Questar Corporation

Questar Corporation Postretirement Welfare Plans for Retiree Medical and Life

Consolidated Actuarial Valuation Report Disclosure for Fiscal Year Ending December 31, 2014 and Preliminary 2015 Benefit Cost under US GAAP

January 23, 2015

TOWERS WATSON

Table of Contents

This page is intentionally blank

Purposes of valuation

Questar Corporation (the Company) engaged Towers Watson Delaware Inc. ("Towers Watson") to value the Company's other postretirement benefit plans, including the retiree medical and retiree life plans.

As requested by Questar Corporation, this report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for your fiscal year ending December 31, 2014 for the Postretirement Welfare Plans.

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50 and 715-60-50, including net balance sheet position of the Plans, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required (as described below) by the Company in relation to the asset disclosures specified in ASC 715-20-50-1(d) (public entities) or ASC 715-20-50-5(c) (nonpublic entities).

In addition, this report presents the preliminary Net Periodic Postretirement Benefit Cost/(Income), in accordance with ASC 715, for the fiscal year beginning January 1, 2015. Both year-end financial reporting and benefit cost results are based on a valuation of the Plans as of December 31, 2014.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. As discussed above, certain year-end financial reporting information in accordance with ASC 715-20-50 and 715-60-50 is not included in this report and must be provided by Questar Corporation, as follows:

   - Categorization of assets, actual asset allocation at December 31, 2014 and December 31, 2013, and the target asset allocation for 2015.
   - A description of Questar Corporation's investment policy for the assets held by the other postretirement benefit plans.
   - A description of the basis used to determine the expected long-term rate of return on plan assets.
   - The Company's expected contributions to the plans in 2015.

2. We are not aware of a formal funding policy. The expected contributions to the other postretirement benefits plans has been set at 0.

   Note that any significant change in the amounts contributed or expected to be contributed in 2015 will require disclosure in the interim financial statements.

3. There may be certain events that have occurred since the valuation date that are not reflected in the current valuation. See Subsequent Events in the Basis for Valuation section below for more information.

4. This report does not provide information for plan reporting under ASC 960 or ASC 965.

5. This report does not determine liabilities on a plan termination basis, for which a separate extensive analysis would be required. No funded status measure included in this report is intended to assess, and none may be appropriate for assessing, the sufficiency of plan assets to cover the estimated cost of settling benefit obligations, as all such measures differ in some way from plan termination obligations. In addition, funded status measures shown in this report do not reflect the current costs of settling obligations by offering immediate lump sum payments to participants and/or purchasing annuity contracts for the remaining participants (e.g., insurer profit, insurer pricing of contingent benefits and/or provision for anti-selection in the choice of a lump sum vs. an annuity).

6. The comparisons of accounting obligations to assets presented in this report cannot be relied upon to determine the need for nor the amount of required future plan contributions. Nevertheless, such comparisons may be useful to assess the need for future contributions because they reflect current interest rates at the measurement date in determining benefit obligations. However, asset gains and losses, demographic experience different from assumed, changes in interest rates, future benefit accruals, if any, and other factors will all affect the need for and amount of future contributions. In addition, if a plan is not required by law to be funded, benefit payments may also be paid directly as they come due.

Section 1: Summary of key consolidated results

Benefit cost, assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2014	01/01/2013
Benefit Cost/ (Income)	Net Periodic Postretirement Benefit Cost/(Income)	2,080,796	4,758,000
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	2,080,796	4,758,000
Measurement Date		12/31/2014	12/31/2013
Plan Assets	Fair Value of Assets (FVA)	47,046,899	43,830,000
	Market Related Value of Assets (MRVA)	47,046,899	43,830,000
	Return on Fair Value Assets during Prior Year	6.606%	N/A
Benefit Obligations	Accumulated Postretirement Benefit Obligation (APBO)	(90,834,854)	(86,287,000)
Funded Ratios	Fair Value of Assets to APBO	51.8%	50.8%
Accumulated Other Comprehensive (Income)/Loss	Net Prior Service Cost/(Credit)	0	0
	Net Loss/(Gain)	17,937,562	16,591,000
	Total Accumulated Other Comprehensive (Income)/Loss	17,937,562	16,591,000
Assumptions	Discount Rate	4.000%	4.700%
	Expected Long-term Rate of Return on Plan Assets	7.000%	7.250%
Participant Data	Census Date	01/01/2014	01/01/2013

Comments on results

The consolidated actuarial gain/(loss) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year was $(1,928,820) and $(114,522) respectively.

Change in net periodic cost and funded position

The net periodic cost increased from $2,080,796 in fiscal 2014 to $2,225,539 in fiscal 2015 and the funded position declined from $(42,457,000) to $(43,787,955).

Significant reasons for these changes include the following:

- The return on the fair value of plan assets since the prior measurement date was less than expected, which caused the funded position to deteriorate.
- Contributions to the plans during the prior year reduced the net periodic cost and improved the funded position.
- The discount rate declined 70 basis points compared to the prior year, which caused the funded position to deteriorate.
- The expected rate of return on assets declined 25 basis points compared to the prior year which increased the net periodic cost.
- Actual claims were lower than the expected claims from the prior valuation, which improved the funded position.
- Per capita claims costs were revised which caused the funded position to improve, and decreased the net periodic cost.
- The mortality tables were changed, and the net result of the change was a reduction to the funded position and an increase to the net periodic cost.

Effects of Health Care Reform

In March 2010, the Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act (HCERA) were enacted. The key aspects of the Acts are:

- Availability of subsidies from the Early Retiree Reinsurance Program (ERRP)
- Elimination of lifetime maximums in 2011 and a phase-out of annual maximums by 2014
- Preventive care benefits at 100% beginning in 2011

- Mandatory coverage for adult children until age 26 beginning in 2011
- Changes to the Prescription Drug Plan and Medicare Advantage programs beginning in 2011, and extending through 2020
- Loss of the tax free status of the Retiree Drug Subsidy (RDS) beginning in 2013
- Availability of coverage through health care exchanges beginning in 2014
- Excise ("Cadillac") tax on high-cost plans beginning in 2018
- Patient-Centered Outcomes Research Institute fee on insured and self-insured employer group health plans for 2012 through 2018
- Transitional reinsurance fee on health insurers and self-insured group health plans for 2014 through 2016

There was no impact to obligations or expense from the potential for excise tax payments. The Company has demonstrated a commitment that costs and retiree contributinos will be managed in such a way that the Excise tax threshold will not be the obligation of the company.

This valuation reflects our understanding of the relevant provisions of PPACA and HCERA. The IRS has yet to issue final guidance with respect to many aspects of these laws. It is possible that future guidance may conflict with our understanding of these laws based on currently available guidance and could therefore affect the results shown in this report.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plans being valued. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Changes in assumptions

Rates of mortality were changed from sex-distinct RP-2000 tables with static projection 7 years from the valuation date for annuitants and 15 years from the valuation date for non-annuitants to separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, using Scale MP-2014 with generational projection) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, using Scale MP-2014 with generational projection) to better reflect plan sponsor expectations for the future.

The discount rate was changed from 4.70% to 4.00%.

The expected rate of return was changed from 7.25% to 7.00% based on analysis done by the plan sponsor.

Per capita claims cost assumptions were revised to better reflect plan sponsor expectations for the future.

Changes in methods

There has been a change in actuarial firm from Buck Consultants to Towers Watson, which includes a change in valuation software.

Changes in benefits valued

There have been no changes to the benefits valued.

Subsequent events

There have been no subsequent events since the last actuarial valuation.

Additional information

The December 31, 2013 valuation was completed by Buck Consultants. All 2013 valuation information was calculated by Buck Consultants and is in this report for comparison purposes only.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by Questar Corporation and other persons or organizations designated by Questar Corporation. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Questar Corporation, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is December 31, 2014. The benefit obligations were measured as of the Company's December 31, 2014 fiscal year end and are based on participant data as of the census date, January 1, 2014. We are not aware of any significant changes in the plan demographics during the year. We have projected forward benefit obligations to the end of the year, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

This is the same data that was used for the calculation of the Net Periodic Postretirement Benefit Cost/(Income) for the fiscal year ending December 31, 2015.

Plan assets and balance sheet adjustments

Information about the fair value of plan assets was furnished to us by the Company. The Company also provided information about the general ledger account balances for the other postretirement benefit plans cost at December 31, 2014, which reflect the expected funded status of the plans before adjustment to reflect the funded status based on the year-end measurements. Towers Watson used information supplied by the Company regarding postretirement benefit asset, postretirement benefit liability and amounts recognized in accumulated other comprehensive income as of December 31, 2014. This data was reviewed for reasonableness and consistency, but no audit was performed.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with the Company's tax advisors and auditors.

Assumptions and methods under U.S. GAAP

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the other postretirement benefit cost and other financial reporting have been selected by the Company. Towers Watson has concurred with these assumptions and methods, except for the expected rate of return on plan assets selected as of January 1, 2015. Evaluation of the expected return assumption was outside the scope of Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions and methods used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the December 31, 2014 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated November 12, 2013 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of the Company and its auditors in connection with our actuarial valuation of the other postretirement benefit plans as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent. Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.

Zach Robinson, F.S.A., E.A. — Towers Watson
Valuation Actuary
January 23, 2015

Cindy Somer-Larsen, A.S.A., M.A.A.A. — Towers Watson
Pricing Specialist
January 23, 2015

Trevor Fuhrman, F.S.**A.,** E.A. — Towers Watson
Valuation Actuary
January 23, 2015

The Pricing Specialist is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable). The Valuation Actuary is responsible for other aspects of the valuation (e.g., developing and/or reviewing the reasonableness of other valuation assumptions and methods, ensuring that the valuation model reasonably reflects the substantive plan and actual plan operation, preparing demographic data, performing the valuation, implementing the correct accounting or funding calculations, etc.).

V:\Questar Corporation - 608860\14\RET\Retiree Medical\03 Analysis\YED\Questar Postretirement Welfare Plan 2014 Year-End Disclosure Report.docx

Section 2: Consolidated accounting exhibits

2.1 Disclosed benefit cost

All monetary amounts shown in US Dollars

Fiscal Year Ending			12/31/2014	12/31/2013
A	**Disclosed Benefit Cost**			
	1	Employer service cost	590,505	705,000
	2	Interest cost	3,813,594	3,666,000
	3	Expected return on assets	(3,020,083)	(2,566,000)
	4	Subtotal	1,384,016	1,805,000
	5	Net prior service cost/(credit) amortization	0	0
	6	Net loss/(gain) amortization	696,780	2,953,000
	7	Amortization subtotal	696,780	2,953,000
	8	Net periodic postretirement benefit cost/(income)	2,080,796	4,758,000
	9	Curtailments	0	0
	10	Settlements	0	0
	11	Special/contractual termination benefits	0	0
	12	Disclosed benefit cost	2,080,796	4,758,000
B	**Assumptions Used to Determine Benefit Cost**[1]			
	1	Discount rate	4.700%	4.000%
	2	Long-term rate of return on assets	7.250%	7.250%
	3	Current health care cost trend rate	8.000%	8.500%
	4	Ultimate health care cost trend rate	4.500%	4.500%
	5	Year of ultimate trend rate	2021	2021
C	**Effect of 1% Increase in Health Care Cost Trend Rates**			
	1	Employer service cost	590,505	705,000
	2	Interest cost	3,842,960	3,700,000
	3	Total	4,433,465	4,405,000
	4	Amount change	29,366	34,000
	5	Percentage change	0.667%	0.778%

1 These assumptions were used to calculate Net Periodic Postretirement Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. See Appendix A for interim measurements, if any.

Questar Corporation

Fiscal Year Ending		12/31/2014	12/31/2013
D	**Effect of 1% Reduction in Health Care Cost Trend Rates**		
1	Employer service cost	590,505	705,000
2	Interest cost	3,785,907	3,636,000
3	Total	4,376,412	4,341,000
4	Amount change	(27,687)	(30,000)
5	Percentage change	(0.629%)	(0.686%)

2.2 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Fiscal Year Ending		12/31/2014	12/31/2013
A	**Development of Balance Sheet Asset/(Liability)**		
1	Accumulated postretirement benefit obligation (APBO)	(90,834,854)	(86,287,000)
2	Fair value of assets (FVA) [1]	47,046,899	43,830,000
3	Net balance sheet asset/(liability)	(43,787,955)	(42,457,000)
B	**Current and Noncurrent Allocation**		
1	Noncurrent assets	0	0
2	Current liabilities	0	0
3	Noncurrent liabilities	(43,787,955)	(42,457,000)
4	Net balance sheet asset/(liability)	(43,787,955)	(42,457,000)
C	**Reconciliation of Net Balance Sheet Asset/(Liability)**		
1	Net balance sheet asset/(liability) at end of prior fiscal year	(42,457,000)	(56,798,000)
2	Employer service cost	(590,505)	(705,000)
3	Interest cost	(3,813,594)	(3,666,000)
4	Expected return on assets	3,020,083	2,566,000
5	Plan amendments	0	0
6	Actuarial gain/(loss)	(2,043,342)	12,375,000
7	Employer contributions	2,096,403	3,771,000
8	Benefits paid directly by the Company[2]	0	0
9	Medicare Part D subsidy	0	0
10	Acquisitions/divestitures	0	0
11	Curtailments	0	0
12	Settlements	0	0
13	Special/contractual termination benefits	0	0
14	Net balance sheet asset /(liability) at end of current fiscal year	(43,787,955)	(42,457,000)
D	**Assumptions and Dates Used at Disclosure**		
1	Discount rate	4.000%	4.700%
2	Current health care cost trend rate	7.500%	8.000%
3	Ultimate health care cost trend rate	4.500%	4.500%
4	Year of ultimate trend rate	2021	2021
5	Census date	01/01/2014	01/01/2013

1 Excludes receivable contributions.
2 Net of retiree contributions.

Fiscal Year Ending		12/31/2014	12/31/2013
E	**Effect of 1% Increase in Health Care Cost Trend Rates**		
1	Accumulated postretirement benefit obligation (APBO)	91,598,434	87,048,000
2	Amount change	763,580	761,000
3	Percentage change	0.841%	0.882%
F	**Effect of 1% Reduction in Health Care Cost Trend Rates**		
1	Accumulated postretirement benefit obligation (APBO)	90,115,071	85,599,000
2	Amount change	(719,783)	(688,000)
3	Percentage change	(0.792%)	(0.797%)

2.3 Accumulated other comprehensive (income)/loss

All monetary amounts shown in US Dollars

Fiscal Year Ending			12/31/2014	12/31/2013
A	**Accumulated Other Comprehensive (Income)/Loss**			
	1	Net prior service cost/(credit)	0	0
	2	Net loss/(gain)	17,937,562	16,591,000
	3	Accumulated other comprehensive (income)/loss[1]	17,937,562	16,591,000
B	**Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)**			
	1	AOCI at prior fiscal year end	16,591,000	31,919,000
	2	Amounts amortized during the year		
		a Net prior service (cost)/credit	0	0
		b Net (loss)/gain	(696,780)	(2,953,000)
	3	Occurring during the year		
		a Net prior service cost/(credit)	0	0
		b Net loss/(gain)	2,043,342	(12,375,000)
	4	AOCI at current fiscal year end	17,937,562	16,591,000

[1] Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

2.4 Additional disclosure information

All monetary amounts shown in US Dollars

A Accumulated Postretirement Benefit Obligation (APBO)

		12/31/2014	12/31/2013
1	Fully eligible actives	21,082,034	N/A
2	Other actives	19,451,207	N/A
3	Retirees, dependents and surviving spouses	50,301,613	N/A
4	Accumulated postretirement benefit obligation	90,834,854	86,287,000

		Benefit Payments[1] net of Medicare Part D Subsidy	Medicare Part D Subsidy
B	**Expected Future Benefit Payments and Medicare Part D Subsidies**		
1	During fiscal year ending 12/31/2015	4,255,989	N/A
2	During fiscal year ending 12/31/2016	4,463,422	N/A
3	During fiscal year ending 12/31/2017	4,610,018	N/A
4	During fiscal year ending 12/31/2018	4,812,722	N/A
5	During fiscal year ending 12/31/2019	4,968,496	N/A
6	During fiscal year ending 12/31/2020 through 12/31/2024	26,257,193	N/A

C Expected Contributions during fiscal year ending December 31, 2015

1	Employer	0
2	Plan participants	0

D Expected Amortization Amounts during fiscal year ending December 31, 2015[2]

1	Amortization of net prior service cost/(credit)	0
2	Amortization of net loss/(gain)	1,264,206
3	Total	1,264,206

[1] Net of retiree contributions.
[2] These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/(gains) during the upcoming fiscal year.

2.5 Changes in disclosed liabilities and assets

All monetary amounts shown in US Dollars

Fiscal Year Ending		12/31/2014	12/31/2013
A	**Change in Accumulated Postretirement Benefit Obligation (APBO)**		
1	APBO at prior fiscal year end	86,287,000	94,461,000
2	Employer service cost	590,505	705,000
3	Interest cost	3,813,594	3,666,000
4	Actuarial loss/(gain)	1,928,820	(9,172,000)
5	Plan participants' contributions	0	0
6	Benefits paid from plan assets[1]	(1,785,065)	(3,373,000)
7	Benefits paid from the Company[1]	0	0
8	Medicare Part D subsidy	0	0
9	Administrative expenses paid	0	0
10	Plan change	0	0
11	Acquisitions/divestitures	0	0
12	Curtailments	0	0
13	Settlements	0	0
14	Special/contractual termination benefits	0	0
15	APBO at current fiscal year end	90,834,854	86,287,000
B	**Change in Plan Assets**		
1	Fair value of assets at prior fiscal year end	43,830,000	37,663,000
2	Actual return on assets	2,905,561	5,769,000
3	Employer contributions	2,096,403	3,771,000
4	Plan participants' contributions	0	0
5	Benefits paid[1]	(1,785,065)	(3,373,000)
6	Administrative expenses paid	0	0
7	Acquisitions/divestitures	0	0
8	Settlements	0	0
9	Special/contractual termination benefits	0	0
10	Fair value of assets at current fiscal year end	47,046,899	43,830,000

[1] Net of retiree contributions.

2.6 Summary of net balances

All monetary amounts shown in US Dollars

A Reconciliation of Net Prior Service Cost/(Credit)

	Net Amount at 12/31/2013	Amortization Amount in 2014	Effect of Curtailments	Other Events	Net Amount at 12/31/2014	Remaining Amortization Period	Amortization Amount in 2015
	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

All monetary amounts shown in US Dollars

B Reconciliation of Net Loss/(Gain)[1]

	Net Amount at 12/31/2013	Amortization Amount in 2014	Experience Loss/(Gain)	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2014	Amortization Amount in 2015
	16,591,000	(696,780)	2,043,342	0	0	17,937,562	(1,264,206)

[1] See Appendix A for description of amortization method.

2.7 Reconciliation with prior year's disclosure

All monetary amounts shown in US Dollars

		Accumulated Postretirement Benefit Obligation (i)	Fair Value of Assets (ii)	Net Balance Sheet Asset / (Liability) (i+ii) (iii)	Net Prior Service Cost / (Credit) (iv)	Net Loss / (Gain) (v)	Accumulated Other Comprehensive (Income)/Loss (iv+v) (vi)
1	At December 31, 2013	(86,287,000)	43,830,000	(42,457,000)	0	16,591,000	16,591,000
2	Employer service cost	(590,505)		(590,505)			
3	Interest cost	(3,813,594)		(3,813,594)			
4	Expected asset return		3,020,083	3,020,083			
5	Amortizations				0	(696,780)	(696,780)
6	Experience loss/gain	(1,928,820)	(114,522)	(2,043,342)		2,043,342	2,043,342
7	Employer contributions		2,096,403	2,096,403			
8	Plan participants' contributions	0	0	0			
9	Benefits paid[1]	1,785,065	(1,785,065)	0			
10	Medicare Part D subsidy	0		0			
11	Administrative expenses paid	0	0	0			
12	Plan changes	0		0	0		0
13	Acquisitions/divestitures	0	0	0			
14	Curtailments	0		0	0	0	0
15	Settlements	0	0	0		0	0
16	Special/contractual termination benefits	0		0			
17	Other disbursements	0	0	0			
18	At December 31, 2014	(90,834,854)	47,046,899	(43,787,955)	0	17,937,562	17,937,562

[1] Net of retiree contributions.

2.8 Development of assets for benefit cost

All monetary amounts shown in US Dollars

		Fair Value	Market-Related Value
A	**Reconciliation of Assets**		
1	Plan assets at 12/31/2013	43,830,000	43,830,000
2	Investment return	2,905,561	2,905,561
3	Employer contributions	2,096,403	2,096,403
4	Plan participants' contributions	0	0
5	Benefits paid	(1,785,065)	(1,785,065)
6	Administrative expenses paid	0	0
7	Acquisitions/divestitures	0	0
8	Settlements	0	0
9	Special/contractual termination benefits	0	0
10	Plan assets at 12/31/2014	47,046,899	47,046,899
11	Market-related value of assets under new method	N/A	47,046,899
B	**Rate of Return on Invested Assets**		
1	Weighted invested assets	43,985,669	
2	Rate of return	6.606%	
C	**Investment Loss/(Gain)**		
1	Actual return	2,905,561	
2	Expected return	3,020,083	
3	Loss/(Gain)	114,522	

2.9 Preliminary summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending		Estimated - 12/31/2015	12/31/2014
A	**Total Benefit Cost**		
1	Employer service cost	557,381	590,505
2	Interest cost	3,548,275	3,813,594
3	Expected return on assets	(3,144,323)	(3,020,083)
4	Subtotal	961,333	1,384,016
5	Net prior service cost/(credit) amortization	0	0
6	Net loss/(gain) amortization	1,264,206	696,780
7	Amortization subtotal	1,264,206	696,780
8	Net periodic postretirement benefit cost/(income)	2,225,539	2,080,796
9	Curtailments	0	0
10	Settlements	0	0
11	Special/contractual termination benefits	0	0
12	Total benefit cost	2,225,539	2,080,796
B	**Assumptions**[1]		
1	Discount rate	4.000%	4.700%
2	Rate of return on assets	7.000%	7.250%
3	Current health care cost trend rate	7.500%	8.000%
4	Ultimate health care cost trend rate	4.500%	4.500%
5	Year of ultimate trend rate	2021	2021
6	Census date	01/01/2014	01/01/2013
C	**Assets at Beginning of Year**		
1	Fair market value	47,046,899	43,830,000
2	Market-related value	47,046,899	43,830,000
D	**Cash Flow**[2]	**Expected**	**Actual**
1	Employer contributions	0	2,096,403
2	Plan participants' contributions[3]	0	0
3	Benefits paid from the Company	0	0
4	Benefits paid from plan assets[3]	4,255,989	1,785,065

[1] These assumptions were used to calculate Net Periodic Postretirement Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. For assumptions used for interim measurement periods, if any, refer to Appendix A.
[2] Net of Medicare Part D subsidy.
[3] Over the fiscal year.

This page is intentionally blank

Section 3: Data exhibits

3.1 Plan participant data

All monetary amounts shown in US Dollars

Census Date	01/01/2014	01/01/2013
A Participating Employees		
1 Number		
a Fully eligible	345	N/A
b Other	428	N/A
c Total participating employees	773	858
2 Average age	54.06	53.70
3 Average future working life		
a to full retirement age	7.00367	7.5
b to full eligibility age	4.42602	N/A
B Retirees, Dependents and Surviving Spouses		
1 Number with life benefits	1,412	1,386
2 Average age of employees with life benefits	72.03	72.30
3 Number with medical benefits	930	N/A
4 Average age of employees with medical benefits	73.38	N/A

This page is intentionally blank

Appendix A- Statement of actuarial assumptions and methods

Plan Sponsor

Questar Corporation

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2014 financial reporting, and the preliminary fiscal year 2015 benefit cost.

Assumptions and methods for other postretirement benefit cost purposes

Actuarial Assumptions and Methods — Other Postretirement Benefit Cost	
Economic Assumptions	
Discount rate	4.00%
Expected rate of return on assets	7.00%

The return on assets shown above is net of investment expenses assumed to be paid from the trust.

Demographic and Other Assumptions	
Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees.

Participation Assumptions for Plan	Current Retirees	Future Retirees
Participation:	Based on valuation census data	100% of eligible current actives.
Percentage of retirees covering a spouse	Based on valuation census data	100% of males and females.
Spouse age	Based on valuation census data	Wife 3 years younger than husband.

Demographic Assumptions

Mortality:

- Healthy mortality rates: Separate rates for non-annuitants (based on RP-2014 "Employees" table without collar or amount adjustments, using Scale MP-2014 with generational projection) and annuitants (based on RP-2014 "Healthy Annuitants" table without collar or amount adjustments, using Scale MP-2014 with generational projection).
- Disable life mortality rates: None.

Disability rates: None.

Termination (not due to disability or retirement) rates: Rates varying by age.

Percentage leaving during the year	
Attained Age	Rate
20	15.00%
25	11.25%
30	8.25%
35	5.75%
40	3.25%
45	2.35%
50	1.85%
55	1.20%
60	0.00%

Retirement: Rates varying by age. The average retirement age is 62.

Percentage retiring during the year	
Attained Age	Rate
<55	0.00%
55	15.00%
56	7.00%
57	7.00%
58	7.00%
59	10.00%
60	10.00%
61	10.00%
62	20.00%
63	20.00%
64	20.00%
>=65	100.00%

Trend Rates

Health care cost trend rate: 7.50% in 2015 reducing 0.50% per year, reaching 4.50% in 2021 and after.

Per Capita Claims Costs

Basis for per capita claim cost assumptions

Per capita claims costs were developed using premiums and enrollment information for the 2015 plan year. Average per capita rates were provided by Questar. Average per capita rates were distributed by age in accordance with the Towers Watson AGEDIST model. The average annual per capita health rates for 2015 are shown below.

Average 2015 per capita claims cost for pre-1993 retirees

	Age	Medical
• Overall average	< 65	8,052
	>=65	2,736
• By age group	55-59	6,586
	60-64	8,960
	65-69	2,277
	70-74	2,664
	75-79	2,891
	80-84	3,005
	85-89	3,119
	90-94	3,073
	>=95	2,846

Morbidity

Annual health care costs per individual are assumed to increase approximately at the following rates by age:

Age	Rate
55-59	2.20%
60-64	6.40%
65-69	0.00%
70-74	3.20%
75-79	1.70%
80-84	0.80%
85-89	0.70%
90-94	(0.30%)
95-99	(1.50%)

Additional Assumptions

Administrative expenses	Administrative expenses are included in per capita costs.
Excise tax	There was no impact to obligations or expense from the potential for excise tax payments. The Company has demonstrated a commitment that costs and retiree contributions will be managed in such a way that the Excise Tax threshold will not be the obligation of the company.
Cash flow	
• Timing of benefit payments	Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.
• Amount and timing of contributions	Contributions are assumed to be made throughout the year and, on average, at mid-year.
Funding policy	Questar Corporation does not have a formal funding policy.

Methods – Other Postretirement Benefit Cost and Funded Position

Census date	January 1, 2014
Measurement date	December 31, 2014
	The benefit obligations are based on census data collected as of January 1, 2014. We have projected forward the benefit obligations to December 31, 2014, adjusting for benefit payments, expected growth in the benefit obligations, changes in key assumptions, and plan provisions, and any significant changes in the plan population. We are not aware of any significant changes in the plan demographics since the census date.
Service cost and accumulated postretirement benefit obligation	Costs are determined using the Projected Unit Credit Cost Method. The annual service cost is equal to the present value of the portion of the projected benefit attributable to service during the upcoming year, and the Accumulated Postretirement Benefit Obligation (APBO) is equal to the present value of the portion of the projected benefit attributable to service before the measurement date. Service from hire date through the expected full eligibility date is counted in allocating costs. Costs are allocated pro rata over the service period described above.
Market-related value of assets	Fair value of assets.
Amortization of unamortized amounts:	
• Recognition of past service cost/(credit)	Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Postretirement Benefit Cost/(Income) in the year first recognized and every year thereafter until such time as it is fully amortized. The annual amortization payment is determined in the first year as the increase in Accumulated Postretirement Benefit Obligation due to the plan change

divided by the average remaining service period to full eligibility for participating employees expected to receive benefits under the plan.

However, when the plan change reduces the Accumulated Postretirement Benefit Obligation, existing positive prior service costs are reduced or eliminated starting with the earliest established before a new prior service credit base is established.

- Recognition of gains or losses

Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Postretirement Benefit Cost/(Income) for a year.

If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the projected benefit obligation and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Under this methodology, the gain/loss amounts recognized in AOCI are not expected to be fully recognized in benefit cost until the plan is terminated (or an earlier event, like a settlement, triggers recognition) because the average expected remaining service of active participants expected to benefit under the plan over which the amounts are amortized is redetermined each year and amounts that fall within the corridor described above are not amortized.

Benefits not valued

Contributions made by the Company to current retiree's Health Savings Accounts (HSA) in 2012, 2013 and 2014 were expensed directly by the Company. No future obligations for this benefit were included in the Accumulated Postretirement Benefit Obligation (APBO) at December 31, 2014.

All other benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Questar Corporation and, based on that review, is not aware of any other significant benefits required to be valued that were not.

Data Sources

Questar Corporation furnished participant data as of January 1, 2014, and claims data as of January 1, 2015. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. We are not aware of any other errors or omissions in the data that would have a significant effect on the results of our calculations.

Assumptions Rationale - Significant Economic Assumptions

Discount rate	As required by U.S. GAAP, the discount rate was chosen by the plan sponsor based on market information on the measurement date. Cash flows were matched to the Towers Watson Rate:Link 40:90 yield curve as of December 31, 2014.
Expected return on plan assets	We understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions.
Rates of increase in compensation, National Average Wages (NAW) and Consumer Price Index (CPI)	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP, they represent an estimate of future experience.
Claims cost trend rates	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP, they represent an estimate of future experience. Trend is only applicable to retirements prior to January 1, 1993.
Per capita claims costs	Per capita claims cost assumptions were developed using claims and enrollment information for the 2015 plan year. Average per capita rates were provided to Towers Watson by Questar. Average per capita rates were distributed by age in accordance with the Towers Watson AGEDIST model.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions were selected by the plan sponsor and, as required by U.S. GAAP, represents a best estimate of future experience, and reflects recent recommendations made by the Society of Actuaries.
Termination	Termination rates were based on an experience study conducted in 2011. Annual consideration is given as to whether any conditions have changed that would be expected to produce different results in the future, or if experience differs significantly from expected.
Retirement	Retirement rates were based on an experience study conducted in 2011. Annual consideration is given as to whether any conditions have changed that would be expected to produce different results in the future, or if experience differs significantly from expected.

Participation:

Participants	Assumed participation rates are based on the prior actuary's assumption. We believe that the selected assumption does not significantly conflict with what would be reasonable based on the current plan design and future expectations of plan participation. Given the lack of credible experience for participation in this plan, there is not a different assumption that the plan sponsor believes to be a better estimate. However, annual consideration is given if experience differs significantly from expected.
Covered spouses	Assumed coverage rates for spouses reflect historical experience.

Marital Assumptions:

Percent married	The assumed percentage married is based on an experience study conducted in 2011.
Spouse age	The assumed age difference for spouses is based on general population statistics of the age difference for married individuals of retirement age.

Source of Prescribed Methods

Accounting methods	The methods used for accounting purposes as described in Appendix A are "prescribed methods set by another party", as defined in the actuarial standards of practice (ASOPs). As required by U.S. GAAP, these methods were selected by the plan sponsor.

Changes in Assumptions and Methods

Change in assumptions since prior valuation	Rates of mortality were changed from sex-distinct RP-2000 tables with static projection to 7 years from the valuation date for annuitants and 15 years from the valuation date for non-annuitants to separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, using Scale MP-2014 with generational projection) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, using Scale MP-2014 with generational projection). The mortality table was chosen after considering the mixed collar composition of the covered group. Mortality improvement was assumed generationally using Scale MP-2014. Mortality improvement is assumed beyond the valuation date because recent experience evidenced by the Society of Actuaries’ study that produced the RP-2014 table indicates that longevity has continued to improve. The discount rate was changed from 4.70% to 4.00% to reflect current market conditions. The expected rate of return was changed from 7.25% to 7.00% based on analysis done by the plan sponsor. Per capita claims cost assumptions were revised to better reflect plan sponsor expectations for the future.
Change in methods since prior valuation	There has been a change in actuarial firm from Buck Consultants to Towers Watson, which includes a change in valuation software.

Appendix B - Summary of principal other postretirement benefit plan provisions

Substantive Plan Provisions

Covered employees

Former employees who are receiving a normal or early retirement benefit or who received a special lump sum retirement benefit in 1991, 1995, or 1998 are generally eligible for retiree medical benefits upon retirement. Employees hired or last rehired on or after January 1, 1997 are not eligible for retiree medical benefits.

Participation date

Date of becoming a covered employee.

Definitions

Eligibility service

Years and months of service as a covered participant.

Benefit service

Years and months of service as a covered employee.

Covered pay

Assumed plan compensation for the year beginning on the valuation date was determined as wages for purposes of income tax withholding, including base salary, overtime, bonuses, commissions and shift differential. Compensation also includes deemed compensation for qualifying periods of military service. Compensation also includes salary reduction contributions to the Questar Corporation Employee Investment Plan, Cafeteria Plan, and IRC Section 132(f)(4) transportation benefits.

Compensation does not include reimbursements or other expense allowances, fringe benefits, income from stock options, moving expenses, nonqualified deferred compensation, cash or stock signing/retention bonuses after January 1, 2003, or loan forgiveness. Compensation also does not include welfare benefits such as vacation sales, payment at termination for unused vacation or paid leave, and severance payments.

Medical Benefits

Eligibility

Retirement after age 55 with 10 years of service or after age 65 with 5 years of service.

Survivor eligibility

Eligibility continues beyond death of retiree if the spouse is currently receiving benefits.

Retiree contributions

The costs of the postretirement benefit plan are shared by the Plan's sponsor and retirees as follows below:

Retired	Participants	Surviving Spouses
Before January 1, 1993	20%	25%

After December 31, 1992

Participants retiring after December 31, 1992 have their benefits limited in two ways. First, the Company contribution for these retirees will not exceed a fixed dollar limit as follows:

Maximum Monthly Company Contribution	
Retiree or Surviving Spouse under age 65	$282.98
Retiree and Surviving Spouse under age 65	$565.96
Retiree or Surviving Spouse over age 65	$134.23
Retiree and Surviving Spouse over age 65	$268.46

Second, the retirees receive a percent of the Company maximum monthly contribution based on their years of service as follows:

Years of Service	Percent of Maximum Monthly Company Contribution
10-14	40%
15-19	60%
20-24	80%
25 or more	100%

Life Insurance Benefits

Eligibility

Retirement after age 55 with 10 years of service or after age 65 with 5 years of service. Employees hired or last rehired on or after January 1, 1997 are not eligible for retiree life insurance.

Postretirement contributions

None.

Benefits

Retirees receive a life insurance benefit equal to 50% of their final salary up to a maximum amount of $50,000.

Future Plan Changes

No future plan changes were recognized in determining postretirement welfare cost. Towers Watson is not aware of any future plan changes which are required to be reflected.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Appendix C- Summary of key results by plan

ASC 715 OPEB Disclosure Information

		Medical		Life		Total
Change in Benefit Obligation						
Benefit obligation at the beginning of the year	$	57,792,000	$	28,495,000	$	86,287,000
Service cost		451,517		138,988		590,505
Interest cost		2,531,031		1,282,563		3,813,594
Assumption change		4,057,014		844,836		4,901,850
Experience loss (gain)		(2,222,819)		(750,211)		(2,973,030)
Benefits paid		(962,872)		(822,193)		(1,785,065)
Benefit obligation at the end of the year	$	61,645,871	$	29,188,983	$	90,834,854
Change in Plan Assets						
Fair value of plan assets at the beginning of period	$	41,334,000	$	2,496,000	$	43,830,000
Return on assets		2,663,129		242,432		2,905,561
Employer contributions		2,096,403		0		2,096,403
Plan participants' contributions		0		0		0
Benefits paid		(962,872)		(822,193)		(1,785,065)
Fair value of plan assets at the end of period	$	45,130,660	$	1,916,239	$	47,046,899
Funded Status and Prepaid (Accrued) Benefit Cost						
Funded status	$	(16,515,211)	$	(27,272,744)	$	(43,787,955)
Unrecognized transition obligation/(asset)		0		0		0
Unrecognized prior service cost		0		0		0
Unrecognized net actuarial loss		11,949,448		5,988,114		17,937,562
(Accrued)/Prepaid pension cost	$	(4,565,763)	$	(21,284,630)	$	(25,850,393)
Amounts Recognized in the Statement of Financial Position:						
Non-current assets	$	0	$	0	$	0
Current liabilities		0		0		0
Non-current liabilities		(16,515,211)		(27,272,744)		(43,787,955)
Net amount recognized	$	(16,515,211)	$	(27,272,744)	$	(43,787,955)
Amounts Recognized in Accumulated Other Comprehensive Income						
Unrecognized net initial obligation (asset)	$	0	$	0	$	0
Prior service cost (credit)		0		0		0
Net actuarial loss (gain)		11,949,448		5,988,114		17,937,562
Total (before tax effects)	$	11,949,448	$	5,988,114	$	17,937,562

					Questar Corporation	
Net Periodic Benefit Cost						
Service cost	$	451,517	$	138,988	$	590,505
Interest cost		2,531,031		1,282,563		3,813,594
Expected return on plan assets		(2,872,199)		(147,884)		(3,020,083)
Amortization of transition obligation		0		0		0
Amortization of prior service cost		0		0		0
Recognized net actuarial (gain)/loss		322,817		373,963		696,780
Total NPPBC		433,166		1,647,630		2,080,796
Amounts Expected to be Recognized in Net Periodic Cost in the Coming Year						
Net initial obligation (asset) recognition	$	0	$	0	$	0
Prior service cost recognition		0		0		0
(Gain)/loss recognition		825,976		438,230		1,264,206
Total	$	825,976	$	438,230	$	1,264,206
Assumptions						
Discount rate		4.00%		4.00%		4.00%
Expected return on plan assets		7.00%		7.00%		7.00%
Rate of compensation increase		N/A		4.00%		4.00%
Health care trend rates:						
Current year's rate		7.50%		N/A		7.50%
Ultimate rate medical		4.50%		N/A		4.50%
Year ultimate is reached		2021		N/A		2021
Expected Benefit Payments						
2015	$	3,384,205		871,784		4,255,989
2016		3,554,183		909,239		4,463,422
2017		3,662,206		947,812		4,610,018
2018		3,822,690		990,032		4,812,722
2019		3,932,071		1,036,425		4,968,496
2020 - 2024		20,388,177		5,869,016		26,257,193

Effect of a 1% Change in Health Care Trend Rate

	Minus 1%	Plus 1%
Service cost	0	0
Interest cost	(27,687)	29,366
Total Change	(27,687)	29,366
Accumulated postretirement benefit obligation	(719,783)	763,580

Estimated 2015 Net Periodic Benefit Cost

Discount Rate: 4.00%
Expected Return on Assets: 7.00%

	Medical	Life	Total
Service Cost at BOY	421,875	114,068	535,943
Interest at 4.00%	16,875	4,563	21,438
Service Cost at EOY	438,750	118,631	557,381
APBO at BOY	61,645,871	29,188,983	90,834,854
Expected Benefit Payments for 2015	3,384,205	871,784	4,255,989
Interest Cost at 4.00%	2,398,151	1,150,124	3,548,275
Market Value of Plan Assets at BOY	(45,130,660)	(1,916,239)	(47,046,899)
Expected Benefit Payments for 2015	3,384,205	871,784	4,255,989
Expected Contributions for 2015	0	0	0
Expected Return at 7.00%	(3,040,699)	(103,624)	(3,144,323)
Amortizations			
Prior Service Cost	0	0	0
(Gain)/Loss	825,976	438,230	1,264,206
Net Amortization Amount	825,976	438,230	1,264,206
Estimated 2015 Net Pension Cost	622,178	1,603,361	2,225,539

Notes
1. Contributions for the 2015 fiscal year are assumed to be $0.
2. Results based on January 1, 2014 valuation data, projected to December 31, 2014.