



ENERGY NEWS

July, 2008

Market Trends—July 2008

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In the past two issues of *Energy News*, we have focused on the current high price environment for natural gas – both the prices we are paying now and the prices the futures market indicates we should expect for the upcoming winter months. The graph above illustrates the monthly NYMEX natural gas futures market settlement prices from Jan04 to Jul08 and extends through 2009 by using the futures prices as of July 8, 2008. (Note that the prompt month has dropped over \$1.00/dth since July 7th.) At the risk of sounding repetitive, we feel it's extremely important for all our customers to be aware of where prices are today and to make plans to operate their businesses with natural gas prices at these levels. Your CenterPoint Energy Account Executive is available to work through various price management strategies that can help you manage the unique requirements of you facility. We invite you to take advantage of their expertise by calling them at the number on page 3.

In addition to managing the price of energy, it's important to also manage the amount of energy you use. Now is a good time to take a look at your historical usage patterns and put some thought into where you can use less energy or use energy more efficiently. Common approaches run from lowering the set point of your space heating thermostat, to adding more insulation to your building envelope, to installing strategically placed ceiling fans, to performing a complete tune-up of your heating/cooling systems. While CenterPoint Energy Services isn't involved directly with implementing demand-side energy programs, we can help get you in touch with the appropriate people at you local natural gas utility – many of which offer excellent conservation and energy efficiency programs. Again, call your CenterPoint Energy Services Account Executive for more information.

At CenterPoint Energy Services, we see ourselves as partners with our customers in the effort to manage natural gas costs. Whether through innovative products, customized price risk management strategies, or simple good advice, we are here to help you. Please call us with any energy related question.

This publication is not to be construed as an offer to sell or a solicitation of an offer to buy any of the commodities or futures options referenced herein. Reliance upon information in this publication is at the sole risk of the reader.

REGIONAL REPORTS

ILLINOIS/INDIANA UPDATE

August 1st will bring changes for Peoples Gas and North Shore Gas customers in IL. Per the most recent rate case, these utilities are implementing some important tariff restrictions that transportation customers should be aware of. First, the accounts will be limited in how much gas can be delivered to the Peoples Gas and North Shore Gas systems via a Maximum Daily Nomination (MDN). This MDN will allow approximately 20% of an accounts storage bank to be injected in any one month. Each year this MDN will be in effect from April to October. Though for this first year of the new rate case, the MDN is not starting until 8/1/2008.

The second major change is that customers who switch marketer's will be able to move from one marketer's pool to another. Previously if a new client signed with CenterPoint Energy, we were prohibited from adding the account to one of our Supplier Pools until the contract change date of May 1st imposed by the utility. Pooling is a benefit to our customers as it provides penalty protection along with the ability for CenterPoint to offer additional customized products. Please contact your account representative for additional information about these changes.

PENNSYLVANIA UPDATE

Dominion Gas Sold to Aussie Firm: Dominion Peoples, Pittsburgh's largest natural gas utility, is being sold to the San Francisco-based affiliate of an Australian asset

management firm in a deal valued at \$910 million.

The company's corporate parent, Dominion Inc., announced yesterday that it is selling Dominion Peoples, along with West Virginia's Dominion Hope, to Babcock & Brown Infrastructure Fund North America, an affiliate of Sydney-based Babcock & Brown. The transaction is expected to close in 2009.

Michael Cyrus, the infrastructure fund's chief operating officer, said the firm was among the bidders when Dominion first placed its local assets on the block back in 2006. Dominion accepted a \$970 million bid from Equitable Gas in March 2006, but the companies canceled the deal in January after delays in gaining government approval.

Mr. Cyrus expressed the hope of avoiding that type of delay. "We expect that we'll move as quickly as the process allows us," he said. "The term I've used around here is 'smooth sailing.'" He said Babcock & Brown Infrastructure intends to make no changes in the workforce or the management of either Dominion Peoples or Dominion Hope, and his firm has informed union leadership that it wants "keep current employees under the current terms of their employment."

Both companies, however, would experience name changes. Dominion Peoples would revert to a name familiar to longtime customers, Peoples Natural Gas, while Dominion Hope would become Hope Gas. While not disclosing the financing structure of the transaction, Mr. Cyrus said the deal would involve assets and debt "with typical proportions that regulators are used to seeing." "We've structured it so that we think it'll work for everybody," he said.

The deal with Babcock & Brown Infrastructure would make Dominion Peoples the second local utility to be acquired by an entity with roots in Australia. In June 2007, Duquesne Light was bought by a consortium led by Macquarie Infrastructure Partners, a subsidiary of Macquarie Bank, Australia's largest investment bank.

WISCONSIN UPDATE

WE Power Plant Will Upgrade: Wisconsin regulators approved plans for WE Energies to install new pollution controls on its aging Oak Creek coal-fired power plant. WE is authorized to spend \$830 million to install desulfurization and selective catalytic reduction technology to reduce sulfur dioxide by 80% and nitrogen oxide emissions by 60%. WE Energies needed the controls to satisfy the federal clean air regulations and meet the 2012 deadline for the plant, which produces 20% of the utility's power. The \$830 cost will be borne by ratepayers.

WPS Settles Air Pollution Lawsuit: WPS and the Wisconsin attorney general have settled a lawsuit whereby WPS will pay penalties and fees totaling \$225,000 and pay \$250,000 to the Wisconsin Energy Conservation Corporation, to be used on efficiency/conservation measures. It's alleged to WPS coal plant, near Wausau, exceeded its air pollution limits between 2004 and 2007.

SAVE THIS DATE: Wisconsin Customer Meeting: Tuesday, August 26 starting at 9:00 a.m.—Lunch at the new east side Holiday Inn in Madison. Details to follow.



Customer Corner

NRG's Minneapolis Energy Center is a large district heating and cooling system that provides steam to 92 commercial customers and chilled water to 38 commercial customers in downtown Minneapolis. NRG was started in 1972 by Ken Linwick. He remained President until his retirement in 1992.

To meet the customer heating and cooling needs, the Minneapolis Energy Center system consists of one main plant, three satellite plants, four standby plants, six

miles of steam distribution lines and five miles of chilled water distribution lines that transport steam and chilled water to the customer buildings for winter heating and summer cooling.

Customer demand for steam on a cold day can reach 800,000 lbs./hr. and customer demand for chilled water on a real hot day can reach 30,000 tons.

The Energy Center plants are equipped with steam boilers and ancillary equipment

capable of producing large quantities of steam. The Energy Center boilers typically deliver steam at a pressure of 250 pounds per square inch and a temperature of 400° F.

Henry Hanson has been the Director of Operations since August, 1992. As of August 6, 2008, Henry will retire.

Terry Cassidy is their account representative in Minneapolis.



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CenterPoint Energy is one of America's leading energy delivery companies. Our focus is helping customers achieve their business objectives by providing effective energy solutions.

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



Website:

www.CenterPointEnergy.com/ces

UPCOMING CUSTOMER MEETINGS

August 26 Wisconsin
August 28 Minneapolis

More information to follow.

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OR CALL 866-578-7617

See our website for details under "Make a Payment".

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