- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Revision of Questar Gas Company's Integrated Resource Planning Standards and Guidelines	)))))))	DOCKET NO. 08-057-02 REPORT AND ORDER ON STANDARDS AND GUIDELINES FOR QUESTAR GAS COMPANY

ISSUED: March 31, 2009

By The Commission:

The Commission's interest in promoting an integrated resource planning process ("Planning Process") for regulated utilities is ongoing. The Planning Process is expected to evolve over time and thus will be revisited periodically. The Commission will require Questar Gas Company ("Questar" or "Company") to pursue the least-cost alternative for the provision of natural gas energy services for its present and future ratepayers which is consistent with safe and reliable service, the fiscal requirements of a financially healthy utility, and the long-run public interest. This alternative should be identified in an Integrated Resource Plan ("IRP"). The Commission believes the Integrated Resource Planning Standards and Guidelines ("2009 IRP Standards") provided herein will help Questar obtain this least-cost goal.

PROCEDURAL HISTORY

Integrated resource planning for Questar was initially examined in Docket Nos. 89-057-15[1] and 91-057-09[2] and on September 26, 1994, the Commission issued its Order on Standards and Guidelines ("1994 Standards and Guidelines" or "1994 Order") in Docket No. 91-

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[1]Docket No. 89-057-15 "In the Matter of the Investigation of the Reasonableness of the Rates and Tariffs of Mountain Fuel Supply Company."

[2]Docket No. 91-057-09, "In the Matter of the Analysis of an Integrated Resource Plan for Mountain Fuel Supply Company."

057-09. After having submitted four full IRPs, in December 1997 the Company petitioned the Commission, in Docket No. 97-057-06,[3] to modify the 1994 Standards and Guidelines. In 1998 the Company requested approval of modified integrated resource planning guidelines developed jointly with the Division of Public Utilities ("Division") and the Committee of Consumer Services ("Committee"). The Commission did not formally adopt either of these proposals.

In response to comments received on the Company's 2007 and 2008 IRPs,[4] the Commission established this proceeding, Docket No. 08-057-02, "In the Matter of the Revision of Questar Gas Company's Integrated Resource Planning Standards and Guidelines" for the purpose of re-evaluating and revising the 1994 Standards and Guidelines applicable to Questar.

On February 13, 2008, a duly noticed technical conference in this proceeding was held to discuss modifications to the 1994 Standards and Guidelines. After consideration of the comments offered therein, on April 3, 2008, the Commission issued Draft Standards and Guidelines ("2008 Draft Standards") and requested comments on the 2008 Draft Standards by May 30, 2008. The Company, the Division, and the Committee ("parties") filed comments on the 2008 Draft Standards. On November 4, 2008, a duly noticed technical conference was held to receive clarification on the May 2008 comments filed by the parties. Herein we present background information on integrated resource planning, discuss comments of the parties, and

[3]Docket No. 97-057-06, "In the Matter of the 1997 IRP for Mountain Fuel Supply Company."

[4]Comments on the Company's 2007 Plan were filed in Docket No. 07-057-01, "In the Matter of the Filing of Questar Gas Company's Integrated Resource Plan for the Plan Year: May 1, 2007 to April 30, 2008." Comments on the Company's 2008 Plan were filed in Docket No. 08-057-12, "In the Matter of Questar Gas Company's Integrated Resource Plan for the Plan Year: May 1, 2008 to April 30, 2009."

provide the 2009 IRP Standards and Guidelines (“2009 IRP Standards”) applicable to Questar going forward.

BACKGROUND

The Utah Legislature, though its enactment of Utah Code §54-1-10, §54-3-1, and §54-3-28, views resource planning as an important element in utility regulation. The Planning Process and the IRP help ensure that the Company’s actions are consistent with the public interest and also provide the regulatory community and interested parties with consistent analytical methods and up-to-date information on the Company’s operations and resource selections.

Rate setting for the provision of natural gas energy services by the Company is normally accomplished through the following two proceedings. First, a pass-through proceeding for Account 191, a gas balancing account, is used to set rates to recover natural gas costs and gas-cost-related expenses. These costs are recovered under the “Supplier Non-Gas”[5] (“SNG”) and “Commodity”[6] elements of the total rate. Second, rates and charges to recover non-gas costs related to the distribution of natural gas (i.e., distribution non-gas (“DNG”) costs) are set in a general rate case and are reflected in the “DNG Cost Rate” and the “Basic Service Fee” elements of the total rate and in other customer charges. The 2009 IRP Standards are intended to guide the Company in its planning efforts and provide valuable information to interested parties which

[5]Supplier non-gas costs include the costs of gathering, processing, storage, and transportation of natural gas.

[6]Natural gas commodity costs include both market purchased-gas costs and company-owned gas costs.

may be used to evaluate the Company's requests for cost recovery in these and other proceedings. We next address comments of the parties.

DISCUSSION OF COMMENTS

Comments on the 2008 Draft Standards range from those suggesting minor edits and clarifications to those proposing major modifications. The Company and the Committee propose both major and minor changes to the 2008 Draft Standards. The Division recommends one change with respect to reporting requirements.

Upon consideration of these comments, we adopt several minor changes in the 2009 IRP Standards without discussion. With respect to substantive integrated resource planning issues, we consolidate comments and proposed changes into the following categories: IRP filing and timing, information requirements, discovery and filing of comments, definition of and qualifiers for "lowest cost," analytical requirements, modeling, general guidelines and action plans, and forecasting and results reporting. We discuss these categories separately as presented below and conclude with a request for a comparison of the Company's 2009 Planning Process and soon-to-be filed 2009 IRP with the 2009 IRP Standards adopted herein.

1. IRP FILING AND TIMING

A. Comments of the Parties

The Company recommends integrated resource planning activities reflect a planning year June 1st through May 31st, as opposed to the current May 1st through April 30th. Accordingly, The Company recommends an IRP filing date of early June of each year, and quarterly reporting reflective of the June filing date. The Company also proposes increasing the frequency of reporting DNG-related information from every other year to every year and shortening the planning horizon for DNG reporting from five years to three years (the present reporting year and two years following). Consistent with these recommendations, the Company also proposes minor modifications to the meeting schedule and content proposed in the 2008 Draft Standards.

In support of its recommendation the Company indicates it obtains winter month usage data in March and April and, at that time, begins the capacity modeling process. The Company further maintains it is important for parties to have access to the most accurate and complete information in the IRP. On the other hand, other parties have indicated that delaying the filing of the IRP will diminish its usefulness in evaluating the 191 Account pass-through proceedings. Others suggest that since the IRP is filed after gas acquisition activities for the upcoming heating season have been completed, the IRP is simply a report rather than an actual plan. As a result, the timing of the filing may not be critical.

B. Discussion, Findings and Conclusions

In evaluating the effect of the Company's recommendations to modify the integrated resource planning filing, reporting, and meeting requirements, we consider the purpose of the Planning Process and its value to the regulatory community. The general requirements and specifications in our 1994 Order pertaining to, among other things, the pursuit of the least-cost alternative for provision of natural gas energy services, public participation and consultation in the development of the IRP, and timing of prudence reviews of resource acquisitions are reaffirmed in the 2009 IRP Standards. These general requirements exist regardless of specific filing, reporting, and meeting requirements contained therein.

It is virtually impossible to align integrated resource planning activities and the filing of the IRP such that they provide equal value in all rate determination and prudence review proceedings, especially considering that the Company may file for a 191 Account adjustment or DNG rate case at any time. The Planning Process and the IRP, however, provide detailed information and documentation about the Company's operations, modeling, and planning activities, which can be analyzed and applied by parties in other proceedings. In addition, Sections III.A. and III.B. of both the 2008 Draft Standards and the 2009 IRP Standards address the flow and timing of information dissemination. In our view, these provisions, especially Sections III.A.3. and III.B.3. of the 2009 IRP Standards, which provide for additional informational meetings, obligate the Company to provide timely information on issues associated with the Planning Process and IRP development in an informal setting such that parties have the opportunity to provide their opinions and comments at an appropriate stage in the Planning Process. We also view these provisions as obligating the regulatory community and interested parties to inform the Company when they believe additional meetings may be required. We find the Company's proposed modifications to meeting and filing dates do not alter the original intent of our requirement for the Company to pursue integrated resource planning. Therefore we accept the changes proposed by the Company.

With respect to the DNG-related planning horizon and reporting, the Company's proposed modifications have merit by providing consistent reporting of DNG-related information. The proposed annual reporting will ensure parties are kept up-to-date on DNG-related issues. We therefore accept the Company's proposed changes to the DNG planning horizon and DNG reporting in the IRP.

2. INFORMATION REQUIREMENTS

A. Comments of the Parties

The Company recommends elimination of the quarterly reporting requirement pertaining to certain Wexpro information and the requirement in Section IX.B.a.1. of the 2008 Draft Standards to address new gas development in the IRP. The Company maintains this provision (which includes or may include reporting on reserves, producer balancing accounts, and Wexpro drilling and management activities, drilling costs, and sources and uses of funds) is unnecessarily burdensome and would provide no additional benefit. In addition, such reporting would be duplicative of and in conflict with the provisions of the Wexpro Agreement ("Agreement"). The Company contends the Agreement allows the Division to direct the activities of an accounting monitor and a hydrocarbon monitor. The Agreement also requires Wexpro to cooperate with and provide information to both monitors. These monitors conduct thorough reviews of Wexpro-related issues and contribute to reports submitted to the Division. Therefore, the Company requests, where appropriate, the parties rely on the auditing and reporting provisions of the Agreement. The Company also suggests the Commission sponsor a technical conference to review the provisions of the Wexpro Agreement.

In addition, the Company requests permission to omit confidential information of any nature from the IRP. This request addresses the Company's concern that the 2008 Draft Guidelines excludes only market-sensitive information from the IRP. The Company maintains confidential information which, while not "market-sensitive" per se, should be excluded as it provides the Company with a strategic advantage in terms of contract negotiation that could be lost if such information were disclosed. The Company states any such information relevant to integrated resource planning can be discussed at a confidential meeting among all parties as provided for in a Commission-issued protective order.

The Company recommends its discussion and analysis of gathering and transportation-related issues include a discussion of recently negotiated contracts rather than those expiring during the planning horizon. The Company maintains it occasionally achieves a strategic advantage by not having this information made public.

The Company proposes adding the qualifier "material" to sections addressing deviations or changes. The Company maintains that reporting minor deviations or changes would be unduly burdensome and provides marginal benefit. In addition, the Company proposes to provide a DNG analysis of only "substantial" projects addressing system constraints.

B. Discussion, Findings and Conclusions

Regarding the Company's recommendation to delete reporting requirements pertaining to certain Wexpro information in the quarterly reports, the Company presents a persuasive argument regarding the duplication of effort and the possible conflict with the Agreement. Therefore we eliminate these requirements from the 2009 IRP Standards. We do not anticipate this change will affect the present content of the Confidential Quarterly Reports. We also agree with the Company's suggestion regarding a technical conference to better familiarize interested parties with the terms and conditions of the Wexpro Agreement and we will schedule a technical conference on this issue in the future.

With respect to the Company's request to omit certain confidential information from the IRP, we refer to our 1994 Order which voiced our concern about the loss of bargaining power which could be detrimental to the Company's customers. Our resolution was to address the issue of the dissemination of competitively sensitive information on a case-by-case basis and to restrict access to such information when appropriate. Our concern regarding this issue has not changed since then. We acknowledge the Company's concern with respect to both market-sensitive and confidential information, however we continue to find regulatory review of this information to be important. As the Company has volunteered to identify and discuss this information during the confidential/market sensitive informational meetings referenced in the 2008 Draft Standards, any such market-sensitive or confidential information discussed during these meetings shall be filed with the Commission under separate cover or be made available for review by the Commission, Division and the Committee. We accept the Company's recommendation regarding confidential information subject to this provision.

With respect to the Company's request to include a discussion of recently negotiated contracts rather than those that are expiring during the planning horizon, we accept the Company's recommendation as this discussion and analysis does affect the Company's strategic position. However we find the subject of expiring contracts appropriate for discussion during the confidential/market sensitive informational meetings referenced in the 2008 Draft Standards.

With respect to the Company proposal to use qualifiers such as "material" and "substantial," we understand the Company's concern regarding the appropriate level of reporting and project identification. We also recognize that the definitions of the terms "material" and "substantial" can be subjective and may vary from issue to issue and from year to year. In order to balance the Company's concerns regarding excessive reporting and other parties' concerns regarding transparency, we accept the Company's proposed language changes with the requirement that the Company annually define "materiality" and "substantial" for each particular subject. This will enable parties to comment on the appropriateness and adequacy of the Company's definitions and hence on the information provided. These comments will, in turn, help form the basis for providing future guidance to the Company on this issue.

3. DISCOVERY AND FILING OF COMMENTS

A. Comments of the Parties

The Committee requests the Commission specify the statute or rule setting forth the procedures under which formal and informal discovery relating to the Planning Process and IRP will occur. The Committee believes the relevant rule is Utah Administrative Code R746-100-8.

B. Discussion, Findings and Conclusions

As per our 1994 Order, we reaffirm that information exchange through an informal collaborative process is the most reasonable method for developing and implementing integrated resource planning. Historically this approach has served parties well. However we find the Committee's suggested clarification may be helpful for parties in managing their review and evaluation of the IRP. In addition, during the technical conference no party objected to this recommendation. Since the 2008 Draft Standards specify a comment period, we find it reasonable to adopt the Committee's recommendation on this issue.

4. DEFINITION OF AND QUALIFIERS FOR "LOWEST COST"

A. Comments of the Parties

The Company proposes qualifying the term "lowest cost" referenced in the 2008 Draft Standards with the following phrase "consistent with the safe, healthy, economic, efficient, and reliable service." The Company contends the Planning Process and IRP should recognize a number of factors are weighed and balanced by the Company in its decision-making processes, including not only cost, but safety, regulatory requirements, construction resource availability, and convenience to the customer. On occasion, the Company will make decisions that do not employ the "lowest cost" option because to do so would compromise safety, be contrary to regulatory requirements, or because other factors were unfavorably impacted.

Additionally, the Company maintains Utah Code §54-4a-6. provides that the Division and the Commission should seek to "promote the safe, healthy, economic, efficient and reliable operation of all public utilities. . . ." The Company requests the guidelines reflect the complexity of the decision-making process and acknowledge that the lowest-cost option may not always be the option best satisfying the public interest.

B. Discussion, Findings and Conclusions

We recognize the Company weighs many factors in its decision-making process and these factors are addressed throughout Section I. Definition and Purposes Section of the 2008 Draft Standards. Contrary to The Company's assertion, Utah Code §54-4a-6 does not provide that the Commission should seek to "promote the safe, healthy, economic, efficient and reliable operation of all public utilities. . . ." Rather Utah Code §54-4a-6 specifies "in the performance of the duties, powers, and responsibilities committed to it by law, the Division of

Public Utilities shall act in the public interest in order to provide the Public Service Commission with objective and comprehensive information, evidence, and recommendations" consistent with four specific objectives, one of which is to "promote the safe, healthy, economic, efficient, and reliable operations of all public utilities and their services, instrumentalities, equipment and facilities." The Commission's duties are specified under Utah Code §54-4.

We find a more appropriate reference in this case is Utah Code §54-3-1 which addresses the duties of public utilities. This section states, in part ". . . Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as will promote the safety, health, comfort and convenience of its patrons, employees and the public, and will be in all respects adequate, efficient, just and reasonable." As these actions and the other requirements of Utah Code §54-3-1 are required of a public utility by law, we find it reasonable to adopt the phrase "lowest cost consistent with the Company's duties specified in Utah Code §54-3-1" to address the Company's recommendation.

5. ANALYTICAL REQUIREMENTS

A. Comments of the Parties

The Company proposes either deleting or narrowing the scope of several DNG analytical components listed in Section IX.C. of the 2008 Draft Standards. For example, in Section IX.C.1. relating to DNG projects, The Company proposes to provide "an overview of the distribution system" as opposed to "an analysis of the entire distribution system . . ." and " . . a summary of alternatives" as opposed to "analysis of alternatives." The Company asserts that each year it installs hundreds of miles of mainlines and installs, modifies or remodels scores of regulator stations, and conducts countless other system improvements. The 2008 Draft

Standards would require the Company to include a thorough analysis of each and every system constraint or improvement, regardless of size or scope, a requirement the Company believes is unwieldy and of limited value. The Company proposes it provide an overview of its system constraints and improvements, followed by a more thorough analysis of substantial projects which would include a summary of the other alternatives considered.

In Section IX.C.2., the Company proposes only providing a "discussion of the cost-effectiveness and benefit of the resource options selected" as opposed to "an evaluation of the cost-effectiveness of the resource option(s) selected when compared with the next best option and an evaluation of the risks associated with various resource options." The Company indicates this wording is covered in its changes to Section IX.C.1. Finally, in Section IX.C.3., The Company proposes to delete the text "an analysis of tradeoffs, for example, between such conditions of service as reliability and the acquisition of lowest cost resources" on the belief it is duplicative of the requirement in Section IX.C.2.

The Company also proposes to delete the language "and alternative energy source" in Section IX.A.4. which requires an analysis of how various economic and demographic factors, including the prices of natural gas and alternative energy sources, will affect natural gas consumption. The Company maintains it should not be required to analyze alternative energy resources, and, although such information is implicitly included in projections of load growth, The Company cannot specifically and exhaustively analyze the growth in alternative energy industries.

B. Discussion, Findings and Conclusions

Based upon the Company's comments and proposed revisions to Section IX.C. of the 2008 Draft Standards, we find it necessary to clarify the language and requirements of this section in the 2009 IRP Standards. Accordingly, this section has been revised in the 2009 IRP Standards. We also require that a summary of the previous years DNG-related infrastructure changes, such as provided on Page 13 in Footnote 1 of the Company's comments be included in each IRP as this brief summary is extremely informative.

Our decision on the broader issue of the analytical requirements of the IRP is based upon the intent of IRP, which is to pursue the least-cost alternative for the provision of natural gas services subject to certain other factors. In order to achieve this objective, the Company must complete the referenced analyses and evaluations during the Planning Process. Absent the inclusion of these analyses and evaluations in the IRP, parties have no basis to determine whether the goals and purposes of integrated resource planning are being achieved. In its comments the Company states "The IRP should reflect the fact that Questar Gas weighs a number of factors in its decision-making processes, including cost, safety, regulatory requirements, construction resource availability, and convenience to the customer." To the extent the Company conducts analyses and evaluations to determine its ultimate selection of resources, we find it appropriate to include this information in the IRP.

Regarding the Company's recommendation to delete the language "and alternative energy sources" in Section IX.A.4., we find a clarification of this section is in order. This section does not require The Company to "specifically and exhaustively analyze the growth in alternative energy industries" as indicated in its comments. Rather, this section requires an analysis of how various economic and demographic factors, including the price of natural gas and the price of alternative energy sources, will affect natural gas consumption. The alternative energy sources (not "alternative energy resources" as stated by Questar) referred to in this section include, for example, electricity, solar hot water, geothermal heat pumps, and demand-side management resources, which could become more cost competitive with natural gas should the price of natural gas rise substantially. To the extent other resources become cost competitive, fuel/resource switching may occur and thereby affect the demand for natural gas. We find the language "and alternative energy sources" shall be retained in the 2009 IRP Standards.

6. MODELING

A. Comments of the Parties

The Company seeks clarification of the terms "model" and "models," as used throughout the guidelines. In the Planning Process the Company uses several distinct modeling processes and recommends the guidelines refer to the following specific model, as applicable, throughout the guidelines: linear programming optimization model ("LPO Model"), demand side management model ("DSM Model"), and gas network analysis models ("GNA Models"). The Company also proposes changes to Section IX.B.2. of the 2008 Draft Standards language dealing with LPO modeling to reflect the abilities and limitations of this model as currently used by the Company.

B. Discussion, Findings and Conclusions

We agree with the Company any references to models and modeling in the 2009 IRP Standards should reflect the modeling process itself, not the specific name of the model as the underlying models used by the Company will no doubt vary through time. We also note the Company's list of models does not include those models used to derive long-term forecasts of residential usage per customer and number of customers and we include references to these models as necessary in the 2009 IRP Standards.

With respect to the Company's proposed language changes to Section IX.B.2. dealing with the LPO modeling, we accept the Company's proposal in part as it updates the wording to reflect the LPO model capabilities. However, we retain the wording "The Results section should also include . . ." in order to ensure that the LPO modeling results which may become available in the future, in addition to those addressing changes in demand and gas prices, are included in the IRP.

7. GENERAL GUIDELINES AND ACTION PLANS

A. Comments of the Parties

The Committee requests clarification regarding the distinction between general guidelines for gas supply and SNG resources and the DNG Action Plan.

B. Discussion, Findings and Conclusions

The distinction between the general guidelines addressing gas supply and SNG resources, and the DNG Action Plan for the acquisition of DNG-related resources stems from the nature of the types of resources being procured. General guidelines related to gas supply and

SNG resources are necessary because gas acquisition assumptions can and do change rapidly even though modeling is performed over a long-term horizon. Therefore, the Company must have guidelines in place to enable it to react quickly to changing circumstances, such as a rapid increase or decrease in market price, which may be out of the Company's control. In support of these general guidelines, it is our assumption the Company has procedures in place to monitor and react to changes in the planning assumptions identified in the IRP.

On the other hand, in general, DNG-related resources, such as system reinforcement projects or major meter station upgrades, are identified, evaluated, tracked, budgeted and acquired/constructed on a different time horizon and using different processes than those used for gas-related resources. While the selection of some DNG-related resources may be mandated by regulations in a given year, others are acquired or constructed as determined by the Company and may have broader planning and implementation horizons. And while the Company may need to deviate from the DNG Action Plan, these deviations most likely will be made prior to commencing construction of a project. In short, the Company has greater control and flexibility in its implementation of the DNG Action Plan than it has over changes in the natural gas wholesale market price.

The Company suggests the Commission sponsor a technical conference to discuss the modeling and planning provisions associated with its high pressure and intermediate high pressure systems. We find a technical conference addressing these issues would further educate regulators and interested parties on the process the Company undertakes to evaluate and plan for modifications to these systems. Such a conference would also help clarify the distinction between the DNG Action Plan and the gas-related general guidelines. We will schedule a technical conference on this issue in the future.

8. FORECASTING AND RESULTS REPORTING

A. Comments of the Parties

The Division requests the forecasts required in Section IX.A. include reporting of residential customers separately from commercial customers. The Company suggests load growth forecasts be broken out by industrial versus residential/small business rather than customer class. The Company maintains there are a variety of customer classes and certain customers periodically change customer class. In addition, the Company states it is not able to project load growth based on each of the many customer classes but it can, and has, projected load growth broken out by industrial versus residential/small commercial customers.

Section IX.B.2. of the 2008 Draft Standards contains Division-supported language on the presentation of the gas demand and gas supply results. As written, the gas demand results are to be broken out by customer class, Company use, and lost and unaccounted for gas; and gas supply results broken out by Company production, market gas purchases and storage (both injection and withdrawals). The Company, however, recommends deleting the bulk of this language and proposes to provide only gas supply and demand results showing purchased gas and cost-of-service gas for the current IRP year.

The Company also recommends the scope of the analysis regarding producer imbalances contained in Section IX.B.4. of the 2008 Draft Standards be narrowed by requiring “a discussion of the total producer imbalances . . .where recoupment nominations have occurred” as opposed to requiring "a discussion of producer imbalances. . .where these activities may occur." The Company maintains keeping parties apprised of every imbalance issue, regardless of scope or method of resolution, would be unduly burdensome and confusing and would not serve the grater purpose of submitting an IRP. In addition, such reporting in the IRP would be unnecessarily burdensome and duplicative of other reporting mechanisms, such as the Agreement.

B. Discussion, Findings and Conclusions

In its 2008 IRP, the Company provides a gas demand forecast broken out by residential, commercial, and non-General Service ("GS"). While not quite consistent with the requirements of the 2008 Draft Standards, the Company's presentation addresses the Division's concern regarding residential and small commercial customers. In its 2008 IRP, the Company further indicates the non-GS gas demand is derived by separating data into three sub-groups: commercial, industrial, and electric generation. Since the Company compiles residential, small commercial, commercial, industrial, and electric generation forecast data and these categories generally reflect the various sales customer classes, we find it appropriate to modify the 2009 IRP Standards to reflect these categories.

With respect to the level of detail for gas demand and gas supply results reporting, the Division, under Utah Code §54-4a, has been assigned a broad range of duties by the Utah Legislature, including the investigation or study (upon complaint, upon our order, or upon its own initiative) of any matter within our jurisdiction. To the extent the Division finds this information useful for its analysis, we approve the Division's proposal with the exception, consistent with our previous finding, that gas demand be broken out by the categories listed above (i.e., residential, small commercial, and non-GS commercial, industrial, and electricity generation) rather than by customer class.

Regarding producer imbalances, we find the discussion contained in the Company's 2008 IRP (pages 6-2 and 6-3, and associated Exhibit 6.1) is generally in line with the 2008 Draft Standards requirement on this issue and accept in part the Company's clarifying language for discussing producer imbalances where recoupment nominations have occurred.

9. REQUEST FOR COMMENTS

A. Comments of the Parties

Following the requirements of the Commission's December 17, 2007, Report and Order in Docket No. 07-057-01, the Company made many changes and enhancements to the information provided in its 2008 IRP. The Company requests comments on the sufficiency of that information going forward.

B. Discussion, Findings, and Conclusions

The Company will soon file its 2009 IRP in accordance with the requirements of the above-referenced Report and Order but prior to the effective date of this order. We find the Company's request reasonable in order to receive input from parties views on the sufficiency of the Company's changes. We are also interested in receiving comments from parties on what changes, if any, would be necessary for the 2009 IRP to fulfill the requirements of the 2009 IRP Standards presented herein. Therefore we will issue a request for comments on these issues following the filing of the Company's 2009 IRP. We now present the 2009 IRP Standards in Appendix A attached to this order.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that Questar Gas Company shall prepare and file its future Integrated Resource Plans in compliance with the 2009 Integrated Resource Planning Standards and Guidelines specified herein and effective June 1, 2009.

DATED at Salt Lake City, Utah, this 31st day of March, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#61411

APPENDIX A

2009 INTEGRATED RESOURCE PLANNING STANDARDS AND GUIDELINES

I. Definition and Purpose

Integrated resource planning for Questar Gas Company ("Company") is a process in which known resources, both supply and demand, and resource development options for meeting current and future natural gas energy service needs are evaluated on a systematic, consistent and comparable basis ("Planning Process"). The results of the Planning Process guide the Company in the selection of the optimal set of resources, given expectations relating to costs, risk and uncertainty, safety and other regulatory requirements, and technical feasibility such that present and future customers are provided natural gas energy services at the lowest cost consistent with the Company's duties specified in Utah Code §54-3-1, the fiscal requirements of a financially healthy utility and the long-run public interest. The results of the Planning Process, as compiled in a comprehensive integrated resource plan ("IRP"), will inform the public and the regulatory community of the Company's evaluations, resource selections, implementation plans, and future risks in pursuit of the lowest cost objective, and may be used to evaluate the Company's requests for recovery of gas costs in various proceedings, including pass-through and general rate cases.

II. Reporting Requirements

A. IRP Filing

1. The Company shall prepare and file an IRP in early June of each year. The IRP will not contain market-sensitive information or other information which may be deemed confidential pursuant to a protective order. This information will be presented separately as specified in Sections III.A.2. and III.B.2 of these standards and guidelines. Within two weeks of filing its IRP, the Company will hold a technical conference to present an overview of key IRP results and respond to questions from interested parties.
2. General information requirements and 191 Account-related information and analyses specified in Sections IX.A. and B. of these standards and guidelines shall be addressed in each annual IRP. The Planning Process and IRP will reflect a planning year beginning June 1 and ending May 31 of the following year.
3. Distribution non-gas ("DNG")-related information and analyses specified in Section IX.C. of these standards and guidelines shall be addressed in each annual IRP. The time horizon for addressing and evaluating these issues will be the calendar year the IRP is due and the following two calendar years, unless a different time horizon is appropriate and has been approved in advance by the Commission.

B. Other Reporting: The Company shall prepare and file confidential quarterly reports for the periods June through August, September through November, December through February, and March through May to the Public Service Commission ("Commission"), the Division of Public Utilities ("Division") and the Committee of Consumer Services ("Committee") identifying and explaining material deviations between planned versus actual performance results. Each quarterly report shall be due within three months of the end of the quarter being evaluated and contain both quarterly and year-to-date information.

III. Planning Process and IRP Development, Review and Public Comment

The IRP will be developed in consultation with the Commission, its Staff, the Division, the Committee, appropriate Utah State agencies, interested members of the general public, and other interested parties (collectively referred to as "Parties"). The Planning Process will incorporate an informal exchange of information in a manner which promotes efficient communication and an atmosphere of cooperation and understanding. To the extent discovery relating to the Planning Process and IRP is necessary it shall be conducted according to Utah Administrative Code R746-100-8. Discussion of confidential and market-sensitive information will take place in a manner that will not jeopardize the Company's bargaining position.

A. 191 Account-Related Requirements:

1. The Company shall hold at least one informational public meeting with the Commission, the Division and the Committee and any other interested party in April or early May of each year where the following topics will be discussed:

   a. The latest quarterly report;

b. Changes to the models used to derive long-term forecasts of the number of customers, usage per customer, and total usage, modeling assumptions, data used in the models, etc.;

c. Changes to the linear programming optimization ("LPO") model, LPO modeling assumptions, data used in the model, sensitivity analyses, etc.;

d. Changes to the demand-side management ("DSM") model, modeling assumptions, methods, tests, etc.;

e. The Company's preliminary supply and demand forecasts, LPO, and DSM modeling results and interpretations, and general guidelines;

f. Near- and long-term gas quality and gas storage-related issues; and

g. Commission, Division, and Committee comments on the adequacy of the Usage/Customer Forecasting, LPO and DSM modeling.

2. If necessary, the Company shall hold at least one informational meeting with the Commission, the Division and the Committee in April or early May of each year during which confidential and/or market-sensitive information will be discussed.

3. Additional informational meetings will be scheduled throughout the year as necessary.

B. DNG-Related Requirements:

1. The Company shall hold at least one informational meeting with the Parties in April or early May of each year. This meeting may be combined with the meeting referenced in Section III.A.1. Topics covered will include:

a. Changes to the Gas Network Analysis ("GNA") models, modeling assumptions and data;

b. The Company's draft GNA modeling results and interpretations as they relate to system capabilities and constraints, and the DNG Action Plan;

c. Integrity management regulatory changes, results of integrity management models or risk analyses, and integrity management plan assessment and corrective-action schedules as they relate to DNG-related costs and expenses.

d. Parties will have the opportunity to provide comments to the Company on the adequacy of the GNA modeling and evaluation at any time during the process.

2. If necessary, the Company shall hold at least one informational meeting with the Commission, the Division and the Committee in April or early May of each year where confidential and/or market-sensitive information pertinent to DNG IRP activities will be discussed. This meeting may be combined with the meeting referenced in Section III.A.2.

3. Additional informational meetings will be scheduled throughout the year as necessary.

C. Post-IRP Filing: Within two weeks of filing its IRP, the Company will hold a technical conference to present an overview of key IRP results and respond to questions from interested parties.

D. Comments: Parties will have the opportunity to provide comments to the Commission on the adequacy of the Planning Process and the IRP. Parties may submit comments within 60 days of the filing date of the IRP. Based upon the comments received, the Commission may provide guidance to the Company or request corrections or updates regarding the current and/or future Planning Process and/or IRP.

IV. Role of IRP in Ratemaking Proceedings

IRP information, conclusions, and operating strategies may be used by regulators and other parties as evidence in their evaluation of cost recovery of both gas and non-gas costs for the relevant period. The Commission's evaluation of prudence in ratemaking proceedings will be based on the reasonableness of the Company's decision-making process in view of the Planning Process and associated IRP, and the information available at the time the decision is made.

V. Affiliate Relations

The Company’s examination of gas supply, transportation, storage, and gathering options, and ultimately its planning/operational strategy necessary to implement the IRP, must reflect the customers’ perspective and must not be influenced by the financial considerations of an affiliate within Questar Corporation to the detriment of customers. It is the Company’s responsibility to place customers’ interest before affiliate interests in preparing and implementing its IRP.

VI. General Guidelines and DNG Action Plan

As part of the Planning Process, the Company will develop a list of general guidelines governing its operational strategies for the 191 Account-related resources for the upcoming year and a DNG Action Plan outlining the specific resource decisions and steps necessary to implement the IRP relating to DNG resources. These general guidelines and DNG Action Plan will serve as the basis for evaluating the Company's performance over the planning year. The Company will promptly notify regulators of any significant deviations from the general guidelines and DNG Action Plan which are currently in effect, and explain such deviations.

VII. IRP Models

The Company uses a variety of models, including in-house developed models, off-the-shelf models, and off-the-shelf models customized to the Company's specific requirements, to develop forecasts, identify system constraints, evaluate gas-procurement options, and identify and evaluate the costs, risks, and/or tradeoffs of specific resource acquisitions or resource options. Each IRP will include a list of models used, a brief description of the function of the model, the version of the model used, any material changes to the model (including the model itself, input assumptions, and underlying data) since the previous Planning Process, the reason for any material changes, and the results of any Company-conducted reviews to the models. For gas-purchasing evaluation, the Company will utilize an optimization model in the Planning Process and present the results in the IRP.

VIII. Level of Detail

Each IRP must detail the Company's intentions for the planning year(s) and must also provide sufficient information and analyses to show how the Company reaches its resource selection conclusions as to the least-cost plan for providing energy services, including acquisition of natural gas and storage, transportation, and distribution services, consistent with the Company's duties specified in Utah Code §54-3-1. The IRP must also address all relevant system, contractual, gas quality, operational and regulatory issues known to the Company at the time the IRP is submitted.

IX. Specific IRP Components

The Company will include the following information, discussion and analysis in its annual IRP:

A. General Information Requirements:

1. A description of IRP objectives and goals for both gas supply and DNG functions of the Company.
2. A range of load growth forecasts broken out by residential, small commercial, and non-General Service ("GS") categories. The non-GS category will be broken out by commercial, industrial, and electric generation. The load growth forecasts will include firm customer peak-day requirements, winter-season requirements, annual requirements, and average usage per customer. 3.A range of weather conditions.
4. An analysis of how various economic and demographic factors, including the prices of natural gas and alternative energy sources, will affect natural gas consumption, and how changes in the number, type and efficiency of end-uses will affect future loads.

B. 191 Account Issues:

1. An economic assessment of all viable delivery, gas supply, load management and demand-side resource options on a consistent and comparable basis including, but not limited to:
   a. Company production (Wexpro), annual market gas contracts, seasonal market gas contracts, spot market purchases, demand-side management resources, and interruptible transportation (IT) customer gas supplies;
   b. Transportation options (including but not limited to relevant firm transportation, interruptible transportation, capacity release, and any other transportation option available including tapping other pipelines) and storage service options;
   c. For demand-side resources, the Company will provide the total resource cost test, the ratepayer impact test, the utility cost test and the participant cost test as approved by the Commission.
2. A "Results" section depicting the Company's proposed gas supply portfolio and operational strategy. The Results section should also demonstrate the impact of changes in demand and gas prices in the modeling simulation. The results section should also include gas supply/demand results showing for the IRP year a summary, by month, of gas demand broken out by residential, commercial and non-General Service ("GS") categories (the non-GS category will be broken out by commercial, industrial, and electric generation), Company use, and lost and

unaccounted for gas; and gas supply broken out by purchased gas, cost-of-service gas, and storage (both injection and withdrawals).

3. A discussion and analysis of the availability and use of storage reservoirs by the Company and an explanation of storage reservoir management practices.
4. A discussion and analysis of gathering and transportation-related issues, including pertinent recently negotiated contracts and other relevant contracts.
5. A discussion of producer imbalances including terms, time-periods, volumes, and fields where recoupment nominations have occurred and/or may occur.
6. A discussion and evaluation of reasonably predicted, anticipated, or known gas quality issues during the planning horizon.
7. The current level of lost and unaccounted for gas and an explanation of the Company's efforts at reducing lost and unaccounted for gas and reducing natural gas emissions in pipeline construction and operations activities.
8. A planning horizon that is of sufficient length to effectively model Company production as well as economically viable energy efficiency measures.
9. A discussion of how changes or risks in the natural gas industry, the regulatory environment, and/or industry standards may affect resource options available to the Company and potential impacts on resource options and attendant costs.
10. A set of general guidelines which clearly identify the specific resource decisions necessary to implement the results of the Planning Process and associated IRP in a manner consistent with the strategic business plan.

11. An evaluation of the risks associated with various resource options and a list of considerations permitting flexibility in the planning process to address the future uncertainty.
12. The results of IRP modeling will be used to help calculate avoided gas costs.

C. DNG Issues

1. An overview of the distribution system and an identification of system capabilities and constraints.
2. a. Identification of substantial projects including feeder line, large diameter main, small diameter main, and measurement and regulation station equipment projects, their associated capital budgets and long-range plan estimates, and a forecast of the revenue requirement impacts for those projects over the three-year time-frame addressed in the IRP.
   b. A summary of the analyses of alternatives evaluated for each project, including costs, benefits, and risks associated with the alternatives, and the reason for their rejection.
   c. A comparison of each selected project with the next best alternative including a discussion of cost and benefit, an evaluation of risk, and an analysis of tradeoffs between such things as service quality, reliability, customer impact and the acquisition of the lowest cost resource.

3. A discussion of how changes or risks in the natural gas industry and/or the regulatory environment may affect resource options available to the Company and their potential impacts on resource options and costs.
4. A range, rather than attempts at precise quantification, of estimated external costs, in order to show how explicit consideration of costs might affect the selection of resources.
5. A detailed explanation of, and underlying basis for, the Company's integrity management plan activities and associated costs for the three-year time frame addressed in the IRP.
6. A DNG Action Plan outlining specific resource decisions and steps necessary to implement the IRP consistent with the Company's budget and/or business plan. The DNG Action Plan will span the period of the IRP year and the subsequent two calendar years. The DNG Action Plan will describe specific actions and their projected/budgeted amounts. The DNG Action Plan will include a status report of the specific actions contained in the previous action plan and an explanation for any material deviation from the DNG Action Plan and budgeted project amounts.