



News Release

Questar Corporation
180 East 100 South
P.O. Box 45433
Salt Lake City, UT 84145-0433

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Contact: R. Curtis Burnett
Business: (801) 324-5647

Questar Gas asks Utah Public Service Commission to cut its natural gas rates by \$93 million

SALT LAKE CITY — The cost to heat a typical Utah home is about to go down. Questar Gas today asked the Utah Public Service Commission (PSC) to reduce natural gas rates by \$93.7 million. If approved, the rate cut would lower the typical homeowner's annual bill for natural gas by \$104 or about 8%, beginning Feb. 1, 2006.

“We buy gas for our customers at market prices and pass our purchase costs through in our rates, without markup,” said Alan Allred, president and CEO of Questar Gas. “We now expect our costs will be lower in the future, so we’re acting quickly to pass our expected savings on to our customers.”

The price of natural gas spiked to record levels last fall after hurricanes ripped through the Gulf of Mexico and knocked out nearly 20% of U.S. natural gas supply. Questar Gas, like other utilities across the country, was forced to increase its rates to cover its costs to buy natural gas at inflated prices. However, the price of natural gas has since fallen by about 50% as energy companies repair damaged facilities and Gulf supply is restored.

Noting that Questar Gas earlier this week asked the PSC to reduce its rates by \$28 million, Allred added: “Since that announcement, new forecasts point to lower prices over the

next 12 months. We're now more confident that prices are not likely to bounce back to the levels reflected in our current rates. For that reason, we're revising our request, asking for a steeper reduction in rates."

Allred added: "This has been a tough winter for our customers. We understand the public's frustration with their natural gas bills. But what many in our community don't understand is that high prices also hurt Questar Gas. Utilities don't make money on rising prices. We earn a PSC-regulated return on our investment in pipelines and related facilities required to deliver gas to 830,000 homes and businesses. Our rates are tied to the volume of gas used by our customers. When prices rise, our customers use less. When customers use less, Questar Gas revenues go down.

"Our rates are the lowest in the U.S. lower-48. We intend to keep them among the lowest in the country, and this rate cut will help us do so."

Questar Gas cautioned customers that natural gas prices are likely to remain volatile due to factors beyond the company's control. Natural gas prices are affected by weather and supply interruptions. Natural gas prices also tend to move with global oil prices, and global oil prices today are near all-time highs due to both growing demand and fears about possible supply interruptions in Iran, Nigeria, and other major oil-producing countries. "If the price of oil goes up, natural gas prices will follow. If natural gas prices bounce back up for any reason, we'll be forced to raise our rates again to cover our costs," Allred added.

The requested \$93.7 million rate cut is in addition to an earlier rate decrease proposed in December by Questar Gas, the Utah Division of Public Utilities and Utah Clean Energy. If approved by the PSC, the proposed new "conservation tariff" could save Questar Gas customers an additional \$19 million.

“As always, we encourage our customers to conserve. For energy-saving tips, or to enroll in our Budget Plan, please see our website, Questargas.com” Allred added.

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For more information, visit Questar’s internet site at: <http://www.questar.com>.