



Questar Gas Company

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Vice President Regulatory Affairs

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Utah Public Service Commission
Heber M. Wells Building
P. O. Box 45585
Salt Lake City, UT 84145-0585

*Re: Replacement Infrastructure 2016 Annual Plan and Budget Update –
Docket No. 15-057-19*

Dear Commissioners:

Questar Gas Company (Questar Gas or the Company) respectfully submits this update to its 2016 Annual Plan and Budget submitted on November 16, 2015, and requests the Utah Public Service Commission (Commission) to approve additional necessary capital investment. The Partial Settlement Stipulation (Stipulation) approved in Docket No. 13-057-05 states that:

“...the Infrastructure Rate-Adjustment Mechanism shall be limited to a total of \$65 million per year to cover the costs associated with replacing both high pressure and intermediate high pressure natural gas facilities. The annual budget shall be indexed each year for inflation using the most recent corresponding Global Insight inflation rate reported as the ‘GDP Deflator.’” (Paragraph 24).

The Stipulation further provides that:

“[t]he Company may request Commission approval to exceed the budget cap if there are exigent circumstances requiring immediate capital expenditures.” (Paragraph 22.a.)

As indicated in the 2016 Annual Plan and Budget, the 2016 budget adjusted for inflation is \$66,890,000. After the addition of projects on Feeder Line 51 and Feeder Line 89, the Company is requesting that the allowed investment level be increased to \$70,890,000 for the 2016 year. This amount would allow the Company to accomplish necessary work on Feeder Line 51, while minimizing negative impacts to efficiencies in current projects already underway.

Attachment 1 shows the original budgeted amounts in column B and the updated budgeted amounts in column C. Column D shows the changes to the original budget. As shown, two projects have been added to the high pressure list, Feeder Line 89 and Feeder Line 51.

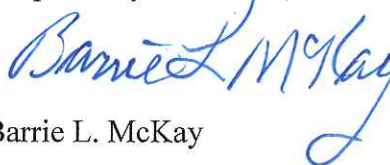
The Company has scheduled Feeder Line 89 for 2016 because it has discovered that the diameter of the pipe is smaller than previously understood when Questar Gas purchased the Utah Gas system. Questar Gas believed a portion of the pipe was 8-inches in diameter. However, during potholing for another project, the Company discovered a section of the line was actually 4-inches in diameter. The restriction in the pipe has changed pressure projections at the VN0001 regulator station. Current peak day projections show pressures could reach as low as 80 psig. The Company plans to accomplish the necessary work on Feeder Line 89 within the original budgeted amount by reducing the spending level on IHP by \$2 million and the work on Feeder Line 24 by \$2 million.

The Company has also scheduled Feeder Line 51 for replacement in 2016 because Weber County has required that the line be relocated to accommodate a road project. The Company is requesting an additional \$4 million of investment to accomplish this replacement.

In addition to the budget dollar impact, the Company is also providing footage and location detail for these projects. Attachment 2 shows the amount of footages to be replaced from each respective feeder line. Attachment 3 contains maps showing the specific location of each feeder line.

In accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Questar Gas' Tariff, the Company will continue to submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Respectfully Submitted,



Barrie L. McKay

cc: Division of Public Utilities
Office of Consumer Services