

November 15, 2010

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

Re: Replacement Infrastructure 2011 Annual Plan and Budget

Dear Ted:

In accordance with Section 2.07 of Questar Gas Company's Tariff, Questar Gas Company (Questar Gas) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2011. Questar Gas has budgeted to replace four major feeder lines during 2011: 1) Feeder Line 12 (3300 South and 1100 West to California Avenue and Redwood Road to Orange Street in Salt Lake City), 2) Feeder Line 17 (Gentile Street to HAFB South Gate in Layton), 3) Feeder Line 18 (Sunhill Golf Course to Davis-Weber Canal in Davis County), and 4) Feeder Line 25 (Utah County Line to Pleasant Grove). Additionally, \$500,000 of completion work has been budgeted for Feeder Line 19. Exhibit 1, page 1, contains a table outlining the installation date (Column B), the original pipe size (Column C), the new pipe size (Column D), the length of the project (Column E), the anticipated cost (Column F) for each of these projects, and estimated total project costs (Column G). Pages 2 through 6 of Exhibit 1 show the route of each of the respective projects.

Questar Gas considered a number of elements in determining which pipelines to replace during 2011 including population density adjacent to a segment, diameter, operating history, overall pipe and coating condition, required future capacity reinforcements, and optimization of construction operations. Where possible, Questar Gas has made an effort to group projects in proximate geographic areas to minimize company and contractor travel and mobilization/demobilization costs.

Exhibit 2 shows the projected time line for each of the projects identified above. All of the projects, with the exception of Feeder Line 25, are expected to be complete in 2011.

Questar Gas notes that, though it expects to spend \$45 million on the projects identified above (Exhibit 1, Column F, Line 7), it has also attached information related to applicable budget limitations for your convenience and reference. Paragraph 15 of the Settlement Stipulation in Docket No. 09-057-16 (approved by the June 3, 2010 Report and Order in the same Docket) provides that the budget shall not exceed \$55 million (adjusted for inflation using the Global Insight Steel Index). Exhibit 3 is a copy of the Global Insight Steel Index. Adjusting the \$55 million budget cap by the 2.1% inflation rate results in a \$56.1 million cap for 2011.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 09-057-16 and with Section 2.07 of Questar Gas' Tariff, the Company will submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects.

Sincerely,

Barrie McKay
General Manager
State Regulatory Affairs

cc: Division of Public Utilities
Office of Consumer Services