

September 22, 2014

Natural Gas Trends

Highlights

Residential customer satisfaction with utilities improved: JD Power

Despite a harsh winter and an increase in the average monthly gas bill this past season, customer satisfaction with residential utilities improved for a third consecutive year, according to the J.D. Power 2014 Gas Utility Residential Customer Satisfaction Study released Wednesday. “Although average gas bill amounts have increased due to the colder-than-usual winter, natural gas utilities have offset the negative effect by improving engagement with their customers,” Andrew Heath, director of the energy practice at J.D. Power, said. “That engagement isn’t just about the bill and responding to customer service questions, but it’s also about effective communication on topics that matter to customers and demonstrating leadership in the local community,” he said.

On a 1,000-point scale, J.D. Power said overall satisfaction with natural gas companies averaged 644, continuing a steady year-over-year improvement from 627 in 2011. Payments made online at a utility’s website are the most satisfying to customers, compared with all other payment types (763 versus 718), the company said. Satisfaction is significantly higher among customers who receive an electric bill statement than among those who receive a traditional paper statement (743 versus 715, respectively). The survey showed 51% of customers said they have an online account set up on their utility’s website. That’s up from 48% in 2013. But only three in 10 customers receive their monthly bill electronically, the company said.

Communication from gas utilities informing customers about efforts to keep energy costs low is a key driver of satisfaction, the report said. The survey noted customers have higher price satisfaction when they are familiar with conservation programs and when they take action to lower their bills (familiar with and take action 712 versus not familiar with and take no action 553). About 18% of gas customers take action to save energy, up from 13% in 2013, the report added. The report also noted that the average reported monthly bill amount increased in 2014 to \$81, up from \$75 in 2013 but lower than \$90 in 2010.

J.D. Power, like Platts, is a unit of McGraw-Hill Financial.

Chevron Appalachia first to receive blessing from sustainable shale group

Chevron’s Appalachian unit is the first company to receive certification by the Pittsburgh-based Center for Sustainable Shale Development, a relatively new group funded by both oil and gas producers and environmental groups. Chevron started the process two years ago, according to the CSSD, and was visited by CSSD’s outside auditor beginning in April. The auditor, Bureau Veritas, evaluated Chevron Appalachia against 15 performance standards for stewardship of air and water, as well as its use of CSSD’s best practices. CSSD would not disclose how many other production companies are in the process of being certified.

“While the center’s standards are not intended to replace existing regulation, our focus is to identify environmental stewardship areas where we can define standards that meet or exceed regulation, and to ensure that companies that qualify for certification continue to maintain these standards,” CSSD Executive Director Susan LeGros said.

As part of the certification process, auditors visited Chevron well sites in southwestern Pennsylvania, West Virginia, and Ohio. Chevron had the most recent major Marcellus well accident when a contract worker was killed in a fire at a well pad in Greene County, south of Pittsburgh, in February. The state Department of Environmental Protection declined to cite Chevron for the accident, as did the federal Occupational Safety and Health Administration. OSHA said the cause of the fire could not be determined, while state regulators blamed the blaze on human error.

Source: Platts Gas Daily

Data

- October 2014 Natural Gas Futures Contract (as of September 19), NYMEX at Henry Hub closed at \$3.837 per million British thermal units (MMBtu)
- October 2014 Light, Sweet Crude Oil Futures Contract WTI (as of September 19), closed at \$92.41 per U.S. oil barrel (Bbl.) or approximately \$15.93 per MMBtu

Last week: Texas warmer than normal

For the week beginning 9/14/14 and ending 9/20/14, cooling degree days (CDD) were higher than normal (warmer) for the week and for the year to date for most Texas cities shown.

Source: www.cpc.ncep.noaa.gov

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 9/20/14	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	24	-14	1458	14%
Austin	103	2	2504	-3%
DFW	105	20	2594	11%
El Paso	57	-13	2444	16%
Houston	98	3	2608	5%
SAT	122	21	2980	13%
Texas**	90	5	2374	2%
U.S.**	38	4	1166	6%

* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the ‘normal’ basis from which CDDs are calculated. ** State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

Last week: U.S. natural gas storage at 2,891 Bcf

For the week ending 9/12/2014 working gas in storage increased from 2,801 Bcf to 2,891 Bcf. This represents an increase of 90 Bcf from the previous week. Stocks were 401 Bcf lower than last year at this time and 444 Bcf below the 5 year average of 3,335 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 9/12/14	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,580	1,522	58	-11.5%
West	445	438	7	-7.7%
Producing	866	841	25	-18.8%
Lower 48 Total	2,891	2,801	90	-13.3%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: U.S. gas rig count down for the week

The gas rig count for the U.S. was down nine for the week and down 57 when compared to twelve months ago. The total rig count for the U.S. did not change from last week and up 170 when compared to twelve months ago. The total rig count include both oil and natural gas rotary rigs.

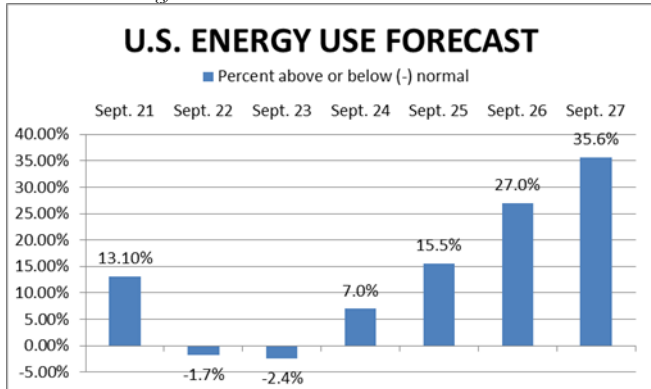
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 9/19/2014	+/- prior week	Year ago	+/- year ago
Texas	900	-5	836	64
U.S. gas	329	-9	386	-57
U.S. oil	1601	9	1369	232
U.S. total	1931	0	1761	170
Canada	377	-28	388	-11

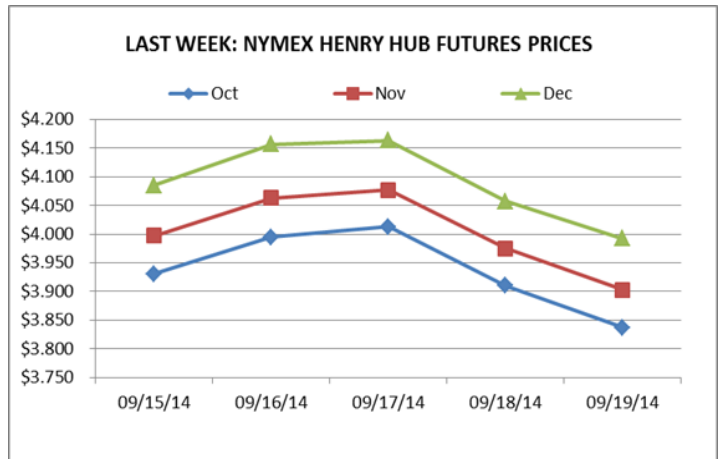
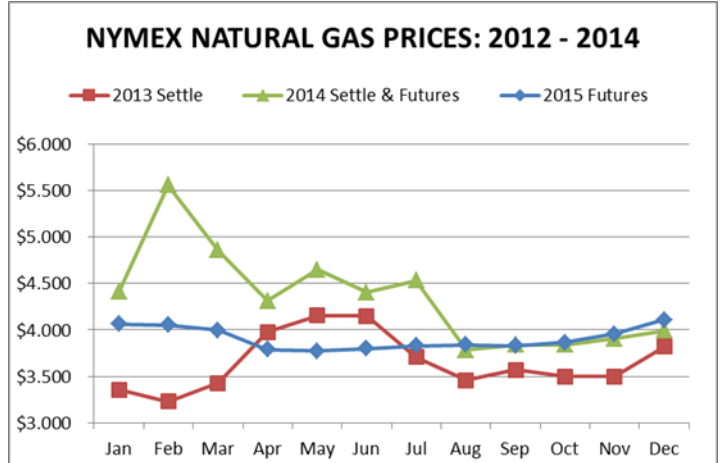
This week: U.S. energy above normal

U.S. energy use is predicted to be above normal most of this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2014 prices. Natural gas prices for 2014, shown below in green, are the NYMEX settlement prices for Jan.-Sept. and futures prices for the remainder of the year.



NATURAL GAS PRICE SUMMARY AS OF 9/19/2014

This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
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US Oct. futures

NYMEX	\$3.837	-\$0.020	\$0.270	\$3.887
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