Dominion Energy Utah Dominion Energy Wyoming Dominion Energy Idaho
Law Department
333 South State Street, Salt Lake City, UT 84111
DominionEnergy.com

Dominion Energy®

April 13, 2018

VIA FEDERAL EXPRESS

Ms. Terri Carlock
Idaho Public Utilities Commission
472 West Washington
P.O. Box 83720
Boise, ID 83702

Re: Questar Gas Company dba Dominion Energy Utah
2017 Annual Report

Dear Ms. Carlock:

Enclosed are three originals of the Gas Utilities Annual Report for 2017. This is the report format utilized by the State of Utah for reporting annual financial results for the utility. We are providing the same report to you to meet the State of Idaho's requirement. You will also find a copy of Questar Gas Company dba Dominion Energy Utah's internal financial report for 2017. We trust that this information will be adequate in fulfilling the Commission's six requirements.

Very truly yours,

Jenniffer Nelson Clark

Jenniffer Nelson Clark
Senior Counsel

JNC/rp

Enclosures

GAS UTILITIES

ANNUAL REPORT

OF

Questar Gas Company dba Dominion Energy Utah

Utah Business Entity Number: 558729-0142

TO THE

PUBLIC SERVICE COMMISSION
OF UTAH

For Calendar Year

2017

GAS UTILITIES
Annual Report of Operations

INSTRUCTIONS FOR FILING

1. **PURPOSE** - This form is a regulatory requirement designed to collect financial and other operating data from ALL regulated utilities operating in the State of Utah. This report is Mandatory under UCA § 54-3-22 & Rule R746-400.

2. **DATE DUE** - This report is for the period January 01 to December 31. A signed original and an electronic copy of this report are due at the Utah Division of Public Utilities by **April 15**.

3. **WHERE TO FILE** - The completed report is to be mailed or delivered to:

Mailing Address	**Delivery Address**
Utah Division of Public Utilities Box 146751 Salt Lake City, UT 84114-6751	Utah Division of Public Utilities 160 East 300 South, 4th Floor Salt Lake City, UT 84111
Email Address	**Questions**
dpudatarequest@utah.gov	801-530-6653

4. One copy of the report should be retained by the respondent in its files.

5. Complete the report by a means which will result in a permanent record.

6. Each question should be completed fully and accurately, even if answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

7. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable" or "NA". Do not omit any pages.

8. Round all dollar figures to whole dollars.

ATTESTATION / CERTIFICATION OF RESPONSIBILITY

I certify that I have examined the information contained in this report submitted to the Utah Division of Public Utilities, and that, to the best of my knowledge, information, and belief, all statements of fact contained in this report are true and represent an accurate statement of the affairs of the respondent company as of the date shown below.

Signature:			
Print Name:	Kelly Mendenhall	**Date:**	4/13/18
Title:	Director - State Regulatory Affairs		
Phone Number:	(801)324-5929	**Extension:**	
Fax Number:		**Email:**	kelly.mendenhall@dominionenergy.com

Pleas send one completed hard copy and email one copy to the following:
Hard copy to:

Utah Division of Public Utilities
Heber Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111-6751

Email copy to: (using State approved e-filing protocol.)

dpudatarequest@utah.gov

General Company & Contact Information

Company Name:	Questar Gas Company dba Dominion Energy Utah				
DBA Name (if different):					
FKA Name (if different):					
Address:	333 South State				
City:	Salt Lake City	**State:**	UT	**Zip:**	84145
Phone Number:	(801)324-5100	**Fax Number:**			
(800) Number:					

Principle Business Address:	333 South State				
City:	Salt Lake City	**State:**	UT	**Zip:**	84145

Corporate Book Address:	120 Tredegar Street				
City:	Richmond	**State:**	VA	**Zip:**	00002-3219

Report Contact Person

Name:	Mike Rawlins	**Title:**	Accounting Manager
Phone Number:	(801)324-2683	**Extension:**	
Fax Number:		**Email:**	mike.rawlins@dominionenergy.com

Corporate Book Custodian

Name:	Karen Doggett	**Title:**	Assistant Corporate Secretary
Phone Number:	(804)819-2123	**Extension:**	
Fax Number:		**Email:**	karen.doggett@dominionenergy.com

Contact Information

Attorney:

Name:	George Marget		**Title:**	Managing General Counsel	
Firm Name:					
Address:	333 South State St				
City:	Salt Lake City	**State:**	UT	**Zip:**	84145
Phone Number:	(801) 324-5090	**Extension:**			
(800) Number:		**Fax Number:**			

Accountant:

Name:			**Title:**		
Firm Name:					
Address:					
City:		**State:**		**Zip:**	
Phone Number:		**Extension:**			
(800) Number:		**Fax Number:**			

Other Contacts:

Name:		**Title:**	
Phone Number:		**Extension:**	
Fax Number:		**E-mail:**	

Name:		**Title:**	
Phone Number:		**Extension:**	
Fax Number:		**E-mail:**	

Name:		**Title:**	
Phone Number:		**Extension:**	
Fax Number:		**E-mail:**	

OFFICERS AND DIRECTORS

Report below the officers and directors of respondent at the end of the year. If there were any changes during the year, show name, title, and address of previous officer or director and date of change.

Name	Address	Official Title	Salary
Thomas F. Farrell, II	120 Tredegar St Richmond, VA 23219	Chairman of the Board	*
Mark F. McGettrick	120 Tredegar St Richmond, VA 23219	Director	*
Mark O. Webb	120 Tredegar St Richmond, VA 23219	Director	*
Steven P. Zimmer	120 Tredegar St Richmond, VA 23219	Director	*
Thomas F. Farrell, II	120 Tredegar St Richmond, VA 23219	Chief Executive Officer	*
Craig C. Wagstaff	333 S State SLC, UT 84145	President	*
Mark F. McGettrick	120 Tredegar St Richmond, VA 23219	EVP & CFO	*
Carter M. Reid	120 Tredegar St Richmond, VA 23219	Corporate Secretary	*
Michelle L. Cardiff	120 Tredegar St Richmond, VA 23219	VP & Controller	*
Colleen Larkin Bell	333 S State SLC, UT 84145	VP & General Manager	*
Vaughn Shosted	333 S State SLC, UT 84145	VP Operations	*

* See Dominion Resource's Annual Proxy Statement to be filed in April 2018.

Number of board of directors meetings held during year	1
Number of directors required to constitute a quorum	3
Total amount of directors' fees paid during year	

STOCKHOLDERS

Report below the names and addresses of the stockholders who, at the end of the year, owned or held directly or indirectly 5 percent or more of the voting securities of the respondent.

Name	Address	No, of shares	Salary
Dominion Questar	333 S State SLC, UT 84145	9,189,626	

Total shares represented by above	100%
Total number of shares at end of year	9,189,626
Total number of stockholders at end of year	1

IMPORTANT CHANGES DURING THE YEAR

Give particulars concerning the following matters. Make the statements explicit and precise. Each inquiry must be answered. Only use "none" or "not applicable" if it correctly states the fact.

1. Important additions or changes in franchise rights, including the actual consideration, if any, given therefore.

--None--

2. Important additions or extensions of the utility system such as new structures, exchanges, toll facilities, etc.

--None--

COMPARATIVE BALANCE SHEETS
(Utah Operations Financial Statement in Accordance with GAAP)
Certificated entity only. Do not consolidate with other affiliated entities.

Account	Balance at beginning of year	Balance at end of year
1 Cash and cash equivalents	7,559,770	6,652,071
2 Federal income taxes receivable	1,191	15,035,386
3 Accounts and notes receivable	150,225,673	68,458,005
4 Unbilled gas accounts receivable	88,645,058	91,423,665
5 Deferred income taxes - current	94,107	
6 Gas stored underground	49,333,981	52,891,067
7 Materials and supplies	27,626,129	25,178,232
8 Current regulatory assets	4,293,858	5,839,469
9 Prepaid expenses and other	3,756,430	5,362,243
10 Purchased gas adjustment	3,408,362	10,684,690
11 Total current assets	334,944,558	281,524,827
12 Construction Work in Progress	76,816,315	91,105,288
13 Property, plant and equipment	2,806,201,599	2,950,635,432
14 Less allowances for depreciation	(737,640,017)	-745,918,549
15 Net property, plant and equipment	2,145,377,897	2,295,822,171
16 Other long-term assets		
17 Goodwill	5,652,450	5,652,450
18 Regulatory assets	14,702,619	16,123,130
19 Other long-term assets	3,671,409	115,065,368
20 Total Assets	2,504,348,932	2,714,187,947
21 Short-term debt	200,000,000	165,000,000
22 Notes payable to affiliates	48,000,000	75,000,000
23 Notes pay - Current Port LT Debt	14,500,000	120,000,000
24 Federal income taxes payable		
25 Accounts payable and accrued expenses	140,834,761	159,535,478
26 Customer credit balance	27,887,441	16,946,125
27 Current regulatory liabilities	2,955,387	5,155,915
28 Interest payable	6,916,941	7,232,880
29 Other taxes payable	13,058,142	12,369,335
30 Deferred income taxes - current		1,448,609
31 Purchased gas adjustment		
32 Total current liabilities	454,152,672	562,688,342
31 Long-term debt, less current portion	620,000,000	600,000,000
32 Other liabilities	117,118	5,232,099
33 Asset retirement obligation	77,823,040	78,437,715
34 Deferred investment tax credits		
35 Deferred income taxes	475,902,735	274,730,742
36 Customer contributions-in-aid-of-construction	18,956,887	12,128,595
37 Regulatory and other noncurrent liabilities	199,900,593	455,959,644
38 Total Liabilities	1,846,853,045	1,989,177,137
39 Common stock	22,974,065	22,974,065
40 Additional paid-in capital	272,445,463	272,445,463
41 Retained earnings	362,076,359	429,591,282
42 Total shareholder's equity	657,495,887	725,010,810
43 Total liabilities and equity	2,504,348,932	2,714,187,947

COMPARATIVE STATEMENTS OF INCOME
(Utah Operations Financial Statement in Accordance with GAAP)

Certificated entity only. Do not consolidate with other affiliated entities.

Account	Amount for Preceding Year	Amount for Current Year
1 Operating Revenues	917,372,395	940,309,864
2 Utility Operating Expenses:		
3 Gas Purchases	542,102,395	555,439,839
4 Operating Expense	144,110,958	125,886,273
5 Maintenance Expense	12,805,655	11,547,824
6 Depreciation and Amortization	60,986,811	66,734,934
7 Taxes Other Than Income Taxes	20,864,958	22,257,842
8 Income Taxes	1,142,859	12,049,867
9 Income Taxes - Deferred	34,909,109	35,594,691
10 Total Utility Operating Expenses	816,922,745	829,511,270
11 Net Operating Income	100,449,651	110,798,594
12 Other Income	3,280,068	5,758,279
13 Other Income Deductions	(365,739)	-383,249
14 Merger & Restructuring Expense	(15,942,189)	(14,479,592)
15 Total Other Income and Deductions	(13,027,861)	(9,104,562)
16 Interest Charges	30,195,462	34,179,109
17 Net Income	57,226,328	67,514,923

COMPARATIVE STATEMENTS OF CASH FLOW (Utah Operations Financial Statement in Accordance with GAAP) Certificated entity only. Do not consolidate with other affiliated entities.		
Account	Amount for Preceding Year	Amount for Current Year
Operating Activities		
Net Income	57,226,328	67,514,923
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation, depletion and amortization	55,855,973	62,537,032
ARO - Accum Depr Change	(118,487,916)	
Deferred income taxes	39,147,479	(199,629,277)
Shared-based compensation	955,815	-
Changes in operating assets and liabilities		-
Accounts receivable	6,275,793	(7,819,415)
Inventories	(15,984,006)	(1,109,188)
Prepaid expenses and other	(166,504)	(108,315,477)
Accounts payable and accrued expenses	(52,583,559)	86,938,367
Federal income taxes	35,608,018	(15,034,195)
Other taxes	3,557,237	(688,806)
Purchased gas adjustments	15,513,867	(7,276,328)
Other assets	9,053,647	(2,708,276)
Regulatory assets(current)	36,621,059	424,870
Regulatory liabilities(current)	6,364,824	2,570,923
Other liabilities	120,391,702	260,657,128
NET CASH (USED IN) PROVIDED FROM OPERATING	199,349,755	138,062,279
Investing Activities		
Capital expenditures		
Property, plant and equipment	(240,378,523)	(215,429,755)
Proceeds from disposition of assets	(10,731,028)	(301,110)
NET CASH (USED IN) PROVIDED FROM INVESTING	(251,109,551)	(215,730,865)
Financing Activities		
Common stock issued	4,773,976	
Long-term debt issued, net of issue costs	99,317,896	99,260,888
Long-term debt repaid		(14,500,000)
Change in short-term debt	(25,300,000)	(8,000,000)
Dividends paid	(30,000,000)	
Excess tax benefits from share-based compensation		
NET CASH(USED IN) PROVIDED FROM FINANCING	48,791,871	76,760,888
Change in cash and cash equivalents	(2,967,925)	(907,699)
Beginning cash and cash equivalents	10,527,695	7,559,770
Ending cash and cash equivalents	7,559,770	6,652,071

NOTES TO FINANCIAL STATEMENTS (Utah Operations Financial Statement in Accordance with GAAP) Provide the notes to the financial statements and sign the certification below.
See Attached
Signature of officer

Note 1. Nature of Operations

Questar Gas is a wholly-owned subsidiary of Dominion Energy Questar which, effective September 2016, is a wholly-owned sub-sidiary of Dominion Energy.

Questar Gas distributes natural gas as a public utility in Utah, southwestern Wyoming and a small portion of southeastern Idaho. The Utah, Wyoming and Idaho Commissions have granted Questar Gas the necessary regulatory approvals to serve these areas. Questar Gas also has long-term franchises granted by communities and counties within its service area.

Revenue generated by Questar Gas is based primarily on rates established by the Utah and Wyoming Commissions. The Idaho Commission has contracted with the Utah Commission for rate oversight of Questar Gas operations.

Wexpro, an affiliate, provides the majority of Questar Gas' natural gas supply and Dominion Energy Questar Pipeline, an affiliate, provides the majority of Questar Gas' transportation and storage services.

Questar Gas manages its daily operations through one primary operating segment. It also reports a Corporate and Other segment that primarily includes specific items attributable to its operating segment that are not included in profit measures evaluated by executive management in assessing the segment's performance or in allocating resources.

Note 2. Significant Accounting Policies

General

Questar Gas makes certain estimates and assumptions in preparing its Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and cash flows for the periods presented. Actual results may differ from those estimates.

Questar Gas reports certain contracts and instruments at fair value. See Note 5 for further information on fair value measure-ments.

Certain amounts in the 2016 and 2015 Financial Statements and footnotes have been reclassified to conform to the 2017 pre-sentation for comparative purposes. The reclassifications did not affect Questar Gas' net income, total assets, liabilities, equity or cash flows.

Operating Revenue

Operating revenue is recorded on the basis of services rendered, commodities delivered or contracts settled and includes amounts yet to be billed to customers. Questar Gas collects sales taxes; however, these amounts are excluded from revenue. Questar Gas' customer receivables at December 31, 2017 and 2016 included \$91.4 million and \$88.6 million, respectively, of accrued unbilled revenue based on estimated amounts of natural gas delivered but not yet billed to its customers.

The primary types of sales and service activities reported as operating revenue for Questar Gas are as follows:

Regulated gas sales consist of delivery of natural gas to resi-dential, commercial and industrial customers;

Gas transportation consists of transportation of gas for commercial and industrial customers who buy their own gas supply; and

Other primarily consists of connection fees, royalties, miscellaneous product sales, etc.

Purchased Gas

Questar Gas obtains the majority of its gas supply from Wexpro's cost-of-service production and pays Wexpro an operator service fee based on the terms of the Wexpro Agreement and the Wexpro II Agreement. Questar Gas also obtains transportation and storage services from Dominion Energy Questar Pipeline. See Note 19 for more information. During the second and third quarters of the year, a significant portion of the natural gas from Wexpro production is injected into underground storage. This gas is withdrawn from storage as needed during the heating season in the first and fourth quarters. Purchased gas is credited with the value of natural gas as it is injected into storage and debited as it is withdrawn from storage.

The details of Questar Gas' purchased gas are as follows:

Year Ended December 31,	2017	2016	2015
(millions)			
Gas purchases	**\$125.5**	\$102.0	\$ 82.5
Affiliated operator service fee	**304.2**	311.7	319.0
Transportation and storage(1)	**84.9**	79.3	79.2
Gathering	**24.9**	23.7	22.1
Royalties	**21.6**	26.3	33.3
Storage (injection), net	**(3.6)**	(5.5)	(3.5)
Purchased-gas account adjustment	**(7.3)**	(0.6)	20.5
Other	**5.2**	5.2	5.0
Total purchased gas	**\$555.4**	\$542.1	\$ 558.1

(1) See Note 19 for amounts attributable to related parties.

Purchased Gas-Deferred Costs

Where permitted by regulatory authorities, the differences between Questar Gas' purchased gas expenses and the related levels of recovery for these expenses in current rates are deferred and matched against recoveries in future periods. The deferral of gas costs in excess of current period recovery is recognized as a regulatory asset, while rate recovery in excess of current period gas costs is recognized as a regulatory liability.

Virtually all of Questar Gas' natural gas purchases are either subject to deferral accounting or are recovered from the customer in the same accounting period as the sale.

Income Taxes

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws, including the provisions of the 2017 Tax Reform Act, involves uncertainty, since tax authorities may interpret the laws differently. In addition, the states in which we operate may or may not conform to some or all the provisions in the 2017 Tax Reform Act. Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

A consolidated federal income tax return is filed for Dominion Energy and its subsidiaries, including Questar Gas for the full year 2017 and going forward. For 2016, a consolidated federal income tax return was filed for Dominion Energy Questar, including Questar Gas, for the period January 1, 2016 through Sep-tember 16, 2016. Questar Gas was part of the consolidated federal income tax return filed by Dominion Energy for the period September 17, 2016 through December 31, 2016. In addition, where applicable, combined income tax returns for Dominion Energy and its subsidiaries are filed in various states; otherwise, separate state income tax returns are filed.

Questar Gas participates in intercompany tax sharing agreements with Dominion Energy and its subsidiaries. Current income taxes are based on taxable income or loss and credits determined on a separate company basis.

Under the agreements, if a subsidiary incurs a tax loss or earns a credit, recognition of current income tax benefits is limited to refunds of prior year taxes obtained by the carryback of the net operating loss or credit or to the extent the tax loss or credit is absorbed by the taxable income of other Dominion Energy consolidated group members. Otherwise, the net operating loss or credit is carried forward and is recognized as a deferred tax asset until realized.

The 2017 Tax Reform Act includes a broad range of tax reform provisions affecting Dominion Energy and its subsidiary Questar Gas, including changes in corporate tax rates and busi-ness deductions. The 2017 Tax Reform Act reduces the corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. Deferred tax assets and liabilities are meas-ured at the enacted tax rate expected to apply when temporary differences are realized or settled. Thus, at the date of enactment, deferred taxes were remeasured based upon the new 21% tax rate. The total effect of tax rate changes on federal deferred tax balan-ces is recorded as a component of the income tax provision related to continuing operations for the period in which the law is enacted, even if the assets and liabilities relate to other compo-nents of the financial statements. As a regulated utility, Questar Gas is required to adjust deferred income tax assets and liabilities for the change in income tax rates. However, as it is probable that the effect of the change in income tax rates will be recovered or refunded in future rates, Questar Gas recorded a regulatory asset or liability instead of an increase or decrease to deferred income tax expense.

Accounting for income taxes involves an asset and liability approach. Deferred income tax assets and liabilities are provided, representing future effects on income taxes for temporary differ-ences between the bases of assets and liabilities for financial reporting and tax purposes. Accordingly, deferred taxes are recog-nized for the future consequences of different treatments used for the reporting of transactions in financial accounting and income tax returns. Questar Gas establishes a valuation allowance when it is more-likely-than-not that all, or a portion, of a deferred tax asset will not be realized. A regulatory asset is recognized if it is probable that future revenues will be provided for the payment of deferred tax liabilities.

Questar Gas recognizes positions taken, or expected to be taken, in income tax returns that are more-likely-than-not to be realized, assuming that the position will be examined by tax authorities with full knowledge of all relevant information.

If it is not more-likely-than-not that a tax position, or some portion thereof, will be sustained, the related tax benefits are not recognized in the financial statements. Unrecognized tax benefits may result in an increase in income taxes payable, a reduction of income tax refunds receivable or changes in deferred taxes. Also, when uncertainty about the deductibility of an amount is limited to the timing of such deductibility, the increase in income taxes payable (or reduction in tax refunds receivable) is accompanied by a decrease in deferred tax liabilities. Except when such amounts are presented net with amounts receivable from or amounts pre-paid to tax authorities, noncurrent income taxes payable related to unrecognized tax benefits are classified in other deferred credits and other liabilities in the Balance Sheets and current payables are included in accrued interest, payroll and taxes in the Balance Sheets.

Questar Gas recognizes interest on underpayments and over-payments of income taxes in interest expense and other income, respectively. Penalties are also recognized in other income.

Questar Gas' interest and penalties were immaterial in 2017, 2016 and 2015.

At December 31, 2017, Questar Gas' Balance Sheet included $25.0 million of tax-related payables to affiliates, representing $22.0 million of current federal income taxes payable and $3.0 million of state income taxes payable.

At December 31, 2016, Questar Gas' Balance Sheet included tax-related payables to affiliates of $3.1 million comprised of $1.4 million of federal income taxes payable and $1.7 million of state income taxes payable. These amounts were settled with Dominion Energy during 2017 as part of the final 2016 tax return settlement.

Investment tax credits are deferred and amortized over the service lives of the properties giving rise to the credits.

Cash and Cash Equivalents

Current banking arrangements generally do not require checks to be funded until they are presented for payment. At December 31, 2017 and 2016, accounts payable included $14.9 million and $7.7 million, respectively, of checks outstanding but not yet pre-sented for payment. For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand, cash in banks and temporary investments purchased with an original maturity of three months or less.

Derivative Instruments

Questar Gas uses derivative instruments such as physical forwards and options to manage the commodity risk of its business oper-ations. All derivatives, except those for which an exception applies, are required to be reported in the Balance Sheets at fair value. Derivative contracts representing unrealized gain positions and purchased options are reported as derivative assets. Derivative contracts representing unrealized losses and options sold are reported as derivative liabilities. One of the exceptions to fair value accounting, normal purchases and normal sales, may be elected when the contract satisfies certain criteria, including a requirement that physical delivery of the underlying commodity is probable. Expenses and revenues resulting from deliveries under normal purchase contracts and normal sales contracts, respectively, are included in earnings at the time of contract per-formance.

Questar Gas does not offset amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement. See Note 6 for further information about derivatives.

Changes in the fair value of derivative instruments result in the recognition of regulatory assets or regulatory liabilities. Realized gains or losses on the derivative instruments are generally recognized when the related transactions impact earnings.

Property, Plant and Equipment

Property, plant and equipment is recorded at lower of original cost or fair value, if impaired. Capitalized costs include labor, materials and other direct and indirect costs such as asset retirement costs, AFUDC and overhead costs. The cost of repairs and maintenance, including minor additions and replacements, is generally charged to expense as it is incurred.

In 2017, 2016 and 2015, Questar Gas capitalized AFUDC to property, plant and equipment of $0.5 million, $0.4 million and $0.1 million, respectively.

The undepreciated cost of property, less salvage value, is generally charged to accumulated depreciation at retirement. Cost of removal collections from utility customers not representing AROs are recorded as regulatory liabilities. For property subject to cost-of-service rate regulation that will be abandoned significantly before the end of its useful life, the net carrying value is reclassified from plant-in-service when it becomes probable it will be abandoned.

Depreciation of property, plant and equipment is computed on the straight-line method based on projected service lives. Questar Gas' average composite depreciation rates on utility property, plant and equipment are as follows:

Year Ended December 31,	2017	2016	2015
(percent)			
Distribution	**2.52**	2.42	2.60
General and other	**4.11**	3.79	3.49

Long-Lived and Intangible Assets

Questar Gas performs an evaluation for impairment whenever events or changes in circumstances indicate that the carrying amount of long-lived assets or intangible assets with finite lives may not be recoverable. A long-lived or intangible asset is written down to fair value if the sum of its expected future undiscounted cash flows is less than its carrying amount. Intangible assets with finite lives are amortized over their estimated useful lives.

Regulatory Assets and Liabilities

The accounting for Questar Gas' operations differs from the accounting for nonregulated operations in that it is required to reflect the effect of rate regulation in its Financial Statements. For regulated businesses subject to state cost-of-service rate regulation, regulatory practices that assign costs to accounting periods may differ from accounting methods generally applied by nonregulated companies. When it is probable that regulators will permit the recovery of current costs through future rates charged to customers, these costs that otherwise would be expensed by nonregulated companies are deferred as regulatory assets. Likewise, regulatory liabilities are recognized when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have yet to be incurred. Generally, regulatory assets and liabilities are amortized into income over the period authorized by the regulator.

Questar Gas evaluates whether or not recovery of its regulatory assets through future rates is probable and makes various assumptions in its analyses. The expectations of future recovery are generally based on orders issued by regulatory commissions, legislation or historical experience, as well as discussions with applicable regulatory authorities and legal counsel. If recovery of a regulatory asset is determined to be less than probable, it will be written off in the period such assessment is made.

Asset Retirement Obligations

Questar Gas recognizes AROs at fair value as incurred or when sufficient information becomes available to determine a reasonable estimate of the fair value of future retirement activities to be performed for which a legal obligation exists. These amounts are generally capitalized as costs of the related tangible long-lived assets. Since relevant market information is not available, fair value is estimated using discounted cash flow analyses. Quarterly, Questar Gas assesses its AROs to determine if circumstances indicate that estimates of the amounts or timing of future cash flows associated with retirement activities have changed. AROs are adjusted when significant changes in the amounts or timing of future cash flows are identified. Questar Gas reports accretion of AROs and depreciation on asset retirement costs associated with its natural gas pipeline assets as an adjustment to the related regulatory liabilities when revenue is recoverable from customers for AROs.

Debt Issuance Costs

Questar Gas defers and amortizes debt issuance costs and debt premiums or discounts over the expected lives of the respective debt issues, considering maturity dates and, if applicable, redemption rights held by others. Deferred debt issuance costs are recorded as a reduction in long-term debt in the Balance Sheets. Amortization of the issuance costs is reported as interest expense. Unamortized costs associated with redemptions of debt securities prior to stated maturity dates are generally recognized and recorded in interest expense immediately. As permitted by regulatory authorities, gains or losses resulting from the refinancing of debt allocable to utility operations subject to cost-based rate regulation are deferred and amortized over the lives of the new issu-ances.

Inventories

Materials and supplies inventories are valued primarily using the weighted-average cost method. Stored gas inventory for Questar Gas used in gas distribution operations is valued using the weighted-average cost method.

Goodwill

Questar Gas evaluates goodwill for impairment annually as of April 1 and whenever an event occurs or circumstances change in the interim that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount.

New Accounting Standards

Revenue Recognition

In May 2014, the FASB issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this revised accounting guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update also require disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

For Questar Gas, the revised accounting guidance is effective for interim and annual periods beginning January 1, 2018. We have completed the evaluation of the impact of this guidance and expect no significant impact on our results of operations. Questar Gas will apply the standard using the modified retrospective method as opposed to the full retrospective method.

Tax Reform

In December 2017, the staff of the SEC issued guidance which clarifies accounting for income taxes if information is not yet available or complete and provides for up to a one year measurement period in which to complete the required analyses and accounting. The guidance describes three scenarios associated with a company's status of accounting for income tax reform: (1) a company is complete with its accounting for certain effects of tax reform, (2) a company is able to determine a reasonable estimate for certain effects of tax reform and records that estimate as a provisional amount, or (3) a company is not able to determine a reasonable estimate and therefore continues to apply accounting for income taxes based on the provisions of the tax laws that were in effect immediately prior to the 2017 Tax Reform Act being enacted. In addition, the guidance provides clarification related to disclosures for entities which are utilizing the measurement period. Questar Gas has recorded its best estimate of the impacts of the 2017 Tax Reform Act as discussed in Note 4. The amounts are considered to be provisional and may result in adjustments to be recognized during the measurement period.

Note 3. Operating Revenue

Questar Gas' operating revenue consists of the following:

Year Ended December 31,	2017	2016	2015
(millions)			
Residential and commercial gas sales	**$877.8**	$854.6	$847.3
Industrial gas sales	**11.7**	17.3	23.6
Gas transportation	**26.2**	24.6	21.2
Other(1)	**31.3**	24.8	25.5
Total operating revenue	**$947.0**	$921.3	$917.6

(1) See Note 19 for amounts attributable to affiliates

Note 4. Income Taxes

The 2017 Tax Reform Act includes a broad range of tax reform provisions affecting Questar Gas, as discussed in Note 2. The 2017 Act Reform Act reduces the corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. At the date of enactment, federal deferred tax assets and liabilities were remeasured based upon the enacted 21% tax rate expected to apply when temporary differences are to be realized and settled. The specific provisions related to regulated public utilities in the 2017 Tax Reform Act generally allows for the continued deducti-bility of interest expense, changes the tax depreciation of certain property acquired after September 27, 2017, and continues cer-tain rate normalization requirements for accelerated depreciation benefits.

As indicated in Note 2, Questar Gas' operations, including accounting for income taxes, are subject to regulatory treatment. Reductions in accumulated deferred income tax balances due to the reduction in the corporate income tax rates to 21% under the provisions of the 2017 Tax Reform Act may result in amounts previously collected from utility customers for these deferred taxes to be refundable to such customers, generally through reductions in future rates. The 2017 Tax Reform Act includes provisions that stipulate how these excess deferred taxes are to be passed back to customers for certain accelerated tax depreciation benefits. Potential refunds of other deferred taxes will be determined by Questar Gas' state regulators. See Note 10 for more information.

Questar Gas has completed or has made a reasonable estimate for the measurement and accounting of certain effects of the 2017 Tax Reform Act which have been reflected in the December 31, 2017 financial statements. The changes in deferred taxes were recorded as either an increase to a regulatory liability or as an adjustment to Questar Gas' deferred tax provision.

The items reflected as provisional amounts are related to accelerated depreciation for tax purposes of certain property acquired and placed into service after September 27, 2017 and the impact of accelerated depreciation on state income taxes to the extent there is uncertainty on conformity to the new federal tax system.

The determination of the impact of the income tax effects of the items reflected as provisional amounts represents a reasonable estimate, but will require additional analysis of historical records and further interpretation of the 2017 Tax Reform Act from yet to be issued U.S. Department of the Treasury regulations which will require more time, information and resources than currently available to Questar Gas.

Details of Questar Gas' income tax expense and deferred income taxes are provided in the following tables. The components of income tax expense were as follows:

Year Ended December 31,	2017	2016	2015
(millions)			
Current:			
Federal	**$ 1.1**	$ 1.2	$(16.0)
State	**0.2**	0.2	(2.0)
Total current expense (benefit)	**1.3**	1.4	(18.0)
Deferred:			
Federal	**39.8**	29.9	48.8
State	**5.4**	5.9	4.2
Investment tax credits	**—**	(0.1)	(0.2)
Total deferred expense	**45.2**	35.7	52.8
Total income tax expense	**$46.5**	$ 37.1	$ 34.8

The accounting for the reduction in the corporate income tax rate increased deferred income tax expense by $3.0 million for the year ending December 31, 2017.

The difference between the statutory federal income tax rate and Questar Gas' effective income tax rate is explained as follows:

Year Ended December 31,	2017	2016	2015
(millions)			
Federal income taxes statutory rate	**35.0%**	35.0%	35.0%
Increases (reductions) resulting from:			
State taxes, net of federal benefit	**3.2**	4.2	1.4
Amortization of investment tax credits related to rate-regulated assets	**—**	(0.1)	(0.2)
Legislative change—federal	**2.6**	—	—
Other	**—**	0.2	(1.1)
Effective income tax rate	**40.8%**	39.3%	35.1%

In 2017, Questar Gas' effective tax rates reflect the net detriment of remeasuring deferred taxes resulting from the lower corporate income tax rate promulgated by the 2017 Tax Reform Act.

Significant components of Questar Gas' deferred income taxes were as follows:

Year Ended December 31,	2017	2016
(millions)		
Deferred income taxes:		
Total deferred income tax assets	**$ 65.8**	$ 2.0
Total deferred income tax liabilities	**341.9**	477.8
Total deferred income tax liabilities	**$276.1**	$ 475.8
Total deferred income taxes:		
Property, plant and equipment	**$317.1**	$ 448.2
2017 Tax Reform Act impact	**(60.7)**	—
Employee benefits	**19.3**	27.9
Deferred compensation	**(1.4)**	(0.6)
Purchased gas costs	**1.5**	0.1
Other	**0.3**	0.2
Total net deferred income tax liabilities	**$276.1**	$ 475.8

The most significant impact reflected for the 2017 Tax Reform Act is the adjustment of the net accumulated deferred income tax liability for the reduction in the corporate income tax rate to 21%. In addition to amounts recognized in deferred income tax expense, the impacts of the 2017 Tax Reform Act decreased the accumulated deferred income tax liability by $184.2 million at December 31, 2017. The December 31, 2017 balance sheet reflects the impact of the 2017 Tax Reform Act on Questar Gas' regulatory liabilities which increased regulatory liabilities by $244.9 million, and a related deferred tax asset of $60.7 million. This adjustment had no impact on our 2017 cash flows.

There were no unrecognized tax benefits at the beginning or end of the years ended December 31, 2017, 2016 or 2015. The 2017 federal income tax return has not been filed.

Note 5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. However, the use of a mid-market pricing convention (the mid-point between bid and ask prices) is permitted. Fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. This includes not only the credit standing of counterparties involved and the impact of credit enhancements but also the impact of Questar Gas' own nonperformance risk on its liabilities. Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). Questar Gas applies fair value measurements to commodity derivative instruments in accordance with the requirements described above. Questar Gas applies credit adjustments to its derivative fair values in accordance with the requirements described above.

Inputs and Assumptions

Questar Gas maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively-quoted market prices, if available. In the absence of actively-quoted market prices, price information is sought from external sources, including broker quotes and industry publications. When evaluating pricing information provided by brokers and other pricing services, Questar Gas considers whether the broker is willing and able to trade at the quoted price, if the broker quotes are based on an active market or an inactive market and the extent to which brokers are utilizing a particular model if pricing is not readily available. If pricing information from external sources is not available, or if Questar Gas believes that observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases Questar Gas must estimate prices based on available historical and near-term future price information and certain statistical methods, including regression analysis, that reflect its market assumptions.

Questar Gas' commodity derivative valuations are prepared by Dominion Energy's Enterprise Risk Management department which creates mark-to-market valuations for Questar Gas' derivative transactions using computer-based statistical models. The inputs that go into the market valuations are transactional information and market pricing information that resides in data warehouse databases. The majority of forward prices are automatically uploaded into the data warehouse databases from various third-party sources. Inputs obtained from third-party sources are evaluated for reliability considering the reputation, independence, market presence, and methodology used by the third-party. If forward prices are not available from third-party sources, then Dominion Energy's Enterprise Risk Management department models the forward prices based on other available market data. A team consisting of risk management and risk quantitative analysts meets to assess the validity of market prices and mark-to-market valuations. During this meeting, the changes in mark-to-market valuations from period to period are examined and qualified against historical expectations. If any discrepancies are identified during this process, the mark-to-market valuations or the market pricing information is evaluated further and adjusted, if necessary.

For options and contracts with option-like characteristics where observable pricing information is not available from external sources, Questar Gas generally uses a modified Black-Scholes Model or other option model.

The inputs and assumptions used in measuring fair value for commodity derivative contracts include the following:

Forward commodity prices
Transaction prices
Price correlation
Volumes
Commodity location
Interest rates
Credit quality of counterparties and Questar Gas
Credit enhancements
Time value

Levels

Questar Gas also utilizes the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1-Quoted prices (unadjusted) in active markets for iden-tical assets and liabilities that it has the ability to access at the measurement date.

Level 2-Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include commodity forwards and options.

Level 3-Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity. Instruments categorized in Level 3 primarily include long-dated commodity derivatives.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In these cases, the lowest level input that is significant to a fair value measurement in its entirety determines the appli-cable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

For derivative contracts, Questar Gas recognizes transfers among Level 1, Level 2 and Level 3 based on fair values as of the first day of the month in which the transfer occurs. Transfers out of Level 3 represent assets and liabilities that were previously classified as Level 3 for which the inputs became observable for classification in either Level 1 or Level 2. Because the activity and liquidity of commodity markets vary substantially between regions and time periods, the availability of observable inputs for substantially the full term and value of Questar Gas' over-the-counter derivative contracts is subject to change.

Level 3 Valuations

Fair value measurements are categorized as Level 3 when price or other inputs that are considered to be unobservable are significant to their valuations. Long-dated commodity derivatives are generally based on unobservable inputs due to the length of time to settlement and the absence of market activity and are therefore categorized as Level 3.

Questar Gas enters into certain physical forwards, which are considered Level 3 as they have one or more inputs that are not observable and are significant to the valuation. The discounted cash flow method is used to value Level 3 physical forward contracts. The discounted cash flow model for forwards calculates mark-to-market valuations based on forward market prices, original transaction prices, volumes, risk-free rate of return, and credit spreads. For Level 3 fair value measurements, certain forward market prices are considered unobservable. The unobservable inputs are developed and substantiated using historical information, available market data, third-party data, and statistical analysis. Periodically, inputs to valuation models are reviewed and revised as needed, based on historical information, updated market data, market liquidity and relationships, and changes in third-party pricing sources.

The following table presents Questar Gas' quantitative information about Level 3 fair value measurements at December 31, 2017. The range and weighted average are pre-sented in dollars for market price inputs.

	Fair Value (millions)	Valuation Techniques	Unobservable Input	Range	Weighted Average[(1)]
Assets					
Physical forwards:					
Natural gas[(2)]	**$2.4**	Discounted cash flow	Market price (per Dth)[(3)]	2.2 - 3.2	2.8
Total assets	**$2.4**				

(1) Averages weighted by volume.
(2) Includes basis.
(3) Represents market prices beyond defined terms for Level 1 and 2.

Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Inputs	Position	Change to Input	Impact on Fair Value Measurement
Market price	Buy	Increase (decrease)	Gain (loss)
Market price	Sell	Increase (decrease)	Loss (gain)

Recurring Fair Value Measurements

The following table presents Questar Gas' assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

	Level 1	Level 2	Level 3	Total
(millions)				
At December 31, 2017				
Assets:				
Derivatives:				
Commodity	**$—**	**$ —**	**$2.4**	**$2.4**
Total assets	**$—**	**$ —**	**$2.4**	**$2.4**
At December 31, 2016				
Assets:				
Derivatives:				
Commodity	$—	$0.1	$ —	$0.1
Total assets	$—	$0.1	$ —	$0.1
Liabilities:				
Derivatives:				
Commodity	$—	$0.1	$ —	$0.1
Total liabilities	$—	$0.1	$ —	$0.1

The following table presents the net change in Questar Gas' assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category. Questar Gas did not have any such items at December 31, 2015.

	2017	2016
(millions)		
Balance at January 1,	**$ —**	$ —
Total realized and unrealized gains (losses):		
Included in earnings(1)	**0.4**	0.2
Included in regulatory assets/liabilities	**2.4**	—
Settlements	**(0.4)**	(0.2)
Balance at December 31,	**$ 2.4**	$ —

(1) The gains and losses included in earnings were classified in purchased gas.

There were no unrealized gains or losses included in earnings in the Level 3 fair value category relating to assets/liabilities still held at the reporting date for the years ended December 31, 2017 and 2016.

Fair Value of Financial Instruments

Substantially all of Questar Gas' financial instruments are recorded at fair value, with the exception of the instruments described below, which are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The carrying amount of cash and cash equiv-alents, customer and other receivables, affiliated receivables, short-term debt, affiliated current borrowings, payables to affiliates and accounts payable are representative of fair value because of the short-term nature of these instruments. For Questar Gas' financial instruments that are not recorded at fair value, the carrying amounts and estimated fair values are as follows:

At December 31,	2017		2016	
	Carrying Amount	Estimated Fair Value(1)	Carrying Amount	Estimated Fair Value(1)
(millions)				
Long-term debt, including securities due within one year(2)	**$715.9**	**$783.2**	$630.8	$672.6

(1) Fair value is estimated using market prices, where available, and interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value measurements are classified as Level 2.

(2) Carrying amount includes amounts which represent the unamortized debt issuance costs, discount or premium.

Note 6. Derivatives and Hedge Accounting Activities

Questar Gas uses derivative instruments to manage exposure to supply and price risk. As discussed in Note 2, changes in the fair value of derivatives are deferred as regulatory assets or regulatory liabilities until the related transactions impact earnings. See Note 5 for further information about fair value measurements and associated valuation methods for derivatives.

Derivative assets and liabilities are presented gross on Questar Gas' Balance Sheets. Questar Gas' derivative contracts include over-the-counter transactions, which are bilateral contracts that are transacted directly with a counterparty. At December 31, 2017, substantially all of Questar Gas' derivative assets and liabilities were not subject to a master netting or similar arrangement.

Volumes

The following table presents the volume of Questar Gas' derivative activity at December 31, 2017. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions, except in the case of offsetting transactions, for which they represent the absolute value of the net volume of their long and short positions.

	Current	Noncurrent
Natural Gas (bcf):		
Basis	**9.3**	**23.0**

Fair Value and Gains and Losses on Derivative Instruments

The following table presents the fair values of Questar Gas' derivatives and where they are presented in its Balance Sheets.

	Fair Value - Derivatives not under Hedge Accounting	Total Fair Value
(millions)		
At December 31, 2017		
ASSETS		
Current Assets		
Commodity	**$0.4**	**$0.4**
Total current derivative assets(1)	**0.4**	**0.4**
Noncurrent Assets		
Commodity	**2.0**	**2.0**
Total noncurrent derivative assets(2)	**2.0**	**2.0**
Total derivative assets	**$2.4**	**$2.4**
At December 31, 2016		
ASSETS		
Current Assets		
Commodity	$0.1	$0.1
Total current derivative assets(1)	0.1	0.1
Total derivative assets	$0.1	$0.1
LIABILITIES		
Current Liabilities		
Commodity	$0.1	$0.1
Total current derivative liabilities(3)	0.1	0.1
Total derivative liabilities	$0.1	$0.1

(1) Current derivative assets are presented in other current assets in Questar Gas' Balance Sheets.
(2) Noncurrent derivative assets are presented in other deferred charges and other assets in Questar Gas' Balance Sheets.
(3) Current derivative liabilities are presented in other current liabilities in Questar Gas' Balance Sheets.

The following table presents the gains and losses on Questar Gas' derivatives, as well as where the associated activity is pre-sented in its Statements of Income.

Derivatives not designated as hedging instruments	Amount of Gain (Loss) Recognized in Income on Derivatives[1]		
Year Ended December 31,	**2017**	2016	2015
(millions)			
Derivative Type and Location of Gains (Losses)			
Commodity[2]	**$(0.1)**	$(0.2)	$—
Total	**$(0.1)**	$(0.2)	$—

(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Questar Gas' Statements of Income.
(2) Amounts recorded in Questar Gas' Statements of Income are classified in purchased gas.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Major classes of property, plant and equipment and their respective balances for Questar Gas are as follows:

Year Ended December 31,	**2017**	2016
(millions)		
Distribution	**$2,605.0**	$2,436.7
General and other	**345.6**	369.5
Plant under construction	**91.1**	76.8
Total property, plant and equipment	**$3,041.7**	$2,883.0

NOTE 8. GOODWILL

The changes in Questar Gas' carrying amount and segment alloca-tion of goodwill are presented below:

	Gas Infrastructure	Corporate and Other	Total
(millions)			
Balance at December 31, 2015[1]	$5.6	$—	$5.6
No events affecting goodwill	—	—	—
Balance at December 31, 2016[1]	$5.6	$—	$5.6
No events affecting goodwill	—	—	—
Balance at December 31, 2017[1]	**$5.6**	**$—**	**$5.6**

(1) There are no accumulated impairment losses.

NOTE 9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities include the following:

	2017	2016
(millions)		
Regulatory assets:		
Purchased-gas adjustment[1]	**$ 10.7**	$ 3.4
EEP[2]	**3.3**	1.1
Pipeline integrity costs[3]	**2.0**	1.9
Contract withholding[4]	**0.4**	2.6
Other	**0.2**	0.6
Regulatory assets-current	**16.6**	9.6
Cost of reacquired debt[5]	**2.7**	3.2
Pipeline integrity costs[3]	**0.6**	2.3
Regulatory assets-noncurrent[6]	**3.3**	5.5
Total regulatory assets	**$ 19.9**	$ 15.1
Regulatory liabilities:		
CET[7]	**$ 4.4**	$ 2.9
Cost of plant removal and AROs[8]	**4.2**	3.5
Other	**1.3**	0.1
Regulatory liabilities-current[9]	**9.9**	6.5
Income taxes refundable through future rates[10]	**244.9**	—
Cost of plant removal and AROs[8]	**194.0**	189.1
Other	**2.1**	—
Regulatory liabilities-noncurrent	**441.0**	189.1
Total regulatory liabilities	**$ 450.9**	$ 195.6

(1) Purchased-gas costs that are different from those provided for in present rates are accumulated and recovered or credited through future rate changes.
(2) The EEP relates to funds expended for promoting the conservation of natural gas through advertising, rebates for efficient homes and appli-ances and home energy audits. Costs are recovered from customers through periodic rate adjustments. Costs incurred in excess of recoveries result in an asset; recoveries in excess of costs incurred result in a liability.
(3) The costs of complying with pipeline-integrity regulations are recovered in rates subject to a Utah Commission order. Questar Gas is allowed to recover $7.0 million per year. Costs incurred in excess of this amount will be recovered in future rate changes.
(4) The balance at December 31, 2016 represents a disputed amount with-held from a supplier of storage services. The dispute was settled in March 2017 and the amount was reversed, which resulted in no material impact to Questar Gas' results of operations, financial position or cash flows.
(5) Gains and losses on the reacquisition of debt by rate-regulated companies are deferred and amortized as interest expense over the would-be remain-ing life of the reacquired debt. The reacquired debt costs had a weighted-average life of approximately 5.1 years as of December 31, 2017.
(6) Noncurrent regulatory assets are presented in other deferred charges and other assets in the Balance Sheets.
(7) Represents the difference between actual and allowed revenues. Any defi-ciency in amounts collected are recovered through periodic rate adjust-ments.

(8) Cost of plant removal and AROs represent amounts recovered from cus-tomers for costs of future activities to remove assets that are expected to be incurred at the time of retirement.

(9) Current regulatory liabilities are presented in other current liabilities in the Balance Sheets.

(10) Amounts recorded to pass the effect of reduced income tax rates from the 2017 Tax Reform Act to customers in future periods, which will reverse at the weighted average tax rate that was used to build the reserves over the remaining book life of the property

At December 31, 2017, none of Questar Gas' regulatory assets were earning a return.

NOTE 10. REGULATORY MATTERS

As a public utility, Questar Gas is subject to the jurisdiction of the Utah Commission and the Wyoming Commission. Natural gas sales and transportation services are provided under rate schedules approved by the two regulatory commissions.

Questar Gas has an infrastructure cost-tracking mechanism that allows it to place into rate base, and earn a return on, capital expenditures associated with a multi-year natural gas infrastructure-replacement program upon the completion of each project. A 2014 Utah general rate case reset the recovery of costs under the infrastructure-replacement program into general rates until Questar Gas invested \$84 million in new pipelines. This dollar threshold was met in November 2014, and thereafter Questar Gas has been able to recover program capital expenditures through the infrastructure-replacement mechanism. Questar Gas spent approximately \$69 million in 2017 under this program.

As part of the Dominion Energy Questar Combination, Questar Gas agreed with the Utah Commission to not file a new general rate case to adjust its base distribution non-gas rates prior to July 1, 2019 unless otherwise ordered by the Utah Commission. In addition, Questar Gas agreed with the Wyoming Commission to not file a general rate case application with a requested rate effective date earlier than January 1, 2020.

In September 2017, Questar Gas submitted a filing with the Utah Commission for a \$5.9 million non-gas increase reflecting forecasted increases in infrastructure replacement costs. The Utah Commission approved the filing in September 2017 with rates effective October 2017.

In October 2017, Questar Gas submitted filings with both the Utah and Wyoming Commissions for a combined \$25.8 million gas cost increase reflecting forecasted increases in commodity and transportation costs. The Utah and Wyoming Commissions both approved the filings in October 2017 with rates effective November 2017.

In November 2017, Questar Gas submitted a filing with the Utah Commission for a \$0.7 million non-gas decrease due to interruption penalties that were paid by transportation customers. The Utah Commission approved the filing in November.

Subsequent to the enactment of the 2017 Tax Reform Act, Questar Gas' state regulators issued orders requesting that public utilities evaluate the total tax impact on Questar Gas' cost of service and accrue a regulatory liability attributable to the benefits of the reduction in the corporate income tax rate. Certain of the orders requested that Questar Gas submit a response to the Utah and Wyoming Commissions detailing the total tax impact on the utility's cost of service. In January 2018, Questar Gas submitted a response to the Utah Commission detailing that the 2017 Tax Reform Act would reduce Questar Gas' revenue requirement for base rates by \$14.5 million. Also, in January 2018, Questar Gas submitted a filing with the Utah Commission for a \$2.5 million non-gas revenue requirement decrease due to impacts of the 2017 Tax Reform Act. These filings are pending. Questar Gas will begin to reserve the impacts of the cost of service reduction as a regulatory liability beginning in 2018 until the rates are reset. The 2017 Tax Reform Act is expected to reduce customer rates due to lower income tax expense recoveries and the settlement of income taxes refundable through future rates. The ultimate resolution of the amount and timing of these rate reductions with Questar Gas' regulators could be material to Questar Gas' operating cash flows.

Questar Gas has recorded a reasonable estimate of net income taxes refundable through future rates in the jurisdictions in which it operates. Through actions by the Utah, Wyoming or Idaho Commissions the estimates may be subject to changes that could have a material impact on Questar Gas' results of operations, financial condition and/or cash flows.

NOTE 11. ASSET RETIREMENT OBLIGATIONS

AROs represent obligations that result from laws, statutes, contracts and regulations related to the eventual retirement of certain of Questar Gas' long-lived assets. Revisions to estimates result from material changes in the expected timing or amount of cash flows associated with AROs. As a result of a change in the estimated timing of cash flows for the interim retirement of natural gas pipeline components, Questar Gas recorded an increase of \$75.1 million to AROs in the third quarter of 2016. The current portion of the ARO balance is \$1.6 million and is included in other current liabilities in the Balance Sheets. The changes to AROs during 2016 and 2017 were as follows:

	Amount
(millions)	
AROs at December 31, 2015	$ 0.6
Accretion	2.9
Revision in estimated cash flows	75.1
Obligations settled during the period	(0.8)
AROs at December 31, 2016	$ 77.8
Accretion	**3.2**
Obligations incurred during the period	**0.6**
Obligations settled during the period	**(3.1)**
AROs at December 31, 2017	**$ 78.5**

NOTE 12. VARIABLE INTEREST ENTITIES

The primary beneficiary of a VIE is required to consolidate the VIE and to disclose certain information about its significant variable interest in the VIE. The primary beneficiary of a VIE is the entity that has both: (1) the power to direct activities that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE.

Questar Gas purchased shared services from DEQPS of \$1.5 million and \$0.1 million for the years ended December 31, 2017 and 2016, respectively. DEQPS provides operational services to certain Dominion Energy subsidiaries, including Questar Gas, as a subsidiary service company. The Balance Sheets at December 31, 2017 and 2016 included less than \$0.1 million and \$0.1 million due to DEQPS, respectively.

Questar Gas entered into a service agreement effective January 2018 with DES, an affiliated VIE. DES provides accounting, legal, finance and certain administrative and technical services to Dominion Energy and its subsidiaries including Questar Gas.

Questar Gas determined that it is not the primary beneficiary of DEQPS or DES as it does not have both the power to direct the activities that most significantly impact their economic performance as well as the obligation to absorb losses and benefits which could be significant to it. Questar Gas has no obligation to absorb more than its allocated share of DEQPS and DES costs.

NOTE 13. SHORT-TERM DEBT AND CREDIT AGREEMENTS

Questar Gas uses short-term debt to fund working capital require-ments and as a bridge to long-term debt financings. The levels of borrowing may vary significantly during the course of the year, depending upon the timing and amount of cash requirements not satisfied by cash from operations.

Questar Gas' short-term financing is supported by the two joint revolving credit facilities with Dominion Energy, Virginia Power and Dominion Energy Gas, to which Questar Gas was added as a co-borrower in November 2016. In December 2016, Questar Gas entered into a commercial paper program pursuant to which it began accessing the commercial paper markets. These credit facilities can be used for working capital, as support for the combined commercial paper programs of Dominion Energy, Virginia Power, Dominion Energy Gas and Questar Gas and for other general corporate purposes.

Questar Gas' share of commercial paper and letters of credit outstanding under its joint credit facilities with Dominion Energy, Virginia Power and Dominion Energy Gas were as follows:

	Facility Limit	Outstanding Commercial Paper(2)	Outstanding Letters of Credit
(millions)			
At December 31, 2017			
Joint revolving credit facility(1)	**$ 500.0**	**$165.0**	**$—**
Joint revolving credit facility(1)	**500.0**	**—**	**—**
Total	**$ 1,000.0**	**$165.0**	**$—**
At December 31, 2016			
Joint revolving credit facility(1)	$ 500.0	$200.0	$—
Joint revolving credit facility(1)	500.0	—	—
Total	$ 1,000.0	$200.0	$—

(1) A maximum of $1.0 billion of the facilities is available to Questar Gas, assuming adequate capacity is available after giving effect to uses by co-borrowers Dominion Energy, Virginia Power and Dominion Energy Gas. Sub-limits for Questar Gas are set within the facility limit but can be changed at the option of the borrowers multiple times per year. At December 31, 2017, the sub-limit for Questar Gas was $250.0 million. If Questar Gas has liquidity needs in excess of its sub-limit, the sub-limit may be changed or such needs may be satisfied through short-term inter-company borrowings from Dominion Energy. The maturity date for these facilities is April 2020. These credit facilities can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $1.0 billion (or the sub-limit, whichever is less) of letters of credit.

(2) The weighted-average interest rate of the outstanding commercial paper supported by these credit facilities was 1.56% and 1.10% at December 31, 2017 and 2016, respectively.

Dominion Energy has indicated its intention to replace the existing two joint revolving credit facilities with a $6.0 billion joint revolving credit facility in the first quarter of 2018. Terms and covenants of the new credit facility are expected to be similar to the existing credit facilities, including that Virginia Power, Dominion Energy Gas and Questar Gas will remain as co-borrowers, except that the maturity will be in five years and the maximum allowed total debt to total capital ratio, with respect to Dominion Energy only, will be increased from 65% to 67.5%.

NOTE 14. LONG-TERM DEBT

At December 31,	2017 Weighted-average Coupon(1)	2017	2016
(millions, except percentages)			
Unsecured Senior and Medium-Term Notes:			
2.98% to 7.20%, due 2017 to 2051	**4.60%**	**$ 720.0**	$634.5
Total principal		**720.0**	634.5
Securities due within one year	**5.72%**	**(120.0)**	(14.5)
Debt issuance costs		**(4.1)**	(3.7)
Total long-term debt		**$ 595.9**	$616.3

(1) Represents weighted-average coupon rates for debt outstanding as of December 31, 2017.

Based on stated maturity dates, the scheduled principal payments of long-term debt at December 31, 2017, were as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
(millions, except percentages)							
Questar Gas	**$120.0**	**$—**	**$—**	**$—**	**$—**	**$600.0**	**$720.0**
Weighted-average Coupon	**5.72%**					**4.37%**	

In October 2017, Questar Gas entered into an agreement with certain investors to issue through private placement $50 million of 3.30% 12-year senior notes and $100 million of 3.97% 30-year senior notes in April 2018.

Questar Gas' short-term credit facilities and long-term debt agreements contain customary covenants and default provisions. As of December 31, 2017, there were no events of default under these covenants.

Any new long-term debt issuance by Questar Gas is subject to approval by the Wyoming Commission.

NOTE 15. DIVIDEND RESTRICTIONS

The Utah Commission may prohibit any public service company, including Questar Gas, from declaring or paying a dividend to an affiliate if it is determined that the capital of Questar Gas is being impaired or that its service to the public is likely to become impaired. At December 31, 2017, the Utah Commission had not restricted the payment of dividends by Questar Gas.

Note 16. Employee Benefits

Questar Gas participates in retirement benefit plans sponsored by Dominion Energy effective December 2017, reflecting the merger of plans previously sponsored by Dominion Energy Questar, which provides certain retirement benefits to eligible active employees, retirees and qualifying dependents of Questar Gas. Under the terms of its benefit plans, Dominion Energy reserves the right to change, modify or terminate the plans. From time to time in the past, benefits have changed, and some of these changes have reduced benefits.

Pension benefits for Questar Gas employees are covered by a defined benefit pension plan sponsored by Dominion Energy that provides benefits to multiple Dominion Energy subsidiaries. Retirement benefits payable are based primarily on years of service, age and the employee's compensation. As a participating employer, Questar Gas is subject to Dominion Energy's funding policy, which is to contribute annually an amount that is in accordance with the provisions of ERISA. During 2017, Questar Gas made $12.2 million of contributions to the pension plan. No contributions to the plan by Questar Gas are currently expected in 2018. Net periodic pension expense (credit) related to the plan was $(9.2) million, $6.4 million and $10.4 million in 2017, 2016 and 2015, respectively, recorded in other operations and main-tenance expense in the Statements of Income. The funded status of various Dominion Energy subsidiary groups and employee compensation are the basis for determining the share of total pension costs for participating Dominion Energy subsidiaries. At December 31, 2017 and 2016, the amount due to Questar Gas associated with this plan, was $107.1 million and $87.8 million, respectively, recorded in pension and other postretirement benefit assets in Questar Gas' Balance Sheet.

Retiree healthcare and life insurance benefits for Questar Gas employees are covered by a health and welfare plan sponsored by Dominion Energy that provides certain retiree healthcare and life insurance benefits to multiple Dominion Energy subsidiaries. Annual employee premiums are based on several factors such as retirement date and years of service. Net periodic benefit expense (credit) related to this plan was $(0.8) million, $0.8 million and $0.9 million in 2017, 2016 and 2015, respectively, recorded in other operations and maintenance expense in the Statements of Income. Employee headcount is the basis for determining the share of total other postretirement benefit costs for participating Dominion Energy subsidiaries. At December 31, 2017 and 2016 the amount due from Questar Gas associated with this plan was $14.9 million and $13.0 million, respectively, and is reflected as pension and other postretirement benefit liabilities in Questar Gas' Balance Sheet.

Dominion Energy holds investments in trusts to fund employee benefit payments for the pension and other postretirement benefit plans in which Questar Gas' employees participate. Any investment-related declines in these trusts will result in future increases in the net periodic cost recognized for such employee benefit plans and will be included in the determination of the amount of cash that Questar Gas will provide to Dominion Energy for its share of employee benefit plan contributions.

Defined Contribution Plan

Questar Gas also participates in a Dominion Energy-sponsored defined contribution plan which covers multiple Dominion Energy subsidiaries. Questar Gas recognized $5.0 million, $4.7 million and $4.5 million of expense in other operations and maintenance expense in the Statements of Income in 2017, 2016 and 2015, respectively, as employer matching contributions to this plan.

Share-based Compensation

Prior to the Dominion Energy Questar Combination, Questar Gas employees participated in certain share-based compensation plans of Dominion Energy Questar. Effective with the Dominion Energy Questar Combination all such awards vested on September 16, 2016. Total share-based compensation expense amounted to $3.0 million in 2016 and $1.4 million in 2015.

Note 17. Commitments and Contingencies

As a result of issues generated in the ordinary course of business, Questar Gas is involved in legal proceedings before various courts and is periodically subject to governmental examinations (including by regulatory authorities), inquiries and investigations. Certain legal proceedings and governmental examinations involve demands for unspecified amounts of damages, are in an initial procedural phase, involve uncertainty as to the outcome of pending appeals or motions, or involve significant factual issues that need to be resolved, such that it is not possible for Questar Gas to estimate a range of possible loss. For such matters for which Questar Gas cannot estimate a range of possible loss, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the litigation or investigative processes such that Questar Gas is able to estimate a range of possible loss. For legal proceedings and governmental examinations for which Questar Gas is able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any accrued liability is recorded on a gross basis with a receivable also recorded for any probable insurance recoveries. Estimated ranges of loss are inclusive of legal fees and net of any anticipated insurance recoveries. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent Questar Gas' maximum possible loss exposure. The circumstances of such legal proceedings and governmental examinations will change from time to time and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial position, liquidity or results of operations of Questar Gas.

The CERCLA, as amended, provides for immediate response and removal actions coordinated by the EPA in the event of threatened releases of hazardous substances into the environment and authorizes the U.S. government either to clean up sites at which hazardous substances have created actual or potential environmental hazards or to order persons responsible for the situation to do so. Under the CERCLA, as amended, generators and transporters of hazardous substances, as well as past and present owners and operators of contaminated sites, can be jointly, severally and strictly liable for the cost of cleanup. These potentially responsible parties can be ordered to perform a cleanup, be sued for costs associated with an EPA-directed cleanup, voluntarily settle with the U.S. government concerning their liability for cleanup costs, or voluntarily begin a site investigation and site remediation under state oversight.

Questar Gas has determined that it is associated with two former manufactured gas plant sites that contain coal tar and other potentially harmful materials. None of the former sites with which Questar Gas is associated is under investigation by any state or federal environmental agency. Due to the uncertainty surrounding the sites, Questar Gas is unable to make an estimate of the potential financial statement impacts.

Commitments

Currently, the majority of Questar Gas' natural gas supply is provided by cost-of-service reserves developed and produced by Wexpro. In 2017, Questar Gas purchased the remainder of its gas supply from multiple third parties under index-based or fixed-price contracts. Questar Gas has commitments to purchase gas for $24.6 million in 2018, $17.6 million in 2019, $17.0 million in 2020, $17.2 million in 2021 and $10.0 million in 2022 based on forward market prices. Generally, at the conclusion of the heating season and after a bid process, new agreements for the next heating season are put in place. Questar Gas bought natural gas under third-party purchase agreements amounting to $125.5 million in 2017, $102.0 million in 2016, and $82.4 million in 2015.

In addition, Questar Gas stores gas during off-peak periods (typically during the summer) and withdraws gas from storage to meet peak gas demand (typically in the winter). Questar Gas has contracted for transportation and underground storage services with Dominion Energy Questar Pipeline. Annual payments for these services are expected to amount to $67.8 million in 2018, $58.0 million in 2019, $55.3 million in 2020, $54.6 million in 2021, and $51.4 million in 2022. Questar Gas has third-party transportation and gathering commitments requiring yearly payments of $36.3 million in 2018 and 2019, $35.5 million in 2020, $33.0 million in 2021, and $32.3 million in 2022.

NOTE 18. CREDIT RISK

Credit risk is the risk of financial loss if counterparties fail to perform their contractual obligations. In order to minimize over-all credit risk, credit policies are maintained, including requiring customer deposits and the evaluation of counterparty financial condition. In addition, counterparties may make available collateral, including letters of credit or cash held as margin depos-its, as a result of exceeding agreed-upon credit limits, or may be required to prepay the transaction.

Questar Gas maintains a provision for credit losses based on factors surrounding the credit risk of its customers, historical trends and other information. Management believes, based on credit policies and the December 31, 2017 provision for credit losses, that it is unlikely that a material adverse effect on financial position, results of operations or cash flows would occur as a result of counterparty nonperformance.

NOTE 19. RELATED-PARTY TRANSACTIONS

Questar Gas engages in related party-transactions primarily with affiliates Wexpro, for cost-of-service natural gas supply, and Dominion Energy Questar Pipeline, for transportation and storage services. See Notes 2 and 17 for more details. Questar Gas' receivables and payables balances with affiliates are settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions. A discussion of significant related party transactions follows.

Questar Gas participates in certain Dominion Energy benefit plans as discussed in Note 16.

Dominion Energy Questar and other affiliates provide accounting, legal, finance and certain administrative and technical services to Questar Gas. These costs are included in other oper-ations and maintenance in the Statements of Income. The admin-istrative charges are generally allocated based on each affiliated company's proportional share of revenues less product costs; property, plant and equipment; and labor costs. Management believes that the allocation method is reasonable. Questar Gas provides certain services to related parties, including technical services. The billed amounts of these services are allocated based on the specific nature of the charges. Management believes that the allocation methods are reasonable. The amounts of these services follow:

Year Ended December 31,	**2017**	2016	2015
(millions)			
Transportation and storage services from affiliates(1)	**$ 73.7**	$ 72.9	$ 73.0
Services provided by related parties	**50.2**	65.0	55.7
Services provided to related parties	**6.0**	3.2	6.7

(1) The costs of these services were included in purchased gas in Questar Gas' Statements of Income.

The Dominion Energy Questar Combination resulted in merger and restructuring costs of $9.8 million and $13.8 charged from Dominion Energy Questar for the years ended December 31, 2017 and 2016, respectively. There were no merger and restructuring costs for the year ended December 31, 2015. These costs primarily consist of employee related costs allocated to Questar Gas and are included in other operations and maintenance in Questar Gas' Statements of Income.

Questar Gas' borrowings under the IRCA with Dominion Energy totaled $75.0 million and $48.0 million as of December 31, 2017 and 2016, respectively. The weighted-average interest rate for these borrowing was 1.53% and 1.04% at December 31, 2017 and 2016, respectively. Interest charges related to Questar Gas' total borrowings from Dominion Energy and Dominion Energy Questar totaled $0.2 million and $1.3 million for the years ended December 31, 2017 and 2016, respectively, and were immaterial for 2015.

NOTE 20. OPERATING SEGMENT

The Corporate and Other Segment primarily includes specific items attributable to Questar Gas' operating segment that are not included in profit measures evaluated by executive management in assessing the segment's performance or in allocating resources.

The net expense for specific items, primarily related to transaction costs associated with the Dominion Energy Questar

Combination, totaled $14.5 million ($11.9 million after-tax) and $15.9 million ($9.6 million after-tax), in 2017 and 2016 respectively. These costs primarily consist of employee related costs incurred at or allocated to Questar Gas and are included in other operations and maintenance in Questar Gas' Statements of Income.

The following table presents segment information pertaining to Questar Gas' operations:

Year Ended December 31,	Gas Infrastructure	Corporate and Other	Consolidated Total
(millions)			
2017			
Operating revenue	**$947.0**	**$ —**	**$947.0**
Depreciation and amortization	**70.3**	**—**	**70.3**
Interest income	**0.6**	**—**	**0.6**
Interest and related charges	**34.5**	**—**	**34.5**
Income taxes	**49.1**	**(2.6)**	**46.5**
Net income (loss)	**79.4**	**(11.9)**	**67.5**
Capital expenditures	**215.7**	**—**	**215.7**
Total assets (billions)	**2.7**	**—**	**2.7**
2016			
Operating revenue	$921.3	$ —	$921.3
Depreciation and amortization	61.0	—	61.0
Interest income	0.3	—	0.3
Interest and related charges	30.2	—	30.2
Income taxes	43.4	(6.3)	37.1
Net income (loss)	66.8	(9.6)	57.2
Capital expenditures	240.4	—	240.4
Total assets (billions)	2.5	—	2.5
2015			
Operating revenue	$917.6	$ —	$917.6
Depreciation and amortization	55.1	—	55.1
Interest income	1.2	—	1.2
Interest and related charges	28.3	—	28.3
Income taxes	34.8	—	34.8
Net income	64.3	—	64.3
Capital expenditures	217.4	—	217.4

NOTE 21. QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of Questar Gas' quarterly results of operations for the years ended December 31, 2017 and 2016 follows. Amounts reflect all adjustments necessary in the opinion of management for a fair statement of the results for the interim periods. Results for interim periods may fluctuate as a result of weather con-ditions, changes in rates and other factors.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(millions)				
2017				
Operating revenue	**$396.9**	**$139.7**	**$ 90.9**	**$319.5**
Income (loss) from operations	**91.9**	**(2.5)**	**(6.6)**	**61.5**
Net income (loss)	**52.2**	**(6.2)**	**(8.5)**	**30.0**
2016				
Operating revenue	$407.9	$128.2	$ 87.9	$297.3
Income (loss) from operations	83.4	3.8	(19.8)	53.3
Net income (loss)	47.6	(1.6)	(17.7)	28.9

Questar Gas' 2017 results include the impact of the following significant item:

Second quarter results include a $6.9 million after-tax charge for transaction costs associated with the Dominion Energy Questar Combination.

Questar Gas' 2016 results include the impact of the following significant item:

Third quarter results include a $7.7 million after-tax charge for transaction costs associated with the Dominion Energy Questar Combination.

NOTE 22. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

The following information is provided with respect to estimated natural gas reserves, which are managed, developed and delivered by Wexpro at cost-of-service pursuant to the Wexpro Agreement. The estimates of proved gas reserves were prepared by Wexpro's reservoir engineers. Gas reserve estimates are subject to numerous uncertainties inherent in estimating quantities of proved reserves, projecting future rates or production and timing of development expenditures. The accuracy of these estimates depends on the quality of available data and on engineering and geological interpretation and judgment. Reserve estimates are imprecise and will change as additional information becomes available. Geological and engineering data demonstrate with reasonable certainty that these quantities are recoverable under existing economic and operating conditions. Since the gas reserves operated by Wexpro are delivered to Questar Gas at cost-of-service, SEC guidelines with respect to standard economic assumptions are not applicable. The SEC anticipated this potential difficulty and provides that companies may give appropriate recognition to differences because of the effect of the ratemaking process. Accordingly, Wexpro uses a minimum-producing rate or maximum well-life limit to determine the ultimate quantity of gas reserves.

Proved Reserves	Natural Gas
(bcf)	
Balance at December 31, 2017	**429.5**
Balance at December 31, 2016	469.8
Balance at December 31, 2015	522.4