First Quarter
Variance Report
Redacted

June 2015
through
August 2015
Docket No. 15-057-07

Questar Gas Company
First Quarter Variance Report
June 2015 – August 2015

Questar Gas Company (Questar Gas or Company) respectfully submits this First Quarter Variance Report for the period June – August 2015. This report identifies the variance between the actual results and the projections set forth in the 2015 Integrated Resource Plan (IRP).

Weather — Exhibits 1.1 – 1.3.

The weather for this period was warmer than normal compared to the 2015 forecast of normal temperatures. See Exhibit 1.1.

Gas Storage — Exhibits 2.1 – 2.4.

Clay Basin inventory was higher than IRP estimates for the quarter due to lower than projected usage and higher than estimated Company production. See Exhibit 2.1.

Exhibit 2.2 shows that Aquifer Inventory was very near projections for June through August. See Exhibit 2.2.

Firm Sales — Exhibits 3.1 – 3.4.

Total sales for the first quarter of 2015 was 8% below the projected level. The greatest variance occurred in June when usage was 24% below the forecast. Heating degree days in June have averaged 46 over the last 30 years, but June of 2015 saw no heating degree days at all. Virtually no space-heat consumption was realized during the month, resulting in much lower usage per customer, even on a weather-normalized basis. Average system-wide GS usage was 2.22 Dth; the projected average was 3.06 Dth. Usage in July and August was slightly above the forecasted level.

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

Exhibit 4.1 shows slightly more third party purchases in July compared to projections. These purchases were due to maintenance work on the Southern System that required purchases from Kern River. The Questar Gas feeder line serving southern Utah from the Indianola gate station was disconnected due to maintenance work this summer. As a result, Questar Gas needed to serve the areas near Cedar City and St. George with gas from gate stations served by Kern River. Questar Gas did not have adequate capacity to transport cost-of-service production to these stations, so gas was purchased for this purpose.

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

Total monthly costs for Purchased Gas were slightly higher than projections for June and July but below projections in August.

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

Unit costs for June and July are above projections because no purchases were projected. For August the unit cost is less than projected.

Cost-of-Service Gas Exhibits 7.1 – 7.3.

For the quarter, actual production exceeded projections. In June and July, the overage was due to new wells in Pinedale that came on earlier than anticipated. Also in each month, strong performance from legacy wells exceeded estimates.

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

In June, new drill was significantly higher than projections due to new wells in Pinedale. The peak occurred in June instead of August so actuals are showing the natural decline in July and August.

Table 1 below summarizes the estimated average daily shut-in versus actual average daily shut-in during the quarter. The higher shut-in amounts are due to warmer than normal weather, higher than forecast production, and the unavailability of the Ryckman Creek Storage facility.

TABLE 1

	June	July	August
Estimated Shut-in (Dth/day)	1,606	3,450	10,849
Actual Shut-in (Dth/day)	0	15,989	15,989

Table 2 below summarizes purchased and cost-of-service volume variances using IRP projections and actual results as a percent of total. The into-pipe adjustment removes 3.67% of the wellhead volume, which slightly reduces the amount of gas supply coming from Company production. The Q1 number is a percent of total and not an average.

TABLE 2

	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
Jun-15	0.03%	0.00%	99.97%	99.97%	100.00%	100.00%
Jul-15	1.10%	0.00%	98.90%	98.86%	100.00%	100.00%
Aug-15	0.52%	0.73%	99.48%	99.46%	99.27%	99.24%
Q1	0.55%	0.24%	99.45%	99.43%	99.76%	99.75%

Supplemental Graphs Exhibits 9.1 – 9.3.

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

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

Confidential Exhibit 10.1 shows the price difference between cost-of service gas and purchased gas. Confidential Exhibit 10.2 compares the actual price of purchased gas with the trailing twelve months (TTM) price of cost-of-service gas. In order to more accurately compare cost-of-service prices with the cost of purchased gas, adjustments have been made to wellhead volumes. For all years prior to 2015, an estimated 3.8%

adjustment was made to all wellhead volumes. The Company recently finished its reconciliation of the volumes used from the wellhead to the interstate pipeline for the 12 months ending June 2015. This reconciliation showed that wellhead volumes were reduced by 3.67% during the 12 month period. This 3.67% was used to adjust the wellhead volumes used in calculating the 2015 YTD cost-of-service price. In the next quarterly report, the Company will calculate the into-pipe volume using the TTM average of the actual into-pipe amount.

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.

The court heard Questar Gas' and Wexpro's motion on QEP's counterclaim and QEP's motion for reconsideration on Oct. 29, 2015. No decision has been issued. The trial has been scheduled for April 2016.

DNG Action Plan Variance Report

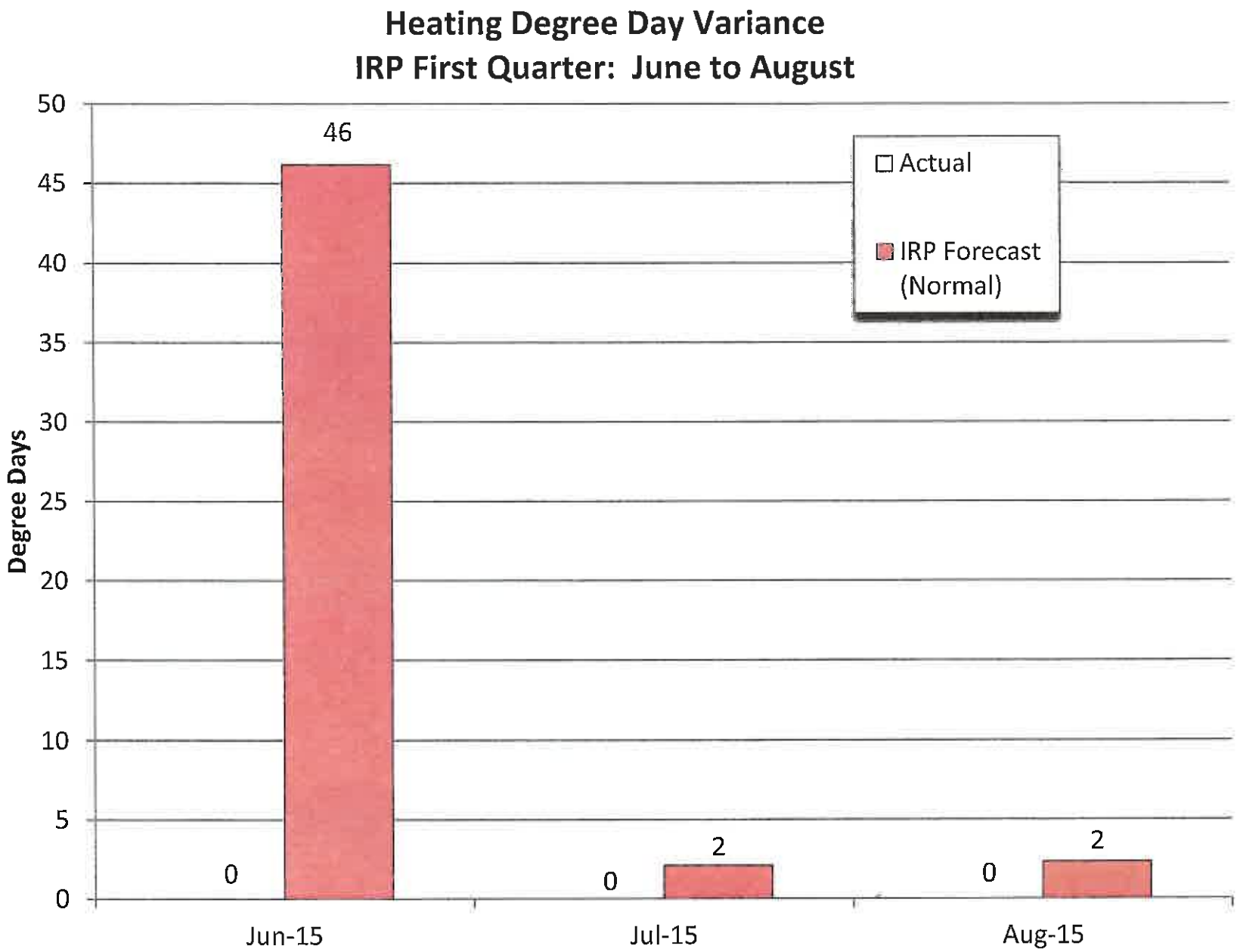
The following is the first quarter variance report on the DNG Action Plan outlined on pages 4-11 through 4-18 of the 2015-2016 Questar Gas Company Integrated Resource Plan (2012 IRP). The following projects have been modified:

NO0001 District Regulator Station, North Ogden, Utah: This project is discussed on page 4-13 and 4-14 of the IRP. The estimated cost for the preferred option for this project has been changed from $4,100,000 to $5,500,000. A recent intermediate high pressure project on this road has shown that much more of the old concrete road is present than originally anticipated and the project will, therefore, be more expensive. Despite the increase in estimated cost, this option is still less expensive than the other options discussed in the IRP.

TG0003 Kern River Tap, Saratoga, Utah: Questar Gas has further analyzed the capacity at TG0003 and has determined that no capacity improvements will be required in 2016 or 2017. Questar Gas will continue to monitor this gate station and report on any demand changes as part of the IRP process.

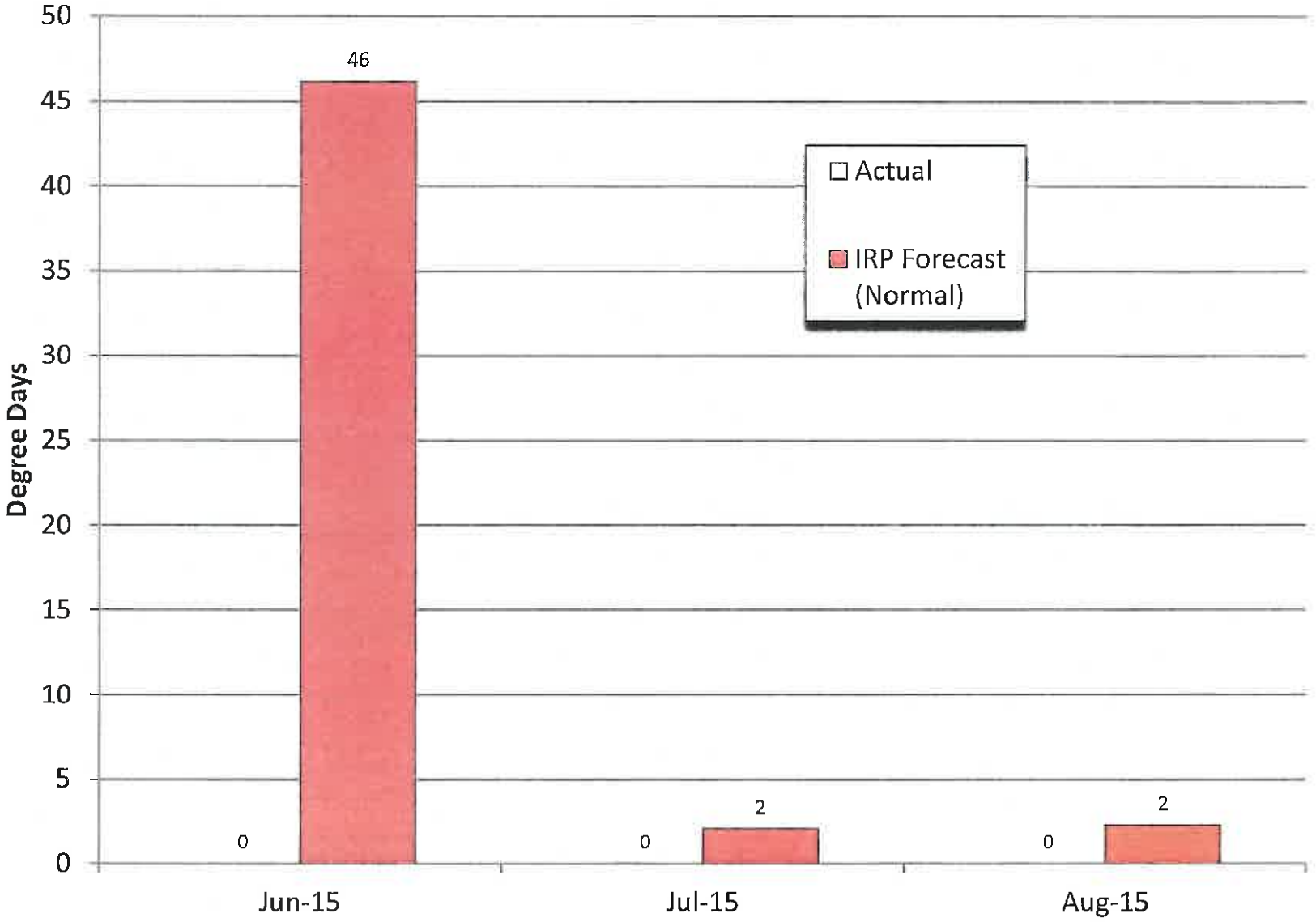
Compressor Station Retirements: Due to budget constraints, the retirement of the Lark Compressor Station has been moved to 2016.

Heating Degree Day Graphs
Exhibit 1.1 – 1.3
Docket No. 15-057-07

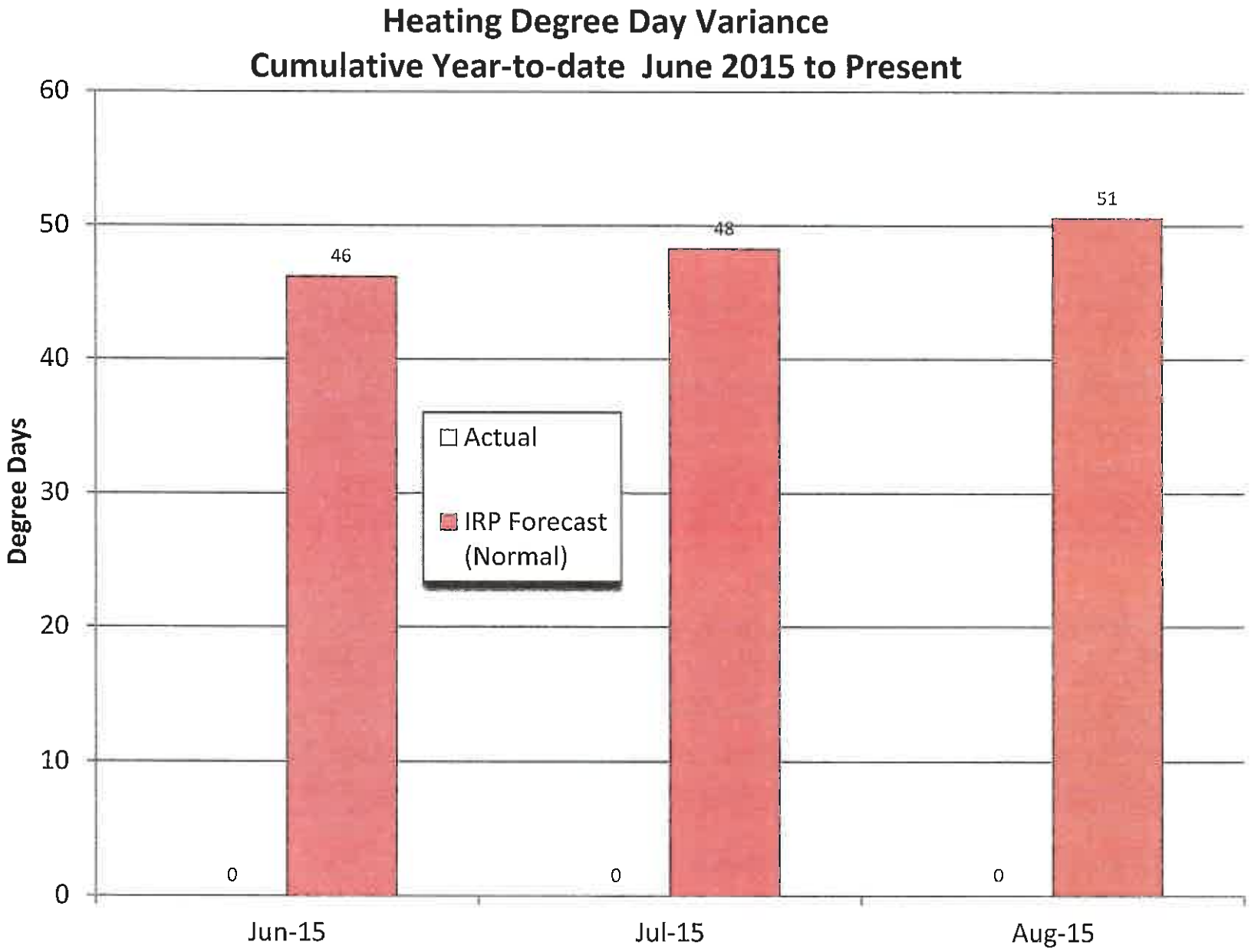


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.1

Heating Degree Day Variance
IRP Year: June 2015 to Present

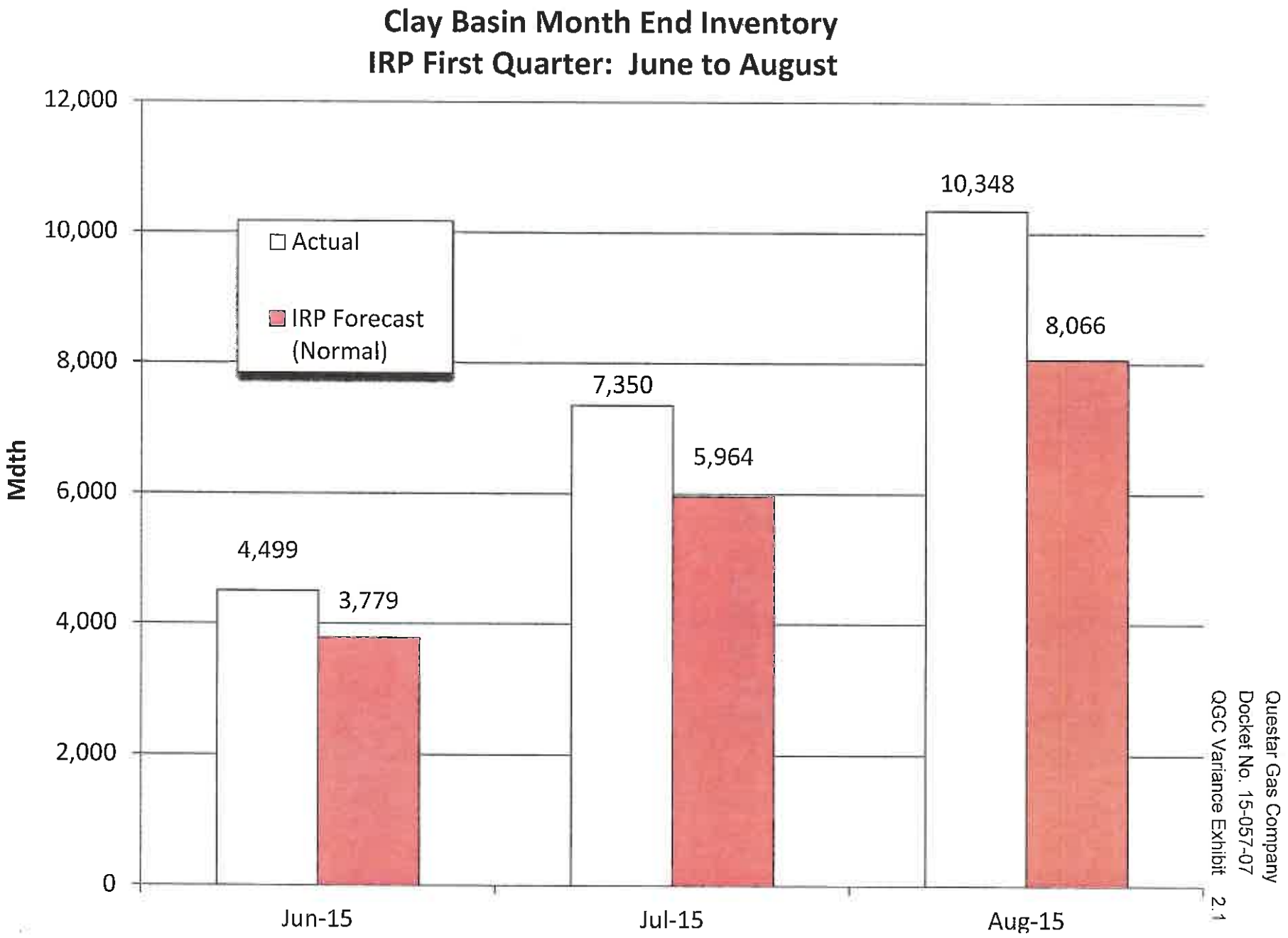


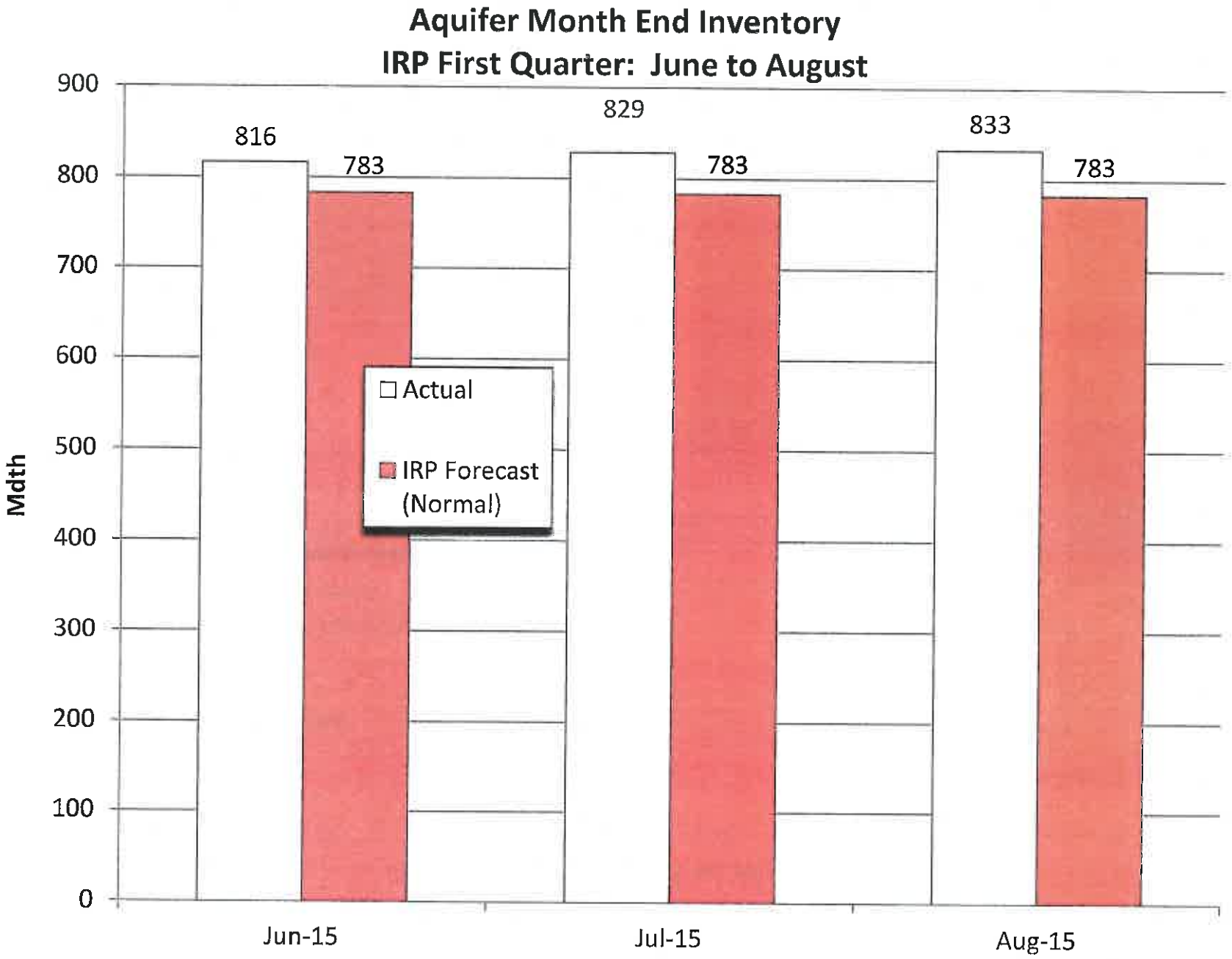
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.2



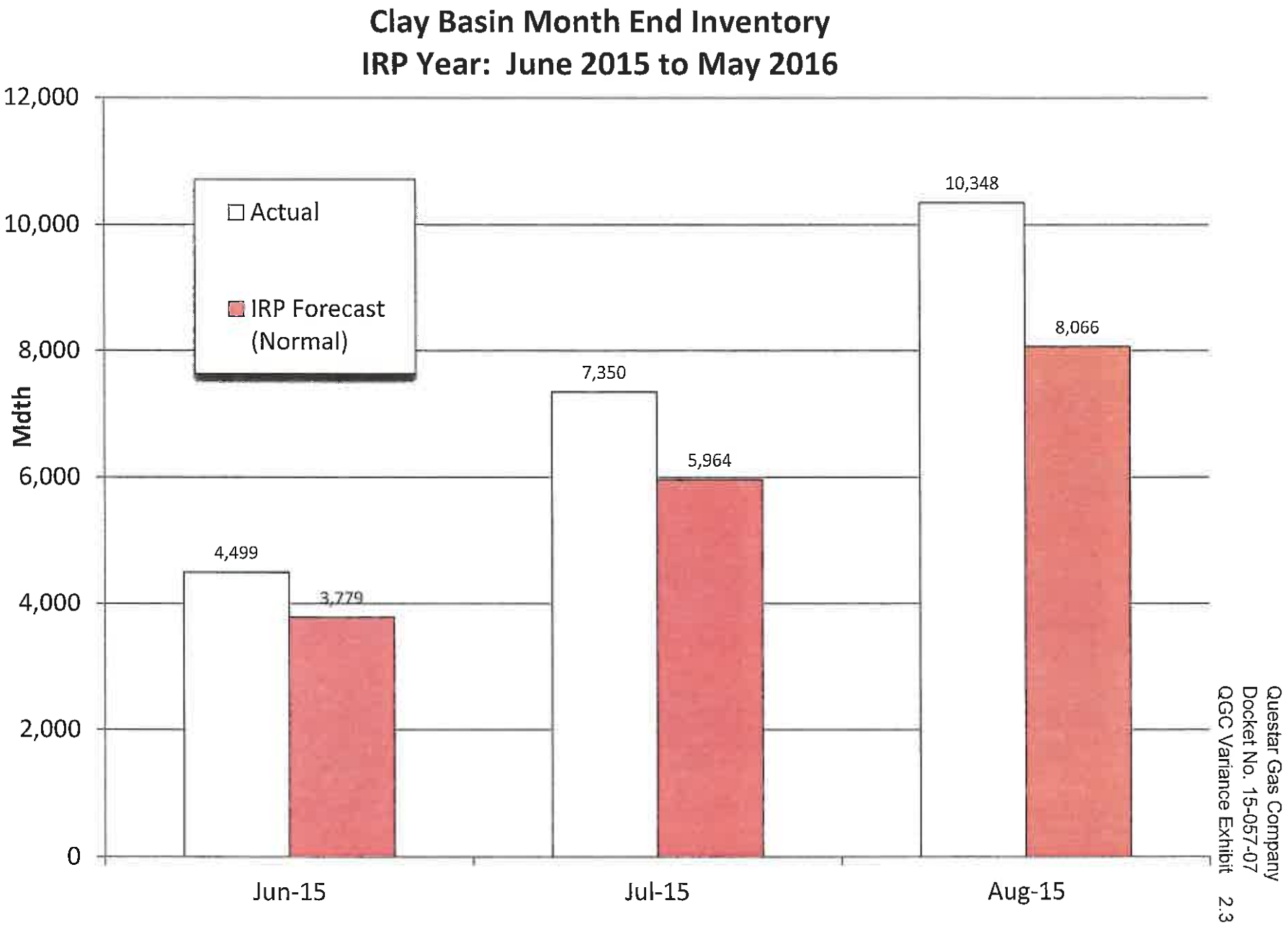
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.3

Gas Storage Graphs
Exhibits 2.1 – 2.4
Docket No. 15-057-07


Clay Basin Month End Inventory
IRP First Quarter: June to August
Mdth
12,000
10,000
8,000
6,000
4,000
2,000
0
Actual
IRP Forecast (Normal)
4,499
3,779
7,350
5,964
10,348
8,066
Jun-15
Jul-15
Aug-15
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.1

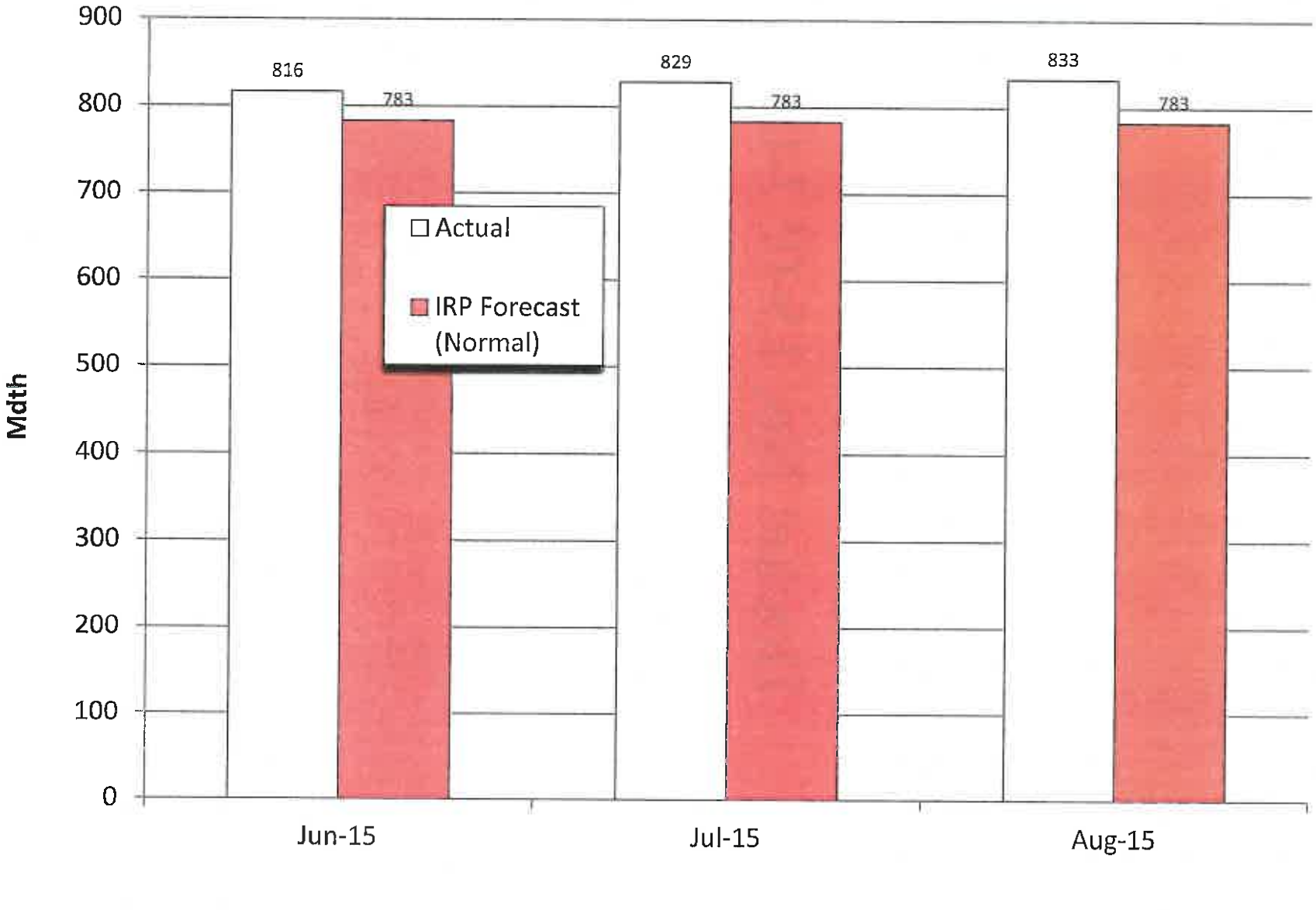


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.2



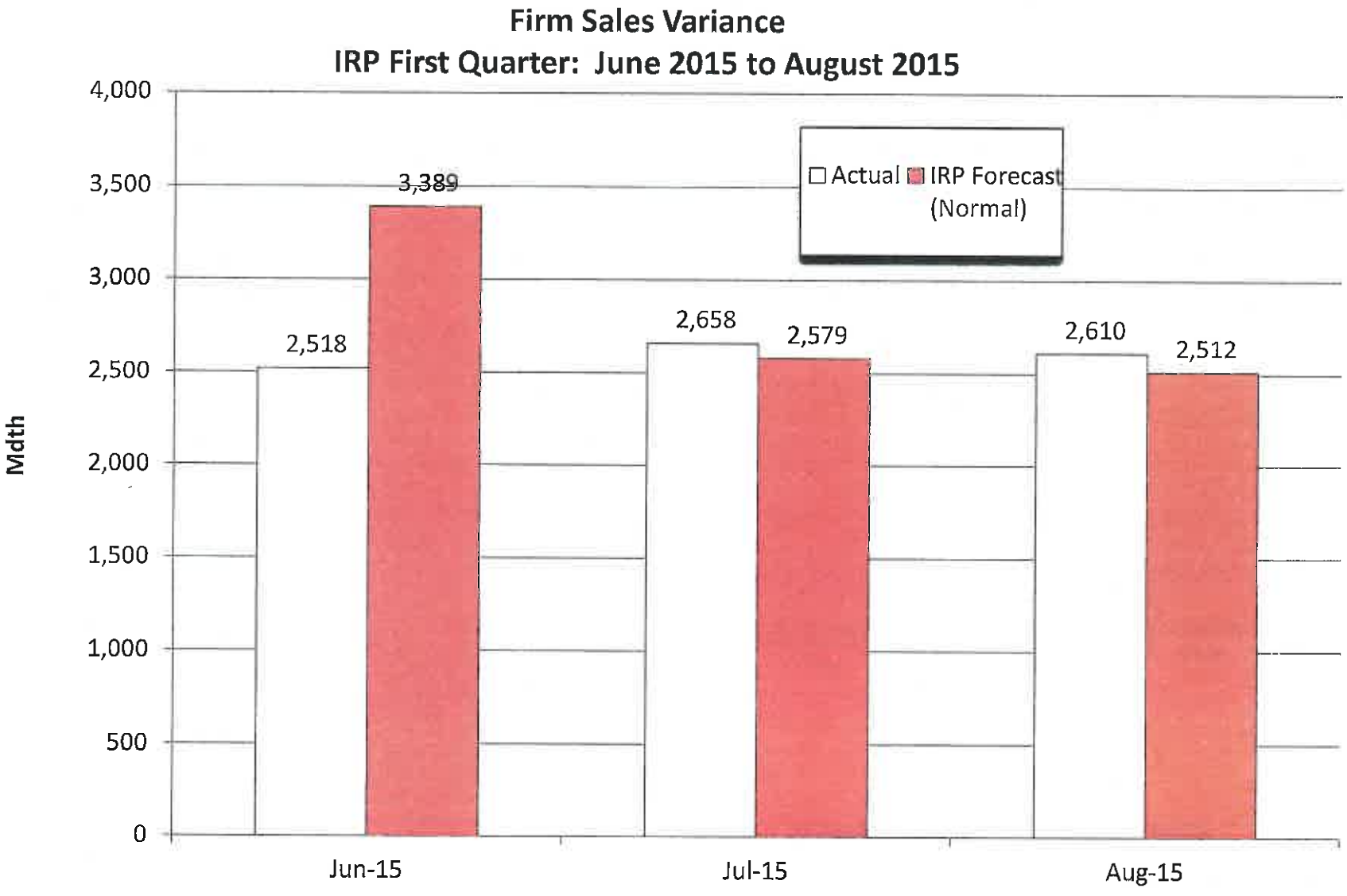
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.3

Aquifer Month End Inventory
IRP Year: June 2015 to May 2016



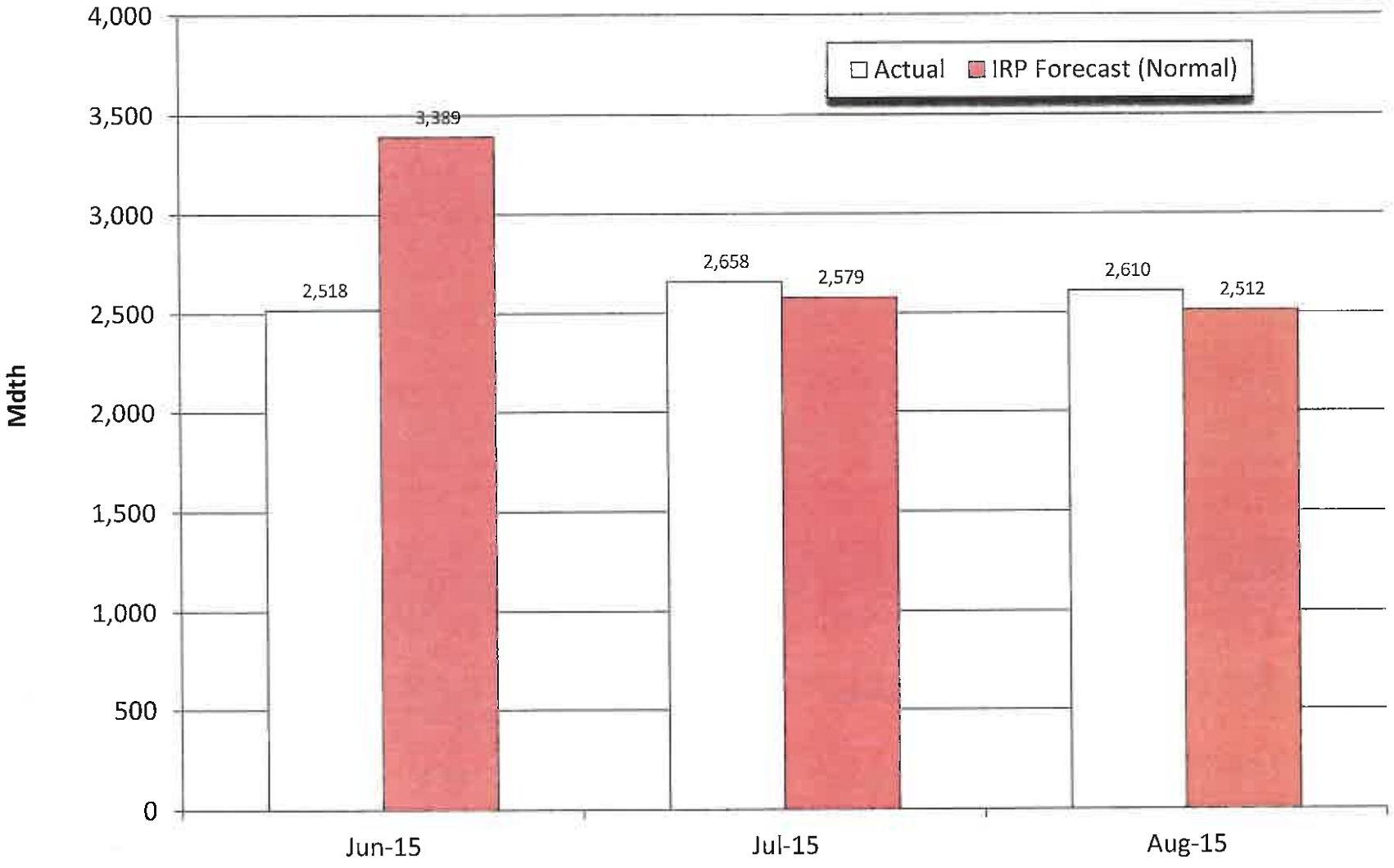
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.4

Firm Sales Graphs
Exhibits 3.1 – 3.4
Docket No. 15-057-07

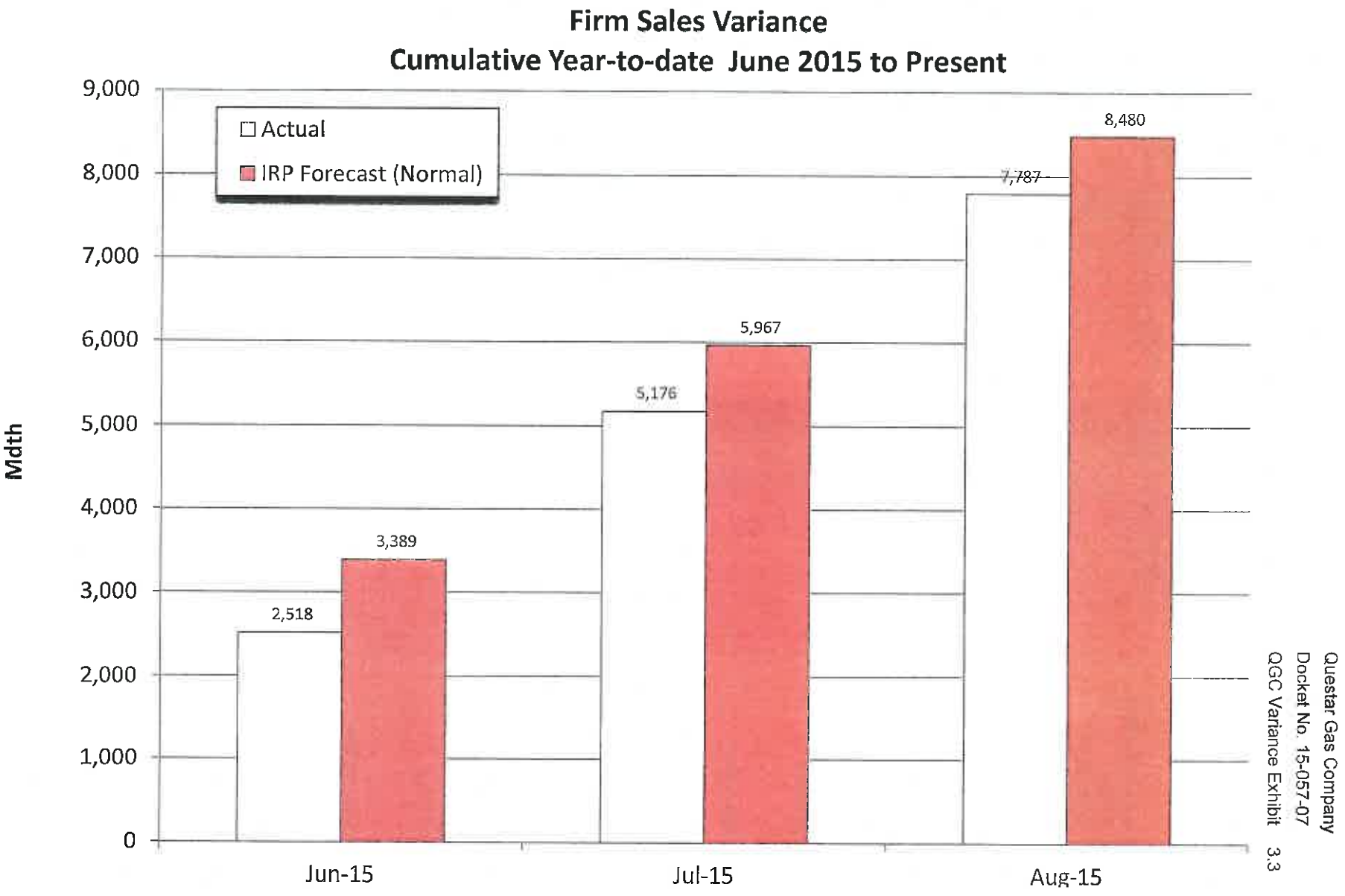


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 3.1

Firm Sales Variance
IRP Year: June 2015 to Present



Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 3.2


Firm Sales Variance
Cumulative Year-to-date June 2015 to Present
Mdth
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
Actual
IRP Forecast (Normal)
2,518
3,389
5,176
5,967
7,787
8,480
Jun-15
Jul-15
Aug-15
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 3.3

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 3.4

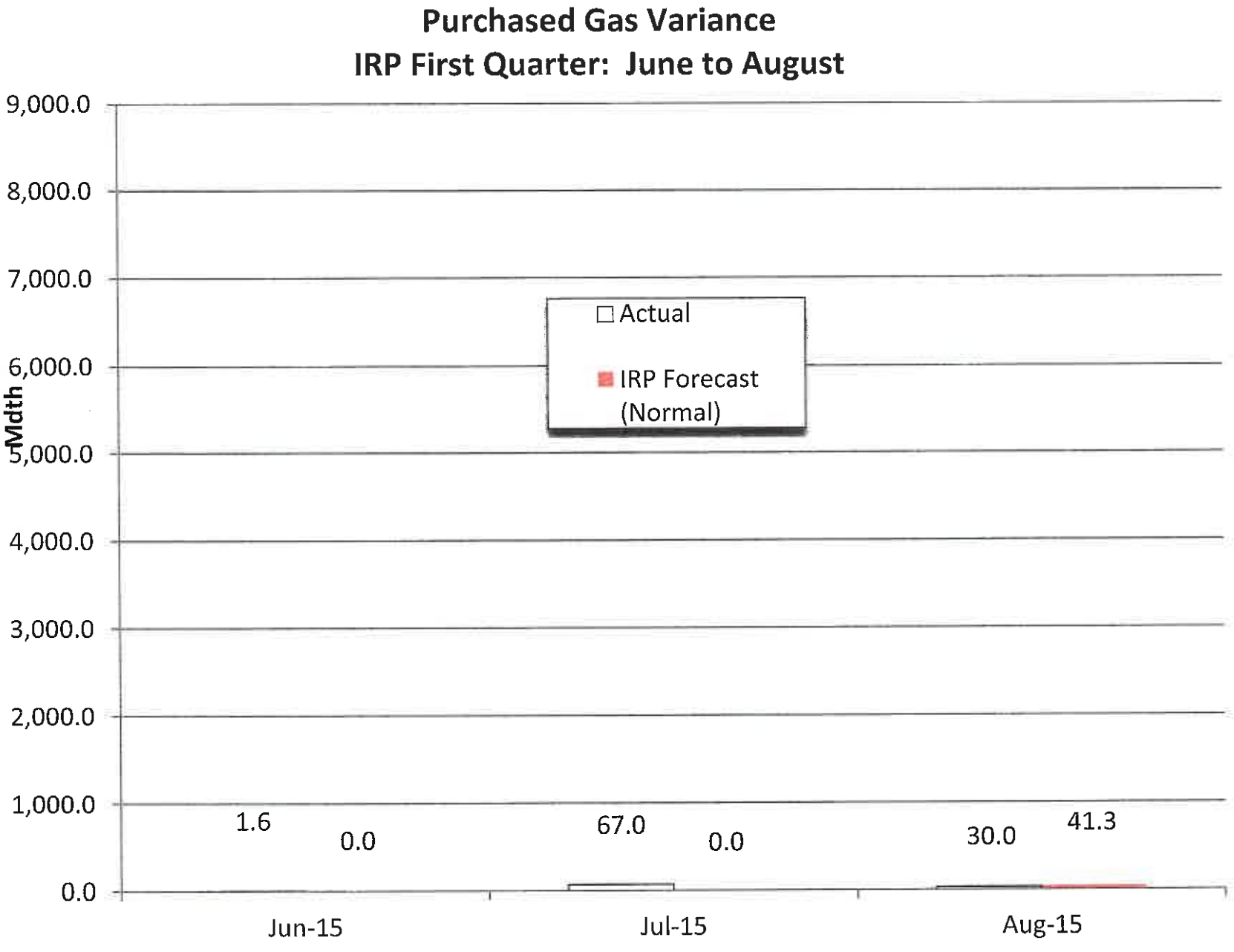
IRP Variance

Actual Results

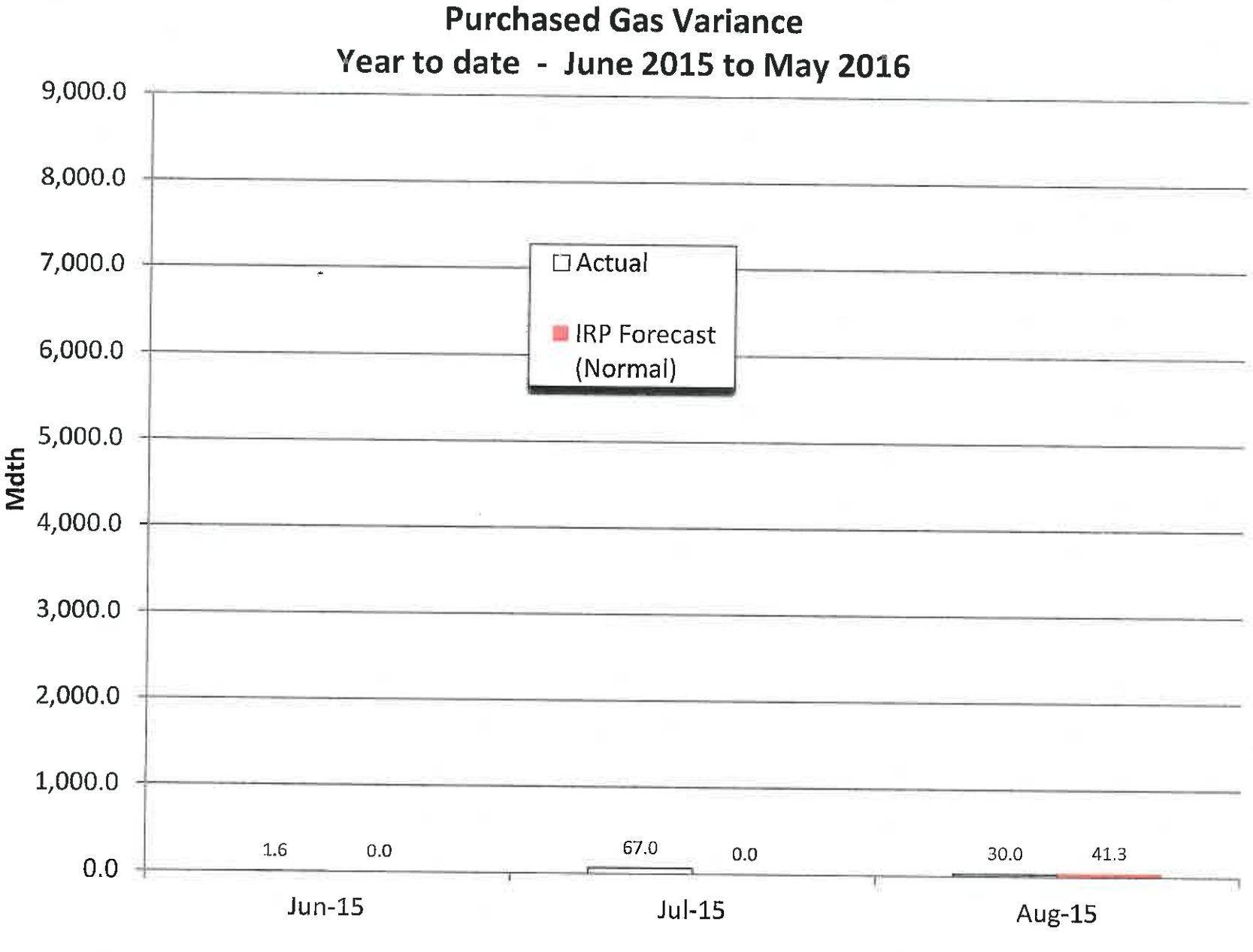
		Jun-15		Jul-15		Aug-15	
	SUPPLY	Actual	IRP	Actual	IRP	Actual	IRP
1	Cost of Service Prod (Mbtu)	6,123	5,462	6,033	5,809	5,785	5,579
2	Purchases (Mbtu)	2	-	67	-	30	41
3	Clay Basin With (Mbtu)	-	123	-	67	-	20
4	Acquifers With (Mbtu)	67	-	65	-	0	-
5	Ryckman With (Mbtu)	-	-	-	-	-	-
6	Off-System	71	87	65	89	75	88
7	Total Supply	6,263	5,672	6,230	5,964	5,890	5,729
	DEMAND						
8	Firm Sales (Mbtu)	2,518	3,389	2,658	2,579	2,610	2,512
9	Interruptible Sales (Mbtu)	233	209	86	121	87	94
10	Clay Basin Inj (Mbtu)	2,809	1,703	2,927	2,251	2,998	2,122
11	Acquifers Inj (Mbtu)	91	-	81	-	5	-
12	Ryckman Inj (Mbtu)	-	-	-	620	-	620
13	Off-System	71	83	65	85	75	85
14	Fuel	126	270	168	294	157	282
15	Company Use / L&U	414	19	245	14	(41)	14
16	Total Demand	6,263	5,672	6,230	5,964	5,890	5,729
17	Clay Basin Fuel Usage Adjustment	-	-	0	-	(0)	-
18	Clay Basin Transfers	(0)	-	(75)	-	-	-
19	Acquifers Fuel Usage Adjustment	(2)	-	(3)	-	(1)	-
20	Acquifers Transfers	-	-	-	-	-	-
21	Clay Basin Current Balance	4,499	3,779	7,350	5,964	10,348	8,066
22	Acquifers Current Balance	816	783	829	783	833	783
23	Purchases($/Dth)	2.14	-	2.87	-	2.90	3.78
24	Purchases $ (000)	3	-	192	-	87	156
	Variances						
25	Cost of service volumes	661	-	224	-	206	-
26	Purchase volumes	2	-	67	-	-	-
27	Purchase $ Act over (under) IRP	$ 3	$ -	$ 192	$ -	$ -	$ (69)
28	Vol Variance	$ -	$ -	$ -	$ -	$ -	$ (43)
29	$ Variance	$ 3	$ -	$ 192	$ -	$ -	$ (26)
30	Check	$ -	$ -	$ -	$ -	$ -	$ -
31	Quarter Variance					$ 127	
32	Vol Variance					$ (43)	
33	$ Variance					$ 169	
34	Check					$ -	

Gas Purchased From Third Parties

Volume Variance Exhibits 4.1 – 4.3 Docket No. 15-057-07

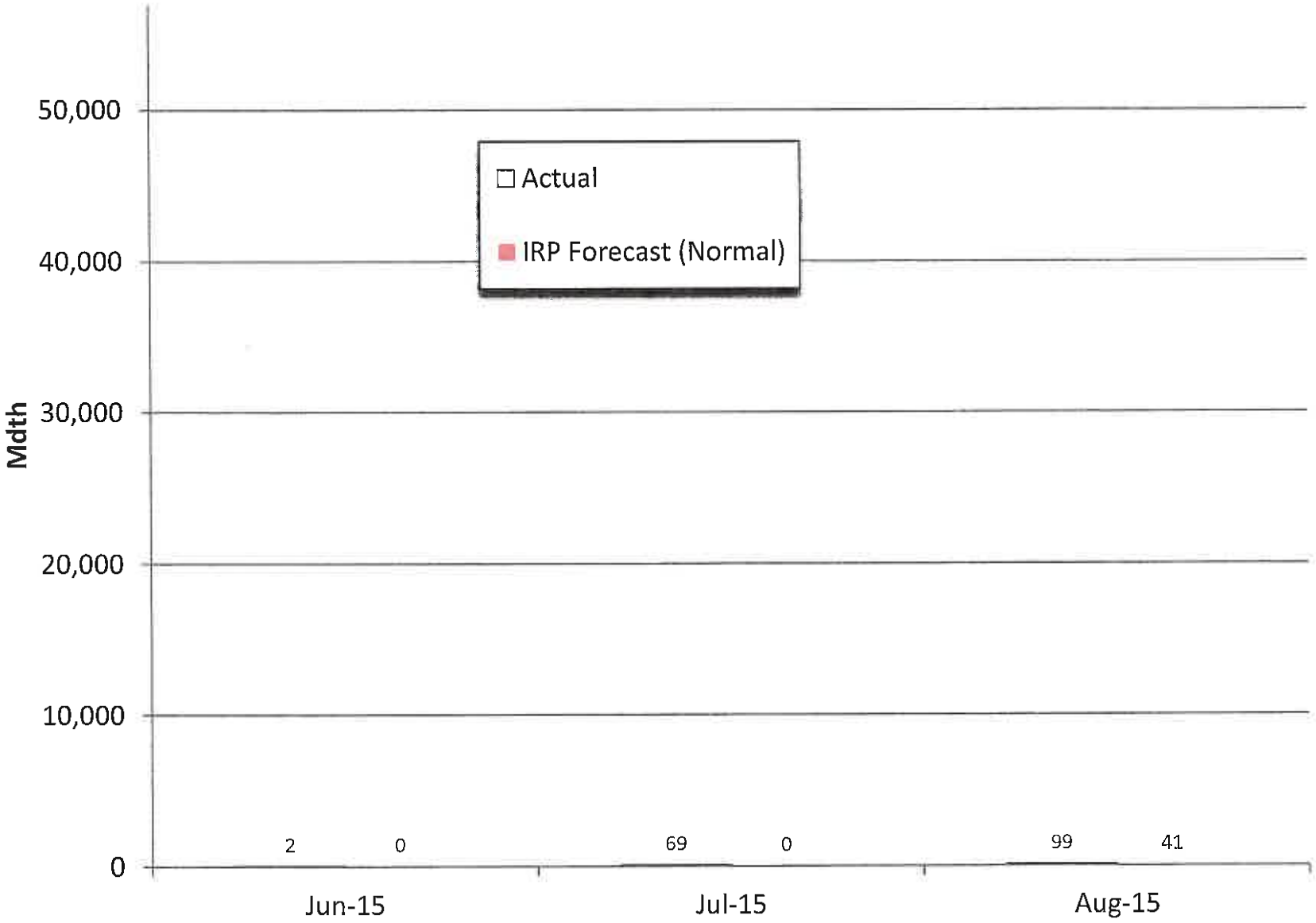


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 4.1



Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 4.2

Purchased Gas Variance
Cumulative Year-to-date June 2015 to Present

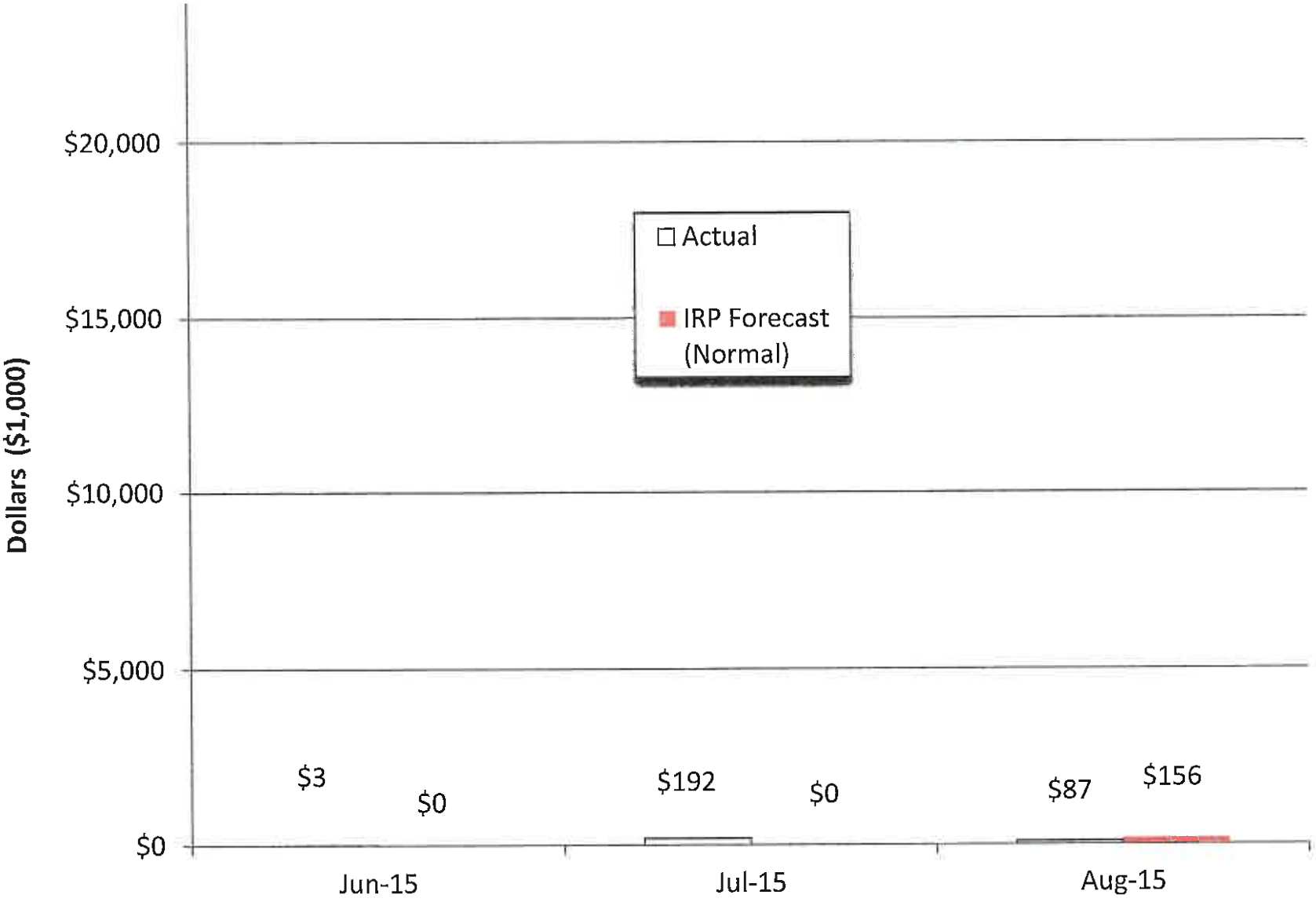


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 4.3

Gas Purchased From Third Parties

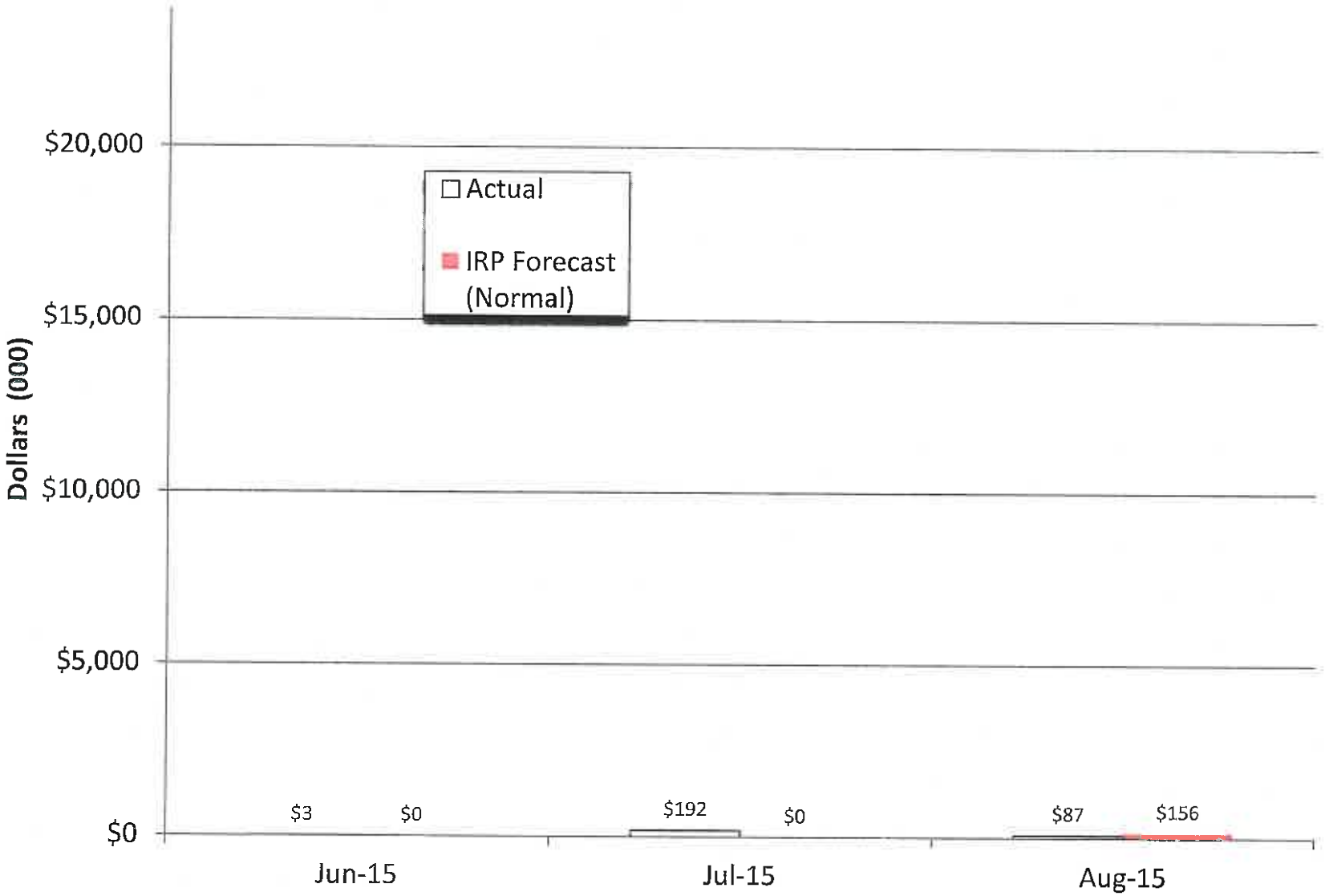
Cost Variance Exhibits 5.1 – 5.3 Docket No. 15-057-07

Purchased Gas Cost Variance
IRP First Quarter: June to August

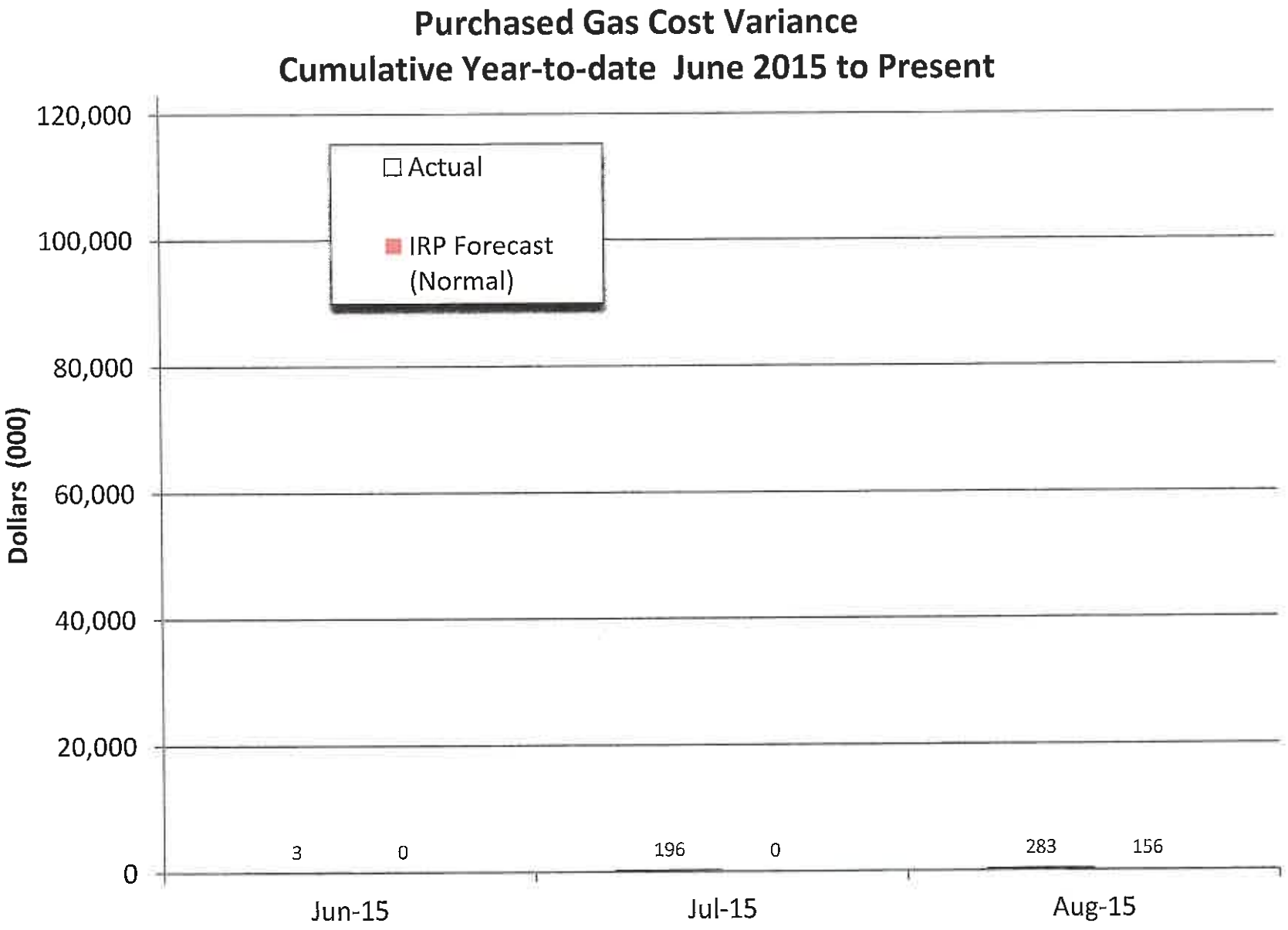


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 5.1

Purchased Gas Cost Variance
Year to date - June 2015 to May 2016



Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 5.2

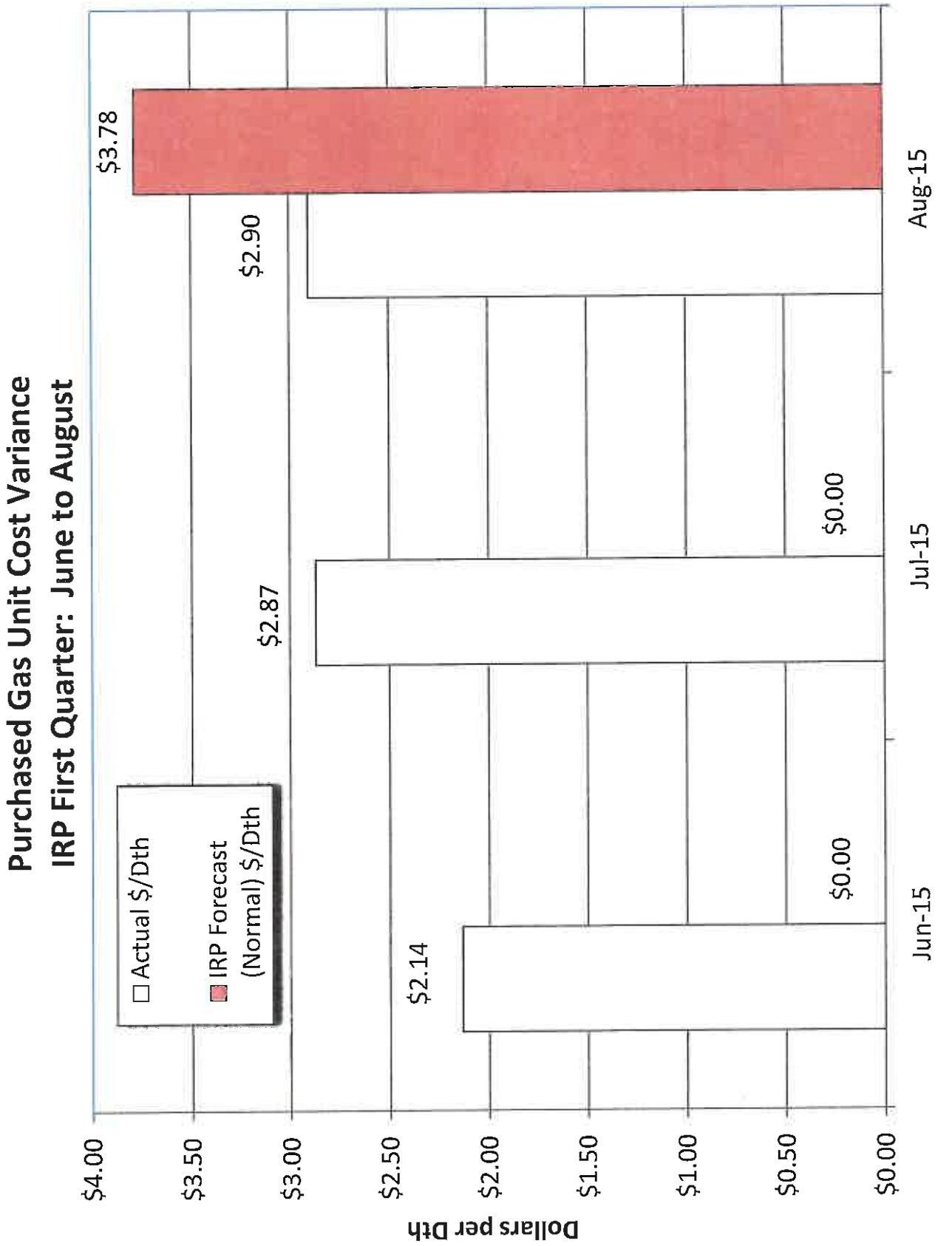


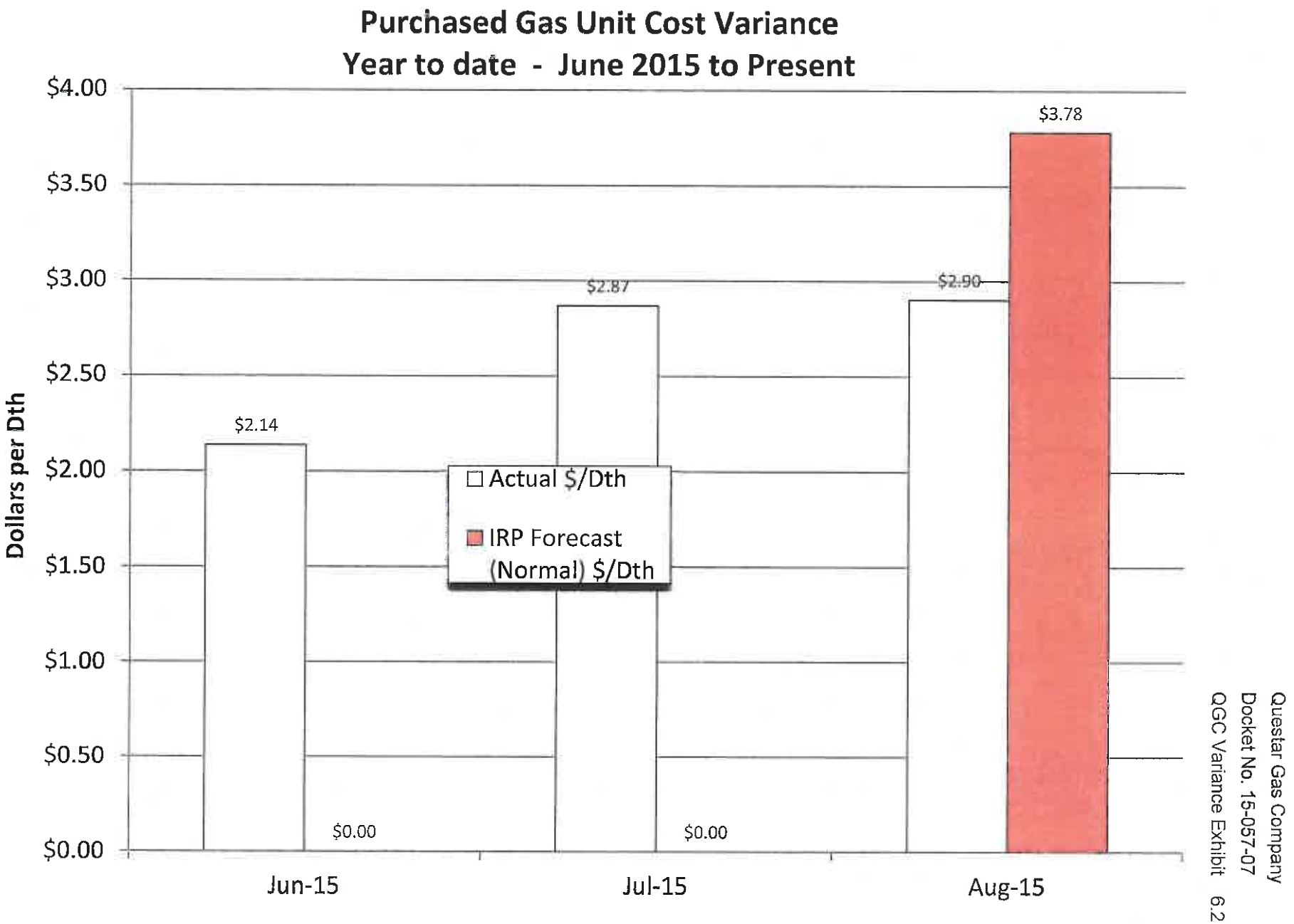
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 5.3

Gas Purchased From Third Parties

Unit Cost Variance Exhibits 6.1 – 6.2 Docket No. 15-057-07

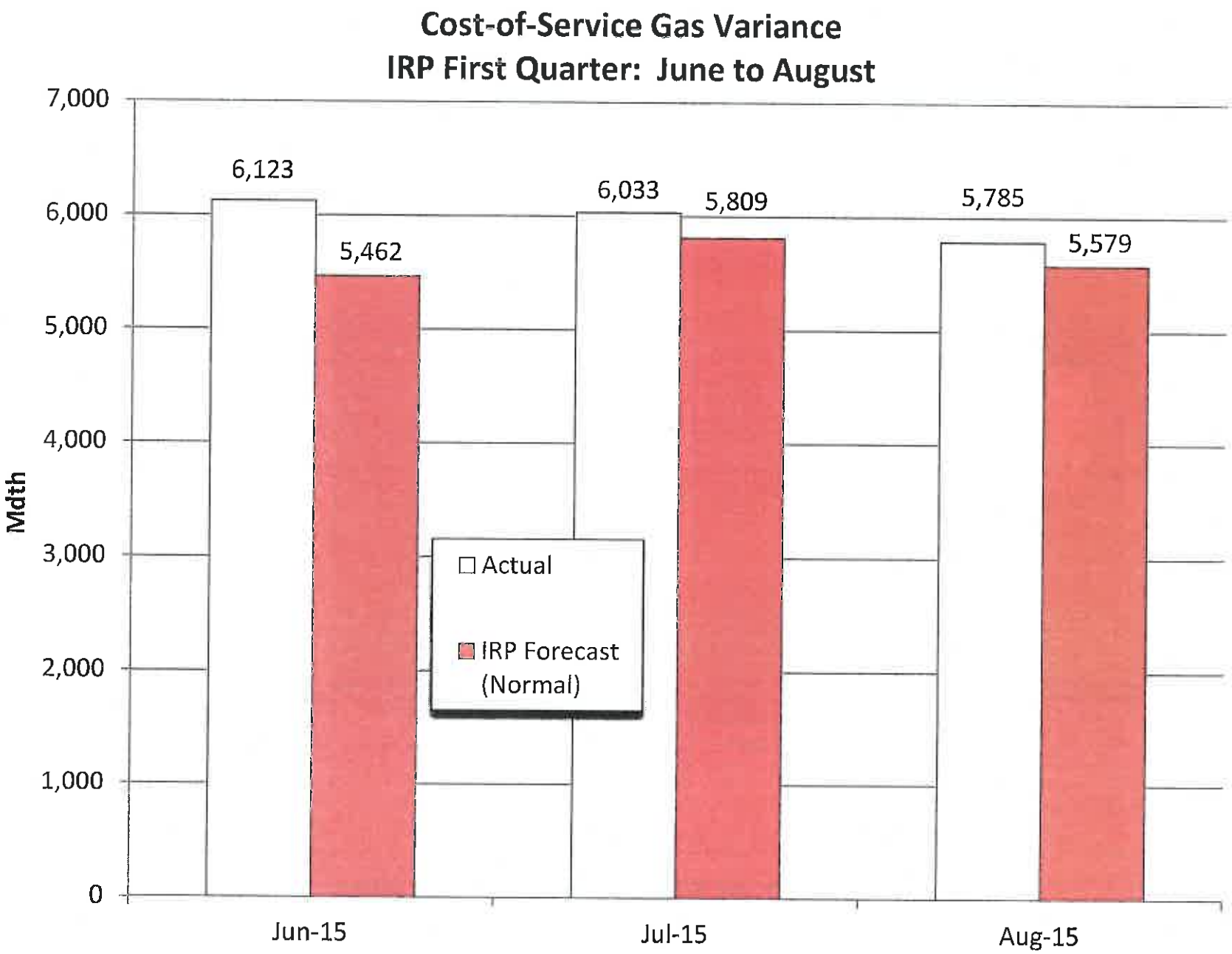
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 6.1





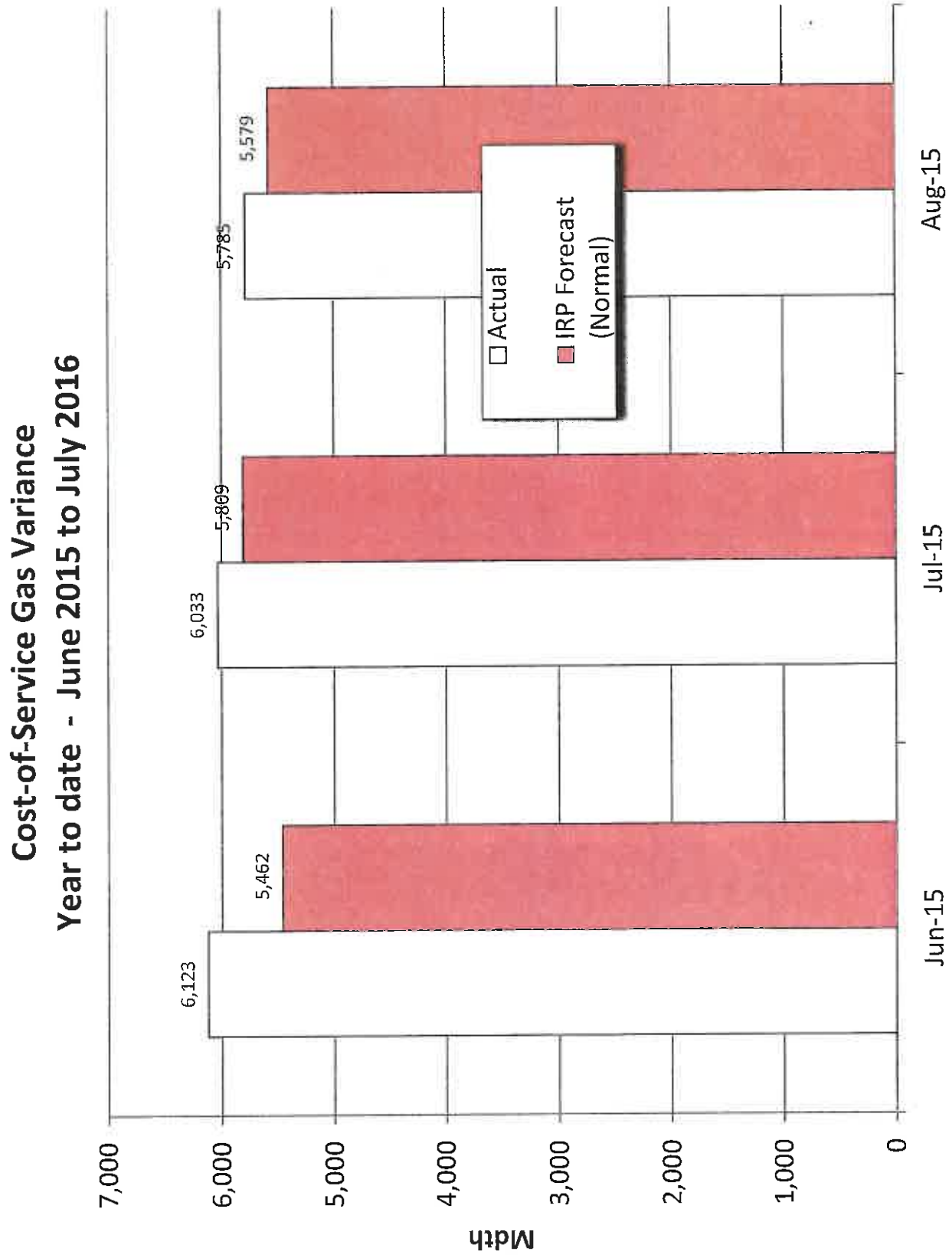
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 6.2

Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 15-057-07

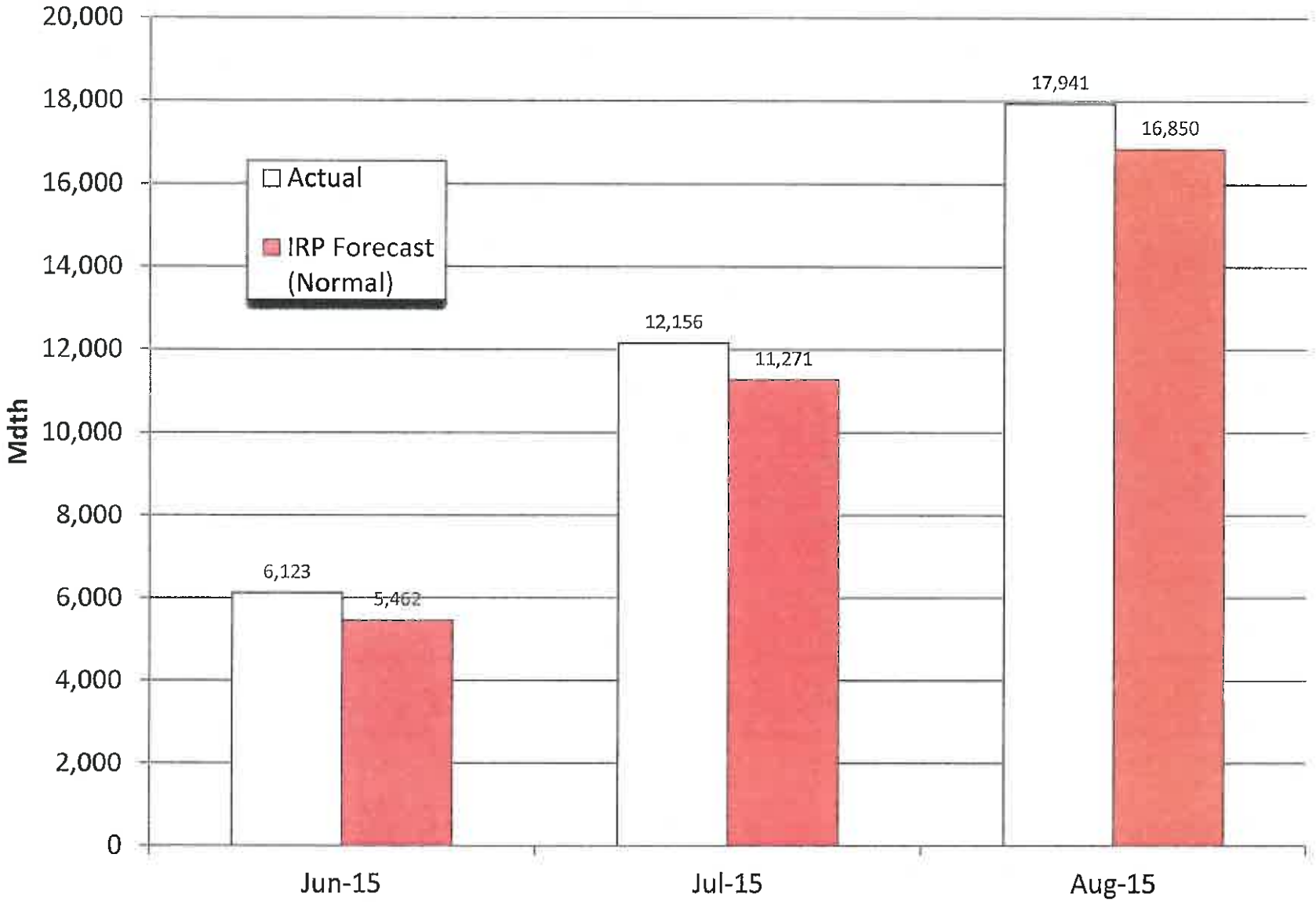


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 7.1

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 7.2

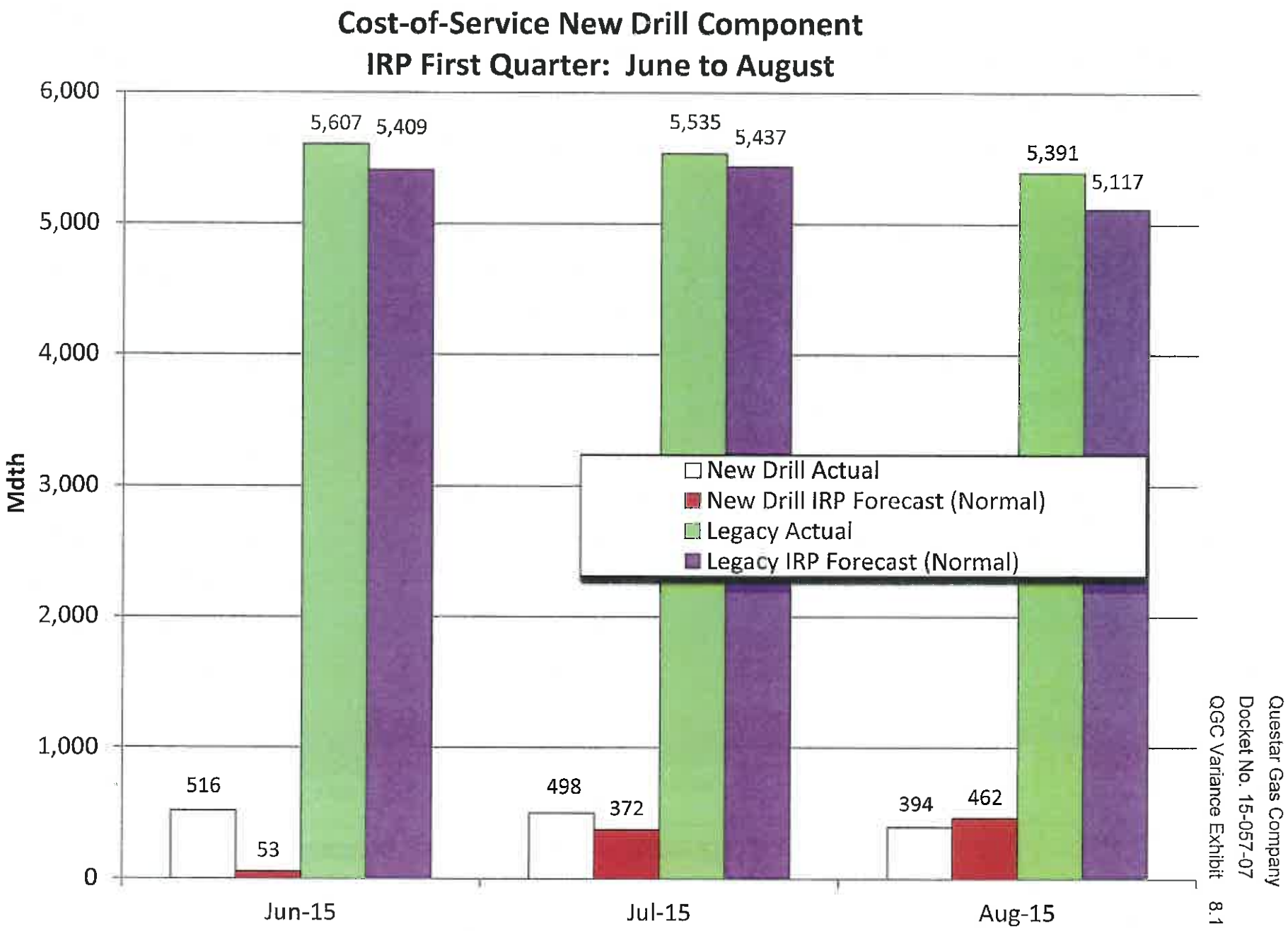


Cost-of-Service Gas Variance
Cumulative Year-to-date June 2015 to Present



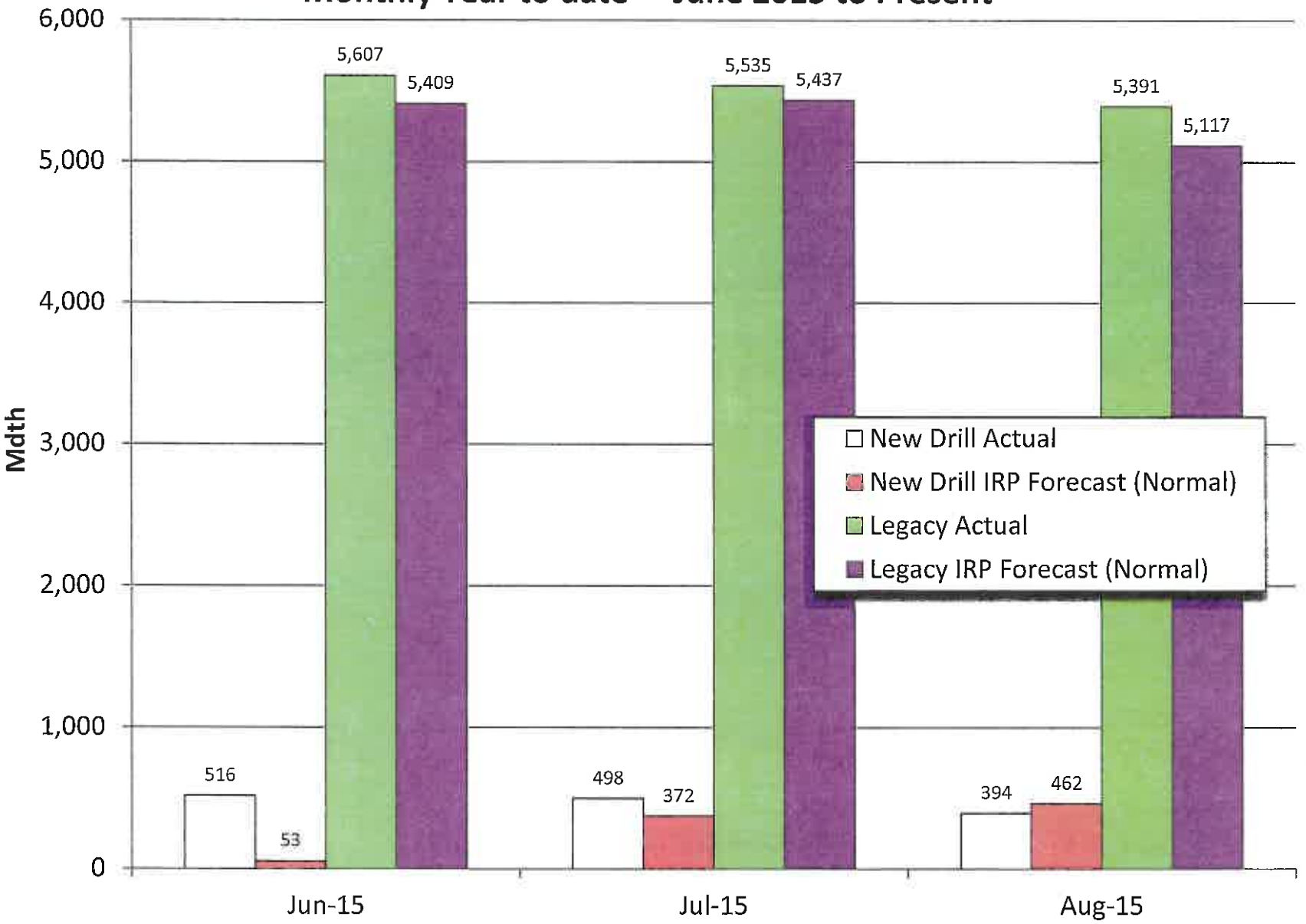
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 7.3

Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 15-057-07

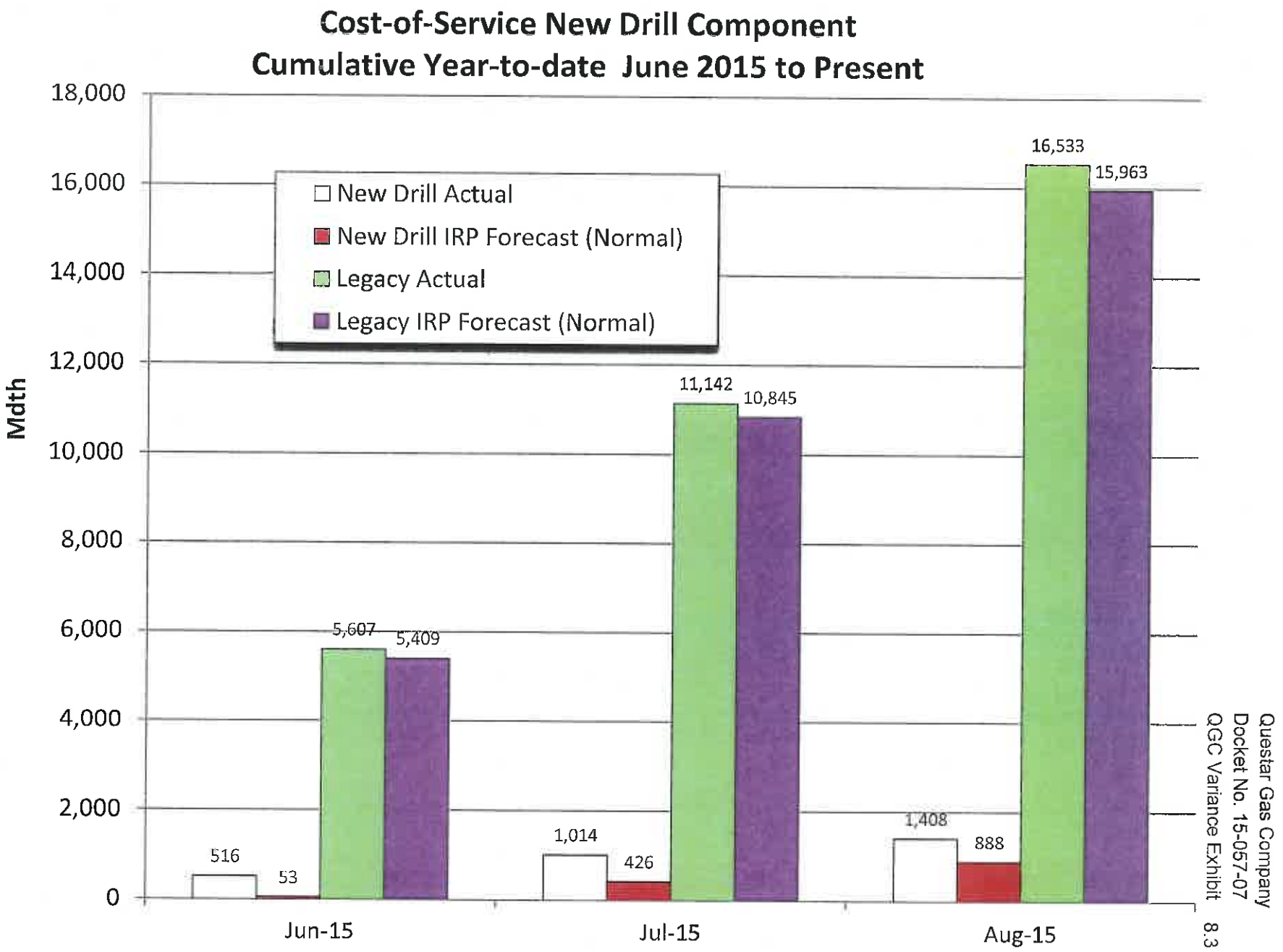


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 8.1

Cost-of-Service New Drill Component
Monthly Year to date - June 2015 to Present



Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 8.2


Cost-of-Service New Drill Component
Cumulative Year-to-date June 2015 to Present
Mdth
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
New Drill Actual
New Drill IRP Forecast (Normal)
Legacy Actual
Legacy IRP Forecast (Normal)
516
53
5,607
5,409
1,014
426
11,142
10,845
1,408
888
16,533
15,963
Jun-15
Jul-15
Aug-15
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 8.3

Data
Exhibits 9.1 – 9.3
Docket No. 15-057-07

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 9.1

Total Production and New Drill by Nomination Group

[REDACTED]

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 9.2

Total Production and New Drill by Nomination Group

[REDACTED]

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 9.3

Gas Purchases

[REDACTED]

Purchase Gas and Cost-of-Service Gas Price Comparison
Exhibits 10.1 – 10.2
Docket No. 15-057-07

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 10.1

Purchase Gas vs Cost-of-Service Gas
Historical

[REDACTED]

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 10.2

Actual Purchased Gas vs TTM Cost-of-Service Gas
IRP Year 2015

[REDACTED]