



Energy News

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The Effects of REX

We are nearing the completion of one of the largest natural gas pipeline projects in the last 25 years, the Rockies Express Pipeline (REX). The project was initiated by producers who wanted to get their gas to the premium priced Northeast markets. Developed by Kinder Morgan, ConocoPhillips and Sempra, the last leg of the 1,679 mile, 42" diameter pipeline is scheduled to go into service on November 1, 2009. The pipeline was completed in phases (see the map below).



Some highlights by Phase follow.

Phase I

- Completed February 2007
- Wamsutter, Wyoming to Cheyenne Hub

Phase II, also called Rex West

- 713 miles, 1.5 Bcf/d
- Completed May 2008
- Cheyenne Hub to Mexico, Missouri
- Interconnects with four pipelines

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Phase IIIa, also called Rex East

- 638 miles, 1.8 Bcf/d
- Completed June 2009
- Mexico, Missouri to Lebanon, Ohio
- Interconnects with fifteen pipelines

Phase IIIb

- To be completed November 2009
- Lebanon, Ohio to Clarington, Ohio
- Interconnects with six pipelines

The REX pipeline is capable of supplying natural gas to markets along its eight-state route. However, it is expected that most of the gas will travel all the way to REX's terminus in Clarington, Ohio – which provides shippers the highest netbacks (netbacks are the destination market price minus the cost of transportation). Unfortunately, constraints exist on pipelines further east, which will limit the amount of gas that can get to the premium Northeast markets. This means that REX supplied gas will be competing for market share with pipelines which have traditionally served these markets.

It is generally thought that REX suppliers will win this battle due to two main competitive advantages: lower commodity prices in the Rockies and lower transportation costs on REX. These competitive advantages get larger as REX gas moves farther east - due to the high transportation and commodity costs on competing pipelines. While it is uncertain the exact effect this new pipeline will have on pricing, there are a couple of results that seem likely: a decrease in the annual average Henry Hub gas price due to a reduced need for gulf coast gas to serve the Northeast market and a decrease in the price spread between western and northeastern markets (prices in the West will increase while prices in the Northeast decrease).

Regional Reports

Gulf Coast

Louisiana/Mississippi/Texas

Texas Gas will be performing maintenance on the Fayetteville and Greenville Laterals beginning September 1. The maintenance could last up to three months.

Midwest

Iowa/Minnesota/South Dakota/Wisconsin

Regulators Approve Xcel Energy's Wind Power Plans

Regulators in Minnesota and North Dakota have approved Xcel Energy's plans for developing wind power in both states. The North Dakota Public Service Commission recently certified the utility's plan for a 150-megawatt project in Dickey and McIntosh counties. The Minnesota Public Utilities Commission earlier approved a 201-megawatt project in Nobles County.

The projects' developer, enXco, still needs site permits from the commissions in Minnesota and North Dakota and affected counties. Xcel Energy says the projects together will produce enough electricity for about 110,000 homes and will increase the utility's wind power resources by more than 10 percent. Ownership of the projects will eventually be transferred to NSP-Minnesota.

As reported by Associated Press on StarTribune.com

Ethanol Industry Meets in Milwaukee

The American Coalition for Ethanol (ACE) hosted a three-day conference recently. According to Brian Jennings, VP, the state of the industry is better than a year ago but not nearly as good as things were at the industry's peak. Last year production costs soared, for those that did not lock in a natural gas price, and the price of corn spiked to \$8 per bushel. Currently demand for gasoline is down but energy and corn prices have dramatically declined. Ethanol producers have hopes that the government allowable ethanol blend will be increased to 15%, from the current 10%.

Power line from La Crosse to Madison Discussed

American Transmission Company (ATC) will begin public outreach to discuss building a high voltage power line from La Crosse to Madison, in conjunction with Xcel Energy. It would be a circuit that may be desirable to move wind generation from west to east. ATC will study the possibility of a 765,000 volt line, making it capable of carrying more power than any other Wisconsin line.

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Regional Reports (continued)

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Northeast Pennsylvania

UGI Penn Natural Gas Base Rates to Increase

The Pennsylvania Public Utility Commission (PUC) recently approved \$19.75 million of the \$38.1 million requested in the UGI Penn Natural Gas (UGI PNG) rate case filed on January 28, 2009. Below are some of the highlights:

- Rates became effective August 28, 2009
- Typical residential customer's bill (107 Mcf per year) will increase 7.9% or \$10.33 per month
- Commercial and industrial customers' bills will increase by approximately 2.8%, depending on the type of service provided
- Base rates cover the cost of operating and maintaining UGI PNG's natural gas distribution system as well as billing, meter reading and emergency response

As a commercial or industrial natural gas consumer, you have the right to seek price quotes from competitive suppliers to find the most competitive and reliable supply source - allowing you to save money on your energy budget and focus on other business needs.

CenterPoint Energy Services – a long-standing, licensed natural gas supplier – is backed by a strong, reliable, and financially stable utility with more than 130 years in the industry – CenterPoint Energy. We have more than 700 industrial and commercial accounts throughout Pennsylvania, and supply natural gas to 10,700 customers in 18 states.

North Central Illinois/Indiana

NIPSCO is currently in discussions with retail marketers (including CenterPoint Energy) concerning changes and enhancements to the retail Choice Program. After these discussions, they hope to file an updated version of the proposal with the Indiana Utility Regulatory Commission.

Some of the proposed changes are:

- Effective date May 1, 2010
- Most changes will be on the operational side or “behind the scenes”
- Some items that will directly affect customers are: sign up procedures, changes in delivery costs, and invoicing

Nothing has been finalized yet. We will continue to keep you informed on this issue.

Customer Corner



The Augusta, Wisconsin plant has played an important role in the history of Bush Brothers & Company. It was here that the Baked Bean formula was developed and the original Baked Beans were launched in 1969. The story began in the early 1960's when Claude Bush, President of Bush Brothers & Company purchased the old Wisconsin cannery in the small farming community of Augusta, Wisconsin.

The early 1970's were a period of dramatic growth at Augusta. The company looked to support both its existing dry bean business and its new Baked Bean addition. Joe Breid, currently Director of Operations, came aboard in 1973 as Bush's Bean Buyer and the operator of the new dry bean receiving facilities.

Baked beans with onions and vegetarian baked beans were developed in 1987 – after all, something had to be done with the huge Navy Bean crop. The market for Bush's increasingly popular Baked Beans continued to grow.

Meanwhile, in the 1990's the company's successful direct-to-the-consumer marketing efforts through its “Jay and Duke” TV commercials and extensive print advertising campaigns meant that the plant remained busy even as it implemented further innovations.

With the beginning of the new millennium business growth poised Augusta for further expansion. In 2002 six new loading docks were built and in 2005 a new office complex and employee service facility were added.

Bush Brothers in Augusta, Wisconsin have been a valued CenterPoint Energy customer for more than ten years. Dan Lundgren serves as their account executive.

Energy News

Regional Offices

Reliable service. People you trust.

Gulf Coast

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Dallas

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Louisiana (New Iberia)

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Midcontinent/Southeast

Little Rock

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St. Louis

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Shreveport

525 Milam, #242
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Midwest

Madison

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Minneapolis

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North Central

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Northeast

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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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