QUESTAR CORP
Form 10-K
February 25, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013

(Exact name of registrant as specified in its charter)	Commission file number	State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
Questar Corporation	001-08796	Utah	87-0407509
Questar Gas Company	333-69210	Utah	87-0155877
Questar Pipeline Company	000-14147	Utah	87-0307414

333 South State Street, P.O. Box 45433, Salt Lake City, Utah 84145-0433
(Address of principal executive offices)

Registrants' telephone number, including area code (801) 324-5900
Web site http://www.questar.com

Securities registered pursuant to Section 12(b) of the Act:

Questar Corporation	Common stock without par value, listed on the New York Stock Exchange
Questar Gas Company	None
Questar Pipeline Company	None

Securities registered pursuant to Section 12(g) of the Act:

Questar Corporation	None
Questar Gas Company	None
Questar Pipeline Company	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Questar Corporation	Yes [X] No [ ]
Questar Gas Company	Yes [ ] No [X]
Questar Pipeline Company	Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required 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.

Questar Corporation	Yes [X] No [ ]
Questar Gas Company	Yes [X] No [ ]
Questar Pipeline Company	Yes [X] No [ ]

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Questar Corporation	Yes [X]	No [ ]
Questar Gas Company	Yes [X]	No [ ]
Questar Pipeline Company	Yes [X]	No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Questar Corporation	[ ]
Questar Gas Company	[ ]
Questar Pipeline Company	[ ]

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. Do not check non-accelerated filer if a smaller reporting company (Check one).

Questar Corporation	Large accelerated filer [X]	Accelerated filer [ ]	Non-accelerated filer [ ]	Smaller reporting company [ ]
Questar Gas Company	Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [X]	Smaller reporting company [ ]
Questar Pipeline Company	Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [X]	Smaller reporting company [ ]

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

Questar Corporation	Yes [ ]	No [X]
Questar Gas Company	Yes [ ]	No [X]
Questar Pipeline Company	Yes [ ]	No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2013). The aggregate market value was calculated by excluding all shares held by directors and executive officers of the registrant and three nonprofit foundations established by the registrant without conceding that all such persons are affiliates for purposes of federal securities laws.

Questar Corporation	$4.2 billion
Questar Gas Company	None
Questar Pipeline Company	None

Indicate the number of shares outstanding of each of the registrants' classes of common stock, as of January 31, 2014.

Questar Corporation	without par value	175,114,937
Questar Gas Company	$2.50 per share par value	9,189,626
Questar Pipeline Company	$1.00 per share par value	6,550,843

Documents Incorporated by Reference:
Portions of Questar Corporation's definitive Proxy Statement (the "Proxy Statement"), to be filed in connection with its May 22, 2014, Annual Meeting of Shareholders, are incorporated by reference into Part III of this Annual Report.

Questar Gas Company and Questar Pipeline Company, as wholly-owned subsidiaries of a reporting company, meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this form with the reduced disclosure format.

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FILING FORMAT

This Annual Report on Form 10-K is a combined report being filed by three separate registrants: Questar Corporation, Questar Gas Company and Questar Pipeline Company. Questar Gas Company and Questar Pipeline Company are wholly-owned subsidiaries of Questar Corporation. Separate financial statements for Wexpro Company have not been included since Wexpro is not a registrant. See Note 14 to the accompanying financial statements for a summary of operations by line of business. Information contained herein related to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Item 8 of Part II of this Annual Report on Form 10-K includes separate financial statements (i.e. statements of income, statements of comprehensive income, balance sheets, statements of common shareholders' equity and statements of cash flows, as applicable) for Questar Corporation, Questar Gas Company and Questar Pipeline Company. The notes accompanying the financial statements are presented on a combined basis for all three registrants. Management's Discussion and Analysis of Financial Condition and Results of Operations included under Item 7 of Part II is presented by line of business.

Where You Can Find More Information

Questar Corporation (Questar or the Company) and two of its subsidiaries, Questar Gas Company (Questar Gas) and Questar Pipeline Company (Questar Pipeline), each file annual, quarterly, and current reports with the Securities and Exchange Commission (SEC). Questar also regularly files proxy statements and other documents with the SEC. These reports and other information can be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including Questar, Questar Gas and Questar Pipeline.

Investors can also access financial and other information via Questar's internet site at www.questar.com. Questar and each of its reporting subsidiaries make available, free of charge through the internet site, copies of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to such reports and all reports filed by executive officers and directors under Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act), reporting transactions in Questar securities. Access to these reports is provided as soon as reasonably practical after such reports are electronically filed with the SEC. Information contained on or connected to Questar's internet site that is not directly incorporated by reference into the Company's Annual Report on Form 10-K should not be considered part of this report or any other filing made with the SEC.

Questar's internet site also contains copies of charters for various board committees, including the Finance and Audit Committee, Corporate Governance Guidelines and Questar's Business Ethics and Compliance Policy.

Finally, you may request a copy of filings other than an exhibit to a filing, unless that exhibit is specifically incorporated by reference into that filing, at no cost by writing or calling Questar, 333 South State Street, P.O. Box 45433, Salt Lake City, UT, 84145-0433 (telephone number 801-324-5900).

Forward-Looking Statements

This Annual Report on Form 10-K 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 (the Securities Act), and Section 21E of the Exchange Act. 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, development 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. Factors that could cause actual results to differ materially include, but are not limited to, the following:

- the risk factors discussed in Part I, Item 1A of this Annual Report on Form 10-K;
- general economic conditions, including the performance of financial markets and interest rates;
- changes in energy commodity prices;

- changes in industry trends;
- actions of regulators;
- changes in laws or regulations; and
- other factors, most of which are beyond the Company's control.

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

Glossary of Commonly Used Terms

B	Billion.
Barrel (bbl)	Equal to 42 U.S. gallons and is a common measure of volume of crude oil and other liquid hydrocarbons.
British Thermal Unit (Btu)	A measure of the amount of energy required to raise the temperature of a one-pound mass of water one degree Fahrenheit at sea level.
Conservation Enabling Tariff (CET)	A rate mechanism in Utah and Wyoming that decouples customer usage of natural gas from the non-gas revenues received by Questar Gas by specifying an allowed revenue for each customer per month. Differences between the allowed CET revenue and actual usage are deferred and recovered from or refunded to customers through future rate changes.
Cubic Foot (cf)	One standard cubic foot equals the volume of gas in one cubic foot measured at standard conditions - a temperature of 60 degrees Fahrenheit and a pressure of 30 inches of mercury (approximately 14.7 pounds per square inch).
Cubic Foot Equivalents (cfe)	Cubic foot of natural gas equivalents.
Decatherm (dth)	Ten therms. One dth equals one million Btu or approximately one Mcf.
Demand-Side Management (DSM)	Costs incurred by Questar Gas to promote energy conservation in the form of rebates and promotions. These DSM costs are recovered from customers through periodic rate adjustments.
Developed Reserves	Reserves of any category that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well. Reserves are reported on a net revenue interest basis. See 17 C.F.R. § 210.4-10(a)(6).
Development Well	A well drilled into a known producing formation in a previously discovered field.
Dry Hole	A well drilled and found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of production exceed expenses and taxes.
Exploratory Well	A well drilled into a previously untested geologic prospect to determine the presence of natural gas or oil.
FERC	Federal Energy Regulatory Commission.
Gas	All references to gas in this report refer to natural gas.
Gross	Gross natural gas and oil wells or gross acres are the total number of wells or acres in which the Company has a working interest.
Heating Degree Days	A measure of the number of degrees the average daily outside temperature is below 65 degrees Fahrenheit.
M	Thousand.
MM	Million.
Natural Gas Equivalents	Oil and NGL volumes are converted to natural gas equivalents using the ratio of one barrel of crude oil, condensate or NGL to 6,000 cubic feet of natural gas.
Natural Gas Liquids (NGL)	Liquid hydrocarbons that are extracted and separated from the natural gas stream. NGL products include ethane, propane, butane, natural gasoline and heavier hydrocarbons.

Net	Net gas and oil wells or net acres are determined by the sum of the fractional ownership working interest the Company has in those gross wells or acres.
Proved Reserves	Those quantities of natural gas, oil, condensate and NGL which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. Reserves are reported on a net revenue interest basis. See 17 C.F.R. § 210.4-10(a)(22).
PSCU	Public Service Commission of Utah.
PSCW	Wyoming Public Service Commission.
Reserves	Estimated remaining quantities of natural gas, oil and related substances anticipated to be economically producible by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce. Reserves are reported on a net revenue interest basis. See 17 C.F.R. § 210.4-10(a)(26).
Reservoir	A porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
Royalty	An economic interest in a gas and oil lease that gives the owner the right to receive a portion of the production from the leased acreage or of the proceeds of the sale thereof, but generally does not require the owner to pay any portion of the costs of drilling or operating the wells on the leased acreage. Royalties may be either landowner's royalties, which are reserved by the owner of the leased acreage at the time the lease is granted, or overriding royalties, which are usually reserved by an owner of the leasehold in connection with a transfer to a subsequent owner.
SEC	U.S. Securities and Exchange Commission.
Undeveloped Reserves	Reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves are reported on a net revenue interest basis. See 17 C.F.R. § 210.4-10(a)(31).
Wexpro Agreement	A long-standing comprehensive agreement with the states of Utah and Wyoming. The agreement was effective August 1, 1981, and sets forth the rights of Questar Gas to receive certain benefits from Wexpro's operations. The agreement was approved by the PSCU and PSCW in 1981 and affirmed by the Supreme Court of Utah in 1983.
Wexpro II Agreement	An agreement with the states of Utah and Wyoming modeled after the Wexpro Agreement that allows for the addition of properties under the cost-of-service methodology for the benefit of Questar Gas customers. The agreement was approved by the PSCU and PSCW in 2013.
Working Interest	An economic interest in a gas and oil lease that gives the owner the right to drill, produce and conduct operating activities on the leased acreage and receive a share of any production.
Workover	Operations on a producing well to restore or increase production.

FORM 10-K
ANNUAL REPORT, 2013

PART I

ITEM 1. BUSINESS.

Nature of Business
Questar is a Rockies-based integrated natural gas holding company with three principal complementary lines of business operated through wholly-owned subsidiaries:

- Questar Gas provides retail natural gas distribution in Utah, Wyoming and Idaho.
- Wexpro Company (Wexpro) develops and produces natural gas from cost-of-service reserves for Questar Gas customers.
- Questar Pipeline operates interstate natural gas pipelines and storage facilities in the western United States and provides other energy services.

Questar is headquartered in Salt Lake City, Utah. Shares of Questar common stock trade on the New York Stock Exchange (NYSE:STR).

Questar is a holding company, as that term is defined in the Public Utility Holding Company Act of 2005 (PUHCA 2005), because Questar Gas, its subsidiary, is a natural gas utility company. Questar, however, has an exemption and waiver from provisions of the Act applicable to holding companies. Questar conducts all operations through subsidiaries. The parent holding company performs certain management, legal, financial, tax, administrative and other services for its subsidiaries.

The corporate organization structure and major subsidiaries are summarized below:

Questar Corporation

Questar Gas Company	Wexpro Company	Questar Pipeline Company
Retail Gas Distribution	Gas and Oil Development and Production	Interstate Gas Transportation and Storage

See Note 14 to the financial statements included in Item 8 of Part II of this Annual Report for financial information by line of business including, but not limited to, revenues from unaffiliated customers, operating income and identifiable assets. A discussion of the Company's lines of business follows.

RETAIL GAS DISTRIBUTION - Questar Gas
General: Questar Gas distributes natural gas as a public utility in Utah, southwestern Wyoming and a small portion of southeastern Idaho. It generated approximately 33% of the Company's operating income in 2013. Wexpro provides the majority of Questar Gas's natural gas supply and Questar Pipeline provides the majority of Questar Gas's transportation and storage services. As of December 31, 2013, Questar Gas was serving 945,971 sales and transportation customers. Questar Gas is the only non-municipal gas-distribution utility in Utah, where 97% of its

customers are located. The Public Service Commission of Utah (PSCU), the Wyoming Public Service Commission (PSCW) and the Public Utility Commission of Idaho 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.

Questar Gas's growth is tied to the economic growth of Utah and southwestern Wyoming. It has a market share of over 94% of residential space and water heating in its service area. During 2013, Questar Gas added 15,211 customers, a 1.6% increase.

Questar Gas faces the same risks as other local distribution companies. These risks include revenue variations based on seasonal changes in demand, changes in natural gas prices, availability of natural gas supplies, declining residential usage per customer, adequacy of distribution facilities and adverse regulatory decisions. Questar Gas's sales to residential and commercial customers are seasonal, with a substantial portion of such sales made during the heating season. The typical residential customer in Utah (defined as a customer using 80 dth per year) consumes more than 79% of total gas requirements in the coldest six months of the year. Questar Gas, however, has a weather-normalization mechanism for its general-service customers. This billing mechanism adjusts the non-gas portion of a customer's monthly bill as the actual heating-degree days in the billing cycle are warmer or colder than normal. This mechanism reduces volatility in any given customer's monthly bill from year to year and reduces volatility in Questar Gas gross margin.

Questar Gas has a conservation enabling tariff (CET) to promote energy conservation. Under the CET, Questar Gas non-gas revenues are decoupled from the temperature-adjusted usage per customer. The tariff specifies an allowed revenue per customer for each month with differences to be deferred and recovered from customers or refunded to customers through periodic rate adjustments. These adjustments are limited to 5% of distribution non-gas revenues. Under the CET, Questar Gas recorded a $1.1 million revenue decrease in 2013 compared with a $2.9 million decrease in 2012 and a $3.6 million decrease in 2011, which offset changes in customer usage.

Questar Gas has a demand-side management (DSM) program. Under the DSM program, Questar Gas encourages the conservation of natural gas through advertising, rebates for efficient homes and appliances, and home energy audits. The costs related to the DSM program are deferred and recovered from customers through periodic rate adjustments. Questar Gas received revenues for recovery of DSM costs amounting to $29.7 million in 2013, compared to $36.6 million in 2012 and $39.9 million in 2011. As of December 31, 2013, Questar Gas had a regulatory asset of $11.2 million for DSM costs yet to be recovered from customers.

Questar Gas's gas-supply risk is partly mitigated by Wexpro cost-of-service gas supply. During 2013 Questar Gas satisfied 59% of its supply requirements with cost-of-service gas volumes. Wexpro produces cost-of-service gas, which is then gathered by Wexpro or third parties and transported by Questar Pipeline. See Item 2 of Part I and Note 19 to the financial statements included in Item 8 of Part II of this Annual Report for more information on the Company's cost-of-service proved reserves. Questar Gas also has a balanced and diversified portfolio of gas-supply contracts for volumes produced in Wyoming, Colorado, and Utah. In addition, Questar Gas has regulatory approval to pass through in its balancing account the economic results associated with commodity-price hedging activities if it were to utilize such hedges.

Questar Gas has designed its distribution system and annual gas-supply plan to handle peak design-day demand, which is defined as the estimated volume of gas that firm customers could use when the weather is extremely cold. For the 2013-2014 heating season, Questar Gas had an estimated peak sales and firm transportation design-day demand of 1,479 MMdth.

Questar Gas has long-term contracts with Questar Pipeline for transportation and storage capacity at the Clay Basin storage facility and three peak-day storage facilities. Questar Gas also has transportation contracts to take deliveries at several locations from Kern River Pipeline.

Competition, Customers and Growth: Questar Gas currently does not face direct competition from other distributors of natural gas for residential and commercial customers in its service territory. Natural gas has historically enjoyed a favorable price comparison with other energy sources used by residential and commercial customers with the occasional exception of electricity from coal-fired power plants. Questar Gas provides transportation service to large commercial and industrial customers who buy gas directly from other suppliers. Questar Gas faces the risk that it could lose transportation customers to competitors who may be able to connect and transport natural gas to large industrial customers. Certain large commercial and industrial customers of Questar Gas have elected to switch from sales service to transportation service.

Regulation: As a public utility Questar Gas is subject to the jurisdiction of the PSCU and PSCW. Natural gas sales and transportation services are provided under rate schedules approved by the two regulatory commissions. Questar Gas is authorized to earn a return on equity of 10.35% in Utah and 9.16% in Wyoming. Questar Gas filed a general rate case in Utah in July 2013, requesting a $19 million increase in revenues and a continuation of its 10.35% authorized return on equity. Hearings were held in January 2014 and a decision in the case was received on February 21, 2014, which authorized an allowed return on equity of 9.85% and an annual increase in revenues of $7.6 million effective March 1, 2014. Questar Gas filed a general rate case in Wyoming in December 2011 and received an order in 2012, which increased rates by $0.6 million per year. Both the PSCU and PSCW permit Questar Gas to recover gas costs through a balancing-account procedure and to reflect natural gas-price changes on a periodic basis, typically twice a year in the spring and the fall. Questar Gas recovers bad debt costs related to the gas-cost portion of rates in its Utah operations through a purchased-gas adjustment to rates.

Questar Gas's significant relationships with affiliates have allowed it to lower its costs and improve efficiency. These relationships are subject to scrutiny by regulators.

Questar Gas is subject to the requirements of the Pipeline Safety, Regulatory Certainty and Jobs Creation Act of 2011 and the Pipeline Safety Improvement Act of 2002. The PSCU has allowed Questar Gas to recover $4.4 million per year for the operating costs of complying with these Acts. Costs incurred in excess of these amounts will be recovered through future rate changes.

GAS AND OIL DEVELOPMENT AND PRODUCTION - Wexpro

General: Wexpro develops, produces and delivers natural gas from cost-of-service reserves for gas utility affiliate Questar Gas under the terms of the Wexpro Agreement, a long-standing comprehensive agreement with the states of Utah and Wyoming. In 2013, 87% of Wexpro's revenues were from its affiliate, Questar Gas, with the remaining revenues coming mostly from the sale of oil and natural gas liquids (NGL). Wexpro generated 55% of the Company's operating income during the year ended December 31, 2013. Pursuant to the Wexpro Agreement, Wexpro recovers its costs and receives an unlevered, after-tax return of approximately 20% on its investment base. Wexpro's investment base is its investment in commercial wells and related facilities adjusted for working capital and reduced for deferred income taxes and accumulated depreciation, depletion and amortization. The term of the Wexpro Agreement coincides with the productive life of the gas and oil properties covered therein. Wexpro's investment base totaled $589.7 million at December 31, 2013. See Note 10 to the financial statements included in Item 8 of Part II of this Annual Report for more information on the Wexpro Agreement.

Wexpro delivers natural gas production to Questar Gas at cost-of-service. Cost-of-service gas satisfied approximately 59% of Questar Gas's supply requirements during 2013. This percentage was higher in 2013 and 2012 than previous years primarily due to higher production from increased development drilling activities. Wexpro sells crude oil and NGL production from certain producing properties at market prices, with the revenues used to recover operating expenses and to provide Wexpro a return on its investment. Any operating income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas customers, with Wexpro retaining 46%.

Wexpro's properties are located in the Rocky Mountain region, primarily in the Vermillion, Pinedale, Moxa Arch, and Uinta Basin producing fields. The Company participated in 21 third-party-operated wells drilled in Pinedale during 2013 and will continue to participate in wells drilled in the area during 2014. In the first quarter of 2013, the Company drilled 4 wells in the Vermillion Basin and moved from Vermillion to Pinedale. Wexpro expects to return to Vermillion in subsequent years. Advances in technology, including increased density drilling and multi-stage hydraulic fracture stimulation, have identified additional unexploited development potential on many properties.

Competition and Customers: Wexpro faces competition in its business, including the marketing of oil and NGL, and obtaining goods, services and labor. Its growth strategy depends, in part, on its ability to develop reserves in a low-cost and efficient manner.

Regulation: Wexpro operations are subject to various government controls and regulation at the federal, state and local levels. Wexpro must obtain permits to drill and produce; maintain bonding requirements to drill and operate wells;

submit and implement spill-prevention plans; and file notices relating to the presence, use, and release of specified contaminants incidental to gas and oil production. Wexpro is also subject to various conservation matters, including the regulation of the size of drilling and spacing units, the number of wells that may be drilled in a unit and the unitization or pooling of gas and oil properties. In addition, the Utah Division of Public Utilities and the staff of the PSCW are entitled to review the performance of Questar Gas and Wexpro under the Wexpro Agreement and have retained an independent certified public accountant and an independent petroleum engineer to monitor the performance of the agreement.

Most Wexpro leasehold acreage in the Rocky Mountain area is held under leases granted by the federal government and administered by federal agencies, principally the Bureau of Land Management (BLM). Current federal regulations restrict activities during certain times of the year on portions of Wexpro leaseholds due to wildlife activity and/or habitat. Wexpro, as the operator in the Vermillion area, and its third-party operator for the Pinedale area have worked with federal and state officials to obtain authorization for winter-drilling activities and have developed measures, such as drilling multiple wells from a single pad location, to minimize the impact of their activities on wildlife and wildlife habitat. Various wildlife species inhabit Wexpro leaseholds. The presence of wildlife, including species that are protected under the federal Endangered Species Act, could limit access to leases held by Wexpro on public lands.

In September 2008, the BLM issued a Record of Decision (ROD) on the Final Supplemental Environmental Impact Statement (FSEIS) for long-term development of natural gas resources in the Pinedale Anticline Project Area (PAPA). Under the ROD, Wexpro, through its third-party operator, is allowed to drill and complete wells year-round in one of five concentrated development areas defined in the PAPA. The ROD contains additional requirements and restrictions on development in the PAPA.

Wexpro II: Wexpro and Questar Gas have received approval of the PSCU and PSCW (the Commissions) for a Wexpro II Agreement to add properties under the cost-of-service pricing methodology for the benefit of Questar Gas customers. The agreement is modeled after the terms of the original Wexpro Agreement. Under the Wexpro II Agreement, Wexpro may acquire gas development properties and Questar Gas may submit an application to the Commissions to treat these properties similar to the original Wexpro properties. If the Commissions approve the applications, the gas will be developed for the benefit of Questar Gas customers. Wexpro will be entitled to a return on the acquisition costs based on Questar Gas's approved cost of capital. Future development costs will earn returns consistent with the original Wexpro Agreement.

In September 2013, Wexpro completed a transaction to acquire an additional interest in natural gas-producing properties in the Trail Unit of southwestern Wyoming's Vermillion Basin for $104.3 million, after post-closing adjustments (Trail acquisition). In January 2014, the Commissions approved a stipulation for inclusion of these properties in the Wexpro II Agreement. As part of this stipulation, Wexpro agreed to a provision to manage the combined production from the original Wexpro properties and the Trail acquisition to 65% of Questar Gas's annual forecasted demand. Beginning in June 2015 through May 2016 and for each subsequent 12-month period, if the combined annual production exceeds 65% of the forecasted demand and the cost-of-service price is greater than the Questar Gas purchased-gas price, an amount equal to the excess production times the excess price will be credited back to Questar Gas customers. Wexpro may also sell production to manage the 65% level and credit back to Questar Gas customers the higher of market price or the cost-of-service price times the sales volumes.

Wexpro may acquire additional gas development properties that are in locations separate from its current operations or are not approved by the Commissions for inclusion in the Wexpro II Agreement. In these cases, Wexpro will develop these properties and sell the production in the market or through contracts with other customers.

INTERSTATE GAS TRANSPORTATION - Questar Pipeline

General: Questar Pipeline provides natural gas-transportation and underground-storage services in Utah, Wyoming and Colorado. Questar Pipeline and subsidiaries generated approximately 12% of the Company's operating income in 2013, which is below historical levels due to an impairment of the eastern segment of Questar Southern Trails Pipeline in the third quarter of 2013. As a "natural gas company" under the Natural Gas Act of 1938, Questar Pipeline and certain subsidiary pipeline companies are regulated by the FERC as to rates and charges for storage and transportation of natural gas in interstate commerce, construction of new facilities, extensions or abandonments of service and facilities, and accounting and other activities.

Questar Pipeline and its subsidiaries operate 2,662 miles of interstate pipeline, including 10 miles owned by a third party. Questar Pipeline's consolidated firm capacity commitments total 5,121 Mdth per day. Questar Pipeline's core transportation system is strategically located near large reserves of natural gas in six major Rocky Mountain producing areas. Questar Pipeline transports natural gas from these producing areas to other major pipeline systems, Questar Gas's distribution system and other utility systems. In addition to this core system, Questar Pipeline, through wholly-owned subsidiaries, owns and operates the Overthrust Pipeline in southwestern Wyoming and the eastern segment of Southern Trails Pipeline, a 487-mile line that extends from the Blanco hub in the San Juan Basin to just inside the California state line near the Arizona border. An additional 96 miles of Southern Trails Pipeline in California is not in service. Questar Pipeline operates and owns 50% of the White River Hub in western Colorado. White River Hub facilities connect with six interstate-pipeline systems and a major processing plant near Meeker, Colorado.

Questar Pipeline owns and operates the Clay Basin storage facility, the largest underground-storage reservoir in the Rocky Mountain region. Through a subsidiary, Questar Pipeline also owns gathering lines and processing facilities near Price, Utah, through which it provides gas-processing services for third parties. A Questar Pipeline subsidiary also provides wellhead automation and measurement services for Rockies oil and gas producers.

Customers, Growth and Competition: Questar Pipeline's transportation system is nearly fully subscribed. The weighted-average remaining life of Questar Pipeline's firm contracts was 8.7 years as of December 31, 2013. All of Questar Pipeline's storage capacity is fully contracted with a weighted-average remaining life of 5.7 years as of December 31, 2013. Questar Pipeline faces the risk that it may not be able to recontract firm capacity at current terms when contract terms expire.

Questar Gas, an affiliated company, provides Questar Pipeline's largest share of transportation revenues. During 2013, Questar Pipeline transported 119.5 MMdth for Questar Gas compared to 107.2 MMdth in 2012. Questar Gas has reserved firm transportation capacity of 916 Mdth per day during the heating season and 841 Mdth per day during off-peak months under long-term contracts. Questar Pipeline's primary transportation agreement with Questar Gas will expire on June 30, 2017. In 2013, 29% of Questar Pipeline's revenues were from its affiliate, Questar Gas.

Questar Pipeline also transported 753.4 MMdth during 2013, down 4% from 2012, for unaffiliated customers to pipelines owned by Kern River Pipeline, Northwest Pipeline, Colorado Interstate Gas, TransColorado, Wyoming Interstate Company, Rockies Express Pipeline, Ruby Pipeline and other systems. Rocky Mountain producers, marketers and end-users seek capacity on interstate pipelines that move gas to California, the Pacific Northwest or Midwestern markets. Questar Pipeline provides access for many producers to these third-party pipelines.

Questar Pipeline competes for market growth with other natural gas-transmission companies in the Rocky Mountain region and with other companies providing natural gas-storage services. In addition, Questar Pipeline faces growing competition from third-party gathering companies that build gathering lines to allow producers to make direct connections to competing pipeline systems.

Regulation: Questar Pipeline's natural gas transportation and storage operations are regulated by the FERC under the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978, as amended. The FERC has authority to set rates for natural gas transportation, storage and related services; set rules governing business relationships between the pipeline subsidiary and its affiliates; approve new pipeline and storage-facility construction; and establish policies and procedures for accounting, purchases, sales, abandonments and other activities. FERC policies may adversely affect Questar Pipeline's profitability. Questar Pipeline maintains a rigorous compliance program to address all areas of FERC compliance, including standards of conduct, market manipulation, shipper-must-have-title, bidding, capacity release, reporting, filings, postings and record retention. The Company annually trains board members, executives, senior management and functional employees on standards-of-conduct rules.

Questar Pipeline is required to comply with the Pipeline Safety, Regulatory Certainty and Jobs Creation Act of 2011 and the Pipeline Safety Improvement Act of 2002. The 2011 Act is designed to examine and improve the state of pipeline safety regulations and gives enhanced safety authority to the Pipeline and Hazardous Materials Safety Administration (PHMSA) and is intended to improve pipeline transportation by strengthening enforcement capabilities. The 2002 Act and the rules issued by the U.S. Department of Transportation require interstate pipelines and local distribution companies to implement a 10-year program of risk analysis, pipeline assessment and remedial repair for transportation pipelines located in high-consequence areas such as densely populated locations. PHMSA completed an integrated compliance audit and a control-room management audit of Questar Pipeline in 2013. Results of these audits are pending.

Strategic Evaluation: In the fourth quarter of 2012, Questar Pipeline initiated a strategic review of the noncore Questar Southern Trails Pipeline. All strategic options were analyzed, including joint ventures, asset sales and other alternatives. The eastern segment of Southern Trails Pipeline is in natural gas service and extends 487 miles from the San Juan Basin in New Mexico to connections with other pipelines in the eastern portion of Southern California. The western segment of Southern Trails Pipeline extends 96 miles from Whitewater to Long Beach, California. This segment has not been placed in service.

As a result of that review, Questar Pipeline entered into an agreement with an affiliate of Spectra Energy Corp to evaluate and potentially recommission the western portion of its Southern Trails Pipeline to its original purpose as a crude oil transport pipeline and to develop a rail terminal to offload crude into the pipeline for transportation to refineries in Southern California. Questar Pipeline's net book value of the western segment of Southern Trails Pipeline is approximately $22 million. This project is in the marketing and engineering phase and a decision whether or not to proceed with the development is expected in 2014. Questar Pipeline evaluated this asset for impairment in 2013 and does not believe that it is impaired.

During the third quarter of 2013, Questar Pipeline updated its five-year forecast for the eastern segment of Southern Trails Pipeline, which resulted in revised projections of higher operating expenses including right-of-way and pipeline safety costs. Current and projected market rates for natural gas transportation between the San Juan Basin and California markets did not cover these increasing operating expenses over the forecast period. Because of changes in expected cash flows in the third quarter of 2013 and the lack of progress in selling or recontracting this pipeline, Questar Pipeline recorded a noncash impairment of its entire investment in the eastern segment of Southern Trails Pipeline of $80.6 million, or $52.4 million after income taxes. Questar Pipeline used a probability-weighted discounted cash flow analysis that included significant inputs such as Questar Pipeline's cost of capital and assumptions regarding future transportation rates and operating costs.

Corporate and Other
Corporate employees provide compliance, legal, finance, tax, treasury, human resources, audit, information technology, purchasing, warehousing, fleet, communication and insurance services for Questar's subsidiaries.

Corporate and other operations also include Questar Fueling Company (Questar Fueling). Questar Fueling began its operation in mid-2012 to provide natural gas fueling infrastructure nationally, with specific focus on the medium- to heavy-duty vehicle market. While Questar Gas has owned and operated natural gas fueling facilities within its regulated service area, Questar Fueling is pursuing non-regulated market opportunities. Questar Fueling placed two facilities in service during 2013 and has contracts to develop several additional facilities. Questar Fueling results are not currently material to Questar's consolidated operations.

Spinoff of QEP
On June 30, 2010, Questar distributed all of the shares of common stock of QEP Resources (formerly Questar Market Resources) held by Questar to Questar shareholders in a tax-free, pro rata dividend (the Spinoff). Each Questar shareholder received one share of QEP common stock for each share of Questar common stock held (including fractional shares) at the close of business on the record date. In connection with the Spinoff, QEP distributed Wexpro, a wholly-owned subsidiary of QEP, to Questar. The selected financial data presented in Item 6 of Part II of this Annual Report recasts QEP's financial condition and operating results as discontinued operations for all periods presented through June 30, 2010.

Employees
At December 31, 2013, the Company had 1,725 employees, including 917 in Questar Gas, 139 in Wexpro, 278 in Questar Pipeline and 391 in Corporate and other.

Executive Officers of the Registrant

		Primary Positions Held with the Company and Affiliates, Other Business Experience
Ronald W. Jibson	60	Chairman, President and Chief Executive Officer, Questar (2012 to present); Chairman, President and Chief Executive Officer, Questar Gas (2010 to present); Chairman, Questar Pipeline and Wexpro (2010 to present). Previous titles with Questar: President and Chief Executive Officer, Questar (2010 to 2012); Senior Vice President, Questar (2008 to 2010); President, Chief Executive Officer and Director, Questar Gas (2008 to 2010); Executive Vice President, Questar Gas (2008 to 2010); Vice President, Operations, Questar Gas (2004 to 2008).
Kevin W. Hadlock	41	Executive Vice President and Chief Financial Officer, Questar (2011 to present); Director, Questar Gas, Wexpro and Questar Pipeline (2011 to present). Prior to joining Questar: Senior Vice President and Chief Financial Officer for Baltimore Gas and Electric Company, a subsidiary of the Constellation Energy Group (2008 to 2010); Vice President of Investor Relations and Financial Planning and Analysis for Constellation Energy Group (2007 to 2008).
Thomas C. Jepperson	59	Executive Vice President, General Counsel and Corporate Secretary, Questar (2010 to present). Previous titles with Questar: Vice President and General Counsel, Questar (2005 to 2010).
R. Allan Bradley	62	Executive Vice President, Questar (2010 to present); President and Chief Executive Officer, Questar Pipeline (2006 to present); President, Chief Operating Officer and Director, Questar Pipeline (2005 to present); Chairman of the White River Hub, LLC Management Committee (2008 to present). Previous titles with Questar: Senior Vice President, Questar (2005 to 2010).
James R. Livsey	60	Executive Vice President and Chief Operating Officer, Wexpro (2012 to present); Executive Vice President, Questar (2010 to present); Director, Wexpro (2010 to present). Previous titles with Questar: Executive Vice President and General Manager, Wexpro (2011 to 2012); Executive Vice President, Questar and General Manager, Wexpro (2010 to 2011); Vice President and General Manager, Wexpro (2003 to 2010).
Craig C. Wagstaff	50	Executive Vice President, Questar (2012 to present); Executive Vice President and Chief Operating Officer, Questar Gas (2012 to present); Director, Questar Gas (2010 to present). Previous titles with Questar: Senior Vice President, Questar (2011 to 2012); Senior Vice President and General Manager, Questar Gas (2011 to 2012); Vice President and General Manager, Questar Gas (2010 to 2011); General Manager, Customer Relations, Questar Gas (2006 to 2010).
David M. Curtis	58	Vice President and Corporate Controller, Questar (2011 to present); Vice President and Controller, Wexpro (2010 to present); Vice President and Controller, Questar Pipeline and Questar Gas (2003 to present).

Kimberley Heimsath	58	Vice President, Environmental, Health and Safety, Questar (2011 to present). Previous titles with Questar: General Manager Environmental, Health and Safety (2010 to 2011), Manager Environmental and Safety Services (2008 to 2010), Director Environmental and Safety Services (2005 to 2008).
Kelly B. Maxfield	60	Vice President, Information Technology and Administration, Questar (2004 to present); President, Chief Executive Officer, Consonus (2001 to 2004).

There is no "family relationship" between any of the listed officers or between any of them and the Company's directors. The executive officers serve at the pleasure of the Board of Directors. There is no arrangement or understanding under which the officers were selected.

ITEM 1A. RISK FACTORS.

Investors should read carefully the following factors as well as the cautionary statements referred to in "Forward-Looking Statements" herein. If any of the risks and uncertainties described below or elsewhere in this Annual Report actually occur, the Company's business, financial condition or results of operations could be materially adversely affected.

Risks Inherent in the Company's Business

Wexpro may not be able to economically find and develop new reserves. Wexpro's profitability depends on its ability to develop gas reserves that are economically recoverable. Productive natural gas and oil reservoirs are generally characterized by declining production rates that vary depending on reservoir characteristics. Because of significant production decline rates in several of Wexpro's producing areas, substantial capital expenditures are required to develop gas reserves to replace those depleted by production.

Wexpro's rate of development of cost-of-service gas may vary depending upon market conditions. Wexpro develops cost-of-service gas and oil in accordance with accepted standards and prudent field-management and engineering practices. These standards and practices are influenced by gas and oil commodity prices and other market conditions. Historically, natural gas and oil prices have been volatile and will likely continue to be volatile. The Company cannot predict the future price of natural gas and oil because the factors that drive prices are beyond its control. In the short-run, purchased gas may be available for Questar Gas customers at a lower price than cost-of-service gas. While the Company believes it can continue to develop natural gas properties at a competitive long-term cost to the consumer, low natural gas prices may impact the pace of that development.

Wexpro's rate of development of cost-of-service gas may be limited by growth in Questar Gas's sales volumes. The proportion of Questar Gas's natural gas supply needs met by Wexpro has increased due to successful development of the Vermillion Basin and continued development of the Pinedale field. Wexpro's gas-development program may be limited based on the volumes of cost-of-service gas it can supply to Questar Gas for the summer load and Questar Gas's ability to store gas during the summer for peak supply needs. Wexpro and Questar Gas are pursuing opportunities to use Wexpro cost-of-service gas for Questar Gas's industrial customers, although there is no assurance that this will be successful. Certain large commercial and industrial customers of Questar Gas have elected to switch from sales service to transportation service. This switching may reduce the volumes that Wexpro is able to supply to Questar Gas.

Wexpro has market price risk if production exceeds 65% of Questar Gas's forecasted demand. In September 2013, Wexpro completed the Trail acquisition. In January 2014, the PSCU and the PSCW approved a stipulation for inclusion of the Trail acquisition properties in the Wexpro II Agreement. As part of this stipulation, Wexpro agreed to a provision to manage the combined production from the original Wexpro properties and the Trail acquisition to 65% of Questar Gas's annual forecasted demand. Beginning in June 2015 through May 2016 and for each subsequent 12-month period, if the combined annual production exceeds 65% of the forecasted demand and the cost-of-service price is greater than the Questar Gas purchased-gas price, an amount equal to the excess production times the excess price will be credited back to Questar Gas customers. Wexpro may also sell production to manage the 65% level and credit back to Questar Gas customers the higher of market price or the cost-of-service price times the sales volumes.

Gas and oil reserve estimates are imprecise and subject to revision. Wexpro's proved natural gas and oil reserve estimates are prepared annually by internal reservoir engineers. Gas and oil reserve estimates are subject to numerous uncertainties inherent in estimating quantities of proved reserves, projecting future rates of 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. Ownership interests in properties may change due to claims of ownership rights. Estimates of economically recoverable reserves prepared by different engineers, or by the same engineers at different times may vary significantly. Results of subsequent drilling, testing and production may cause either upward or downward revisions of previous estimates. In addition, the estimation process also involves economic assumptions relating to commodity prices, production costs, severance and other taxes, capital expenditures and remediation costs. Changes in field-development plans will impact the reporting of reserves because the Company limits the recording of proved undeveloped reserves to those that are expected to be developed within the next five years. Actual results most likely will vary from the estimates. Any significant variance from these assumptions could affect the recoverable quantities of reserves attributable to any particular property and the classifications of reserves.

Shortages of oilfield equipment, services and qualified personnel could impact results of operations. The demand for qualified and experienced field personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and gas industry can fluctuate significantly, often in correlation with natural gas and oil prices, causing periodic shortages. There also have been regional shortages of drilling rigs and other equipment as demand for specialized rigs and equipment has increased along with the number of wells being drilled. These factors also cause increases in costs for equipment, services and personnel. These cost increases could restrict the ability to drill wells and conduct operations, especially during periods of lower natural gas and oil prices. This may also delay the installation of gathering facilities for new production.

Wexpro may acquire properties not subject to the Wexpro or Wexpro II agreements. Wexpro may acquire gas development properties that are in locations separate from its current operations or are not approved by the Commissions for inclusion in the Wexpro II Agreement. In these cases, Wexpro will develop these properties and sell the production in the market or through contracts with other customers. Wexpro would be subject to commodity-price risk and marketing risks for these properties.

Wexpro may not be successful in entering into cost-of-service arrangements with third parties. Wexpro plans to acquire gas properties outside of the Wexpro or Wexpro II Agreements and sell the production to third parties under cost-of-service arrangements. Only a few other companies have entered into similar cost-of-service arrangements and Wexpro may not be successful in negotiating such arrangements with third parties and obtaining approval from regulators.

Excess pipeline capacity in the Rocky Mountain area impacts Questar Pipeline's revenues. In the last few years development of natural gas reserves in the Rocky Mountain area has slowed due to low natural gas prices and development of reserves in areas closer to major markets. As a result, export pipeline capacity exceeds current production levels. This excess capacity may impact Questar Pipeline's ability to renew contracts at current terms as contracts expire. This excess capacity may also limit growth opportunities to develop new pipelines in the area.

Questar Pipeline's natural gas liquid revenues have declined and are expected to decline further. Questar Pipeline earns NGL revenues from its processing plant and pipeline facilities. These revenues have declined in the last few years due to lower prices and the development of upstream facilities that extract NGL before the gas is transported on Questar Pipeline's system. These NGL revenues are expected to decline further due to growth in upstream processing.

Questar Pipeline's plans to develop the western segment of Questar Southern Trails Pipeline may not be successful. Questar Pipeline is working with an affiliate of Spectra Energy Corp to develop a rail terminal and utilize the western segment of Questar Southern Trails Pipeline to transport crude oil to refineries in Southern California. This project is in the marketing and engineering phase. There are a number of risks for this project including competition from other rail terminals, environmental reviews and permitting. Recent accidents involving rail shipments of crude oil may increase these risks and increase regulatory oversight. There is no assurance that Questar Pipeline will be successful in developing this project.

Questar Pipeline's investment in the eastern segment of Questar Southern Trails Pipeline has been impaired and the pipeline is operating at a loss. The eastern segment of Questar Southern Trails Pipeline is currently operating in natural gas service at a loss. Questar Pipeline recorded an impairment of its investment in the eastern segment of Southern Trails in the third quarter of 2013. Operating losses are expected to continue. Questar Pipeline may incur additional costs to seek abandonment of this pipeline if it is unsuccessful in recontracting at rates to cover variable costs.

Questar Gas's investment in infrastructure replacement will increase customer rates. Questar Gas is investing significant capital to replace aging pipeline infrastructure. This significant investment is expected to continue over a number of years. Replacement of aging pipeline infrastructure will increase customer safety; however, Questar Gas's return on this investment and depreciation costs will continue to increase customer rates. Over time, this may impact customer decisions on the use of natural gas versus other energy alternatives.

The legal dispute over gathering costs between Questar Gas and QEP Field Services may result in costs to shareholders. As disclosed in Note 9 to the financial statements included in Item 8 of Part II, Questar Gas and QEP Field Services are involved in a legal dispute over gathering costs. These gathering costs have been included in Questar Gas's rates as purchased gas costs. The outcome of this dispute and its resulting financial impact on Questar Gas are uncertain at this time.

Questar Fueling may be unable to profitably compete in the natural gas fueling market. Questar Fueling was created in 2012 to design, build and operate natural gas fueling facilities in a competitive market. Questar Fueling's operations may not be profitable until demand grows and it establishes itself as a credible player in the industry.

Operations in all lines of business involve numerous risks that might result in accidents, environmental harm and other operating risks and costs. Drilling is a high-risk activity. Operating risks include: fire, explosions and blow-outs; unexpected drilling conditions such as abnormally pressured formations; abandonment costs; pipe, cement or casing failures; environmental accidents such as oil spills, natural gas leaks, ruptures or discharges of toxic gases, brine or well fluids (including groundwater contamination). The Company could incur substantial losses as a result of injury or loss of life; pollution or other environmental damage; damage to or destruction of property and equipment; regulatory investigation; fines or curtailment of operations; or legal fees and other expenses incurred in the prosecution or defense of litigation. As a working interest owner in wells operated by other companies, the Company may also be exposed to the risks enumerated above that are not within its care, custody or control.

There are also inherent operating risks and hazards in the Company's gas and oil production, processing, transportation, storage and distribution operations that could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution, impairment of operations and substantial losses. Certain Company pipelines have been in service for a number of years. As these pipelines age, the risk may increase of pipeline leakage or failure due to corrosion, fatigue, third-party damage, ground movement or subsidence due to underground mining. The location of pipelines near populated areas, including residential areas, commercial business centers and industrial sites could increase the damages resulting from these risks. In spite of the Company's precautions, an event could cause considerable harm to people or property, and could have a material adverse effect on the financial position and results of operations, particularly if the event is not fully covered by insurance. Accidents or other operating risks could further result in loss of service available to the Company's customers. Such circumstances could adversely impact the Company's ability to meet contractual obligations and retain customers.

The Company works to mitigate the risk of pipeline failures by assessing and replacing sections of more vulnerable pipelines and by implementing other measures as part of its pipeline integrity program. Questar cannot assure that these measures will be successful in avoiding serious accidents, explosions, injuries or death.

As is customary in the natural gas development and production, transportation and distribution industries, the Company maintains insurance against some, but not all, of these potential risks and losses. Questar cannot assure that insurance will be adequate to cover these losses or liabilities. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on the Company's financial condition and operations.

Questar is dependent on bank credit arrangements and continued access to capital markets to successfully execute its operating strategies. Questar relies on access to short-term commercial paper and long-term capital markets. The Company is dependent on these capital sources to provide financing for working capital and certain projects. The availability and cost of these credit sources can vary significantly; and these capital sources may not remain available or the Company may not be able to obtain capital at a reasonable cost in the future. In lieu of commercial paper issuance, the Company at times has utilized credit facilities with banks to meet short-term funding needs. Questar has a $750 million revolving credit facility with various banks. However, banks may be unable or unwilling to extend credit in the future. Questar's revolving credit facility and commercial-paper program are subject to variable interest rates. From time to time the Company may use interest-rate derivatives to fix the rate on a portion of its variable-rate debt. A downgrade of credit ratings could increase the interest cost of debt and decrease future availability of capital from banks and other sources. While management believes it is important to maintain investment-grade credit ratings to conduct the Company's businesses, the Company may not be able to keep investment-grade ratings.

Questar is exposed to credit risk. Questar has credit exposure in outstanding accounts receivable from customers in all segments of its business, which could become significant. Questar has tightened its credit procedures, for example, by requiring deposits or prepayments to help manage this risk. Questar aggressively pursues collection of past-due accounts receivable. Questar has also enhanced its review of customer credit risk.

Risks Related to Regulation

Questar is subject to complex federal, state and local environmental laws and regulations that could adversely affect its cost of doing business. Environmental laws and regulations are complex, change frequently and tend to become more restrictive over time. Some of the regulations with which Questar must comply include the National Environmental Policy Act, the Endangered Species Act, the Clean Air Act, the Clean Water Act, and the National Historic Preservation Act, as well as similar state laws.
Federal and state agencies frequently impose conditions on the Company's activities. These restrictions have become more stringent over time and can limit or prevent natural gas development and production on Wexpro's leaseholds or

construction of new transmission or distribution pipelines and related facilities. For example, the United States Fish and Wildlife Service may designate critical habitat areas for certain listed threatened or endangered species. A critical habitat designation could result in further material restrictions to federal-land use and private-land use and could delay or prohibit land access or development. The listing of certain species, such as the sage grouse, as threatened and endangered, could have a material impact on the Company's operations in areas where such species are found. The Clean Water Act and similar state laws regulate discharges of storm water, wastewater, oil, and other pollutants to surface water bodies, such as lakes, rivers, wetlands, and streams. Accidental releases or failure to obtain permits for discharges could result in civil and criminal penalties, orders to cease such discharges, corrective actions, and other costs and damages. These laws also require the preparation and implementation of Spill Prevention, Control, and Countermeasure Plans in connection with on-site storage of significant quantities of oil.

The U.S. Environmental Protection Agency (EPA) has recently enacted air-quality regulations that particularly affect Questar Pipeline and Wexpro operations. These regulations require the installation of additional pollution controls and extensive monitoring and reporting. Some states have implemented air-quality rules that are stricter than the federal regulations, making it difficult to strategically plan for long-term pollution controls. The impact of these air-quality regulations, along with greenhouse gas monitoring and reporting requirements, may result in increased costs for Questar.

In addition, the Company is subject to federal and state hazard communications and community right-to-know statutes and regulations such as the Emergency Planning and Community Right-to-Know Act that require certain record-keeping and reporting of the use and release of hazardous substances.

Certain environmental groups oppose drilling on some of Wexpro's federal and state leases. These groups sometimes sue federal and state agencies for alleged procedural violations in an attempt to stop, limit or delay natural gas and oil development on public lands.

All wells drilled in tight-gas-sand and shale reservoirs require hydraulic-fracture stimulation to achieve economic production rates and recoverable reserves. The majority of Wexpro’s current and future production and reserve potential is derived from reservoirs that require hydraulic-fracture stimulation to be commercially viable. Currently, all well-construction activities, including hydraulic-fracture stimulation, are regulated by state agencies that review and approve all aspects of gas- and oil-well design and operation. New environmental initiatives, proposed federal and state legislation, and rule-making pertaining to hydraulic-fracture stimulation could increase Wexpro's costs, restrict its access to natural gas reserves and impose additional permitting and reporting requirements. These potential restrictions on the use of hydraulic-fracture stimulation could materially affect the Company's ability to develop gas and oil reserves. The Company believes its well design and completion procedures are appropriate to protect the environment. Questar supports disclosure of the contents of hydraulic-fracturing fluids and submits information on the chemicals used in hydraulic-fracture stimulation on Company-operated wells through the national disclosure registry FracFocus (fracfocus.org).

In addition to the costs of compliance, substantial costs may be incurred to take corrective actions at both owned and previously-owned facilities. These facilities include a previously-owned chemical business, manufactured gas plant sites, and transmission and production facilities. Accidental spills and leaks requiring cleanup may occur in the ordinary course of business. As standards change, the Company may incur significant costs in cases where past operations followed practices that were considered acceptable at the time but now require remedial work to meet current standards. Significant expenditures may result from remedial activities, injunctions and/or penalties.

Regulatory authorities exercise considerable discretion in the timing and scope of permit issuance. Requirements imposed by these authorities may be costly and time consuming, and may result in delays in the commencement or continuation of Wexpro's natural gas development and production operations and Questar Pipeline's construction projects. Further, the public may comment on and otherwise engage in the permitting process, including court intervention. Accordingly, needed permits may not be issued, or if issued, may not be issued in a timely fashion, or may involve requirements that restrict Questar's ability to conduct its operations or to do so profitably.

Questar may be exposed to certain regulatory and financial risks related to climate change. Federal and state courts and administrative agencies are addressing claims and demands related to climate change under various laws pertaining to the environment, energy use and development, and greenhouse-gas emissions. The EPA adopted the Greenhouse Gas Reporting Rule for the measurement and reporting of greenhouse gases emitted from combustion at large facilities (emitting more than 25,000 metric tons/year of carbon dioxide equivalent). Questar has been reporting annual greenhouse gas emissions to the EPA since the 2010 emission year. This regulation requires measurement and monitoring in the natural gas producing basins in which Wexpro operates, as well as in Questar Pipeline's compressor stations, storage fields, and processing facilities. Additionally, Questar Gas reports combustion emissions for all of its customers, as well as gate-station methane emissions. This rule has created a greenhouse gas inventory, which could be used for regulatory compliance purposes and to generate emissions fees or other potential charges.

While future climate-change regulation is possible, it is too early to predict how potential regulation will affect Questar's business, operations, or financial results. If forthcoming regulations recognize that use of natural gas in high-efficiency residential, commercial, transportation, industrial and electricity-generation applications is essential to reduce U.S. greenhouse-gas emissions, use of natural gas in these applications should increase. Similarly, natural gas will be essential in ensuring electrical-grid reliability as reliance on intermittent renewable energy increases in the future. Use of natural gas as an alternative transportation fuel continues to grow, with Questar actively involved in expanding refueling infrastructure, particularly to serve the trucking industry. On the other hand, federal regulation of carbon dioxide could increase the price of natural gas, restrict access to or the use of natural gas, and/or reduce natural gas demand. The impact on the environment of natural gas drilling, production and transportation continues to be analyzed and debated, which could influence future laws and regulations. Federal, state, and local governments may pass laws mandating the use of alternative-energy sources, such as wind, solar, and geothermal energy. The increased use of alternative energy could reduce the future demand for natural gas. It is uncertain whether Questar's operations and properties are exposed to possible physical risks, such as severe weather patterns due to climate change, as a result of man-made greenhouse gases.

Questar is subject to changing U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration rules and regulations, which may increase costs. The Company is subject to PHMSA non-compliance risk due to significant legislative and regulatory developments in response to several major pipeline accidents in recent years. The reauthorization of the Pipeline Safety Act was signed by the President in January 2012. The new law includes significant new provisions on historical records research, maximum allowed operating pressure validation, use of automated or remote-controlled valves on new or replaced lines, increased civil penalties, and evaluation of expanding integrity management beyond high-consequence areas. PHMSA will be phasing in the new regulations over the next two years and will again seek reauthorization of the Pipeline Safety Act in 2015. PHMSA completed an integrated compliance audit and a control-room management audit of Questar Pipeline in 2013. Results of these audits are pending. Auditors from the state of Utah continue to inspect Questar Gas's records and practices. Penalties associated with non-compliance could be substantial if violations and corrective-action orders are issued. The Company expects to continue to incur significant costs to upgrade or re-certify infrastructure to meet changing regulations.

FERC regulates the transportation and storage of natural gas and natural gas markets. Questar Pipeline's natural gas transportation and storage operations are regulated by the FERC under the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. The FERC has authority to: set rates for natural gas transportation, storage and related services; set rules governing business relationships between the pipeline subsidiary and its affiliates; approve new pipeline and storage-facility construction; and establish policies and procedures for accounting, purchases, sales, abandonments and other activities. FERC policies may adversely affect Questar Pipeline's profitability. Over the past several years, FERC issued a number of orders related to market transparency that extend FERC oversight to many Questar subsidiaries. Order No. 704 requires all natural gas companies to report gas purchases and sales and their relationship to price reporting indexes. Order No. 712 defines changes in capacity release and asset management. Order No. 717 establishes new Standards of Conduct Rules. In addition to the orders, FERC released a policy statement on compliance in which it states that companies must have a "rigorous" FERC compliance program that extends to all subsidiaries, not just interstate pipelines. Since the enactment of the Energy Policy Act of 2005, granting FERC increased penalty authority for non-compliance, FERC has targeted various issues in the natural gas industry for compliance audits and investigations. In late 2010 FERC issued a revised policy statement on penalty guidelines. These guidelines identify mitigation measures companies can take to minimize the risk of a significant FERC compliance penalty.

State agencies regulate the distribution of natural gas. Questar Gas's natural gas-distribution business is regulated by the PSCU and the PSCW. These commissions set rates for distribution services and establish policies and procedures for services, accounting, purchases, sales and other activities. PSCU and PSCW policies and decisions including an authorized return on equity and disallowed costs may adversely affect Questar Gas's profitability. Authorized returns on equity have declined throughout the United States with the decline in interest rates and may decline for Questar Gas in future rate cases.

Questar is subject to health care reform regulations, which may increase costs. Questar incurs significant costs to provide health care benefits to employees and some retirees. These costs have increased at a rate greater than inflation over a number of years and are expected to continue to increase. The full impact of the Patient Protection and Affordable Care Act of 2010 will not affect the Company until 2015; however, the cost of compliance with the provisions of the Act is difficult to measure at this time.

Other Risks

Questar depends upon key operational and technical personnel. The successful implementation of the Company's business strategy depends, in part, on experienced operational and technical personnel, including key geologists, engineers and other professionals. Many of these key employees have the opportunity to retire within the next few years. In 2012, Questar offered a retirement incentive for eligible employees. About 100 employees accepted this offer and retired in early 2013. The retirement of these employees has accelerated the need for succession planning and knowledge transfer to prepare future management and key employees for critical positions.

General economic and other conditions impact Questar's results. Questar's results may be negatively affected by the following: changes in global economic conditions; changes in regulation; creditworthiness of counterparties; rate of inflation and interest rates; weather and natural disasters; changes in customers' credit ratings; competition from other forms of energy, other pipelines and storage facilities; ability to renegotiate contracts, which could ultimately result in the impairment of assets;

effects of accounting policies issued periodically by accounting standard-setting bodies; terrorist attacks or acts of war; changes in business or financial condition; changes in credit ratings; and availability of financing for Questar. Slower economic growth in markets served by Questar businesses may adversely impact the Company's operating results.

Questar faces risks of cyber-security attacks and loss of sensitive customer and employee data. Questar's operating and business systems may be vulnerable to an attack by individuals or organizations intending to disrupt business operations or obtain sensitive customer and employee data. In addition, this sensitive data may be disseminated through intentional or unintentional actions by employees, agents or vendors. The Company's operations and its ability to serve customers may be significantly impacted if its operating and business systems were unavailable. The cost to remedy an unintended dissemination of sensitive information may be significant. Questar mitigates these risks through a defense-in-depth approach that utilizes information technology security measures including system disaster-recovery procedures, intrusion-prevention systems, vulnerability management, network segmentation, internet scanning, anti-virus and malware scanning, system-access procedures and system-change-control procedures.

The underfunded status of the Company's defined benefit pension plans and postretirement medical and life insurance plans increases costs and may require large contributions, which may divert funds from other uses. As of December 31, 2013, the Company's defined benefit pension plans were $74.5 million underfunded and its postretirement medical and life insurance plans were $42.5 million underfunded. The level of underfunding was reduced in 2013 because of an increase in the discount rate used to value the liabilities and higher asset market values. The underfunded status of the these plans may require large contributions, which may divert funds from other uses by the Company. Over time, periods of declining interest rates and asset values may result in further reduction of the funding status of the plans and require additional contributions. Questar cannot predict whether these factors will require the Company to make contributions greater than current expectations. Employees hired or rehired after June 30, 2010, are not eligible for the defined benefit pension plans and employees hired or rehired after December 31, 1996, are not eligible for the postretirement medical plan and are not eligible to receive basic life coverage once they retire.

Failure of the Company's controls and procedures to detect misstatement of financial results or fraud could negatively impact operating results and harm the Company's reputation. Questar's management, including its Chief Executive Officer and Chief Financial Officer, cannot ensure and do not expect that the Company's internal controls over financial reporting, including disclosure controls, will work as intended to prevent all possible errors and fraud. A control system, no matter how well designed and implemented, can provide only reasonable assurance that the purpose and intent of the control system are achieved. The design and application of a control system is based, in part, on judgments about the likelihood of future events. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with Company policies. Because of inherent limitations in a control system, misstatements due to error or fraud may occur without detection.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

RETAIL GAS DISTRIBUTION - Questar Gas

Questar Gas distributes gas to customers along the Wasatch Front, the major populated area of Utah, the metropolitan Salt Lake area, Provo, and Ogden. It also serves customers throughout the state, including the cities of Price, Roosevelt, Park City, Logan, Vernal, Moab, Monticello, Fillmore, Cedar City and St. George. Questar Gas supplies natural gas to the southwestern Wyoming communities of Rock Springs, Green River, Evanston, Kemmerer and

Diamondville, and the southeastern Idaho community of Preston. To supply these communities Questar Gas owns and operates distribution systems and has a total of 27,862 miles of street mains, service lines and interconnecting pipelines. Questar Gas has a major operations center in Salt Lake City, and has operations centers, field offices and service-center facilities in other parts of its service area.

GAS AND OIL DEVELOPMENT AND PRODUCTION - Wexpro

Wexpro develops, produces and delivers cost-of-service natural gas for Questar Gas under the terms of the Wexpro Agreement. The estimates of proved reserves were made by Wexpro's reservoir engineers as of December 31, 2013. All reported reserves are located in the United States. Wexpro sells crude oil and NGL production from certain producing properties at market prices. Wexpro recovers its cost and return on investment from the proceeds. Any residual operating income after recovery of Wexpro costs and return is shared 54% Questar Gas, 46% Wexpro.

In September 2013, Wexpro completed the Trail acquisition. In January 2014, the PSCU and PSCW approved the inclusion of the Trail acquisition properties in the Wexpro II Agreement. The 2013 disclosures of gas and oil development and production properties include this acquisition.

Reserves

The following table sets forth estimated proved natural gas and oil reserves:

	December 31, 2013			December 31, 2012		
	Natural Gas	Oil and NGL	Natural Gas Equivalents	Natural Gas	Oil and NGL	Natural Gas Equivalents
	(Bcf)	(Mbbl)	(Bcfe)	(Bcf)	(Mbbl)	(Bcfe)
Proved developed reserves	560.0	4,384	586.3	523.9	4,967	553.7
Proved undeveloped reserves	251.2	1,233	258.6	173.3	1,202	180.5
Total proved reserves	811.2	5,617	844.9	697.2	6,169	734.2

Significant changes in proved undeveloped reserves for 2013 were as follows:

	Natural Gas Equivalents (Bcfe)
Balance at December 31, 2012	180.5
Revisions - previous estimates	(81.6)
Extensions and discoveries	140.7
Purchase of reserves in place	95.2
Transferred to proved developed reserves	(76.2)
Balance at December 31, 2013	258.6

Refer to Note 19 to the financial statements included in Item 8 of Part II of this Annual Report for additional information pertaining to the Company's reserves.

Wexpro will file reserves estimates as of December 31, 2013, with the Energy Information Administration of the U.S. Department of Energy on Form EIA-23. Although Wexpro uses the same technical and economic assumptions when it prepares the EIA-23, it is obligated to report reserves for the wells it operates, not for all wells in which it has an interest, and to include the reserves attributable to other owners in such wells.

Production

The following table sets forth the net production volumes and the production costs per Mcfe for the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31,		
	2013	2012	2011
Volumes produced			
Natural gas - cost-of-service deliveries (Bcf)	59.2	57.5	50.5
Natural gas - sales (Bcf)	1.4	—	—
Oil and NGL (Mbbl)	617	665	467
Total production (Bcfe)	64.3	61.5	53.3
Lifting costs (per Mcfe)			
Lease operating expense	$0.43	$0.44	$0.42
Production taxes	0.44	0.33	0.48
Total lifting costs	$0.87	$0.77	$0.90

Productive Wells

The following table summarizes the Company's productive wells as of December 31, 2013. All wells are located in the United States.

	Gas Wells	Oil Wells	Total
Gross	1,592	120	1,712
Net	706.0	39.2	745.2

Although many wells produce both gas and oil, a well is categorized as either a gas or an oil well based upon the ratio of gas to oil produced. Each gross well completed in more than one producing zone is counted as a single well. At the end of 2013, the Company had 13 gross wells with multiple completions.

Leasehold Acres

The following table summarizes developed and undeveloped leasehold acreage in which the Company owns a working interest as of December 31, 2013. Excluded from the table is acreage in which the Company's interest is limited to royalty, overriding-royalty and other similar interests. All leasehold acres are located in the United States.

	Developed Acres[1]		Undeveloped Acres[2]		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Wyoming	102,277	86,980	10,824	10,824	113,101	97,804
Colorado	29,574	25,794	—	—	29,574	25,794
Utah	14,013	13,773	—	—	14,013	13,773
Other	759	759	—	—	759	759
Total	146,623	127,306	10,824	10,824	157,447	138,130

(1) Developed acreage is acreage assigned to productive wells.

(2) Undeveloped acreage is leased acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains proved reserves.

A portion of the leases summarized in the preceding table will expire at the end of their respective primary terms unless the existing leases are renewed or production has been obtained from the acreage subject to the lease prior to that date. Leases held by production remain in effect until production ceases. Leases on all of the undeveloped acreage in the above table expire in more than five years.

Drilling Activity

The following table summarizes the number of development wells drilled by Wexpro during the years indicated. Wexpro did not drill any exploratory wells.

	Productive			Dry		
	Year Ended December 31,					
	2013	2012	2011	2013	2012	2011
Net Wells Completed						
Development	41.9	43.5	43.7	—	2.7	1.0
Gross Wells Completed						
Development	59	74	81	—	3	1

INTERSTATE GAS TRANSPORTATION – Questar Pipeline

Questar Pipeline has consolidated firm transportation contracts of 5,121 Mdth per day. These commitments include 2,006 Mdth per day for Questar Pipeline; 2,014 Mdth per day for Overthrust Pipeline, a wholly-owned subsidiary; 81

Mdth per day for Southern Trails Pipeline, a wholly-owned subsidiary; and 1,020 Mdth per day for Questar Pipeline's 50% ownership of White River Hub. Questar Pipeline and its subsidiaries operate 2,662 miles of natural gas transportation pipelines that interconnect with other pipelines, including 10 miles owned by a third party. Its core system includes two segments, referred to as the northern system and southern system. The northern system extends from northwestern Colorado through southwestern

Wyoming into northern Utah, while the southern system extends from western Colorado to Goshen, Utah. Questar Pipeline's natural gas-transportation-pipeline mileage includes: pipelines at storage fields and tap lines used to serve Questar Gas; 261 miles of Overthrust Pipeline; and 487 miles of the Southern Trails Pipeline; but does not include 96 miles of Southern Trails Pipeline that is not in service in Southern California. Questar Pipeline's system ranges in diameter from lines that are less than four inches to 36-inches. Questar Pipeline owns large-scale compressor stations, which boost the pressure of natural gas transported on its pipelines for delivery to utility customers and third-party pipelines. Questar Pipeline also owns processing facilities for dew-point control to meet gas-quality specifications of downstream pipelines.

Questar Pipeline owns several natural gas storage facilities. The Clay Basin storage facility in northeastern Utah has a certificated capacity of 120.2 Bcf, including 54.0 Bcf of working gas. In addition, Questar Pipeline owns three smaller storage aquifers in northeastern Utah and western Wyoming. Through a subsidiary, Questar Pipeline also owns gathering lines and processing facilities near Price, Utah, which provide gas-processing services for third parties.

ITEM 3. LEGAL PROCEEDINGS.

In addition to the items referenced below, the Company is involved in other litigation and regulatory matters arising in the normal course of business. These other matters may include, for example, negligence claims and tax, regulatory or other governmental audits, inspections, investigations or other proceedings. These matters may involve state and federal taxes, safety, compliance with regulations, rate base, cost of service, and purchased-gas cost issues, among other things. While these normal-course matters could have a material effect on earnings and cash flows in the quarterly and annual period in which they are resolved, they are not expected to change materially the Company's present liquidity position, nor are they expected to have a material adverse effect on the financial condition of the Company.

Commitments and Contingencies

See Note 9 to the financial statements included in Item 8 of Part II of this Annual Report for information concerning commitments and contingencies.

Regulatory Proceedings

See Note 11 to the financial statements included in Item 8 of Part II of this Annual Report for information concerning various regulatory proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Five-Year Cumulative Total Return to Shareholders
The following table and graph compare the cumulative total return of the Company's common stock with the cumulative total returns of a peer group of diversified natural gas companies selected by Questar, and of the S&P 500 stock index:

	2008	2009	2010	2011	2012	2013
Questar	$100.00	$129.10	$158.94	$187.50	$192.92	$231.26
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
Peer Group	100.00	124.88	139.34	162.00	163.29	221.80

The chart assumes $100 is invested at the close of trading on December 31, 2008, in the Company's common stock, the index of peer companies and the S&P 500 index. It also assumes all dividends are reinvested. The Questar common stock values for periods prior to June 30, 2010, have been recast for the spinoff of QEP Resources. For 2013 the Company had a total return of 19.87% compared to 35.83% for the peer group and 32.39% for the S&P 500 index. For the five-year period, the Company had a compound annual total return of 18.26% compared to 17.27% for the peer group and 17.94% for the S&P 500 index. The peer group is comprised of AGL Resources Inc.; Atmos Energy Corporation; Energen Corporation; EQT Corporation; MDU Resources Group, Inc.; National Fuel Gas Company; New Jersey Resources Corporation; NiSource Inc.; Northwest Natural Gas Company; Piedmont Natural Gas Company, Inc.; South Jersey Industries, Inc.; Southwest Gas Corporation; Vectren Corporation; and WGL Holdings, Inc.

The foregoing graph shall not be deemed to be filed as part of this Annual Report and does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing of Questar under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates the graph by reference.

Questar's common stock is listed on the New York Stock Exchange (NYSE:STR). As of January 31, 2014, Questar had 7,334 shareholders of record. Following is a summary of Questar's quarterly stock-price and dividend information:

	High price (per share)	Low price	Dividend
2013			
First quarter	$24.34	$19.99	$0.1700
Second quarter	26.01	22.85	0.1800
Third quarter	24.86	21.44	0.1800
Fourth quarter	23.99	22.04	0.1800
			$0.7100
2012			
First quarter	$20.18	$19.07	$0.1625
Second quarter	21.47	18.86	0.1625
Third quarter	21.31	19.23	0.1700
Fourth quarter	21.04	17.20	0.1700
			$0.6650

Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities
Questar had no unregistered sales of equity securities during the fourth quarter of 2013. The following table sets forth the Company's purchases of common stock registered under Section 12 of the Exchange Act that occurred during the quarter ended December 31, 2013:

Period	Number of Shares Purchased(1)	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan(2)	Maximum Number of Shares that May Yet be Purchased Under the Plan(2)
Month #1 October 1, 2013 through October 31, 2013	—	$—	—	1,000,000
Month #2 November 1, 2013 through November 30, 2013	—	—	—	1,000,000
Month #3 December 1, 2013 through December 31, 2013	—	—	—	1,000,000
Total	—	$—	—	

(1) There were no share purchases in Month #1, Month #2 or Month #3 in conjunction with tax-payment elections under the Company's Long-term Stock Incentive Plan and rollover shares used in exercising stock options.

(2) Questar's Board of Directors authorized Questar to acquire, or cause to be acquired after January 1, 2013, up to 1 million shares of common stock, on an annual basis, in the name and on behalf of the Company in the open market and negotiated purchases from time to time, in accordance with all applicable Security and Exchange rules.

ITEM 6. SELECTED FINANCIAL DATA.

Selected Questar financial data for the five years ending December 31, 2013, is provided in the table below. Refer to Item 1 in Part I and Items 7 and 8 in Part II of this Annual Report for discussion of facts affecting the comparability.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(in millions, except per-share amounts)				
Results Of Operations					
Revenues	$1,220.0	$1,098.9	$1,194.4	$1,123.6	$1,109.9
Operating income	305.8	375.7	366.9	343.3	328.2
Income from continuing operations	161.2	212.0	207.9	192.3	180.5
Discontinued operations, net of income taxes	—	—	—	146.9	212.8
Net income attributable to Questar	$161.2	$212.0	$207.9	$339.2	$393.3
Earnings per common share attributable to Questar					
Basic from continuing operations	$0.92	$1.20	$1.17	$1.09	$1.03
Basic from discontinued operations	—	—	—	0.84	1.23
Basic total	$0.92	$1.20	$1.17	$1.93	$2.26
Diluted from continuing operations	$0.92	$1.19	$1.16	$1.08	$1.02
Diluted from discontinued operations	—	—	—	0.83	1.21
Diluted total	$0.92	$1.19	$1.16	$1.91	$2.23
Weighted-average common shares outstanding					
Used in basic calculation	175.4	176.5	177.4	175.4	174.1
Used in diluted calculation	176.0	177.5	178.8	178.0	176.3
Financial Position					
Total assets of continuing operations	$4,054.3	$3,803.3	$3,572.2	$3,407.0	$3,216.0
Total assets of discontinued operations	—	—	—	—	5,828.9
Total assets at December 31,	$4,054.3	$3,803.3	$3,572.2	$3,407.0	$9,044.9
Total liabilities of continuing operations	$2,855.5	$2,767.7	$2,538.7	$2,370.9	$2,079.4
Total liabilities of discontinued operations	—	—	—	—	3,408.4
Total liabilities at December 31,	$2,855.5	$2,767.7	$2,538.7	$2,370.9	$5,487.8
Capitalization and short-term debt of continuing operations at December 31,					
Short-term debt	$276.0	$263.0	$219.0	$242.0	$221.9
Current portion of long-term debt and capital lease obligation	0.9	42.7	91.5	182.0	—
Long-term debt and capital lease obligation, less current portion	1,285.5	1,138.2	993.0	898.5	831.2
Total equity	$1,198.8	$1,035.6	$1,033.5	$1,036.1	$1,136.6
Book value per common share of continuing operations at December 31,	$6.85	$5.92	$5.81	$5.87	$6.51
Cash Flow Of Continuing Operations					
Net cash provided by operating activities	$502.1	$467.7	$489.0	$350.9	$428.8
Capital expenditures including acquisitions	(503.7)	(370.7)	(367.7)	(320.3)	(299.8)
Net cash used in investing activities	(508.0)	(365.3)	(370.9)	(525.7)	(249.8)
Net cash provided by (used in) financing activities	5.1	(97.2)	(128.3)	185.1	(167.5)
Dividends per share	$0.71	$0.665	$0.62	$0.54	$0.505

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

Following are comparisons of net income (loss) by line of business:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(in millions, except per-share amounts)				
Questar Gas	$52.8	$47.1	$46.1	$5.7	$1.0
Wexpro	110.6	103.9	95.2	6.7	8.7
Questar Pipeline[1]	8.2	64.7	67.9	(56.5)	(3.2)
Corporate and other	(10.4)	(3.7)	(1.3)	(6.7)	(2.4)
Net income	$161.2	$212.0	$207.9	$(50.8)	$4.1
Add: after-tax asset impairment charge[1]	52.4	—	—	52.4	—
Adjusted earnings	$213.6	$212.0	$207.9	$1.6	$4.1
Earnings per share - diluted	$0.92	$1.19	$1.16	$(0.27)	$0.03
Add: diluted loss per share attributable to asset impairment charge[1]	0.29	—	—	0.29	—
Adjusted earnings per share - diluted	$1.21	$1.19	$1.16	$0.02	$0.03
Weighted-average diluted shares	176.0	177.5	178.8	(1.5)	(1.3)

[1] Impairment of the eastern segment of Questar Pipeline's Southern Trails Pipeline.

Management believes that the above non-GAAP financial measures, indicated by the word "Adjusted" in their captions, provide an indication of the Company's ongoing results of operations because of the impairment charge's infrequent and nonrecurring nature. Refer to Note 16 to the financial statements included in Item 8 of Part II of this Annual Report for additional information on the impairment.

QUESTAR GAS

Questar Gas reported net income of $52.8 million in 2013 compared to $47.1 million in 2012 and $46.1 million in 2011. The increases were primarily due to additional revenues from infrastructure-replacement cost recovery and increased customers. Following is a summary of Questar Gas financial and operating results:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(in millions)				
Net Income					
REVENUES					
Residential and commercial sales	$910.3	$788.4	$893.0	$121.9	$(104.6)
Industrial sales	28.1	27.4	29.7	0.7	(2.3)
Transportation for industrial customers	14.4	11.9	11.3	2.5	0.6
Service	4.8	4.5	5.1	0.3	(0.6)
Other	28.2	30.0	29.7	(1.8)	0.3
Total Revenues	985.8	862.2	968.8	123.6	(106.6)
Cost of natural gas sold					
From unaffiliated parties	279.7	185.6	318.4	94.1	(132.8)
From affiliated companies	370.9	347.7	327.3	23.2	20.4
Total cost of natural gas sold	650.6	533.3	645.7	117.3	(112.4)
Margin	335.2	328.9	323.1	6.3	5.8
OTHER OPERATING EXPENSES					
Operating and maintenance	113.1	119.0	118.5	(5.9)	0.5
General and administrative	52.5	51.2	51.0	1.3	0.2
Retirement incentive	—	2.4	—	(2.4)	2.4
Depreciation and amortization	49.7	47.2	44.5	2.5	2.7
Other taxes	18.0	16.2	15.0	1.8	1.2
Total Other Operating Expenses	233.3	236.0	229.0	(2.7)	7.0
OPERATING INCOME	101.9	92.9	94.1	9.0	(1.2)
Interest and other income	5.1	5.5	5.4	(0.4)	0.1
Interest expense	(22.3)	(24.1)	(25.9)	1.8	1.8
Income taxes	(31.9)	(27.2)	(27.5)	(4.7)	0.3
NET INCOME	$52.8	$47.1	$46.1	$5.7	$1.0
Operating Statistics					
Natural gas volumes (MMdth)					
Residential and commercial sales	114.9	96.2	113.3	18.7	(17.1)
Industrial sales	4.4	4.7	5.0	(0.3)	(0.3)
Transportation for industrial customers	64.5	62.0	52.5	2.5	9.5
Total industrial	68.9	66.7	57.5	2.2	9.2
Total deliveries	183.8	162.9	170.8	20.9	(7.9)
Natural gas revenue (per dth)					
Residential and commercial	$7.92	$8.19	$7.88	$(0.27)	$0.31
Industrial sales	6.47	5.79	6.03	0.68	(0.24)
Transportation for industrial customers	0.22	0.19	0.21	0.03	(0.02)
System natural gas cost (per dth)	$5.00	$4.77	$5.05	$0.23	$(0.28)
Colder (warmer) than normal temperatures	8%	(16%)	7%	24%	(23%)
Temperature-adjusted usage per customer (dth)	108.0	108.4	111.1	(0.4)	(2.7)
Customers at December 31, (in thousands)	946	931	919	15	12

Margin Analysis
Questar Gas's margin (revenues less gas costs) increased $6.3 million in 2013 compared to 2012 and increased $5.8 million in 2012 compared to 2011. Following is a summary of major changes in Questar Gas's margin for 2013 compared to 2012 and 2012 compared to 2011:

	Change 2013 vs. 2012 (in millions)	2012 vs. 2011
Customer growth	$4.2	$3.1
Customers switching from sales to transportation service	2.0	0.3
Change in rates	0.4	0.2
Infrastructure-replacement cost recovery	8.0	5.9
DSM cost recovery	(6.9)	(3.3)
Recovery of gas-cost portion of bad debt costs	(0.5)	(0.9)
Other	(0.9)	0.5
Increase	$6.3	$5.8

At December 31, 2013, Questar Gas served 945,971 customers, up from 930,760 at December 31, 2012, and 919,236 at December 31, 2011. Customer growth increased the margin by $4.2 million in 2013 and $3.1 million in 2012.

Temperature-adjusted usage per customer was essentially flat in 2013 compared to 2012 and decreased 2% in 2012 compared to 2011. The impact on the company margin from changes in usage per customer has been mitigated by the CET. The CET adjustment decreased revenues by $1.1 million in 2013, decreased revenues by $2.9 million in 2012 and decreased revenues by $3.6 million in 2011, which offset changes in customer usage.

Weather, as measured in degree days, was 8% colder than normal in 2013, 16% warmer than normal in 2012 and 7% colder than normal in 2011. A weather-normalization adjustment on customer bills generally offsets financial impacts of temperature variations.

Questar Gas has an infrastructure cost-tracking mechanism that allows the company to place into rate base and earn on capital expenditures associated with a multi-year natural gas infrastructure-replacement program, and do it upon the completion of each project. Questar Gas realized an increase in margin of $8.0 million in 2013 and $5.9 million in 2012 under this mechanism.

Lower recovery of DSM costs decreased Questar Gas margin in 2013 and 2012. DSM costs are incurred to promote energy conservation by customers. Changes in the margin contribution from DSM recovery revenues are offset by equivalent changes in program expenses.

Questar Gas has an allowed return on equity of 10.35% in Utah. Questar Gas filed a general rate case in Utah in July 2013, requesting a $19 million increase in revenues and a continuation of its 10.35% authorized return on equity. Hearings were held in January 2014 and a decision in the case was received on February 21, 2014, which authorized an allowed return on equity of 9.85% and an annual increase in revenues of $7.6 million effective March 1, 2014. Questar Gas filed a general rate case in Wyoming in December 2011 and received an order in 2012, which increased rates by $0.6 million per year and authorized a return on equity of 9.16%.

Cost of Natural Gas Sold
Cost of natural gas sold increased 22% in 2013 compared to 2012 and decreased 17% in 2012 compared to 2011. The 2013 increase was due to an 18% increase in volumes sold and a 5% increase in the purchase cost of natural gas. The 2012 decrease was due to a 15% decrease in volumes sold and a 6% decrease in the purchase cost of natural gas. Cost of natural gas from affiliates includes cost-of-service gas supplies from Wexpro and transportation and storage from

Questar Pipeline. These costs increased 7% in 2013 and 6% in 2012 due to Wexpro's higher investment in gas development properties resulting in higher volumes of cost-of-service gas. Wexpro provided 59% of Questar Gas's natural gas supply in 2013, 68% in 2012 and 52% in 2011. 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 December 31, 2013, Questar Gas had a $7.4 million over-collected balance in the purchased-gas adjustment account representing costs recovered from customers in excess of costs incurred. Refer to Note 1 to the financial statements included in Item 8 of Part II of this Annual Report for additional information regarding cost of natural gas sold.

Other Expenses
Operating and maintenance expenses decreased 5% in 2013 compared to 2012. The decrease was primarily driven by a $6.9 million decrease in DSM costs recovered from customers, a $1.3 million decrease in labor and pension costs, and a $0.9 million decrease in bad debt costs. These reductions were partially offset by higher expenses for communication and other services. Operating and maintenance expenses were essentially flat in 2012 compared to 2011. General and administrative costs increased 3% in 2013 compared to 2012 and were flat in 2012 compared to 2011. The 2013 increase was primarily due to higher allocated corporate expenses. The sum of operating, maintenance, general and administrative expenses not including DSM costs per customer was $144 in 2013 compared to $143 in 2012 and $141 in 2011.

Other taxes increased 11% in 2013 compared to 2012 and increased 8% in 2012 compared to 2011 due to increased property tax valuations and rates.

Depreciation and amortization expense was 5% higher in 2013 compared to 2012 and increased 6% in 2012 compared to 2011 due to higher depreciation expense from plant additions driven by customer growth and feeder-line replacements.

WEXPRO

Wexpro reported net income of $110.6 million in 2013 compared to $103.9 million in 2012 and $95.2 million in 2011. The growth in net income resulted from increased investment in cost-of-service gas development wells and the September 2013 Trail acquisition. Following is a summary of Wexpro financial and operating results:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(in millions)				
Net Income					
REVENUES					
Operator service fee	$294.0	$273.0	$253.5	$21.0	$19.5
Oil and NGL sales	40.9	37.0	31.3	3.9	5.7
Natural gas sales and other	5.0	0.2	0.3	4.8	(0.1)
Total Revenues	339.9	310.2	285.1	29.7	25.1
OPERATING EXPENSES					
Operating and maintenance	27.8	26.8	22.3	1.0	4.5
Gathering and other handling	0.8	—	—	0.8	—
General and administrative	28.7	26.8	24.2	1.9	2.6
Retirement incentive	—	0.2	—	(0.2)	0.2
Production and other taxes	28.3	20.8	25.6	7.5	(4.8)
Depreciation, depletion and amortization	85.8	77.4	63.9	8.4	13.5
Oil and NGL income sharing	0.6	2.5	3.3	(1.9)	(0.8)
Total Operating Expenses	172.0	154.5	139.3	17.5	15.2
Net gain (loss) from asset sales	(0.2)	2.4	(0.1)	(2.6)	2.5
OPERATING INCOME	167.7	158.1	145.7	9.6	12.4
Interest and other income	5.0	2.8	4.2	2.2	(1.4)
Interest expense	(0.1)	—	—	(0.1)	—
Income taxes	(62.0)	(57.0)	(54.7)	(5.0)	(2.3)
NET INCOME	$110.6	$103.9	$95.2	$6.7	$8.7
Operating Statistics					
Production volumes					
Natural gas - cost-of-service deliveries (Bcf)	59.2	57.5	50.5	1.7	7.0
Natural gas - sales (Bcf)	1.4	—	—	1.4	—
Oil and NGL (Mbbl)	617	665	467	(48)	198
Natural gas average sales price (per Mcf)	$3.74	$—	$—	$3.74	$—
Oil and NGL average sales price (per bbl)	$85.20	$80.61	$82.11	$4.59	$(1.50)
Investment base at Dec. 31, (in millions)	$589.7	$531.1	$474.4	$58.6	$56.7

Revenues

Wexpro earned a 19.7% after-tax return on average investment base in 2013 compared to 19.9% in 2012 and 20.0% in 2011. Pursuant to the Wexpro Agreement, Wexpro recovers its costs and receives an after-tax return on its investment base. Wexpro's investment base includes its costs of commercial wells and related facilities adjusted for working capital and reduced for deferred income taxes and accumulated depreciation, depletion and amortization. Wexpro's return on investment base is determined based on authorized returns from a group of rate-regulated companies plus an

8% risk premium for natural gas development drilling. The authorized returns for this group of companies have declined in recent years, resulting in lower returns on investment base for Wexpro.

Following is a summary of changes in the Wexpro investment base:

	Year Ended December 31,		
	2013	2012	2011
	(in millions)		
Investment base at beginning of year	$531.1	$474.4	$456.6
Successful development wells and related equipment	158.5	149.3	118.0
Depreciation, depletion and amortization	(79.2)	(73.9)	(60.2)
Change in deferred taxes	(20.7)	(18.7)	(40.0)
Investment base at end of year	$589.7	$531.1	$474.4

This investment base does not yet include the cost of the Trail acquisition. The PSCU and PSCW authorized the inclusion of this acquisition in Wexpro II in January 2014.

Wexpro produced 59.2 Bcf of cost-of-service natural gas for Questar Gas during 2013, compared to 57.5 Bcf in 2012 and 50.5 Bcf in 2011. The higher production levels are due to increased investment in gas-development wells. Cost-of-service natural gas production provided approximately 59% of Questar Gas's supply requirements in 2013 compared to 68% in 2012 and 52% in 2011. The higher percentages in 2013 and 2012 were primarily due to higher production from increased development drilling activities. The 2012 percentage was also higher due to significantly warmer than normal weather.

Revenues from oil and NGL sales increased 11% in 2013 compared to 2012 after increasing 18% in 2012 compared to 2011. The 2013 increase was driven by a 6% increase in average selling price for oil and NGL and higher volumes of oil and NGL for which revenue is shared with Questar Gas customers pursuant to the Wexpro Agreement. Volumes of oil and NGL increased 42% in 2012 from increased liquid production related to the Vermillion drilling program. The average selling price for oil and NGL decreased 2% in 2012 compared to 2011. Revenues from natural gas sales in 2013 were primarily attributable to the Trail acquisition, which closed in September 2013. See below and Note 17 to the financial statements included in Item 8 of Part II of this Annual Report for additional information regarding this acquisition.

Expenses

Operating and maintenance expenses were up 4% in 2013 compared to 2012 and were up 20% in 2012 compared to 2011. The 2013 increase was due to higher workover and water-disposal costs. The 2012 increase was due to increased water-disposal costs and higher costs of outside operated properties. Lease operating expense was $0.43 per Mcfe in 2013, $0.44 per Mcfe in 2012 and $0.42 per Mcfe in 2011. General and administrative expenses were 7% higher in 2013 compared to 2012 and 11% higher in 2012 compared to 2011. The increases were due to higher compensation, employee benefits and allocated corporate expenses.

Production and other taxes were 36% higher in 2013 compared to 2012 and 19% lower in 2012 compared to 2011. These taxes were $0.44 per Mcfe in 2013, $0.33 per Mcfe in 2012 and $0.48 per Mcfe in 2011. The variability in production and other taxes is due to changes in the production volumes and the prices of natural gas, oil and NGL. The average price of natural gas used to calculate production taxes was $3.85 per Mcf in 2013, $2.87 per Mcf in 2012 and $4.22 per Mcf in 2011.

Depreciation, depletion and amortization expense was $1.56 per Mcfe in 2013 and $1.49 per Mcfe in 2012 and 2011. The depreciation, depletion and amortization rate in 2013 increased compared to 2012 and 2011 because of higher development costs and the depletion of older lower-cost natural gas reserves.

Under the terms of the Wexpro Agreement, Wexpro shares 54% of its operating income from oil and NGL production with Questar Gas after recovery of expenses and a return on Wexpro's investment in successful wells. Questar Gas received oil and NGL income sharing amounting to $0.6 million in 2013, $2.5 million in 2012 and $3.3 million in 2011, which was credited to customers.

Wexpro II

Wexpro and Questar Gas received approval of the Commissions for a Wexpro II Agreement to add properties under the cost-of-service pricing methodology for the benefit of Questar Gas customers. The agreement is modeled after the terms of the original Wexpro Agreement. Under the Wexpro II Agreement, Wexpro may acquire gas development properties and Questar Gas may submit an application to the Commissions to treat these properties similar to the original Wexpro properties. If the Commissions approve the applications, the gas will be developed for the benefit of Questar Gas customers. Wexpro will be entitled to a return on the acquisition costs based on Questar Gas's approved cost of capital. Future development costs will earn returns consistent with the original Wexpro Agreement.

Acquisition of Producing Properties and Inclusion in Wexpro II
In September 2013, Wexpro completed a transaction to acquire an additional interest in natural gas-producing properties in the Trail Unit of southwestern Wyoming's Vermillion Basin for $104.3 million, after post-closing adjustments. In January 2014, the Commissions approved a stipulation for inclusion of these properties in the Wexpro II Agreement. As part of this stipulation, Wexpro agreed to a provision to manage the combined production from the original Wexpro properties and the Trail acquisition to 65% of Questar Gas's annual forecasted demand. Beginning in June 2015 through May 2016 and for each subsequent 12-month period, if the combined annual production exceeds 65% of the forecasted demand and the cost-of-service price is greater than the Questar Gas purchased-gas price, an amount equal to the excess production times the excess price will be credited back to Questar Gas customers. Wexpro may also sell production to manage the 65% level and credit back to Questar Gas customers the higher of market price or the cost-of-service price times the sales volumes.

QUESTAR PIPELINE

Questar Pipeline reported 2013 net income of $8.2 million compared to $64.7 million in 2012 and $67.9 million in 2011. The primary driver of the significant decrease in 2013 earnings was a $52.4 million after-tax write-down of the eastern segment of Southern Trails Pipeline in the third quarter of 2013. The $3.2 million decrease in 2012 was due to lower NGL revenues and increased operating costs, depreciation and interest expense, partially offset by a gain on sale of assets and lower property taxes. Following is a summary of Questar Pipeline financial and operating results:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(in millions)				
Net Income					
REVENUES					
Transportation	$194.6	$194.5	$195.2	$0.1	$