Fourth Quarter
Variance Report
Redacted

March 2015
through
May 2015
Docket No. 14-057-15

Questar Gas Company
Fourth Quarter Variance Report
March 2015 – May 2015

Questar Gas Company (Questar Gas or Company) respectfully submits this Fourth Quarter Variance Report for the period March – May 2015. 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.

The weather for this period was warmer than normal compared to the 2014 forecast of normal temperatures. Every month over the IRP year was warmer than normal. See Exhibit 1.1.

Gas Storage — Exhibits 2.1 – 2.4.

Clay Basin inventory was higher than IRP forecasts for the quarter in part due to warmer-than-normal weather. See Exhibit 2.1

Aquifer Inventory was greater than projections for March through May also due to warmer-than-normal weather. See Exhibit 2.2

Firm Sales — Exhibits 3.1 – 3.4.

Weather during the fourth quarter was again much warmer than normal system-wide, particularly during March when actual heating degree days in the Salt Lake City weather zone were 30% below the 30-year normal. Through the quarter, heating degree days in that zone were 21% lower than normal. This is the chief cause of the actual usage being 18% lower than what was forecasted. For the quarter, weather-normalized usage was 2% lower than the forecasted usage.

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

Exhibit 4.1 shows fewer third party purchases in March and April compared to projections. This variance is caused by the warm winter weather.

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

Total monthly costs for purchases from third parties were lower than projections for March and April, due to lower purchased volumes and prices.

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

Unit costs for March and April were lower than projections. Market prices were lower than forward curve projections.

Cost-of-Service Gas — Exhibits 7.1 – 7.3.

For the quarter, actual production was higher than projections. Canyon Creek compression continues to meet expectations without decline. Trail production is greater than forecasted in part due to use of water reduction methods.

This chart summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. We did not project shut-in for any of the months in this quarter and no shut-ins occurred.

	March	April	May
Estimated Shut-in	0	0	0
Actual Shut-in	0	0	0

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

In both April and May, New Drill gas production closely matched projections. March was slightly ahead due to better-than-expected initial production in Pinedale.

This chart summarizes purchased and cost-of-service volume variances using IRP projections and actual results as a percent of total. Historically, this table has only shown cost-of-service supplies based on well head volumes. Two columns have been added to this quarter's report to show the cost-of-service supplies based on an estimate of into-pipe volumes. The into-pipe estimate removes 3.8% of the wellhead volume, which slightly reduces the amount of gas supply coming from Company production. The Q4 number is a percent of total and not an average.

	Actual Purchase as Percent of Total	IRP Forecast (Normal) Purchase as Percent of Total	Actual Cost-of-Service Wellhead as Percent of Total	Actual Cost-of-Service Into Pipe as Percent of Total	IRP Forecast (Normal) Cost-of-Service Wellhead as Percent of Total	IRP Forecast (Normal) Cost-of-Service Into Pipe as Percent of Total
Mar-15	25.52%	51.42%	74.48%	73.74%	48.58%	47.61%
Apr-15	12.51%	37.07%	87.49%	87.06%	62.93%	62.02%
May-15	0.08%	0.00%	99.92%	99.92%	100.00%	100.00%
Q4	13.98%	35.51%	86.02%	85.55%	64.49%	63.60%

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.

Purchase Gas and Cost-of-Service Price Comparison Exhibits 10.1, 10.2.

As requested in the May 18th Pass Through Technical conference, an estimated 3.8% adjustment to the wellhead volumes were calculated on all cost-of-service prices to more accurately compare to the purchased gas prices. Exhibit 10.1 shows the price difference between cost-of service gas and purchased gas. Exhibit 10.2 compares the actual price of purchased gas with the trailing twelve months (TTM) price of cost-of-service gas.

Gathering

Pursuant to Commission order in Docket No. 12-057-07, the Company provides the following update regarding the Questar Gas Company v. QEP Field Services Company (QEP) lawsuit. Following completion of discovery and exchange of expert reports, Questar Gas Company and QEP each filed three motions for partial summary

judgment. The Court issued its Memorandum Decision on December 2, 2014, granting two of Questar Gas' three motions and denying all three of QEP's motions. With leave of Court, Questar Gas and Wexpro filed an additional motion for partial summary judgment regarding QEP's counterclaim. QEP filed a motion for clarification or reconsideration regarding one of the Court's rulings in the Memorandum Decision. Briefing on both motions has been completed.

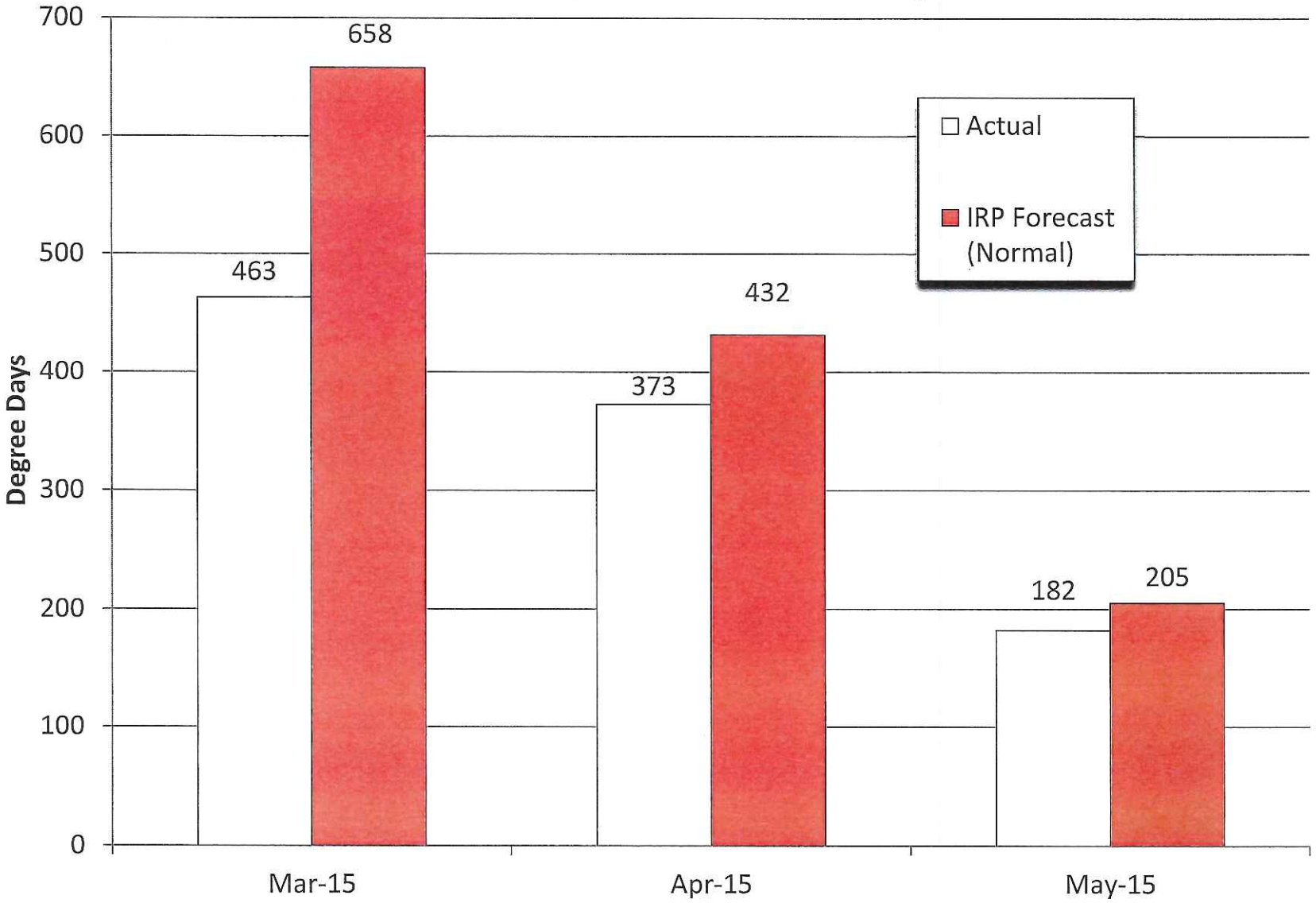
On May 21, 2015, the parties (with QEP now being owned by Tesoro Logistics LLP) entered into a standstill agreement under which they agreed to hold the proceedings in the lawsuit in abeyance until September 1, 2015 while they attempt to settle their disputes. The parties are currently working with the Court to reschedule the hearing on the pending motions and the trial, to ensure a timely to solution of the matter in the event that the parties do not reach resolution during the standstill period. The trial has been rescheduled for April 2016.

DNG Action Plan Variance Report

The second quarter variance report provided details on the LaBarge project. All other projects were on schedule and on budget during the fourth quarter.

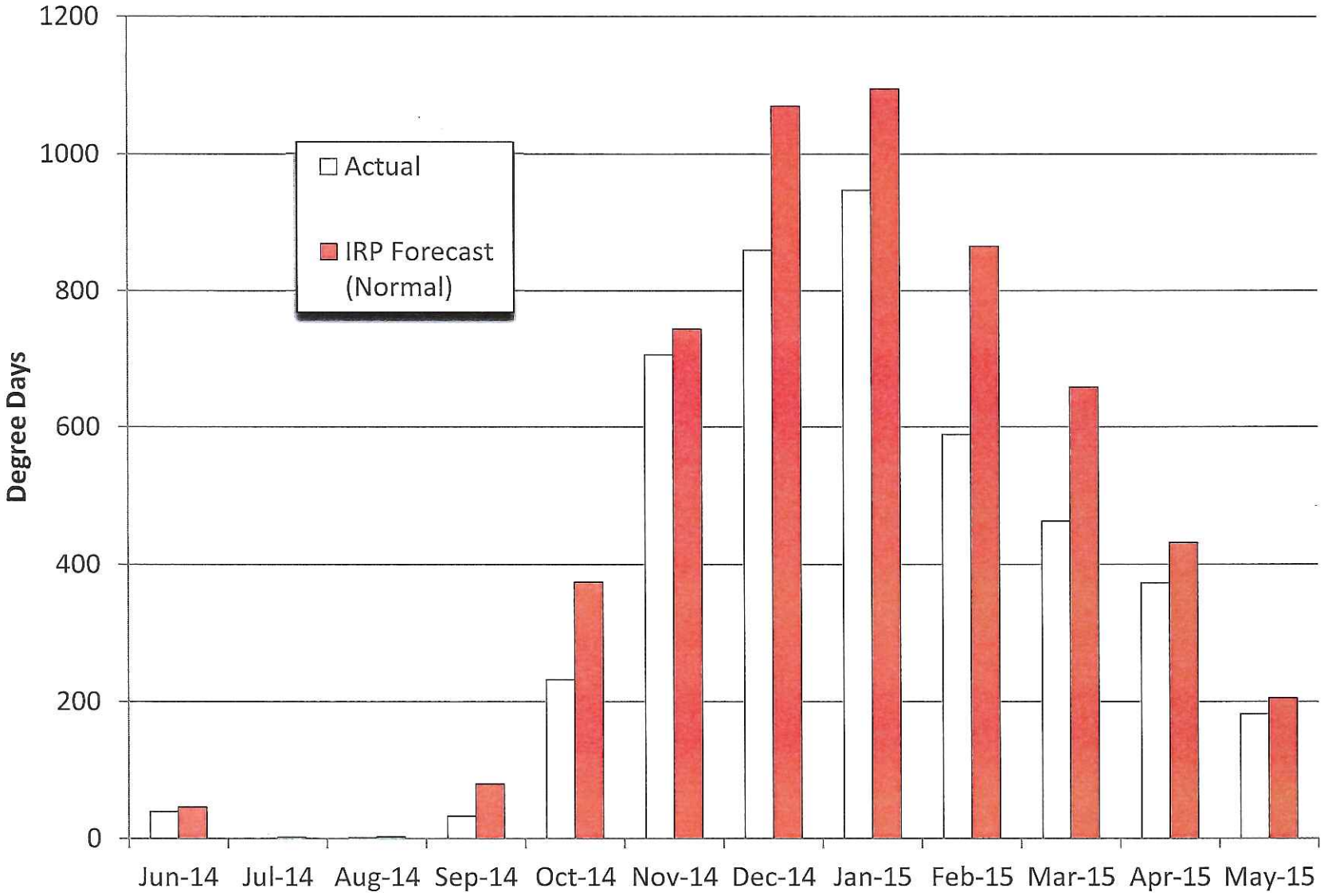
Heating Degree Day Graphs
Exhibit 1.1 – 1.3
Docket No. 14-057-15

Heating Degree Day Variance
IRP Fourth Quarter: March to May

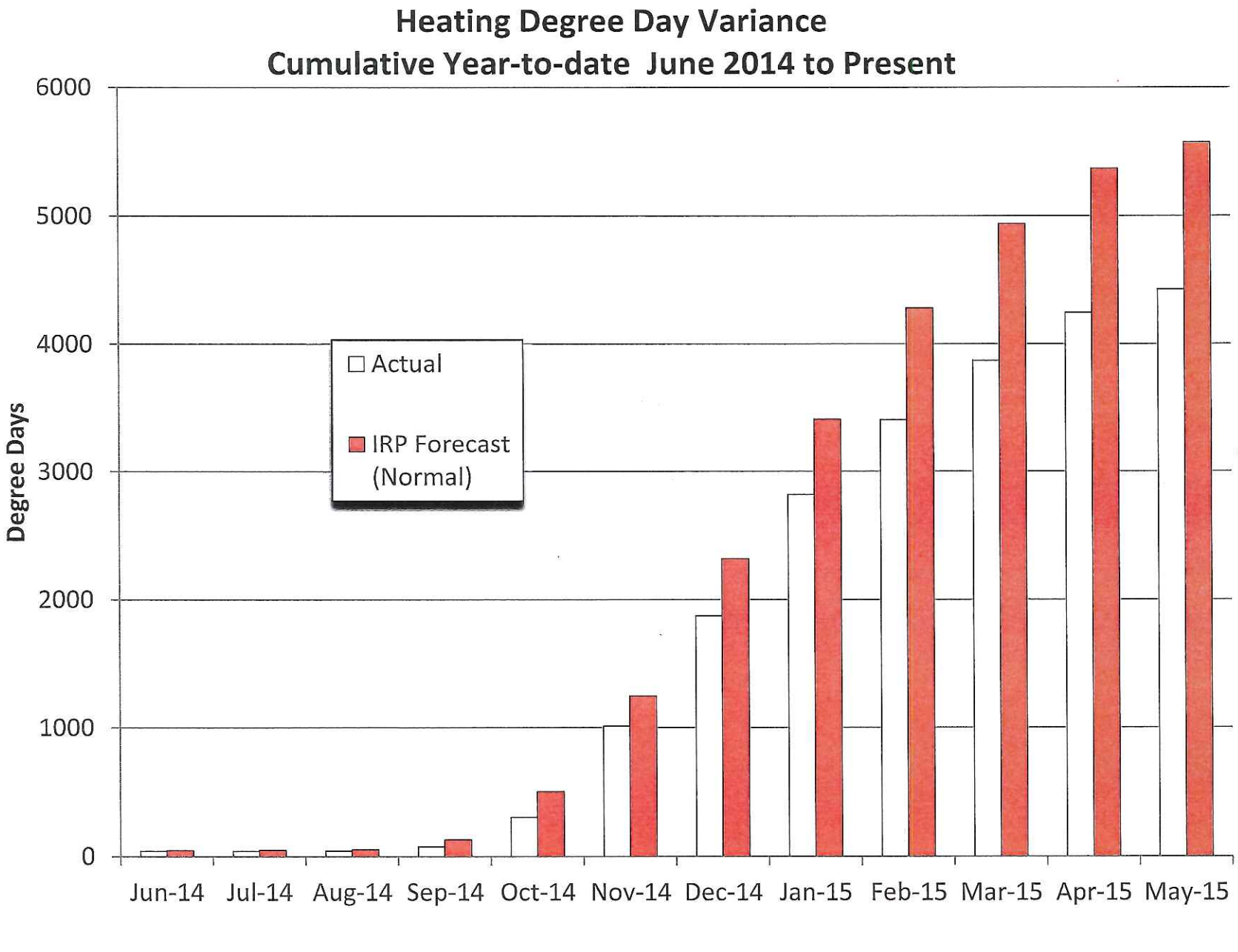


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.1

Heating Degree Day Variance
IRP Year: June 2014 to Present



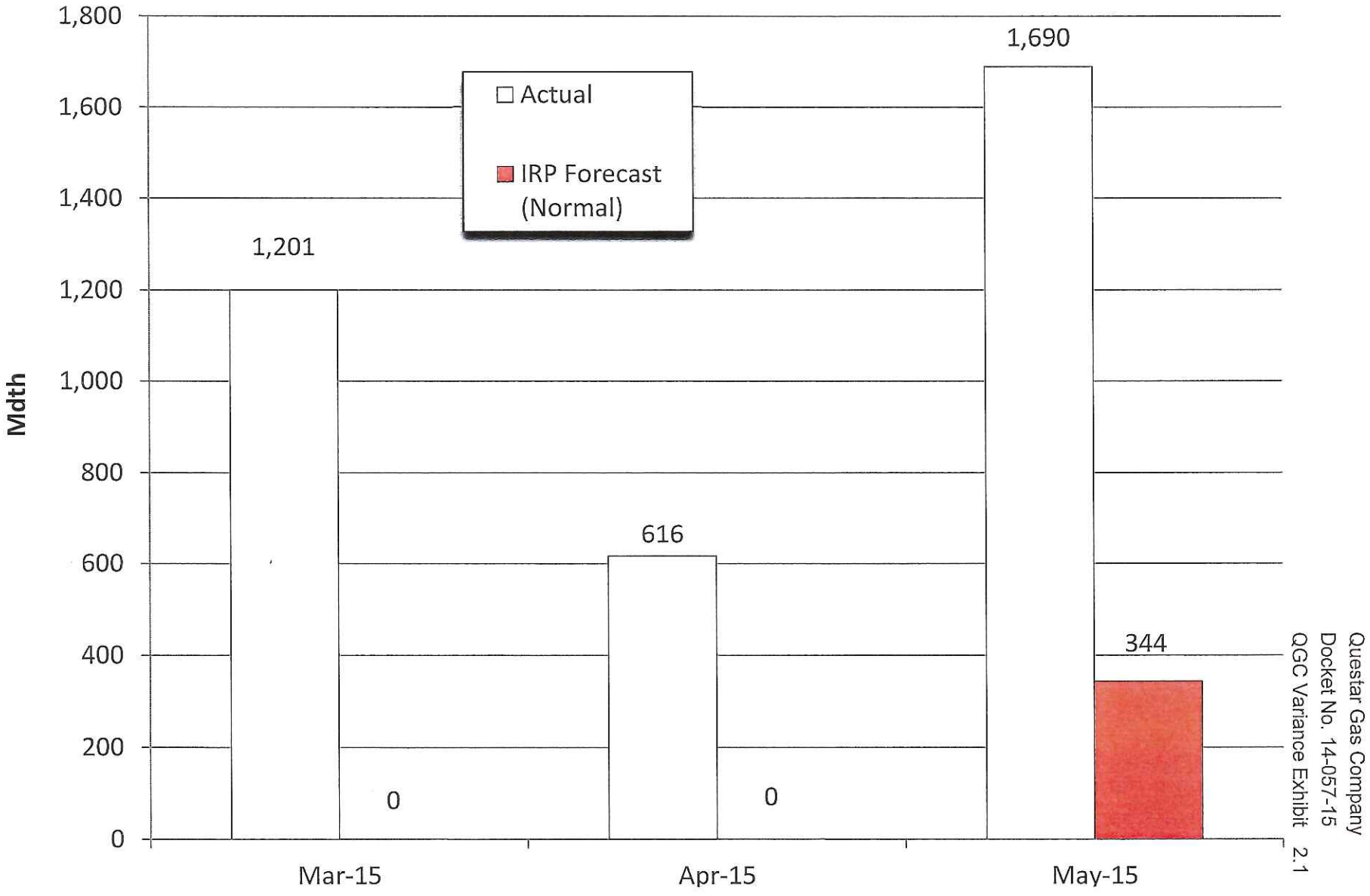
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.2



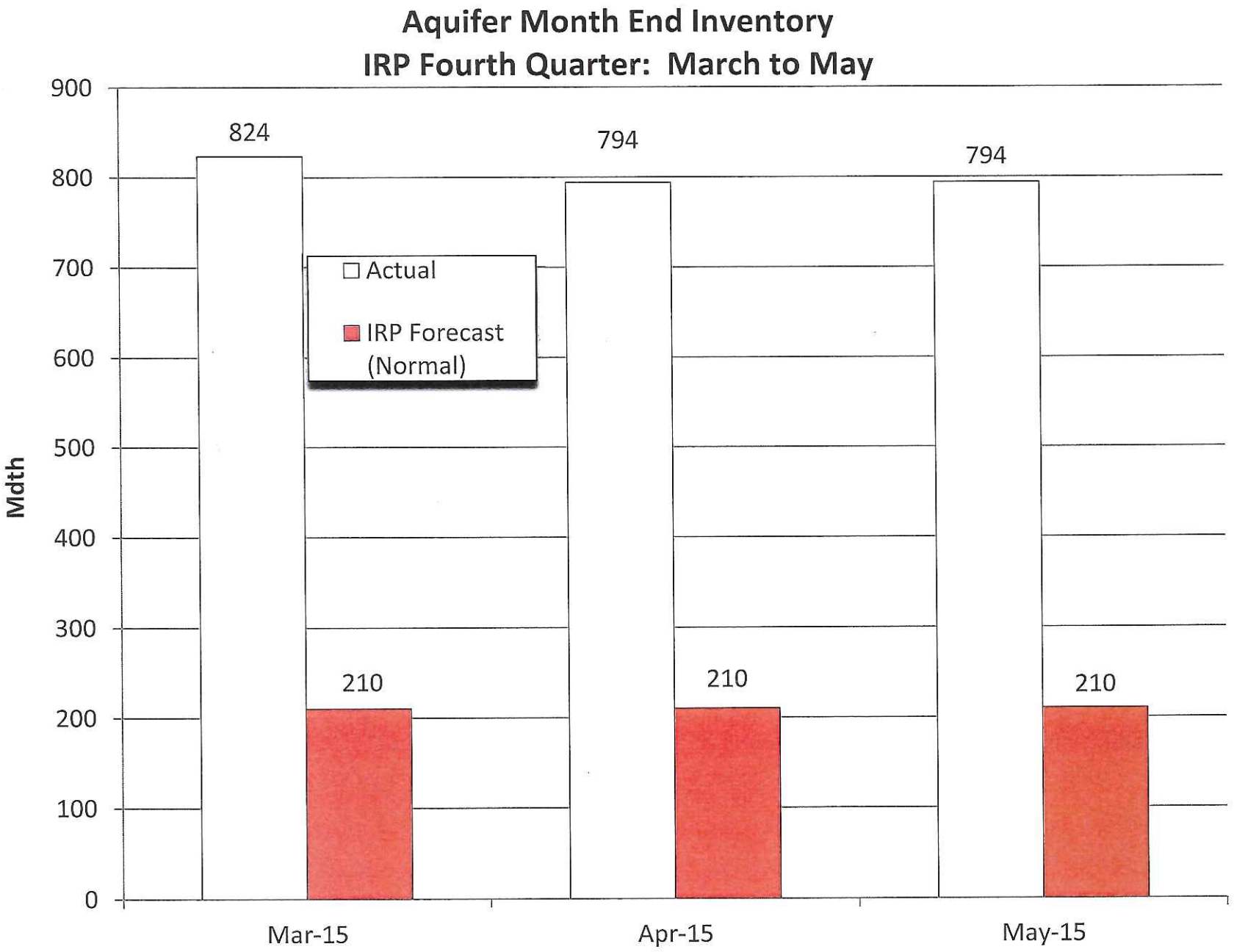
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 1.3

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 14-057-15

Clay Basin Month End Inventory
IRP Fourth Quarter: March to May

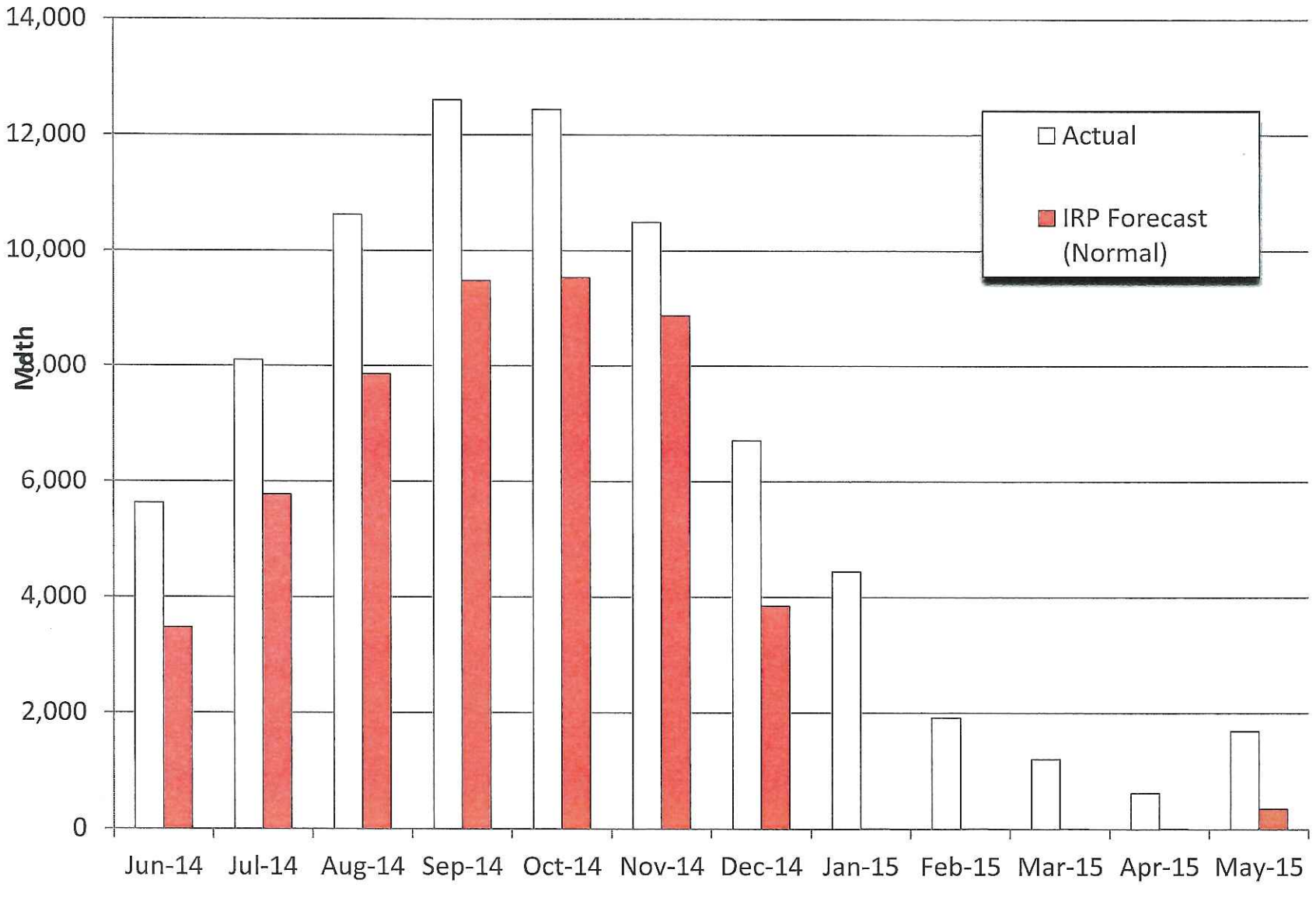


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.1



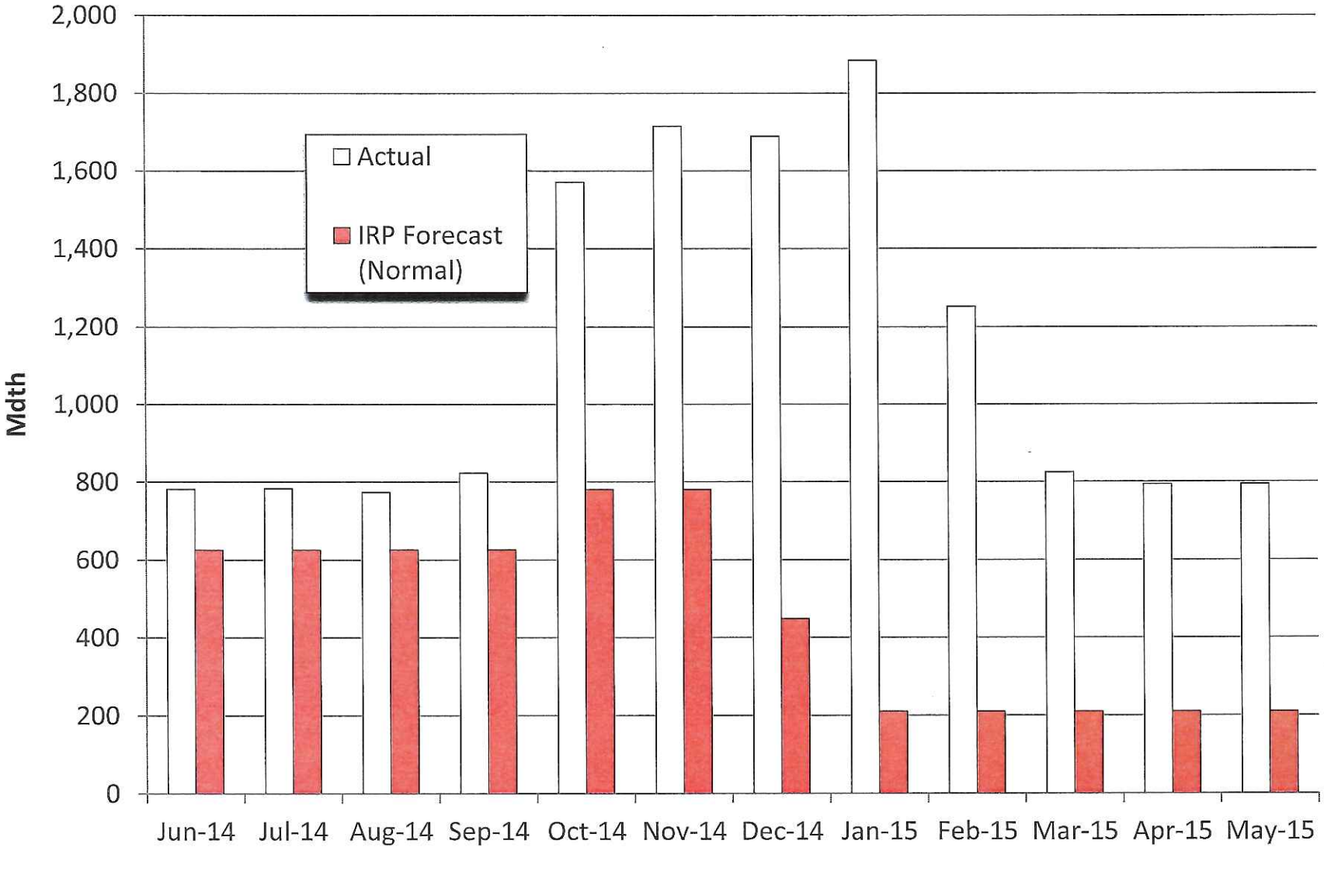
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.2

Clay Basin Month End Inventory
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.3

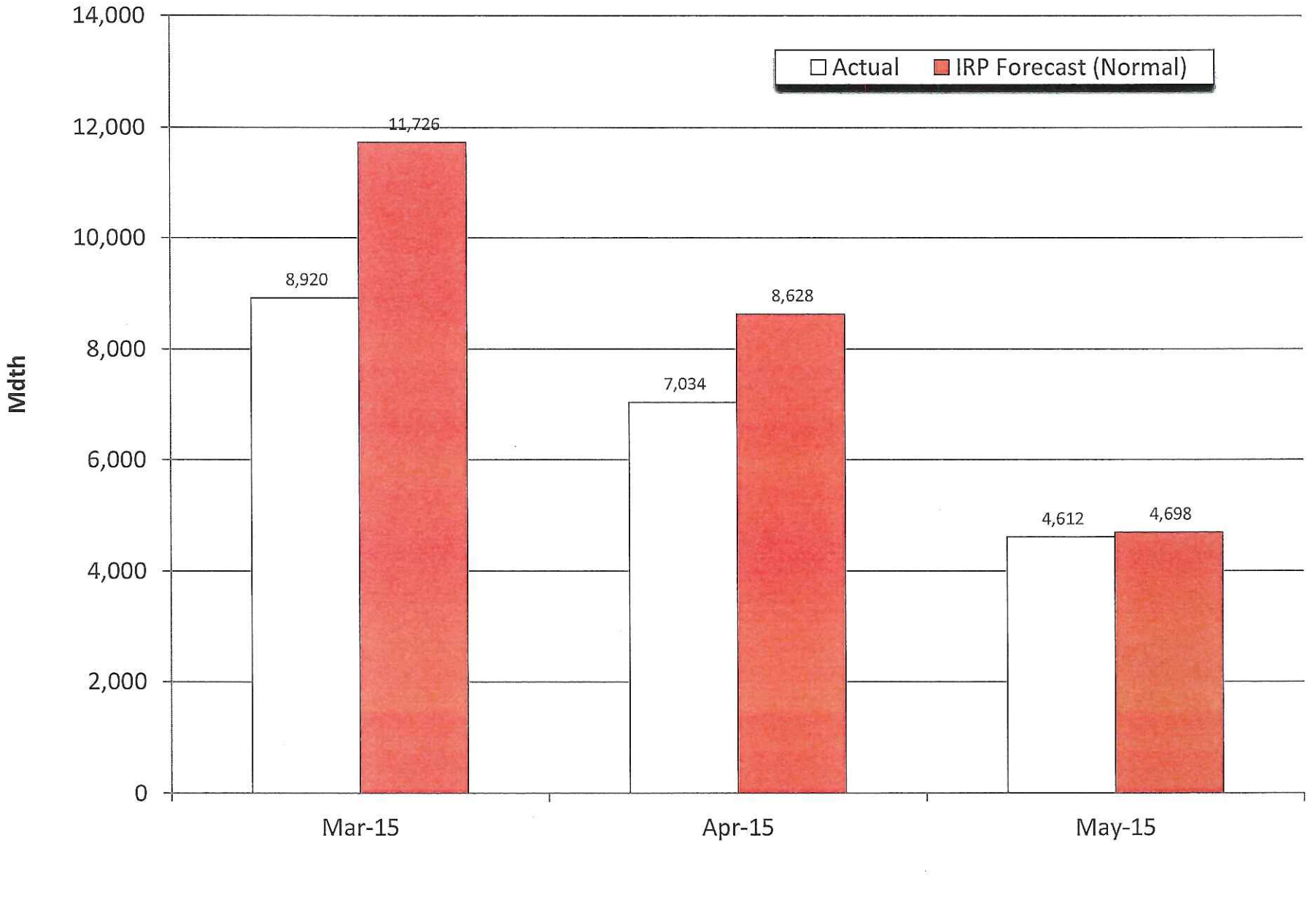
Aquifer Month End Inventory
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 2.4

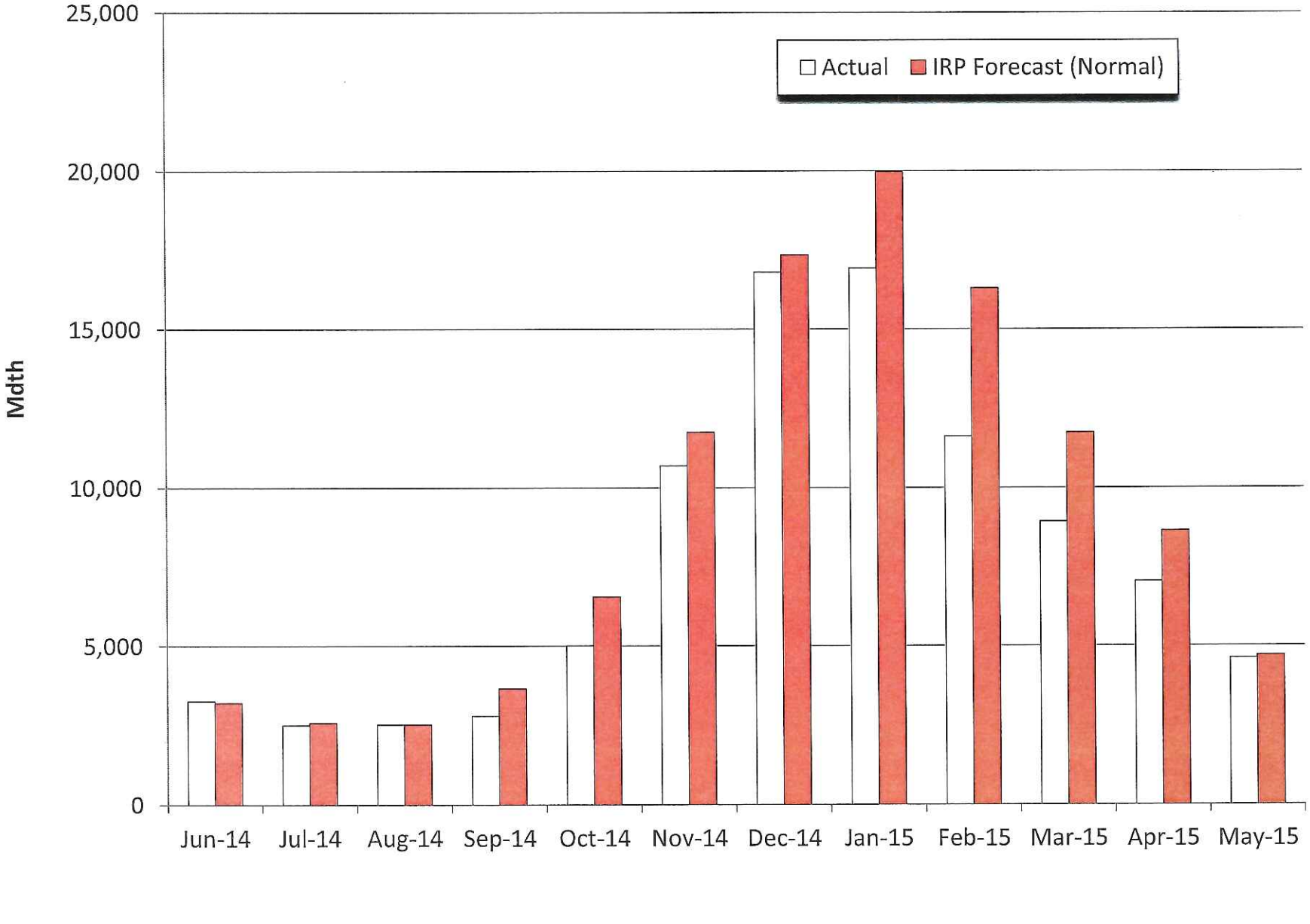
Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 14-057-15

Firm Sales Variance
IRP Fourth Quarter: March 2015 to May 2015



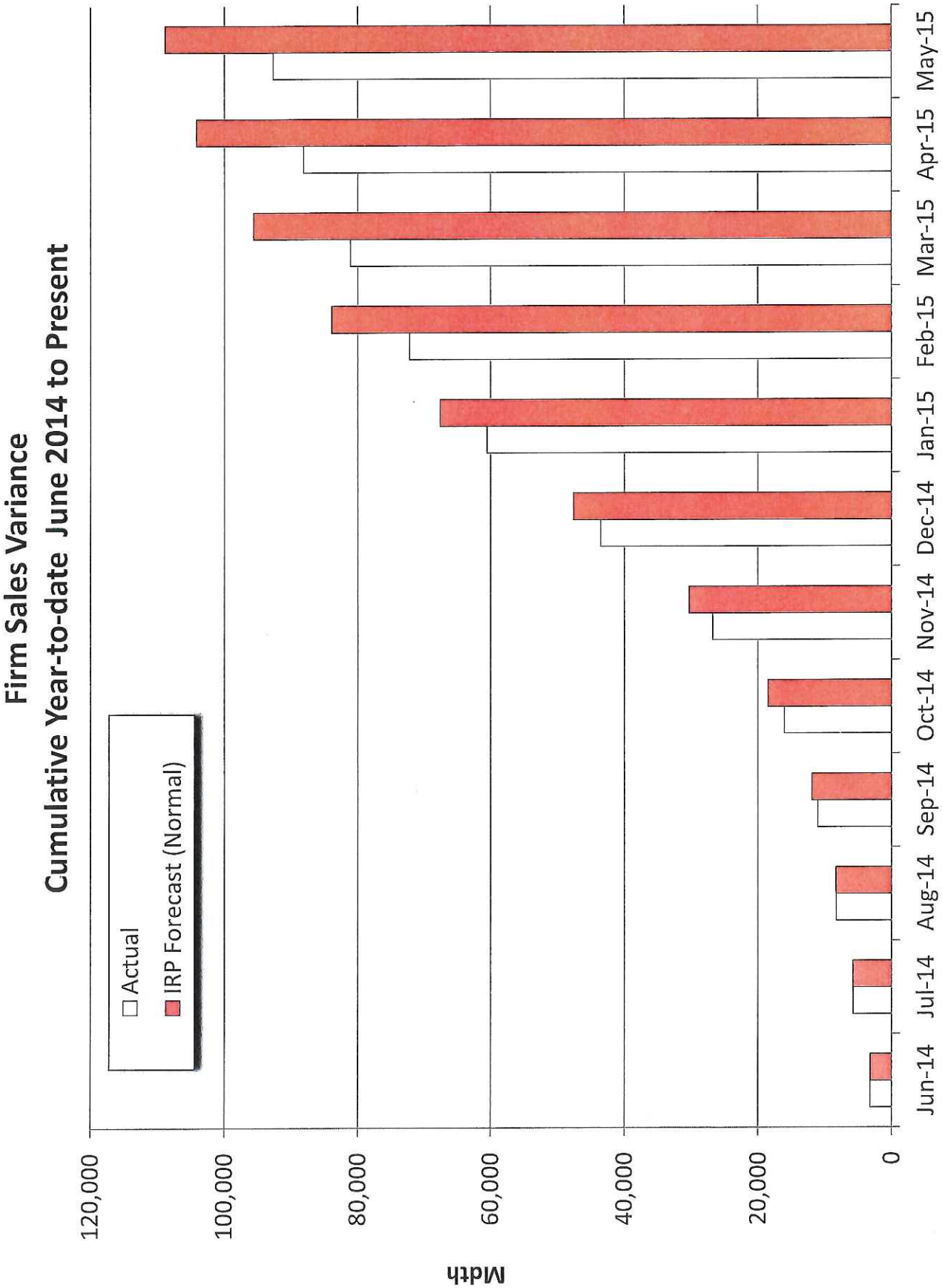
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.1

Firm Sales Variance
IRP Year: June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.2

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.3



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 3.4

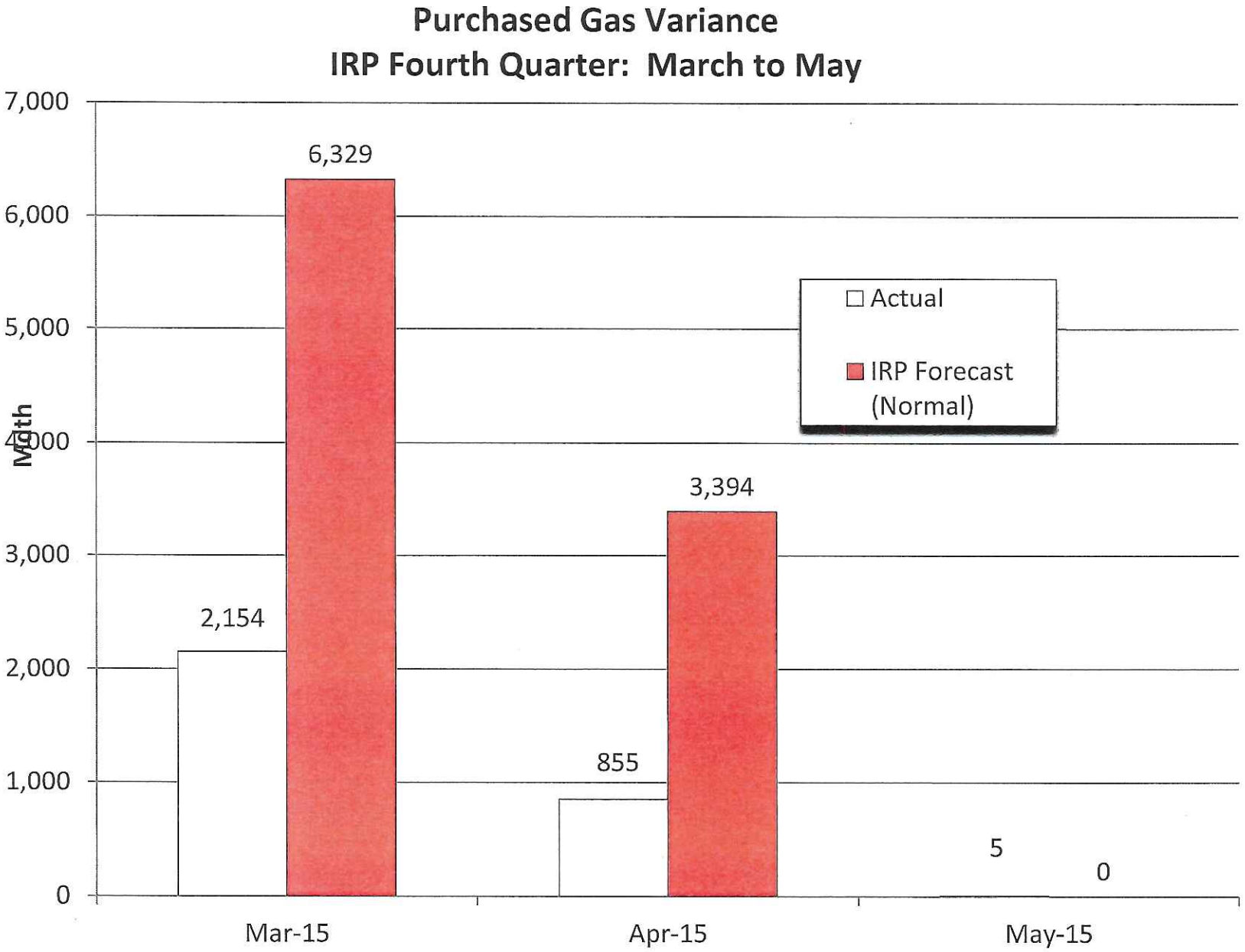
IRP Variance

Actual Results

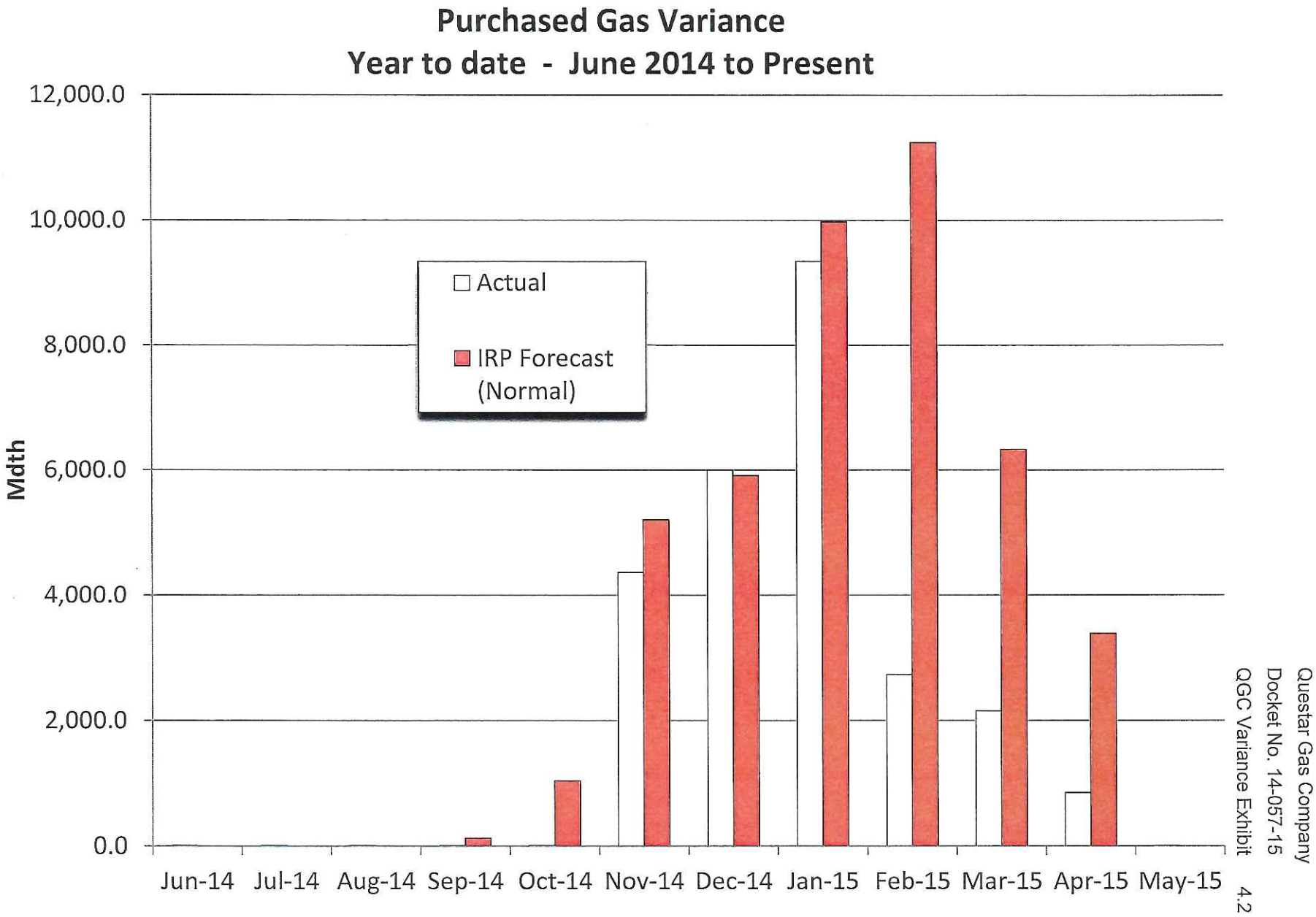
		Mar-15		Apr-15		May-15	
	SUPPLY	Actual	IRP	Actual	IRP	Actual	IRP
1	Cost of Service Prod (Mbtu)	6,286	5,978	5,981	5,760	6,271	5,922
2	Purchases (Mbtu)	-	6,329	-	3,394	-	-
3	Clay Basin With (Mbtu)	1,118	-	854	-	210	183
4	Acquifers With (Mbtu)	423	-	225	-	0	-
5	Ryckman With (Mbtu)	-	-	-	-	-	-
6	Off-System	77	87	53	85	62	87
7	Total Supply	7,903	12,394	7,114	9,239	6,542	6,192
	DEMAND						
8	Firm Sales (Mbtu)	8,920	11,726	7,034	8,628	4,612	4,698
9	Interruptible Sales (Mbtu)	155	230	183	206	225	204
10	Clay Basin Inj (Mbtu)	396	-	270	-	1,284	527
11	Acquifers Inj (Mbtu)	0	-	205	-	0	-
12	Ryckman Inj (Mbtu)	-	-	-	-	-	361
13	Off-System	77	85	53	82	62	85
14	Fuel	84	294	90	279	108	293
15	Company Use / L&U	(1,730)	59	(721)	44	252	24
16	Total Demand	7,903	12,394	7,114	9,238	6,542	6,192
17	Clay Basin Fuel Usage Adjustment	(0)	-	(0)	-	(0)	-
18	Clay Basin Transfers	-	-	-	-	-	-
19	Acquifers Fuel Usage Adjustment	(5)	-	(9)	-	(0)	-
20	Acquifers Transfers	-	-	-	-	-	-
21	Clay Basin Current Balance	1,201	-	616	-	1,690	344
22	Acquifers Current Balance	824	210	794	210	794	210
23	Purchases($/Dth)	-	4.33	-	3.85	-	-
24	Purchases $ (000)	-	27,405	-	13,067	-	-
	Variances						
25	Cost of service volumes	308	-	221	-	349	-
26	Purchase volumes	-	-	-	-	-	-
27	Purchase $ Act over (under) IRP	$ -	$ (27,405)	$ -	$ (13,067)	$ -	$ -
28	Vol Variance	$ -	$ (27,405)	$ -	$ (13,067)	$ -	$ -
29	$ Variance	$ -	$ -	$ -	$ -	$ -	$ -
30	Check	$ -	$ -	$ -	$ -	$ -	$ -
31	Quarter Variance					$ (40,471)	
32	Vol Variance					$ (40,471)	
33	$ Variance					$ -	
34	Check					$ -	

Gas Purchased From Third Parties

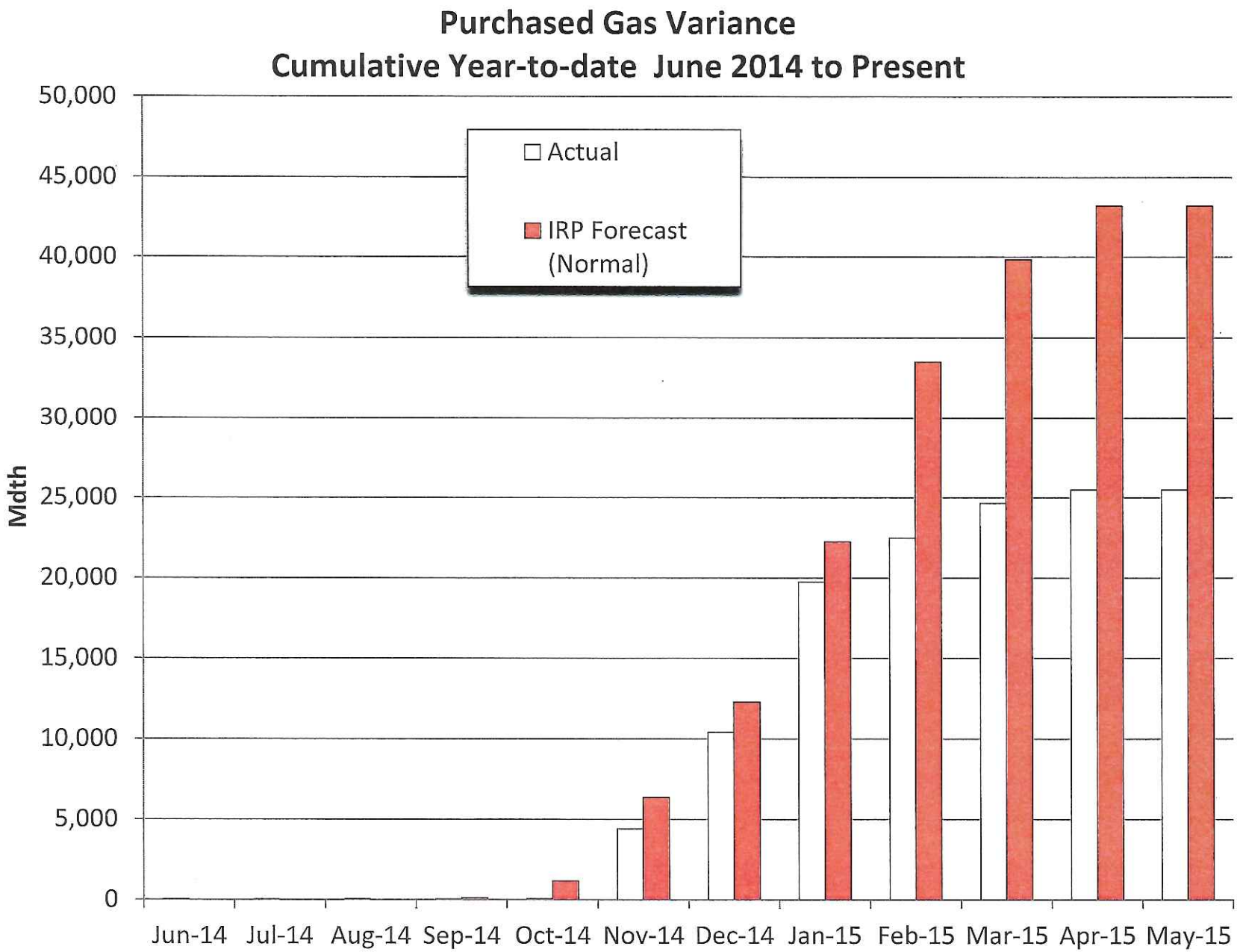
Volume Variance Exhibits 4.1 – 4.3 Docket No. 14-057-15



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.1



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.2



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 4.3

Gas Purchased From Third Parties

Cost Variance Exhibits 5.1 – 5.3 Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.1

Purchased Gas Cost Variance
IRP Fourth Quarter: March to May

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.2

Purchased Gas Cost Variance
Year-to-date: September 2014 to Present

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 5.3

Purchased Gas Cost Variance
Cumulative Year-to-date: June to Present

[REDACTED]

Gas Purchased From Third Parties

Unit Cost Variance Exhibits 6.1 – 6.2 Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 6.1

Purchased Gas Unit Cost Variance
IRP Fourth Quarter: March to May

[REDACTED]

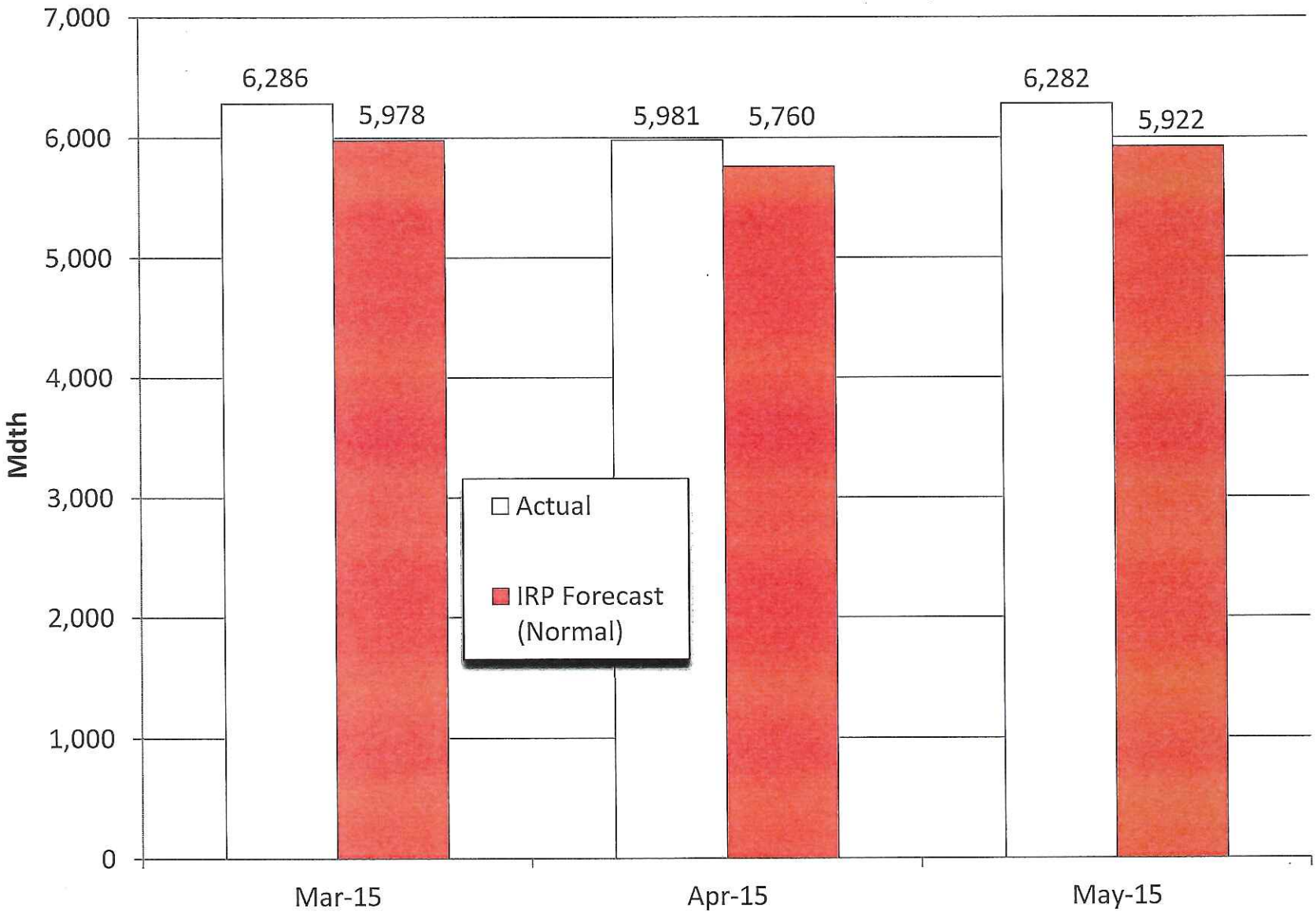
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 6.2

Purchased Gas Unit Cost Variance
Year-to-date: June 2014 to Present

[REDACTED]

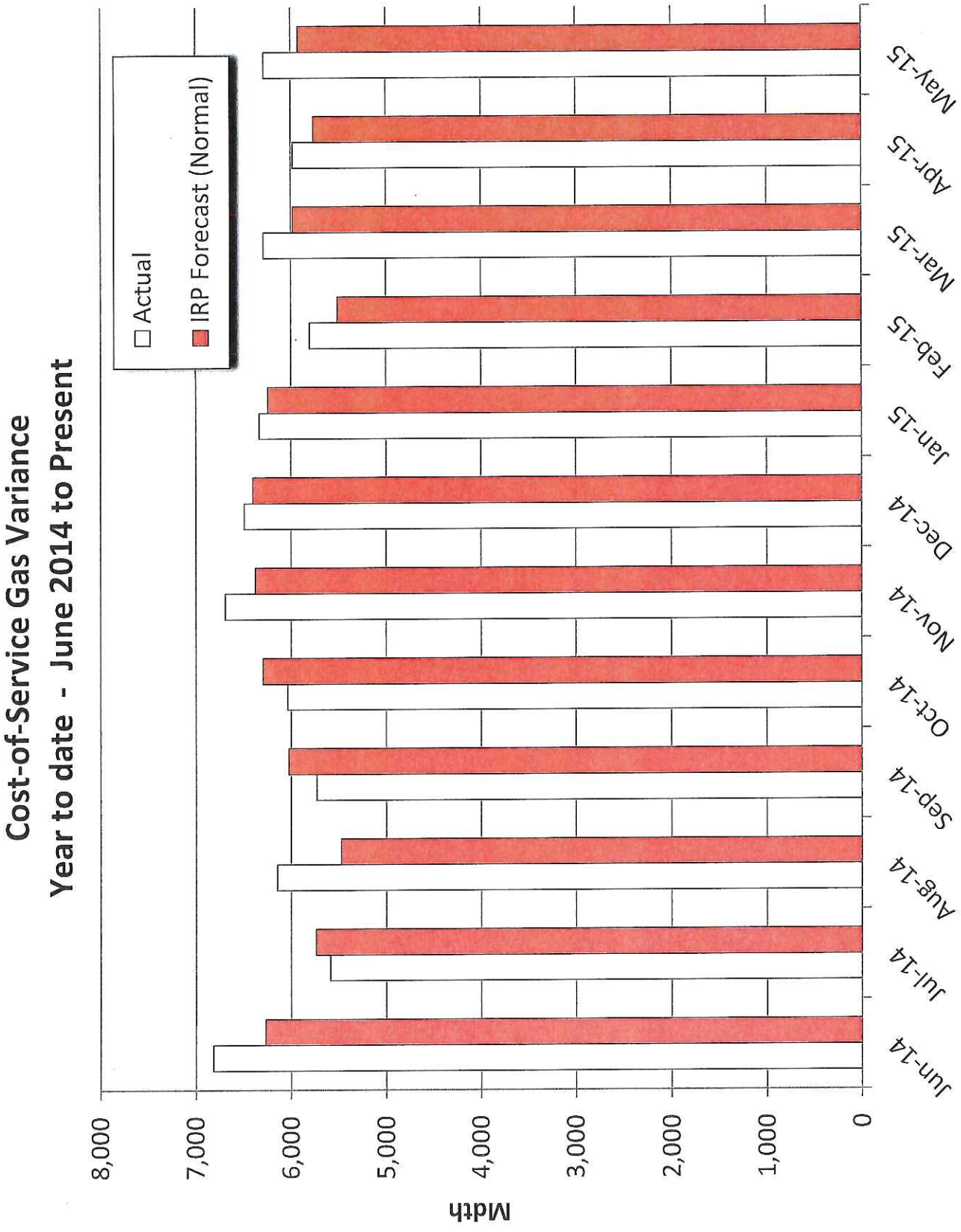
Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 14-057-15

Cost-of-Service Gas Variance
IRP Fourth Quarter: March to May

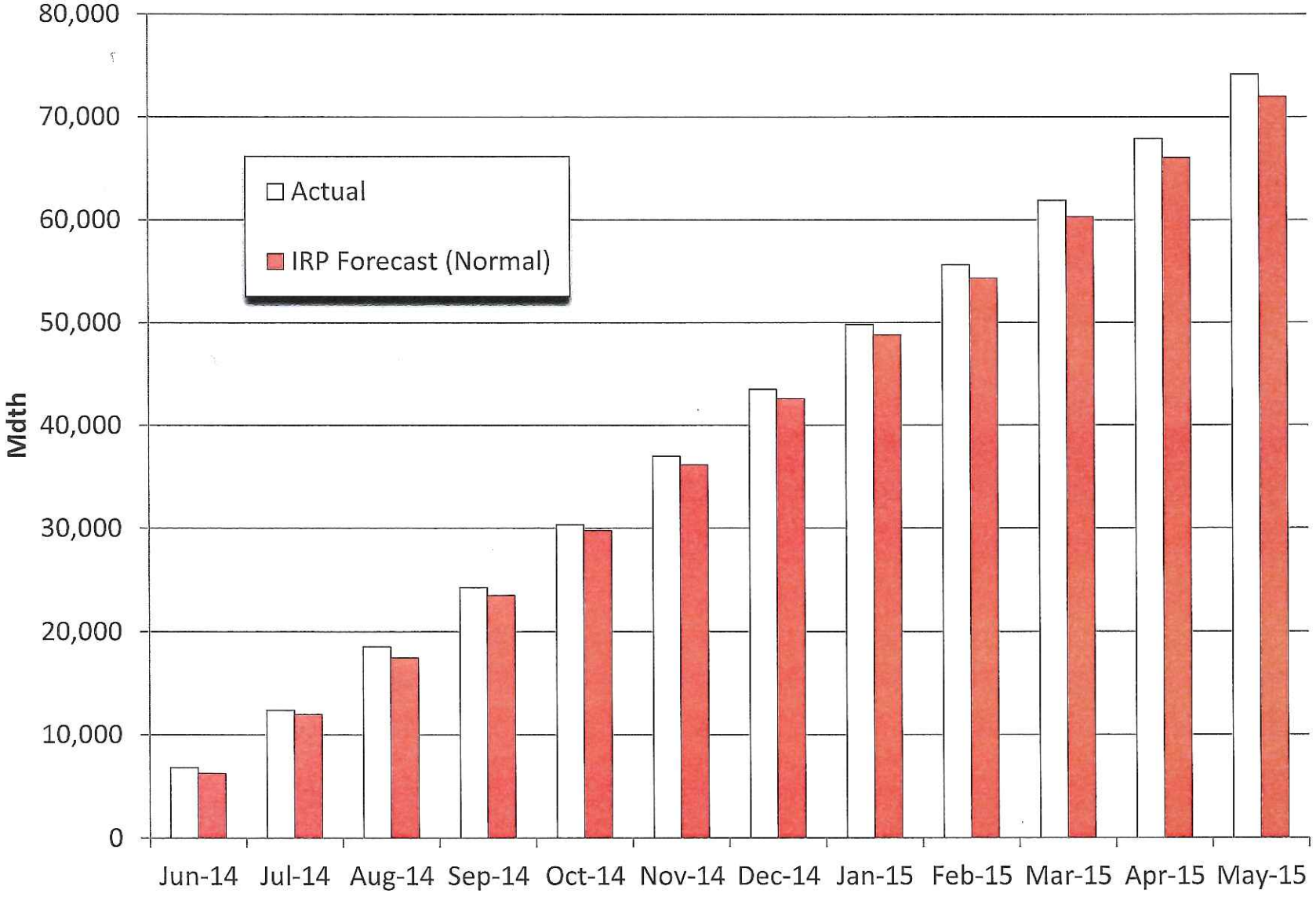


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.1

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.2

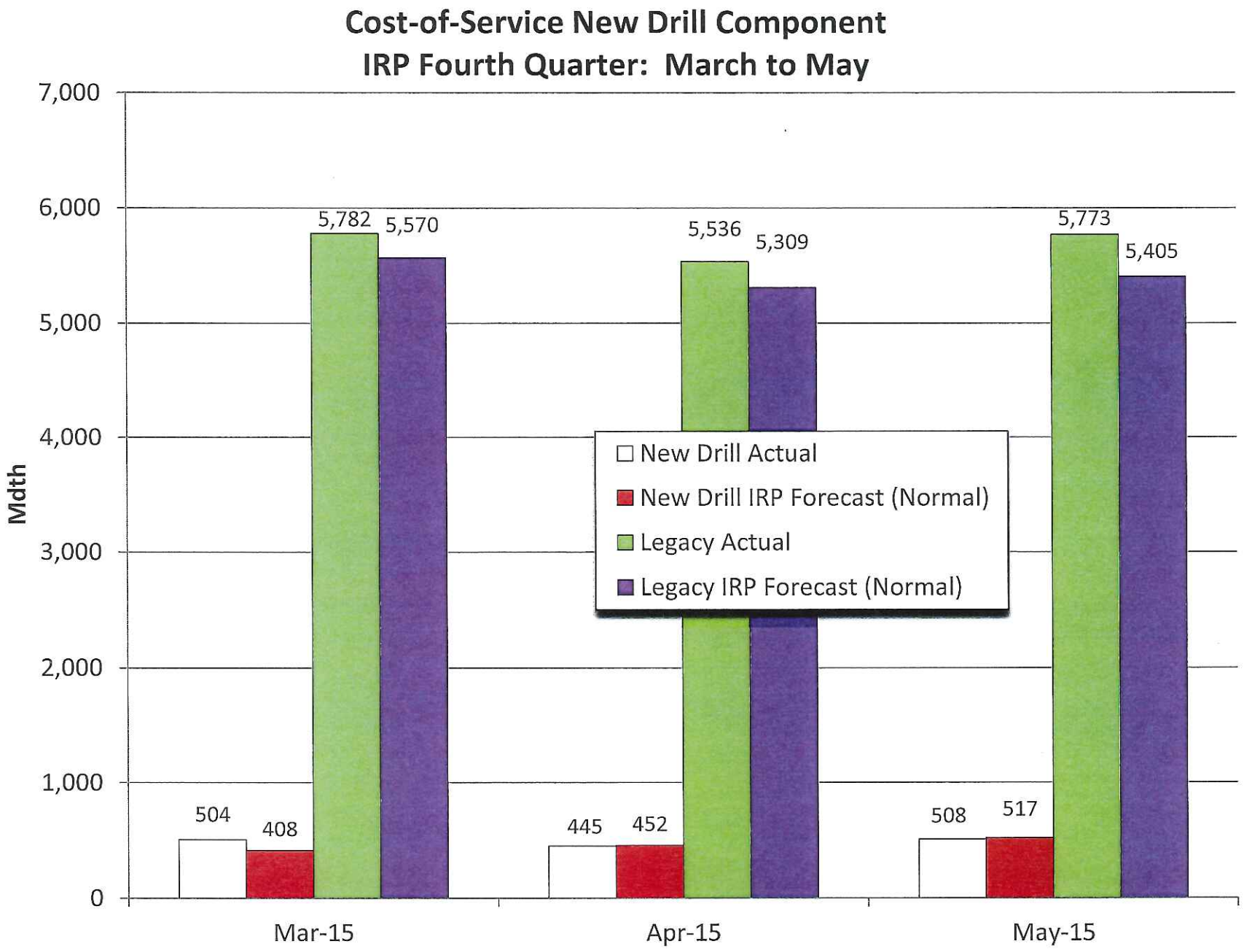


Cost-of-Service Gas Variance
Cumulative Year-to-date June 2014 to Present



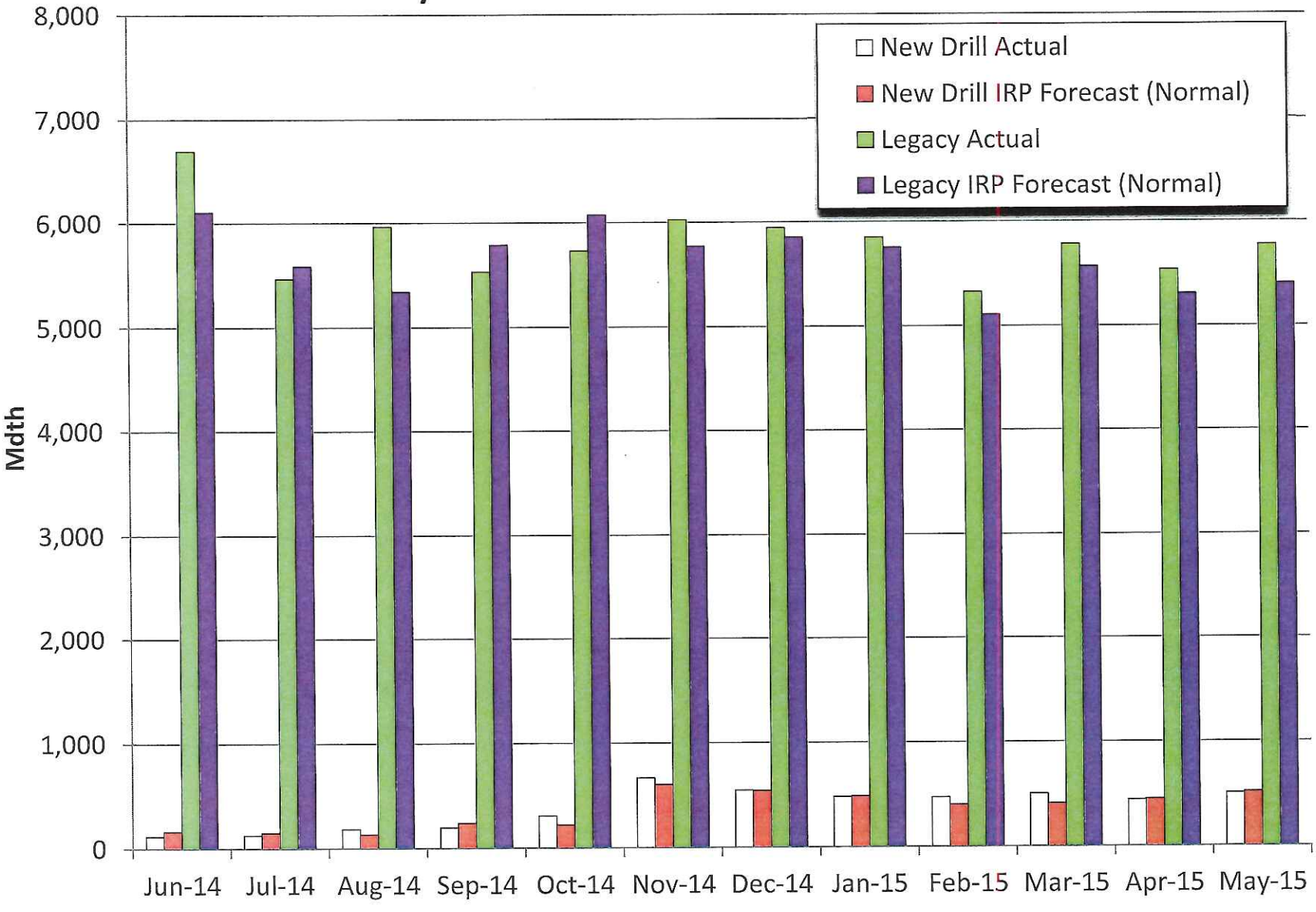
Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 7.3

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 14-057-15

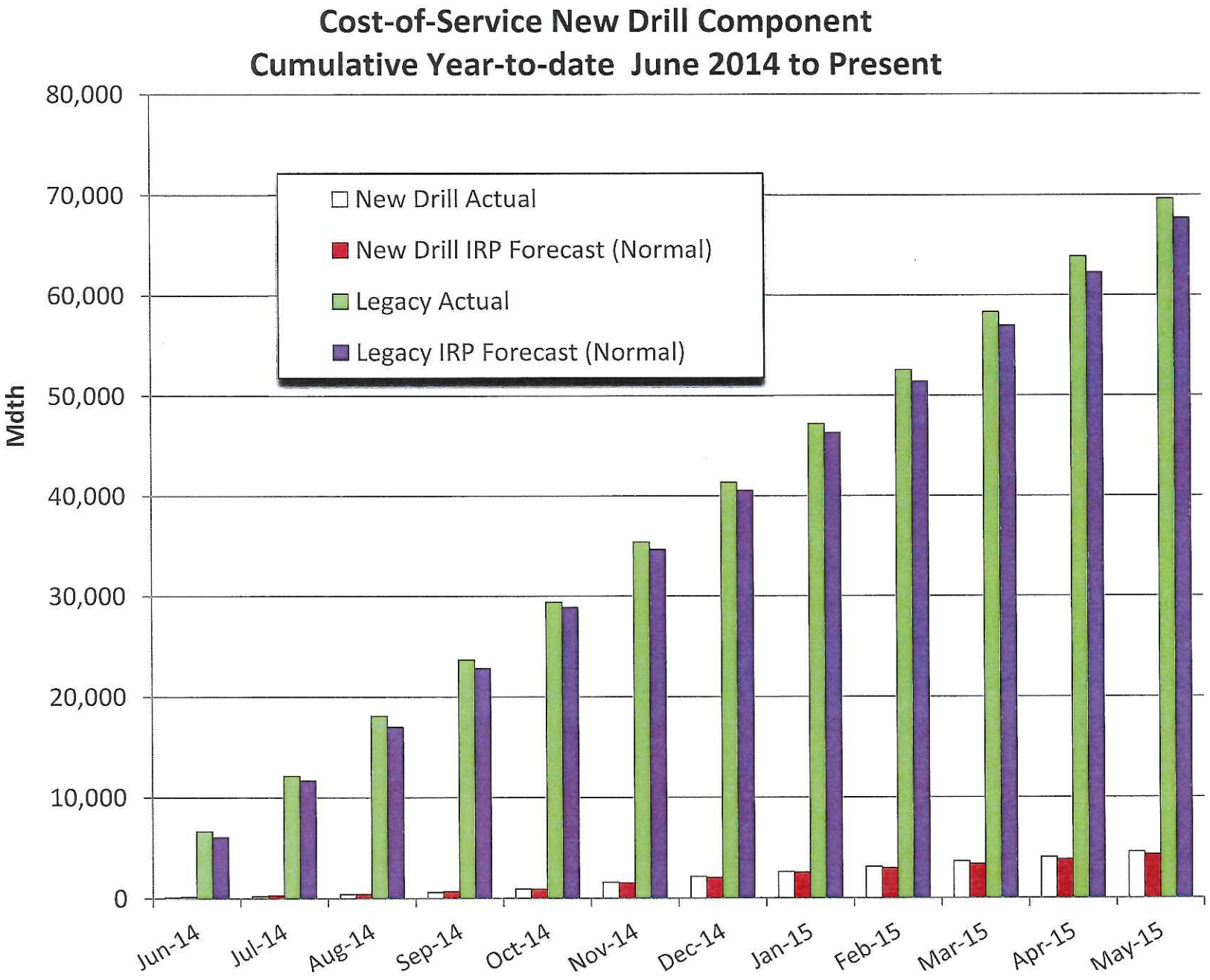


Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.1

Cost-of-Service New Drill Component
Monthly Year to date - June 2014 to Present



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.2



Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 8.3

Data
Exhibits 9.1 – 9.3
Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 9.1

Total Production and New Drill by Nomination Group

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 9.2

Total Production and New Drill by Nomination Group

[REDACTED]

Gas Purchases

[REDACTED]

Purchase Gas and Cost-of-Service Gas Price Comparison
Exhibits 10.1 – 10.2
Docket No. 14-057-15

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 10.1

Purchase Gas vs Cost-of-Service Gas
Historical

[REDACTED]

Questar Gas Company
Docket No. 14-057-15
QGC Variance Exhibit 10.2

Actual Purchased Gas vs TTM Cost-of-Service Gas
IRP Year 2014

[REDACTED]