



ENERGY NEWS

March, 2008

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Market Trends – 2008

Natural gas futures prices for both this summer and next winter have strengthened significantly over the past month. As the futures price charts below illustrate, as of March 6, 2008, both the summer and winter have seen price increases of almost \$2.00 per dth since early February. While these prices are still close to the trading range for the last two years, the dramatic uptick bears watching. The usual suspects are cited as contributing to the price increase. Cold weather over most of the U.S. has worked to increase gas demand for space heating. Record high crude oil prices, if nothing else, have provided support for natural gas prices. And shrinking inventory levels of natural gas storage going into the traditional refill season is expected to influence demand as more gas will need to be injected to bring storage levels up to the start of winter target levels.

Of course, we all know that natural gas prices are extremely volatile and can move rapidly up or down based on marketplace events. This volatility is the exact reason we recommend all our customers develop and implement a price management plan for their natural gas expenses. If you need help updating your existing plan, or could use advice on how to put together your initial plan, please give us a call. Your CenterPoint Energy Services account executive has the background and resources to help you develop a natural gas price management strategy that meets your operation's unique requirements. Contact information is found on page 3.

NYMEX Natural Gas Futures Prices (\$/dth) – Summer (Apr08-Oct08)



NYMEX Natural Gas Futures Prices (\$/dth) – Winter (Nov08-Mar09)



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

In February, the Illinois Commerce Commission approved a rate increase and a rate-decoupling mechanism for two Chicago-area natural gas utilities. In approving Peoples Gas and North Shore Gas' proposal, Commission Chairman Charles Box said utilities should have a stable revenue source for their fixed-delivery service costs while having an incentive to promote energy conservation.

The decoupling program was approved on a four-year trial basis, giving any interested parties the chance to assess its impact in a new rate case before it could become permanent. According to the ICC, the program's financial impact would be reviewed each year to ensure that the utilities earn no more than what is allowed.

Despite those assurances, the Illinois Attorney General's Office and the Illinois Citizens Utility Board remained strongly opposed to the decoupling mechanism, arguing that it protects the utilities from revenue declines to the detriment of rate-payers. Attorney General Lisa Madigan asserted that the plan effectively imposes surcharges on customers for gas they do not use.

Desiree Rogers, president of Peoples Gas and North Shore Gas, defended the new rate structure, saying it would enable the utilities to replace cast-iron mains with newer materials; complete the installation of its automated meter-reading program; and implement programs to reduce energy usage while protecting the environment.

PENNSYLVANIA UPDATE

UGI TO BUY PPL's NATURAL GAS & PROPANE DIVISIONS: PPL Corp. is selling its natural gas distribution and propane businesses to UGI Utilities Inc., the company announced on Thursday, March 06, 2008. UGI will pay \$268 million for the subsidiaries, PPL Gas Utilities Corp. and Penn Fuel Propane LLC, in a sale expected to close before the end of the year.

The gas utility serves about 76,000 customers in 35 Pennsylvania and Maryland counties, a news release says. The propane business serves about 33,000 customers in Pennsylvania, Delaware, Maryland and West Virginia. Last year, PPL sold its Latin American electricity delivery and telecommunications businesses.

"All of these steps position us to focus on growth opportunities in our core businesses of power generation, energy marketing and electricity delivery - bringing the most value to our share-owners," Executive Vice President and Chief Operating Officer William H. Spence says in the news release.

UGI has 478,000 natural gas customers in 28 Pennsylvania counties, as well as 62,000 electricity customers.

"We are particularly pleased to have the opportunity to complete a transaction which is not only beneficial to customers and the communities served, but also to our shareholders. We expect the financial results of PPL Gas to be accretive to earnings in the first full year of our ownership," UGI Corp. Chairman Lon Greenberg says in a news release.

CenterPoint Energy Services, Inc. supplies customers on both UGI and PPL Gas Utilities, Inc.

WISCONSIN UPDATE

CONTROVERSIAL POWER LINE COMPLETED: One of the most debated energy infrastructure projects in Wisconsin, the 220-mile Duluth to Wausau power line has been completed and electricity is flowing. The cost for the project came in at \$439 million, nearly 4% higher than was projected by the American Transmission Company (ATC). The line's completion means that Wisconsin now has six high-voltage ties with surrounding states, two with Minnesota. The power line is scheduled to deliver power generated by the new Wisconsin Public Service coal-fired power plant near Wausau. The plant is supposed to be completed this summer. While the line was being tested in early February operators noticed that less power was flowing on the other line connected with Minnesota, the Xcel Energy line. That line was classified by the Federal Department of Energy as one of the most congested lines east of the Rocky Mountains.

SIMILAR STANDARDS FOR WIND FARMS: A bill was introduced in the Wisconsin Legislature calling for similar standards for wind turbines across the state. State law requires state regulators to approve large wind farms, but leaves the decision on smaller projects to local governmental units.

The local standards vary and there is concern that standards that are too restrictive could cause difficulty in the state reaching its goal of 10% of its power being renewable by 2015.



Customer Corner

METAL-MATIC, INC. is a worldwide leader in the manufacture of welded and DOM — Drawn Over Mandrel carbon steel tubing for standard and specialty applications. The company was founded in 1951 and has over 600 employees.

Our mission is to continually improve the

QUALITY, VALUE, and SERVICE of our current products, as well as meet the challenge of new applications.

Metal-Matic's carbon steel tubing is used in a wide variety of applications such as automotive, appliance, and construction and is used throughout the world. As a major manufac-

turer of carbon steel tubing, we produce the very highest quality of tubing. Our customers expect the very best and at Metal-Matic we deliver.

Metal-Matic also has a plant in Bedford Park, Illinois. Terry Cassidy serves as their account representative.



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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

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Our monthly newsletters can be found on our website under the "News" section.

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