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FOR IMMEDIATE RELEASE

December 30, 2004

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Office of Consumer Advocate Requests Hearing Regarding Recent Kinder Morgan Rate Increases

CHEYENNE, WYOMING –

Today, the Office of Consumer Advocate (OCA) requested a hearing before the Public Service Commission of Wyoming with regard to recent rate increases implemented by Kinder Morgan, Inc. (KMI). These increases affect approximately 38,000 customers serviced under KMI's pass-on rate [regulated rate] in its Gillette, Torrington and Casper Choice Gas Program divisions. The increases were approved by the Commission after the OCA expressed concerns about the adequacy of KMI's applications at a public meeting held on November 30, 2004.

Choice Gas Program pass-on rate [regulated rate] customers in each division were affected differently by the increases. Gillette division customers will incur a net wholesale gas cost increase of \$1.2224 per decatherm, Torrington division customers will incur a net wholesale gas cost increase of \$0.4924 per decatherm, and Casper division customers will incur a net wholesale gas cost increase of \$0.6512 per decatherm. Pursuant to Commission action, these increases became effective for service rendered on and after December 1, 2004.

"Based upon our review of the rate increase applications, we determined that they are not in general compliance with the Commission's rules governing wholesale commodity cost pass-on procedures," said Denise Parrish, Deputy Administrator of the OCA. "Further, the applications are not in compliance with the Company's own tariff provisions," Parrish continued.

"KMI failed to provide required financial information and other documentation demonstrating that the recently approved increases are just and reasonable. This has been an on-going problem with Kinder Morgan. Not only has the Company failed to demonstrate the reasonableness of its

requested wholesale commodity cost increases, it has also failed to adequately demonstrate that its overall earning levels are not excessive.”

In a separate proceeding, the OCA recently requested that the Commission conduct hearings to determine the reasonableness of KMI’s existing rates. The OCA’s request for a hearing in that matter is pending.

“It would be fair to say that we are not convinced that Kinder Morgan’s rates have been adequately supported by the information provided by the company. We are simply concerned that without a thorough review of all the appropriate information, there is not enough assurance that the rates are reasonable,” Parrish concluded.