

Questar Gas Company
Third Quarter Variance Report
December 2013 – February 2014

Questar Gas Company (Questar Gas or Company) respectfully submits this Third Quarter Variance Report for the period December 2013 – February 2014. In order to provide a more complete analysis, the Company will identify the variance between the actual results and a deterministic run of normal temperatures, in addition to the base case projections created during the 2013 Integrated Resource Plan (IRP).

Weather

Exhibits 1.1 – 1.3.

Exhibit 1.1 shows that December was colder than normal, January had typical heating degree days and February was warmer than normal.

Gas Storage

Exhibits 2.1 – 2.4.



Firm Sales

Exhibits 3.1 – 3.4.

The variance between the actual sales results and the normal-weather forecast arises primarily from variance between normal and actual temperature. Exhibit 3.1 compares the actual firm sales to the firm sales forecast in the IRP. Comparing the chart in Exhibit 3.1 with the heating degree day variance chart in Exhibit 1.1 illustrates the effect weather has on firm sales. While the variance in heating degree days in January was slight, the differences in December and February were considerable. December was much colder than normal, accounting for 4.3 million Dth above the forecast. Conversely, February of 2014 was the warmest in the Salt Lake area since 1950, causing realized sales to be 2.3 million Dth below the forecasted level. January's slight variance of 294,000 Dth follows a comparably slight variance in overall monthly temperatures from the normal baseline.

Gas Purchased from Third Parties Volume Variance

Exhibits 4.1 – 4.3.



[REDACTED]

Gas Purchased from Third Parties Cost Variance

Exhibits 5.1 – 5.3.

[REDACTED]

Gas Purchased from Third Parties Unit Cost Variance

Exhibits 6.1, 6.2.

[REDACTED]

Cost-of-Service Gas

Exhibits 7.1 – 7.3.

[REDACTED]

[REDACTED]

Cost-of-Service Gas New Drill Component

Exhibits 8.1 – 8.3.

[REDACTED]

[REDACTED]

| | Actual Purchase as Percent of Total | Normal Purchase as Percent of Total | Actual Cost-of- Service as Percent of Total | Normal Cost-of- Service as Percent of Total |
|--------|---|---|---|---|
| Dec-13 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Jan-14 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Feb-14 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Q3 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Supplemental Graphs

Exhibits 9.1 – 9.4.

Exhibits 9.1 and 9.2 show the total production and new drill by nomination group. Exhibits 9.3 and 9.4 show the details on gas purchases.

Purchased Gas and Cost-of-Service Price Comparison

Exhibit 10.1.

Exhibit 10.1 shows the price difference between cost-of-service gas and purchased gas. The Company has updated this exhibit annually but will provide it by month beginning with the next IPR variance report.

Gathering

In its Report and Order issued August 6, 2012 in Docket No. 12-057-07 (2012 Order), the Public Service Commission of Utah (Commission) directed Questar Gas to “provide a quarterly update of the activities associated with the [System Wide Gathering Agreement] (SWGA) in future IRP quarterly variance reports until the issues surrounding the SWGA are resolved.” 2012 Order at p. 8. As of the end of the third quarter, parties to the litigation have exchanged expert reports and are scheduling depositions of expert witnesses. A trial date has not been set.

DNG Action Plan Variance Report

The first quarter variance report provided details on the Hunter Tap project. All other projects were on schedule and on budget during the third quarter.