



State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Public Service Commission

RIC CAMPBELL
Chairman

TED BOYER
Commissioner

RON ALLEN
Commissioner

PRESS RELEASE

FOR IMMEDIATE RELEASE

December 1, 2005

CONTACT: JULIE ORCHARD

801-530-6716

“Questar Profits and Rate Increases: Are They Related?”

The Public Service Commission (PSC) has received questions from utility customers asking, “Why is the PSC raising natural gas rates when Questar is earning record profits?” The simple answer is that Questar Gas Company, the company that delivers natural gas to Utah homes, is not making record profits. Its profits are limited and are regulated by the PSC. However, it is the unregulated Questar Corporation, which owns several other unregulated subsidiaries, that is reporting high earnings. Questar Gas Company makes up only 12 percent of Questar Corporation. For example, last quarter, while Questar Corporation reported \$65.8 million in profits, Questar Gas Company had a seasonal loss of \$9.9 million.

Recent rate increases for natural gas are driven by increases in the wholesale price of natural gas in the market place. Wholesale prices are determined by the market forces of supply and demand. When Questar Gas Company purchases gas on behalf of its customers on the wholesale market, it provides this gas at the purchase cost with no markup.

While the dramatic increase in the price of natural gas is affecting customers across the country, Utah homeowners and businesses continue to enjoy some of the lowest energy prices in the nation. Julie Orchard, spokesperson for the Commission stated, “The PSC works diligently to ensure that Utah’s utility customers enjoy safe, reliable energy at the lowest reasonable price by carefully scrutinizing the accounts and operations of all regulated utilities.”

###