



Summer Outlook

Cooling Season
2011

2011 Summer Outlook: Outline

- Review: How did we do last summer?
- Looking Ahead to Summer 2011
 - *Market pressure points: demand, economy, weather, storage & drilling*
 - *Wild card factors*
 - *Summer expectations*
- Summary

Understanding the Symbols



Upward market pressure



Flat market pressure



Downward market pressure



We got it wrong



We got it right


Last Year's Projection: How Did We Score?

Price Pressure	2010 Estimate	2010 Actual	Last winter's score
Weather	—	∧	<input checked="" type="checkbox"/>
Economy	∧	∧	<input checked="" type="checkbox"/>
Demand	—	∧	<input checked="" type="checkbox"/>
Storage	—	—	<input checked="" type="checkbox"/>
Supply	—	∨	<input checked="" type="checkbox"/>
Market Price Pressure	—	—	<input checked="" type="checkbox"/>

Market Pressure Points

2011

Pressure Point: Economy/Demand

Summer season Period-to-period change <i>Data source: IHS Global Insight</i>	Last summer 2010 ACTUAL	Summer 2011 FORECAST
Economy	Improving	Soft Patch
GDP growth	3.1%	2.5%
Unemployment rate	9.6%	8.9%
Manufacturing	6.9%	4.5%
CPI	1.5%	3.4%
Summer-to-summer pressure on natural gas prices		

Weather Demand: Summer Season

Data source: NOAA, EVA

Last summer
2010 ACTUAL

Actual season:

21.8% warmer than 2009

17.8% warmer than 30-year average



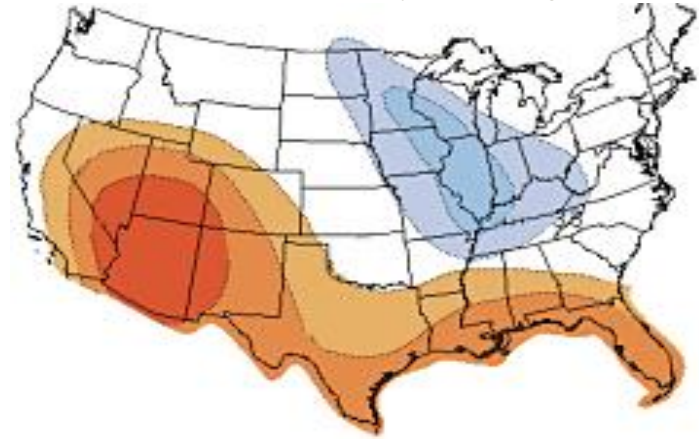
1,430 Cooling degree days

This summer
2011 FORECAST

NOAA's projection:

18% cooler than last year

3.4% cooler than 30-year average




1,173 Cooling degree days

Summer-to-summer pressure
on natural gas prices

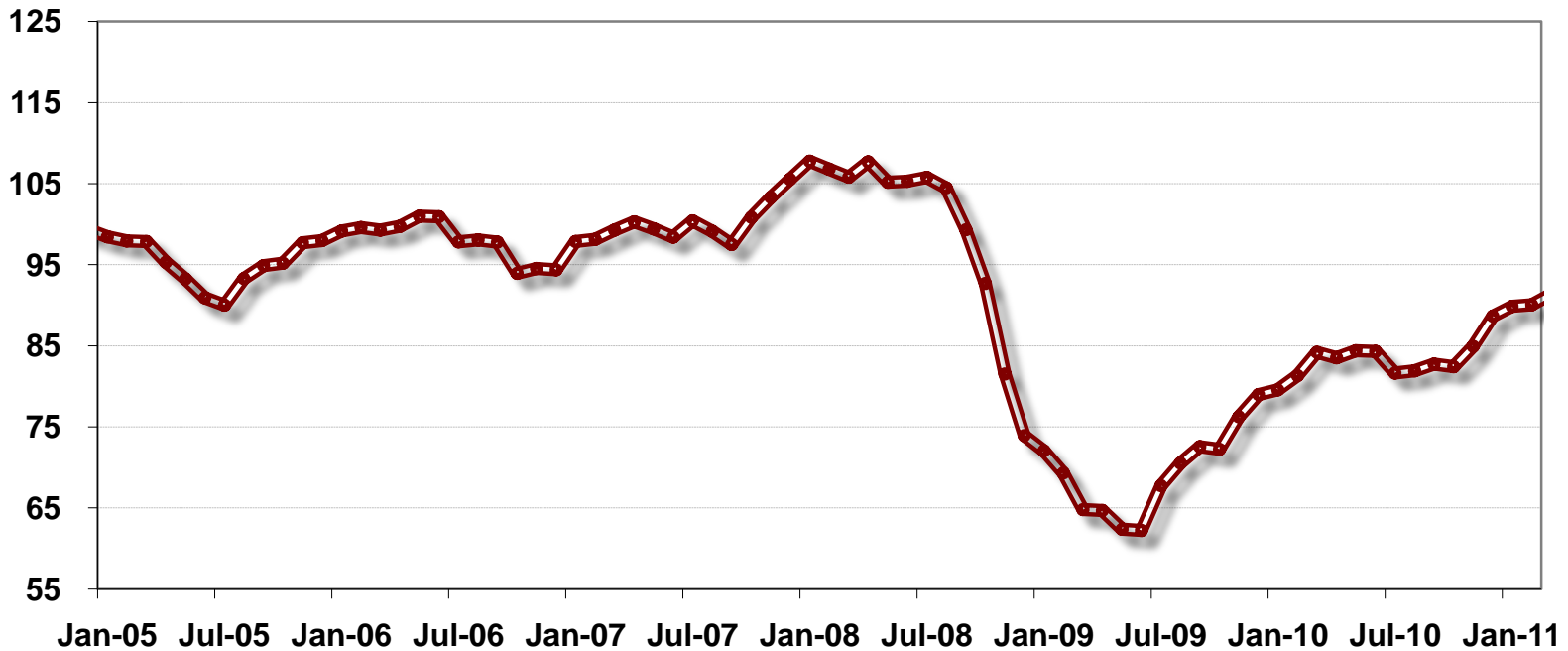


Overall Gas Demand/Consumption

Summer season Period-to-period change <i>Data source: EVA</i>	Last summer 2010 ACTUAL	Summer 2011 FORECAST
Demand	55.8 Bcf/d	56.8 Bcf/d
• Industrial demand	17.1 Bcf/d	17.4 Bcf/d
• Electric demand	22.7 Bcf/d	22.8 Bcf/d
Demand change	+4.9%	+1.8%
Growth sector	Electric generation	Industrial
Summer-to-summer pressure on natural gas prices		

Primary Metals: Poised for Growth

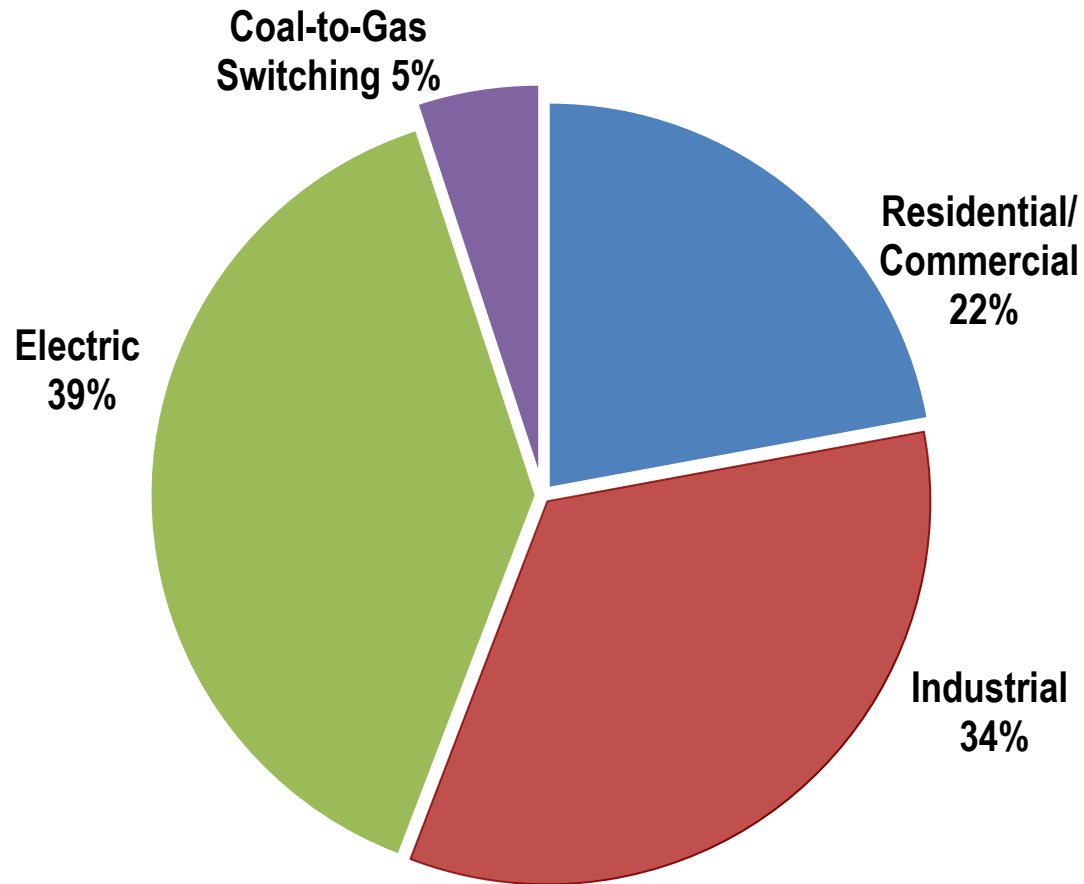
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Data source: EVA and DOE/EIA

- Metals such as iron and steel are poised to grow, provided market conditions are favorable
- Overall industrial demand projected up 2 percent

Natural Gas Prepared to Meet All Needs: Switching Small Part of the Picture



Data source: EVA


Storage/Demand

Summer season Period-to-period change <i>Data source: EIA, EVA</i>	Last summer 2010 ACTUAL	Summer 2011 FORECAST
Season starting point (billion cubic feet)	1,669 Bcf	1,579 Bcf
Average weekly injections	71.4 Bcf	75.6 Bcf
End-of injection season	3,840 Bcf	3,900 Bcf

**Summer-to-summer pressure
on natural gas prices**



Production/Supply

Summer season Period-to-period change <i>Data source: EIA, EVA</i>	Last summer 2010 ACTUAL	Summer 2011 FORECAST
Summer average production	59.1 Bcf/d	62.1 Bcf/d
Average natural gas rig count	967	~900
Canadian imports	6.9 Bcf/d	6.2 Bcf/d
LNG imports	0.9 Bcf/d	0.8 Bcf/d
Summer-to-summer pressure on natural gas prices		

Summer Outlook: Wild Cards

- Stronger than expected industrial rally
- Unexpected statewide ban on shale production
- Significant weather surprises

This Season's Summer Outlook

Summer season Period-to-period change	This summer 2011 FORECAST
Economy	—
Weather	∨
Overall demand	—
Storage	—
Overall supply	—
Summer-to-summer pressure on natural gas prices	—

Summary:

Dynamic natural gas market will satisfy industrial and power needs

- Robust supply results in sustained, steady, stable outlook
- Natural gas prices enabling industrial recovery
- Coal-to-gas switching continues for third consecutive year



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