

Questar Pipeline Company Open Season Southern System Enhancement

Questar Pipeline Company (Questar) is proposing to enhance its Southern System for additional delivery capacity to the Questar Gas (QGC) Payson Gate Station.

DESCRIPTION – SOUTHERN SYSTEM ENHANCEMENT

Questar Pipeline Company (Questar) is holding this Open Season to solicit binding support to enhance its Southern System to make additional high-pressure deliveries to Questar Gas Company (QGC) at Payson Utah. Enhancements required to provide this service will include adding compression to increase operating pressure on a segment of Questar Main Line 41 (ML41) and increasing measurement capacity at the Payson Gate Station. The proposed project will enable Questar Pipeline to transport gas from various receipt points on its system for delivery to QGC at Payson, Utah.¹

LENGTH OF OPEN SEASON

The Open Season will begin at noon, MCT, on December 8, 2011 and conclude at noon MCT, on December 16, 2011.

IN-SERVICE DATE

Questar anticipates that the proposed enhancement of its Southern System will be available by first quarter 2014. Pipeline capacity will be made available through capacity from future expiring contracts as well as previously posted capacity that has been reserved according to Section 31 of Part 1 of Questar's FERC Gas Tariff. ([see notice ID 8609 on the Questar web site](#) posted November 22, 2011).

RATE

Questar's maximum tariff rate, excluding fuel reimbursement charges and other FERC-approved charges, are indicated below.

Maximum System Wide Reservation Charge	\$5.28804/Dth/month
Usage Charge	\$0.00267/Dth
100% Load Factor Rate	\$0.17652/Dth

¹ The capacity is dependent on the receipt point locations and associated volumes requested by bidding shippers along the proposed path.

TERM

Requests for this capacity must be for a minimum 12 year term at the maximum rate stated above or an equivalent present value as outlined in Questar's FERC Gas Tariff.

CREDITWORTHINESS REQUIREMENTS

Shippers bidding on the Southern System Expansion must satisfy the creditworthiness provisions specified in Questar's FERC Gas Tariff.

SUBMISSION OF BID SHEETS

The attached Bid Sheet must be used by all Shippers when submitting their binding bids (Bids). Completed Bid Sheets must meet the requirements for rate and term. The usage charge, ACA, fuel reimbursement and any other applicable charges will be in addition to the reservation charge.

AWARDING OF CAPACITY

Bids will be ranked based on the following present value calculation:

$$(\text{Monthly Reservation Charge per unit}) \times \frac{[1-(1+i)^{-n}]}{i} = \text{Present Value per unit}$$

Where: i = interest rate per month, i.e., overall rate of return divided by 12 months

n = term of the agreement, in months

Questar may give priority to Bids that maximize available pipeline capacity and optimize pipeline operating efficiencies.

If the calculations yield a present value which is the same for two or more shippers and capacity is insufficient to serve the requests of those shippers, Questar will allocate the available capacity based upon the date of receipt with the earlier Bid receiving all of its requested capacity and any remaining capacity going to the later bidder. If all Bids are received on the same day, the capacity will be allocated pro rata based upon volumes requested by those shippers whose bids yield the same present value.

Questar specifically reserves the right to reject bids that are less than the maximum tariff rate or bids containing a term shorter than Questar believes necessary to support the project.

SOLICITATION OF CAPACITY RELEASE

Existing shippers with capacity which could be used to provide transportation service for the Southern System Expansion should notify Questar if they wish to permanently turn back their capacity through a release to prospective shippers in this Open Season or through a re-designation of their primary receipt or delivery points. Those shippers wishing to turn back their capacity should notify Questar of the amount, the term, and any other conditions that would be necessary to effectuate a turnback of their capacity. In order for Questar to consider anticipated capacity turnbacks in the expansion decision, notification must be made prior to the expiration of the Open Season. All releases shall be subject to the terms of Section 6 of the General Terms and Conditions of Questar's FERC Gas Tariff, First Revised Volume No. 1. This solicitation of capacity release or any expression on the part of shippers to turn back capacity does not obligate Questar to accept a turnback of the capacity or Questar or the shippers to ultimately agree to release such capacity.

NOTIFICATION OF INTENT TO PROCEED

Questar will evaluate all bids to determine whether or not the bids economically justify the project. A final determination regarding whether the project is economical and whether Questar is willing to proceed with the project will be based on the Bids received during the Open Season. If Questar determines that it will proceed with this project, Shippers with the highest present value ranking will be notified by January 6, 2012. Winning bidders will be required to execute a Precedent Agreement or Transportation Service Agreement no later than 60 days after notification of their winning bid. The Bids will provide the basis for securing the necessary authorizations for construction. Questar will notify the FERC and submit the appropriate filings. Upon receipt of all approvals, construction will commence. Questar specifically reserves the right to decline to pursue any project regardless of the terms of the Bids it receives.

CONDITIONAL BIDS

Questar will evaluate all Bids to determine whether they meet Questar's economic requirements for this project. Questar shall have no obligation to accept Bids from Shippers containing conditions or modifications which, in Questar's sole discretion, are unacceptable to Questar. Acceptance of Bids that do not meet Questar's minimum economic requirements shall be at Questar's sole discretion.

REGULATORY APPROVALS

It may be necessary for Questar to seek approval from the FERC in order to provide the anticipated services. If Questar is unable to obtain the necessary approvals in a form acceptable to Questar, then Questar shall have no obligation to provide the anticipated services.

ADDITIONAL INFORMATION

If you need additional information or have a question about the Open Season please call Lynn Jones at (801) 324-2941 or Tom Myrberg at (801) 324-2978 or visit the Questar web site at <http://www.questarpipeline.com>.

If you are unable to open the PDF files and would like us to fax a copy, please call Derby Flygare at (801) 324-2041.

BID SHEET
For
Firm Transportation Service
QUESTAR PIPELINE COMPANY

Reserved Daily Capacity (RDC): _____ Dth/d

Minimum Acceptable RDC: _____ Dth/d

Rate:¹ \$ _____/Dth/Month

Contract Term: ___ years from the date capacity is made available (12 year minimum)

Primary Receipt Point²

Maximum Receipt Point Quantity³

Primary Delivery Point²

Maximum Delivery Point Quantity³

Questar Gas at Payson, Utah _____

This bid is submitted hereby:

Company: _____

Signature: _____

By: _____

(Name and Title)

Date: _____

¹Rates do not include lost and unaccounted for volumes, ACA, and other FERC - approved surcharges.

²The parties may negotiate revisions to the listed primary points and quantities if necessary to match capacity availability.

³Total Receipt Point RDC must equal Total Delivery Point RDC.