

November 16, 2015

Chairman Thad LeVar  
Utah Public Service Commission  
Heber M. Wells Building, 4th Floor  
P. O. Box 146751  
Salt Lake City, UT 84114-6751

*Re: Replacement Infrastructure 2016 Annual Plan and Budget –  
Docket No. 15-057-19*

Dear Commissioner LeVar:

In accordance with Section 2.07 of Questar Gas Company's Tariff (Tariff), Questar Gas Company (Questar Gas or Company) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2016. Questar Gas has budgeted to replace three line segments during 2016 pertaining to the following Feeder Lines: Feeder Line 6, Feeder Line 24, Feeder Line 21, and a crossover on Feeder Lines 11 and 13. Questar Gas has also budgeted to replace several segments of Belt Lines in Salt Lake and Davis Counties. In addition to 2016 replacement, the Company expects to spend about \$550,000 on engineering studies and preparation related to replacement projects to begin after 2016. Exhibit 1, page 1, shows the anticipated cost in 2016 (Column B) for each of these projects. Exhibit 2 is a summary taken from the High Pressure and Intermediate High Pressure Master Lists. The summaries show the existing footages by size and year of installation that will be replaced in 2016. Exhibit 3 shows the route of each of the respective projects.

As set forth in Section 2.07 of the Tariff, Questar Gas considers a number of elements in determining which pipelines to replace. The criteria the Company uses in scheduling high pressure (HP) and intermediate high pressure (IHP) pipeline replacements is set forth in Confidential Exhibits D and E to the Partial Settlement Stipulation in Docket 13-057-05. Where possible, Questar Gas has made an effort to group projects in proximate geographic areas to minimize Company and contractor travel and mobilization/demobilization costs.

Exhibit 4 shows the projected time line for each of the projects identified above. Feeder Lines 6, 24 and the Feeder Line 11 and 13 crossover work are scheduled to be completed in 2016. Feeder Line 21 will be partially completed in 2016. All of the IHP segments budgeted for 2016 and planned to be completed in 2016.

Questar Gas notes that it expects to spend \$66.9 million on the projects identified above (Exhibit 1, Column B, Line 11), and has attached information as Exhibit 5 related to applicable budget limitations for your convenience and reference. Paragraph 24 of the Partial Settlement Stipulation in Docket No. 13-057-05 (approved by the February 21, 2014 Report and Order in the same docket) provides that the budget shall not exceed \$65 million (adjusted for inflation using the Global Insight “GDP Deflator” rate). Exhibit 5 is a copy of the GDP deflator provided in the June 2015 IHS US Economic Outlook publication. Adjusting the Commission-allowed \$65 million budget cap by the 1.1% 2015 inflation rate, and the 1.7% 2016 inflation rate results in a \$66.9 million cap for 2016. It is anticipated that the Company will continue to replace HP and IHP infrastructure at a rate of \$65 million per year adjusted for inflation. The Company will continue to monitor the Federal requirements related to pipeline safety and whether this level of spending is adequate.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Questar Gas’ Tariff, the Company will continue to submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Sincerely,

Barrie L. McKay  
Vice President  
State Regulatory Affairs

cc: Division of Public Utilities  
Office of Consumer Services