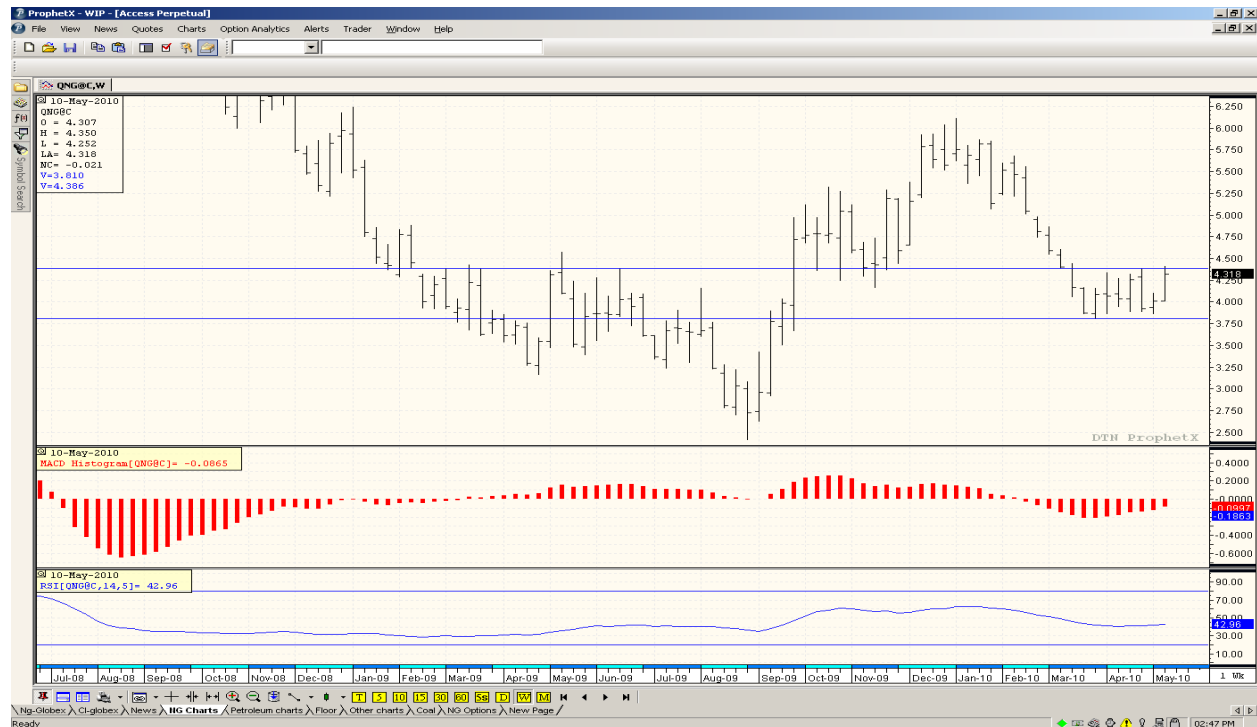


5/14/10

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 June contract opened trading at the same price as the previous Friday's closing price. When the Weekly Storage report was released on Thursday morning, prices immediately moved about \$.20/dt higher, trading above the upper boundary of the trend channel that has contained all price movement since mid-March 2010 and to within \$.01/dt of the second quarter 2010 June contract price high. However, upward price momentum faded somewhat and the daily closing price for Thursday and the weekly closing price were both within the aforementioned trend channel. For the week, the June contract closed at \$4.31/dt, up \$.30/dt from last week's closing price. Below is a weekly continuation chart showing that price activity.



Strip prices:

1. June 10 through Oct 10 "strip" closed at \$4.48/dt, up \$.27/dt from last week.
2. June through December 2010 closed at \$4.69/dt, up \$.23/dt from last week.
3. June through May 2011 closed at \$5.01/dt, up \$.16/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 1492, **up 9 from last week and 564 above from this same week in 2009.**
2. Volume of gas in storage. Working gas in storage was 2,089 Bcf as of Friday, May 7, 2010, according to EIA estimates. This represents a net increase of 94 Bcf from the previous week. Stocks were 97 Bcf higher than last year at this time and 325 Bcf above the 5-year average of 1,764 Bcf.

Bullish price factors:

1. Alternate fuels – Prompt month crude oil closed at \$71.50/barrel, down \$3.60/barrel from last week's closing price. In the past two weeks, the price of prompt-month crude had dropped by almost \$15/barrel. #2 oil closed today at \$2.058/gallon, down \$.012/gallon from last week's closing price – this equates to roughly \$14.80/dt equivalent natural gas price.
2. Weather forecast – both the 6 – 10 day and the 8 – 14 day forecasts reflect normal to above normal temperatures all along the east coast.

Technical indicators:

Both long and short-term technical indicators appear to be positive. The price path of least resistance appears to be sideways.

Summary:

As mentioned above, prices remain range-bound between technical price support (\$3.81/dt) and technical price resistance (\$4.38/dt). Until there is a daily closing price outside that channel, the likelihood is the prompt month price will alternate between 'tests' of the upper and lower boundaries. However, considering the tendency of prices to make a second quarter price high each year and recent price activity near the upper boundary, an eventual break to the upside seems possible. As a reminder, the average increase from the first quarter price low to the second quarter price high is 47%. Considering the 1st quarter price low was 3.81/dt, a 47% increase would result in a prompt month price near the mid-\$5/dt range. Technically speaking, there is a potential price target at \$5.008/dt.....I wouldn't be surprised to see this target 'hit' on an upside price break.

Since posting a first quarter 2010 price low, the prompt month price has now rallied approximately 15%.

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: no change

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

June 10 = +/- \$3.85/dt

June 10 – Oct 10 = +/- \$4.10/dt

June 10 – May 11 = +/- \$4.65/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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