



NEWS RELEASE

from the Municipal Gas Authority of Georgia

FOR IMMEDIATE RELEASE

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Municipal Gas Authority of Georgia Joins Regional Partnership to Acquire Natural Gas

Kennesaw, GA, April 29, 2004 – The Municipal Gas Authority signed a letter of intent with public gas and public power agencies in several states in an unprecedented effort to establish a new non-profit corporation that will acquire economical long-term wholesale natural gas supplies for the purpose of stabilizing and reducing the cost of natural gas for the mutual benefit of all their customers.

The Gas Authority is a founding member of Public Gas Partners (PGP), a nonprofit corporation that includes 11 public gas or public power agencies in seven states. The innovative partnership among governmental entities was motivated by increasingly volatile and historically high natural gas prices.

In recent years, natural gas prices have risen dramatically -- doubling and even tripling in short periods of time. The long-term price for natural gas in the United States, which historically moved in a fairly narrow range around a price of approximately \$2 per MMBtu, has demonstrated significant volatility in recent years and now often exceeds \$5 per MMBtu. The long-term prospects suggest continued price volatility.

By pooling the natural gas needs of its members, Public Gas Partners will acquire producing reserves or other long-term gas supplies and create discounts and economies of scale for everyone in the group, and in turn, their customers. The members anticipate acquiring a portfolio of long-term supplies primarily made up of producing natural gas reserves. The group favors a portfolio approach to diversify assets and mitigate risk associated with long-term supplies.

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Public Gas Partners expects to target an initial supply portfolio capable of producing approximately 80,000 MMBtu per day or 30 Bcf annually. The Gas Authority is projecting that approximately 25% of its long-term gas needs will initially be supplied by the new partnership, yielding significant cost savings below current market prices.

In addition, the Gas Authority will perform the day-to-day operations of Public Gas Partners under contract with the participating agencies. The Gas Authority is the largest nonprofit natural gas joint action agency in the United States.

All operation and management costs for Public Gas Partners will be funded through fees to its membership. Each member will appoint one representative to the partnership's Board of Directors.

The agencies that signed the letter of intent include Municipal Gas Authority of Georgia, Florida Municipal Power Agency, Lakeland Electric, Lower Alabama Gas District, Municipal Gas Authority of Mississippi, Public Energy Authority of Kentucky, Patriots Energy Group, Southeast Alabama Gas District, Tennessee Energy Acquisition Corporation, City of Tallahassee and Florida Gas Utility. The partnership is open to other public gas or electric agencies.

The Gas Authority serves 71 Members in Georgia, Alabama, and Florida who meet the gas needs of approximately 203,000 customers. The Gas Authority was formed in 1987 by an Act of the Georgia General Assembly to assist municipal Members who own and operate natural gas distribution systems. Members' systems are located on two interstate pipelines: Southern Natural Gas Company (Southern Natural) and Transcontinental Gas Pipe Line Corporation (Transco). In addition, the Gas Authority serves agencies and cities (termed Partners) under contract in Alabama, Mississippi, Tennessee, Kentucky, South Carolina, Illinois, Indiana, Pennsylvania and Connecticut located on the pipeline facilities of ANR Pipeline Company (ANR), Florida Gas Transmission Company (Florida Gas), South

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Carolina Pipeline Corporation (SCPC), Tennessee Gas Pipeline Company (Tennessee Gas), Texas Gas Transmission Corporation (Texas Gas), and Texas Eastern Transmission Corporation (Texas Eastern).

The Gas Authority provides a broad array of gas supply, marketing and financial services, which deliver significant benefits to its Members, Partners and the customers they serve. Services include gas supply, gas management, supply and capacity planning, regulatory representation, industrial customer assistance, budget assistance, rate design, cost forecasting, market development, communications, project financing, risk management assistance, and training.

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