Questar Gas Company
Second Quarter Variance Report
September 2014 – November 2014

Questar Gas Company (Questar Gas or Company) respectfully submits this Second Quarter Variance Report for the period September – November 2014. This report identifies the variance between the actual results and the projections set forth in the 2014 Integrated Resource Plan (IRP).

Weather Exhibits 1.1 – 1.3.

September, October and November 2014 were all warmer than anticipated in the IRP normal case as seen by lower Heating Degree Days than forecasted. See Exhibit 1.1.

Gas Storage Exhibits 2.1 – 2.4.

Clay Basin injection was higher than IRP estimates for the quarter for three reasons. First, the weather was warmer than normal, as explained above. Second, the Company opted to increase injection, in an effort to avoid shutting in production. Finally, a small amount of the variance in September can be attributed to the absence of Ryckman storage that was modeled during the IRP but could not be used during the season. See Exhibit 2.1

Aquifer Inventory was higher than projections for September through November for the same reasons described above.

Firm Sales Exhibits 3.1 – 3.4.

Weather during all three months of the quarter was warmer than normal. Heating degree days during the quarter were nearly 20% below the 30-year normal, October being the most extreme at 38% below normal. Consequently, sales fell below the normal-weather forecast by about 16%.

Gas Purchased from Third Parties Volume Variance Exhibits 4.1 – 4.3.

Exhibit 4.1 shows lower third party purchases than projected. This correlates to the warm fall weather.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3.

Total monthly costs for third parties were down over projections for the quarter, due to reduced purchase volume.

Gas Purchased from Third Parties Unit Cost Variance Exhibits 6.1, 6.2.

Unit costs for these three months were below projections. Market prices were lower than forward curve projections.

Cost-of-Service Gas Exhibits 7.1 – 7.3.

September and October cost-of-service production lagged slightly behind IRP projections, while November was slightly ahead of projections. The September variance was caused by shut-in production in the Powder Wash Field. October production was also shut in due to the Clay basin test that occurs every fall. November over-production occurred in the Trail field as a result of a special focus from Wexpro to resolve production issues in several Trail wells. Numerous Trail wells were experiencing liquid loading (as wells mature, liquids build up, lowering production). Liquids were removed from wells resulting in an increase of production. The table below summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. In September warmer-than-normal temperatures resulted in elevated shut-in numbers. During October Clay Basin was shut-in for testing and there were unusually warm temperatures. In November the Company did not project shut-in nor did any actually occur.

	September	October	November
Estimated Shut-in	7,000	0	0
Actual Shut-in	29,851	32,064	0

Cost-of-Service Gas New Drill Component Exhibits 8.1 – 8.3.

Exhibit 8.1 shows the source of the Company production variances explained in section 7 of this report. For the quarter, New Drill production was a very small portion of total Company production.

This variance report has traditionally shown the ratio of gas supplied from both Company and Purchased supplies. However, during the preparation for the 2015 IRP, and during the February 9, 2015 IRP workshop meeting, the comparability of Company-produced volumes as they are measured and reported was discussed. As a result of these discussions, the Company is analyzing this issue, gathering data, and working with the Division toward a resolution.

Supplemental Graphs Exhibits 9.1 – 9.3.

Exhibits 9.1 and 9.2 show the total production and new drill by nominations group. Exhibit 9.3 shows the details on gas purchases.

Purchased Gas and Cost-of-Service Price Comparison Exhibit 10.1 – 10.3.

The reporting concern described in section eight of this report also causes challenges in comparing Wexpro prices with Purchased gas prices. Accordingly, the charts that are normally shown in section 10 are not included in this report but will be included once the issue is resolved.

Gathering

Pursuant to Commission order in Docket No. 12-057-07, the Company provides the following update regarding the Questar Gas Company v. QEP Resources lawsuit. The Court heard oral argument on five different motions or cross motions for summary judgment on October 1, 2014. No trial date has been set.

DNG Action Plan Variance Report

The following is the second quarter variance report on the DNG Action Plan outlined on pages 4-11 through 4-14 of the 2014-2015 Questar Gas Company Integrated Resource Plan (2014 IRP). The following projects have been modified:

La Barge Wyoming Reinforcement:

In the 2014 IRP Questar Gas indicated an update would be provided on the design process for the La Barge project. The following is that update:

As design progressed on the project throughout 2014, it became apparent that Questar Gas would not be able to complete contracting with Williams for tapping the Denbury pipeline. The Company opted, instead, to pursue tapping into the 30" pipeline that is located 470’ to the west of the Denbury line (This option is described in the 2014 IRP as "alternative to the preferred option"). Questar Gas’ final design at the La Barge gate now includes the addition of 470' of 4" pipeline that Williams will install at Questar Gas’ expense, in conjunction with the tap and the meter building. The additional piping is expected to cost approximately $70,000.