

Energy News

In this Issue:

November 2009

**Market Uncertainty:
Protecting Budgets** 1-2

Regional Reports: 2-3

Gulf Coast

Midwest

Northeast

North Central

Customer Corner 3

Central Pennsylvania

Energy Consortium

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.

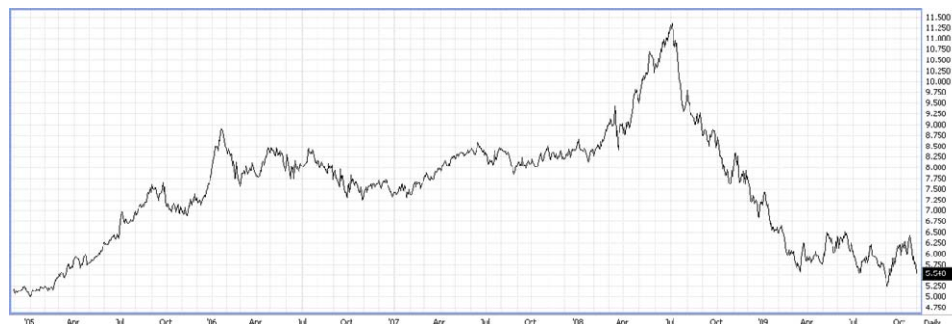
Market Uncertainty: Protecting Budgets

Over a decade ago, natural gas prices were trading under \$2.50/MMBtu. Back then, it was common to monitor basic market fundamentals such as weather, storage, rig counts, imports and demand. If the market moved even a nickel, the shift could easily be traced back to a basic fundamental factor – and the cause and effect relationship was very transparent. At that time, organizations locking gas on the futures market consisted of end users and volatility was measured in pennies instead of dollars.

Since then, times have changed and it is much more difficult to determine where the market is going because basic supply and demand fundamentals have taken a back seat when trying to understand market direction. New factors are affecting the market: the value of the dollar, investors engaged in speculative commodity trading, geopolitical disturbances and now with liquefied gas (LNG), a more globalized market. Because many of these factors play a larger role than the basic market fundamentals, it has led to more market uncertainty.

Presently, there is more natural gas in storage than any other point in time since the industry began tracking storage inventory. At the same time, demand has decreased, particularly in the Industrial sector, as a result of a recessionary economy. There were no supply disruptions due to hurricane activity this past summer and shale gas has significantly improved domestic supply. The abundance of domestic supply has deflected LNG shipments. Many industry analysts believe these are indications that natural gas prices should remain low and have the ability to move lower than current levels.

NYMEX Natural Gas Futures History: Jan10-Dec10 Flat Volume Strip



Data provided by eSignal.

(continued)

Energy News

(continued from page 1)

Trends that could signal a rise (or bullish response) in natural gas prices could include increased consumer confidence, value of the dollar and increased industrial demand. When consumer confidence improves and people feel the economy will turn around, it would also imply an increase in demand. In addition to consumer confidence, the value of the dollar is equally important. In the past few weeks a weaker dollar has triggered a bullish effect on the price of oil and other commodities. The weak dollar makes domestic goods more attractive overseas and this would signal an increase in demand from the industrial sector. While consumer and industrial demand are currently down, the weak dollar has historically allowed the price of natural gas to follow oil and other commodity pricing and may continue to gain momentum despite the more favorable market factors.

While neither CenterPoint Energy Services nor natural gas analysts know definitively what the future will bring or how current market factors will affect natural gas pricing, hedging a portion of your business' natural gas needs can provide greater certainty and minimize the impacts of market volatility. Over the last ten years, the market has become more complex - and basic market fundamentals like supply, demand and weather are no longer the *only* market movers. And since there is no "crystal ball", locking in natural gas prices has proved to be the most effective means of budget control. Call your Account Executive today to learn more about hedging strategies.

Regional Reports

Gulf Coast

Louisiana/Mississippi/Texas

First Mississippi Energy Conference: CenterPoint Energy Services (CES) hosted a regional Energy Conference in Jackson, Mississippi on November 2nd for current and prospective customers. Guest speakers from Chesapeake Energy assisted in conducting informative sessions which covered topics such as energy costs, hedging strategies and shale plays. CES hosts at least one regional Energy Conference each quarter. For a listing of upcoming events please visit our website at www.CenterPointEnergy.com/CES.

Interest in Eagle Ford Shale Heating Up - Potential Significant: Analysts and traders are saying the Eagle Ford Shale in South Texas has the potential to rival the better-known shale plays Marcellus, Haynesville and Barnett.

Some statistics regarding Eagle Ford:

- Discovery announced by Petrohawk Energy in late 2008
- Covers an 11-county zone stretching from San Antonio to the Mexican border, more than 10 million acres in Texas
- Twelve companies currently drilling there
- Producing 30,000 Mcf/d – potentially to 100,000 Mcf/d by year-end
- According to Petrohawk, costs per well about half the cost of wells in the Haynesville Shale

Midwest

Iowa/Minnesota/South Dakota/Wisconsin

Judge: PUC Should OK Nuclear Plant Changes:

An administrative law judge says Xcel Energy should be allowed to increase generating capacity and waste storage at its Prairie Island nuclear plant near Red Wing. Judge Richard Luis made his recommendation to the Minnesota Public Utilities Commission. In his report, Luis said shutting down the plant "would adversely affect the future adequacy, reliability, safety and efficiency of the energy supply to Xcel's customers." Xcel is seeking state permission to house up to 35 more casks at the nuclear plant and increase its electrical generating capacity by 164 megawatts. Officials also have filed a federal application to renew the plant's operating license for up to 20 more years. The PUC will review Luis' recommendation. The commission's decision will then be passed on to state legislators. Red Wing council member Lisa Bayley says city officials believe the recommendation does not sufficiently address public safety concerns about storing nuclear waste in the city.

*As reported by The Associated Press on Twincities.com
Pioneer Press*

(continued)

Energy News

Regional Reports (continued)

(continued from page 2)

WE Energies Announces Surcharge: WE Energies plans a 7% rate increase, enacted as part of the state budget that will hit customer's bills in December. Part of the surcharge is for district attorneys as their funding was cut as part of the state budget. Another portion is dedicated to raising fees for a fund created to help poor state residents pay their energy bills and weatherize their homes. Under the budget, utility customers are paying \$36 million over the next two years.

New Power Plant Operating: The largest construction project in state history, the \$2.3 billion WE Energies coal-fired power plant in Oak Creek has begun limited operations. The plant cost double what the Marquette Interchange and Miller Park projects, combined, did. When completed next summer the plant will generate enough power to serve more than 1 million homes.

Northeast Pennsylvania

Pennsylvania's Fiscal 2010 Budget Finally Passed: After a 101-day political battle, the Pennsylvania state budget was passed on October 9, 2009. It contains an anticipated \$60 million in revenue from new leases of publicly owned forest land for natural gas development. The Department of Conservation and Natural Resources will need to decide which areas of forest land to open up for possible well drilling and gas production. John Quigley, the acting secretary, said the agency will balance the need for natural resources with issues of

habitat, water quality, outdoor recreation and the aesthetics of open space.

Last year, \$163 million was generated through the sale of gas drilling rights on 74,000 acres of state forest land in Tioga and Lycoming counties. Stephen Rhoads, president of the Pennsylvania Oil & Gas Association, estimates royalties on state-leased land might, over the full course of gas production, reach \$30,000 per acre. In this case, royalties on 10,000 acres of land would produce \$300 million in tax revenue.

Interestingly, after much debate and iterations, the budget does not contain a "severance" tax, a tax on natural gas as it comes out of the ground.

North Central Illinois/Indiana

NIPSCO Ordered to Credit Customers: The Indiana Utility Regulatory Commission last week ordered NIPSCO to refund about \$4.1 million related to over collections for unaccounted-for natural gas costs between August 2007 and July 2008.

The refund reflects the difference between the amount of gas that enters the utility's distribution system and the actual amount used by customers.

According to the state consumer counselor, the refund will appear as a bill credit and should be implemented between March and May 2010.

Customer Corner



The Central Pennsylvania Energy Consortium (CPEC) is an energy purchasing group consisting of over 250 non-profit entities including county governments, school districts, community colleges and hospitals.

Established in 1997 as a result of the Pennsylvania natural gas and electric market deregulation, CPEC has leveraged its cooperative power to provide significant savings to member organizations in three energy

commodity areas: natural gas, fossil fuels and electricity. The eleven-man CPEC Board of Directors has used industry knowledge to devise expert strategies and purchasing options, allowing member organizations to realize millions of dollars in savings over the last twelve years. In addition to aggregate purchasing activities, the consortium also educates its members on the fundamentals of the energy markets and provides professional expertise and aid in establishing energy budget projections.

CPEC and its member organizations have been customers of CenterPoint Energy Services since 2004. Scott Tunnell, Sales Director for the Northeast Region, has worked with CPEC for eight years.

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, #1440
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: 877-666-3670
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.®