

The Union Light Heat & Power Company
Hedging Program for Summer 2005
Cost Averaging with CM&T

	Total Amount	Closing Price								Summer Strip	Total Cost	Locked in To Date
		April	May	June	July	August	Sept	October				
16-Sep	3,729	\$5 963	\$5 853	\$5 883	\$5 918	\$5 943	\$5 938	\$5 963	\$5 923	22,086 87	3,729	
17-Sep	3,729	\$6 045	\$5 920	\$5 948	\$5 980	\$6 005	\$5 995	\$6 020	\$5 988	22,327 65	3,729	
20-Sep	3,729	\$6 012	\$5 887	\$5 919	\$5 952	\$5 977	\$5 967	\$5 987	\$5 957	22,214 72	3,729	
21-Sep	3,729	\$6 197	\$6 062	\$6 094	\$6 127	\$6 152	\$6 142	\$6 167	\$6 134	22,875 28	3,729	
22-Sep	3,729	\$6 162	\$6 027	\$6 057	\$6 087	\$6 112	\$6 092	\$6 117	\$6 093	22,722 40	3,729	
23-Sep	3,729	\$6 211	\$6 071	\$6 099	\$6 128	\$6 153	\$6 133	\$6 158	\$6 136	22,881 68	3,729	
24-Sep	3,729	\$6 226	\$6 086	\$6 113	\$6 140	\$6 165	\$6 148	\$6 173	\$6 150	22,933 88	3,729	
27-Sep	3,729	\$6 225	\$6 085	\$6 112	\$6 139	\$6 164	\$6 147	\$6 175	\$6 150	22,931 75	3,729	
28-Sep	3,729	\$6 421	\$6 271	\$6 296	\$6 321	\$6 345	\$6 325	\$6 349	\$6 333	23,614 16	3,729	
29-Sep	3,729	\$6 611	\$6 429	\$6 448	\$6 467	\$6 486	\$6 456	\$6 476	\$6 482	24,170 85	3,729	
30-Sep	3,729	\$6 615	\$6 419	\$6 436	\$6 456	\$6 475	\$6 445	\$6 465	\$6 473	24,137 82	3,729	
1-Oct	3,729	\$6 538	\$6 338	\$6 355	\$6 375	\$6 394	\$6 364	\$6 388	\$6 393	23,840 03	3,729	
4-Oct	3,729	\$6 580	\$6 375	\$6 392	\$6 412	\$6 431	\$6 401	\$6 425	\$6 431	23,980 67	3,729	
5-Oct	3,729	\$6 804	\$6 559	\$6 572	\$6 589	\$6 604	\$6 569	\$6 589	\$6 612	24,657 21	3,729	
6-Oct	3,729	\$6 819	\$6 579	\$6 594	\$6 614	\$6 631	\$6 596	\$6 619	\$6 636	24,745 64	3,729	
7-Oct	3,729	\$6 978	\$6 728	\$6 743	\$6 763	\$6 780	\$6 740	\$6 760	\$6 785	25,299 67	3,729	
8-Oct	3,729	\$6 930	\$6 680	\$6 697	\$6 720	\$6 737	\$6 697	\$6 720	\$6 740	25,133 99	3,729	
11-Oct	3,729	\$6 954	\$6 704	\$6 721	\$6 744	\$6 761	\$6 726	\$6 749	\$6 766	25,228 82	3,729	
12-Oct	3,729	\$6 924	\$6 684	\$6 701	\$6 724	\$6 744	\$6 709	\$6 732	\$6 745	25,153 70	3,729	
13-Oct	3,729	\$6 880	\$6 630	\$6 660	\$6 680	\$6 700	\$6 635	\$6 680	\$6 695	24,965 66	3,729	
14-Oct	3,729	\$6 873	\$6 623	\$6 640	\$6 665	\$6 690	\$6 660	\$6 683	\$6 691	24,949 14	3,729	
15-Oct	3,729	\$6 845	\$6 605	\$6 625	\$6 650	\$6 675	\$6 637	\$6 660	\$6 671	24,876 16	3,729	
18-Oct	3,729	\$6 904	\$6 654	\$6 674	\$6 699	\$6 724	\$6 686	\$6 709	\$6 721	25,064 21	3,729	
19-Oct	3,729	\$7 033	\$6 763	\$6 783	\$6 808	\$6 833	\$6 795	\$6 818	\$6 833	25,481 32	3,729	
20-Oct	3,729	\$7 208	\$6 928	\$6 948	\$6 968	\$6 988	\$6 945	\$6 968	\$6 993	26,077 96	3,729	
21-Oct	3,729	\$7 276	\$6 986	\$7 060	\$7 029	\$7 051	\$7 018	\$7 038	\$7 065	26,346 98	3,729	
22-Oct	3,729	\$7 424	\$7 089	\$7 109	\$7 134	\$7 158	\$7 125	\$7 150	\$7 170	26,736 40	3,729	
25-Oct	3,729	\$7 332	\$7 002	\$7 025	\$7 053	\$7 077	\$7 045	\$7 072	\$7 087	26,425 82	3,729	
26-Oct	3,729	\$7 685	\$7 295	\$7 315	\$7 340	\$7 360	\$7 320	\$7 345	\$7 380	27,520 02	3,729	
27-Oct	3,729	\$7 550	\$7 200	\$7 222	\$7 250	\$7 270	\$7 230	\$7 260	\$7 283	27,158 84	3,729	
28-Oct	3,729	\$7 472	\$7 122	\$7 144	\$7 172	\$7 192	\$7 157	\$7 187	\$7 207	26,873 30	3,729	
29-Oct	3,729	\$7 438	\$7 093	\$7 115	\$7 143	\$7 168	\$7 133	\$7 163	\$7 179	26,770 49	3,729	
1-Nov	3,729	\$7 484	\$7 139	\$7 161	\$7 191	\$7 216	\$7 181	\$7 211	\$7 226	26,946 29	3,729	
2-Nov	3,729	\$7 419	\$7 084	\$7 106	\$7 136	\$7 161	\$7 124	\$7 154	\$7 169	26,733 73	3,729	
3-Nov	3,729	\$7 500	\$7 160	\$7 180	\$7 205	\$7 230	\$7 190	\$7 220	\$7 241	27,000 62	3,729	
4-Nov	3,729	\$7 359	\$7 069	\$7 091	\$7 119	\$7 144	\$7 104	\$7 139	\$7 146	26,649 03	3,729	
5-Nov	3,729	\$7 139	\$6 899	\$6 921	\$6 949	\$6 974	\$6 934	\$6 969	\$6 969	25,988 47	3,729	
8-Nov	3,729	\$6 900	\$6 740	\$6 762	\$6 792	\$6 817	\$6 787	\$6 822	\$6 803	25,367 85	3,729	
9-Nov	3,729	\$6 820	\$6 680	\$6 695	\$6 720	\$6 735	\$6 708	\$6 738	\$6 728	25,088 71	3,729	
10-Nov	3,729	\$7 001	\$6 851	\$6 871	\$6 901	\$6 919	\$6 889	\$6 916	\$6 907	25,755 67	3,729	
11-Nov	3,729	\$6 804	\$6 674	\$6 692	\$6 722	\$6 740	\$6 717	\$6 744	\$6 728	25 087 11	3,729	
12-Nov	3,729	\$6 816	\$6 691	\$6 706	\$6 731	\$6 751	\$6 726	\$6 751	\$6 739	25,129 20	3,729	
15-Nov	3,729	\$6 872	\$6 742	\$6 767	\$6 792	\$6 812	\$6 782	\$6 802	\$6 796	25,340 69	3,729	
16-Nov	3,729	\$6 742	\$6 622	\$6 647	\$6 677	\$6 697	\$6 676	\$6 702	\$6 680	24,911 32	3,729	
17-Nov	3,729	\$6 744	\$6 594	\$6 619	\$6 649	\$6 664	\$6 642	\$6 664	\$6 654	24,811 70	3,729	
18-Nov	3,729	\$6 632	\$6 497	\$6 529	\$6 562	\$6 582	\$6 562	\$6 587	\$6 564	24,478 75	3,729	
19-Nov	3,729	\$6 776	\$6 631	\$6 663	\$6 696	\$6 716	\$6 696	\$6 721	\$6 700	24,983 77	3,729	
22-Nov	3,729	\$6 695	\$6 570	\$6 604	\$6 638	\$6 658	\$6 638	\$6 663	\$6 638	24,753 10	3,729	
23-Nov	3,729	\$6 741	\$6 601	\$6 636	\$6 671	\$6 691	\$6 671	\$6 694	\$6 672	24,880 42	3,729	
24-Nov	3,729	\$7 249	\$7 019	\$7 049	\$7 079	\$7 094	\$7 069	\$7 089	\$7 093	26,448 20	3,729	
29-Nov	3,729	\$6 887	\$6 737	\$6 769	\$6 801	\$6 819	\$6 794	\$6 817	\$6 803	25,369 99	3,729	
30-Nov	3,729	\$6 815	\$6 680	\$6 715	\$6 750	\$6 770	\$6 742	\$6 765	\$6 748	25,163 82	3,729	
1-Dec	3,729	\$6 678	\$6 553	\$6 588	\$6 623	\$6 643	\$6 618	\$6 641	\$6 621	24,688 11	3,729	
2-Dec	3,729	\$6 343	\$6 265	\$6 308	\$6 351	\$6 371	\$6 348	\$6 371	\$6 337	23,629 61	3,729	
3-Dec	3,729	\$6 281	\$6 206	\$6 247	\$6 292	\$6 312	\$6 292	\$6 316	\$6 278	23,410 66	3,729	
6-Dec	3,729	\$6 360	\$6 272	\$6 312	\$6 357	\$6 377	\$6 357	\$6 381	\$6 345	23,661 04	3,729	
7-Dec	3,729	\$6 281	\$6 203	\$6 243	\$6 284	\$6 304	\$6 284	\$6 308	\$6 272	23,389 89	3,729	
8-Dec	3,729	\$6 328	\$6 251	\$6 292	\$6 335	\$6 356	\$6 334	\$6 358	\$6 322	23,574 74	3,729	
9-Dec	3,729	\$6 461	\$6 384	\$6 425	\$6 468	\$6 489	\$6 464	\$6 484	\$6 454	24,065 37	3,729	
10-Dec	3,729	\$6 450	\$6 377	\$6 418	\$6 463	\$6 486	\$6 461	\$6 481	\$6 448	24,044 59	3,729	
13-Dec	3,729	\$6 605	\$6 530	\$6 571	\$6 616	\$6 639	\$6 609	\$6 629	\$6 600	24,610 87	3,729	
14-Dec	3,729	\$6 665	\$6 595	\$6 635	\$6 679	\$6 699	\$6 669	\$6 689	\$6 662	24,841 00	3,729	
15-Dec	3,729	\$6 667	\$6 607	\$6 647	\$6 691	\$6 711	\$6 681	\$6 701	\$6 672	24,880 42	3,729	
16-Dec	3,729	\$6 570	\$6 535	\$6 575	\$6 619	\$6 639	\$6 614	\$6 634	\$6 598	24,603 94	3,729	
17-Dec	3,729	\$6 800	\$6 735	\$6 773	\$6 815	\$6 835	\$6 810	\$6 830	\$6 800	25,356 13	3,729	
20-Dec	3,729	\$6 541	\$6 506	\$6 545	\$6 590	\$6 610	\$6 590	\$6 615	\$6 571	24,503 26	3,729	
21-Dec	3,729	\$6 475	\$6 445	\$6 484	\$6 529	\$6 549	\$6 524	\$6 549	\$6 508	24,267 80	3,729	
22-Dec	3,729	\$6 414	\$6 389	\$6 428	\$6 473	\$6 493	\$6 468	\$6 493	\$6 451	24,056 31	3,729	
23-Dec	3,729	\$6 353	\$6 343	\$6 382	\$6 427	\$6 447	\$6 427	\$6 452	\$6 404	23,882 11	3,729	
27-Dec	3,729	\$6 085	\$6 095	\$6 140	\$6 190	\$6 215	\$6 195	\$6 225	\$6 164	22,983 96	3,729	
28-Dec	3,729	\$6 149	\$6 159	\$6 202	\$6 250	\$6 275	\$6 255	\$6 285	\$6 225	23,213 03	3,729	
29-Dec	3,729	\$6 215	\$6 225	\$6 265	\$6 312	\$6 337	\$6 312	\$6 342	\$6 287	23,443 69	3,729	
30-Dec	3,729	\$6 065	\$6 090	\$6 130	\$6 180	\$6 205	\$6 180	\$6 210	\$6 151	22,938 68	3,729	
3-Jan	3,729	\$5 784	\$5 819	\$5 867	\$5 915	\$5 940	\$5 915	\$5 945	\$5 884	21,939 84	3,729	

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Hedging Program for Summer 2005
Cost Averaging with CM&T

	Total Amount	Closing Price							Summer Strip	Total Cost	Locked in To Date
		April	May	June	July	August	Sept	October			
4-Jan	3,729	\$5 863	\$5 893	\$5 935	\$5 978	\$6 003	\$5 973	\$6 003	\$5 950	22,186 48	3,729
5-Jan	3,729	\$5 835	\$5 867	\$5 909	\$5 952	\$5 977	\$5 947	\$5 977	\$5 923	22,088 47	3,729
6-Jan	3,729	\$6 050	\$6 075	\$6 115	\$6 155	\$6 177	\$6 145	\$6 170	\$6 127	22,846 52	3,729
7-Jan	3,729	\$6 008	\$6 033	\$6 073	\$6 113	\$6 135	\$6 105	\$6 135	\$6 086	22,694 69	3,729
10-Jan	3,729	\$6 146	\$6 164	\$6 202	\$6 240	\$6 260	\$6 228	\$6 256	\$6 214	23,170 94	3,729
11-Jan	3,729	\$6 085	\$6 105	\$6 146	\$6 187	\$6 207	\$6 175	\$6 200	\$6 158	22,962 65	3,729
12-Jan	3,729	\$5 952	\$5 982	\$6 023	\$6 065	\$6 085	\$6 055	\$6 080	\$6 035	22,502 92	3,729
13-Jan	3,729	\$6 362	\$6 372	\$6 407	\$6 442	\$6 462	\$6 427	\$6 447	\$6 417	23,928 99	3,729
14-Jan	3,729	\$6 292	\$6 284	\$6 316	\$6 349	\$6 369	\$6 334	\$6 354	\$6 328	23,598 18	3,729
18-Jan	3,729	\$6 088	\$6 098	\$6 140	\$6 180	\$6 201	\$6 170	\$6 190	\$6 152	22,942 41	3,729
19-Jan	3,729	\$6 222	\$6 224	\$6 264	\$6 304	\$6 328	\$6 298	\$6 318	\$6 280	23,417 05	3,729
20-Jan	3,729	\$6 238	\$6 240	\$6 280	\$6 320	\$6 345	\$6 315	\$6 335	\$6 296	23,478 32	3,729
21-Jan	3,729	\$6 178	\$6 188	\$6 231	\$6 273	\$6 299	\$6 270	\$6 293	\$6 247	23,296 66	3,729
24-Jan	3,729	\$6 386	\$6 386	\$6 424	\$6 462	\$6 488	\$6 458	\$6 481	\$6 441	24,017 42	3,729
25-Jan	3,729	\$6 354	\$6 362	\$6 402	\$6 442	\$6 469	\$6 440	\$6 465	\$6 419	23,936 98	3,729
26-Jan	3,729	\$6 366	\$6 386	\$6 426	\$6 468	\$6 495	\$6 472	\$6 495	\$6 444	24,029 68	3,729
27-Jan	3,729	\$6 322	\$6 345	\$6 385	\$6 427	\$6 455	\$6 435	\$6 455	\$6 403	23,878 39	3,729
28-Jan	3,729	\$6 259	\$6 286	\$6 332	\$6 378	\$6 411	\$6 396	\$6 416	\$6 354	23,694 07	3,729
31-Jan	3,729	\$6 346	\$6 376	\$6 424	\$6 472	\$6 507	\$6 495	\$6 518	\$6 448	24,045 66	3,729
1-Feb	3,729	\$6 346	\$6 376	\$6 424	\$6 472	\$6 507	\$6 495	\$6 520	\$6 449	24,046 72	3,729
2-Feb	3,729	\$6 394	\$6 424	\$6 474	\$6 524	\$6 559	\$6 547	\$6 572	\$6 499	24,235 30	3,729
3-Feb	3,729	\$6 184	\$6 229	\$6 284	\$6 339	\$6 382	\$6 376	\$6 405	\$6 314	23,545 44	3,729
4-Feb	3,729	\$6 130	\$6 180	\$6 238	\$6 296	\$6 341	\$6 333	\$6 361	\$6 268	23,374 97	3,729
7-Feb	3,729	\$6 024	\$6 087	\$6 149	\$6 211	\$6 256	\$6 249	\$6 277	\$6 179	23,041 49	3,729
8-Feb	3,729	\$6 221	\$6 278	\$6 334	\$6 389	\$6 431	\$6 419	\$6 441	\$6 359	23,712 71	3,729
9-Feb	3,729	\$6 218	\$6 276	\$6 331	\$6 381	\$6 421	\$6 411	\$6 433	\$6 353	23,690 34	3,729
10-Feb	3,729	\$6 223	\$6 288	\$6 346	\$6 396	\$6 436	\$6 426	\$6 449	\$6 366	23,739 88	3,729
11-Feb	3,729	\$6 171	\$6 244	\$6 305	\$6 362	\$6 402	\$6 398	\$6 423	\$6 329	23,601 91	3,729
14-Feb	3,729	\$6 162	\$6 244	\$6 305	\$6 368	\$6 409	\$6 405	\$6 430	\$6 332	23,611 50	3,729
15-Feb	3,729	\$6 245	\$6 322	\$6 381	\$6 441	\$6 481	\$6 478	\$6 501	\$6 407	23,891 70	3,729
16-Feb	3,729	\$6 184	\$6 266	\$6 326	\$6 388	\$6 429	\$6 430	\$6 456	\$6 354	23,694 60	3,729
17-Feb	3,729	\$6 010	\$6 100	\$6 166	\$6 231	\$6 276	\$6 286	\$6 315	\$6 198	23,111 28	3,729
18-Feb	3,729	\$5 987	\$6 087	\$6 154	\$6 220	\$6 266	\$6 277	\$6 307	\$6 185	23,065 46	3,729
22-Feb	3,729	\$6 221	\$6 316	\$6 379	\$6 442	\$6 485	\$6 495	\$6 525	\$6 409	23,899 16	3,729
23-Feb	3,729	\$6 420	\$6 508	\$6 568	\$6 628	\$6 668	\$6 674	\$6 701	\$6 595	24,593 82	3,729
24-Feb	3,729	\$6 454	\$6 554	\$6 612	\$6 670	\$6 708	\$6 714	\$6 741	\$6 636	24,746 18	3,729
25-Feb	3,729	\$6 715	\$6 810	\$6 865	\$6 920	\$6 947	\$6 950	\$6 975	\$6 883	25,667 24	3,729
28-Feb	3,729	\$6 730	\$6 810	\$6 870	\$6 930	\$6 955	\$6 958	\$6 980	\$6 890	25,694 41	3,729
1-Mar	3,729	\$6 680	\$6 772	\$6 842	\$6 905	\$6 935	\$6 940	\$6 962	\$6 862	25,589 46	3,729
2-Mar	3,729	\$6 717	\$6 812	\$6 894	\$6 959	\$6 991	\$6 997	\$7 019	\$6 913	25,777 51	3,729
3-Mar	3,729	\$6 657	\$6 772	\$6 859	\$6 934	\$6 970	\$6 980	\$7 003	\$6 882	25,663 51	3,729
4-Mar	3,729	\$6 744	\$6 856	\$6 941	\$7 013	\$7 047	\$7 057	\$7 082	\$6 963	25,964 49	3,729
7-Mar	3,729	\$6 714	\$6 846	\$6 934	\$7 012	\$7 052	\$7 067	\$7 094	\$6 960	25,953 31	3,729
8-Mar	3,729	\$6 847	\$6 978	\$7 063	\$7 138	\$7 178	\$7 194	\$7 221	\$7 088	26,432 75	3,729
9-Mar	3,729	\$6 880	\$6 993	\$7 078	\$7 153	\$7 192	\$7 208	\$7 233	\$7 105	26,495 61	3,729
10-Mar	3,729	\$6 768	\$6 870	\$6 945	\$7 015	\$7 050	\$7 061	\$7 085	\$6 971	25,993 26	3,729
11-Mar	3,729	\$6 772	\$6 885	\$6 955	\$7 020	\$7 053	\$7 064	\$7 084	\$6 976	26,014 04	3,729
14-Mar	3,729	\$7 138	\$7 237	\$7 292	\$7 342	\$7 362	\$7 367	\$7 385	\$7 303	27,233 95	3,729
15-Mar	3,729	\$7 179	\$7 278	\$7 348	\$7 403	\$7 423	\$7 423	\$7 443	\$7 357	27,433 19	3,729
16-Mar	3,729	\$7 192	\$7 318	\$7 403	\$7 473	\$7 503	\$7 508	\$7 533	\$7 419	27,663 85	3,729
17-Mar	3,729	\$7 238	\$7 374	\$7 459	\$7 529	\$7 563	\$7 572	\$7 599	\$7 476	27,879 07	3,729
18-Mar	3,729	\$7 273	\$7 393	\$7 478	\$7 548	\$7 580	\$7 590	\$7 617	\$7 497	27,956 31	3,729
21-Mar	3,729	\$7 318	\$7 450	\$7 550	\$7 620	\$7 655	\$7 668	\$7 695	\$7 565	28,210 42	3,729
22-Mar	3,729	\$7 248	\$7 365	\$7 470	\$7 550	\$7 595	\$7 608	\$7 635	\$7 496	27,952 05	3,729
23-Mar	3,729	\$7 138	\$7 255	\$7 360	\$7 440	\$7 489	\$7 502	\$7 531	\$7 388	27,549 32	3,729
24-Mar	3,729	\$7 062	\$7 184	\$7 292	\$7 379	\$7 436	\$7 451	\$7 480	\$7 326	27,319 72	3,729
28-Mar	3,729	\$6 999	\$7 122	\$7 232	\$7 322	\$7 382	\$7 402	\$7 432	\$7 270	27,110 36	3,729
29-Mar	3,701	\$7 323	\$7 402	\$7 510	\$7 598	\$7 653	\$7 668	\$7 698	\$7 550	27,943 61	3,701
Total	492,200									\$3,262,872.95	492,200

Basis to Columbia Gulf Onshore

Price to be paid for 2,300 dth/day delivered April 1, 2005 to October 31, 2005: **\$6.6242**

The Union Light Heat & Power Company
Hedging Program for Winter 2005-06
Cost Averaging with CM&T

	Total Amount	Closing Price					Winter Strip	Total Cost	Locked in To Date
		November	December	January	February	March			
1-Feb	4,051	\$6.845	\$7.160	\$7.385	\$7.359	\$7.156	\$7.181	29,090.23	4,051
2-Feb	4,051	\$6.892	\$7.207	\$7.429	\$7.403	\$7.200	\$7.226	29,273.34	4,051
3-Feb	4,051	\$6.735	\$7.060	\$7.290	\$7.265	\$7.065	\$7.083	28,693.23	4,051
4-Feb	4,051	\$6.691	\$7.016	\$7.246	\$7.221	\$7.022	\$7.039	28,515.80	4,051
7-Feb	4,051	\$6.612	\$6.942	\$7.172	\$7.147	\$6.952	\$6.965	28,215.22	4,051
8-Feb	4,051	\$6.766	\$7.086	\$7.311	\$7.281	\$7.081	\$7.105	28,782.36	4,051
9-Feb	4,051	\$6.753	\$7.070	\$7.293	\$7.260	\$7.060	\$7.087	28,710.25	4,051
10-Feb	4,051	\$6.768	\$7.084	\$7.304	\$7.271	\$7.071	\$7.100	28,760.48	4,051
11-Feb	4,051	\$6.748	\$7.068	\$7.291	\$7.261	\$7.066	\$7.087	28,708.63	4,051
14-Feb	4,051	\$6.755	\$7.075	\$7.300	\$7.270	\$7.075	\$7.095	28,741.85	4,051
15-Feb	4,051	\$6.826	\$7.146	\$7.369	\$7.339	\$7.144	\$7.165	29,024.60	4,051
16-Feb	4,051	\$6.786	\$7.111	\$7.336	\$7.306	\$7.116	\$7.131	28,887.68	4,051
17-Feb	4,051	\$6.665	\$7.005	\$7.235	\$7.210	\$7.030	\$7.029	28,474.48	4,051
18-Feb	4,051	\$6.672	\$7.017	\$7.252	\$7.228	\$7.050	\$7.044	28,534.43	4,051
22-Feb	4,051	\$6.890	\$7.235	\$7.470	\$7.440	\$7.250	\$7.257	29,398.11	4,051
23-Feb	4,051	\$7.066	\$7.416	\$7.651	\$7.621	\$7.426	\$7.436	30,123.24	4,051
24-Feb	4,051	\$7.106	\$7.461	\$7.696	\$7.666	\$7.476	\$7.481	30,305.53	4,051
25-Feb	4,051	\$7.340	\$7.695	\$7.925	\$7.895	\$7.705	\$7.712	31,241.31	4,051
28-Feb	4,051	\$7.343	\$7.697	\$7.929	\$7.902	\$7.712	\$7.717	31,259.95	4,051
1-Mar	4,051	\$7.325	\$7.683	\$7.918	\$7.891	\$7.705	\$7.704	31,210.52	4,051
2-Mar	4,051	\$7.384	\$7.744	\$7.976	\$7.946	\$7.761	\$7.762	31,444.67	4,051
3-Mar	4,051	\$7.381	\$7.748	\$7.983	\$7.956	\$7.773	\$7.768	31,468.98	4,051
4-Mar	4,051	\$7.457	\$7.827	\$8.062	\$8.035	\$7.852	\$7.847	31,786.58	4,051
7-Mar	4,051	\$7.476	\$7.854	\$8.092	\$8.065	\$7.882	\$7.874	31,896.76	4,051
8-Mar	4,051	\$7.603	\$7.981	\$8.219	\$8.192	\$8.009	\$8.001	32,411.24	4,051
9-Mar	4,051	\$7.617	\$7.993	\$8.231	\$8.204	\$8.026	\$8.014	32,465.52	4,051
10-Mar	4,051	\$7.465	\$7.835	\$8.065	\$8.038	\$7.865	\$7.854	31,814.93	4,051
11-Mar	4,051	\$7.447	\$7.804	\$8.024	\$7.999	\$7.829	\$7.821	31,681.25	4,051
14-Mar	4,051	\$7.710	\$8.025	\$8.225	\$8.200	\$8.030	\$8.038	32,561.94	4,051
15-Mar	4,051	\$7.743	\$8.038	\$8.233	\$8.208	\$8.038	\$8.052	32,618.65	4,051
16-Mar	4,051	\$7.853	\$8.163	\$8.373	\$8.348	\$8.183	\$8.184	33,153.38	4,051
17-Mar	4,051	\$7.934	\$8.259	\$8.469	\$8.444	\$8.284	\$8.278	33,534.18	4,051
18-Mar	4,051	\$7.952	\$8.277	\$8.487	\$8.462	\$8.302	\$8.296	33,607.10	4,051
21-Mar	4,051	\$8.033	\$8.362	\$8.577	\$8.552	\$8.392	\$8.383	33,960.34	4,051
22-Mar	4,051	\$7.975	\$8.305	\$8.520	\$8.500	\$8.345	\$8.329	33,740.78	4,051
23-Mar	4,051	\$7.873	\$8.200	\$8.415	\$8.395	\$8.240	\$8.225	33,317.85	4,051
24-Mar	4,051	\$7.819	\$8.147	\$8.363	\$8.343	\$8.193	\$8.173	33,108.82	4,051
28-Mar	4,051	\$7.772	\$8.102	\$8.320	\$8.305	\$8.160	\$8.132	32,941.92	4,051
29-Mar	4,051	\$8.023	\$8.343	\$8.561	\$8.546	\$8.401	\$8.375	33,926.31	4,051
30-Mar	4,051	\$8.075	\$8.385	\$8.603	\$8.593	\$8.453	\$8.422	34,116.71	4,051
31-Mar	4,060	\$8.248	\$8.553	\$8.768	\$8.758	\$8.618	\$8.589	34,871.34	4,060
Total	166,100							\$1,276,380.50	166,100
									\$7.6844
									(\$0.0100)
									\$7.6744

Basis to Columbia Gulf Onshore

Price to be paid for 1,100 dth/day delivered November 1, 2005 to March 31, 2005:	\$7.6744
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THE UNION LIGHT, HEAT AND POWER COMPANY

NATURAL GAS HEDGING PLAN

May 2005

1. Introduction

On July 16, 2001, the Kentucky Public Service Commission approved The Union Light Heat & Power Company's (ULH&P) Pilot Gas Hedging Program. Since that time, ULH&P has sought, and was granted, approval for similar hedging programs in 2002 and 2003, with the most recent program covering the two years ended March 31, 2005. As documented in the reports of the actual results, filed in May of each year, the hedging strategy increased costs when natural gas prices were low and decreased cost when natural gas prices were high. Since the hedging plans have achieved their goal of reducing the volatility in purchased gas costs, hedging natural gas prices should become a standard part of ULH&P's gas supply portfolio.

In Case No. 2003-00151, ULH&P proposed that a similar plan to what was adopted for the 2001-2002 and 2002-2003 heating seasons be approved on a continuing basis, with the inclusion of hedging for summer months as well as winter. This was later revised to be a three-year plan, ended March of 2006. However, in the Order dated June 19, 2003, the Commission ordered ULH&P to file any continued hedging plan by May 15, 2005. ULH&P will implement the following Hedging Plan (HP-2005) for both winter and summer seasons through March 31, 2008 (three years). Although this plan covers hedging activity through March of 2008, the months for which natural gas will be purchased will extend through October 31, 2010.

Under HP-2005, ULH&P will hedge between ___% and ___% of its total winter Base Supply, and ___% to ___% of its summer Base Supply, using fixed price contracts, price caps, or no-cost collars. The Hedging Plan specifies a range for the volumes of gas that ULH&P will acquire each month, up to 36 months into the future. The Hedging Plan

strikes a reasonable balance between: (1) providing the Commission with the specific parameters of gas volumes for which ULH&P will receive cost recovery through the GCA; and (2) leaving ULH&P with adequate management discretion to time the purchases at projected optimal points within the framework pre-approved by the Commission.

ULH&P will make its hedging decisions based on its analysis of gas prices. ULH&P will continue to monitor gas prices on a daily basis, by studying NYMEX futures prices versus historic prices and expected future prices. ULH&P determines expected future gas prices based on a thorough review of various industry publications such as Gas Daily, Cambridge Energy Research Associates (CERA) Monthly Briefing, and the Energy Information Administration (EIA) Short-Term Energy Outlook.

2. Amount of ULH&P's Gas Supply Subject to the Hedging Plan

ULH&P will hedge between ___% and ___% of its total Base Supply for the winter season, and between ___% and ___% of its total Base Supply for the summer season. Base Supply is the sum of ULH&P's estimated minimum daily natural gas purchases, plus daily storage injection capabilities. The Base Supply purchases represent approximately ___% of ULH&P's total winter supply for GCA sales customers under normal winter temperatures, and ___% of ULH&P's total summer supply for GCA sales customers, including storage injections.

3. Schedule for Purchase of Hedging Instruments

ULH&P will use the following seasonal schedule for obtaining price hedges for its Base Supply. By including minimum quantities to be hedged as early as 30 months prior to the month of delivery, ULH&P will gain the advantages of a mechanistic feature for part of its hedging program, to spread the hedging purchases out over a longer period of time, while preserving management discretion as to the timing of gas supply purchases. Based on the last four winters, NYMEX prices tended to be lower during the summers two and three years prior to delivery, as compared to prices during the summer immediately preceding delivery.

Base Supply Hedged for the Winter Season

		Oct 2005	Mar 2006	Oct 2006	Mar 2007	Oct 2007	Mar 2008
Nov 2005 – Mar 2006	Minimum	%	---	---	---	---	---
	Maximum	%	---	---	---	---	---
Nov 2006 – Mar 2007	Minimum	%	%	%	---	---	---
	Maximum	%	%	%	---	---	---
Nov 2007 – Mar 2008	Minimum	%	%	%	%	%	---
	Maximum	%	%	%	%	%	---
Nov 2008 – Mar 2009	Minimum	---	---	%	%	%	%
	Maximum	---	---	%	%	%	%
Nov 2009 – Mar 2010	Minimum	---	---	---	---	%	%
	Maximum	---	---	---	---	%	%

Base Supply Hedged for the Summer Season

		Oct 2005	Mar 2006	Oct 2006	Mar 2007	Oct 2007	Mar 2008
Apr – Oct 2006	Minimum	%	%	---	---	---	---
	Maximum	%	%	---	---	---	---

Apr – Oct 2007	Minimum	%	%	%	%	---	---
	Maximum	%	%	%	%	---	---
Apr – Oct 2008	Minimum	---	%	%	%	%	%
	Maximum	---	%	%	%	%	%
Apr – Oct 2009	Minimum	---	---	---	%	%	%
	Maximum	---	---	---	%	%	%
Apr – Oct 2010	Minimum	---	---	---	---	---	%
	Maximum	---	---	---	---	---	%

4. Types of Hedging Products

ULH&P management will hedge using a combination of fixed price contracts with cost-averaging, fixed price contracts without cost averaging, price caps and no-cost collars. ULH&P will not purchase futures contracts on the NYMEX or any other financial instruments to effectuate its hedging strategy. ULH&P will utilize the following hedging products to price gas supplies at a fixed, capped or collared price.

A. Fixed Price Contracts

Fixed price contracts are the simplest form of hedging instruments. Perhaps the most widely known fixed price contract for gas purchases is a contract to purchase gas from a supplier at a fixed price, based on the NYMEX. ULH&P will not actually purchase futures contracts on the NYMEX, but rather will enter into a contract with a supplier to obtain physical delivery of gas based on NYMEX prices at the time the hedging agreement is arranged.

ULH&P will take actual physical delivery of the gas into an interstate pipeline in which ULH&P holds FT capacity. NYMEX prices are based on delivery at the Henry Hub in southern Louisiana. The difference in price between the Henry Hub and the interstate pipeline receipt point at which the supplier can deliver the gas into the interstate pipeline (referred to as the "basis") will either be locked-in or will remain open at the discretion of ULH&P.

One set of fixed price hedging products ULH&P utilizes sets the price on an average NYMEX strip price over a period of time. A strip simply means the purchase of

a specified volume of gas for a specified number of months (*i.e.*, November through March). ULH&P may utilize cost-averaging products that price the gas supply for the upcoming winter season at a price set by averaging the actual NYMEX daily closing price for a strip from a start date through the last day that the strip trades on NYMEX or any other mutually agreed time period. Each day during this period, a portion of the price will be established by fixing the price of the proportionate volume for each corresponding month at the NYMEX daily close.

B. Price Caps

A price cap is a form of option contract that establishes a maximum price for gas deliveries during a specified month. Suppliers charge ULH&P for this option, based on the NYMEX price in effect at the time the option is purchased for the month that will be subject to the price cap.

ULH&P and the supplier will agree to whether the cost must be paid when the price cap is purchased or when the gas is delivered. Other than a slight difference due to the time value of money, the end result is the same. The practical result that occurs when price caps are utilized is that, if the market price at the time of delivery is lower than the price cap, then ULH&P pays the market price plus the cost of the price cap. On the other hand, if the market price is higher than the price cap at the time of delivery, then ULH&P pays the cap price plus the cost of the price cap.

C. No-Cost Collars

Collars are a combination of a price cap (ceiling) and a lower price limit (floor). If the cost of the ceiling is equal to the value of the floor, then there is no charge for the

collar (no-cost collar). At the time of delivery, the supplier will charge the market price unless it is outside the range set by the collar. The range for a no-cost collar is established by ULH&P first specifying either a floor or a ceiling price, and then the supplier calculates the other bound for the collar. The supplier also adds in the basis for the interstate pipeline receipt point specified by ULH&P. In a no-cost collar, the ceiling of the range is usually set at a greater distance from the current NYMEX price than the floor. After the supplier determines the remaining bound for the collar, ULH&P decides whether to agree to price the gas subject to the no-cost collar. ULH&P will determine prices from at least two suppliers to verify that the offered price is consistent with the market.

5. Price Ranges for Purchases

A. Fixed Price Contracts

To the extent that ULH&P enters into any fixed price contracts with cost-averaging, ULH&P will enter into such contracts at the NYMEX closing price during the specified period. To the extent that ULH&P enters into any fixed price contracts without cost averaging, ULH&P will enter into such contracts between the highest and lowest price that NYMEX trades on the day that ULH&P and the supplier agree to the fixed price (strike date).

B. Price Caps

To the extent that ULH&P enters into any price cap contracts during any month, ULH&P will enter into such contracts with a ceiling (cap) price not to exceed \$____/dth

over the NYMEX open price for the respective months on the day that ULH&P and the supplier agree to the cap (strike date).

C. No-Cost Collars

To the extent that ULH&P enters into any collar contracts during any month, ULH&P will enter into such contracts with a ceiling (cap) price not to exceed \$___/dth over the NYMEX open price for the respective months on the day that ULH&P and the supplier agree to the collar (strike date).

6. Conclusion

HP-2005 will allow ULH&P to hedge up to ___% of its Base Supply in the winter and ___% of its Base Supply in the summer. By allowing hedging activity as early as 36 months prior to the month of delivery, the plan can further stabilize prices by taking advantage of favorable market conditions for longer periods of time. In addition, the minimum hedged percentages will assure that hedging transactions will take place gradually over the three years prior to the delivery season, without resorting to a strict mechanistic approach.

Including projected storage withdrawals, which are fixed at summer prices, the quantity of winter supply at known prices represents ___ – ___% of ULH&P total winter supply (assuming normal weather). Consequently, ULH&P will be able to obtain a substantial volume of its gas supply at fixed prices. ULH&P will purchase its remaining gas supply requirements at either the *Inside FERC First of Month Index* or the *Gas Daily Midpoint*, assuming these indices continue to be published. Attachment A depicts how

the ULH&P would obtain its gas supply requirements for a typical winter season utilizing this Hedging Plan.

HP-2005 provides several important benefits. First, the Plan will reduce the impact of price volatility for ULH&P's customers. Second, the Plan allows the Commission to see clear parameters within which ULH&P's management will operate. Third, the Plan provides ULH&P management sufficient flexibility to make purchase decisions within these parameters.

Attachment A
Example of How ULH&P's Base
Supply for Typical Winter Season
Could be Obtained Through Hedging Plan

Estimated Load (Normal Weather)

REDACTED
