PASS-THROUGH APPLICATION OF	)	
QUESTAR GAS COMPANY FOR	)	Docket No. 13-057-07
AN ADJUSTMENT IN RATES	)	
AND CHARGES FOR NATURAL	)	
GAS SERVICE IN UTAH	)	APPLICATION

All communications with respect to
these documents should be served upon:

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APPLICATION
AND
EXHIBITS
September 3, 2013

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

PASS-THROUGH APPLICATION OF QUESTAR GAS COMPANY FOR AN ADJUSTMENT IN RATES AND CHARGES FOR NATURAL GAS SERVICE IN UTAH	)))))	Docket No. 13-057-07 APPLICATION

Questar Gas Company (Questar Gas or the Company) respectfully submits for Commission approval this Application for a decrease of $34,193,000 in its Utah natural gas rates. The Questar Gas Company Utah Natural Gas Tariff PSCU 400 (Tariff), Section 2.06, provides for pass-through applications to be filed "no less frequently than semi-annually." The driving force behind the price decrease in this Application is a decrease in the purchased gas costs.

The information contained in this Application is based on the August 2013 average of projected gas prices from two nationally recognized forecasting organizations, and reflects Utah gas costs of $559,218,635. This case proposes an overall decrease of $34,193,000 which includes a decrease of $37,162,000 in the commodity portion of rates and an increase of $2,969,000 in the supplier non-gas (SNG) portion of rates. If the Commission grants this Application, typical residential customers using 80 decatherms per year will see a decrease in their total annual bill of $26.60 (or 3.71%).

In support of this Application, Questar Gas states:

1. <u>Questar Gas' Operations</u>. Questar Gas, a Utah corporation, is a public utility engaged in the distribution of natural gas primarily to customers in the states of Utah and Wyoming. Its Utah public utility activities are regulated by the Utah Public Service Commission (Commission), and the Company's rates, charges, and general conditions for natural gas service in Utah are set forth in the Tariff. Copies of the Company's Articles of Incorporation are on file with the Commission. In addition, the Company serves customers in the Preston, Idaho area. Under the terms of an agreement

between the Commission and the Idaho Public Utilities Commission, the rates for these Idaho customers are determined by the Utah Commission. Volumes for these customers have been included in the Utah volumes.

2. Applicable Statutes. The Commission may grant relief requested in this case pursuant to Utah Code Ann. § 54-4-1 (2012).

3. Tariff Provision. The Commission has authorized Questar Gas to implement Account No. 191 of the Uniform System of Accounts to balance its gas costs with revenues. This filing is made under §2.06 of the Tariff, pages 2-9 through 2-14, which sets forth procedures for recovering gas costs shown in Account No. 191 by means of periodic and special adjustments to rates and an amortization of that account over one year.

4. Test Year. The test year for this application is based on expected sales, purchases, transportation, gathering, storage and royalties for the 12 months ending September 2014.

5. Cost of Questar Gas Production. Exhibit 1.1 shows the expected test-year costs for gas produced for Questar Gas by Wexpro Company (Wexpro) under Articles II and III of the Wexpro Agreement. System-wide, total costs for Questar Gas' production are expected to be $367,163,103, as shown on the last page of Exhibit 1.1. These costs comprise the following elements:

(a) Royalty Payments. During the test year, Questar Gas will make system-wide royalty payments of $45,843,156 on Company-owned gas produced by Wexpro. These royalty payments are based on projected volumes for the test year and the price forecast for the test year explained below in paragraph 6.

(b) Operator Service Fee. Questar Gas is obligated to pay Wexpro an operator service fee for operating Questar Gas wells. The operator service fee for gas produced from productive gas wells for Questar Gas by Wexpro and the costs of gas purchased from Wexpro oil wells is expected to be $321,319,947 system wide.

6. Purchased Gas Costs. Questar Gas' total purchased gas costs are calculated to be $148,628,530 as shown in Exhibit 1.2, line 6. For this test year, purchased gas costs are projected to average $3.97169/Dth. These costs are based on projected gas purchase volumes, existing contract terms, projected contracts, and a forecast of gas prices. In this case, the Company has used an average of gas-price forecasts from PIRA Energy Group and Cambridge Energy Research Associations, Inc. Exhibit 1.10 provides a comparison of the gas price forecasts, as well as the average of the forecasts, for the test year. These purchased gas costs comprise the following elements:

(a) Questar Gas currently expects to purchase 17,013,441 Dths under existing contracts at a total cost of $73,825,268 as shown in Exhibit 1.2, line 3. For the past several years the Company has entered into fixed price arrangements on a portion of its winter purchased gas and therefore has not incurred any stabilization costs. The Company does not anticipate incurring any stabilization costs during the proposed test period. If, in the future, there again becomes a need for the Company to incur stabilization costs, the Company will recommend inclusion of these types of costs at that time.

(b) Also, Questar Gas expects to contract in the future for an additional 1,260,362 Dths at a total estimated cost of $4,527,474 as shown on Exhibit 1.2, line 5.

(c) In addition to current and future contracts, Questar Gas anticipates buying 19,148,140 Dths on the spot market at a total estimated cost of $70,275,788 (Exhibit 1.2, line 4).

7. Transportation, Gathering and Processing Charges. Questar Gas incurs system-wide charges for transportation and gathering services for delivery of gas to its system. These costs are calculated to be $83,769,198, as shown in Exhibit 1.3, page 1, line 23. The transportation (as well as storage) costs are based on upstream pipelines' rates. These costs comprise the following elements:

(a) Questar Pipeline and Kern River Demand Rates. Annual transportation demand charges to transport produced and purchased gas are calculated to be $62,360,696 system wide (Exhibit 1.3, page 1, line 9). This includes a projected capacity release credit of $176,978 (Exhibit 1.3, page 1, line 3).

(b) Questar Pipeline and Kern River Commodity Rates. The transportation volumes in this Application reflect the level of Company-owned production and purchased-contract gas transported during the test year and current FERC approved rates. Transportation commodity charges are calculated to be $593,632 (Exhibit 1.3, page 1, line 16).

(c) Gathering and Transportation Charges. The Company uses the system-wide agreement with QEP Field Services (QEPFS) to gather its Cost-of-Service gas. In determining the gathering charges, Questar Gas uses expected production and gathering volumes for the test year. There is currently a dispute between the Company and QEPFS regarding the rates and charges used to calculate the gathering rate, which is in litigation. Based on the information available to date, the Company estimates gathering costs under the gathering agreement to be $16,278,052 (Exhibit 1.3, page 1, line 19). This amount is subject to adjustment pending the outcome of the litigation. Other gathering and transportation charges are $1,924,664 and $2,612,154 respectively (Exhibit 1.3, page 1, lines 20-21).

8. Storage Gas Charges. Questar Gas also incurs system-wide storage and working gas charges for gas to be delivered during the winter heating season. These costs are $19,719,436 as shown in Exhibit 1.3, page 2, line 28. The components of these costs are the following[1]:

(a) Storage Demand. The demand component of storage is calculated to be $15,375,058 (Exhibit 1.3, page 2, line 5).

[1] Ryckman Creek Resources is expected to be operational in April 2014. The company has included Ryckman costs in this case but will not enter into any firm storage agreements until the facility is fully operational.

(b) Storage Commodity. The charges during the test year for injections to and withdrawals from peaking storage and Clay Basin storage fields are calculated to be $467,951 (Exhibit 1.3, page 2, line 12).

(c) Working Storage Gas. The return on working storage gas for the most recent 13 months is $3,876,427 (Exhibit 1.3, page 2, line 27).

9. Summary of Gas-Related Gas Costs. Exhibit 1.4, page 1, shows Questar Gas' gas costs by component and page 2 reflects the annualized unit cost of storage gas as well as the withdrawal and injection adjustment. Exhibit 1.4, page 3, shows other revenues that are treated as direct credits to gas costs, as required by the Commission in its Order in Docket No. 80-057-10 and as revised by Commission Order in Docket No. 01-057-14. Other revenues of $29,807,822 are the forecasted amounts for the 12 months of the test year as shown in Exhibit 1.4, page 3, line 8. Exhibit 1.5 allocates system-wide costs to Utah and Wyoming jurisdictions on the basis of either peak-day demand or commodity sales as appropriate. The result of these allocations is $559,218,635 in gas costs for Utah (Exhibit 1.5, line 14).

10. Unit Gas Commodity Cost in Rates. Exhibit 1.6, page 1, shows the derivation of gas commodity unit costs to be reflected in Questar Gas' Utah rate schedules, excluding supplier non-gas costs. Total Utah estimated test-year costs to be collected through the Account No. 191 procedures are $559,218,635. These costs are adjusted by IS credits for a total of $549,457,953 (Exhibit 1.6, page 1, line 3). The portion of expected test-year gas costs to be recovered on a commodity basis is $453,253,214 (Exhibit 1.6, page 1, line 8). The corresponding unit cost of gas applicable to Utah rates is $4.39979/Dth (Exhibit 1.6, page 1, line 9).

11. Amortization of 191 Account Balance. With the actual July 2013 191 Account commodity portion being under-collected, the Company proposes to amortize the 2013 under-collected commodity portion of the 191 account balance which is $3,075,588 by establishing a debit amortization of $0.02986/Dth (Exhibit 1.6, page 1,

line 10). The treatment of the supplier non-gas cost portion of the 191 Account and gas management cost are described in paragraph 13.

12. Net Unit Commodity Cost. The net result of the changes in gas costs, summarized in paragraph 10, and the 191 Account amortization, discussed in paragraph 11, yields a unit commodity cost of $4.42965/Dth for firm customers, a decrease of $0.36074/Dth (Exhibit 1.6, page 1, line 11).

13. Supplier Non-Gas Costs. Since mid-1984, Questar Gas' rate structure has incorporated a supplier non-gas component that reflects Questar Pipeline's and other suppliers' non-gas costs billed to Questar Gas. The Company has been tracking this supplier non-gas component of its Account No. 191 pursuant to the terms of its Tariff. The test-year supplier non-gas costs are $96,204,739 (Exhibit 1.6, page 2, line 1). Current rates are estimated to recover $93,234,881 in supplier non-gas costs (Exhibit 1.6, page 2, line 4). Questar Gas therefore proposes applying a uniform percentage increase of 3.2% to the supplier non-gas component of firm sales rates.

14. Change in Typical Customer's Bill. The annualized consolidated change in rates calculated in this Application is a 3.71% decrease, or a decrease of $26.60 per year for a typical GS residential customer using 80 decatherms per year. The projected month-by-month changes in rates are shown in Exhibit 1.7.

15. Proposed Tariff Sheets. Questar Gas' proposed Utah Tariff sheets reflect the combination of the changes in commodity costs, and supplier non-gas costs allocable to Utah customers (Exhibit 1.8).

16. Effect on Earnings. Because the rate sought in this application is a pass-through of the direct costs of gas that Questar Gas obtains for its customers, there will be no change in the Company's rate of return. Net profits are also unaffected except for the return on the changed amount of working storage gas which was approved by the Commission in Docket No. 09-057-16.

17. Exhibits. Questar Gas submits the following Exhibits in support of its request for an adjustment in its rates for natural gas service in Utah:

Exhibit 1.1	Test-Year Cost of Questar Gas' Production
Exhibit 1.2	Test-Year Purchased Gas Costs
Exhibit 1.3	Test-Year Transportation, Gathering, and Storage Charges
Exhibit 1.4	Summary of Test-Year Gas Related Costs and Revenues Credits
Exhibit 1.5	Test-Year Gas Cost Allocation
Exhibit 1.6	Test-Year Gas Cost Change
Exhibit 1.7	Effect on GS Typical Customer
Exhibit 1.8	Proposed Tariff Sheets
Exhibit 1.9	Questar Pipeline FERC Tariff Schedules
Exhibit 1.10	Comparison of Gas Price Forecasts

WHEREFORE, Questar Gas respectfully requests that the Commission, in accordance with its rules and procedures and the Company's Tariff:

1. Enter an order authorizing Questar Gas to implement a decrease in rates and charges applicable to its Utah natural gas service that reflect annualized gas costs of $559,218,635 as adjusted in Exhibit 1.6 and as more fully set out in this Application and in Exhibit 1.8.

2. Authorize Questar Gas to implement the revised rates effective October 1, 2013.

DATED the 3rd Day of September 2013.

Respectfully submitted,

QUESTAR GAS COMPANY

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PROPOSED RATE SCHEDULES

P.S.C. Utah No. 400
Affecting All Firm Sales Rate Schedules
and Classes of Service in
Questar Gas Company's
Utah Service Area

Date Issued: September 3, 2013
To Become Effective October 1, 2013