



Products Pipelines
Tom Bannigan

2004 Results

- Refined Products volumes up 2.1%; Revenues up 4.9%.
 - West Coast
 - Pacific volumes up 1.7% (2.6% adjusted for ethanol conversion)
 - CALNEV volumes up 3.7% (gasoline up 4.7%)
 - Strong jet volume growth on SFPP & Calnev (up 5.0 million Bbls or 6.5%)
 - Southeast (PPL/CFPL)
 - Central Florida up 7.6% (gasoline up 7.2%)
 - PPL up 1.6% (+3% adjusted for Hurricane Ivan refinery disruptions in 4th Quarter)
 - Jet volumes up 4.4% in Southeast, led by CFPL up 12.3% and D.C. airports up 5.6%

2004 Volumes

	<u>EIA</u>				
	<u>Nationwide</u>	<u>Pacific</u>	<u>Calnev</u>	<u>CFPL</u>	<u>PPL</u>
	<u>Demand</u>				
Gasoline	+1.4%	+2.6% ¹	+4.7%	+7.2%	+1.5%
Diesel	+3.8%	+0.2%	-4.0%	+3.7%	+1.2%
Jet	<u>+2.1%</u>	<u>+5.8%</u>	<u>+11.4%</u>	<u>+12.3</u>	<u>+2.6%</u>
Total	+2.1%	+2.6% ¹	+3.7%	+7.6%	+1.6%/3.0% ²

¹ Adjusted for ethanol

² 3.0% represents volumes adjusted for throughput lost to refinery disruption in 4Q.

2004 Results (continued)

■ OTHER FACTORS:

Gasoline volumes: Total gasoline volumes up 1.8% or 8 million Bbls. (3 million Bbls on Pacific). Adjusted for ethanol, increase year over year of 2.6%. Central Florida (Orlando) up 7.2% and CALNEV up 4.7% with strong growth in Barstow, CA. On PPL, Atlanta off due to refinery logistics shift for new Atlanta gasoline spec, but growth in Carolinas. MidCon's Heartland Pipe Line up 6.7%.

Military volumes: Year over year growth of 10.7% (1.8 million Bbls) with growth across west coast and southeast bases

Diesel volumes: Lag national demand numbers due to Salt Lake City pricing differentials impacting Las Vegas volumes; loss of major distillate customer on PPL and 4Q refinery disruption on PPL

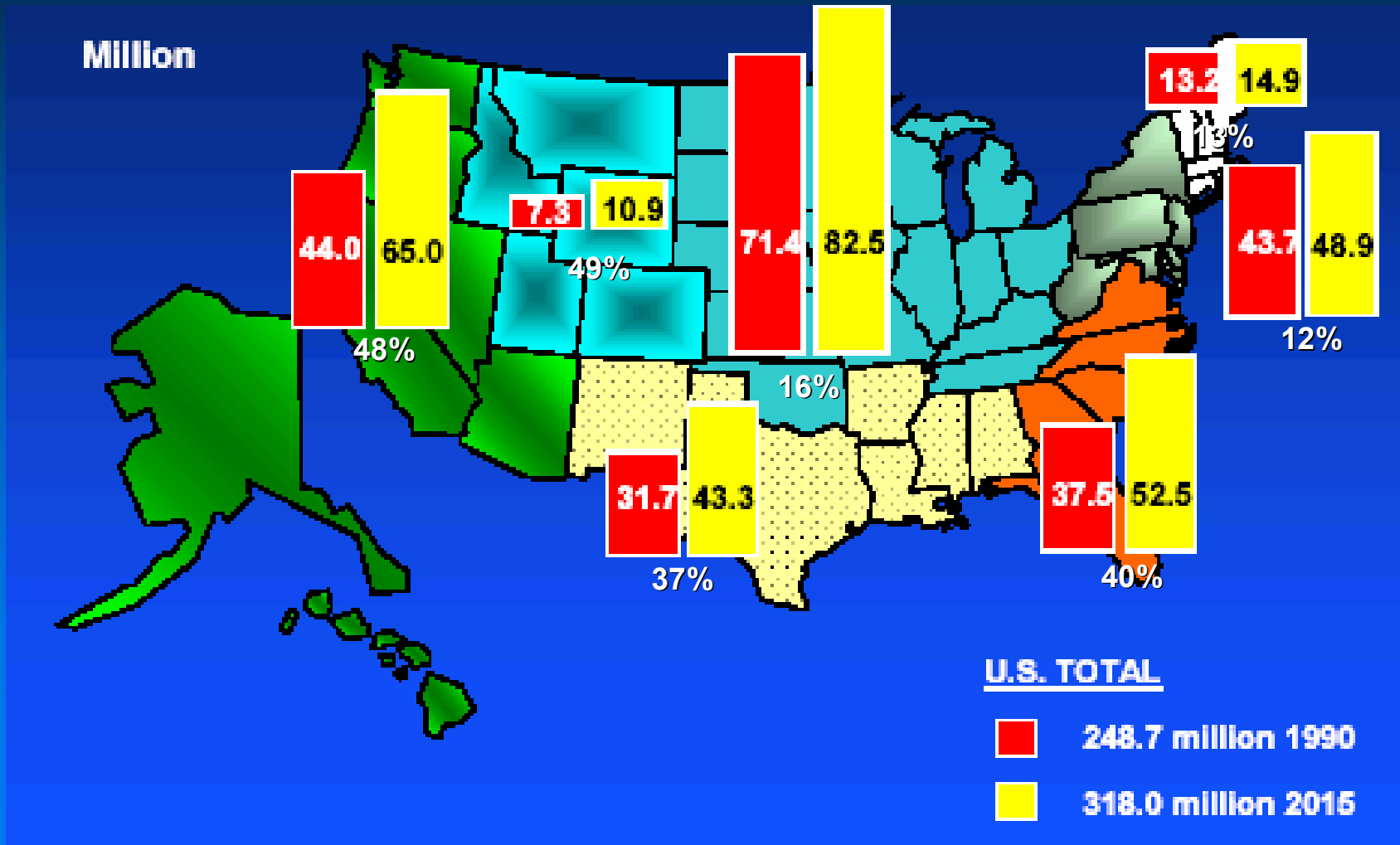
Demand Drivers

- Operate in Growth Markets*
 - 2000-2020 Population Growth*
 - >50% (Arizona, Nevada)
 - >25% (California, Oregon, New Mexico, Virginia, North Carolina, Georgia, Florida)
- Population Shifts to Southeast and Southwest
- Operate in Large Markets
 - Los Angeles, San Francisco Bay Area, Phoenix, San Diego, Las Vegas
 - Atlanta, Washington D.C.

*Source: Woods & Poole 2004 Economics Reports

**Source: Wards Automotive sales summary Dec 2004

Growing and Shifting U.S. Population



Demand Drivers

- Vehicle Sales Preferences
 - Ratio of Passenger Cars to Light Trucks/SUV's*

<u>2003</u>	<u>2004</u>
46%/54%	45%/55%
- Average vehicle fuel economy has declined to 20.7 mpg in 2003 model year from 22.1 mpg in 1988**
- Modest Increases to CAFE Standards for Light Trucks Through 2007 (cumulative increase of about 7%)***
- Service Areas are Very Congested****
 - Nation's Most Congested Highways:
 - Of the top ten, eight served by Kinder Morgan Pipelines
 - Of the top twenty-four, fifteen served by Kinder Morgan Pipelines
- Vehicle miles traveled 2003 vs. 2002 up 1.2%

*EIA

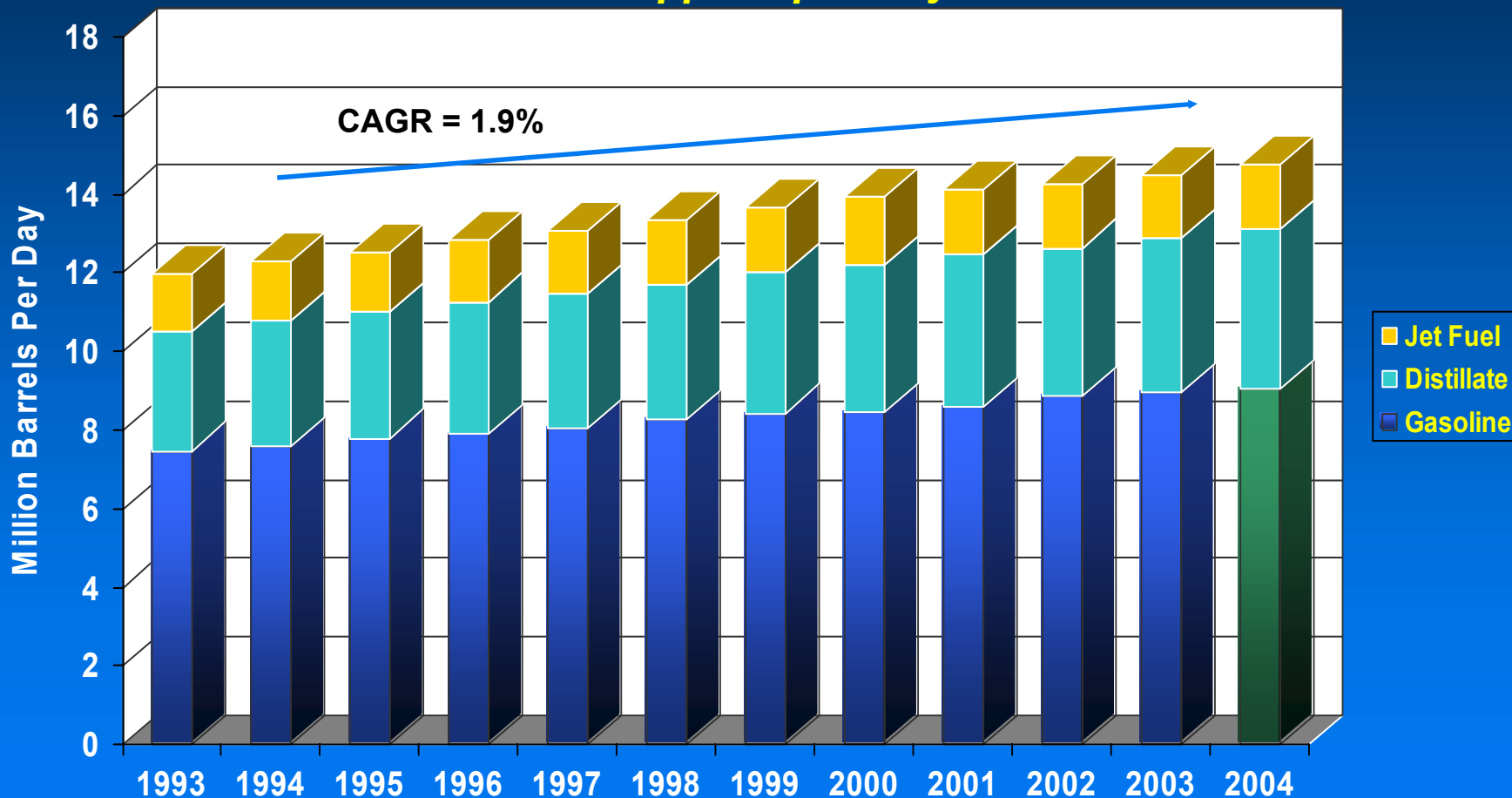
**The New York Times, "[George Jetson, Meet the Sequel](#)," Section 3, p. 1., January 9, 2005

*** Federal Register, Vol. 68, p. 16868 et seq., April 7, 2003

****Source: Federal Highway Administration: Traffic Congestion and Reliability, July 2004

Commodity Demand

U.S. Petroleum Products Supplied per Day

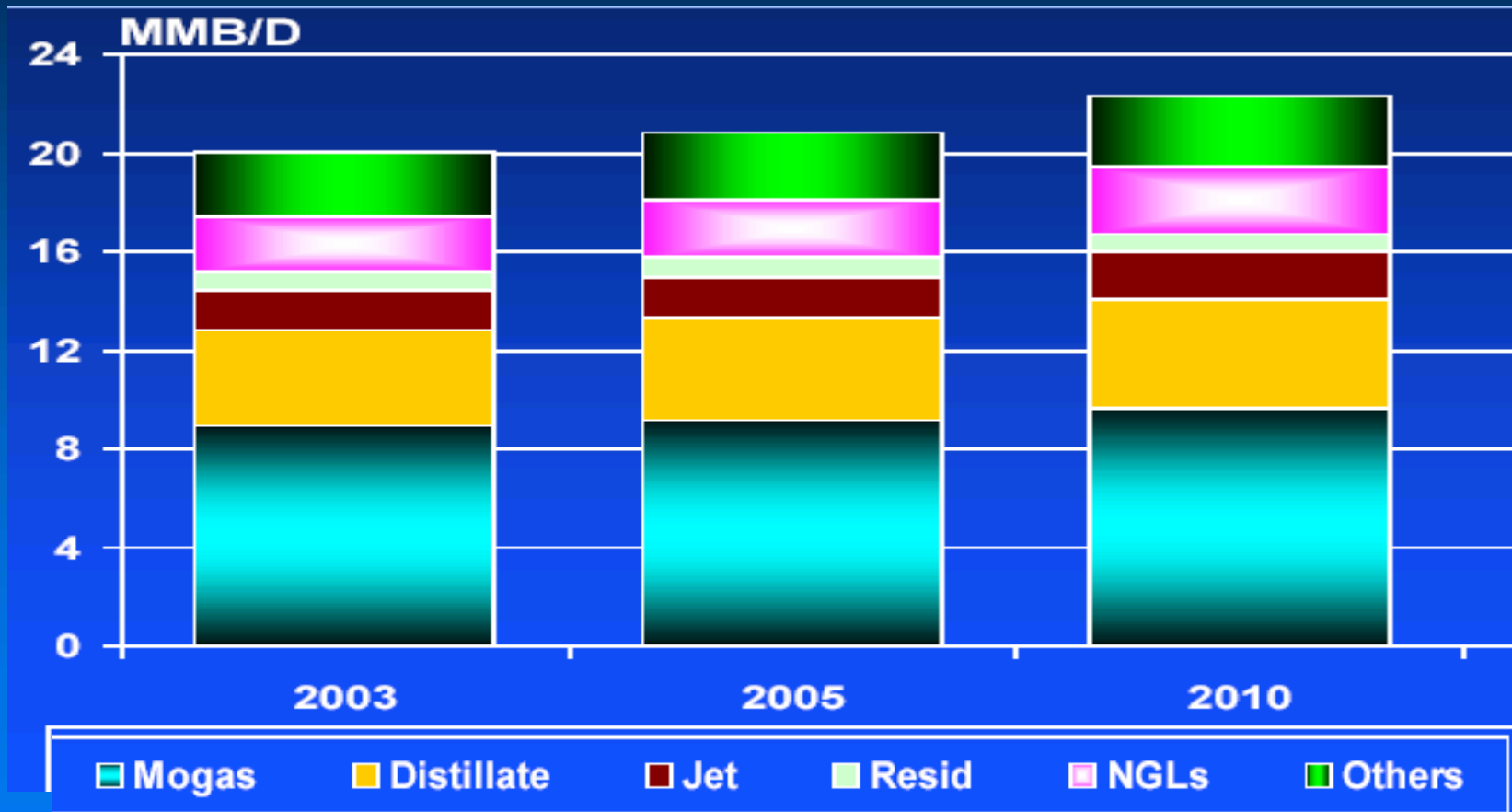


Source: EIA, January 2004 Short-Term Energy Outlook.

EIA National Demand/Near Term Forecast

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gasoline	1.4%	1.9%	2.4%
Distillate	3.8%	2.5%	1.3%
Jet	<u>2.1%</u>	<u>2.6%</u>	<u>1.9%</u>
TOTAL	2.1%	2.0%	1.9%

PIRA Petroleum Product Demand Forecast 2003-2010



2004 Results*

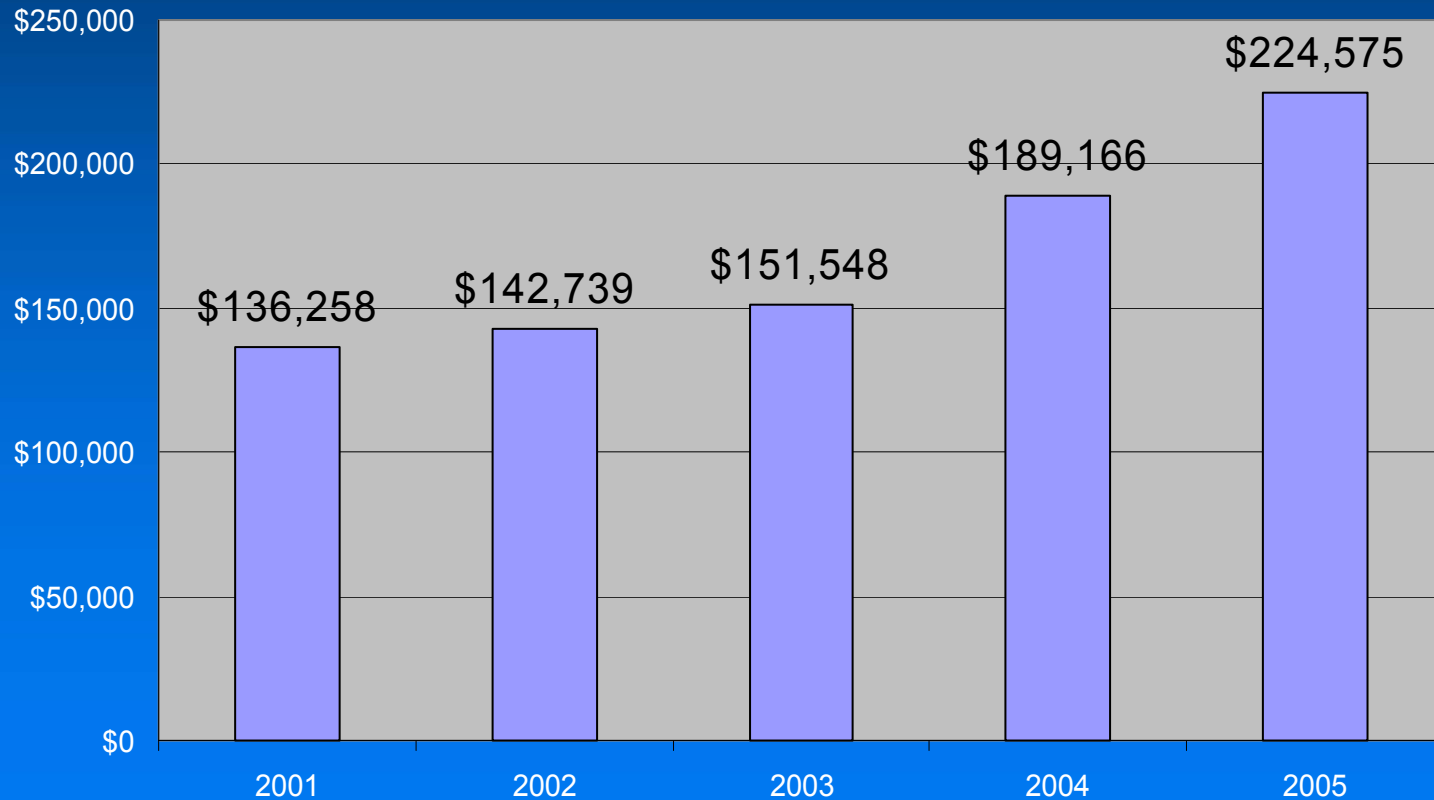
	<u>Pipeline Volumes MMBBL</u>			<u>Pipeline Revenues \$MM</u>		
	<u>2004</u>	<u>2003</u>	<u>Pct</u>	<u>2004</u>	<u>2003</u>	<u>Pct</u>
Pacific	419.9	413.0	1.7% ¹	319.2	302.6	5.5%
Calnev	46.3	44.7	3.8%	54.6	54.6	0.1%
Plantation	227.1	223.5	1.6%	166.0	157.8	5.2%
Heartland	7.5	7.4	0.9%	7.0	6.7	4.9%
CFPL	<u>37.8</u>	<u>35.2</u>	<u>7.5%</u>	<u>36.5</u>	<u>33.9</u>	<u>7.7%</u>
Total	738.6	723.7	2.1%	583.4	555.6	5.0%

*Includes Associated Terminals Revenues on Pacific, Calnev and CFPL, excludes Southeast Terminals and NGL revenues

¹Volumes unadjusted for ethanol impact; revenues include ethanol blending/injection

Refined Products

Terminal Revenue Growth (Thousand \$)



Terminal Revenue Growth

CURRENT DRIVERS:

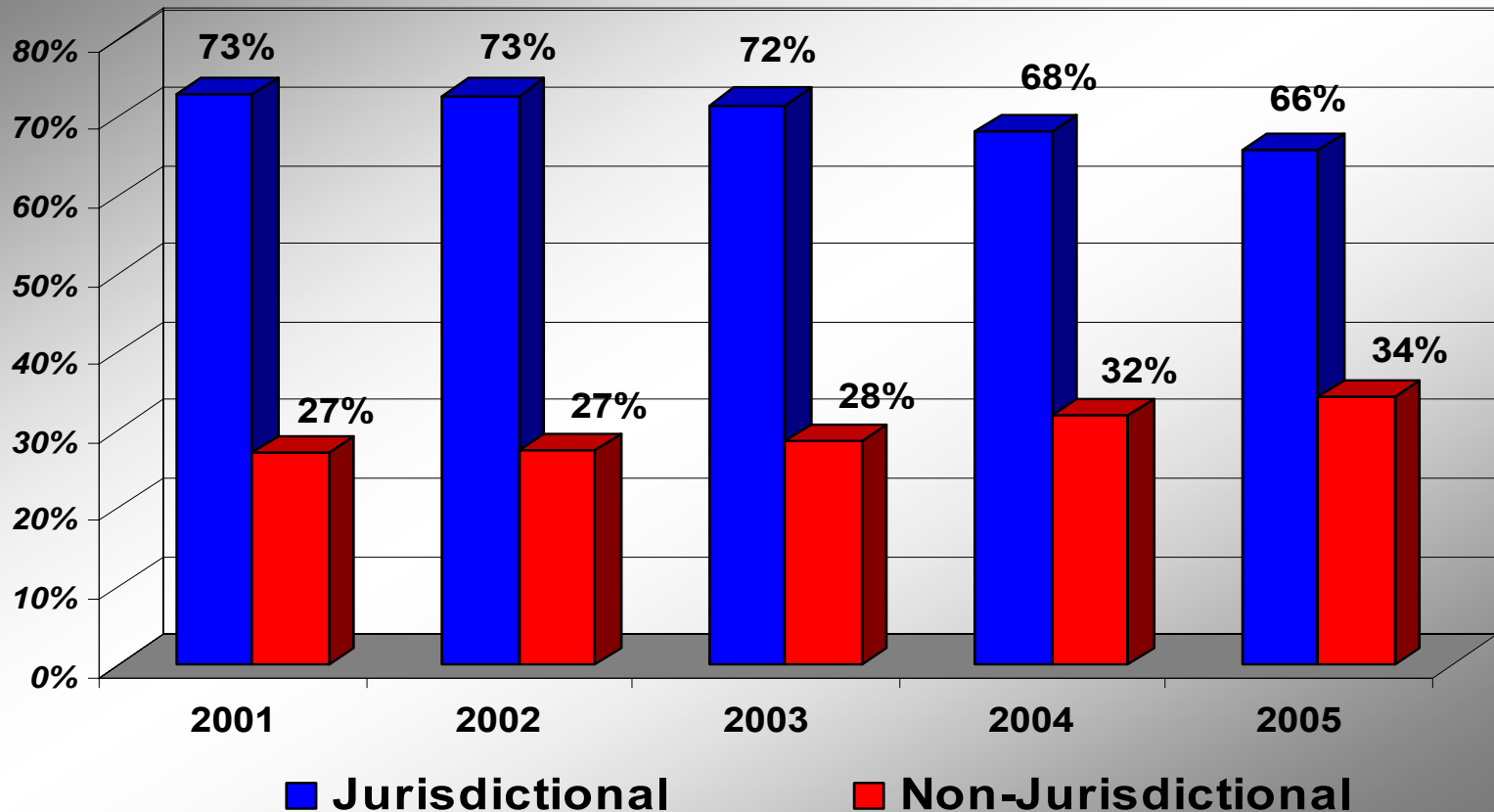
- '03 vs. '04 revenue growth of 24.8%
- Ethanol blending on West Coast
- Shell terminal acquisitions in California/Arizona/Nevada
- Marine imports (domestic/foreign) into Carson, CA terminal
 - Have increased 35% since 2000
 - Record imports in 2004
 - 1 in 4 Bbl now foreign import vs. 1 in 6 Bbl in 2000
- Southeast terminal acquisitions (XOM/COP/CTT)
 - 7 acquired in 2003/16 acquired in 2004
(10 months XOM / almost 2 months CTT in 2004 results)

Terminal Revenue Growth (continued)

FUTURE DRIVERS:

- Carson terminal expansion
 - Import growth (finished products and blendstocks)/traders seeking storage positions
- Expanding customer base in Southeast/tank utilization (8 new customers in 4Q alone)
- Ethanol blending in Southeast (Atlanta)
- Lubricity additive injection
 - West Coast/Southeast
- Acquisitions
 - Likely “one-offs” first half of 2005
 - Major integrated terminals packages may be marketed second half 2005/early 2006

Jurisdictional vs Non-Jurisdictional Revenue



Expansion Projects

LA HARBOR AND CARSON TERMINAL EXPANSION

- Investment: \$39.7 million
- Pipeline capacity increased by 50% to 10,000 BPH in 2004
- Tank Projects delayed 1Q 2004 by City of Carson Conditional Use Permit Approval
- “Good Neighbor” Agreement executed 3Q/2004
- Expect Permits by March 2005
- 4 tanks complete by year end; 6 additional tanks in 2006
- Negotiating with parties interested in 8 additional tanks

Expansion Projects (Continued)

LUBRICITY ADDITIVE PROJECTS

- Additive necessary in Low-Sulfur Diesel (not pipeline compatible)
- Southeast and Pacific Terminals Investment \$4.3 million
- Expected annual EBITDA \$2.5 million
- 5 units operational as of 12/31/2004 in Southeast/6 more by 2/1/05
- 13 additional units operational in California by May 2005

Expansion Projects (Pipelines)

PACIFIC NORTH LINE

- Completed in December 2004
- \$95 million investment
- Increased capacity to Sacramento by 48 B/D or 32%
 - Additional expansions through horsepower
- New Route out of sensitive Suisun Marsh area
- Environmental permitting 35 months/Construction time 7 months

PACIFIC EAST LINE EXPANSION

- Increase capacity El Paso to Tucson by 56%; Tucson to Phoenix by 80%
 - East Line Connection to Longhorn Pipeline completed in 2004
- \$210 million capital cost
- 12 mile segment through Tucson complete 1Q04
- Scheduled for completion 1Q 2006
 - Environmental permitting on track
 - Construction to begin 3Q 2005

2004 Acquisitions

ExxonMobil Terminals

- Seven terminals
- \$48 million purchase, additional \$1.2 million to be invested
- Approximately 3.2 million Bbl storage
- 10 year term agreement with ExxonMobil
- All seven connected to Plantation Pipe Line, two connected to Colonial Pipe Line

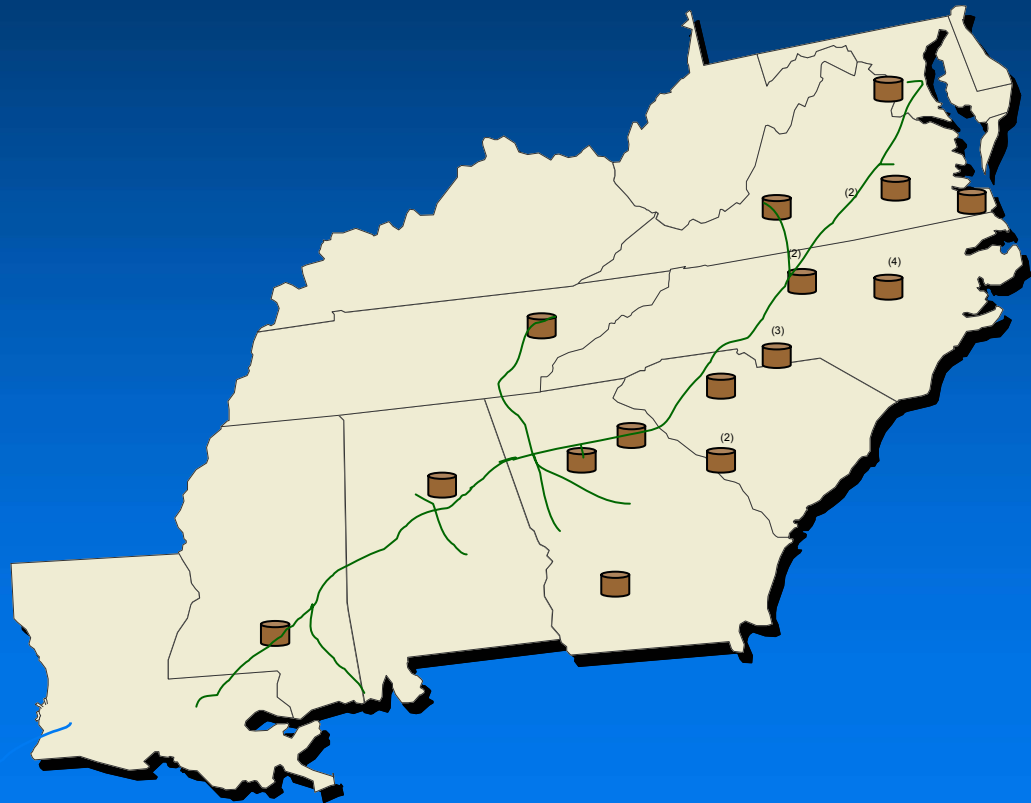
Charter Triad Terminals

- Nine terminals
- \$72.2 million purchase, additional \$1.8 million to be invested
- Approximately 3.2 million Bbl storage
- Customer split 42% majors; 58% other
- Three connected to Plantation Pipe Line, all nine connected to Colonial Pipe Line

KM Southeast Terminals

Kinder Morgan Terminal Locations

Albany, GA
Athens, GA
Birmingham, AL
Charlotte, NC (3)
Chesapeake, VA
Collins, MS
Doraville, GA
Greensboro, NC (2)
Knoxville, TN
N. Augusta, SC (2)
Newington, VA
Richmond, VA (2)
Roanoke, VA
Selma, NC (4)
Spartanburg, SC



2004 Acquisitions

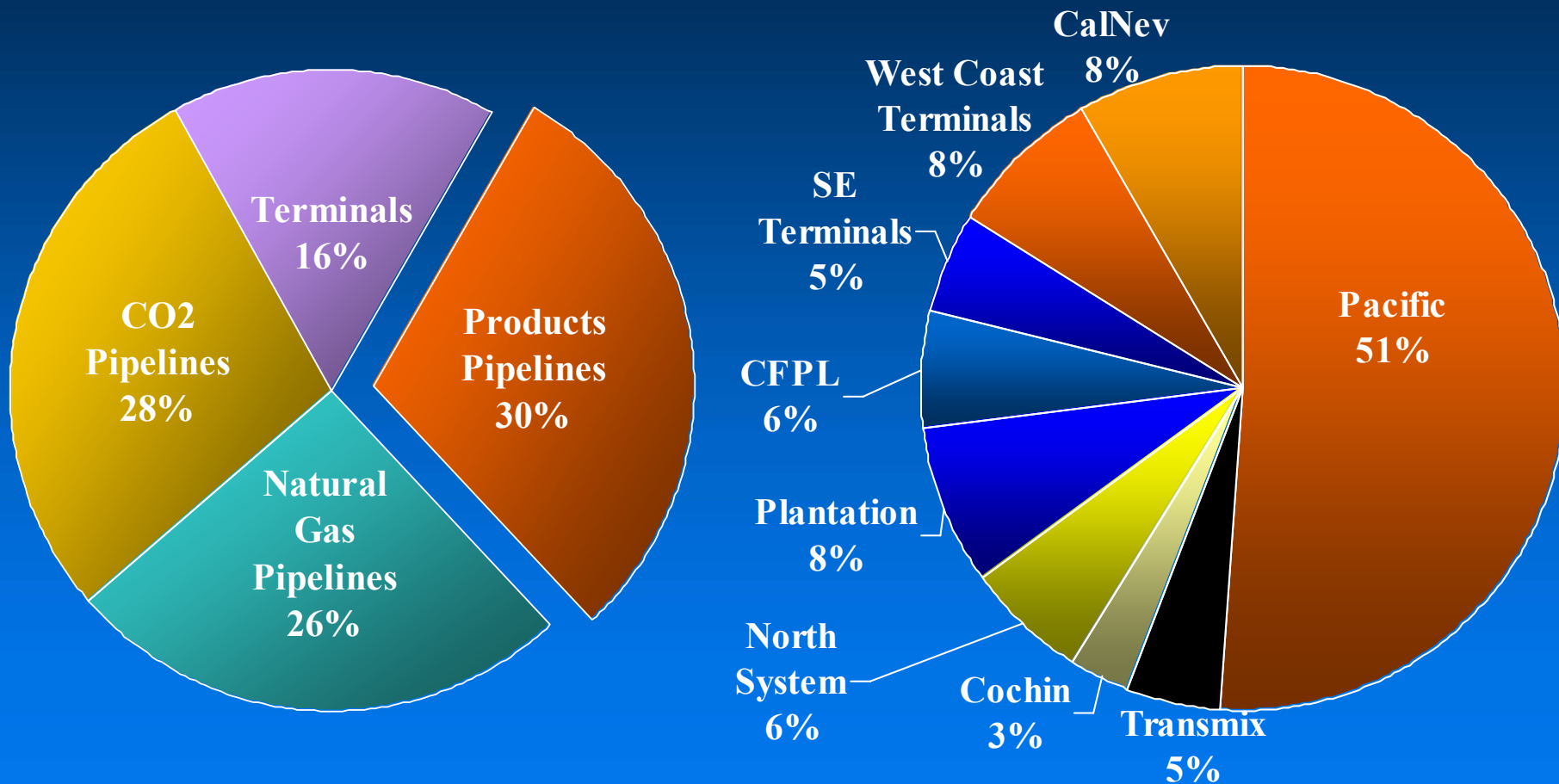
RECAP OF KINDER MORGAN SOUTHEAST TERMINALS

- TOTAL INVESTMENT \$144 MILLION
- 2004 DCF PERFORMANCE 18% OVER PLAN
(EXCLUDES CTT ACQUISITION 11/04)
- 2005 PLAN DCF OF \$24,330 MILLION, 89% over 2004 DCF

COCHIN PIPE LINE

- 5% INTEREST FROM CONOCOPHILLIPS (FOR APPROXIMATELY \$11M)
- 49.8% OWNERSHIP INTEREST
- COCHIN GROWTH OPPORTUNITIES
- 2004 COCHIN NET INCOME 86% OVER 2003

2005 Products Pipeline Segment Overview *



* 2005 budgeted distributable cash flow before G&A and interest

2005 Plan

	<u>Pipeline Volumes MMBBL</u>			<u>Pipeline Revenues \$MM</u>		
	<u>2005</u>	<u>2004</u>	<u>Pct</u>	<u>2005</u>	<u>2004</u>	<u>Pct</u>
Pacific	432.6	419.9	3.0%	343.4	319.2	7.6%
Calnev	48.0	46.3	3.6%	57.0	54.6	4.3%
Plantation	229.2	227.1	1.0%	174.3	166.0	5.0%
Heartland	9.3	7.5	24.3%	8.4	7.0	20.0%
CFPL	<u>38.8</u>	<u>37.8</u>	<u>2.5%</u>	<u>38.2</u>	<u>36.5</u>	<u>4.5%</u>
Total	757.9	738.6	2.6%	621.2	583.4	6.5%

Includes Associated Terminals, except KM Southeast Terminals

2005 Volume Forecast

- Expect continued growth in gasoline and jet volumes in line with demographic trends
- Pacific / Calnev
 - Expect 4% volume growth in Arizona and Las Vegas
 - Ethanol effect has been fully absorbed in 2004; gasoline demand expected to increase by 3% in 2005

2005 Volume Forecast (continued)

■ Plantation

- Expect 3.7% growth in Jet Fuel volumes. Continued growing demand at Atlanta, Charlotte, Dulles and Reagan.
- Length of haul will increase due to Colonial capacity issues during peak periods

■ Central Florida Pipeline

- Expect 2.5% volume growth due to tourism and demographic trends in Tampa/Orlando I-4 corridor

■ FERC Index

- 3.17% indexed tariff adjustment in July 2004
- 2005 Index: 3.25% in Plan. Current assessment is index increase will be approximately 3.6%

SFPP Rate Case Update

■ OR 92-8

- Original case/FERC Opinion 435 (1999) – West Line Grandfathering upheld/East Line cost of service
- Court of Appeals Decision (July 2004)
 - Upheld FERC’s favorable grandfathering determination on West Line rates
 - Case remanded in November 2004 from Ct. of Appeals to FERC on a number of issues, including income tax allowance
- No date set, or forum chosen, for remand proceeding at FERC

SFPP Rate Case Update (Continued)

■ OR 96-2

- Global complaint case (Complaints first filed in 1995-1997/FERC delayed adjudication until 2000 -- after Opinion 435 in OR92-8)
- Phase I Commission decision (March 2004) affirmed ALJ finding of “changed circumstances” on West Line. Reversed ALJ finding on North Line and Oregon Line. Requests for rehearing pending; decision also appealed by KM and shippers to D.C. Circuit.
- Phase II cost of service Initial Decision (“I.D.”) of Judge Zimmet has been fully briefed on exceptions to Commission (November/December 2004)
- Commission can accept, modify or reject all or portions of Phase II I.D.
- Commission decision not expected until early 3Q 2005 (assumes comparable 7 month lag from Phase I I.D. to Phase I Commission Decision)
- Phase I FERC decision stayed at Court of Appeals until Phase II decided

SFPP Rate Case Update (Continued)

NEW COMPLAINTS

- AIRLINES COMPLAINT (SEPTEMBER 2004); XOM/BP/COP COMPLAINTS (DECEMBER 2004)
- COMPLAINTS ATTACK ALL SFPP INTERSTATE RATES
- COMPLAINTS CONTEND “SUBSTANTIALLY CHANGED CIRCUMSTANCES” AND CONTINUED OVER-EARNINGS
- CASES LIKELY WILL BE CONSOLIDATED FOR HEARING
- NO ACTION ON COMPLAINTS EXPECTED UNTIL OR96-2 PROCEEDINGS ARE RESOLVED

SFPP Rate Case Update (Continued)

PL05-5

- INCOME TAX ALLOWANCE INQUIRY BY FERC TRIGGERED BY COURT OF APPEALS REMAND OF OR92-8. RESPONSES DUE JANUARY 21.
- TRADE GROUPS (AOPL, EEI, INGAA), INVESTMENT COMMUNITY, PTP AND INDIVIDUAL COMPANIES SUPPORT FULL INCOME TAX ALLOWANCE AND IGNORING CORPORATE FORM IN DETERMINING ALLOWANCE
- EXPECT FERC TO RESPOND TO COMMENTS QUICKLY; OUTCOMES COULD BE A COMMISSION DECISION ON TAX ALLOWANCE TREATMENT OR A RULEMAKING TO FURTHER STUDY THE ISSUE
- IMPACT ON TIMING AND SUBSTANTIVE ISSUES IN OR92-8 REMAND AND OR96-2 ARE UNCLEAR UNTIL FERC ACTS

EARNINGS GUIDANCE REGARDING TIMING AND OUTCOMES OF SFPP CASES REMAINS UNCHANGED

Safety

- Our objective year in/year out is Incident free operations.
- High profile incidents (Tucson, 2003; Suisun Marsh and Walnut Creek (2004))
- KM performance vs. pipeline industry (reportable pipeline incidents per 1,000 miles of pipeline)

- 1998-2003 KM performance better than industry 5 of 6 years
- Over 6-year period KM performance .46 vs. industry rate of .57.
- KM performance vs. prior asset owners (reportable pipeline incidents)

<u>1991-1997</u>	<u>1998-2004</u>	<u>% Change</u>
45	26	-42%

- IMP Rule Performance

DOT required 50% of pipelines in HCA's to be internally inspected by September 30, 2004. KM Refined Products Lines: 67% of miles in HCA's/65% of all miles

- Percentage of miles inspected prior to IMP Rule requiring internal inspection:
 - SFPP 97%
 - CALNEV 99%
 - PPL 91%

KINDER  MORGAN
