

Questar:

From the wellhead to the burner tip

Darren Shepherd & Austin Summers
Questar Gas



Making lives better by developing and delivering essential energy

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Questar's Businesses

About \$5.2 billion enterprise value

Development & Production

Wexpro



48%

Transmission

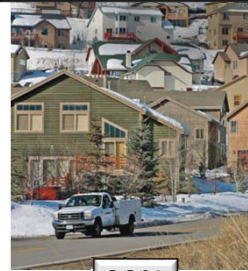
Questar Pipeline



30%

Distribution

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22%

Net Income Contribution

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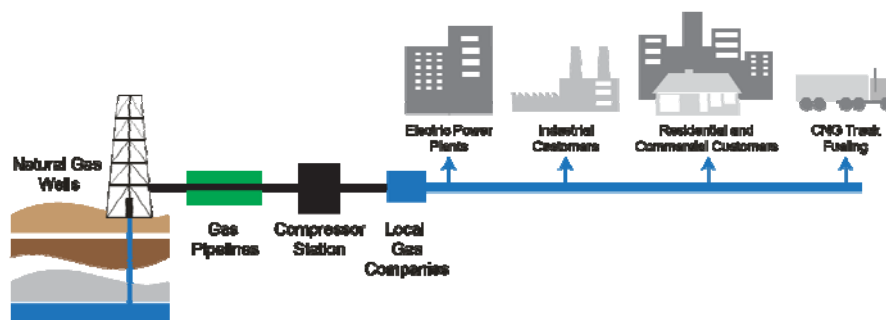
Questar's Businesses

- **Questar Gas; Utah, Wyoming and Idaho**
 - 980,000 customers; 950 employees
 - 27,800 miles of mains and services
- **Questar Pipeline; Rocky Mountains**
 - 2,638 mi. interstate pipeline; 250 employees
- **Wexpro; Rocky Mountain basins**
 - 55 billion cubic feet/year; 150 employees

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From the Wellhead to the Burner Tip



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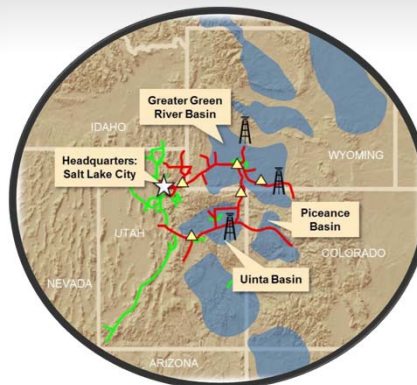
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A Rockies-based integrated natural gas company with three complementary lines of business

Wexpro — *develops* low-cost natural gas for Questar Gas utility customers under the 1981 Wexpro Agreement

Questar Pipeline — *transports and stores* natural gas in the “heart of the Rockies” with over 2,600 miles of pipe and a 54 Bcf (working gas) storage field

Questar Gas — *delivers* natural gas to 980,000 homes and businesses in Utah, Wyoming & Idaho



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Recent accolades

- **Public Utilities Fortnightly** again named Questar America's **#1 energy company** for 2015 based on 4-year rankings for: profit margin (17.2%); dividend yield (3.1%); free cash flow (9.5%); return on equity (18.1%); and return on assets (5.2%); sustained growth (7.3%)
- **J.D. Power's** 2015 Gas Utility Business Customer Satisfaction Study gave Questar Gas the **#1 ranking** among utilities in the Western region. Overall satisfaction was measured by examining six factors: billing and payment, corporate citizenship, price, communications, customer service and field service.
- **Forbes Magazine** again ranks Utah as 2014's **#1 state** for business and careers after being in the #3 position in 2013. Utah moves back into the top spot where it ranked for three straight years from 2010 through 2012. Utah has a very pro-business climate, and companies benefit from energy costs that are 26% below the national average - third lowest in the nation.
- **The U.S. Chamber of Commerce** ranked Utah as the **best overall** performing state in economic growth for the second year in a row, according to the 2014 U.S. Chamber of Commerce Foundation Study. It was the only state to place in the top 10 in all categories of the study: talent pipeline, business climate, exports and international trade, technology and entrepreneurship, and infrastructure.



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Strong Work Ethic is a Questar Tradition

■ 1929



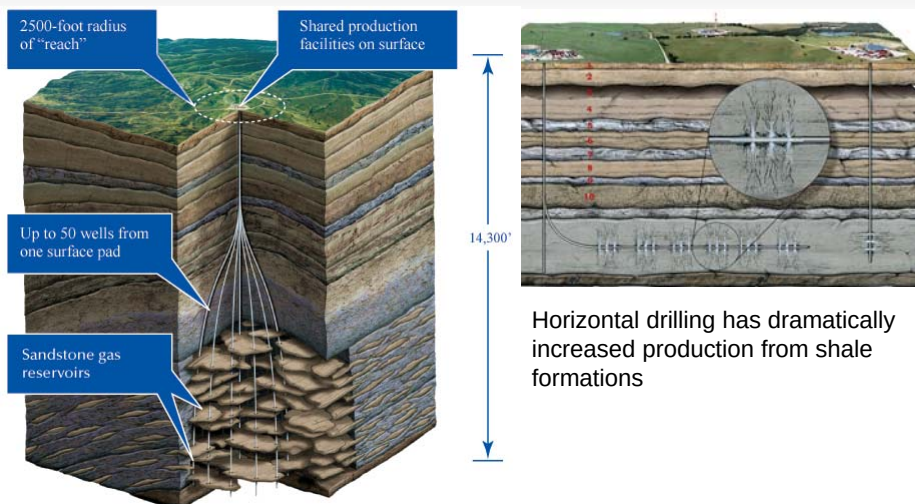
■ Today



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Directional drilling reduces surface disturbance by as much as 80% over traditional drilling practices



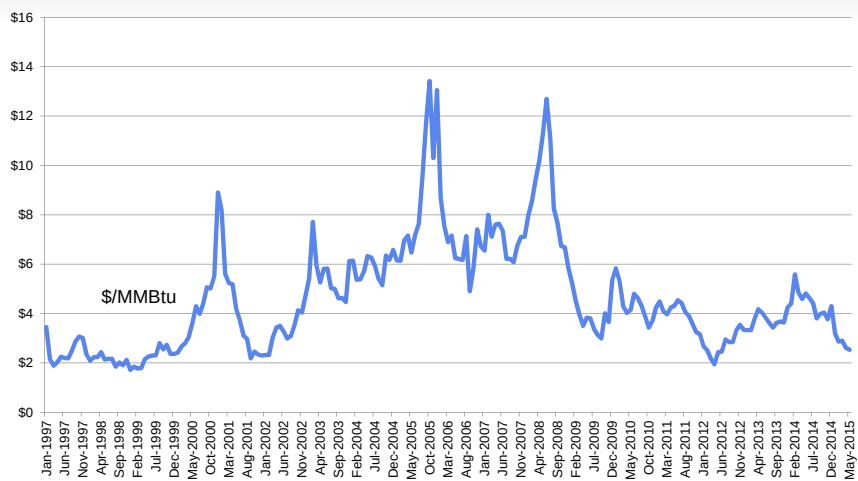
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Shale gas plays and basins are a vast resource, widely distributed across the United States



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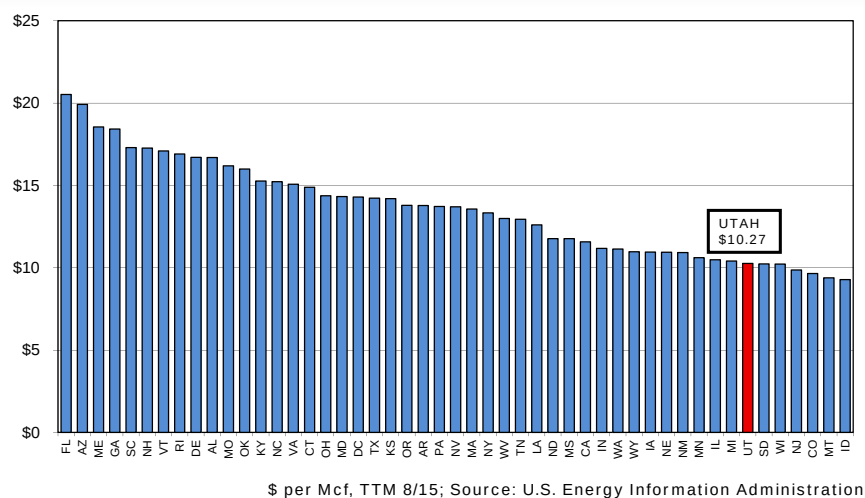
Henry Hub Natural Gas Spot Price



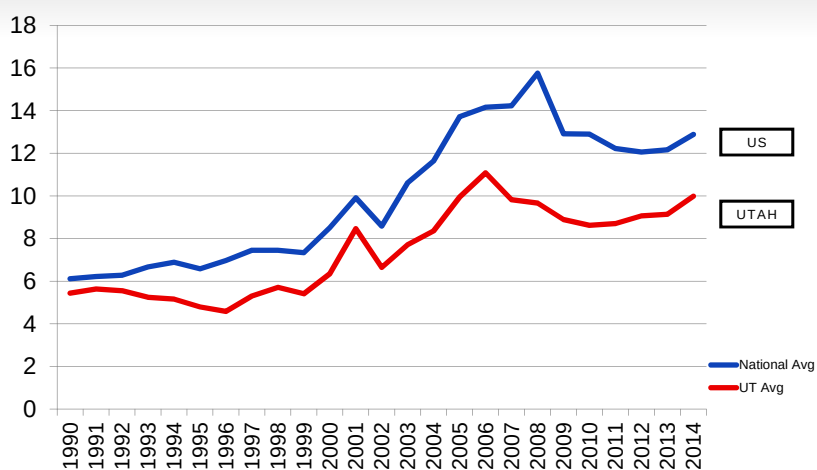
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Questar Gas's residential rates are among the lowest in the continental U.S.

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Questar Gas's 1990 - 2014 residential rates compared to US national average



\$ per Mcf, 1990 through 12/2014; Source: U.S. Energy Information Administration

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Questar Gas has a Proactive Pipeline-Integrity Program

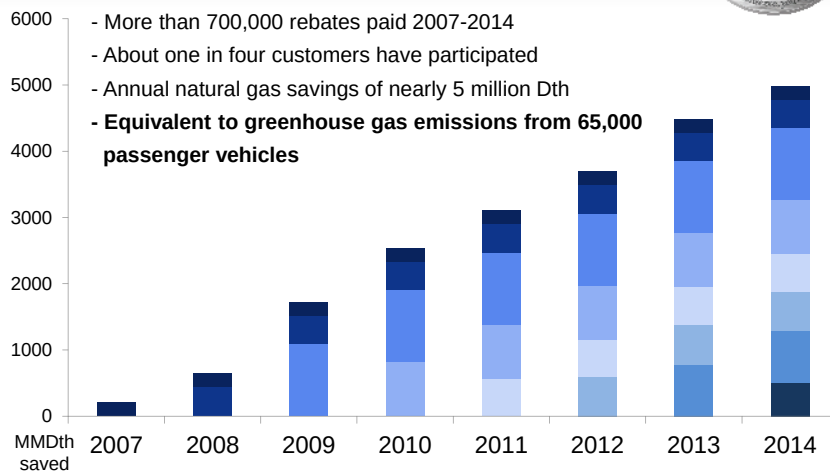
- 1980s: All cast iron pipe replaced
- 1990s: All bare steel pipe replaced
- 2000s: Focusing on reconditioned high-pressure pipe in high-consequence areas
- Invest \$65 million annually over the next five years.



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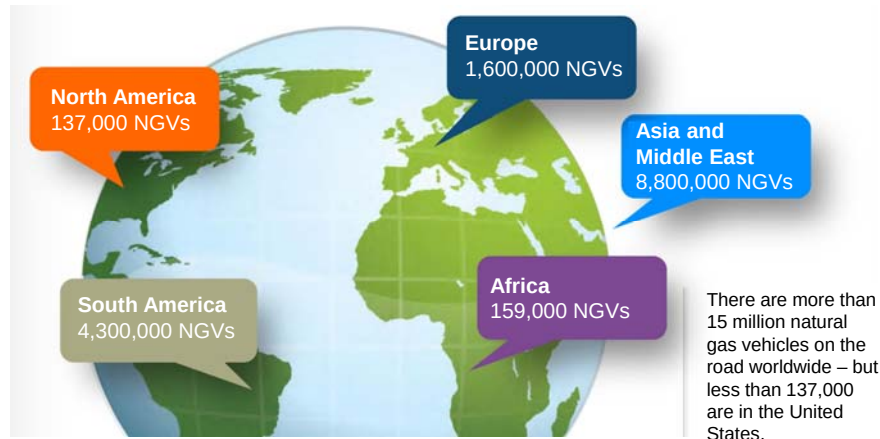
ThermWise-Program Results



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2014 Worldwide NGVs



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Major vehicle manufacturers are **bringing NGVs to the North American market**

MEDIUM AND HEAVY DUTY



LIGHT DUTY



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Questar Gas NGV Infrastructure

NGV Station Map



Industry Experience

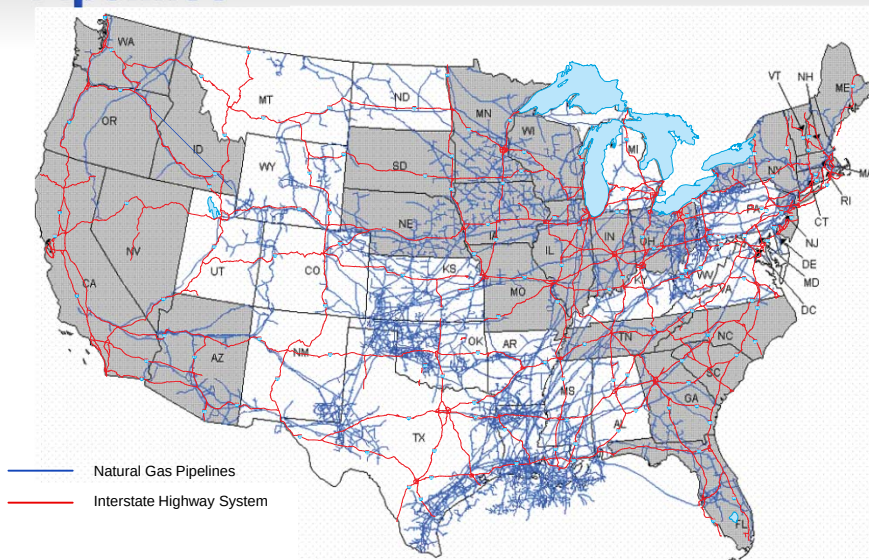
- 28 Questar owned/public facilities
- Newest stations are in Rock Springs, Price and Moab
- Over 6 million GGEs dispensed in 2014

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Interstate Natural Gas Pipelines

Interstate Highways



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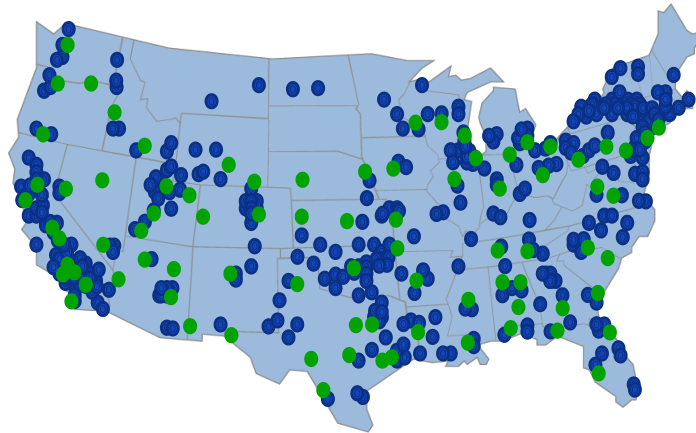
NGV public infrastructure

1,539 CNG stations

- 52% public
- 171 planned

105 LNG stations

- 64% public
- 69 planned

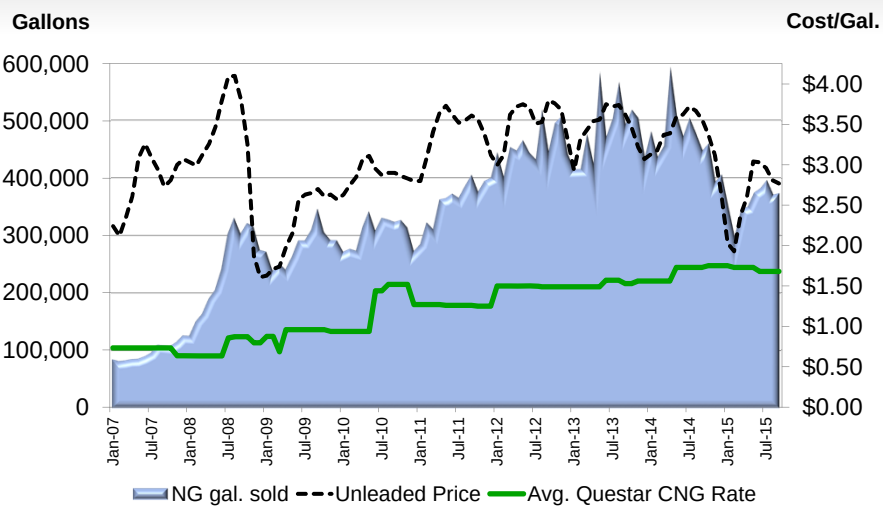


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Source: NGV America, as of Jan. 2015

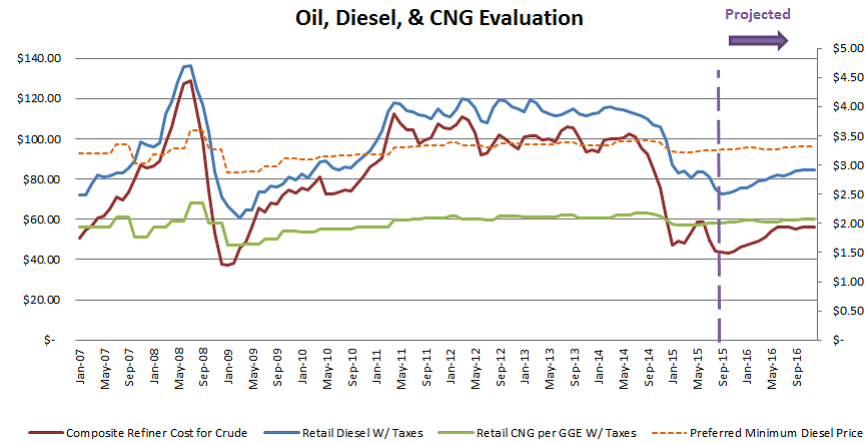
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Questar Gas CNG demand



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U.S. Fuel Prices



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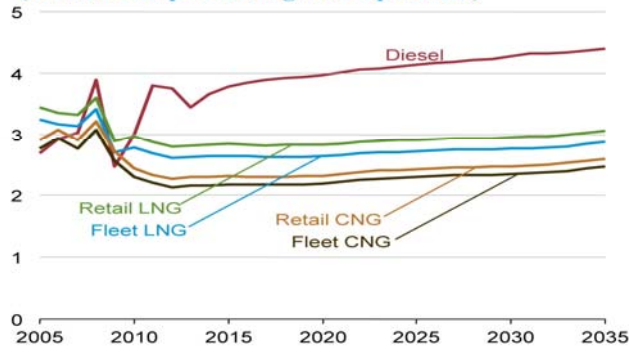
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Continuing Price Gap Between CNG/Diesel

•EIA Forecasts

- Natural Gas as a transportation fuel to grow from 0.01 TCF to 1.8 TCF by 2035
- NG as % of total energy used in HDV market from 0.2% to 32% by 2035

Figure 36. Diesel and natural gas transportation fuel prices in the HDV Reference case, 2005-2035 (2010 dollars per diesel gallon equivalent)



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Forecasts taken from the Energy Information Administration at EIA.gov

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NGV Market Development

Regulated

- Questar Gas Company

Unregulated

- Questar Fueling Company



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Questar Fueling Stations

Station Locations

- Lower 48 states with national carriers and large fleets
- High-traffic corridors

STATIONS UNDER DEVELOPMENT	ESTIMATED COMPLETION
Denver, Colorado	1Q - 2016
Bakersfield, California	1Q - 2016
Fontana, California	2016
Las Vegas, Nevada	2016
Killingly, Connecticut	2016



- 8 stations in operation
- 3 stations under construction
- 6 stations in development

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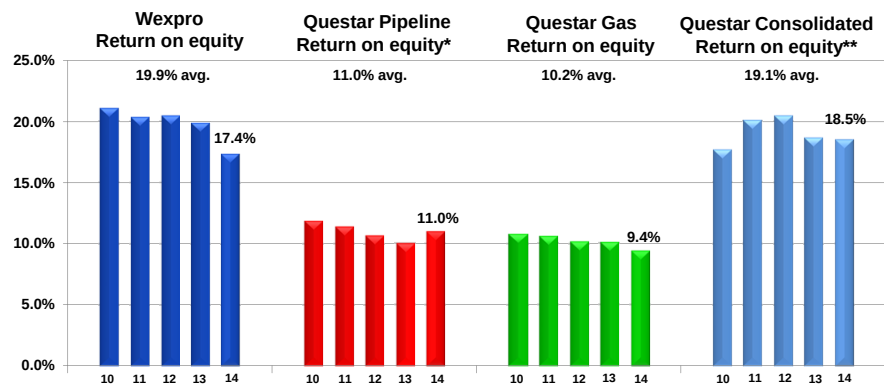
Questions?

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Our business units earn at or above their cost of capital

Investment Returns*



*Excludes 2013 impairment charge at Questar Pipeline.

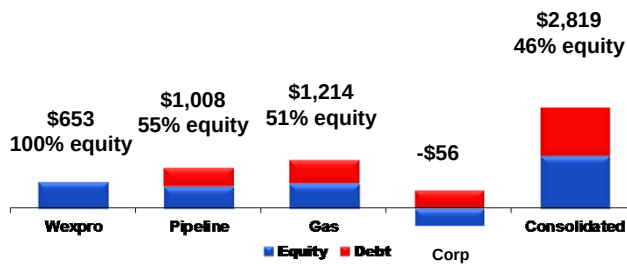
**Reflects impact of negative equity at corporate level.

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Our strong balance sheet supports long-term growth

Total Capital* (\$MMs)
6/30/2015

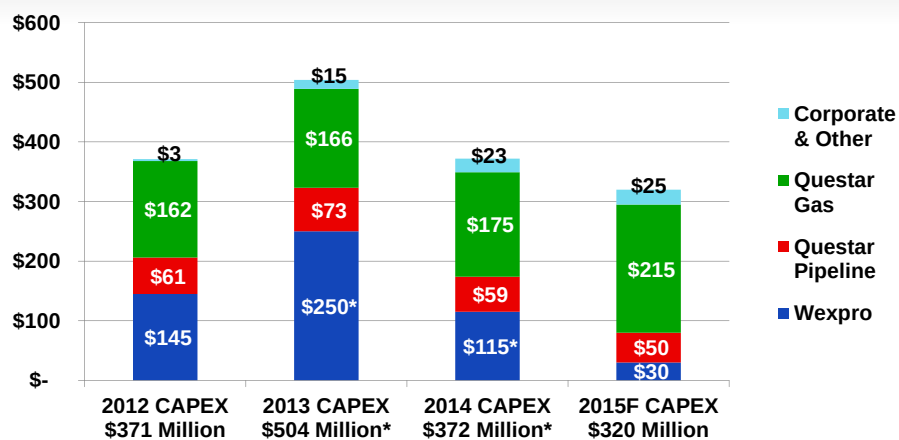


*Total debt + shareholders' equity

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Cash flow supports a robust capital investment program



* NOTE: Wexpro's 2013 and 2014 expenditures include acquisitions of \$104 million and \$52 million, respectively.

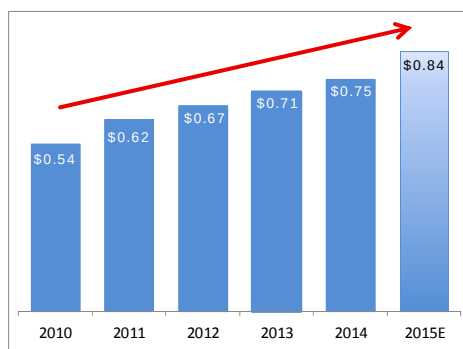
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Questar's dividend payout is now targeted at 65%

Paid Dividend Growth

- Quarterly dividend increased 11% in February 2015 to \$0.21 per share, \$0.84 annualized
- Dividend rate has increased 62% since the spinoff of QEP Resources in 2010
- Payout target raised to 65% from 60%



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