

QUESTAR GAS CO

FORM 10-Q (Quarterly Report)

Filed 05/07/08 for the Period Ending 03/31/08

Address	180 E FIRST SOUTH ST PO BOX 45433 SALT LAKE CITY, UT 84145-0433
Telephone	8013245555
CIK	0000068589
SIC Code	4924 - Natural Gas Distribution
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarter ended March 31, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from ___ to ___

QUESTAR GAS COMPANY

(Exact name of registrant as specified in its charter)

STATE OF UTAH

(State or other jurisdiction of
incorporation or organization)

333-69210

(Commission File No.)

87-0155877

(I.R.S. Employer
Identification No.)

180 East 100 South Street, P.O. Box 45360 Salt Lake City, Utah 84145-0360

(Address of principal executive offices)

Registrant's telephone number, including area code **(801) 324-5555**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On April 30, 2008, 9,189,626 shares of the registrant's common stock, \$2.50 par value, were outstanding. All shares are owned by Questar Corporation.

Registrant meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and is filing this form with the reduced disclosure format.

Questar Gas Company
Form 10-Q for the Quarter Ended March 31, 2008

TABLE OF CONTENTS

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS (Unaudited)	3
Statements of Income for the three and twelve months ended March 31, 2008 and 2007	3
Condensed Balance Sheets as of March 31, 2008, March 31, 2007 and December 31, 2007	4
Condensed Statements of Cash Flows for the three months ended March 31, 2008 and 2007	5
Notes Accompanying the Condensed Financial Statements	6
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	6
ITEM 4T. CONTROLS AND PROCEDURES	9
PART II. OTHER INFORMATION	
ITEM 6. EXHIBITS	10
Signatures	10

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

QUESTAR GAS COMPANY
STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended March 31,		12 Months Ended March 31,	
	2008	2007	2008	2007
REVENUES				
From unaffiliated customers	\$390.2	\$406.5	\$911.3	\$998.7
From affiliated companies	2.0	1.1	5.8	5.0
Total Revenues	392.2	407.6	917.1	1,003.7
OPERATING EXPENSES				
Cost of natural gas sold (excluding operating expenses shown separately)	292.8	311.0	669.0	761.6
Operating and maintenance	21.8	21.1	74.1	73.2
General and administrative	10.5	11.5	44.5	43.8
Depreciation and amortization	10.2	9.5	39.5	38.8
Other taxes	3.5	3.6	11.4	11.6
Total Operating Expenses	338.8	356.7	838.5	929.0
Net loss from asset sales				(0.1)
OPERATING INCOME	53.4	50.9	78.6	74.6
Interest and other income	1.4	1.9	6.9	7.0
Interest expense	(5.6)	(6.0)	(23.4)	(23.1)
INCOME BEFORE INCOME TAXES	49.2	46.8	62.1	58.5
Income taxes	18.6	17.7	23.2	21.8
NET INCOME	\$ 30.6	\$ 29.1	\$ 38.9	\$ 36.7

See notes accompanying the condensed financial statements

QUESTAR GAS COMPANY
CONDENSED BALANCE SHEETS

	March 31, 2008	2007	December 31, 2007
	(Unaudited)		
	(in millions)		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3.4		\$ 4.1
Note receivable from Questar		\$ 24.5	
Accounts receivable, net	102.0	93.8	76.1
Unbilled gas accounts receivable	42.9	33.7	78.2
Accounts receivable from affiliates	3.5	2.4	2.7
Gas stored underground	15.0	26.1	42.9
Materials and supplies	7.7	8.5	9.3
Regulatory assets	10.8	5.6	9.4
Prepaid expenses and other	1.0		2.5
Deferred income taxes – current	2.0	1.7	2.0
Total Current Assets	188.3	196.3	227.2
Property, Plant and Equipment	1,562.4	1,432.7	1,539.2
Accumulated depreciation and amortization	(636.4)	(605.1)	(630.3)
Net Property, Plant and Equipment	926.0	827.6	908.9
Regulatory assets	18.7	18.9	19.1
Goodwill	5.6	5.6	5.6
Other noncurrent assets	7.8	6.3	6.9
Total Assets	\$1,146.4	\$1,054.7	\$1,167.7
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY			
Current Liabilities			
Checks outstanding in excess of cash balances		\$ 3.7	
Notes payable to Questar	\$ 22.2		\$ 72.9
Accounts and other payables	108.1	114.0	134.6
Accounts payable to affiliates	40.2	33.6	32.6
Customer-credit balances	6.7	8.1	34.1
Purchased-gas adjustment	16.5	52.4	58.1
Current portion of long-term debt		53.0	43.0
Total Current Liabilities	193.7	264.8	375.3
Long-term debt, less current portion	370.0	270.0	270.0
Deferred income taxes	128.5	118.3	123.0
Other long-term liabilities	59.6	49.4	58.7
COMMON SHAREHOLDER'S EQUITY			
Common stock	23.0	23.0	23.0
Additional paid-in capital	146.9	116.2	116.7
Retained earnings	224.7	213.0	201.0
Total Common Shareholder's Equity	394.6	352.2	340.7
Total Liabilities and Common Shareholder's Equity	\$1,146.4	\$1,054.7	\$1,167.7

See notes accompanying the condensed financial statements

QUESTAR GAS COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended March 31,	
	2008	2007
	(in millions)	
OPERATING ACTIVITIES		
Net income	\$ 30.6	\$ 29.1
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	11.1	10.4
Deferred income taxes	5.5	(0.4)
Share-based compensation	0.2	0.2
Changes in operating assets and liabilities	(31.9)	27.7
NET CASH PROVIDED FROM OPERATING ACTIVITIES	15.5	67.0
INVESTING ACTIVITIES		
Capital expenditures	(41.4)	(29.8)
Cash used in asset dispositions	(2.6)	(0.3)
Proceeds from asset dispositions		0.8
Affiliated-company property, plant and equipment transfers		(0.6)
NET CASH USED IN INVESTING ACTIVITIES	(44.0)	(29.9)
FINANCING ACTIVITIES		
Checks outstanding in excess of cash balances		3.7
Change in notes receivable from Questar		(24.5)
Change in notes payable to Questar	(50.7)	(13.2)
Long-term debt issued, net of issuance costs	148.4	
Long-term debt repaid	(93.0)	
Equity contribution	30.0	
Dividends paid	(6.9)	(6.7)
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	27.8	(40.7)
Change in cash and cash equivalents	(0.7)	(3.6)
Beginning cash and cash equivalents	4.1	3.6
Ending cash and cash equivalents	\$ 3.4	\$ -

See notes accompanying the condensed financial statements

Note 1 – Nature of Business

Questar Gas Company (Questar Gas or Company) is a wholly-owned subsidiary of Questar Corporation (Questar). The Company provides retail natural gas distribution in Utah, southwestern Wyoming and a small portion of southeastern Idaho. Questar Gas is regulated by the Public Service Commission of Utah (PSCU) and the Public Service Commission of Wyoming (PSCW). The Public Utility Commission of Idaho has contracted with the PSCU for rate oversight of Questar Gas's Idaho operations.

Note 2 – Basis of Presentation of Interim Financial Statements

The accompanying unaudited condensed financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and pursuant to the rules and regulations of the SEC. The interim condensed financial statements reflect all normal, recurring adjustments and accruals that are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the interim periods presented. Interim financial statements do not include all of the information and notes required by GAAP for audited annual financial statements. These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007. Certain reclassifications were made to prior-period financial statements to conform with the current presentation.

The preparation of the condensed financial statements and notes in conformity with GAAP requires that management make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ from estimates. The results of operations for the three and twelve months ended March 31, 2008, are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

Note 3 – Financing

On February 1, 2008, Questar Gas filed a shelf registration with the Securities and Exchange Commission to sell up to \$150 million of debt securities and use the net proceeds to repay intercompany demand notes, to repay debt maturing in early 2008 and to finance certain capital expenditures as well as for general corporate purposes, including working capital. On March 24, 2008, Questar Gas sold \$50 million of 10-year notes with a 6.3% coupon interest rate and \$100 million of 30-year notes with a 7.2% coupon interest rate.

Note 4 – Questar Gas Equity Issue

Questar Gas received \$30.0 million of common equity from Questar and used the proceeds to repay \$30.0 million of notes payable due to Questar.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion updates information as to Questar Gas's financial condition provided in its previous Form 10-K filing, and analyzes the changes in the results of operations between the three- and twelve-month periods ended March 31, 2008 and 2007. For definitions of commonly used terms found in this Form 10-Q, please refer to the "Glossary of Commonly Used Terms" provided in the Company's 2007 Form 10-K.

RESULTS OF OPERATIONS

Questar Gas, which provides retail natural gas distribution services in Utah, Wyoming and Idaho, reported net income of \$30.6 million in the first quarter of 2008 compared with \$29.1 million in the first quarter of 2007, a 5% increase. Questar Gas had net income of \$38.9 million for the 12 months ended March 31, 2008, compared with \$36.7 million for the year-earlier period. Operating income increased \$2.5 million, or 5%, in the 2008-to-2007 first-quarter comparison due to higher revenues from new-customer growth. Operating income for the 12 months ended March 31, 2008 was \$78.6 million compared with \$74.6 million for the 12 months ended March 31, 2007. Following is a summary of Questar Gas financial and operating results:

	3 Months Ended March 31,			12 Months Ended March 31,		
	2008	2007	Change	2008	2007	Change
Operating Income						
Revenues						
Residential and commercial sales	\$376.0	\$392.2	(\$16.2)	\$860.4	\$939.1	(\$78.7)
Industrial sales	2.9	2.8	0.1	10.0	16.7	(6.7)
Transportation for industrial customers	2.3	2.3		9.9	7.4	2.5
Service	1.6	1.8	(0.2)	5.7	6.7	(1.0)
Other	9.4	8.5	0.9	31.1	33.8	(2.7)
Total revenues	392.2	407.6	(15.4)	917.1	1,003.7	(86.6)
Cost of natural gas sold	(292.8)	(311.0)	(18.2)	(669.0)	(761.6)	(92.6)
Margin	99.4	96.6	2.8	248.1	242.1	6.0
Other Operating Expenses						
Operating and maintenance	21.8	21.1	0.7	74.1	73.2	0.9
General and administrative	10.5	11.5	(1.0)	44.5	43.8	0.7
Depreciation and amortization	10.2	9.5	0.7	39.5	38.8	0.7
Other taxes	3.5	3.6	(0.1)	11.4	11.6	(0.2)
Total other operating expenses	46.0	45.7	0.3	169.5	167.4	2.1
Net loss from asset sales					(0.1)	0.1
Operating income	\$ 53.4	\$50.9	\$2.5	\$78.6	\$ 74.6	\$ 4.0
Operating Statistics						
Natural gas volumes (MMdth)						
Residential and commercial sales	49.9	45.9	4.0	110.1	105.8	4.3
Industrial sales	0.4	0.4		1.6	2.4	(0.8)
Transportation for industrial customers	16.0	9.9	6.1	59.8	36.9	22.9
Total industrial	16.4	10.3	6.1	61.4	39.3	22.1
Total deliveries	66.3	56.2	10.1	171.5	145.1	26.4
Natural gas revenue (per dth)						
Residential and commercial sales	\$7.53	\$8.54	(\$1.01)	\$7.81	\$8.87	(\$1.06)
Industrial sales	6.57	6.86	(0.29)	6.11	7.14	(1.03)
Transportation for industrial customers	\$0.14	\$0.23	(\$0.09)	\$0.17	\$0.20	(\$0.03)
Colder than normal temperatures	12%	4%	8%	5%	1%	4%
Temperature-adjusted usage per customer (dth)	49.2	48.6	0.6	111.4	111.7	(0.3)
Customers at March 31, (thousands)	881.9	860.9	21.0			

Margin Analysis

Questar Gas's margin (revenues minus gas costs) increased \$2.8 million in the first quarter of 2008 compared to the first quarter of 2007 and increased \$6.0 million in the 12 months ended March 31, 2008 compared with the 2007 period. Following is a summary of major changes in the margin:

	Change in margin	
	3 Months Ended March 31, 2008 to 2007	12 Months Ended March 31, 2008 to 2007
New customers	\$ 2.2	\$ 5.4
Conservation-enabling tariff	(1.1)	1.4
Change in usage per customer	1.2	(0.5)
Demand-side management cost recovery	1.1	1.8
Recovery of gas-cost portion of bad-debt costs	(0.9)	(1.6)
Other	0.3	(0.5)
Increase	\$2.8	\$6.0

At March 31, 2008, Questar Gas served 881,874 customers, up from 860,909 at March 31, 2007. New-customer growth increased the margin by \$2.2 million in the first quarter of 2008 and \$5.4 million for the 12 months ended March 31, 2008.

Temperature-adjusted usage per customer increased 1% in the first quarter of 2008 compared to the first quarter of 2007 and was down slightly in the 12 months ended March 31, 2008 compared to the year-earlier period. The impact on the Company's margin from changes in usage per customer has been mitigated by a pilot conservation-enabling tariff (CET) that was approved by the PSCU in October 2006, effective back to the beginning of 2006. The new tariff resulted in a margin decrease of \$1.1 million in the first quarter of 2008, offsetting the \$1.2 million increase in usage per customer. For the 12 months ended March 31, 2008, the CET increased margin by \$1.4 million, offsetting a \$0.5 million decrease in usage per customer.

Weather, as measured in degree days, was 12% colder than normal in the first quarter of 2008 and 4% colder than normal in the first quarter of 2007. Weather was 5% colder than normal in the 12 months ended March 31, 2008, compared with 1% colder than normal in the 12 months ended March 31, 2007. A weather-normalization adjustment on customer bills generally offsets financial impacts of moderate temperature variations.

Expenses

Cost of natural gas sold decreased 6% in the first quarter of 2008 compared to the first quarter of 2007 due to lower gas purchase expenses per dth more than offsetting a 9% increase in volumes sold. Cost of natural gas sold decreased 12% in the 12 months ended March 31, 2008 compared with the year-earlier period due to lower gas purchase expenses per dth. Questar Gas accounts for purchased-gas costs in accordance with procedures authorized by the PSCU and the PSCW. Purchased-gas costs that are different from those provided for in present rates are accumulated and recovered or credited through future rate changes. As of March 31, 2008, Questar Gas had a \$16.5 million over-collected balance in the purchased-gas adjustment account representing costs recovered from customers in excess of costs incurred.

Operating and maintenance expenses increased 3% in the first quarter of 2008 compared to the first quarter of 2007 due primarily to higher labor costs. This increase was partially offset by lower bad-debt costs. Operating and maintenance expenses increased 1% in the 12 months ended March 31, 2008 compared with the year earlier period. General and administrative expenses decreased 9% in the 2008 first quarter and increased 2% in the 12 months ended March 31, 2008 compared with year-earlier periods. Operating, maintenance, general and administrative expenses per customer were \$37 in the first quarter of 2008 and \$134 in the 12 months ended March 31, 2008, compared to \$38 in the first quarter of 2007 and \$136 in the 12 months ended March 31, 2007.

Depreciation expense increased 7% in the first quarter of 2008 and 2% in the 12 months ended March 31, 2008 compared to the 2007 periods primarily as a result of plant additions from customer growth and system expansion.

General Rate Case

In December 2007, Questar Gas filed an application for a general rate case in Utah requesting an increase in distribution non-gas rates and charges of \$27.0 million, including an authorized return on equity of 11.25%. The Company has since modified its request to \$22.2 million to reflect a change in test year ordered by the PSCU and the impact of tax law changes on rate base. Hearings are scheduled in mid-2008 and a PSCU decision on return on equity and revenue requirement is expected in August 2008.

Forward-Looking Statements

This quarterly report may contain or incorporate by reference information that includes or is based upon “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, exploration efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Among factors that could cause actual results to differ materially are:

- the risk factors discussed in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2007;
- general economic conditions, including the performance of financial markets and interest rates;
- changes in industry trends;
- changes in laws or regulations; and
- other factors, most of which are beyond the Company’s control.

Questar Gas undertakes no obligation to publicly correct or update the forward-looking statements in this quarterly report, in other documents, or on the Web site to reflect future events or circumstances. All such statements are expressly qualified by this cautionary statement.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures .

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of March 31, 2008. The effectiveness of the Company’s internal control over financial reporting was assessed using criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on such evaluation, such officers have concluded that, as of March 31, 2008, the Company’s disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company’s reports filed or submitted under the Exchange Act. The Company’s Chief Executive Officer and Chief Financial Officer also concluded that the controls and procedures were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management including its principal executive and financial officers or persons performing similar functions as appropriate to allow timely decisions regarding required disclosure.

This quarterly report does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting.

Changes in Internal Controls.

There were no changes in the Company’s internal controls over financial reporting that occurred during the quarter ended March 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS.

a. The following exhibits are filed as part of this report:

<u>Exhibit No.</u>	<u>Exhibits</u>
31.1.	Certification signed by Alan K. Allred, Questar Gas Company's President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification signed by S. E. Parks, Questar Gas Company's Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification signed by Alan K. Allred and S. E. Parks, Questar Gas Company's President and Chief Executive Officer and Vice President and Chief Financial Officer, respectively, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUESTAR GAS COMPANY
(Registrant)

May 7, 2008

/s/Alan K. Allred
Alan K. Allred
President and Chief Executive Officer

May 7, 2008

/s/S/ E. Parks
S. E. Parks
Vice President and Chief Financial Officer

Exhibits List

<u>Exhibit No.</u>	<u>Exhibits</u>
31.1.	Certification signed by Alan K. Allred, Questar Gas Company's President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification signed by S. E. Parks, Questar Gas Company's Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification signed by Alan K. Allred and S. E. Parks, Questar Gas Company's President and Chief Executive Officer and Vice President and Chief Financial Officer, respectively, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

I, Alan K. Allred, certify that:

1. I have reviewed this quarterly report of Questar Gas Company on Form 10-Q for the period ended March 31, 2008;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2008

/s/Alan K. Allred
Alan K. Allred
President and Chief Executive Officer

CERTIFICATION

I, S. E. Parks, certify that:

1. I have reviewed this quarterly report of Questar Gas Company on Form 10-Q for the period ended March 31, 2008;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2008

/s/ S. E. Parks
S. E. Parks
Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Questar Gas Company (the Company) on Form 10-Q for the period ended March 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), Alan K. Allred, President and Chief Executive Officer of the Company, and S. E. Parks, Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

QUESTAR GAS COMPANY

May 7, 2008

/s/Alan K. Allred
Alan K. Allred
President and Chief Executive Officer

May 7, 2008

/s/S. E. Parks
S. E. Parks
Vice President and Chief Financial Officer