



Energy News

In this Issue:

June 2009

Here Comes Hurricane Season

Increase to EDS Fees

1-2

Regional Reports: 2-3

Gulf Coast

Midwest

North Central

Northeast

Customer Corner 3

POET

Regional Offices 4

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.

Here Comes Hurricane Season

The 2009 hurricane season starts June 1st. In 2005, the devastating effects of Hurricanes Katrina and Rita sent natural gas and oil prices soaring to unprecedented levels. Although hurricane fears can be the source of major price volatility, the past few years have seen a vigorous transition to onshore production which has reduced the effect of disruption on Gulf of Mexico production. So, when Hurricanes Gustav and Ike blew through the Gulf last year, a majority of the Gulf supply was shut in, and yet prices did not react as they did in 2005. This was partially due to waning demand, but mostly to exceptional onshore supply growth.

The consensus among most forecasters for the upcoming hurricane season is very close to the long term (1950-2008) average. Renowned forecaster William Gray at Colorado State University is calling for 12 named storms, 6 hurricanes, and 2 intense hurricanes (category 3 or greater). As seen in the chart below, expectations are most similar to 2006 when not a single hurricane made landfall in the U.S. Most forecasters attribute these lower expectations to cooler sea surface temperatures in the tropical Atlantic and a trend towards El Nino conditions in the tropical Pacific which can increase the amount of vertical wind shear in the tropical Atlantic. Both of these conditions are less conducive for an active Atlantic hurricane season.

Hurricane season can be a stressful time with much uncertainty. It may be time to evaluate your energy needs and speak with your CenterPoint Account Executive about developing a strategy for the upcoming hurricane season.

2000 - 2008 Tropical Activity			
Period	Named Storms	Hurricanes	Intense Hurricanes
2000	14	8	3
2001	15	9	4
2002	12	4	2
2003	16	7	3
2004	15	9	6
2005	28	15	7
2006	10	5	2
2007	15	6	2
2008	16	8	5
1950-2008 Avg	9.8	6	2.5

Energy News

EDS to Increase Credit Card Transaction Fees – Effective June 1, 2009

The Credit Card transaction fees for paying your CES invoices will be increased from \$60.00 to \$175.00. EDS is a third party credit card processing company and it is EDS that is increasing fees, not CES.

Regional Reports

Gulf Coast

Louisiana/Mississippi/Texas

Obama Proposes Removal of Tax Breaks:

Tom Pauken, chairman of the Texas Workforce Commission, has joined other top officials from energy-producing states in challenging the Obama administration over tax proposals they claim could cripple efforts to produce gas and oil in their states. Pauken said, "Overall it would be terribly destructive of the one area I think is best suited to lead Texas out of this recession."

President Obama's proposed budget for FY 2010 calls for elimination of the following eight tax breaks which benefit oil and gas corporations:

- Enhanced oil recovery credit
- Marginal well tax credit
- Expensing of intangible drilling costs
- Deduction for tertiary injectants
- Passive loss exemption for working interest in oil and gas properties
- Manufacturing tax deduction for oil and gas companies
- Percentage depletion for oil and gas
- Preferential time-period treatment for geological and geophysical amortization for independent producers

"Energy has held us up, and it's not just the 100,000 direct jobs," said Pauken. "There are a lot of indirect jobs. Our market economists estimate a half a million jobs are dependent upon the domestic energy industry in Texas." Because of this, Pauken says the repeal of the industry's tax breaks would hit Texas especially hard.

Midwest

Iowa/Minnesota/South Dakota/Wisconsin

MN Judge Mulls Prairie Island Nuclear Plant's

Request to Expand: An administrative law judge has started wading through hundreds of comments on Xcel Energy's application to increase capacity and storage at the Prairie Island nuclear plant. Xcel wants the facility in Red Wing, MN to produce 164 additional megawatts of power and be able to store up to 35 more casks of nuclear waste.

After looking through comments on the proposed expansion, the administrative law judge will make a recommendation to the Minnesota Public Utilities Commission. The PUC will then decide whether to issue the necessary permits.

Xcel operates Minnesota's only two nuclear plants. The other is near Monticello. The only way nuclear power could be expanded in Minnesota is by upgrading those two facilities. The state currently has a ban on new nuclear plants.

As reported by the Associated Press on StarTribune.com.

Wisconsin Updates:

WPS to test iGoogle Energy Monitor:

Wisconsin Public Service (WPS) in Green Bay is testing an energy monitor that allows customers to view their hourly electric use. The idea behind the power management option is to save money on electric costs by letting homeowners track how much energy they're using and seeing when their energy use spikes. Google's new PowerMeter takes the hourly reads and sends it to Google where it can be viewed on a home computer. Currently 50 homeowners are testing the product. WE Energies of Milwaukee is considering a similar pilot program.

Alliant Energy Power Plant Plans on Hold:

Alliant Energy Corp. has delayed until next year a decision on how to proceed after being dealt setbacks in building new coal-fired power plants in Wisconsin and Iowa. They indicate they have seen a dramatic drop in energy sales in the first quarter and the increasing likelihood of legislation in Washington D.C. that would regulate carbon dioxide emissions or beef up mandates relating to wind power. Alliant is forecasting a 10% drop in industrial energy sales for this year, compared to 2008. Industry conditions are too volatile to proceed at this time according to Alliant.

Energy News

Regional Reports (continued)

Northeast Pennsylvania

Proposed Marcellus Shale Tax:

Pennsylvania Governor Ed Rendell is proposing a severance/extraction tax on natural gas expected to be extracted from the Marcellus shale in Pennsylvania. Rendell hopes the tax would generate \$107 million for the fiscal year beginning July 1.

The tax would consist of two parts:

- Five percent of the market value of the natural gas at the wellhead
- 4.7 cents per thousand cubic feet of gas extracted

Revenue Department Deputy Secretary Dan Hassell said 28 other states currently have a natural gas severance tax and that the proposed rate would be similar to West Virginia's tax. He contends there should be "a public benefit [for Pennsylvanians] resulting from the removal of a nonrenewable resource."

Some Republicans and business groups argue that this tax would make Marcellus shale drilling less attractive. The Pennsylvania Oil & Gas and Independent Oil & Gas associations said the average gas well currently produces a return on investment of about 15 percent and that this tax "would amount to a full one-third in-

come tax of each well's average cash flow."

Republicans have proposed opening up almost 400,000 additional acres of state forest land to natural gas drilling as an alternative revenue generator through leasing fees. Last year, the state opened 74,000 acres and received \$190 million in lease fees.

North Central Illinois/Indiana

New Nicor rates approved by the Illinois Commerce Commission (ICC):

On March 25, 2009 the ICC ruled on Nicor Gas' general rate increase. The new rates became effective on April 3, 2009.

These are the changes:

- Increased monthly customer charges
- Distribution fees have either decreased or remained the same
- Recording device charges have increased
- Increased pooling fees
- Storage Banking Service charges have increased

Call your Center Point Energy representative to discuss.

Customer Corner

POET™



POET, the largest ethanol producer in the world, is an established leader in the biorefining industry through project development, design and construction, research and development, plant management, and marketing. The 20-year-old company currently operates 26 production facilities in the United States. The company produces and markets more than 1.54 billion gallons of ethanol annually.

More important than volume, though, is the efficiency with which POET produces its products. In two decades on the job, POET has developed an unmatched record in technology, innovation, process reliability and plant efficiency that reaps more value from a bushel of corn than anyone in the industry.

POET is also a leader in the effort to commercialize cellulosic ethanol production. The company started up a pilot plant in Scotland, South Dakota in 2008 that uses corn cobs as feedstock. It will begin commercial production of cellulosic ethanol in Emmetsburg, Iowa in 2011.

POET has been a CenterPoint Energy customer since 2006 and Wade Wiken serves as 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.

Gulf Coast

Houston

1111 Louisiana Street—20th Floor
Houston, TX 77002
Phone: 713-207-3547
Fax: 713-207-0054

Dallas

14785 Preston Road, #550
Dallas, TX 75254
Phone: 972-789-5560
Fax: 972-789-5561

Louisiana (New Iberia)

2500 LA Highway 14
New Iberia, LA 70560
Phone: 337-373-5241
Fax: 337-373-5220

Midcontinent/Southeast

Little Rock

401 W. Capitol Avenue, #102
Little Rock, AR 72201
Phone: 501-377-4874

St. Louis

470 N. Kirkwood Road, #200
St. Louis, MO 63122
Phone: 314-991-7346
Fax: 314-991-7501

Shreveport

525 Milam, #242
Shreveport, LA 71101
Phone: 318-429-2577
Fax: 318-429-3059

Midwest

Madison

2810 Crossroads Drive, #2400
Madison, WI 53718
Phone: 608-240-2020
Fax: 608-240-2025
Toll Free: 800-893-8460

Minneapolis

800 LaSalle Avenue, #1725
Minneapolis, MN 55402
Phone: 612-321-5099
Fax: 612-321-5081
Toll Free: 800-495-9880

North Central

Chicago

3010 Highland Parkway, #525
Downers Grove, IL 60515
Phone: 630-241-1010
Fax: 630-241-1110
Toll Free: 800-423-2080

Merrillville

8585 Broadway, #851
Merrillville, IN 46410
Phone: 219-793-1000
Fax: 219-793-1001
Toll Free: 800-423-2080

Northeast

Hershey

2981 Elizabethtown Road, #200
Hershey, PA 17033
Phone: 717-520-3670
Fax: 717-520-3674

Call today 800-495-9880 or visit our website, CenterPointEnergy.com/ces

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*



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.



Always There.®