Third Quarter
Variance Report
Redacted

December 2015
through
February 2016
Docket No. 15-057-07

Questar Gas Company
Third Quarter Variance Report
December 2015 – February 2016

Questar Gas Company (Questar Gas or Company) respectfully submits this Third Quarter Variance Report for the period December 2015 – February 2016. 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 the period December through February was slightly warmer than the forecast shown in the 2015-2016 IRP. See Exhibit 1.1.

Gas Storage — Exhibits 2.1 – 2.4

Clay Basin – Exhibit 2.1 shows that Clay Basin inventory was below the IRP forecast in December and above the IRP forecast in January and February. As noted in the Second Quarter Variance Report, the 7,740 Mdth inventory in December includes 500 Mdth purchased in the reservoir from Questar Pipeline. Exhibit 2.3 illustrates that actual Clay Basin inventory was lower than the IRP forecast at the end of November due to colder-than-normal weather in November and expected low prices in the upcoming months. Low prices were expected due to high storage levels throughout the country at that time. As a result of the lower inventory level in early December, the inventory levels at the end of December were also below forecasts. Warmer-than-normal weather in January combined with higher than forecasted purchases due to low purchased gas prices resulted in a return to near-forecasted inventory levels at the end of January. Continued warmer-than-normal weather and low prices for purchased gas resulted in higher than forecasted inventory levels by the end of February.

Aquifers – Exhibit 2.2 shows that actual inventories in the aquifers were slightly below IRP projections in December and February and slightly above in January. The amount stored in the Aquifers over the quarter was slightly less than projections.

Firm Sales — Exhibits 3.1 – 3.4

Heating degree days in the quarter were relatively close to normal with a total difference of 124 below normal for the full quarter. The largest variance between actual and forecasted sales occurred during the month of December. Usage per GS customer in that month was 0.88 Dth higher than projected, and customer additions in the same month were about 4,000 above the forecasted level.

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

Exhibit 4.1 shows significantly more third party purchase in December and January compared to projections. December and January purchases were due to low prices. Less gas was purchased in February than projected due to gas available in Clay Basin.

Gas Purchased from Third Parties Cost Variance Exhibits 5.1 – 5.3

Total monthly costs for gas purchases from third parties were higher than projections for December and January because more gas was purchased than had been estimated but below projections for February.

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

Unit costs for the quarter are significantly below projections. This reduced the cost of the higher purchased volumes explained above.

Cost-of-Service Gas Exhibits 7.1 – 7.3

For December, cost-of-service production was in line with estimates. For January and February cost-of-service production was higher than estimates.
The most significant factor causing the January and February increase in production occurred in Canyon Creek with the acquisition and inclusion of the Canyon Creek Stipulation wells. These wells were not included in the IRP forecast because the approval was not finalized before modeling the 2015-2016 IRP. These wells are included in Exhibit 9.1. The Canyon Creek acquisition accounts for most of the variance in both of these months.

Table 1 summarizes estimated average daily shut-in verses actual average daily shut-in during the quarter. There was no shut-in for the quarter.

TABLE 1

	December	**January**	**February**
Estimated Shut-in (dth/day)	0	0	0
Actual Shut-in (dth/day)	0	0	0

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

For the quarter new drill was lower than projected due to natural decline in Pinedale wells that came on in the spring ahead of schedule.

Table 2 summarizes purchase and cost-of-service volume variances using IRP projections and actual results as a percent of total. The Q3 number on line 4 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 Into-Pipe as Percent of Total	IRP Forecast (Normal) Cost-of-Service Into-Pipe as Percent of Total
1	Dec-15	68.04%	60.35%	31.96%	39.65%
2	Jan-16	66.94%	62.77%	33.06%	37.23%
3	Feb-16	62.34%	64.89%	37.66%	35.11%
4	Q3	66.10%	62.69%	33.90%	37.31%

Supplemental Graphs Exhibits 9.1 – 9.4

Confidential Exhibits 9.1 and 9.2 show the total production and new drill by nominations group. Confidential Exhibit 9.3 shows detailed information related to gas purchases.

Average Market Price and Cost-of-Service Price Exhibits 10.1, 10.2

Confidential Exhibit 10.1 shows the price difference between cost-of-service gas and average market price. Confidential Exhibit 10.2 compares the actual market price with the trailing twelve months (TTM) price of cost-of-service gas on an into-pipe basis. Beginning in 2016, the Northwest Pipeline first-of-month price is used for the market price in Exhibits 10.1 and 10.2, per the Canyon Creek Settlement Stipulation Docket No. 15-057-10.

Gathering

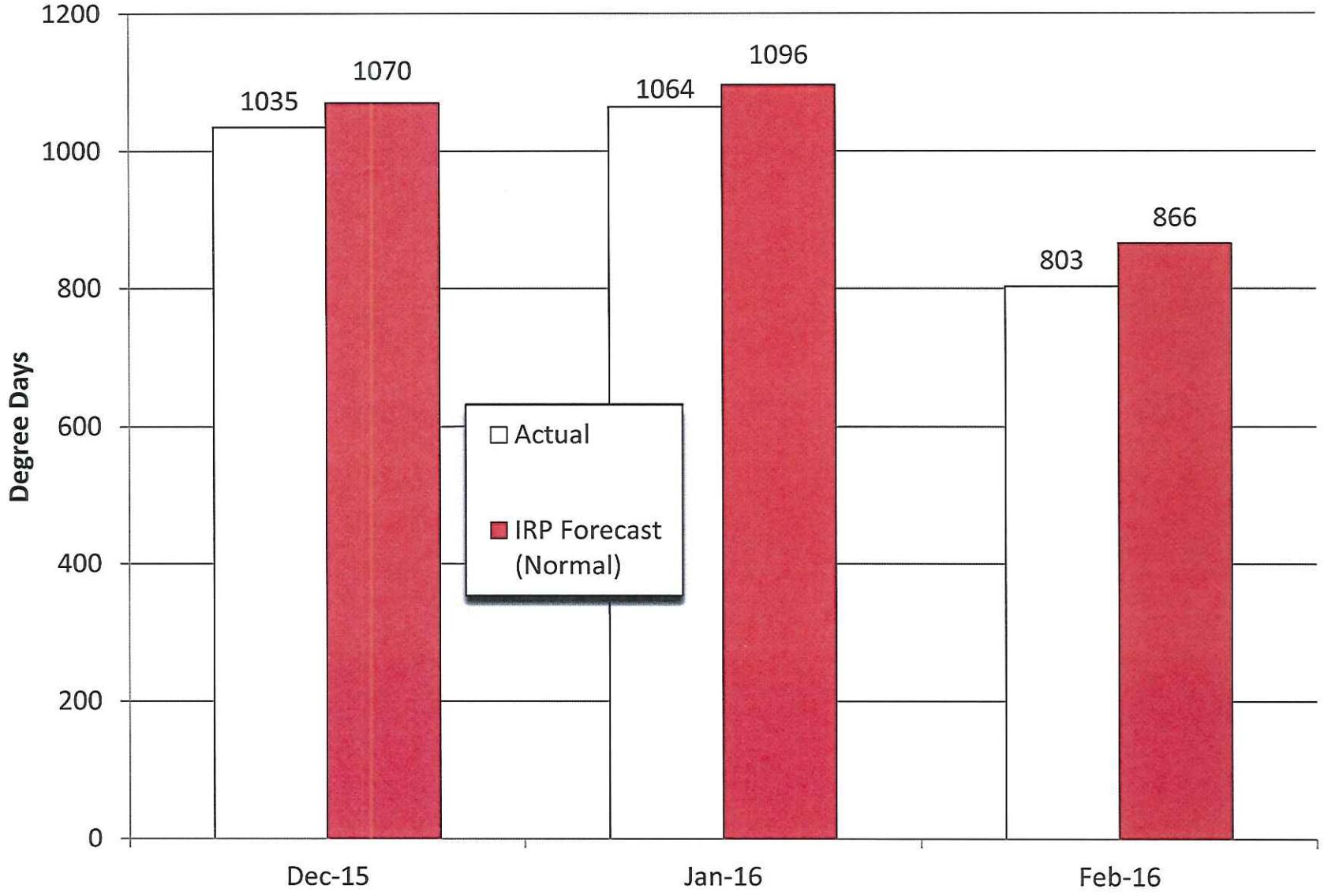
Pursuant to Commission order in Docket No. 12-057-07, the Company provides the following update regarding the Questar Gas Company v. QEP Field Services Company (QEP) lawsuit. The Company and QEPFS/Tesoro have reached a confidential settlement agreement to resolve issues raised in litigation (QGC v. QEP) pertaining to the system wide gathering agreement. The confidential settlement agreement resolved all disputed claims in the lawsuit.

DNG Action Plan Variance Report

The first quarter variance report provided details on the following projects: NO0001 District Regulator Station, North Ogden; TG0003 Kern River Tap, Saratoga; and Lark Compressor Station. During the third quarter, the Company resolved its plan to alleviate low HP system pressures on FL 36 in West Jordan by tying the east and west portions of FL 36 together. The eastern leg taps FL 34 on approximately 9800 South and Redwood Rd. It extends west from that point to a district regulator station located at approximately 2700 West and 9800 South. The western leg of FL 36 runs along Old Bingham Highway and connects with a regulator station at approximately 4000 West. The scope for this project includes installation of approximately 15,000 linear feet of 6" HP pipe. The project is scheduled to begin in May, 2016 and to be completed in December of 2016. There were no other variances during the third quarter.

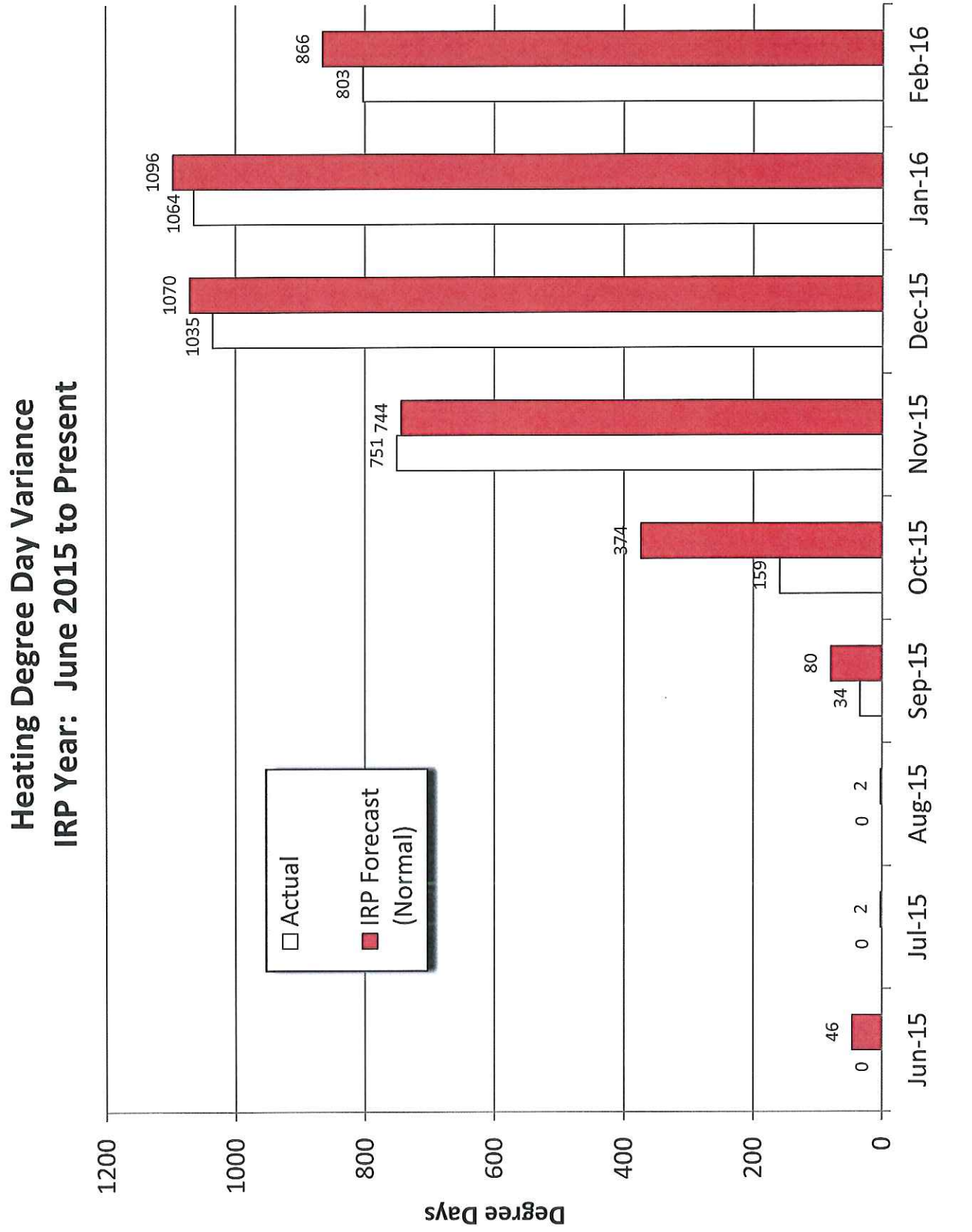
Heating Degree Day Graphs
Exhibit 1.1 – 1.3
Docket No. 15-057-07

Heating Degree Day Variance
IRP Third Quarter: December to February

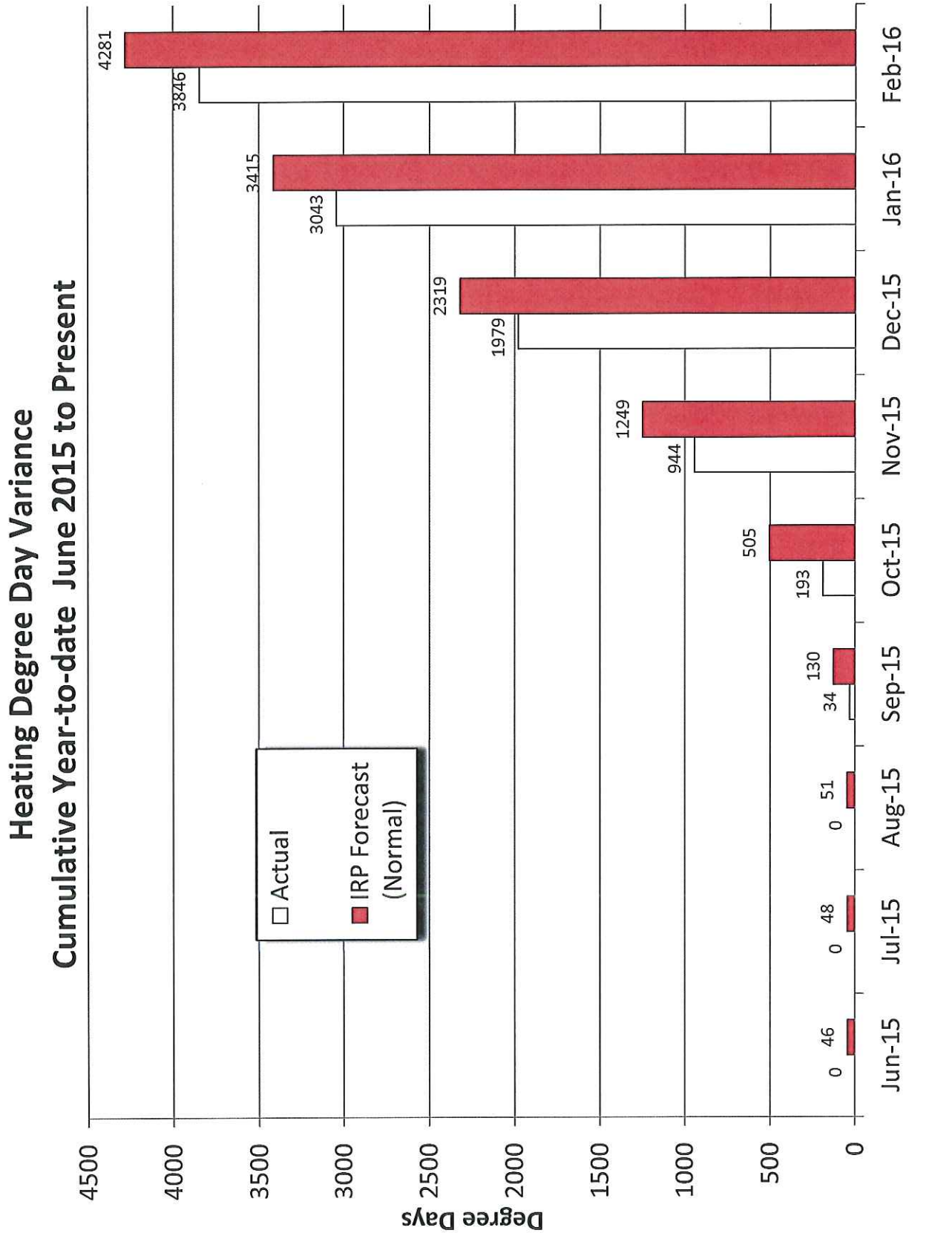


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.1

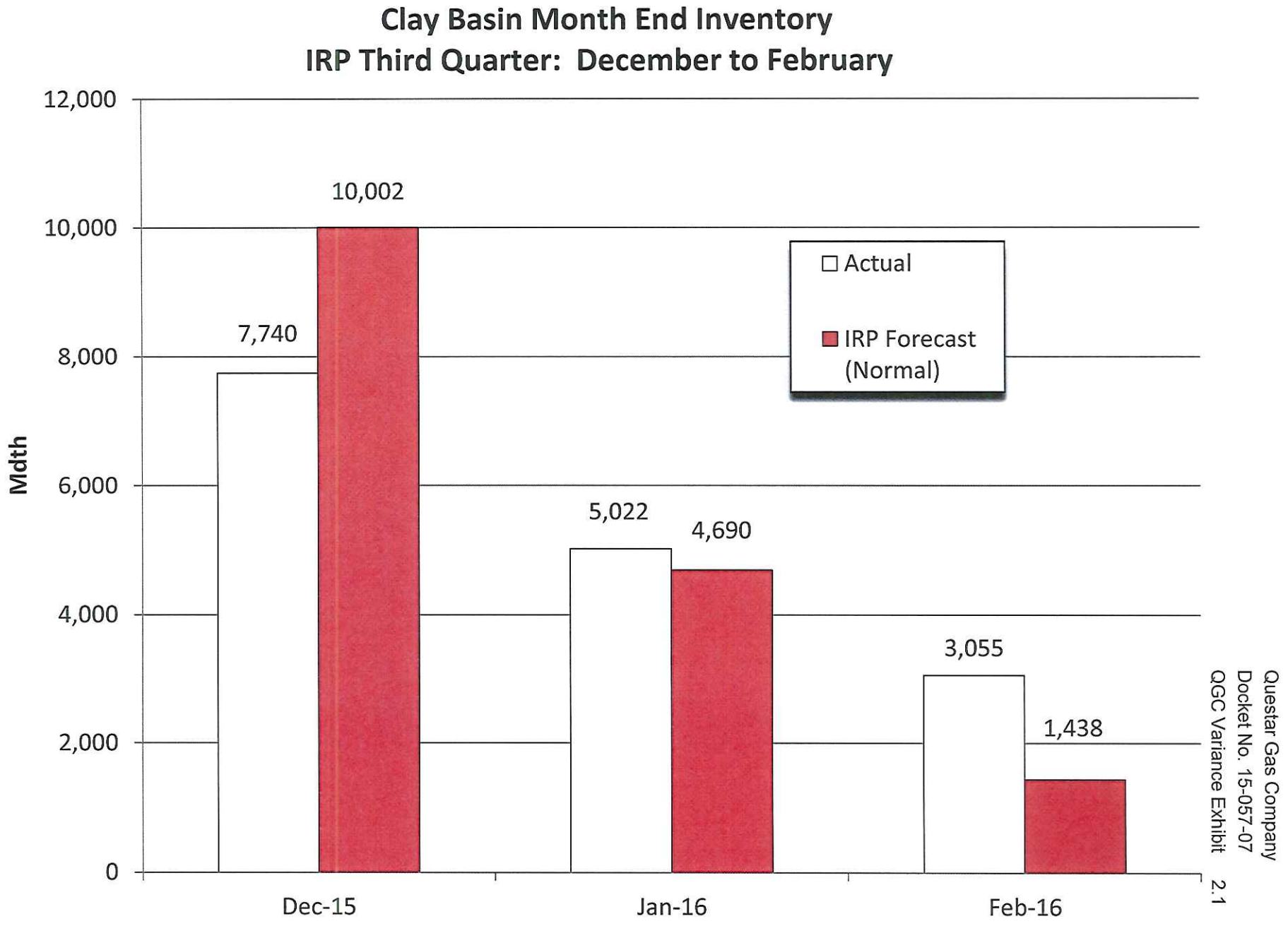
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.2



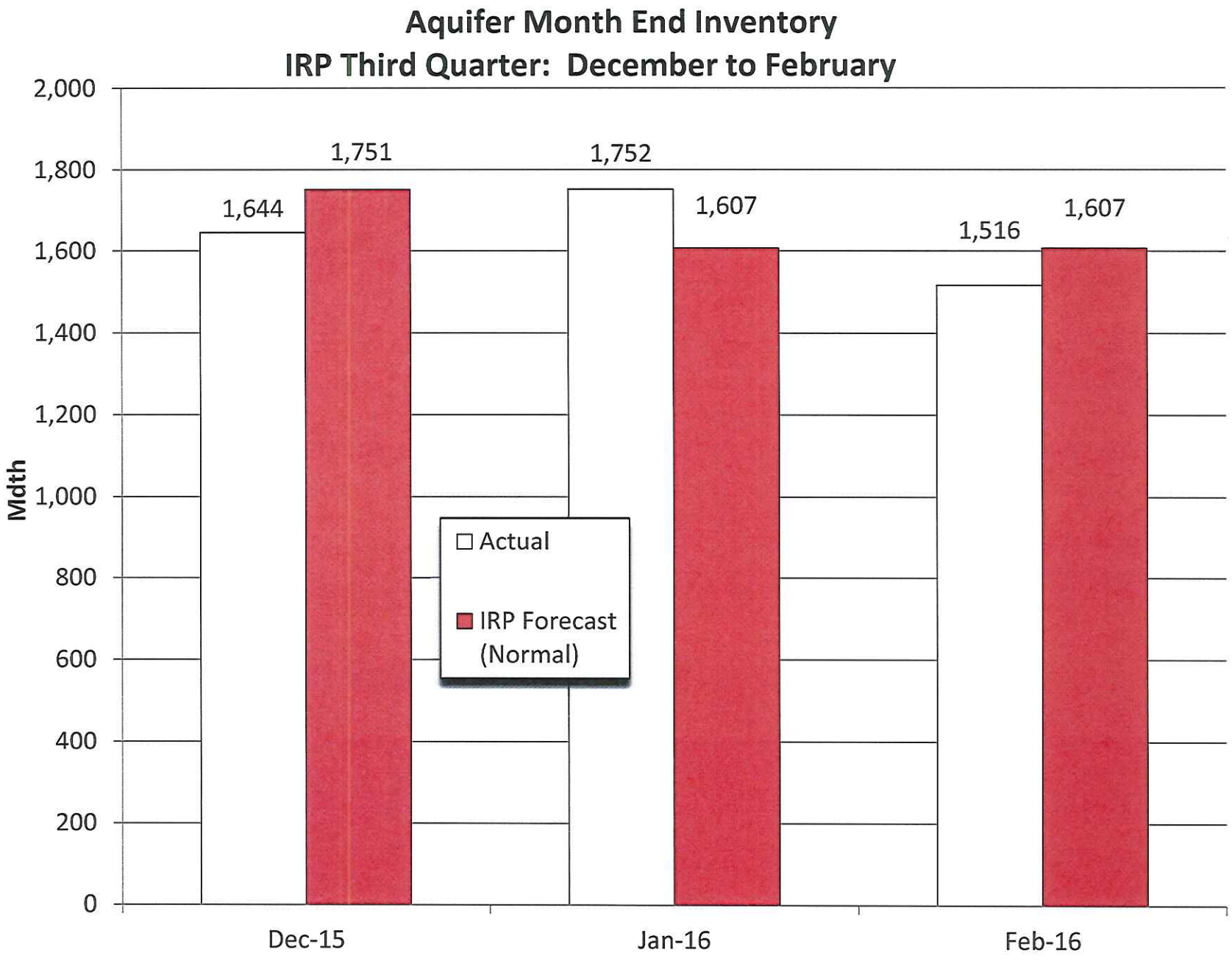
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 1.3



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

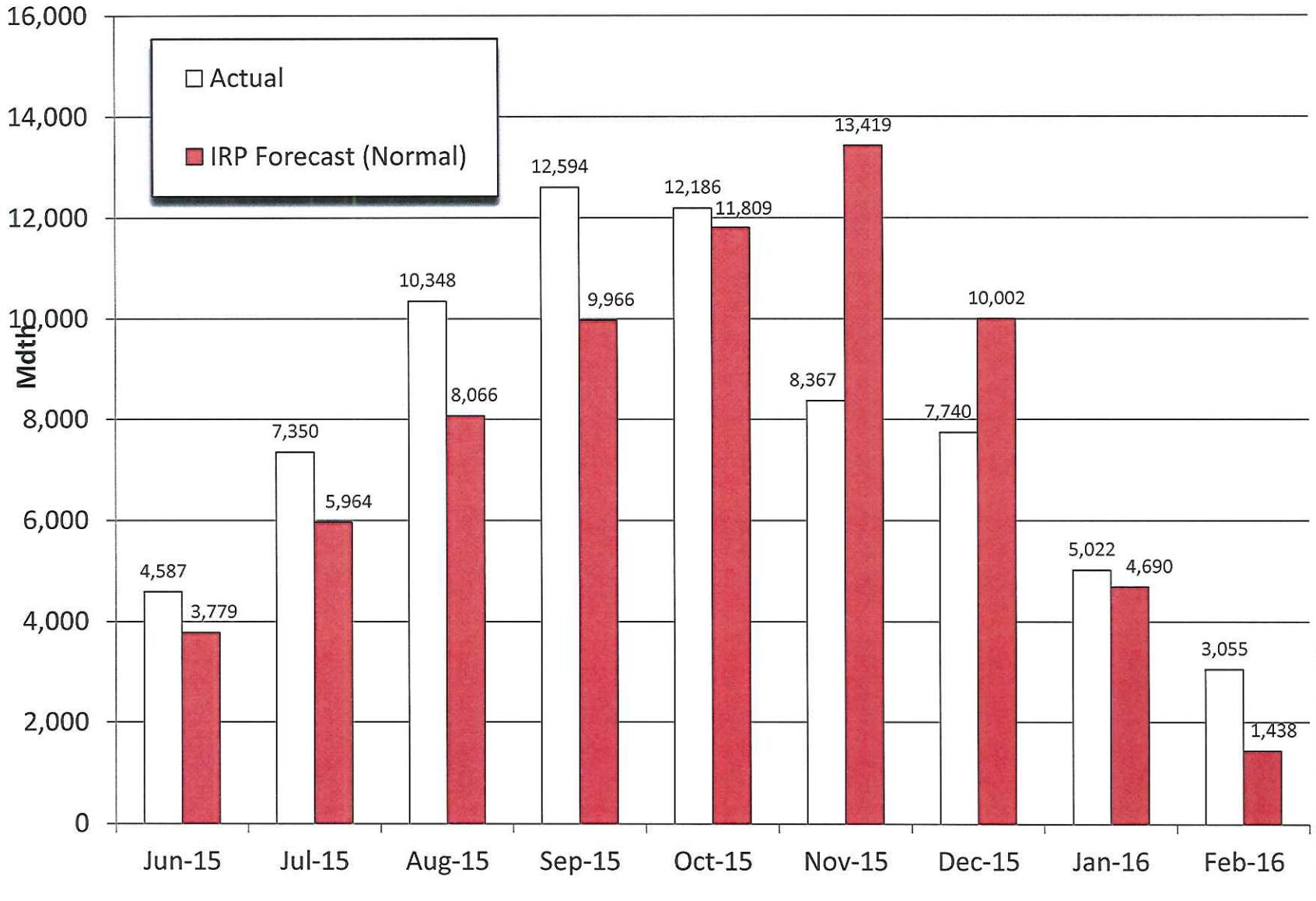


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.1



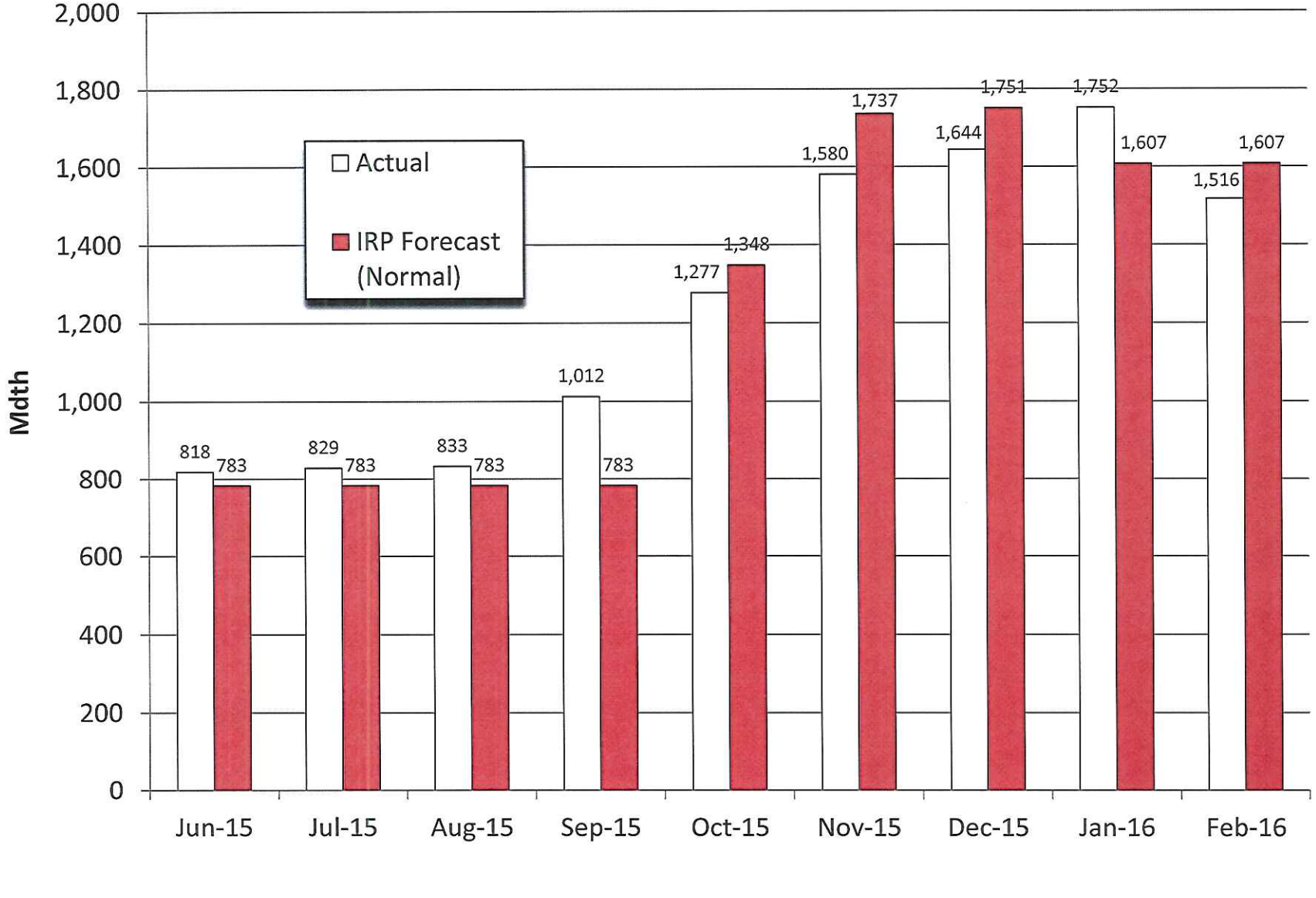
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.2

Clay Basin Month End Inventory
IRP Year: June 2015 to Present



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

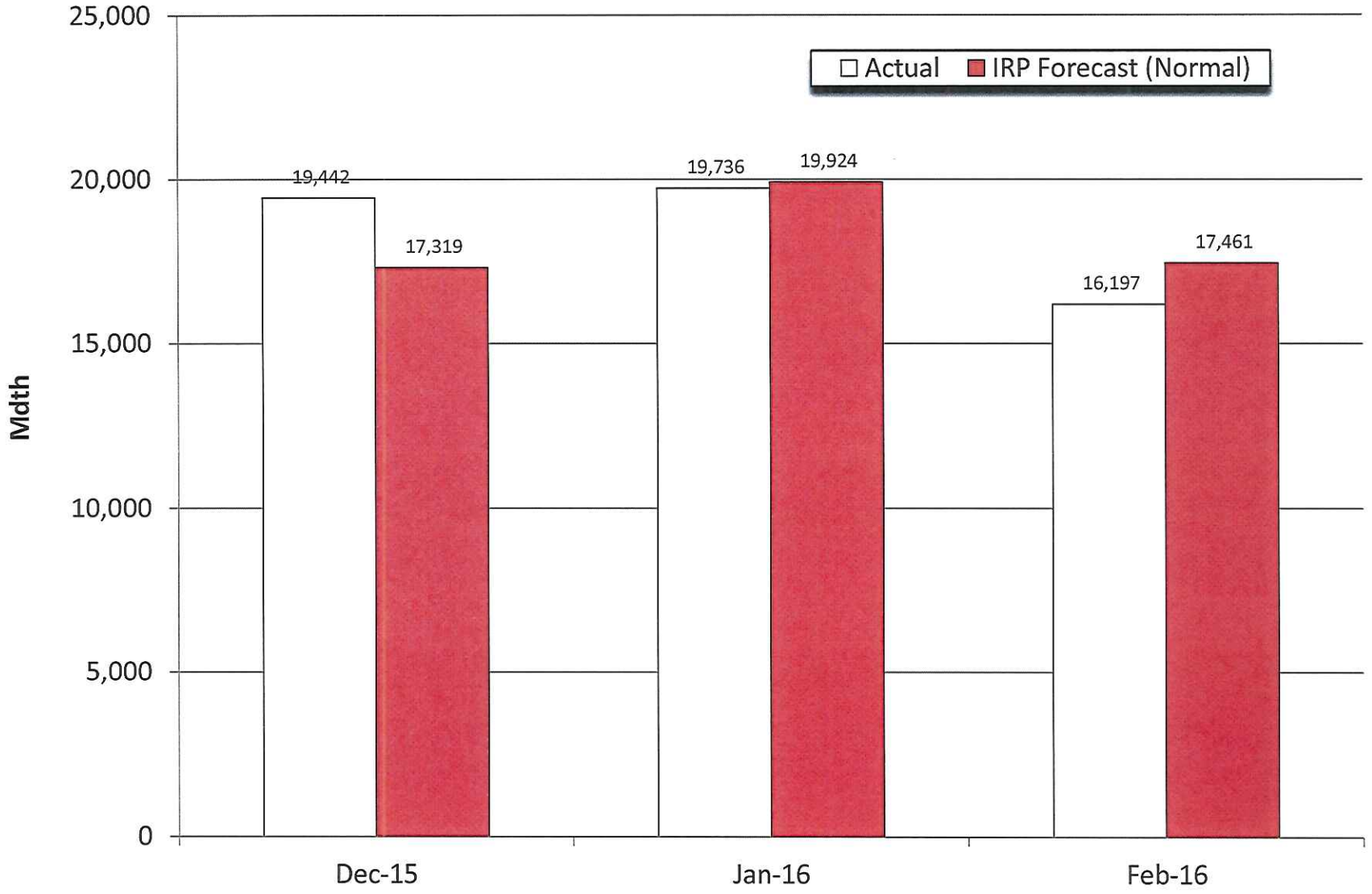
Aquifer Month End Inventory
IRP Year: June 2015 to Present



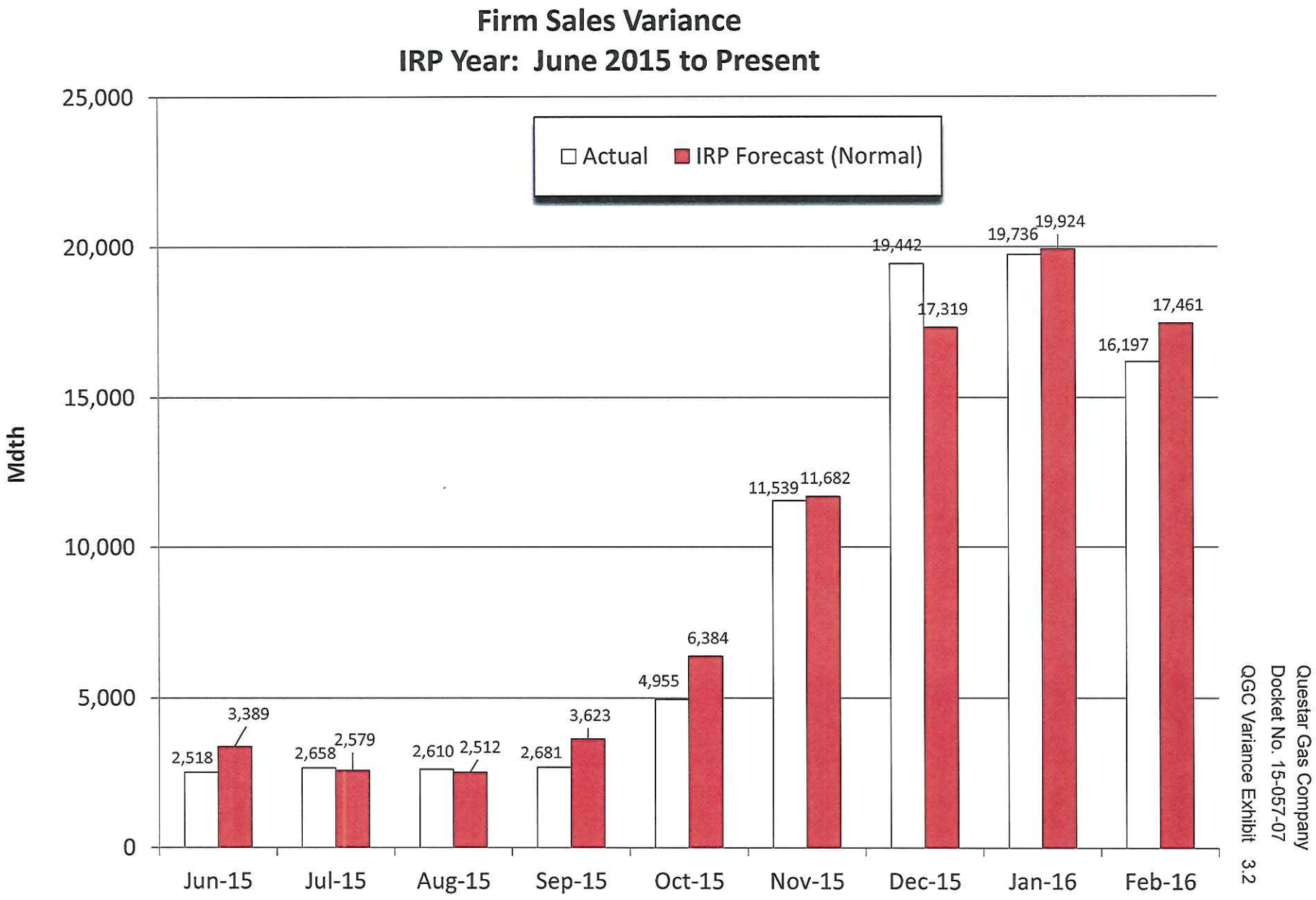
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 2.4

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

Firm Sales Variance
IRP Third Quarter: December 2015 to February 2016

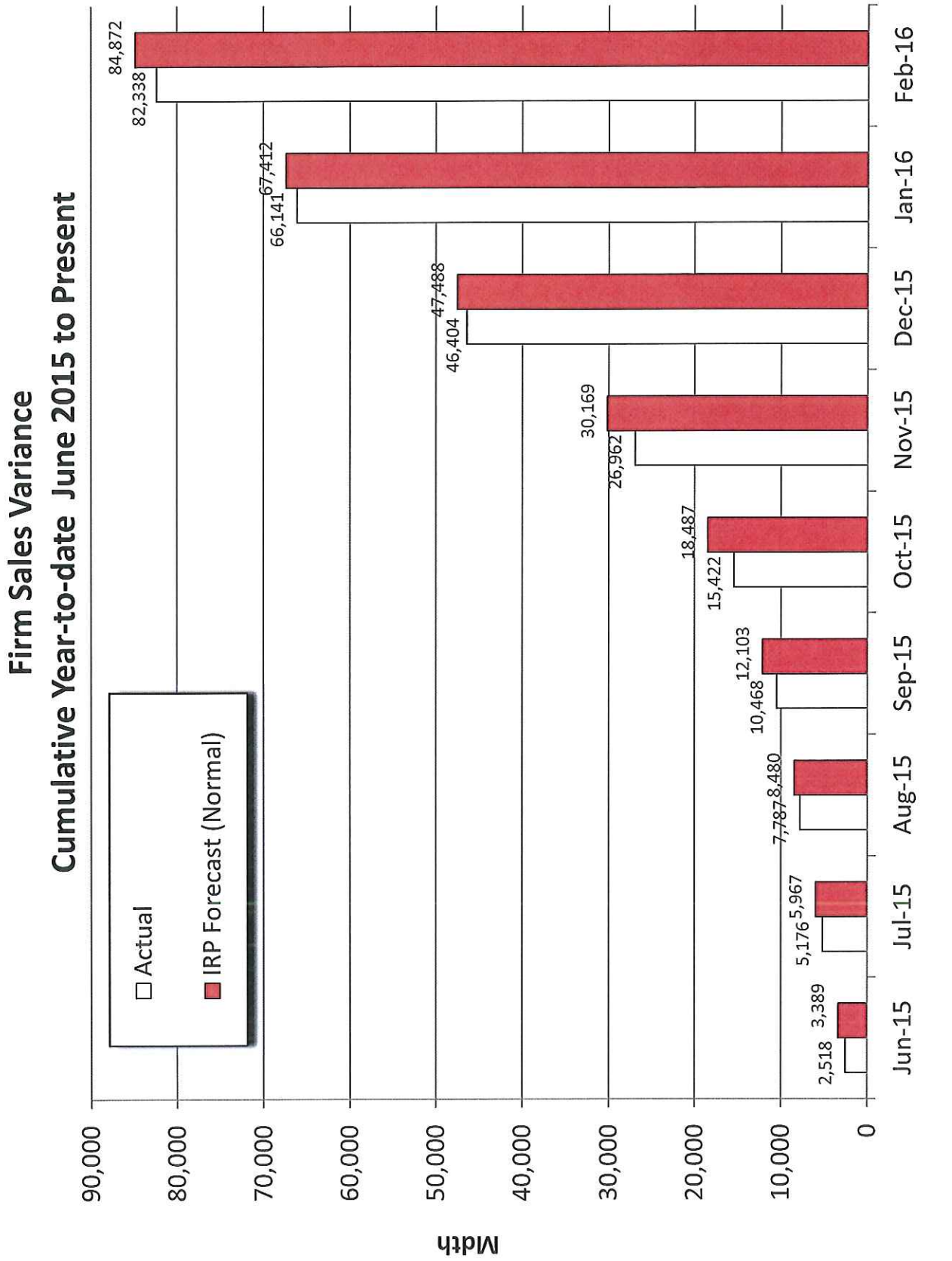


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 3.1



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

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

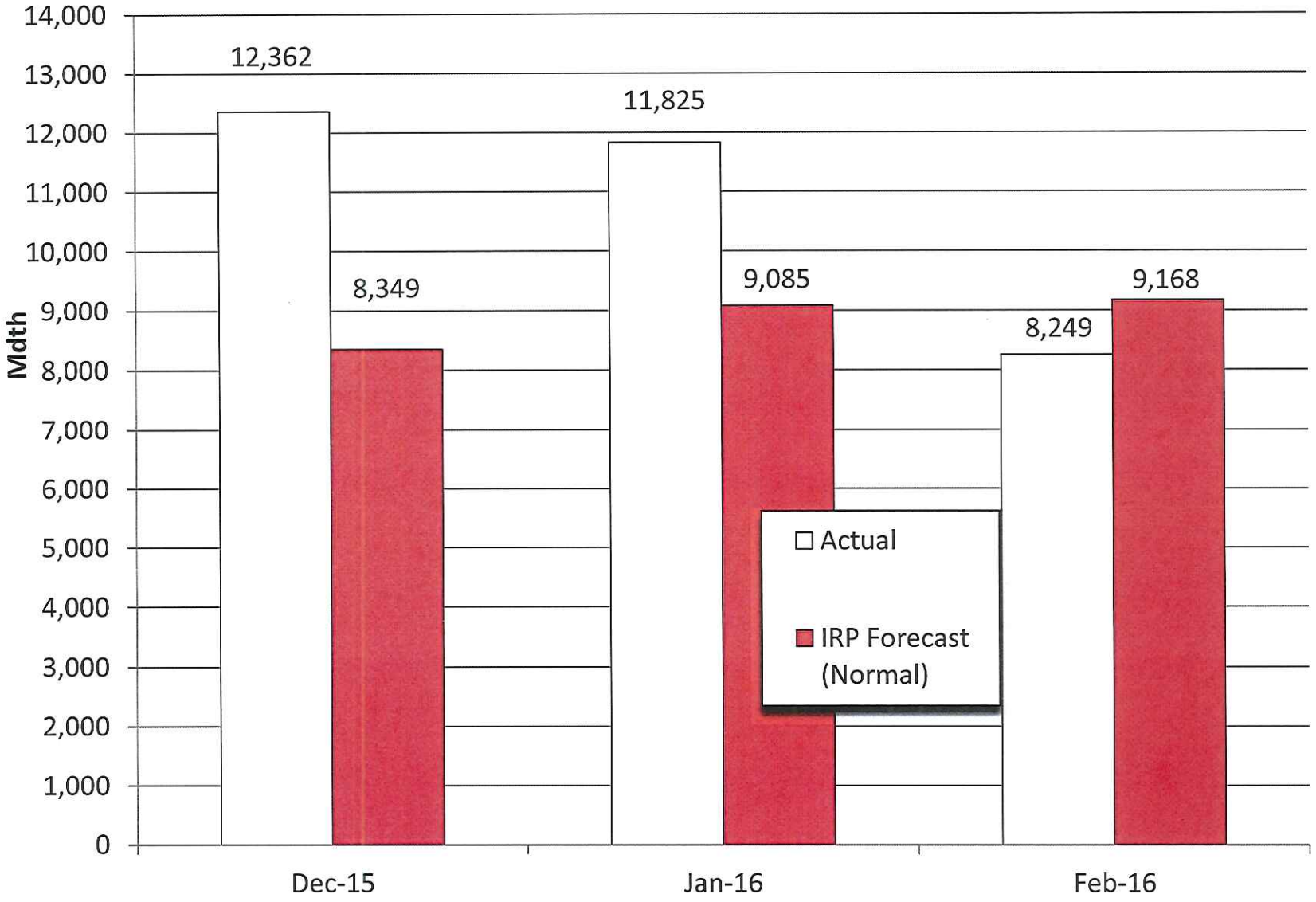
Actual Results

		Dec-15		Jan-16		Feb-16	
	SUPPLY	Actual	IRP	Actual	IRP	Actual	IRP
1	Cost of Service Prod (Mbtu)	5,656	5,694	6,054	5,594	5,428	5,151
2	Purchases (Mbtu)	12,362	8,349	11,825	9,085	8,249	9,168
3	Clay Basin With (Mbtu)	1,294	3,417	2,717	5,312	2,038	3,252
4	Acquifers With (Mbtu)	92	-	60	144	235	-
5	Ryckman With (Mbtu)	-	515	-	515	-	481
6	Off-System	703	86	98	85	71	79
7	Total Supply	20,108	18,061	20,754	20,734	16,020	18,132
	DEMAND						
8	Firm Sales (Mbtu)	19,442	17,319	19,736	19,924	16,197	17,461
9	Interruptible Sales (Mbtu)	111	130	125	123	111	88
10	Clay Basin Inj (Mbtu)	169	-	-	-	72	-
11	Acquifers Inj (Mbtu)	167	14	176	-	4	-
12	Ryckman Inj (Mbtu)	-	-	-	-	-	-
13	Off-System	703	83	98	82	71	76
14	Fuel	127	424	146	501	129	415
15	Company Use / L&U	(612)	91	473	105	(564)	92
16	Total Demand	20,108	18,060	20,754	20,734	16,020	18,132
17	Clay Basin Fuel Usage Adjustment	(1)	-	(1)	-	(1)	-
18	Clay Basin Transfers	500	-	-	-	-	-
19	Acquifers Fuel Usage Adjustment	(11)	-	(8)	-	(5)	-
20	Acquifers Transfers	-	-	-	-	-	-
21	Clay Basin Current Balance	7,740	10,002	5,022	4,690	3,055	1,438
22	Acquifers Current Balance	1,644	1,751	1,752	1,607	1,516	1,607
23	Purchases($/Dth)	$ 2.21	$ 2.80	$ 2.30	$ 2.61	$ 1.96	$ 2.78
24	Purchases $ (000)	$ 27,320	$ 23,377	$ 27,198	$ 23,712	$ 16,168	$ 25,487
	Variances						
25	Cost of service volumes	-	-	460	-	277	-
26	Purchase volumes	4,013	-	2,740	-	-	-
27	Purchase $ Act over (under) IRP	$ 3,943	$ -	$ 3,486	$ -	$ -	$ (9,319)
28	Vol Variance	$ 11,236	$ -	$ 7,151	$ -	$ -	$ (2,555)
29	$ Variance	$ (7,294)	$ -	$ (3,666)	$ -	$ -	$ (6,764)
30	Check	$ -	$ -	$ -	$ -	$ -	$ -
31	Quarter Variance					$ (1,891)	
32	Vol Variance					15,833	
33	$ Variance					$ (17,724)	
34	Check					$ (0)	

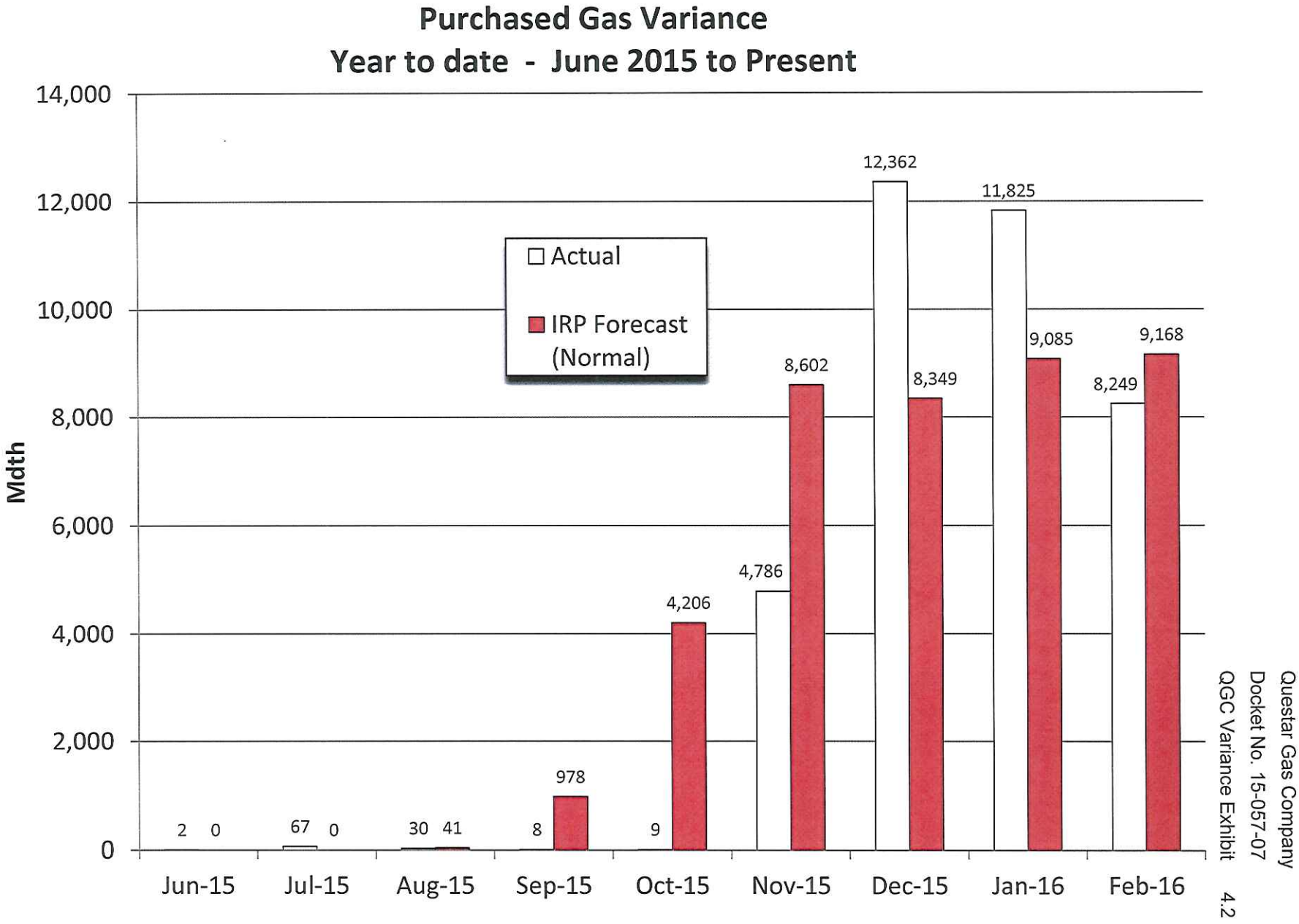
Gas Purchased From Third Parties

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

Purchased Gas Variance
IRP Third Quarter: December to February

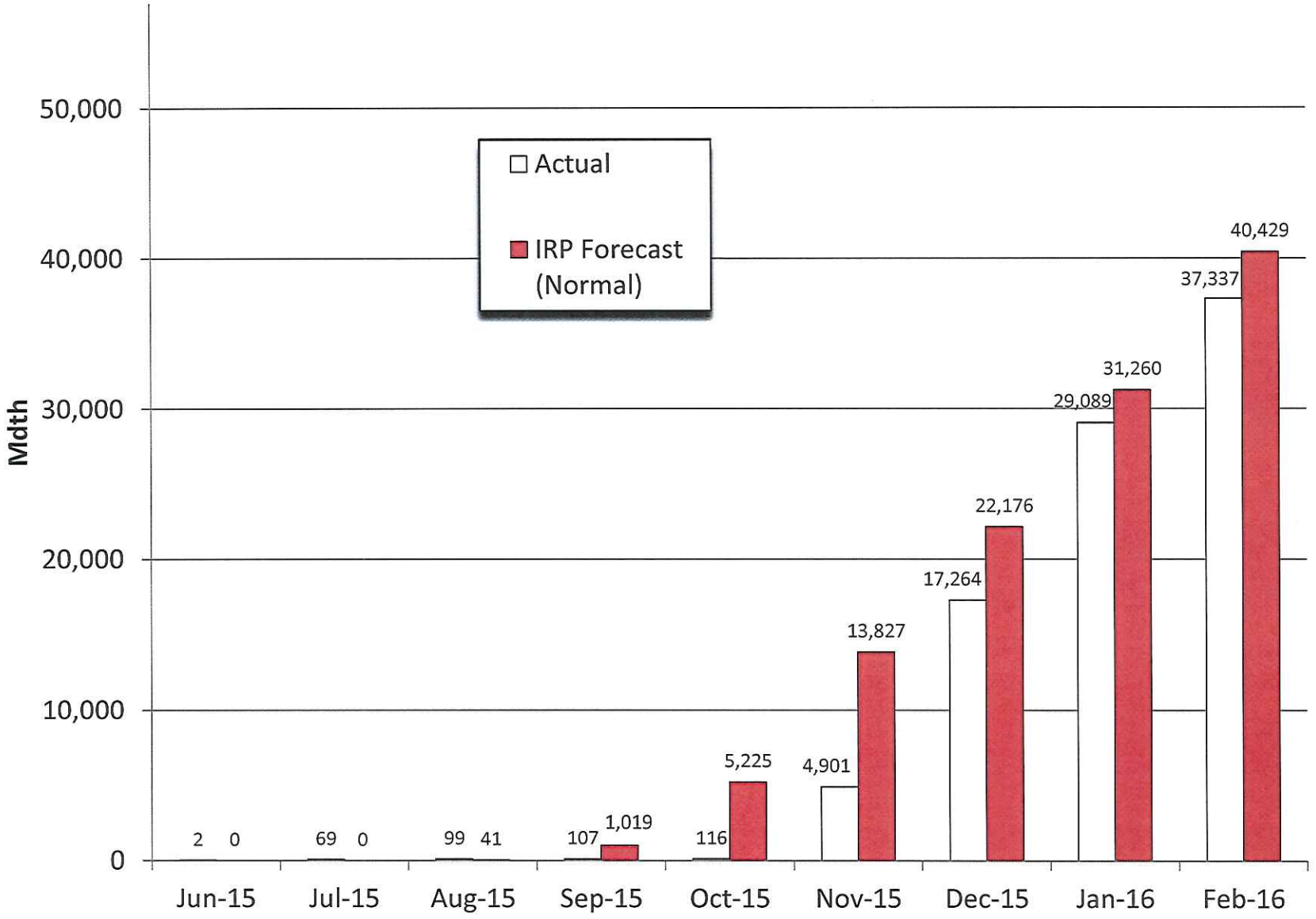


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 4.1



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

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

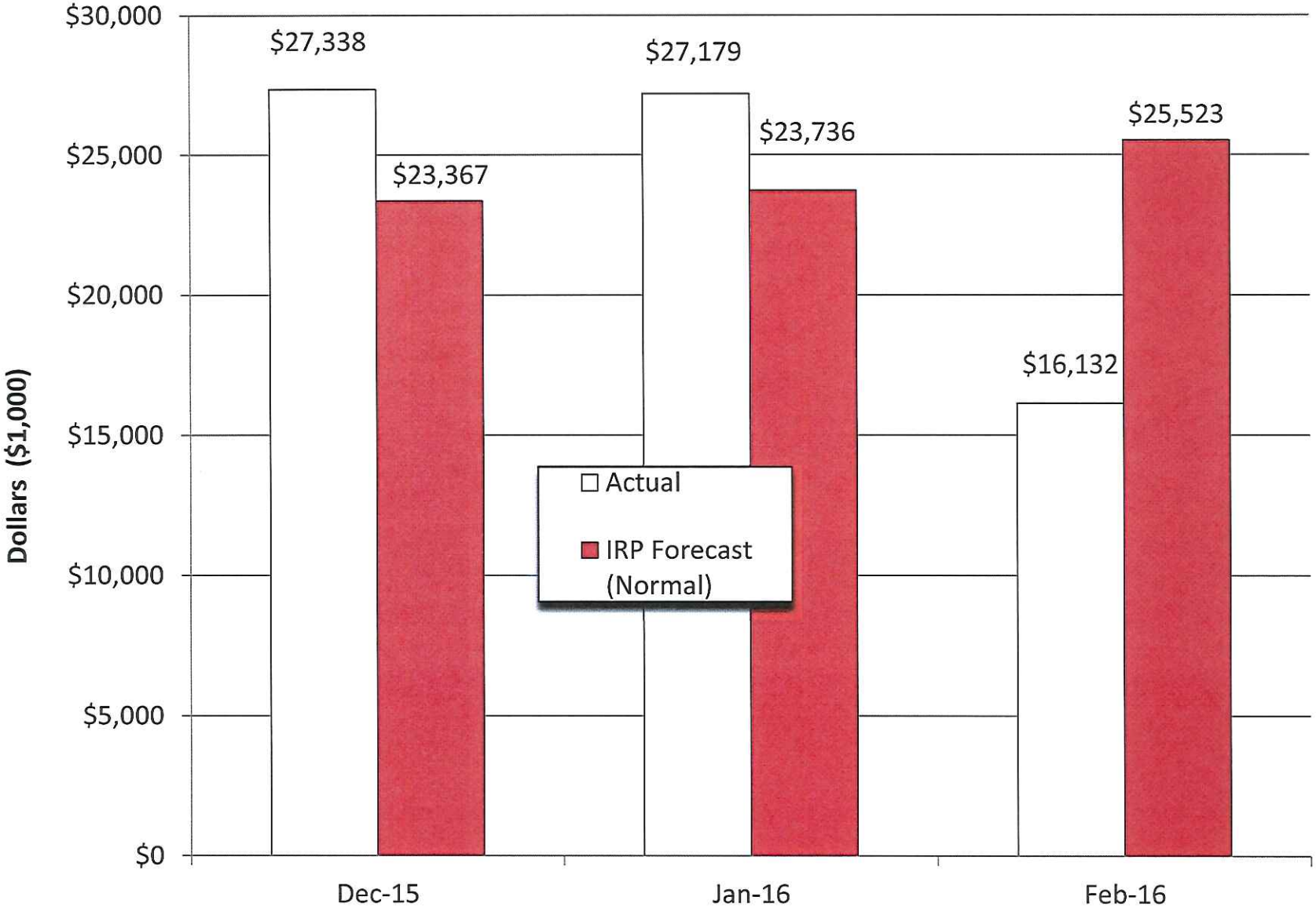


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 4.3

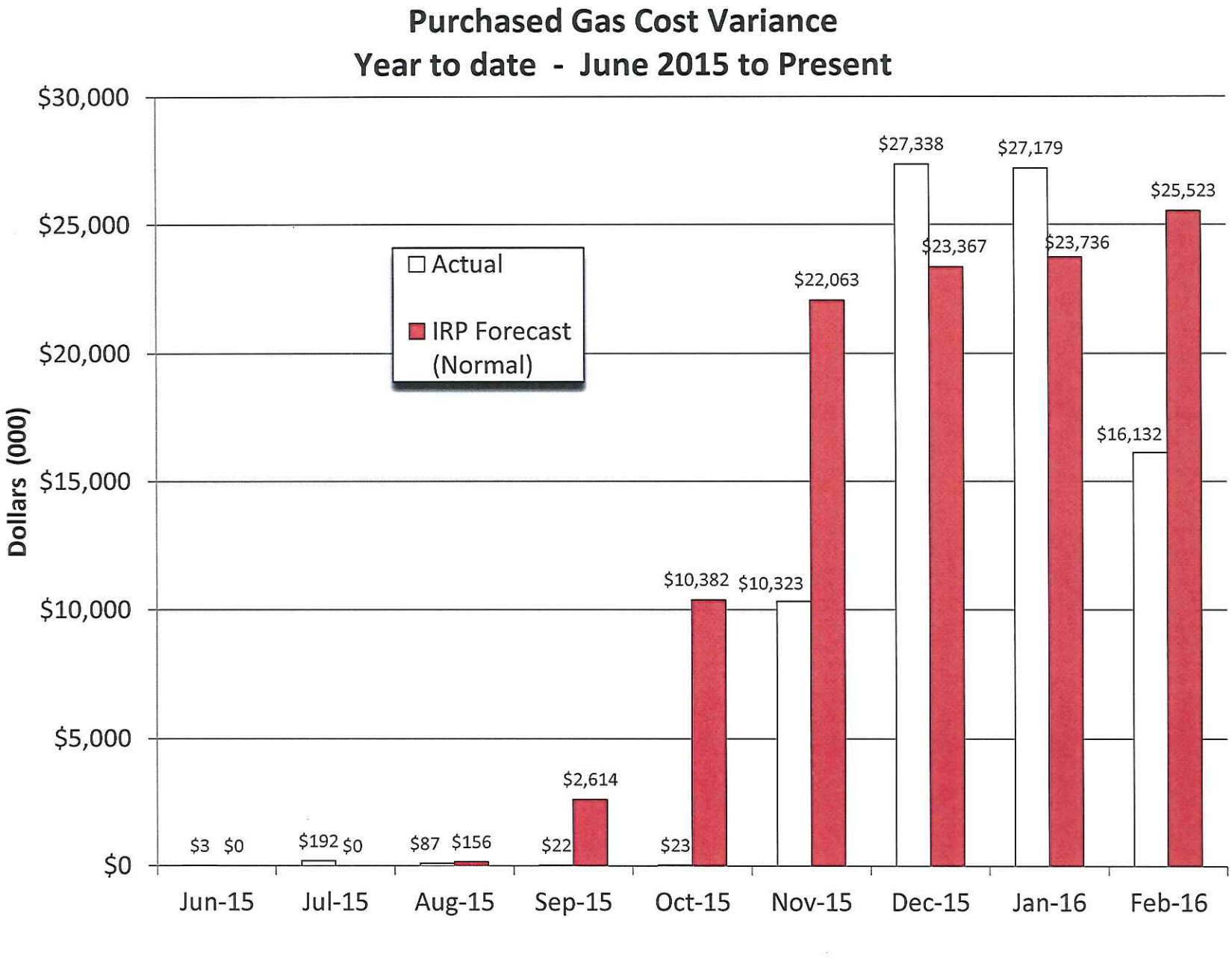
Gas Purchased From Third Parties

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

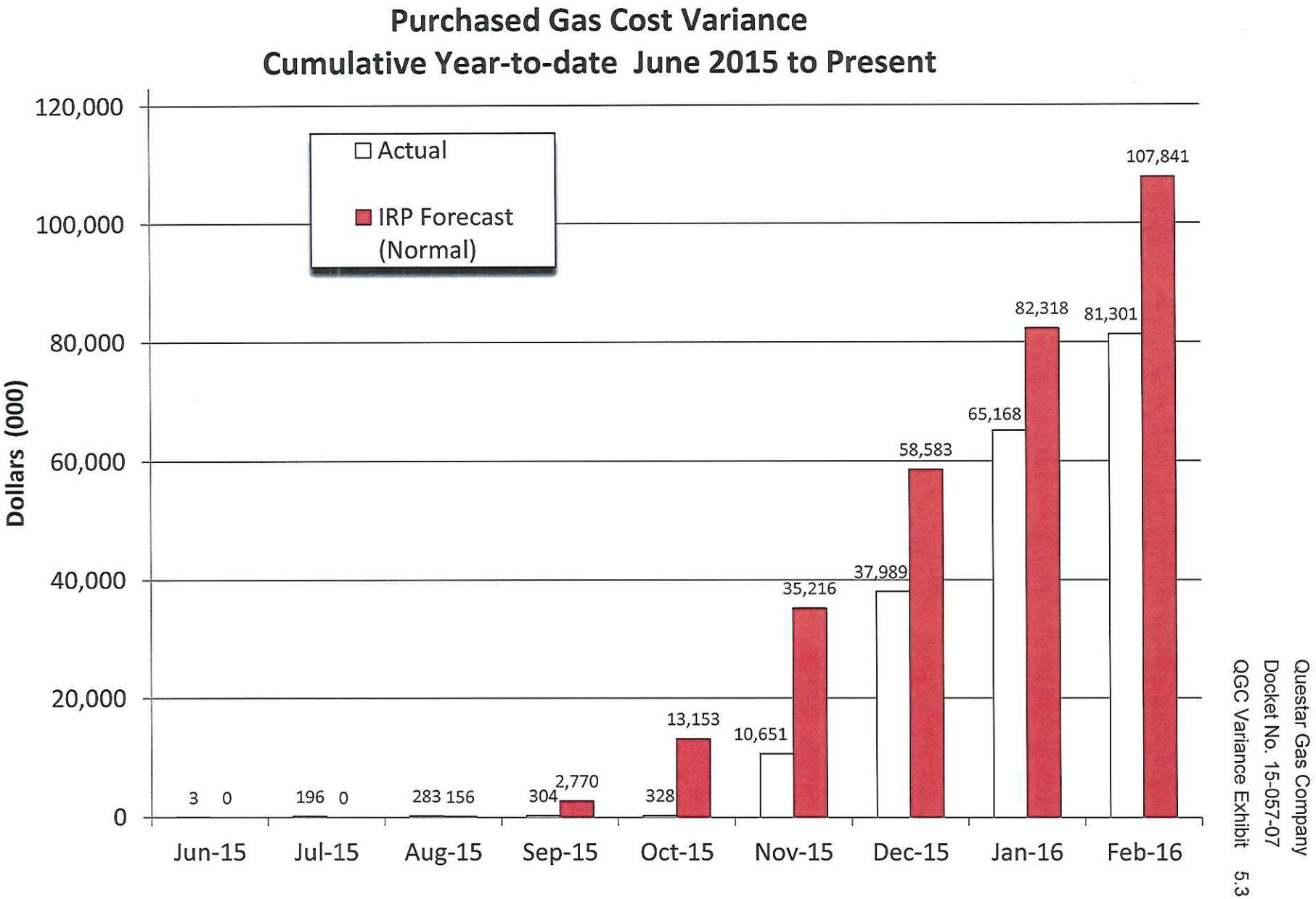
Purchased Gas Cost Variance
IRP Third Quarter: December to February



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



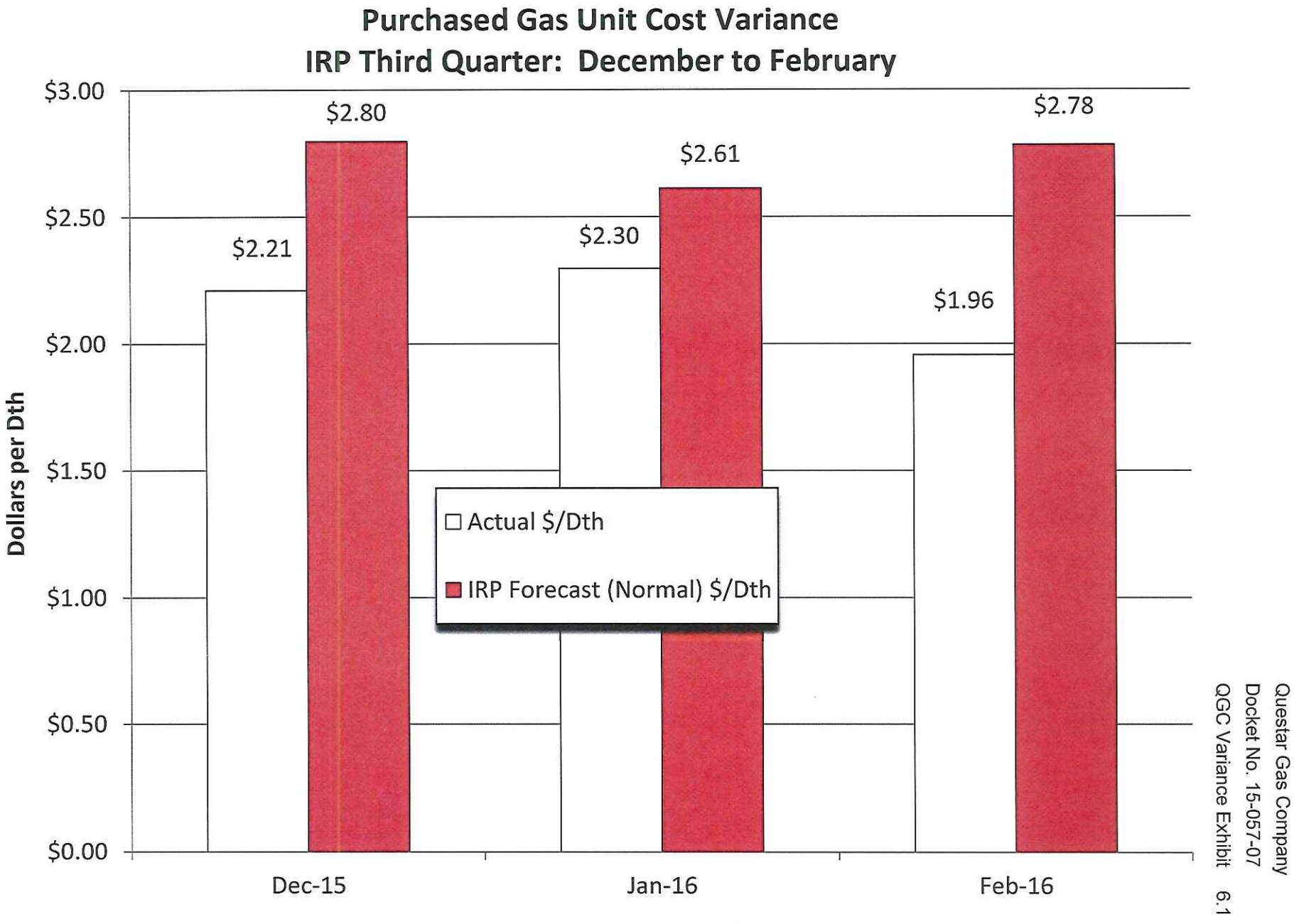
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 5.2



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

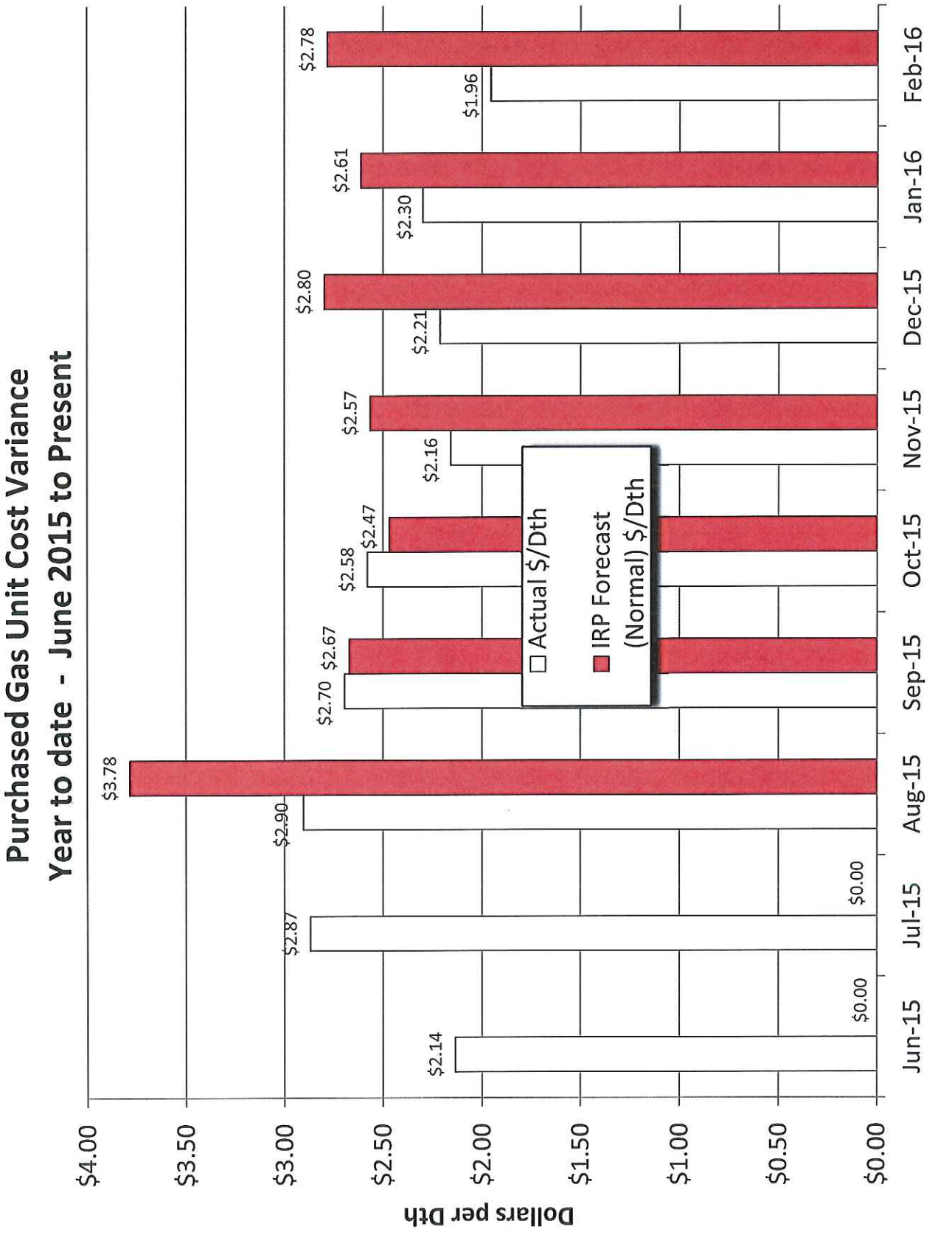
Gas Purchased From Third Parties

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

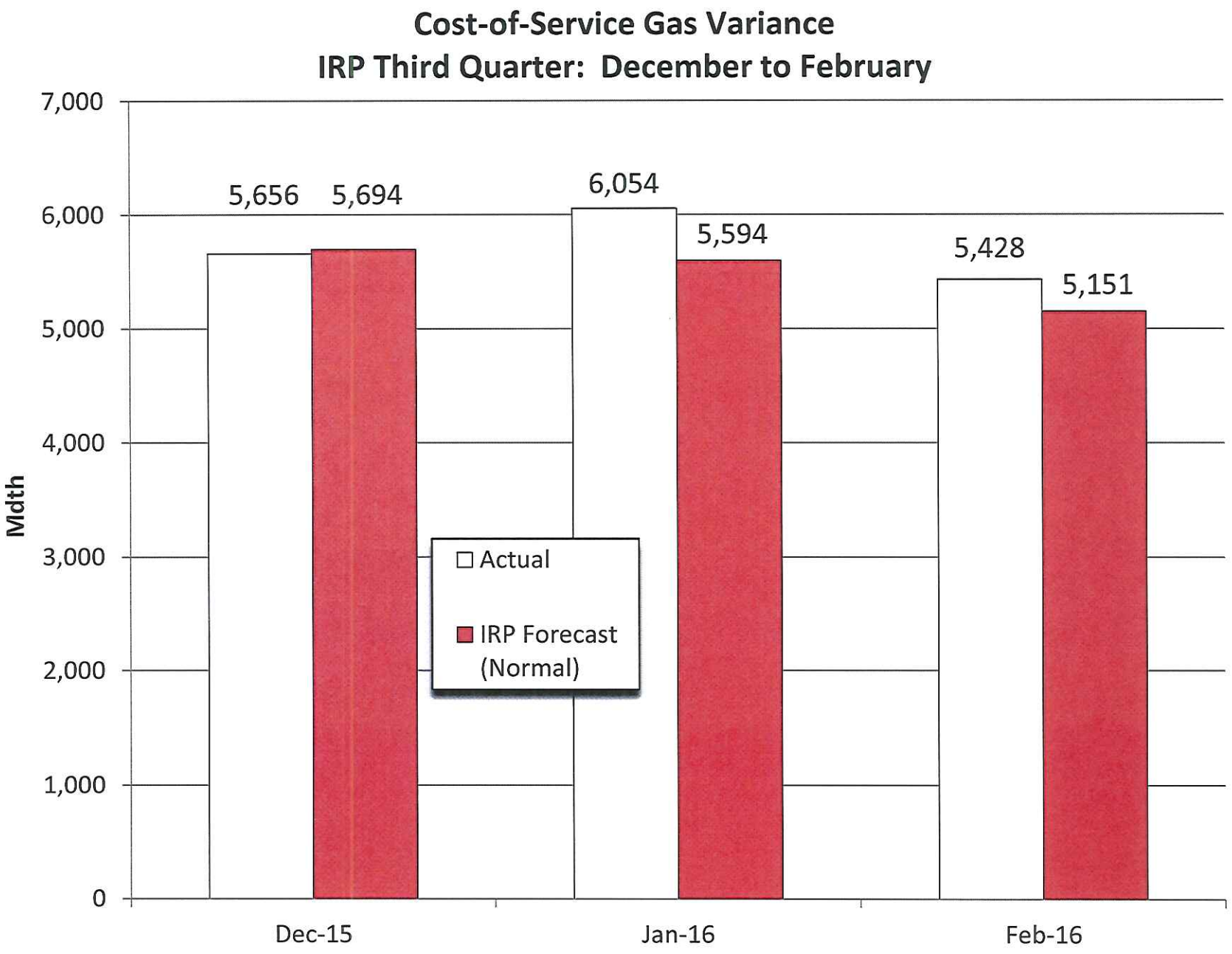


Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 6.1

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

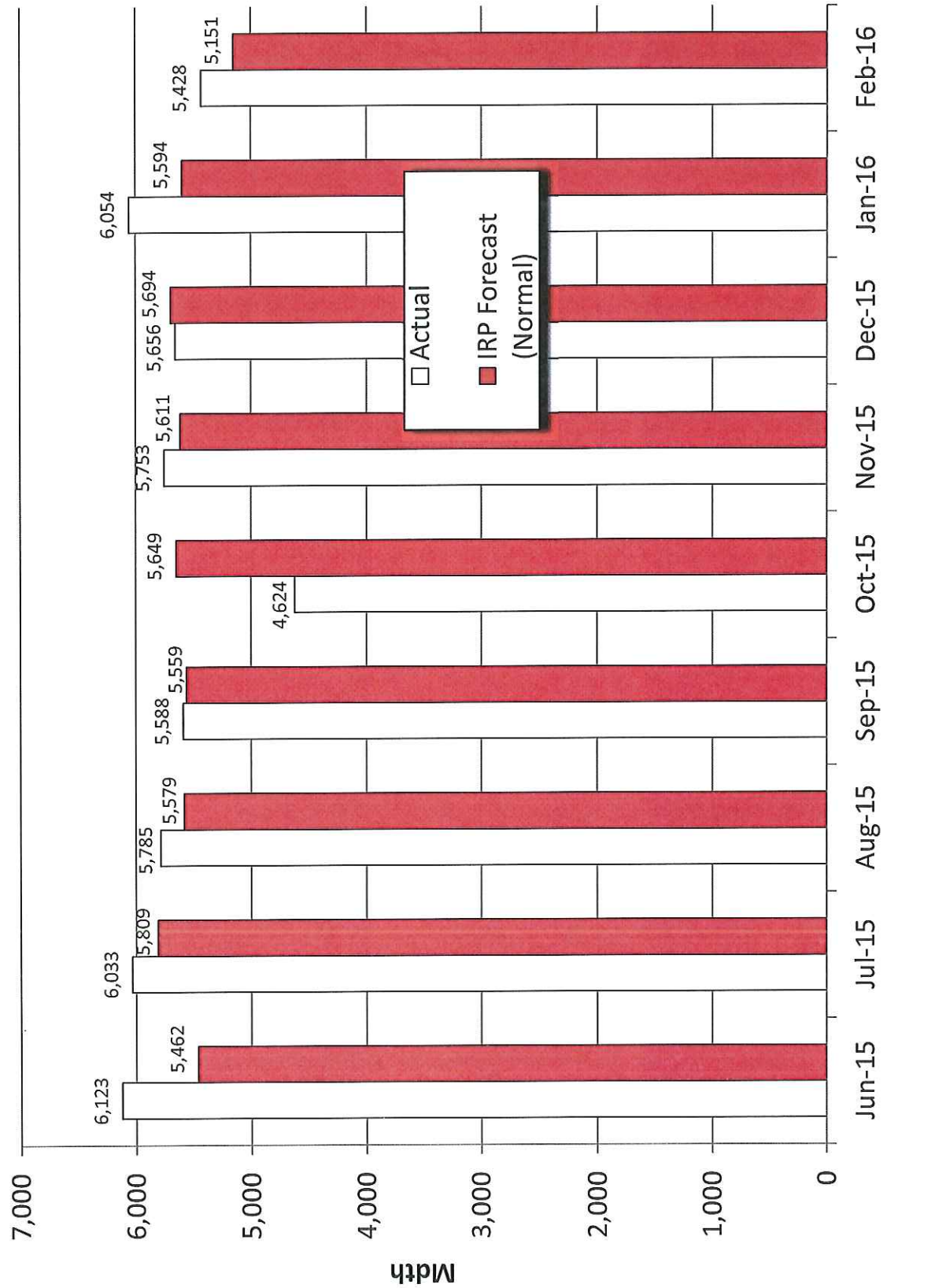


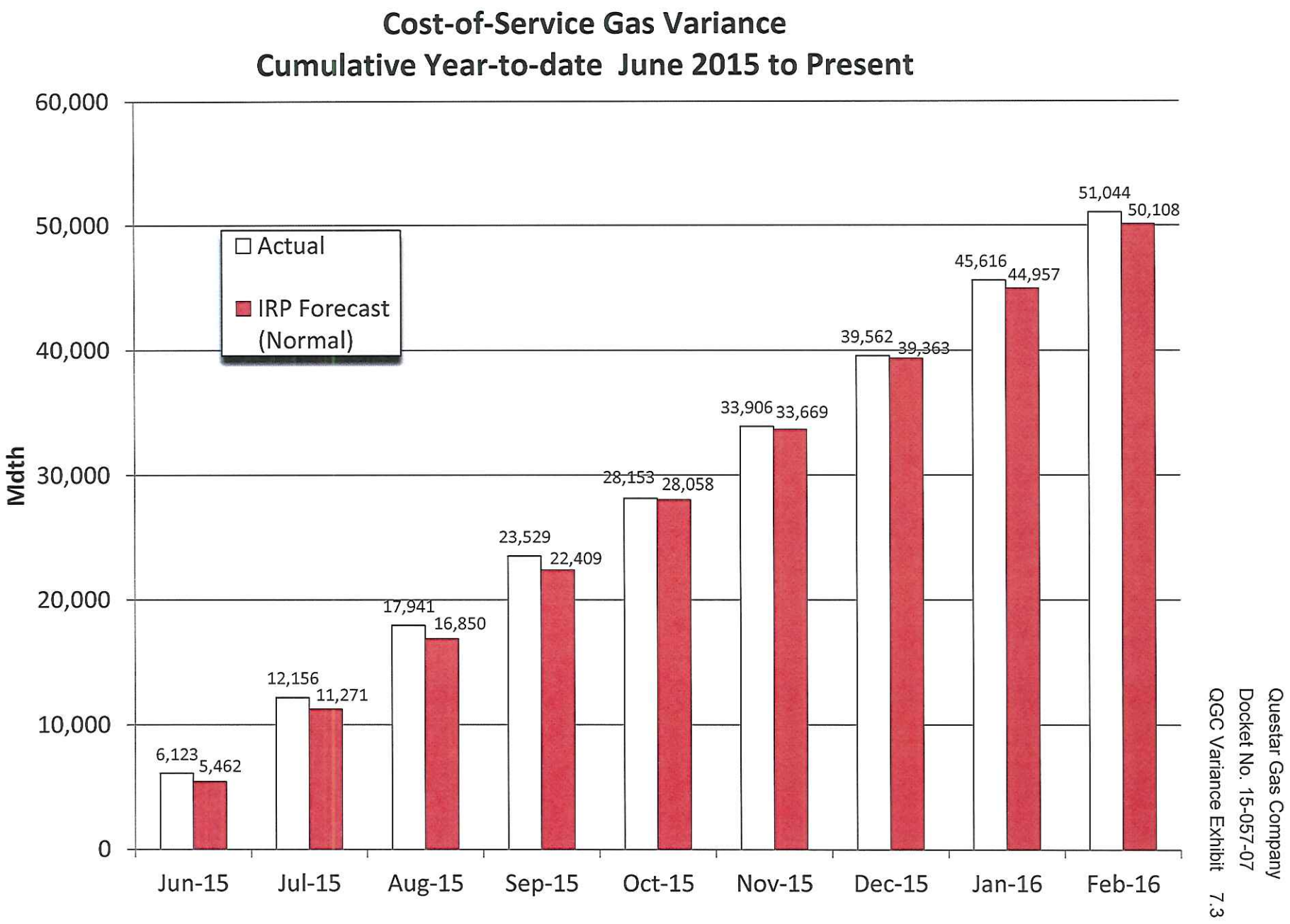
Cost-of-Service Gas
Exhibits 7.1 – 7.3
Docket No. 15-057-07



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

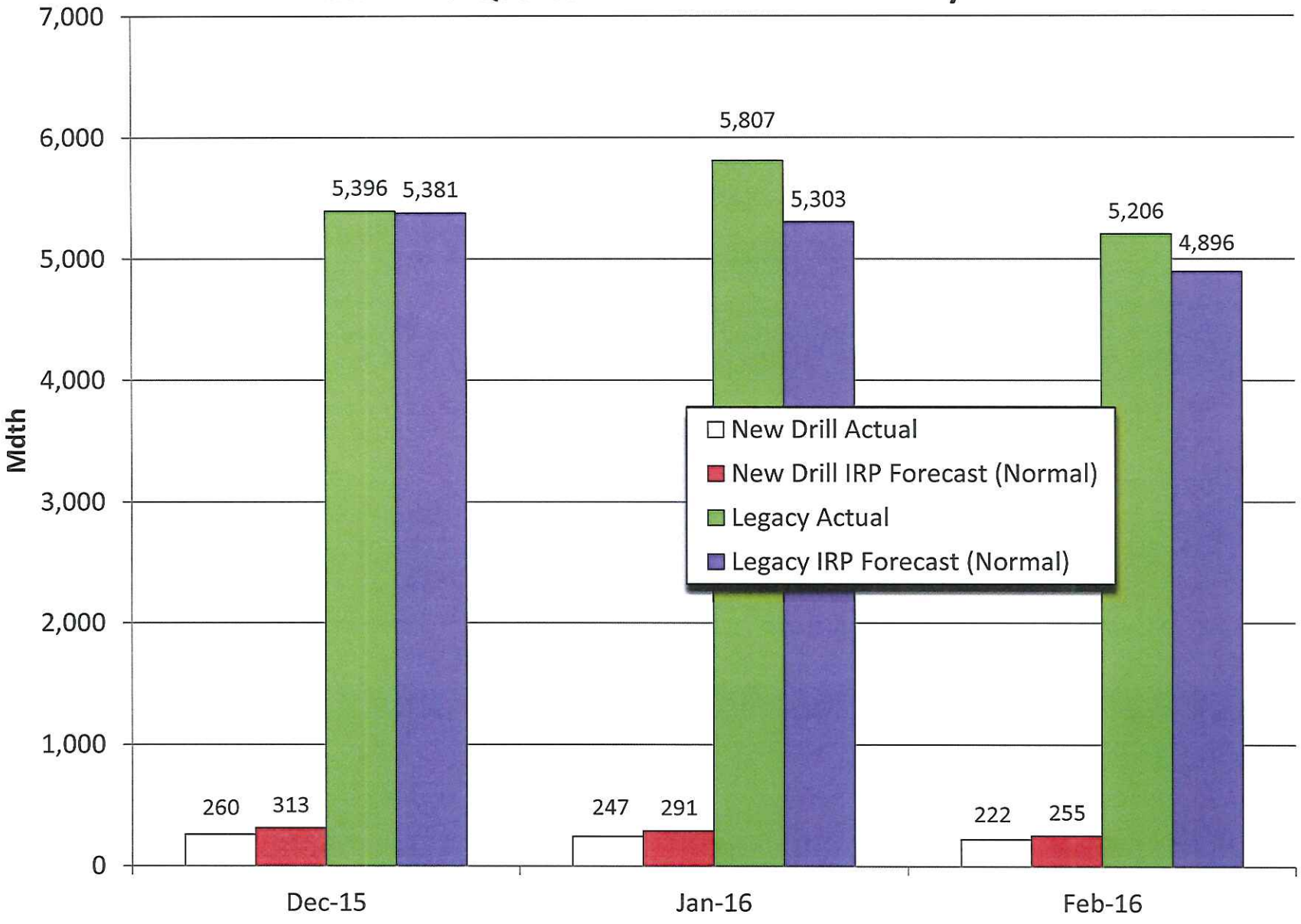




Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 7.3

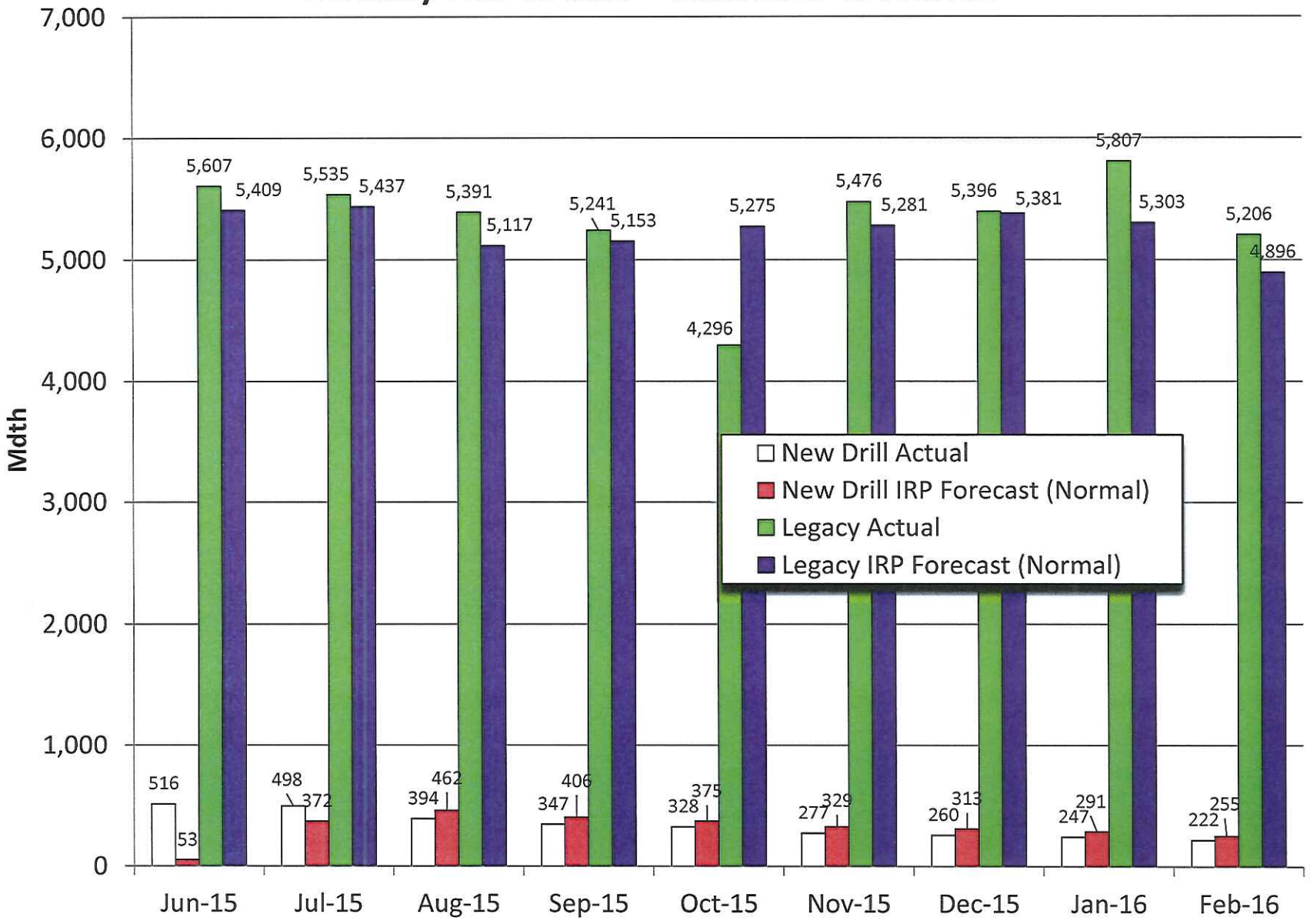
Cost-of-Service Gas
New Drill Component
Exhibits 8.1 – 8.3
Docket No. 15-057-07

Cost-of-Service New Drill Component
IRP Third Quarter: December to February



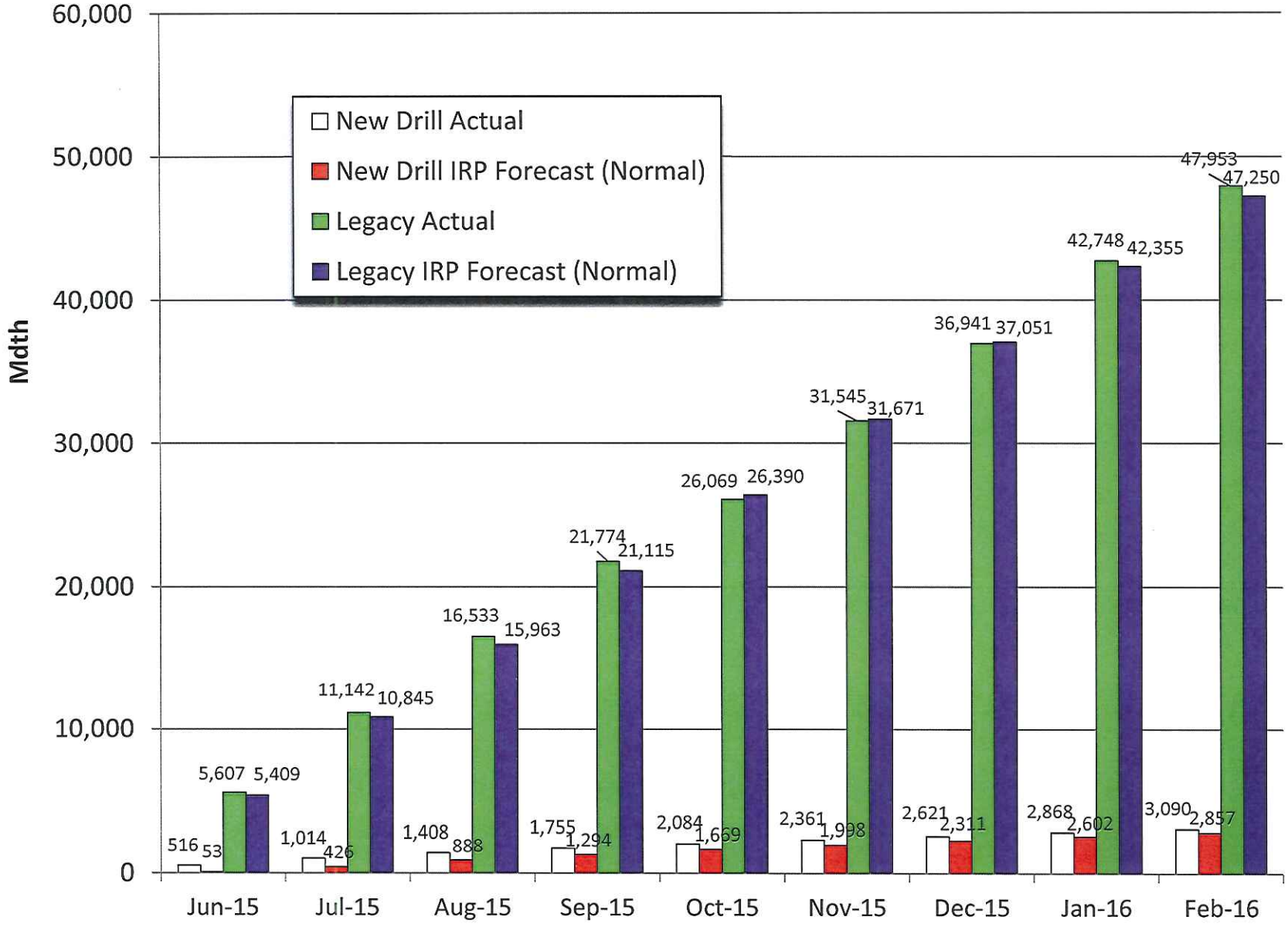
Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 8.1

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



Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 8.3

Data
Exhibits 9.1 – 9.4
Docket No. 15-057-07
Redacted

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]

Questar Gas Company
Docket No. 15-057-07
QGC Variance Exhibit 9.4

Gas Purchases

[REDACTED]

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

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]