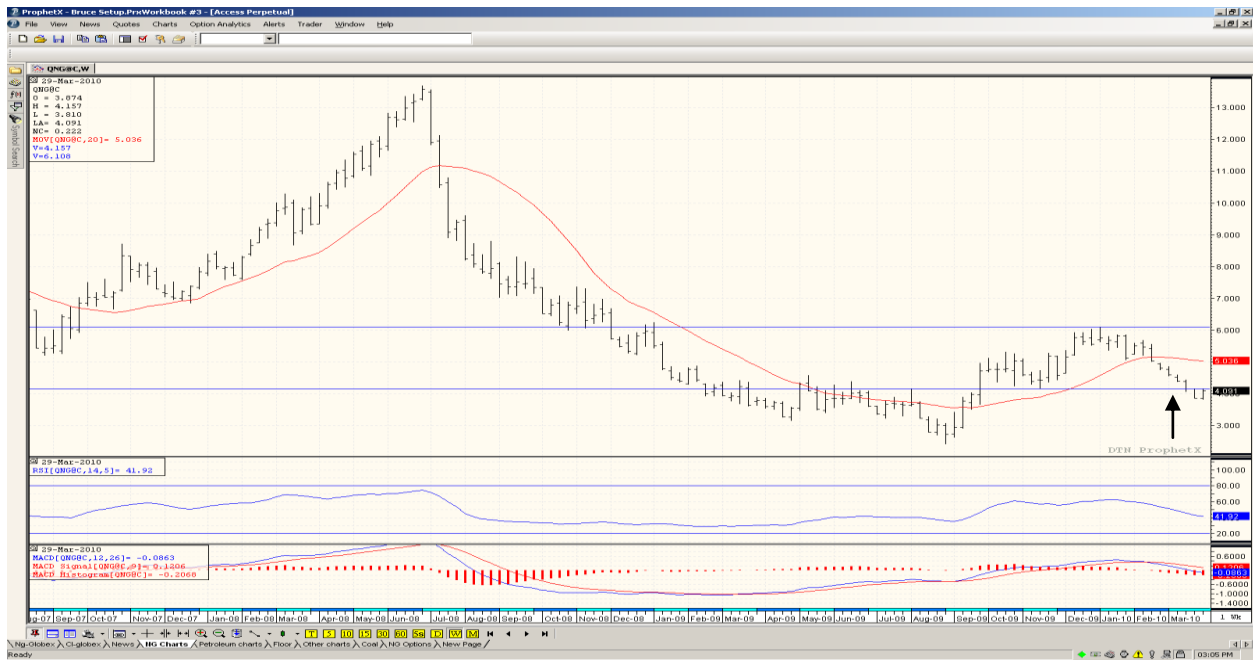


4/1/10

Natural Gas Market Summary

These views are provided by SCANA Energy Marketing for information purposes only – please see last page for details.

On Monday, the April contract opened trading slightly below the previous week's closing price then traded as low as \$3.822/dt before posting a final settlement price of \$3.842/dt, down \$.974/dt from March's expiration price. On Tuesday, May began trading as the prompt month at about \$.09/dt premium to the April expiration price. When the Weekly Storage report was released, the May price immediately moved about \$.30/dt higher (on a lower-than-expected storage injection) ultimately trading to an intraday price high of \$4.157/dt – a price equal to the value of the bottom trend line shown on the attached weekly continuation chart (see black arrow). Thereafter, prices stabilized and posted a weekly closing price of \$4.093/dt, up \$.221/dt from last week's closing price.



This is the first time since the week of February 8th the prompt month has failed to post a weekly closing price below the low price of the previous week.

Strip prices:

1. May 10- Oct 10 "strip" closed at \$4.31/dt, up \$.209/dt from last week
2. May through December 2010 closed at \$4.51/dt, up \$.21/dt from last week.
3. May through April 2011 closed at \$4.81/dt, up \$.207/dt from last week.

Bearish price factors :



1. U.S. Rig counts – as of this week, the number of operating rotary rigs in the United States is 1444, **up 17 from last week and 405 above from this same week in 2009.**

Bullish price factors:

1. Alternate fuels – Prompt month crude oil closed at \$84.93/barrel, up \$4.93/barrel from last week's closing price. This is the first time since the week of 10/6/2008 prompt month crude has traded this high. #2 oil closed today at \$2.21/gallon, up \$.14/gallon from last week's closing price – this equates to roughly \$15.89/dt equivalent natural gas price.
2. Price volatility – the 14 day Average True Range remains in bullish territory with a reading of 17.06.

Neutral price factors:

1. Volume of gas in storage. Working gas in storage was 1,638 Bcf as of Friday, March 26, 2010, according to EIA estimates. This represents a net increase of 12 Bcf from the previous week. Stocks were 16 Bcf less than last year at this time and 160 Bcf above the 5-year average of 1,478 Bcf.
2. Percent price decline from the 4th quarter 2009 price high to the 1st quarter 2010 price low – 37% compared to the historical average of approximately 40%.
3. Weather forecast –the 6 – 10 day forecast shows above normal temperatures and 8 – 10 day forecasts are above normal for the eastern half of the country.
4. Longer term forecast – For April, the eastern half of the country is forecasted to be above normal. April – June is forecasted to be normal to above normal.

Technical indicators:

Technical indicators appear to be negative but short-term indicators appear to be moderating.

Summary:

As stated in the opening paragraphs, this week the prompt month traded to a low of \$3.822/dt – a price representing significant technical support. From there, prices expectedly stabilized and then moved moderately higher before once again moving below the \$4/dt mark. When the Weekly Storage Report was released, prices immediately rallied higher by about \$.30/dt - demonstrating just how quickly price reversals can happen when the market is as technically oversold as it is now.

Technically, the price path of least resistance still appears to be lower. However, recent price movement indicates the market could be in the initial stages of forming a 'bottom' which could be used as a springboard for the upward price move toward the traditional second quarter price high. Next week's price action could provide some insight as to near-term price direction.

Historically speaking, since 1996, the average price increase from the first quarter low to the second quarter high is about 49% with the low year being 14% and the high year being 117%. The first quarter 2010 price low was \$3.81/dt – a 49% increase would result in a second quarter price high of \$5.67/dt.

Please be reminded the thoughts conveyed above are based on recent price movement and apparent Market sentiment. Random events that could occur may change the Market sentiment and as such, may result in price movement counter to what is mentioned above.

Hedging:

Depending on your risk tolerance and your need for price protection, below are some prices that may be considered as a possible purchase points.

May 10 = +/- \$3.75/dt (revised lower as \$3.85/dt triggers would have been filled this past week)

May 10 – Oct 10 = +/- \$4.05/dt

May 10 – April 11 = +/- \$4.55/dt

Of course, the commodity markets are impossible to predict with accuracy. I hope that you find these views helpful, but I cannot guarantee that my expectations will be accurate or that any particular strategy will be advantageous.

Please call your account manager if you have questions or want to purchase a fixed price hedge.

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