

May 18, 2009

Natural Gas Trends

Highlights

GAS COMPANIES REPORT 1ST QUARTER RESULTS

Atmos Energy Corporation's net income for the quarter ending 3/31/09 was \$129 million, an increase of \$17.5 million (+16%) when compared to the same period last year. Net income for the quarter decreased for the Natural Gas Marketing segment and the Pipeline segment by 37% and 14%, respectively, when compared to the same period last year. Net income for the quarter increased for the regulated Distribution segment and the Regulated Transmission and Storage segment by 19% and 28%, respectively. Over the next five years, the company plans to drive margins for its regulated operations in two ways, first, by growing the rate base between 5% and 5.5% and, second, by obtaining approval of \$50-\$60 million in rate increases, annually, in its 12-state operating territory. About 57% of Atmos' 3.2 million gas distribution customers are in Texas.

Source: www.atmosenergy.com

CenterPoint Energy, Inc. reported first quarter net income of \$67 million, a decline of \$55 million when compared to the same period last year. Operating income declined during the quarter for all business segments. CenterPoint may benefit from the passage of SB 769, a new law authorizing the Public Utility Commission of Texas to determine the level of post-hurricane restoration costs to be recoverable by an electric utility without requiring a full rate case. CenterPoint has requested recovery of \$677.8 million of costs related to post-hurricane restoration. CenterPoint provides natural gas distribution service to 3.2 million customers in six states, nearly half in Texas.

Sources: www.centerpointenergy.com and 4/29/09 earnings conference call

ONEOK, Inc. (ONEOK), the parent of Texas Gas Service Company, reported net income for the 1st quarter of \$163.5 million, a decline of \$49.3 million when compared to the same period last year. Operating income declined for the company's ONEOK Partners segment and its Energy Services segment by \$25.7 million and \$19.4 million, respectively; however, operating income for the Distribution segment increased by \$4.4 million. On 5/7/09, the Oklahoma Corporation Commission approved a new rate structure for ONEOK's Oklahoma Natural Gas (ONG) subsidiary. The new structure establishes earnings bands around a designated return on equity. If ONG earns above the 150 basis-point 'dead' band, the earnings sharing mechanism will share certain earnings between the company and its customers. If ONG earns below the band, ONG will be eligible to request a rate increase from the regulatory Commission. ONEOK provides natural gas distribution service to more than two million customers in Texas, Kansas, and Oklahoma.

Sources: www.oneok.com and the Oklahoma Corporation Commission's Public Information Office

Data

- June Natural Gas Futures Contract (May15), NYMEX at Henry Hub closed at \$4.098
- June Light, Sweet Crude Oil Futures Contract (May 15), NYMEX at Cushing closed at \$56.34 per Bbl. or approximately \$8.97 per MMBtu

Heating Degree Days

From 5/10/09 thru 5/16/09, Texas and the U.S. experienced warmer than normal weather. For the heating season (7/1/08 to present), cumulative heating degree days were 13% below normal for Texas and 1% below normal for the U.S.

Source: www.cpc.ncep.noaa.gov

Heating Degree Days (HDD) *Week ending 5/16/09*

City or Region	Week Total HDD	Week HDD +/- from Normal *	Year-to-date Total HDD	YTD, % +/- from Normal *
Amarillo	35	11	3682	- 14 %
Austin	0	0	1560	- 5 %
DFW	0	-4	1866	- 21 %
El Paso	0	0	1977	- 22 %
Houston	0	0	1158	- 24 %
San Antonio	0	0	1064	- 32 %
Texas**	0	-3	1743	- 13 %
U.S.**	35	-4	4385	- 1 %

* A plus (+) value is cooler than normal; a minus (-) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs are calculated.

** State and U.S. degree-days are population-weighted by NOAA.

U.S. Working Gas in Storage at 2,013 Bcf

For the week ending 5/8/09, U.S. working gas in storage increased from 1,918 to 2,013 Bcf, as compared to 1,516 Bcf in storage a year ago and 1,639 Bcf for the 5-year average from 2004 to 2008. Working gas in storage in the producing region (which includes Texas) increased from 831 854 Bcf, as compared to 572 Bcf in storage a year ago and 619 Bcf for the 5-year average from 2004 to 2008.

Source: www.eia.doe.gov

U. S. Working Gas in Storage (Bcf) *Week ending 5/8/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	827	768	+ 59	+ 6.0 %
West	332	319	+ 13	+ 39.9 %
Producing	854	831	+ 23	+ 38.0 %
Lower 48 Total	2013	1918	+ 95	+ 22.8 %

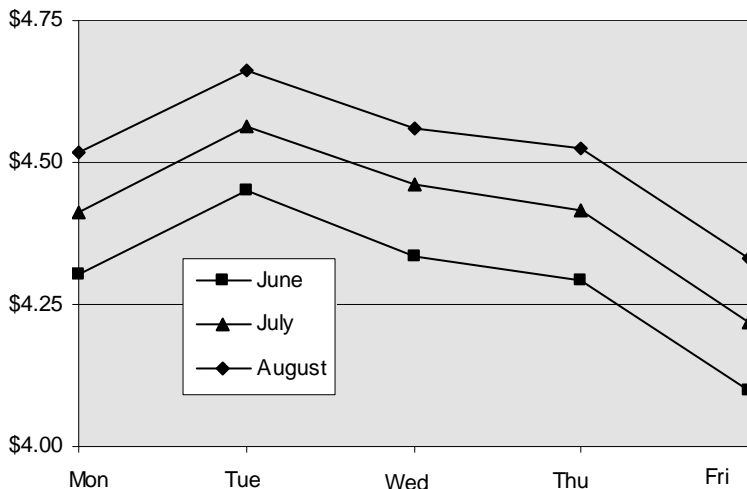
U.S. Gas Rig Count Drops to 728

The U.S. gas rig count was down 2 for the week and down 743 when compared to 12 months ago. The U.S. total rig count was down 10 for the week and down 944 when compared to 12 months ago. Source: Baker Hughes, Inc.

Baker Hughes Rotary Rig Count (5/15/09)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	918	-10	1862	-944
Gas	728	-2	1471	-743
Oil	181	-9	381	-200
Texas	342	-13	902	-560
N. Amer.	986	-5	1994	-1008

NYMEX Natural Gas Price Movement 5/11/09 - 5/15/09

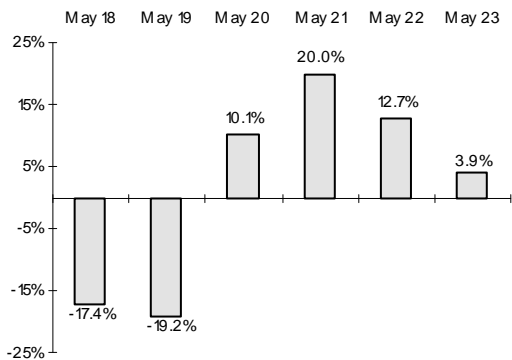


Energy Use Expected to Change From Below Normal to Above Normal This Week

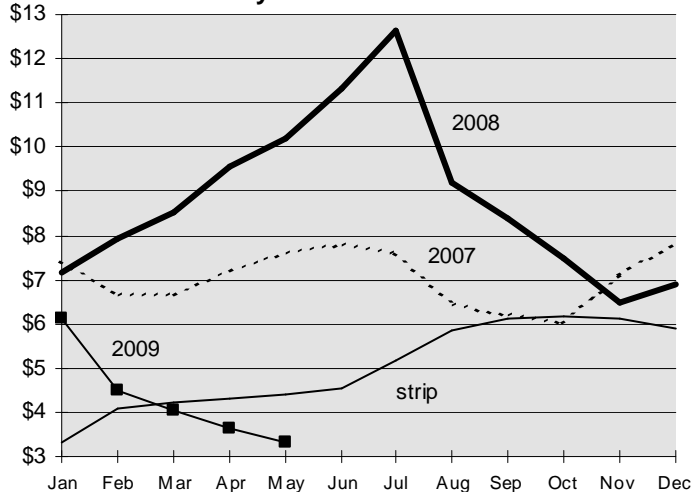
U.S. energy use is forecasted to increase this week from below normal to above normal, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

U.S. Energy Use Forecast



NYMEX Henry Hub Futures Contract Prices



Gas Price Summary 5/15/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (June Futures)				
NYMEX	\$4.098	-\$0.213	-\$7.213	\$5.242