



**WHOLESALE
ENERGY GROUP**

INTRODUCTORY MEETING
MISSOURI PUBLIC SERVICE

November 9, 1998

Jack L. Farley
Vice President
(713) 207-3271

Richard Benedict
Director
(713) 207-6823

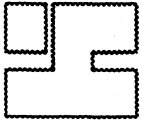
Terry Lane
Marketing Director
(713) 207-5117



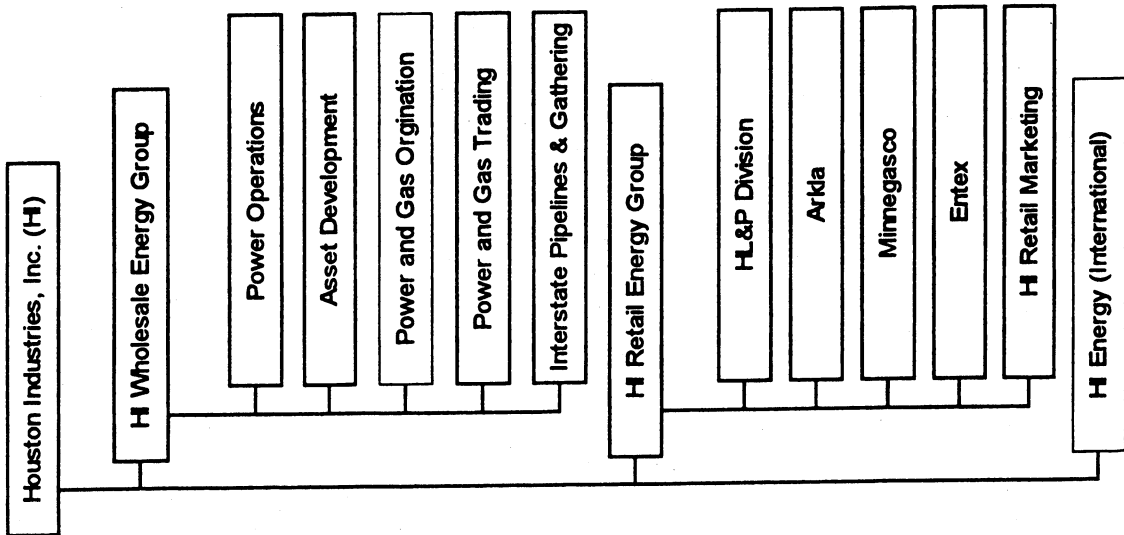
WHOLESALE
ENERGY GROUP

INTRODUCTION TO HOUSTON INDUSTRIES WHOLESAL ENERGY GROUP (HIWEG)

- Parent - Houston Industries, Inc.
- Accomplishments
- Capabilities
- Relative comparison



HIWEG PARENT - HOUSTON INDUSTRIES, INC.

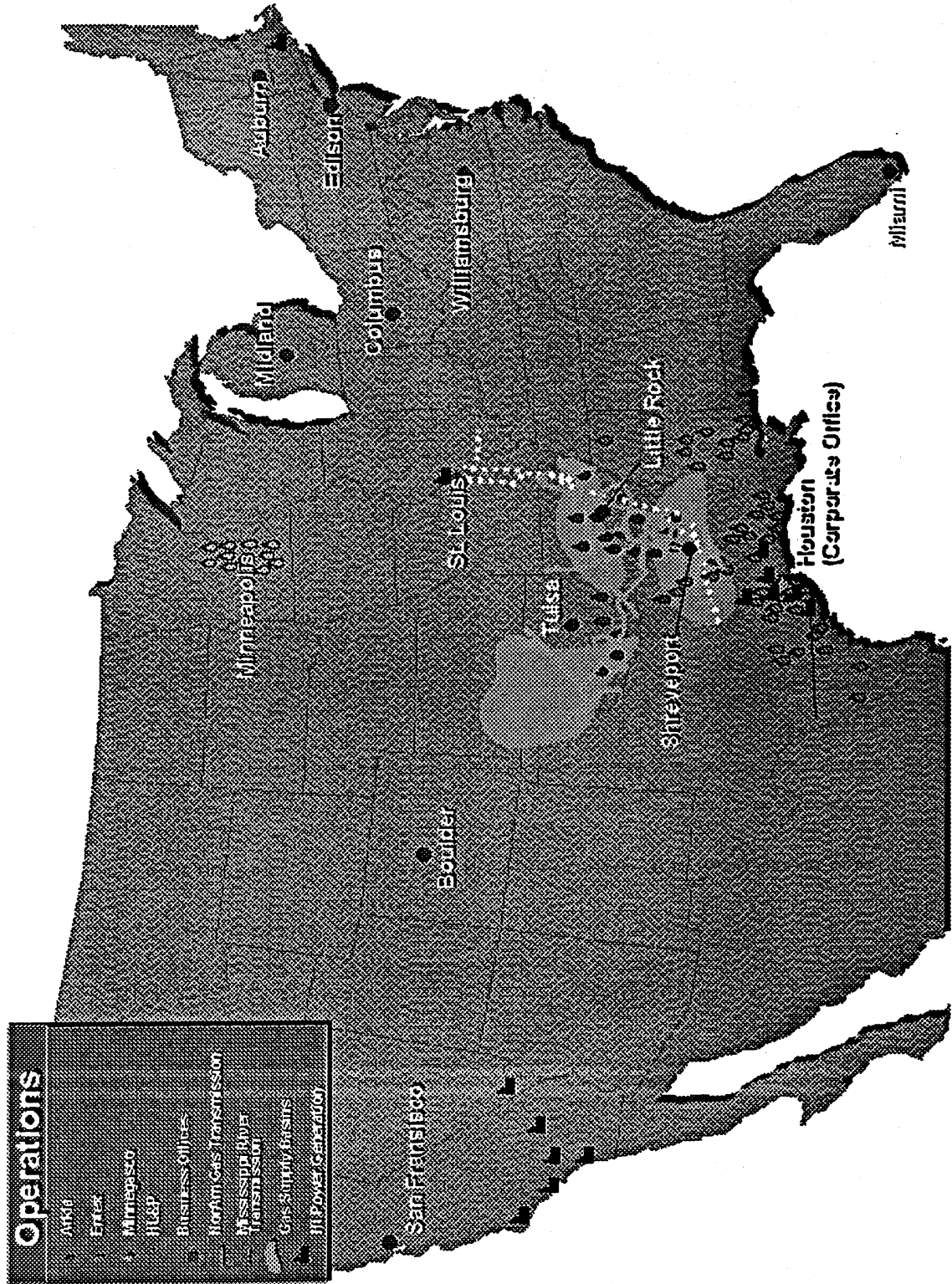


- 12.8 million retail customers world-wide
- One of top 5 gas and power utilities in United States
 - 3.8 million customers
 - \$18 billion in assets
- 17,840 MW of generation assets
 - 14,040 MW regulated
 - 3,780 MW unregulated
 - >1,500 MW under development
- Top 10 power and gas marketer
 - Largest end-user of gas in United States
 - 80 million MWh unregulated power volumes annually
 - 4.0 BCF/D unregulated gas volumes in 1997
- Major mid-continent gas transmission system
 - NorAm Gas Transmission and Mississippi River Transportation



WHOLESALE
ENERGY GROUP

HOUSTON INDUSTRIES, INC. - DOMESTIC BUSINESS OPERATIONS



11/09/98

Missouri Public Service



UNREGULATED UPSTREAM ASPIRATION



**Build a top 5 generation
and wholesale
marketing business**

- 25,000+ MW in generating assets; multi-billion dollar investment
 - Greenfield development, asset acquisition and corporate acquisition
 - Major regional presence in Texas, Western United States and Mid-continent
- Industry leading upstream skills
 - Asset development, marketing, trading, operations, dynamic control systems
- Complementing (and leveraging) existing pipeline, gathering and storage assets



HI WHOLESALE ENERGY GROUP ACCOMPLISHMENTS

- Operate 17,840 MW of domestic generation
 - 14,040 MW regulated (9,335 MW gas, 3,855 MW coal/lignite, 770 MW nuclear)
 - 3,780 MW unregulated (100% gas)
 - Over 2,000 MW mature developments, announced projects include:
 - 480 MW CCGT under construction in Nevada (El Dorado)
 - 650 MW Cogen in Roxana, Illinois (Cardinal Energy)
 - 100 MW Cogen under construction in Texas (Sabine)
 - 500 MW CCGT in Rhode Island (Hope)

- Manage three control areas in Texas and provide services to two others
 - Developed best-in-industry systems and processes

- Optimize 3,780 MW California supply portfolio on a day-ahead and hour-ahead basis across the fuel, power and ancillary services markets

HIPG GAS TURBINE EXPERIENCE

- Simple Cycle Gas Turbines (summer rating @ 100 degrees F)
 - Turbodyne 6 x 57 MW 342 MW
 - GE 7C 6 x 58 MW 348 MW
 - GE 5L 6 x 13 MW 78 MW
 - Westinghouse 4 x 13 MW 52 MW
 - Westinghouse 1 x 23 MW 23 MW

- Combined Cycle Gas Turbines (summer rating @ 100 degrees F)
 - 2 GE Stag 407 Combined Cycle Units 672 MW

- Cogeneration Gas Turbine Plants (summer rating @ 97 degrees F)
 - Shell - Deer Park
 - 2 GE 7EA's ABB HRSG's 164 MW/1,000 Klb/hr steam
 - San Jacinto
 - 2 GE 7EA's/2 Deltak HRSG's 164 MW/700 Klb/hr steam



CAPABILITIES OF HI WHOLESALE ENERGY GROUP

Own and operate large regional generation and supply portfolio.

1. Acquire existing generation
2. Provide control area services (e.g., back-up power, load control)
3. Develop and manage construction of new greenfield generation
4. Operate fossil fuel generation facilities in cost effective manner
5. Purchase low cost fuel, power, transmission and ancillary services in spot and term markets
6. Provide term risk management of fuel and power prices
7. Finance generation asset projects