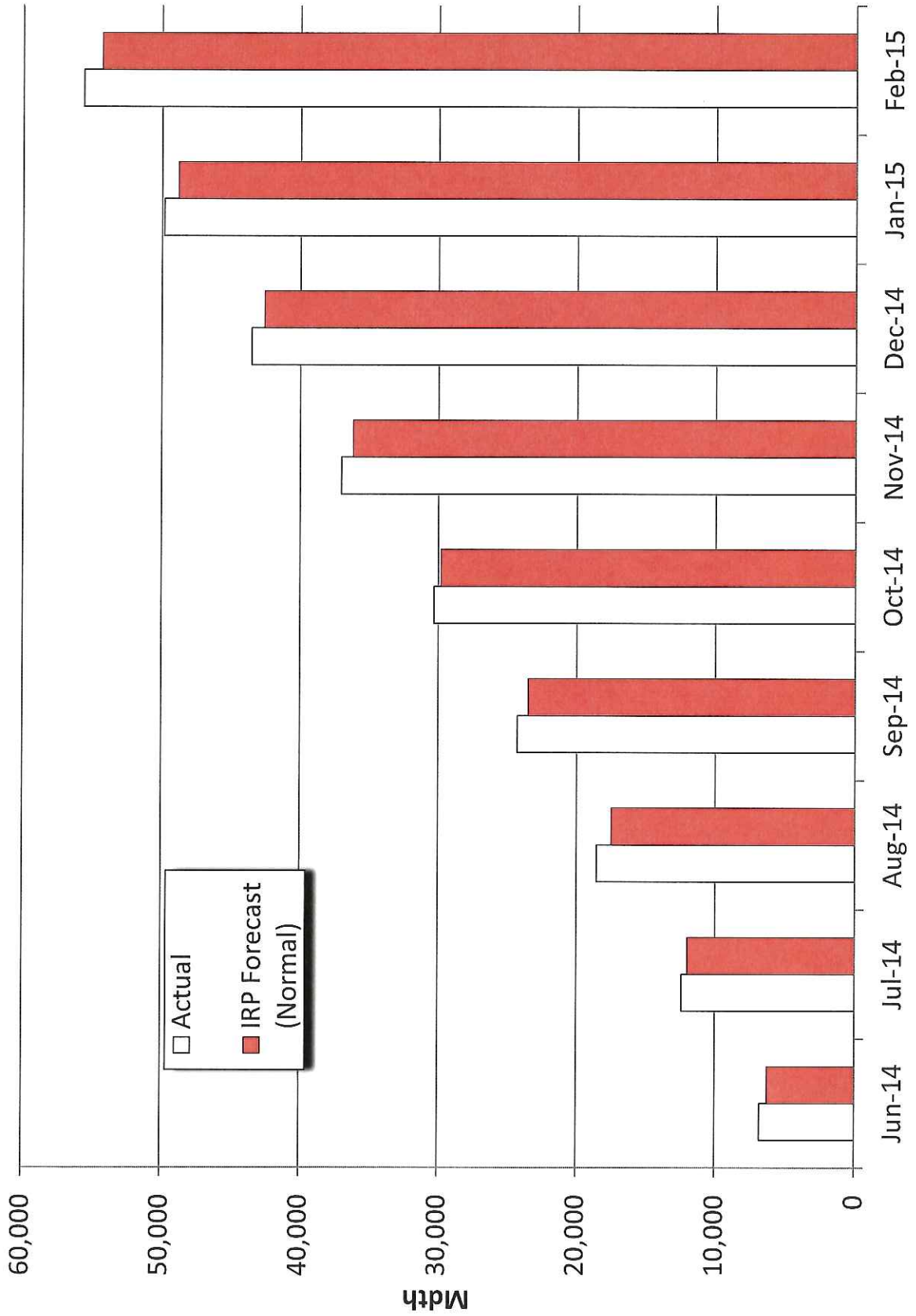
Cost-of-Service Gas Variance IRP Third Quarter: December to February



Cost-of-Service Gas Variance Year to date - June 2014 to Present

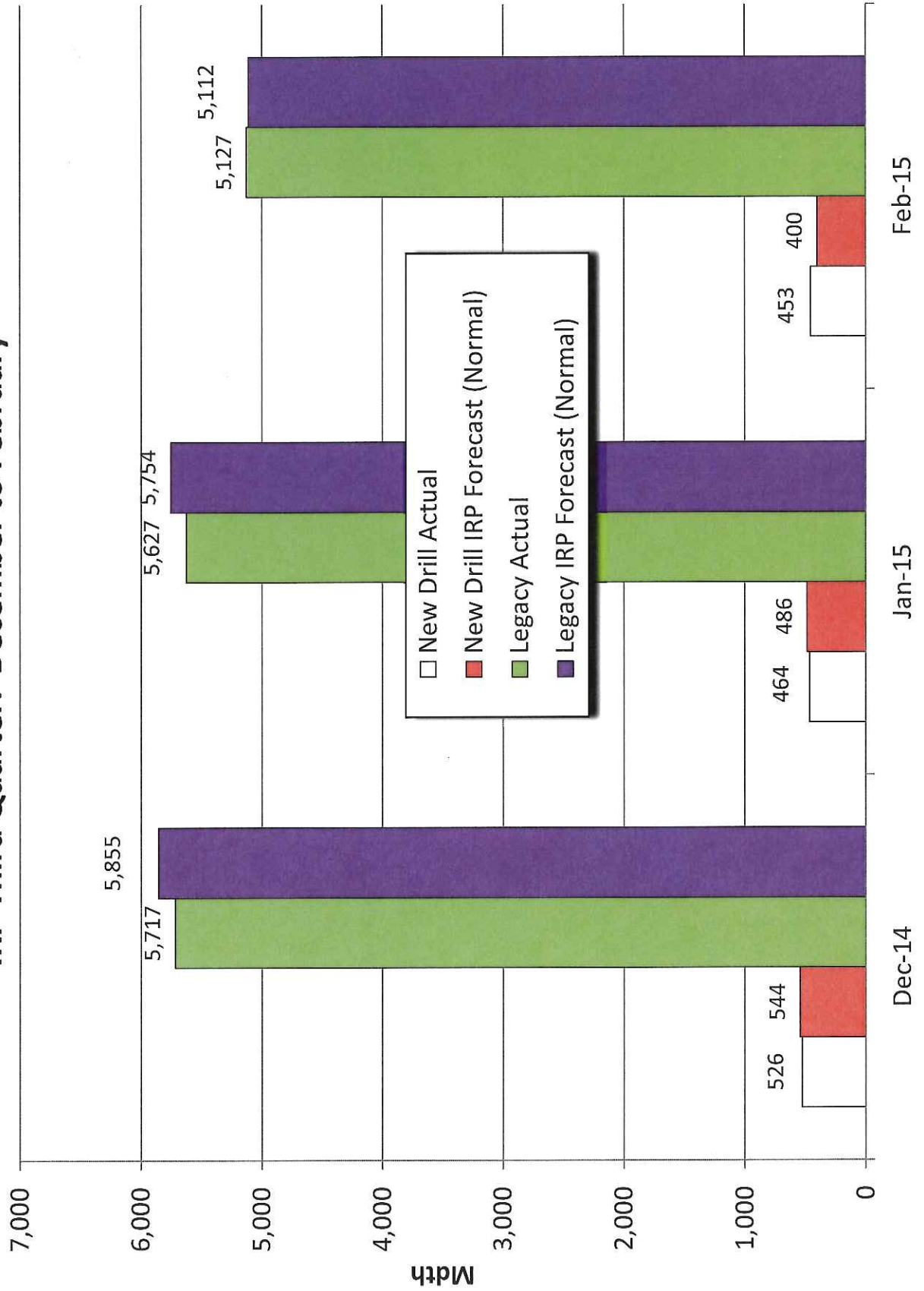


Cost-of-Service Gas Variance Cumulative Year-to-date June 2014 to Present

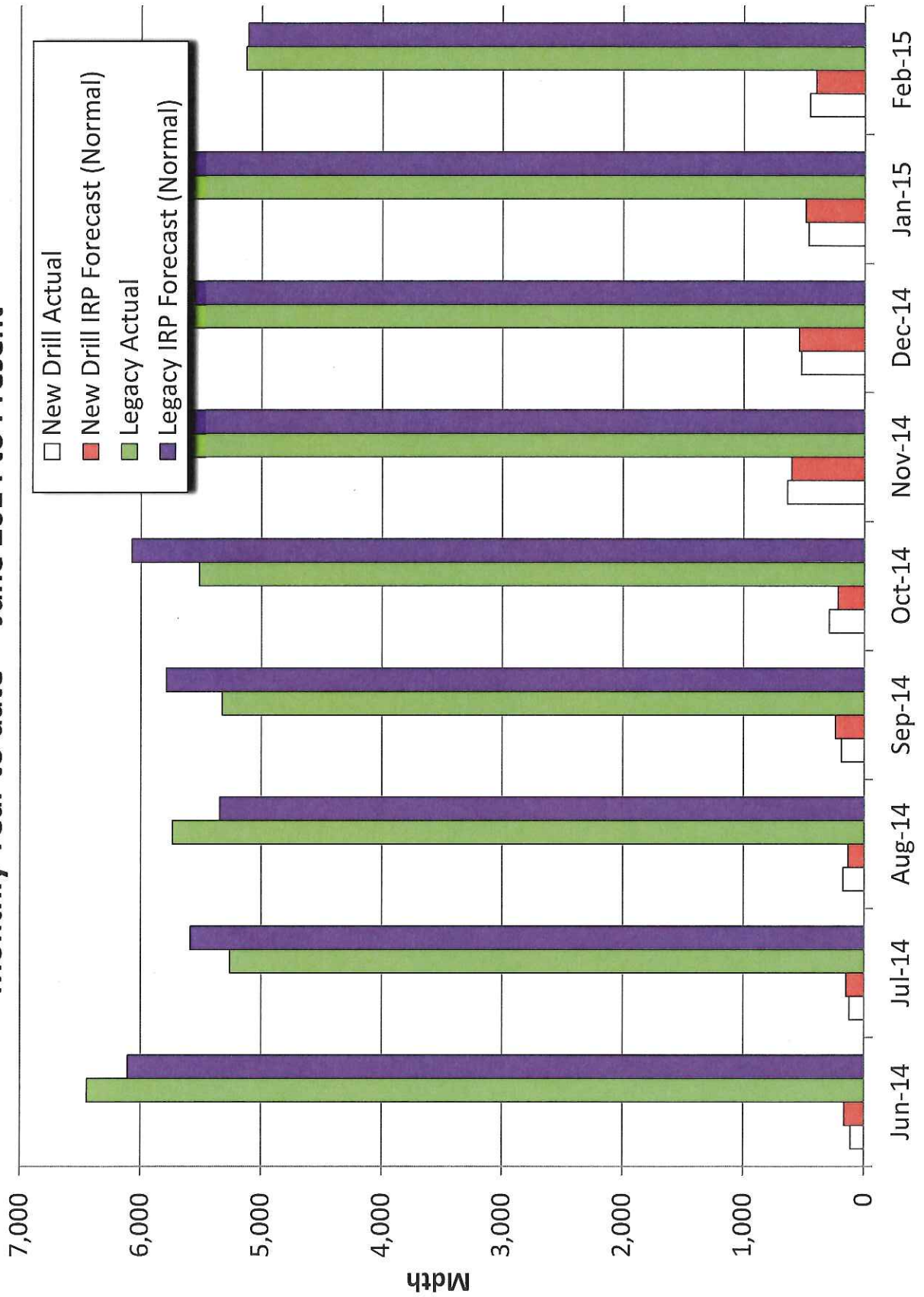


Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 14-057-15

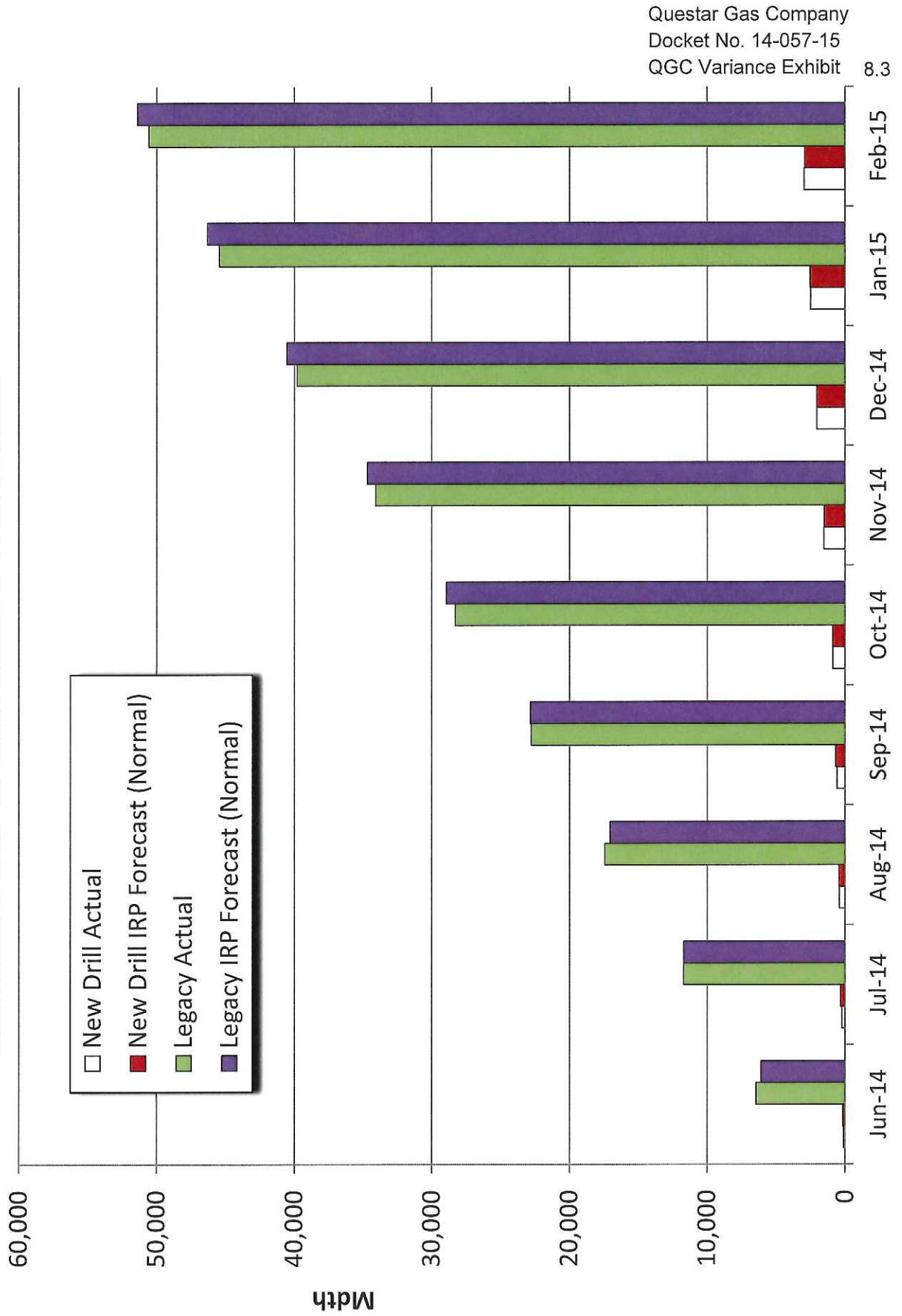
Cost-of-Service New Drill Component IRP Third Quarter: December to February



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



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



Data
Exhibits 9.1 – 9.4
Docket No. 14-057-15

Total Production and New Drill by Nomination Group

[REDACTED]

Total Production and New Drill by Nomination Group

[REDACTED]

Gas Purchases

[REDACTED]

Gas Purchases

[REDACTED]