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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Request of the Division of Public Utilities for Enforcement Action under the Natural Gas Pipeline Safety Act Against Questar Gas Company	Docket No. 07-057-04 SETTLEMENT STIPULATION
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Pursuant to Utah Code Ann. § 54-7-1 (Supp. 2005) and Utah Administrative Code R746-100-10.F.5 (2005), Questar Gas Company (Questar Gas or the Company) and the Utah Division of Public Utilities (Division) (collectively the Parties) submit this Stipulation to agree to a settlement of the issues raised in this docket.

PROCEDURAL BACKGROUND

1. A Notice of Probable Violations, Proposed Civil Penalties, and Notice of Forthcoming Request for Agency Action, (Notice) was sent to Ronald W. Jibson, Vice President of Operations for Questar Gas on August 6, 2007. The Notice referenced four probable violations the Division sought to be brought against Questar Gas as a result of a natural explosion that occurred in Saratoga Springs, Utah on February 6, 2007.

2. On August 8, 2007, a Request for Agency Action (Request) was then filed in this docket. The Request referenced the four probable violations described in the Notice.

3. On September 6, 2007, the Parties met at the offices of the Division to discuss a procedural schedule for this matter.

4. As a result of the September 6, 2007 meeting, a Letter of Understanding between the Utah Division of Public Utilities and Questar Gas regarding the Division's Request for Agency Action Against Questar Gas Docket No. 07-057-04 (Letter) was signed by both of the Parties on September 25, 2007.

5. The Parties agreed that because a civil lawsuit regarding this matter was pending in Third Judicial District Court, it would be reasonable to continue the Request proceeding until February 1, 2008. The Parties also agreed they would seek a scheduling conference to set a procedural schedule for the Request during the first week of February, 2008. The Parties further agreed that Questar Gas would file its answer to the Request no later than September 28, 2007.

6. The Parties agreed that during the time period between September 6, 2007 and February 1, 2008, Questar Gas would inform the Division of the discovery schedule in the civil lawsuit, including the schedule for depositions, and would provide the Division copies of "Questar controlled" discovery in the civil lawsuit within 10 days of the receipt of such discovery by Questar Gas.

7. The Parties agreed that discovery in this docket could take place during the period between September 6, 2007 and February 1, 2008, and that such discovery would be answered by the opposing party within 15 days. In addition, December 14, 2007 was the

date the parties agreed the Division would submit a status report to the Utah Public Service Commission (Commission) on this matter.

8. On September 7, 2007, Questar Gas filed a Motion for Enlargement of Time to Respond to Request until September 28, 2007, in which it indicated, with the Division's permission, that the Division was not opposed to such Motion.

9. The Company filed its response to the Request on September 28, 2007.

10. Over the course of the last several months, the Parties have reviewed new and additional evidence that has come forward in discovery in the civil lawsuit. Based upon this additional discovery and upon actions taken by the Company to review and revise its own internal safety policies and the Division's review of such policies, the Parties have determined that it is in the best interest to resolve this matter as provided below.

TERMS AND CONDITIONS

11. Settlement in Public Interest: Following extensive analysis, review, and arms-length negotiations, and without waiver or acceptance of the claims, testimony, or objections of any party, the Parties have agreed to compromise and settle their differences with respect to the Request in this docket and to enter into this Stipulation. The Parties agree that approval of this Stipulation is in the public interest.

12. Audit: The Parties agree that Questar Gas will provide to the Division an amount not to exceed \$40,000 to hire a natural gas industry expert to audit Questar Gas' current policies and procedures relating to five specific areas: emergency call processing and response procedures; emergency evacuation procedures; scene control; gas migration; and operator's training and qualification for employees performing these tasks. The Parties agree that Questar Gas will provide input to the Division with regard to the natural gas industry

expert who is hired. Notwithstanding the foregoing, the Division shall determine, in its sole discretion, the natural gas industry expert to be hired. The Parties also agree that the attached Scope of Work (Exhibit A) will govern the work of the consultant. When completed, the Division shall file the audit report with the Commission.

13. Implementation of Audit: Questar Gas agrees to implement changes recommended in the audit that are both reasonable in cost and consistent with industry standards and practices of similarly situated natural gas companies in the Western United States.

14. Safety Training: The Parties agree that Questar Gas will provide the Division the approximate number of hours of safety training that was provided to Questar Gas operations employees in 2006. Questar Gas agrees that it will increase the total number of safety training hours it provides to employees in total by 10 percent in 2008. Questar Gas estimates that the financial value of this additional training is approximately \$50,000.00.

15. Blue Stakes: The Parties agree that Questar Gas will provide the Division information on training conducted for third-party excavators in conjunction with the Blue Stakes Center of Utah for 2006. Questar Gas agrees that it will increase the number of its volunteer training hours to the Blue Stakes Center of Utah by 10 percent in 2008. Questar Gas estimates that the financial value of this additional training is approximately \$3,000.00.

16. Hang Tag: The Parties agree that Questar Gas will create a laminated hang tag to be distributed to all third-party excavators that provides information in both English and Spanish that explains what to do in the event a natural gas line is damaged. Questar Gas estimates that the financial value of the hang tag is \$36,500.00.

17. Semi-Annual Report: The Parties agree that Questar Gas will on an ongoing basis file with the Commission semi-annual reports within 60 days of June 30 and of December 31. These reports will explain the types and hours of training conducted both in-house at Questar Gas and in conjunction with the Blue Stakes Center of Utah.

MISCELLANEOUS PROVISIONS

18. All negotiations related to this Stipulation are privileged and confidential and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any principle or practice, or the basis of an estoppel or waiver by any Party other than with respect to issues explicitly resolved by this Stipulation; nor shall it be introduced or used as evidence for any other purpose in a future proceeding by any Party to this Stipulation except a proceeding to enforce the approval or terms and conditions of this Stipulation, nor shall be deemed an admission of fault or guilt by Questar Gas. The Parties believe that this Stipulation is in the public interest and that the terms and conditions it provides for are just and reasonable.

19. The Company and Division each agree to present testimony of one or more witnesses to explain and support this Stipulation. Such witnesses will be available for examination.

20. The Parties agree that if any other party, entity, or individual challenges the approval of this Stipulation, requests rehearing of any approval of the Stipulation or appeals the approval of this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation at the Commission and at the applicable appellate court.

21. In the event the Commission rejects any or all of this Stipulation, or imposes any additional material condition on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or conditioned in whole or in part by an appellate court, each Party reserves the right to withdraw from this Stipulation. If such a decision of the Commission or an appellate court is issued, any Party contemplating withdrawing from this Stipulation shall notify the other Parties to this Stipulation that it is contemplating withdrawing within five business days of the date such decision is issued. Upon receipt of such a notice, the Parties agree to meet promptly and discuss the Commission or court decision and to attempt in good faith to reach a modified stipulation. If the Parties reach impasse in their discussions, any Party may withdraw from the Stipulation by providing written notice of withdrawal to the Commission and the Parties to this proceeding within ten days of reaching impasse.

22. In the event any Party withdraws from this Stipulation, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to undertake any steps it deems appropriate.

RESPECTFULLY SUBMITTED: September 4, 2008.

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