- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar Gas Company to Increase Distribution Non-Gas Rate and Charges and Make Tariff Modifications	))))))	DOCKET NO. 09-057-16 REPORT AND ORDER

ISSUED: June 3, 2010

SHORT TITLE

Questar Gas Company 2009 General Rate Case

SYNOPSIS

The Commission approves a settlement stipulation addressing revenue requirement, rate spread, and rate design. The settlement stipulation increases Questar Gas Company's annual distribution non-gas revenue requirement by $2.6 million, effective August 1, 2010. The revenue requirement is based upon an average test year ending December 31, 2010, and an allowed rate of return on equity of 10.35 percent. The revenue requirement is allocated to all service schedules except for FT-1L through a uniform increase of 1.03 percent. Within each schedule, the additional revenue will be collected through an equal percentage change to the distribution non-gas volumetric rates and any demand charges.

The approved settlement stipulation also includes adjustment of metered volumes for temperature and elevation, implementation of an infrastructure tracker pilot program, movement of the conservation enabling tariff from a pilot to an ongoing program, investment in compressed natural gas vehicle infrastructure, commitment to implement a low-income assistance program, and accounting of costs associated with the new distribution integrity management rule program.

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APPEARANCES:

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Paul H. Proctor, Esq. Assistant Attorney General	"	Office of Consumer Services
Gary A. Dodge, Esq. Attorneys at Law Hatch, James & Dodge	"	UAE Intervention Group
Sophie Hayes, Esq. Attorney at Law	"	Utah Clean Energy
Bruce Plenk Attorney at Law	"	Salt Lake Community Action Program and AARP

I. PROCEDURAL HISTORY

On October 6, 2009, Questar Gas Company ("Questar Gas" or "Company") filed a notice of intent to file a general rate case. On December 3, 2009, the Company filed with the Commission an application and direct testimony seeking an order authorizing a total distribution non-gas ("DNG") revenue requirement of $277.3 million, or an increase of approximately $17.2 million[1] ("Application"). This Application is based on a test period ending December 31, 2010, using year-end data and a requested rate of return on equity of 10.6 percent. The Application was filed pursuant to the new filing requirements, Utah Administrative Code R746-700-1, *et seq*.

The Application provided a class cost-of-service study and proposed rate designs for the various rate classes. The Application also requested Commission approval of: 1) an infrastructure rate-adjustment mechanism which will allow the Company to track and recover, through a surcharge, costs directly associated with the replacement of identified feeder line projects and to periodically file for approval to adjust the surcharge; 2) the Conservation Enabling Tariff ("CET") and Demand Side Management Pilot Program ("DSM") Pilot Program on a going forward basis; 3) moving the Natural Gas Vehicle ("NGV") rate closer to, but remaining lower than, cost of service; 4) changes to the Company's approach to adjust metered volumes for temperature and elevation when calculating customer usage; 5) changes to the qualifying criteria for the FT-1 rate schedule to ensure its original intent is met; and 6) miscellaneous tariff changes relating to consistency with Company practice and edits involving movement or deletion of sections, rewording, referencing and punctuation.

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[1] This $17.2 million increase results when Commission-allowed General Service revenues and revenues from all other rate classes are compared to the total revenue requirement of $277.3 million. When volumetric General Service revenues and revenues from all other classes are compared to the total revenue requirement, the deficiency is $14.7 million.

On December 15, 2009, the Commission issued a Notice of Scheduling Conference to be held on December 22, 2009. On December 17, 2009, the Division of Public Utilities ("Division") submitted a Memorandum to the Commission indicating the Application constituted a complete filing pursuant to Utah Administrative Code R746-700-1, *et seq.*

Between December 22, 2009, and March 3, 2010, the following parties petitioned for leave to intervene in this case which the Commission granted: Rocky Mountain Power ("RMP"); Nucor Steel, a division of Nucor Corporation ("Nucor Steel"); Salt Lake Community Action Program ("SLCAP"); AARP; Southwest Energy Efficiency Project and Utah Clean Energy (collectively "SWEEP/UCE"); and, Utah Association of Energy Users, ATK Space Systems, American Pacific Corporation, Anadarko Midstream, Chevron U.S.A., Inc., Hexcel Corporation, IHC Health Services, Inc., IM Flash Technologies, LLC, May Foundry & Machine Company, and Simplot Phosphates ("UAE Intervention Group" or "UAE").

Pursuant to the December 15, 2009, scheduling conference, on December 29, 2009, the Commission issued a scheduling order, dividing the case into two phases and setting dates for filing testimony, technical conferences, and hearings for Phase 1: Revenue Requirement issues and Phase 2: Cost-of-Service and Rate Design issues.

Pursuant to the December 29, 2009, Scheduling Order the Company held two technical conferences. On January 6, 2010, a technical conference was held to discuss and provide information on the Company's models used in its Application. On February 10, 2010, a technical conference was held to discuss, and provide an explanation of, the accounting for the Company's Infrastructure Tracker.

On February 25, 2010, the Office filed a Motion to Modify Scheduling Order and to Hold a Scheduling Conference ("Motion"). On March 8, 2010, the Company filed its response to the Office's Motion. On March 9, 2010, the Commission issued a Notice of Scheduling Conference to be held on March 16, 2010. On March 11, 2010, UAE filed a Stipulated Motion to Modify Schedule Order.

On March 2, 2010, the Company, the Division, the Office, the UAE, SLCAP, AARP, Nucor Steel, Rocky Mountain Power and Utah Clean Energy met to discuss settlement regarding the Application. Subsequently, the parties to this docket continued to engage in confidential settlement discussions and reached agreement.

On March 18, 2010, Questar Gas filed a Motion for Approval of the Settlement Stipulation along with a Settlement Stipulation, and associated Exhibits 1, 2, 3, and 4, signed by authorized representatives of the Company, the Division, the Office, the UAE Intervention Group, Nucor Steel, SLCAP, AARP, SWEEP/UCE ("Parties").

On March 25, 2010, the Commission issued a First Amended Scheduling Order setting April 8, 2010 as the hearing date, including public witness opportunity, to consider approval of the Settlement Stipulation. On April 1, 2010, SLCAP and AARP collectively filed direct testimony in support of the Settlement Stipulation.

On April 8, 2010, the Commission conducted a hearing to receive testimony on the Settlement Stipulation during which the Commission examined the witnesses regarding the Settlement Stipulation. No party testified in opposition to the Settlement Stipulation and no public witnesses appeared.

II. SETTLEMENT STIPULATION OVERVIEW

The Settlement Stipulation ("Stipulation") and its four exhibits are attached as Appendix A to this document. Without modifying its terms in any way, the following is a brief overview of the Stipulation. A summary of the changes to rates affected by the Stipulation is contained in Appendix B.

The Stipulation addresses revenue requirement, spread of revenues to and rate increases for all schedules. It provides for a revenue increase of $2.6 million, based on a 10.35 return on equity, an adjustment for metered volumes for temperature and elevation, and a uniform increase to all rate schedules except for F2-1L. Within each rate schedule, the increase is applied to all volumetric rates and any demand charges. The Stipulation requests the Commission open a new docket to address cost-of-service and rate design issues and designates $272.59 as the allowed GS revenue per customer. A comparison of current to stipulated GS revenue per customer is provided in Appendix C.

The Stipulation also establishes the implementation of a three-year pilot infrastructure tracker program, states parties agree the CET will no longer be considered a pilot program, addresses compressed natural gas vehicle infrastructure investment, and provides for agreement the Company will implement a low-income assistance program. The parties to the Stipulation also agree the Company will account for the costs incurred in compliance with the new Distribution Integrity Management Program rules in the same manner that it currently accounts for pipeline integrity management costs.

III. POSITIONS OF THE PARTIES

Five parties provide oral testimony supporting the Stipulation: The Company, the Division, the Office, AARP/SLCAP, and SWEEP/UCE. No party presented testimony opposing the Stipulation and no member of the public appeared in the public witness portion of the hearing to support or contest approval of the Stipulation.

At hearing the Company provides a brief history of activities leading up to the Stipulation and a summary of its terms and conditions. The Company states it thinks the Stipulation results in just and reasonable rates and is in the public interest.

Pertaining to the infrastructure tracker, the Company indicates at the time of filing it had identified 20 other local distributions companies across the country using trackers. Regarding the accounting treatment of existing feeder lines, the Company clarifies in this case it initially proposed feeder lines to be allocated on a weighted factor based on both energy and demand. However, regarding the accounting treatment of replacement infrastructure addressed in the infrastructure tracker, the Company states, for the purposes of settlement, the Parties agree to simply apply a percentage change to all of the classes. The Company adds this particular issue is not necessarily being resolved before the Commission. The Company estimates it has ten-plus years of specific infrastructure to be replaced, but the infrastructure pilot will be reviewed and revisited at least after every three years. Responding to the question of whether the infrastructure tracker reduces risk for the Company, the Company indicates the issue was raised, reviewed, and discussed during settlement discussions. However, because of differing opinions, there was a need for compromise as is presented in the Stipulation.

In addressing the issue of the significant capital investment in NGV infrastructure when compared with volumes which are unchanged, the Company explains the NGV class is slightly less subsidized than in the last rate case because of usage and allocations, and this issue will be addressed in the requested docket on cost of service and rate design. The Company also indicates the low-income program surcharge will be a separate line on the bill whereas the infrastructure tracker will be broken out on the tariff page but treated like the other components of DNG rates in order to avoid confusion.

In viewing the Stipulation as a complete package, the Division testifies it is just and reasonable and in the public interest. The Division explains, in a fair amount of detail, its support for the Stipulation. First, the Division notes the Stipulation reduces the Company's requested revenue increase from $17.2 million to $2.6 million. The Division testifies this reduction is due in large part to use of an average rather than end-of-year, test year rate base, which alone reduces revenue requirement by $6.5 million, a change supported by the Division. However, the Division points out this one change is primarily caused by removing much of the Company's forecasted feeder line replacement from the test year. Because the Stipulation also establishes a feeder line tracker mechanism, a substantial portion of the $6.5 million is still expected to be collected from customers through the feeder line tracker mechanism.

The Division supports the feeder line tracker mechanism in this case arguing both ratepayers and shareholders benefit. Ratepayers are protected from forecast errors and pay only actual feeder line replacement costs as they are incurred; shareholders benefit by recovering feeder line costs as incurred rather than through additional rate cases with attendant regulatory lag. Further, the Division supports this tracker mechanism because it believes the feeder replacement program is necessary; portions of it are legally required and the aging condition of much of the feeder line system suggests replacement may be prudent for safety and reliability. Also, the Division explains the size and incremental in-service dates of feeder line investment, and the unusually large and ongoing level of capital spending, render other forms of cost recovery to be inferior or problematic.

The Division emphasizes the Stipulation includes certain safeguards to ensure the feeder line tracker mechanism does not get out of control. For example: 1) it is a three-year pilot and requires a rate case examination at least every three years; 2) it includes an annual budget cap of $55 million; 3) it requires the Company file an annual billing plan and budget; and 4) the tariff defines the replacement infrastructure eligible for cost recovery through the mechanism.

The Division testifies the stipulated 10.35 return on equity is within the range the Division found to be reasonable, though it is at the high end of that range. The Division agreed to this return on equity in the context of securing the stipulated settlement of issues in this case.

The Division states the Stipulation essentially postpones the cost-of-service and rate design issues raised in the case. The Division supports this agreement because further study is necessary to address certain issues. For example, the Division is examining approaches for splitting the GS class using the level of basic service fee as a criterion. The Division states the Company is in the midst of revising how it classifies customer's basic service fees and is planning to update its cost-of-service study with a very detailed examination of service lines made possible by new mapping technologies. Therefore, the Division argues more time is needed to develop its proposals for splitting the GS class and for making changes to the class cost-of-service study. To this end, the Division supports the Stipulation request for the Commission to open a new docket to examine cost-of-service modeling and cost allocations.

The Division supports the Stipulation terms regarding natural gas vehicle infrastructure investment and rates. While agreeing with the Company's prior commitment to fund $14.7 million of infrastructure investment, the Stipulation includes a mechanism going forward requiring future investments of this type to be brought forward for regulatory review. The Stipulation also gives the NGV class of customers the same rate increase as other classes and therefore temporarily postpones the cost-of-service discussions around this class.

The Division supports resetting the revenue per customer based on the outcome of this case for use in the CET and agrees with removing the term "pilot" from this tariff. The Division believes the CET works well, as the balancing account has been within a tolerable range and the Company has implemented DSM programs. The Division notes the Stipulation includes no other changes to the CET, i.e., the 5 percent cap on accruals and the 2.5 percent cap on annual amortizations remain.

The Division supports the Stipulation's general outline of a low-income assistance fund. The Division explains the parties were unable to come to agreement on the details of the program in the time frame provided for settlement. The Division supports the goal of having a program in place by the next heating season.

Finally, the Division supports the temperature and elevation adjustments proposed by the Company. The Division has reviewed the adjustments and believes they are consistent with the laws of physics regarding gases and will significantly reduce intra-class subsidies going forward. For the foregoing reasons, the Division recommends the Commission approve the Stipulation.

The Office believes the outcome of the settlement would be just and reasonable rates for the consumers it represents. The Office asserts it completed significant analysis on behalf of the small consumers and indicates several important issues are addressed by the Stipulation, namely, the importance of using an average test year, the amortization of the reserve variance associated with the new depreciation study, and the rate base adjustment. While concerned about the NGV rate schedule, particularly that the Company may have been committing ratepayer money without approval, the Office is in agreement with the settlement concept surrounding NGV future investments.

The Office indicates, in general, it does not support trackers but believes the infrastructure tracker will result in just and reasonable rates because it facilitates necessary infrastructure investments. In addition, the Office is comfortable consumer protections are in place regarding the tracker's operation. Regarding decoupling, the Office does not think anything is ever permanent and there may be elements of the CET which it may want to revisit and refine in future cases.

The Office supports the introduction of a low-income program. The Office, however, indicates it must carefully evaluate a low-income program because the Office represents both the beneficiaries and payers of the program. Further, while the Office evaluated cost-of-service and rate design issues in this case, it was concerned regarding how the process would unfold, and is supportive of moving these issues into a different docket which would permit a full investigation and exploration of those issues.

The Office states it is one of the parties which does not accept 10.35 percent as a reasonable return on equity. The Office believes 10.35 percent is too far outside of the range of reasonableness, does not recognize the risk reduction associated with making the CET permanent or having an infrastructure tracker, and cannot be explained by commonly-used methods. Recognizing this return on equity will be in place for a relatively short time, and along with other benefits, including a greatly reduced revenue requirement, the Office believes the end result will be just and reasonable rates.

AARP/SLCAP believes the Stipulation, when taken as a whole, will produce just and reasonable rates and is in the public interest and recommends the Commission adopt the Stipulation in its entirety. AARP/SLCAP presents testimony regarding the need for a low-income assistance program and the effort of the task force. It also explains the details of the program will be worked out by interested parties subsequent to Commission approval, and references the enabling legislation for low-income assistance, Utah Code 54-7-13.6.

AARP/SLCAP asserts the low-income rate assistance program will assist tens of thousands of low income Utah families pay their winter heating bill which in turn will result in benefit to these customers, to the Company, to other gas companies, and to the State of Utah. AARP/SLCAP calculates the likely annual impact of the cost of the program on various customers in the GS class to be about $1.15 based upon the $1.5 million annual funding level. And while some customers will pay more or less based upon their usage, AARP/SLCAP believes these impacts are acceptable. When asked if it had evaluated whether the low-income assistance program might result in savings to the Company in terms of reducing uncollectible accounts and bad debts, AARP/SLCAP responded it looked at this issue in the Company's last general rate case but not during this one. AARP/SLCAP indicates it would be expected but, as the Company has recognized, the Company's level of uncollectible accounts is lower than many comparable companies.

SWEEP/UCE agrees that when taken as a whole the Stipulation is reasonable and in the public interest. SWEEP/UCE indicates its prime area of interest in this preceding is the continuation of the CET, which will be made permanent through the Stipulation. It does not take a position on the other individual provisions in the Stipulation. By making the CET permanent, SWEEP/UCE understands the Company will be able to continue its successful ThermWise program on a permanent basis. SWEEP/UCE maintains the ThermWise program has cost-effectively exceeded projections and continues to transform the market and increase awareness about energy efficiency, conservation, and efficient products and practices. SWEEP/UCE notes energy conservation, efficiency, and well-designed DSM programs offer least-cost reasonably-priced energy resources while providing tremendous co-benefits and externalities associated with natural gas usage.

IV. FINDINGS AND CONCLUSIONS

All but one of the parties to this proceeding signed the Stipulation. No party or public witness has opposed the Stipulation. The Company, the Division, the Office, AARP, SLCAP, SWEEP and Utah Clean Energy have all provided testimony supporting the approval of the Stipulation. AARP and SLCAP provided written testimony in support of the Stipulation.

Our consideration of the Stipulation is directed by Utah statutory provisions in Utah Code Ann. § 54-7-1 encouraging informal resolution of matters brought before the Commission. We find the Stipulation provides revenues sufficient to cover the prudent costs of

DNG service. Based upon the evidence contained in the record, we conclude the Stipulation is just and reasonable in result and is in the public interest and therefore we approve the Stipulation. The Commission's approval of the Stipulation is not binding precedent in future cases involving similar issues, and is further subject to the conditions and limitations on the Parties as contained in the Stipulation paragraphs 8.l. and 28.

V. ORDER

Wherefore, pursuant to our discussion, findings and conclusions made herein, we order:

1. The Settlement Stipulation is hereby approved.
2. The Company shall file appropriate tariff revisions increasing Utah jurisdictional revenues by $2,600,000, effective August 1, 2010.

This Report and Order constitutes final agency action on Questar Gas Company's December 3, 2009, Application. Pursuant to Utah Code §§ 63G-4-301 and 302, an aggrieved party may file, within 30 days after the date of this Report and Order, a written request for rehearing/reconsideration by the Commission. Pursuant to Utah Code Ann. § 54-7-15, failure to file such a request precludes judicial review of this Report and Order. If the Commission fails to issue an order within 20 days after the filing of such request, the request shall be deemed denied. Judicial review of this Report and Order may be sought pursuant to the Utah Administrative Procedures Act (Utah Code Ann. § 63G-4-101, *et seq.*).

DATED at Salt Lake City, Utah, this 3rd day of June, 2010.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#66957

APPENDIX A: THE SETTLEMENT STIPULATION

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF QUESTAR GAS COMPANY TO INCREASE DISTRIBUTION NON-GAS RATES AND CHARGES AND MAKE TARIFF MODIFICATIONS	Docket No. 09-057-16 **SETTLEMENT STIPULATION**

Pursuant to Utah Code Ann. § 54-7-1 and Utah Admin. Code § R746-100-10.F.5, Questar Gas Company (Questar Gas or Company); the Division of Public Utilities (Division); the Office of Consumer Services (Office); the UAE Intervention Group; Nucor Steel, a Division of Nucor Corporation; Salt Lake Community Action Program; AARP; Southwest Energy Efficiency Project; and Utah Clean Energy (collectively Parties) submit this Settlement Stipulation in resolution of the issues raised in the Company's Verified Application in this docket.

PROCEDURAL HISTORY

1. On December 3, 2009, Questar Gas filed its Verified Application and direct testimony with the Commission seeking an order authorizing a total revenue requirement of $277.3 million based on a test period ending December 31, 2010 using year-end data (Application). The Application was filed pursuant to the new filing requirements, Utah Admin. Code R746-700-1, *et seq*. As a result, Questar Gas simultaneously filed with its Application, approximately 100 responses to required information in compliance with the new filing requirements.

2. On December 29, 2009, the Commission issued its Scheduling Order, dividing the case into two phases and setting dates for filing testimony, technical conferences, and hearings for Phase 1: Revenue Requirement issues and Phase 2: Cost of Service and Rate Design issues.

3. On January 6, 2010, a technical conference was held to discuss and provide information on the Company's models used in its Application. The Company explained its models, demonstrated how Parties could modify inputs and assumptions and responded to questions regarding the models.

4. On February 10, 2010, a technical conference was held to discuss and provide an explanation of the accounting for the Company's Infrastructure Rate Adjustment Tracker (Infrastructure Tracker). Questar Gas presented the history of its aging high-pressure feeder lines, its infrastructure replacement program, the proposed schedule for infrastructure replacement, the estimated costs and the accounting and tracking of those costs, and an explanation of how the Infrastructure Tracker would work.

5. Since the Application was filed, both the Division and the Office have performed on-site audits and Parties have conducted discovery. In conjunction with these audits and discovery, Parties have asked and Questar Gas has responded to approximately 750 data requests and posted them on its "V Bulletin" website for the convenience and review of all intervenors.

6. During the scheduling conference held on December 22, 2009, the Parties agreed to reserve March 2, 2010, for a Settlement Conference. The Parties met on March 2,

2010, to discuss settlement regarding the Application. Subsequently, the Parties continued to engage in confidential settlement discussions and have reached agreement.

TERMS AND CONDITIONS

Revenue Requirement, Rate Spread and Rate Increase

7. In settlement of the revenue requirement rate spread and rate increase issues in this case, the Parties submit this Settlement Stipulation for the Commission's approval and adoption. Exhibit 1, page 1, which shows the stipulated revenue requirement adjustments and which is incorporated in this Settlement Stipulation, begins with the Company's requested revenue requirement of approximately $277,286,000 based on year-end data for the test period ending December 31, 2010. The Parties agree for purposes of settlement to use an average test period ending December 31, 2010, resulting in a revenue requirement amount of approximately $270,768,000 as shown on Exhibit 1, page 1, column B, line 2.[2]

8. The Parties agree for purposes of settlement to the revenue requirement adjustments shown on Exhibit 1, page 1, column A. A brief summary of each adjustment is listed below. Detailed explanations of the adjustments can be found in the Settlement Model filed electronically as "09-057-16 settlement model.xls" in the "E.P. Adjustments input workpaper" tab beginning in cell AC1.

a. The Parties agree for purposes of settlement to adjust the Lead / Lag Day Change days from 2.709 lag days to 2.681 lag days. This adjustment reduces the revenue requirement by approximately $6,000 (Exhibit 1, page 1, line 3).

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[2] The Parties recognize that the order in which the adjustments are entered into the model can produce slightly different individual amounts but the final result will be the same.

b. The Parties agree for purposes of settlement to the Building Transfer Depreciation adjustment that reduces the revenue requirement approximately $145,000 (line 4).

c. The Parties agree for purposes of settlement to the Land Depreciation adjustment that reduces the revenue requirement approximately $23,000 (line 5).

d. The Parties agree for purposes of settlement to the Plant Retirement adjustment that reduces the revenue requirement approximately $46,000 (line 6).

e. The Parties agree for purposes of settlement to the Outside Services Billing adjustment that reduces the revenue requirement approximately $6,000 (line 7).

f. The Parties agree for purposes of settlement to the Accounting Programming adjustment that reduces the revenue requirement approximately $122,000 (line 8).

g. The Parties agree for purposes of settlement to the Contribution in Aid of Construction (CIAC) adjustment that increases revenue requirement approximately $189,000 (line 9).

h. The Parties agree for purposes of settlement to the Seasonal Rate Base adjustment that increases revenue requirement approximately $49,000 (line 10).

i. The Parties agree for purposes of settlement to accept the new depreciation study submitted by the Company in this case and to amortize the reserve variance over a 10-year period. This Depreciation Study adjustment reduces the revenue requirement approximately $3,252,000 (line 11).

j. The Parties agree for purposes of settlement to a Rate Base adjustment that reduces the revenue requirement approximately $1,599,000 (line 12).

k. The Parties agree for purposes of settlement to use a three-year-historical-average percentage for bad debt. This adjustment reduces the revenue requirement approximately $407,000 (line 13).

l. The Parties agree for purposes of settlement to an authorized Rate of Return on Equity (ROE) of 10.35%. Not all Parties accept that an ROE of 10.35%, in isolation, is a reasonable return on equity. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree on each specific component of the settlement, all of the Parties agree that the Settlement Stipulation is just and reasonable in result. As provided in paragraph 28 of this Settlement Stipulation, below, to balance the interests of all Parties, the Parties agree that the compromises in this proceeding do not indicate agreement regarding any specific expense or revenue, including the 10.35% ROE. The Parties further agree that this ROE is specifically identified only as one component of the compromises that have led to the agreed result and, like all other components, is identified for purposes of showing adjustments to Questar Gas's Application which are being made to achieve a result that is just and reasonable. Thus, identification of the ROE is unrelated to the Parties' evidence that the Settlement Stipulation as a whole and in result, is just and reasonable. Consistent with paragraph 28, the Parties agree that they will not claim that the Commission's approval of this Settlement Stipulation constitutes an admission by any Party that

10.35% is a just and reasonable ROE, nor shall they use the Commission's approval of this Settlement Stipulation as evidence in any future proceeding that 10.35% is a just and reasonable ROE. The Parties request that a Commission order accepting and approving this Settlement Stipulation note the foregoing. Using a 10.35% ROE results in a revenue requirement reduction of approximately $1,689,000 (line 14).

9. When all stipulated adjustments are included, the result is a total revenue requirement of approximately $263,710,000 (Exhibit 1, page 1, line 14, column B). Subtracting the average test period volumetric revenues of approximately $261,110,000 results in a revenue deficiency of $2,600,000 as shown on line 16.

10. The Parties agree that the volumetric revenue increase (Exhibit 1, page 2, column E) resulting from the Commission's final order approving this Settlement Stipulation shall become effective August 1, 2010, through a percentage increase (Exhibit 1, page 2, column D) applied equally to distribution non-gas (DNG) revenue for all customer classes. The resulting revenue requirement by class is shown on Exhibit 1, page 2, column F.

11. The Parties agree to accept the Company's proposal to adjust its metered volumes for temperature and elevation to more accurately bill customers for actual usage as more fully described in the Direct Testimony of Judd E. Cook, QGC Exhibit 5.0, lines 93-150.

12. The Parties agree that no changes should be made to the basic service fees, administrative fee, or tariff qualification requirements. Any adjustments to rates required to collect each class' revenue requirement will be collected through an equal percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.

13. The Parties agree that all other cost of service and rate design issues should be considered in a separate proceeding. The Parties request that the Commission open a new docket in conjunction with the approval of this Stipulation. This will allow the Parties the time needed for the Company, among other things, to update its distribution plant factor study and to more fully analyze and review Parties' cost of service and rate design proposals. The Parties anticipate this proceeding may take from 12 to 24 months to complete. The Parties agree that any cost of service and rate design issues resolved in the Commission's final order in this new proceeding will be used by the Company as a basis for its cost of service and rate design proposal in its next general rate case.

14. The Parties agree that when taking the total revenue requirement assigned to the GS class (Exhibit 1, page 2, Column F, line 1) and dividing it by the number of GS customers in the average test period, the annual allowed GS revenue per customer is $272.59 as shown on Exhibit 1, page 3, lines 1-3. Using a three-year average percentage of monthly DNG revenue to spread the $272.59 results in the monthly allowed revenue per customer as shown in Exhibit 1, page 3, lines 4 through 15.

Infrastructure Tracker

15. The Parties agree for purposes of settlement that the Company may implement an Infrastructure Tracker Pilot Program. The Parties agree for purposes of settlement to allow the Company to track and recover costs that are directly associated with replacement of aging infrastructure as more specifically described in the Company's Tariff through an incremental surcharge to the GS, FS, IS, TS, MT, FT-1 and NGV rate schedules. The surcharge is designed to track and collect costs of replacement infrastructure between general rate cases.

The Company agrees that it will file its next year's infrastructure replacement plan and budget with the Commission no later than November 15 each year. This plan will include, among other things, an estimate of project costs, feeder lines scheduled for replacement and their locations. The infrastructure replacement budget shall not exceed $55 million (adjusted annually for inflation using the Global Insight Distribution Steel Main Inflation Index), except as provided below. This index will be included in the Company's infrastructure replacement plan and budget that the Company will file with the Commission each year. The Parties agree for purposes of settlement that capital infrastructure investment may still be considered Construction Work In Progress (CWIP) at year end. Amounts recorded in CWIP at year end will not be included in the budget cap for the following year. The Company may request Commission approval to exceed the budget cap if there are exigent circumstances requiring immediate capital expenditures. The Company will file quarterly reports describing the progress of infrastructure replacement with the Division.

16. The Parties agree for purposes of settlement that tracking of infrastructure replacement costs will not commence until the level of replacement-infrastructure investment included in rates has been reached. Based on the test period and adjustments agreed to in this Settlement Stipulation, that investment level is $10.1 million. When investment in the infrastructure replacement (sub-Account 376004) exceeds $10.1 million in 2010, the Company will file notice with the Commission. Subsequent investment in replacement infrastructure recorded in this account will be included consistent with the provision of this Stipulation in the Infrastructure Tracker.

17. The Parties agree for purposes of settlement that the Company may file semi-annually, but will file at least annually, an application to adjust the surcharge for new investment in replacement infrastructure. Only feeder line replacement that is in service will be included in an application. All investment related to the Infrastructure Tracker, as defined by proposed Tariff Section 2.08, a copy of which is attached to this Settlement Stipulation as Exhibit 2, will be recorded separately in the new 376004 sub-Account. All items included in the Infrastructure Tracker are subject to regulatory audit consistent with the audit procedures in the "Gas Balancing Account," Tariff Section 2.07. At the time of the next general rate case, all prudently incurred investment and costs associated with the Infrastructure Tracker will be included in general rates.

18. The calculation of the surcharge is described in Exhibit 2, page 1.

19. The Parties agree for purposes of settlement that the Company will file a general rate case at least every three years while the Infrastructure Tracker is in effect. The Company's next general rate case will be filed no later than July 2013.

Conservation Enabling Tariff

20. The Parties agree for purposes of settlement that the Conservation Enabling Tariff will no longer be considered a pilot program and will continue in its current form as more fully described in the proposed tariff sheets attached as Exhibit 3.

Compressed Natural Gas Vehicle Infrastructure Investment

21. The Parties acknowledge that the Company plans to invest up to $14.7 million in Compressed Natural Gas (CNG) infrastructure as part of its commitment with the State of Utah to reinforce its natural gas vehicle (NGV) refueling infrastructure. This investment

includes approximately four new CNG stations, one portable CNG station and up to 18 public station upgrades. The Parties agree for purposes of settlement that, after the Company has completed the construction of the reinforcement of the NGV refueling infrastructure referenced above, not to exceed $14.7 million, it will apply for Commission approval of any investment in NGV refueling infrastructure that requires an annual capital expenditure exceeding $1.5 million.

Low-Income Assistance Program

22. The Parties agree for purposes of settlement that the Company will implement a Low-Income Assistance Program. A customer will be eligible to participate in the Low-Income Assistance Program if the customer is certified by the Utah Department of Community and Culture as eligible for the Utah Home Energy Assistance Target (HEAT) Program. At present, a household earning 150% or less of the federal poverty level is eligible for HEAT. Consistent with Utah Code Ann. § 54-7-13.6, a customer's income eligibility for the program shall be renewed annually.

23. Costs associated with administering the Low-Income Assistance Program and the credits given to the eligible customers will be recovered through a per Dth surcharge collected from all rate classes on an equal percentage basis, subject to a monthly per-customer cap of $50. The total annual cost for this program will be targeted to be $1.5 million. Interested parties agree to continue to meet and develop implementation details of this Program. A proposed Program will be submitted to the Commission by June 15, 2010, with a request for approval so that the Program will become effective August 1, 2010, consistent

with the other provisions of this Settlement Stipulation. The Program will be designed to be consistent with Utah Code Ann. § 54-7-13.6.

Integrity Management Program

24. The Parties agree that the Company will account for the costs incurred in compliance with the new Distribution Integrity Management Program rules[3] in the same manner that it currently accounts for pipeline integrity management costs.

Rate Schedules

25. The calculation of proposed rates showing the changes to rate schedules that result from this Settlement Stipulation, including the adoption of the new temperature and elevation adjusted billing units, is attached as Exhibit 4, pages 1-5. Page 6 of Exhibit 4 shows a summary of the revenue recovery by class. Page 7 of Exhibit 4 shows the impact of the proposed rates on the typical GS customer.

General

26. The Parties agree that settlement of these issues is in the public interest and results in rates that are just and reasonable.

27. The Parties have reached a full and final resolution of all issues in this case.

28. All negotiations related to this Settlement Stipulation are privileged and confidential, and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Settlement Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or

[3] "Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines", 49 CFR Part 192, effective February 12, 2010.

practice of ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Settlement Stipulation.

29. Questar Gas, the Division, and the Office each will, and other Parties may, make one or more witnesses available to explain and support this Settlement Stipulation to the Commission. Such witnesses will be available for examination. So that the record in this docket is complete, the Company may move for the admission of its Application, testimony, and exhibits that have been filed on the issues resolved by this Settlement Stipulation. The Parties shall support the Commission's approval of the Settlement Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

30. The Parties agree that if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Settlement Stipulation, each Party will use its best efforts to support the terms and conditions of the Settlement Stipulation. As applied to the Division and the Office, the phrase "use its best efforts" means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Party shall take a position in that judicial review opposed to the Settlement Stipulation.

31. Except with regard to the obligations of the Parties under the three immediately preceding paragraphs of this Settlement Stipulation, this Settlement Stipulation shall not be final and binding on the Parties until it has been approved without material change or

condition by the Commission. This Settlement Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Settlement Stipulation or imposes any material change or condition on approval of this Settlement Stipulation, or if the Commission's approval of this Settlement Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Settlement Stipulation consistent with the order. No Party shall withdraw from the Settlement Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Settlement Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Settlement Stipulation, and no Party shall be bound or prejudiced by the terms and conditions of the Settlement Stipulation.

31. This Settlement Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

32. The Parties are authorized to represent that the intervenors in this docket that have not entered into this Settlement Stipulation either do not oppose or take no position on this Settlement Stipulation.

RELIEF REQUESTED

Based on the foregoing, the Parties request that the Commission issue an order approving this Settlement Stipulation and adopting its terms and conditions.

RESPECTFULLY SUBMITTED: March 18, 2010.

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Executive Director

Questar Gas Company
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Description	(A) Revenue Requirement Change 1/	(B) Total Revenue Requirement
1 Beginning Amount		$277,286,164
2 Average Test Period	($6,517,820)	270,768,344
3 Lead/Lag Day Change	(6,301)	270,762,044
4 Building Transfer Depreciation	(145,433)	270,616,611
5 Land Depreciation	(23,041)	270,593,570
6 Plant Retirement	(46,279)	270,547,290
7 Outside Services Billing	(5,764)	270,541,526
8 Accounting Programming	(122,338)	270,419,188
9 CIAC Adjustment	188,801	270,607,989
10 Seasonal Rate Base	49,220	270,657,209
11 Depreciation Study Adjustment	(3,251,714)	267,405,495
12 Rate Base Adjustment	(1,599,416)	265,806,078
13 Bad Debt Adjustment	(406,991)	265,399,087
14 ROE Adjustment	(1,689,460)	263,709,627
15 Less: Average Test Period Volumetric Revenue		261,109,627 2/
16 Volumetric Revenue Deficiency		$2,600,000

1/ The order in which the adjustments are entered into the model can produce slightly different individual amounts but the final total/result will be the same.

2/ This amount includes $5,517,199 of Other Revenues.

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		A	B	C	D	E	F
		Total Volumetric Revenue	Non-Tariff Revenue 1/	Total Tariff Revenue A - B	Uniform Percent 2/	Increase per Rate Class C * D	Total Revenue Requirement A + E
1	GS	$236,878,729	$-	$236,878,729	1.03002%	$2,439,903	$239,318,632
2	FS	4,378,671	-	4,378,671	1.03002%	45,101	4,423,772
3	NGV	2,142,852	-	2,142,852	1.03002%	22,072	2,164,924
4	IS	554,325	-	554,325	1.03002%	5,710	560,035
5	TS	6,621,954	453,748	6,168,206	1.03002%	63,534	6,685,488
6	MT	19,886	-	19,886	1.03002%	205	20,091
7	FT-1	4,996,011	2,716,920	2,279,091	1.03002%	23,475	5,019,486
8	Totals	$255,592,428	$3,170,668	$252,421,760		$2,600,000	$258,192,428
9	Other Rev	$5,517,199					$5,517,199
10	Total Rev	$261,109,627					$263,709,627

1/ TS includes TSP and FT2C, FT-1 excludes FT-1L
2/ (Column E, Line 8) / (Column C, Line 8)

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Page 3 of 3

Calculation of Allowed Revenue Per Customer

1	GS Revenue Requirement	239,318,632	1/
2	Average # of Customers	877,939	
3	Allowed Revenune/customer	272.59	2/

Monthly Allowed Revenue Per Customer

		3-Year Average Percent	Allowed Rev/Cust
4	Jan	15.97%	$43.53
5	Feb	12.87%	$35.07
6	Mar	10.99%	$29.96
7	Apr	7.21%	$19.64
8	May	5.16%	$14.06
9	June	4.67%	$12.73
10	July	3.73%	$10.18
11	Aug	3.71%	$10.11
12	Sept	4.13%	$11.24
13	Oct	5.77%	$15.74
14	Nov	9.89%	$26.96
15	Dec	15.91%	$43.36
16		100.00%	$272.59

1/ GS Revenue requirement from Settlement Stipulation Exhibit 1, pg 2 line 1, column F.
2/ GS Rev. Req. divided by average number of GS customers. Line 2/Line 1.

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2.08 INFRASTRUCTURE RATE ADJUSTMENT TRACKER

The Infrastructure Rate Adjustment Tracker (Tracker) allows the Company to track costs that are directly associated with Replacement Infrastructure, defined below, through an incremental surcharge to the GS, FS, IS, TS, MT, FT-1 and NGV rate schedules (Surcharge). The Surcharge is designed to track and collect costs of Replacement Infrastructure between general rate cases. The Company will file its next year's annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure with the Commission no later than November 15 of each year. The Company will file quarterly progress reports describing the Replacement Infrastructure program.

REPLACEMENT INFRASTRUCTURE

Replacement Infrastructure is identified as new high-pressure feeder lines that are replacing aging high-pressure feeder lines as required to ensure public safety and provide reliable service. Factors considered in replacing infrastructure include, but are not limited to:

(1) Age and performance of existing pipeline (e.g. vintage steels, seams, welds and coatings).
(2) Reconditioned pipe (i.e. refurbished and reinstalled pipe).
(3) Operating and maintenance history.
(4) Pipeline safety compliance .

CALCULATION OF TOTAL SURCHARGE

The following components are included in the calculation of the Surcharge:

Replacement Infrastructure	$X,XXX,XXX
Less: Accumulated Depreciation	XXX,XXX
Accumulated Deferred Income Tax	XXX,XXX
Net Replacement Infrastructure	$X,XXX,XXX
Current Commission-Allowed Pre-Tax Rate of Return	11.79%
Allowed Pre-Tax Return	$X,XXX,XXX
Plus: Net Depreciation Expense	XXX,XXX
Net Taxes Other Than Income	XXX,XXX
Total Surcharge	$X,XXX,XXX

ASSIGNMENT TO CLASSES

The Surcharge will be assigned to each rate class based on the Commission-approved total pro rata share of the DNG tariff revenue ordered in the most recent general rate case. The Surcharge assigned to each class will be collected based on a percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.

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ADJUSTMENT OF SURCHARGE

The Company may file semi-annually, but will file at least annually, an application to adjust the Surcharge. The Replacement Infrastructure must be in service when the application is filed. All items included in the Tracker are subject to regulatory audit consistent with the audit procedures in the "Gas Balancing Account," Tariff Section 2.07. At the time of the Company's next general rate case all prudently incurred investment and costs associated with the Surcharge will be included in base rates.

Issued by R. W. Jibson, President	Advice No.	Section Revision No.	Effective Date

Questar Gas Company
Docket No. 09-057-16
Settlement Stipulation Exhibit 3

2.0~~9~~8 CONSERVATION ENABLING TARIFF (CET)

The CET is a mechanism designed to ensure that the Company only collects from GS customers the Commission-authorized revenue per customer. The CET applies only to the GS rate schedule.

DEFERRED ACCOUNT ACCRUAL

The Company shall record monthly over- or under-recoveries of authorized GS DNG revenue in the CET Deferred Account (Account 191.9). ~~Through the remainder of the pilot program, t~~The Company may not accrue more than 5% of Base DNG revenue each calendar year ending October. The allowed revenue for a given month is equal to the allowed DNG revenue per customer for that month times the actual number of customers. The monthly accrual (positive or negative) is determined by calculating the difference between the actual billed GS DNG revenue and the allowed revenue for that month.

The allowed GS DNG Revenue per Customer per Month is as follows:

Jan	=	\$43.54	Apr	=	\$19.64	Jul	=	\$10.18	Oct	=	\$15.74
Feb	=	\$35.07	May	=	\$14.06	Aug	=	\$10.11	Nov	=	\$26.96
Mar	=	\$29.96	Jun	=	\$12.73	Sep	=	\$11.24	Dec	=	\$43.36

The formula for calculating the accrual each month can be shown as follows:

Allowed Revenue (for each month)	=	Actual GS Customers	X	Allowed Revenue per Customer for that month
Monthly Accrual	=	Allowed Revenue	-	Actual GS Revenue

AMORTIZATION OF ACCRUAL

No less frequently than semi-annually, the Company will file with the Commission an application to amortize the balance (positive or negative) in Account 191.9. The balance will be amortized by a uniform percentage increase or decrease to the GS DNG block rates of the magnitude necessary to amortize the balance over one year. ~~Through the remainder of the pilot program, t~~The Company may not amortize CET accruals amounting on a net basis to more than 2.5% of total Utah jurisdictional Base DNG GS revenues based on the most recent 12-month period at the time of the amortization.

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"TWO-WAY" CARRYING CHARGE

An annual interest rate of 6% simple interest (.50% per month) shall be applied monthly to the CET Deferred Account balance, as adjusted for the corresponding tax deferral balance in Account 283. The CET Deferred Account will be increased by the carrying charge during months when the balance in the account represents revenue that is under-collected and reduced when over-collected.

Issued by R. W. Jibson, President	Advice No.	Section Revision No.	Effective Date
	~~09-03~~	~~3~~	~~April 1, 2009~~

Questar Gas Company
Docket 09-057-16
Settlement Stipulation Exhibit 4

	A	B		C	D	E	F	G	H	I	J	K	L	M
					Current Rates Existing Volumes			Current Rates Adjusted Volumes			Proposed Rates Adjusted Volumes			Percent Change to
	Utah GS													
	Volumetric Rates			**Dth**	**Dth**	**Curr. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Blocks**
1	Winter	Block 1	First	45	51,302,623	2.25341	115,605,844	53,067,318	2.25341	119,582,425	53,067,318	2.22938	118,306,983	
2		Block 2	Next	155	14,575,118	0.93555	13,635,752	15,276,631	0.93555	14,292,052	15,276,631	0.92557	14,139,616	
3		Block 3	All Over	200	0	0.93555	0	0	0.93555	0	0	0.92557	0	
4	Summer	Block 1	First	45	22,702,965	1.89791	43,088,184	22,571,156	1.89791	42,838,023	22,571,156	1.87767	42,381,121	
5		Block 2	Next	155	4,634,056	0.70455	3,264,924	4,600,756	0.70455	3,241,463	4,600,756	0.69704	3,206,890	
6		Block 3	All Over	200	0	0.70455	0	0	0.70455	0	0	0.69704	0	
7	**Total Volumetric Charges**				93,214,762		175,594,704	95,515,861		179,953,963	95,515,861		178,034,610	-1.06658%
	Fixed Charges				**Customers**	**Curr. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	
8	BSF	Avg customers			877,939			877,939			877,939			
9		Annual customers			10,535,265			10,535,265			10,535,265			
10		% getting BSF			99.1630%			99.163%			99.163%			
11		Adjusted customers			10,447,085			10,447,085			10,447,085			
			%											
12		BSF #1	96.7410%		10,106,614	5.00	50,533,072	10,106,614	5.00	50,533,072	10,106,614	5.00	50,533,072	
13		BSF #2	2.4154%		252,339	21.00	5,299,117	252,339	21.00	5,299,117	252,339	21.00	5,299,117	
14		BSF #3	0.8293%		86,638	55.00	4,765,072	86,638	55.00	4,765,072	86,638	55.00	4,765,072	
15		BSF #4	0.0144%		1,504	244.00	367,069	1,504	244.00	367,069	1,504	244.00	367,069	
16		BSF #5	0.0000%		0	0.00	0	0	0.00	0	0	0.00	0	
17		Total BSF Revenues			10,447,095		60,964,329	10,447,095		60,964,329	10,447,095		60,964,329	
18		EAC Charges					297,252			297,252			297,252	
19		Oak City Adj.					22,440			22,440			22,440	
20	**Total Fixed Charges**						61,284,021			61,284,021			61,284,021	
21	**Utah GS Total**						$236,878,725			241,237,984			239,318,631	239,318,632
					Current Rates Existing Volumes			Current Rates Adjusted Volumes			Proposed Rates Adjusted Volumes			
	Utah NGV													
	Volumetric Rates			**Dth**	**Dth**	**Curr. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	
22	All Usage		All Over	0	432,000	4.96031	2,142,854	432,000	4.96031	2,142,854	432,000	5.01140	2,164,924	1.02993%
23	**Utah NGV Total**						$2,142,854			2,142,854			2,164,924	2,164,924

	A	B		C	D	E	F	G	H	I	J	K	L	M
	Utah FS				**Existing Volumes**				**Adjusted Volumes**			**Adjusted Volumes**		
	Volumetric Rates			**Dth**	**Dth**	**Curr. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	
1	Winter	Block 1	First	200	632,607	0.73516	465,067	634,275	0.73516	466,294	634,275	0.73761	467,850	0.33370%
2		Block 2	Next	1,800	1,665,635	0.58813	979,610	1,695,743	0.58813	997,317	1,695,743	0.59009	1,000,645	
3		Block 3	All Over	2,000	1,107,471	0.52932	586,207	1,145,592	0.52932	606,385	1,145,592	0.53109	608,408	
	Total Winter													
4	Summer	Block 1	First	200	836,214	0.65741	549,735	835,316	0.65741	549,145	835,316	0.65960	550,978	
5		Block 2	Next	1,800	1,728,863	0.51415	888,895	1,722,396	0.51415	885,570	1,722,396	0.51587	888,525	
6		Block 3	All Over	2,000	839,351	0.44676	374,988	832,565	0.44676	371,957	832,565	0.44825	373,198	
7	**Total Volumetric Charges**				6,810,141		3,844,502	6,865,887		3,876,668	6,865,887		3,889,604	
	Fixed Charges				**Customers**	**Curr. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	
8	BSF	BSF #1			540	5.00	2,700	540	5.00	2,700	540	5.00	2,700	
9		BSF #2			1,752	21.00	36,792	1,752	21.00	36,792	1,752	21.00	36,792	
10		BSF #3			6,492	55.00	357,060	6,492	55.00	357,060	6,492	55.00	357,060	
11		BSF #4			564	244.00	137,616	564	244.00	137,616	564	244.00	137,616	
12		BSF #5			0	0.00	0	0	0.00	0	0	0.00	0	
13	**Total Fixed Charges**				9,348		534,168	9,348		534,168	9,348		534,168	
14	**Utah FS Total**						$4,378,670			4,410,836			4,423,772	4,423,772

	A	B		C	D	E	F	G	H	I	J	K	L	M
						Current Rates			**Current Rates**			**Proposed Rates**		
	Utah IS					**Existing Volumes**			**Adjusted Volumes**			**Adjusted Volumes**		
	Volumetric Rates			**Dth**	**Dth**	**Curr. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	
15		Block 1	First	2,000	957,239	0.23461	224,578	957,555	0.23461	224,652	957,555	0.23781	227,713	1.36261%
16		Block 2	Next	18,000	813,212	0.21584	175,524	813,595	0.21584	175,606	813,595	0.21878	177,999	
17		Block 3	All Over	20,000	42,843	0.19857	8,507	42,761	0.19857	8,491	42,761	0.20128	8,607	
18	**Total Volumetric Charges**				1,813,294		408,609	1,813,911		408,749	1,813,911		414,319	
	Fixed Charges				**Annual Customers**	**Curr. Rate**	**Revenues**	**Annual Customers**	**Prop. Rate**	**Revenues**	**Annual Customers**	**Prop. Rate**	**Revenues**	
19	BSF	BSF #1			12	5.00	60	12	5.00	60	12	5.00	60	
20		BSF #2			36	29.00	1,044	36	29.00	1,044	36	29.00	1,044	
21		BSF #3			588	67.00	39,396	588	67.00	39,396	588	67.00	39,396	
22		BSF #4			384	274.00	105,216	384	274.00	105,216	384	274.00	105,216	
23		BSF #5			0	0.00	0	0	0.00	0	0	0.00	0	
24	**Total Fixed Charges**				1,020		145,716	1,020	142.86	145,716	1,020	142.86	145,716	
25	**Utah IS Total**						$554,325			554,465			560,035	560,035

		A	B	C	D	E	F	G	H	I	J	K	L	M
						Current Rates Existing Volumes			Current Rates Adjusted Volumes			Proposed Rates Adjusted Volumes		
	Utah FT-1													
	Volumetric Rates			Dth	Dth	Curr. Rate	Revenues	Dth	Prop. Rate	Revenues	Dth	Prop. Rate	Revenues	
1		Block 1	First	10,000	1,851,192	0.20353	376,773	1,851,192	0.20353	376,773	1,851,192	0.20575	380,878	1.08936%
2		Block 2	Next	112,500	5,835,361	0.18876	1,101,483	5,835,361	0.18876	1,101,483	5,835,361	0.19082	1,113,482	
3		Block 3	Next	477,500	5,425,944	0.12551	681,010	5,425,944	0.12551	681,010	5,425,944	0.12688	688,429	
4		Block 4	All Over	600,000	0	0.02773	0	0	0.02773	0	0	0.02803	0	
5	Total Volumetric Charges				13,112,497		2,159,266	13,112,497		2,159,266	13,112,497		2,182,789	
					Annual			Annual			Annual			
	Fixed Charges				Customers	Curr. Rate	Revenues	Customers	Prop. Rate	Revenues	Customers	Prop. Rate	Revenues	
6	Administrative Fee		Primary		108	375.00	40,500	108	375.00	40,500	108	375.00	40,500	
7			Secondary		84	187.50	15,750	84	187.50	15,750	84	187.50	15,750	
8					192		56,250	192		56,250	192		56,250	
9	BSF	BSF #1			12	5.00	60	12	5.00	60	12	5.00	60	
10		BSF #2			0	21.00	0	0	21.00	0	0	21.00	0	
11		BSF #3			36	55.00	1,980	36	55.00	1,980	36	55.00	1,980	
12		BSF #4			252	244.00	61,488	252	244.00	61,488	252	244.00	61,488	
13		BSF #5			0	0.00	0	0	0.00	0	0	0.00	0	
14					300		63,528	300		63,528	300		63,528	
15	Total Fixed Charges						119,778			119,778			119,778	
16	Utah FT-1 SubTotal						$2,279,044			$2,279,044			$2,302,567	
17	Utah FT-1 L				18,839,702		2,716,920	18,839,702		$2,716,920	18,839,702		$2,716,920	
18	Utah FT-1 Total						$4,995,964			$4,995,964			$5,019,487	5,019,486

	A	B	C	D	E	F	G	H	I	J	K	L	M
					Current Rates Existing Volumes			Current Rates Adjusted Volumes			Proposed Rates Adjusted Volumes		
	Utah TS												
	Volumetric Rates		**Dth**	**Dth**	**Curr. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	**Dth**	**Prop. Rate**	**Revenues**	
1	Block 1	First	20,000	13,262,011	0.19940	2,644,445	13,262,076	0.19940	2,644,458	13,262,076	0.20175	2,675,666	1.18011%
2	Block 2	Next	80,000	8,940,049	0.14955	1,336,984	8,940,157	0.14955	1,337,000	8,940,157	0.15131	1,352,779	
3	Block 3	Next	400,000	5,750,172	0.11964	687,951	5,750,286	0.11964	687,964	5,750,286	0.12105	696,083	
4	Block 4	All Over	500,000	28,123	0.04786	1,346	28,131	0.04786	1,346	28,131	0.04842	1,362	
5	**Total Volumetric Charges**			27,980,355		4,670,726	27,980,650		4,670,768	27,980,650		4,725,890	
				Annual			**Annual**			**Annual**			
	Fixed Charges			**Customers**	**Curr. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	**Customers**	**Prop. Rate**	**Revenues**	
6	Administrative Fee	Primary		1,080	375.00	405,000	1,080	375.00	405,000	1,080	375.00	405,000	
7		Secondary		336	187.50	63,000	336	187.50	63,000	336	187.50	63,000	
8				1,416		468,000	1,416		468,000	1,416		468,000	
9	BSF	BSF #1		12	5.00	60	12	5.00	60	12	5.00	60	
10		BSF #2		0	29.00	0	0	29.00	0	0	29.00	0	
11		BSF #3		600	67.00	40,200	600	67.00	40,200	600	67.00	40,200	
12		BSF #4		1,020	274.00	279,480	1,020	274.00	279,480	1,020	274.00	279,480	
13		BSF #5		0	0.00	0	0	0.00	0	0	0.00	0	
14				1,632		319,740	1,632	195.92	319,740	1,632	97.60	319,740	
	Annual Demand Charges per Dth of			**Contract Dth**	**Rate**		**Contract Dth**	**Rate**		**Contract Dth**	**Rate**		
15	Contract Firm Transportation			37,772	$18.79	709,736	37,772	$18.79	709,736	37,772	$19.01	718,112	
16	**Total Fixed Charges**					1,497,476			1,497,476			1,505,852	
17	**Utah TS Total**					6,168,202	6,168,206	(4)	6,168,244			6,231,742	
18	**Utah FT2-C Total**			0		23,734			23,734			23,734	
19	**Utah P&G Total**					$430,014	0		$430,014	0		$430,014	
20	**Utah TS, FT2-C, MT and P&G Total**					6,621,950			6,621,992			6,685,490	6,685,488

	A	B	C	D	E	F	G	H	I	J	K	L	M
					Current Rates			Current Rates			Proposed Rates		
	Utah MT				Existing Volumes			Adjusted Volumes			Adjusted Volumes		
	Volumetric Rates		Dth	Dth	Curr. Rate	Revenues	Dth	Prop. Rate	Revenues	Dth	Prop. Rate	Revenues	
1	All Usage	All Over	0	22,893	0.64222	14,702	22,893	0.64222	14,702	22,893	0.65141	14,913	1.43166%
2	Total Volumetric Charges			22,893		14,702	22,893		14,702	22,893		14,913	
				Annual			Annual			Annual			
	Fixed Charges			Customers	Curr. Rate	Revenues	Customers	Prop. Rate	Revenues	Customers	Prop. Rate	Revenues	
3	Administrative Fee	Primary		0	375.00	0	0	375.00	0	0	375.00	0	
4		Secondary		12	187.50	2,250	12	187.50	2,250	12	187.50	2,250	
				12		2,250	12		2,250	12		2,250	
5	BSF	BSF #1		0	5.00	0	0	5.00	0	0	5.00	0	
6		BSF #2		0	21.00	0	0	21.00	0	0	21.00	0	
7		BSF #3		0	55.00	0	0	55.00	0	0	55.00	0	
8		BSF #4		12	244.00	2,928	12	244.00	2,928	12	244.00	2,928	
9		BSF #5		0	0.00	0	0	0.00	0	0	0.00	0	
10				12		2,928	24		2,928	24		2,928	
11	Total Fixed Charges					5,178			5,178			5,178	
12	Utah MT Total					$19,880			19,880			20,091	20,091
					Current Rates			Current Rates			Proposed Rates		
	Utah E-1				Existing Volumes			Adjusted Volumes			Adjusted Volumes		
	Volumetric Rates		Dth	Dth	Curr. Rate	Revenues	Dth	Prop. Rate	Revenues	Dth	Prop. Rate	Revenues	
13	Block 1	All Over	0	0	1.75503	0	0	1.75503	0	0	1.77311	0	1.03002%
14	Total Volumetric Charges			0		0	0		0	0		0	
15	Utah E-1 Total					0			0			0	

	A		B	C	D	E	F	G
UTAH			@ Current Rates			@ Proposed Rates/Adjusted Volumes		
	Firm		Dth		Revenues	Dth		Revenues
1		GS	93,214,762		236,878,725	95,515,861		239,318,631
2		NGV	432,000		2,142,854	432,000		2,164,924
3		FS	6,810,141		4,378,670	6,865,887		4,423,772
4	Total Utah Firm		100,456,903		$243,400,249	102,813,748		$245,907,327
	Interruptible							
6		IS	1,813,294		$554,325	1,813,911		$560,035
7		E-1	0		0	0		0
8	Total Utah Interruptible		1,813,294		$554,325	1,813,911		$560,035
9	Total Utah Sales		102,270,197		$243,954,574	104,627,659		$246,467,362
	Transportation							
10	FT-1	FT-1	13,112,497		$2,279,044	13,112,497		$2,302,567
11	FT-1L	FT-1L	18,839,702		2,716,920			2,716,920
12	FT-2C	FT-2C	0		23,734			23,734
13	MT	MT	22,893		19,880			20,091
14	TS	TS P&G			430,014			430,014
15	IT	TS	27,980,355		6,168,202	27,980,650		6,231,742
16	Total Utah Transportation		59,955,447		$11,637,794	41,093,147		$11,725,067
17	Utah Total Tariff DNG Revenues		162,225,644		$255,592,368	145,720,806		$258,192,430
18	Utah Other DNG Revenues				$5,517,199			$5,517,199
19	Utah Total DNG Revenues				$261,109,568			$263,709,629
20	Revenue Deficiency Collected							$2,600,061

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EFFECT ON GS TYPICAL CUSTOMER
80 DTHS - ANNUAL CONSUMPTION

	(A) Rate Schedule	(B) Month	(C) Usage In Dth 1/	(D) Billed at Current Rate Effective October 1, 2009	(E) New Usage In Dth 2/	(F) Billed at Proposed Rate	(G) Change
1	GS	Jan	14.9	$120.63	15.7	$122.42	$1.79
2		Feb	12.5	$102.01	13.1	$103.35	1.34
3		Mar	10.1	$83.38	10.4	$84.05	0.67
4		Apr	8.3	61.56	8.5	61.93	0.37
5		May	4.4	34.98	4.4	34.98	0.00
6		Jun	3.1	26.12	3.1	26.12	0.00
7		Jul	2.0	18.63	1.9	18.44	(0.19)
8		Aug	1.8	17.27	1.7	17.08	(0.19)
9		Sep	2.0	18.63	1.9	18.44	(0.19)
10		Oct	3.1	26.12	3.1	26.12	0.00
11		Nov	6.3	$53.89	6.4	$54.11	0.22
12		Dec	11.5	$94.25	11.9	$95.14	0.89
13		Total	80.0	$657.47	82.1	$662.19	$4.72
						Percent Change:	0.72 %

1/ Typical customer usage developed with existing temperature and elevation methodology.
2/ Typical customer usage developed with refined temperature and elevation methodology.

APPENDIX B: SUMMARY OF RATE CHANGES
TO VOLUMETRIC RATES, Per Decatherm of Usage

	Decatherms	Current Rates	Stipulated Rates
GS, General Sales Service			
Winter 1st block	0 - 45	$2.25341	$2.22938
Winter 2nd block	over 45	$0.93555	$0.92557
Summer 1st block	0 - 45	$1.89791	$1.87767
Summer 2nd block	over 45	$0.70455	$0.69704
FS, Firm Sales Service			
Winter 1st block	0 - 200	$0.73516	$0.73761
Winter 2nd block	201 - 2,000	$0.58813	$0.59009
Winter 3rd block	over 2,000	$0.52932	$0.53109
Summer 1st block	0 - 200	$0.65741	$0.65960
Summer 2nd block	201 - 2,000	$0.51415	$0.51587
Summer 3rd block	over 2,000	$0.44676	$0.44825
NGV, Natural Gas Vehicles			
All usage	n.a.	$4.96031	$5.01140
IS, Interruptible Sales Service			
1st block	0 - 2,000	$0.23461	$0.23781
2nd block	2,001 - 20,000	$0.21584	$0.21878
3rd block	over 20,000	$0.19857	$0.20128
ES, Emergency Sales Service			
All usage	n.a.	$1.75503	$1.77311
TS, Transportation Service			
1st block	0 - 20,000	$0.19940	$0.20175
2nd block	20,000 - 100,000	$0.14955	$0.15131
3rd block	100,001 - 500,000	$0.11964	$0.12105
4th block	over 500,000	$0.04786	$0.04842
Contract Demand		$18.79	$19.01
FT-1, Firm Transportation			
1st block	0 - 10,0000	$0.20353	$0.20575
2nd block	10,001 - 122,500	$0.18876	$0.19082
3rd block	122,501 - 600,000	$0.12551	$0.12688
4th block	over 600,000	$0.02773	$0.02803
MT, Municipal Transportation			
All usage	n.a.	$0.64222	$0.65141

APPENDIX C: SUMMARY OF DNG REVENUE PER GS CUSTOMER

CONSERVATION ENABLING TARIFF (CET)
Current and Stipulated DNG Revenue per GS Customer per Month

Month	Current Rates	Stipulated Rates
January	$44.35	$43.54
February	$35.55	$35.07
March	$27.60	$29.96
April	$21.25	$19.64
May	$13.87	$14.06
June	$10.71	$12.73
July	$10.48	$10.18
August	$9.86	$10.11
September	$11.31	$11.24
October	$16.17	$15.74
November	$27.66	$26.96
December	$38.14	$43.36
Total	$266.95	$272.59