



## ANNUAL ENERGY INDUSTRY REVIEW

January 22, 2008

Once again, it's time for our annual "Year-In-Review". We hope you find this recap of market information useful and we look forward to assisting you achieve continued business success in 2008 and beyond.

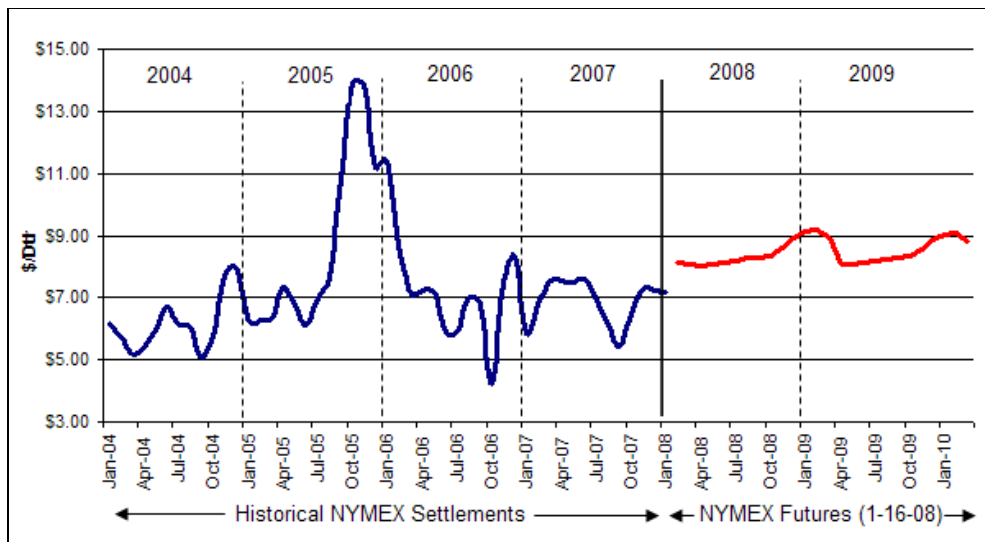
### The Year In Review

Comparatively speaking, 2007 was actually a somewhat stable year for gas prices. When we look at the monthly NYMEX settlement graph below, we see that 2007 prices stabilized in the range of \$5.50 - \$7.50 per mmBtu. (Note these are the commodity futures prices only and additional costs for pipeline and LDC transportation must be added to approximate the "delivered to facility" price.) While these price levels are low compared to the price spike in the winter of 2005/2006, we understand they still created challenges for our customers as they managed last year's energy budgets. Intraday price volatility was particularly noticeable in 2007. With \$0.50+/dth daily swings in the NYMEX futures price very common, month end settlements tended to trend back toward a tighter range.

### The Future

Looking ahead, the current one year forward NYMEX natural gas futures price strip is trading in the neighborhood of \$8.30/dth and the current two year forward strip is trading in the neighborhood of \$8.40/dth. The January 2008 Energy Information Administration forecast projects prices to average \$7.78/dth in 2008 and \$7.92/dth in 2009. Remember to be careful when using any forecast to imply future prices to your own facility as these numbers reflect constant usage per month. Most facilities do not have such flat load factors and need to weight the forecast numbers based upon how natural gas is actually consumed.

**NYMEX Natural Gas Commodity Prices**



Predicting the future is never an easy task, especially in the energy business, but looking forward to 2008 promises to be particularly difficult to call based on the uncertainty in many of the traditional price indicators.

For example:

- What effect will \$90-\$100/bbl crude oil prices have on natural gas?
- What effect will changing weather patterns have on consumption and prices?

(Cont'd.)

- Will there be significant world events that affect energy prices?
- What effect will LNG imports have on natural gas prices and volatility?
- What effect will worldwide supply and demand have as energy increasingly becomes a worldwide market?

While we don't have a crystal ball, we do know that energy prices will continue to be volatile, reacting to both short-term marketplace events and long-term trends.

**What Should You Do?**

Uncertainty shouldn't mean inactivity. At CenterPoint Energy, our business is helping customers effectively manage their energy purchases in terms of cost, reliability and predictability. Your personal Account Executive is available to sit down and discuss how your unique energy challenges can be effectively planned for and managed. Please take advantage of this valuable resource by contacting your representative at one of the phone numbers listed below.

**Other CenterPoint Energy Services News**

2007 was a very exciting year for CenterPoint Energy Services.

- The number of customers we serve increased dramatically with the acquisition of groups in Pennsylvania, Indiana and South Dakota. Our new Hershey, PA office serves the Pennsylvania market, while the Merrillville, IN office serves Indiana and our Minneapolis office provides service to eastern South Dakota.
- A significant upgrade was made to our web site, making it easier for customers to get answers to questions and access information on their accounts. Our site address is: <http://www.centerpointenergy.com/ces>
- Several large ethanol bio-refining facilities were added to our customer mix bringing the total served in 2008 to almost 30.

We're excited about the opportunities that 2008 presents and look forward to another successful year of helping our customers achieve their business objectives by providing effective, competitive energy solutions. Our customers are at the center of all we do and we wish you the very best in the New Year!

**All the best for the 2008!  
Your friends at CenterPoint Energy Services**

Chicago/Merrillville -800-423-2080  
Madison - 800-893-8460

Hershey - 717-520-3670  
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***Always There***