



Natural Gas Winter Operations Update

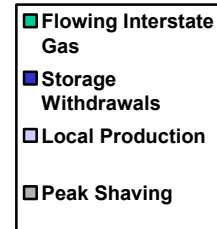
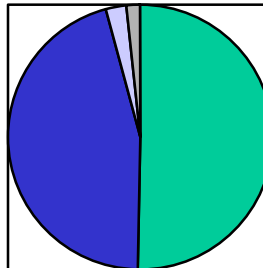
December 15, 2004

(All Natural Gas Volumes in Billions of Cubic Feet)

Projected Sales Demand* (12/15/04 through 3/31/05): **190.5**

Projected Supplies:

Flowing Interstate Gas	95.9	50.3%
Storage Withdrawals	86.4	45.4%
Local Production	4.9	2.6%
Peaking Supplies	3.3	1.7%



Total Projected Supplies: **190.5**

* Reported figures reflect consumers who are supplied directly by members of the Energy Association of Pennsylvania, and do not include customers served by third-party natural gas suppliers.

Heating Degree Days:**

Member Company Average Cumulative Actual 11-1-2004 to 12-15-2004 -	992
Member Company Average Cumulative Actual 11-1-2003 to 12-15-2003 -	1,042
Member Co. Average Cumulative 30 year Normal – November 1 to December 15 -	1,098

**A measure of how cold a location is over a period of time relative to a base temperature, most commonly specified as 65 degrees Fahrenheit – used in energy analysis as an indicator of heating energy requirements or use. The fact that the current 30 day total is lower than last year’s time period and the 30 year average is an indication that temperatures are warmer than normal to date. (Note that the 30-year average is used for illustrative purposes and is not necessarily considered “normal weather” for all NGDCs.)

From Our Desk:

Natural Gas Inventories at Record Levels

Last year we reported that the volume of natural gas in storage exceeded traditional benchmarks heading into the 2003-2004 winter. This year the news is even better.

The Energy Information Administration reports that as of October 29, 2004, there were 3,293,000,000,000 cubic feet of natural gas in storage, a record high level that is 138 billion cubic feet (Bcf) more than this time last year. The 3293 Bcf was the highest storage level in the 11 years EIA had been assembling its *Weekly Natural Gas Storage* database. Yet storage improved even further. With mild early-winter weather, storage increased to 3327 Bcf the following week, and remained at record levels throughout November. In the Eastern U.S., the October 29th storage level stood at 1921 Bcf, 50 Bcf more than last year. With the official start of winter coming up next week, it is good to know that winter natural gas supplies are more than ample throughout the nation and in our region.

You are welcome to circulate this issue, and if you are not on our mailing list we would be glad to add you. For more information on this issue or to be placed on our mailing list, contact the Energy Association of Pennsylvania at 717-901-0600 or visit us at www.energyppa.org.