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UTAH PSC DENIES QUESTAR GAS RECOVERY OF GAS-PROCESSING COSTS

SALT LAKE CITY – The Utah Public Service Commission (PSC) ruled today that it will not allow Questar Gas to recover \$28 million the utility spent to process natural gas between June 1999 and May 2004.

“We disagree with the PSC’s decision. We did the right thing to protect our customers,” said Alan Allred, Questar Gas’s president and CEO. “We will find other ways to protect Questar Gas customers, but the alternatives will cost our customers more.”

Today’s order requires Questar Gas to refund about \$28 million previously collected in rates.

“We’ve accrued for the refund liability, so this decision does not affect our guidance of \$2.45 - \$2.60 recurring earnings per share for 2004,” said Questar Chairman and CEO Keith Rattie. “The commission’s order may require Questar Pipeline to write down its \$18 million book investment in the processing plant.

“Longer term, the status quo for Questar Gas is no longer an option for Questar Corporation and its shareholders,” said Rattie.

Since 1999, Questar Gas has paid an affiliate to process natural gas at a plant near Price, Utah. The processing is necessary to keep gas supplies delivered to the utility’s customers compatible with their appliances. With today’s order, the PSC reversed a position it took in 1999 when it approved a compromise settlement that allowed Questar Gas to recover 68 percent of its processing costs.

Questar Gas and Questar Pipeline are subsidiaries of Questar Corp. (NYSE:STR), an integrated natural gas company with \$4.3 billion in enterprise value. Headquartered in Salt Lake City, Questar

engages in gas and oil development and production; gas gathering, processing and marketing; interstate gas transmission and storage; and retail gas distribution.

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