



Energy News

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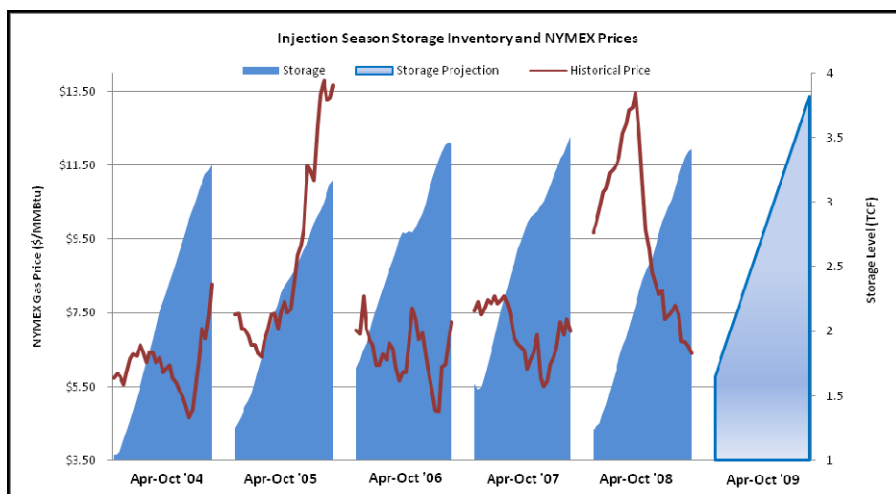
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Natural Gas Storage: The Underground Asset

One of the key indicators for the overall natural gas market is storage inventory. At the risk of oversimplification, supply minus demand equals storage.

Right now we find ourselves in a situation where supply is clearly overpowering demand. If the above formula holds true, then we should see some potentially dramatic storage builds between now and next November.

The graph below charts storage levels over the past 5 injection seasons (April through October). The red lines show average market prices for the same period. Clearly we can see that storage alone is not the only driver of prices over a longer period of time.



However, taking a look at the shorter term, storage can have a significant impact on prices. On March 19, 2009 the national storage reserve experienced a withdrawal of 30 Bcf that exceeded expectations, and prices rocketed almost 27%. One week later, when the reserve experienced an unanticipated injection of 3 Bcf, the opposite occurred to the tune of a 12.5% drop.

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We find ourselves poised at the beginning of another injection season. Should current market and economic conditions persist through the summer, the projected storage reserve could reach all time highs and soften prices even further.

Some factors that might prevent that from occurring would be the continued dramatic decrease in the number of gas rigs (see last month's edition of *Energy News*) or a substantial increase in demand through economic improvements or an unusually hot summer.

Regardless if that record storage inventory level is reached or not, history tells us that price volatility will probably be part of the overall equation.

As always, your Center Point Energy account executive is available to personally discuss this and other important issues that affect your business.

Regional Reports

Gulf Coast

Louisiana/Mississippi/Texas

CERC in Texas has Approved Transport to Smaller Customers:

Effective May 1st, 2009, customers using between 25-50 Dth/day are eligible to purchase natural gas from CES. Contact your account executive to save money by expanding your facility purchases!

Midwest

Iowa/Minnesota/South Dakota/Wisconsin

MN Senate Gives Initial OK to New Nuclear Power Plants:

The Minnesota Senate has given preliminary approval to a measure making way for new nuclear power plants in Minnesota. The Senate action comes just a week after a House energy

committee rejected a bill to lift the current ban on new nuclear facilities. Lawmakers then listened to nearly seven hours of testimony. The proposal was tacked on Thursday to an energy policy omnibus bill that will get a final Senate vote later. Proponents say Minnesota's current moratorium means nuclear energy can't even be part of a conversation on the state's future energy needs. Opponents are concerned about storing nuclear waste and fear that renewable energy goals won't be met if the focus shifts to nuclear. *As reported by the Associated Press on StarTribune.com.*

WI Plant Operating Rate Falls to 60-Year Low:

Output from U.S. factories fell in February for the fourth consecutive month, down to 67% of capacity, the lowest level on record since 1948, according to the Federal Reserve. The drop occurred even though production at U.S. automotive factories rose, after extended plant shutdowns. Production at auto plants rose 10% in February after a 25% decline in January. The related metal-forming industry has 76% of the companies indicating they have a portion of their work force on short time or layoff, compared with only 19% a year ago.

WI Expands Wind Industry Production:

Wisconsin has been a supply-chain state, first to the farm implement industry, then to the auto industry. The wind industry has been growing at a record pace, year after year, and Wisconsin has been a part of it and wants a bigger piece of the pie. Much of the activity is in the northeastern part of the state where 95 companies are supplying the wind industry by manufacturing and transporting components, like wind towers, blades, and cells. Wisconsin hasn't been as aggressive as some states - like Colorado and Pennsylvania, in courting the factories that make wind turbines but that's changing. The economic stimulus package includes tax credits for companies involved in production of advanced energy technology and the possibility of converting the tax credits into grants. For Wisconsin, the wind industry could certainly become a viable growth industry.

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Regional Reports (continued)

North Central Illinois/Indiana

NICOR Rate Increase:

Nicor has received approval from the Illinois Commerce Commission for their latest delivery rate increase.

- The rate hike provides an additional \$69 million in revenue.
- Nicor's initial request was for \$140 million
- Nicor spokeswoman Annette Martinez noted: "Even under the new rates, Nicor Gas will continue to have the lowest rates of any major natural gas utility in Illinois and among the lowest in the entire United States."
- The Citizens Utility Board (CUB) (a Chicago-based consumer watchdog) plans to appeal the ICC decision in the next 30 days.

Call your CenterPoint Energy representative for more information on this topic.

Northeast Pennsylvania

Three million dollars is available on a first-come, first-serve basis to help small businesses pay for projects that improve energy efficiency. Applications must be received by May 1. To qualify, projects must save at least:

- \$1,000 a year in energy costs
- 20 percent of the applicant's annual energy costs

The grant will provide up to 25% of project costs for a maximum of \$25,000. Eligible applicants must meet the following requirements:

- Independent, for-profit small business
- 100 or fewer employees
- Business or facility located in Pennsylvania

Examples of eligible energy efficiency projects include:

- Lighting
- Heating/cooling
- Refrigeration
- Building insulation/weatherization improvements

Only project costs incurred after the grant opening date will be eligible. Applications are available at www.depweb.state.pa.us. Enter keyword Small Business Energy Efficiency Grant Program.

Customer Corner

Novolyte Technologies



Novolyte Technologies is a new company with a thirty year history. It was incorporated on November 1, 2008, but Novolyte traces its roots back to the Ferro Fine Chemicals business and before that Grant Chemical. Novolyte, headquartered in Cleveland, Ohio is a specialty materials producer with manufacturing in Louisiana and China and was recently formed when Ferro sold the Fine Chemicals business to Arsenal Capital Partners.

The business consists of two business platforms: Energy Storage Products and Performance Materials. The Energy Storage business provides products for the exciting lithium ion battery industry application including

medical devices (pacemakers), laptop computers, mobile phones, MP3 players, and most recently Hybrid Electric Vehicles. The Performance materials segment provides solvents and other specialty materials for pharmaceuticals, agricultural, coatings, inks, gas scrubbing, nylon, and a host of other specialty applications. These materials provide critical functionality to the finished products such as strength in nylon airbags in your automobile.

Novolyte employs 200 people globally with sales in over 25 countries. Key to their success is the great care their people take in developing and manufacturing products for their customers.

Novolyte (formerly Ferro Corp-Grant Chemicals Division) has been a CenterPoint Energy Intrastate Pipelines, LLC customer for many years and Mike Smelley is their account executive.

Note: If you'd like to feature your company here, contact your account executive.

Energy News

Regional Offices

Reliable service. People you trust.

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Midcontinent/Southeast

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Midwest

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Northeast

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Newsletters

Our monthly newsletters can be found on our website under *News*

View your account/usage online

See our CES Online Access form at our website under *News*

View/Pay your bill online at our website

See our website for details under *Make a Payment*



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CenterPoint Energy Services is our non-regulated energy marketing group delivering competitive options to commercial, industrial, and wholesale customers.



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