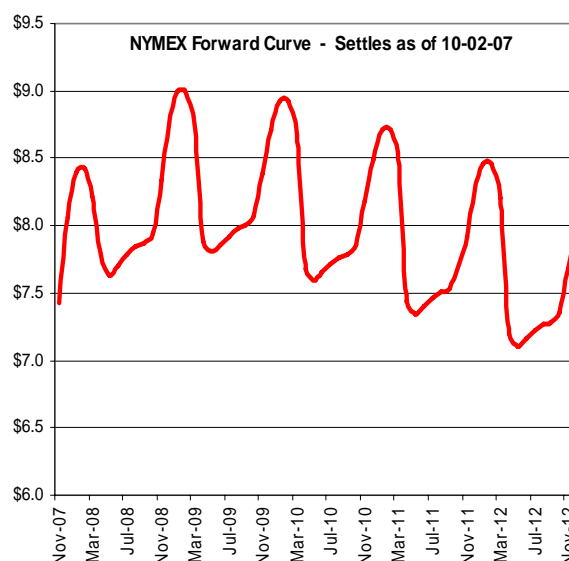


Natural Gas Market Report

October 3, 2007

NYMEX Settle Price As of Wednesday, October 3, 2007			
Nov	7.277	May	7.719
Dec	7.915	Jun	7.786
Jan-08	8.255	Jul	7.864
Feb	8.285	Aug	7.924
Mar	8.097	Sep	7.941
May	7.697	Oct	8.014
Strips	Six	Twelve	Nov 07- Mar 08
	\$7.921	\$7.898	\$7.966



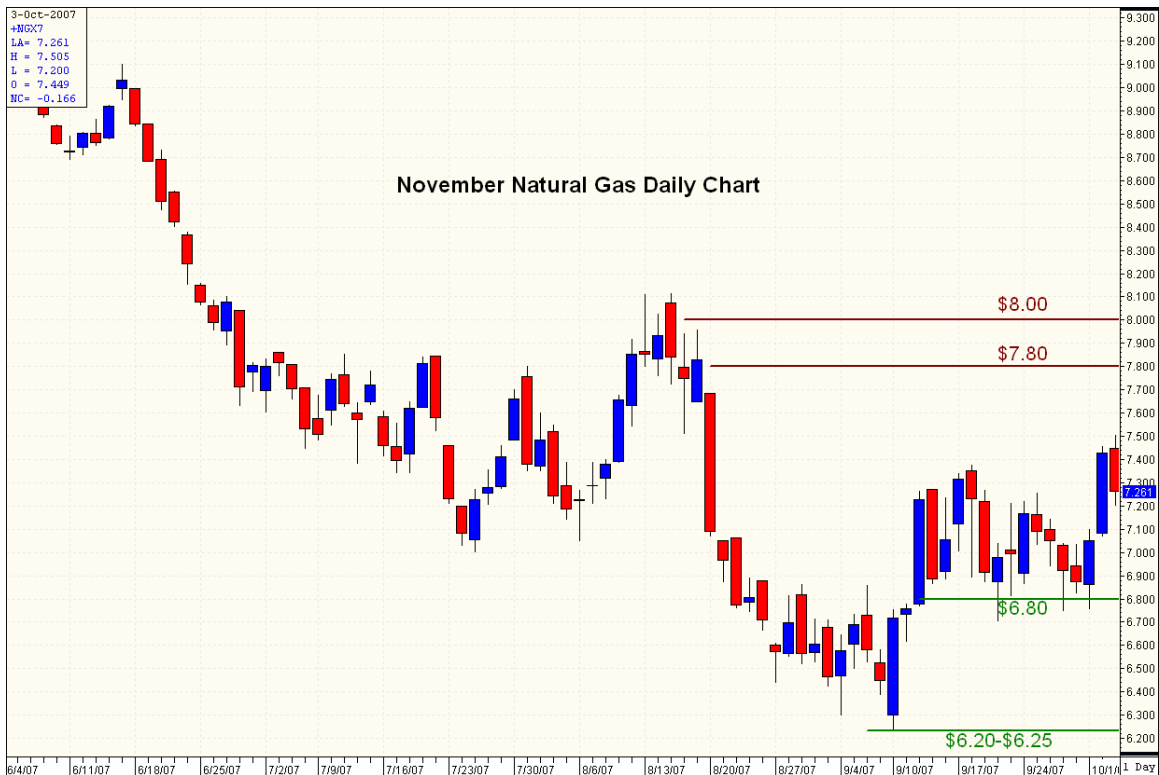
Review and Outlook

Natural gas continues to move based on which way the tropical winds are blowing. Right now there are a couple of storms that will bring stormy weather the Gulf's production area; however, they are not expected to surpass tropical storm strength, thus keeping any damage to a minimum. There may be some temporary production losses due to precautionary evacuations on the rigs; however, these will be minor. Nevertheless, the market is in its typical, "it's never too early to panic" mode with November rallying \$0.752 over that past two days. For this event, this buy the rumor sell the fact mentality may have already run its course as prices are currently trading about twenty cents below this morning's high.

From a technical standpoint Tuesday's settle over \$7.40 was supportive, however, with the market giving back much of yesterday's gains today and if the previously mentioned storms turn out to be nothing but a bunch of bluster the November contract could contract to \$7.00 rather quickly. Support below \$7.00 is at \$6.80 and the \$6.20-\$6.25 area. With winter approaching, a move to the \$6.20-\$6.25 area is decreasing with each passing day, however, this scenario may still occur if a mild October allows the industry to surpass last year's record storage level and if day ahead cash prices struggle at month's end.

If, on the other hand, a storm proves to be more destructive to production than currently expected, or the hype surrounding the upcoming winter is simply too much to overcome, support could hold at a higher level such as \$6.80 or \$7.00 and prices could attempt a pre-winter rally. Under this scenario resistance is at \$7.40, \$7.80 and in front of the \$8.00 mark.

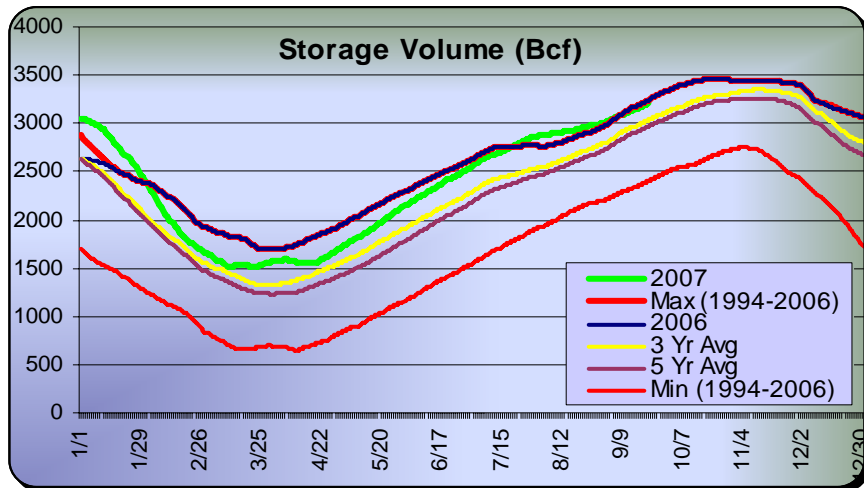
Below, is the daily natural gas chart for November showing short-term support and resistance.



Pricing Factors

Storage (through September 21st)

Weekly Change
 +74 Bcf
 Current Storage
 3,206 Bcf
 Last Year
 3,243 Bcf
 3-Year Average
 3,031 Bcf
 Historical Low
 2,401 Bcf (2000)
 Historical High
 3,243 Bcf (2006)

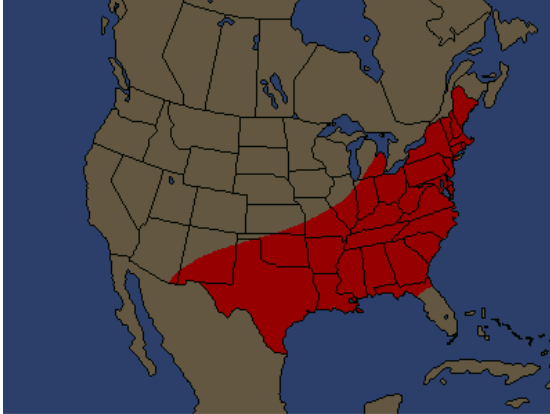


Weather

AccuWeather's ten day forecast predicts above average temperatures everywhere east of the Rockies. Days eleven through fifteen flip the map, with the above normal temps being confined to the western half of the country and normal temperatures in the east.

The thirty and ninety day outlooks according to AccuWeather appear below. The thirty day outlook is bearish as above normal temps in October point to increased availability of gas for injection throughout the month. The ninety day outlook is also bearish, indicating a slow beginning to winter.

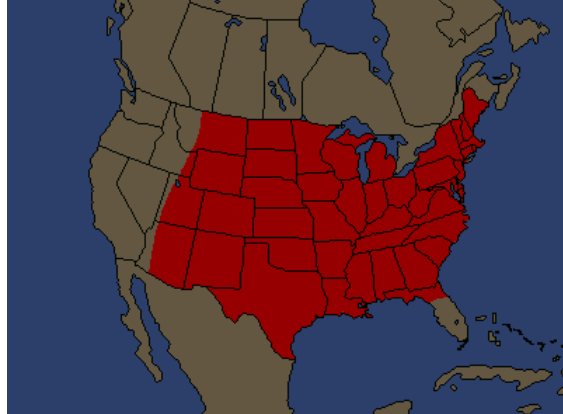
30 DAY TEMPERATURES COMPARED TO NORMAL



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90 DAY TEMPERATURES COMPARED TO NORMAL

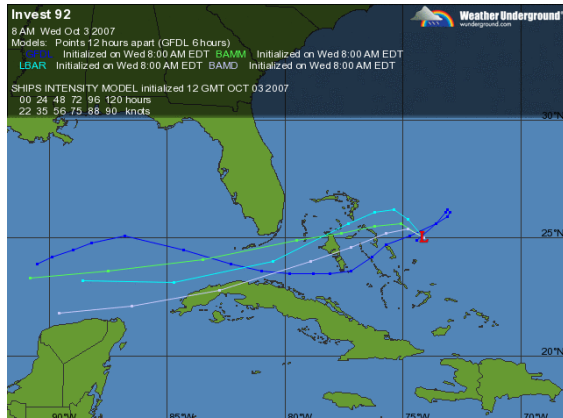
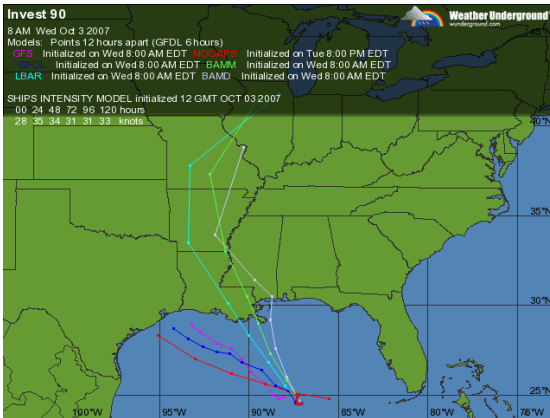


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The hurricane season forecasters are breathing a sigh of relief after an active September saved them from greatly over-estimating the number of named storms for the second straight year. While this season was still not as active as originally predicted, it will go down in the books as above average.

Right now there are a couple storms worth watching in, or around, the Gulf. Presently, neither storm is projected to strengthen enough to pose a major threat to production facilities but could send crew members scrambling for cover and temporarily shut in some production as a result. The forecast tracks for the two storms, according to WeatherUnderground, appear below.



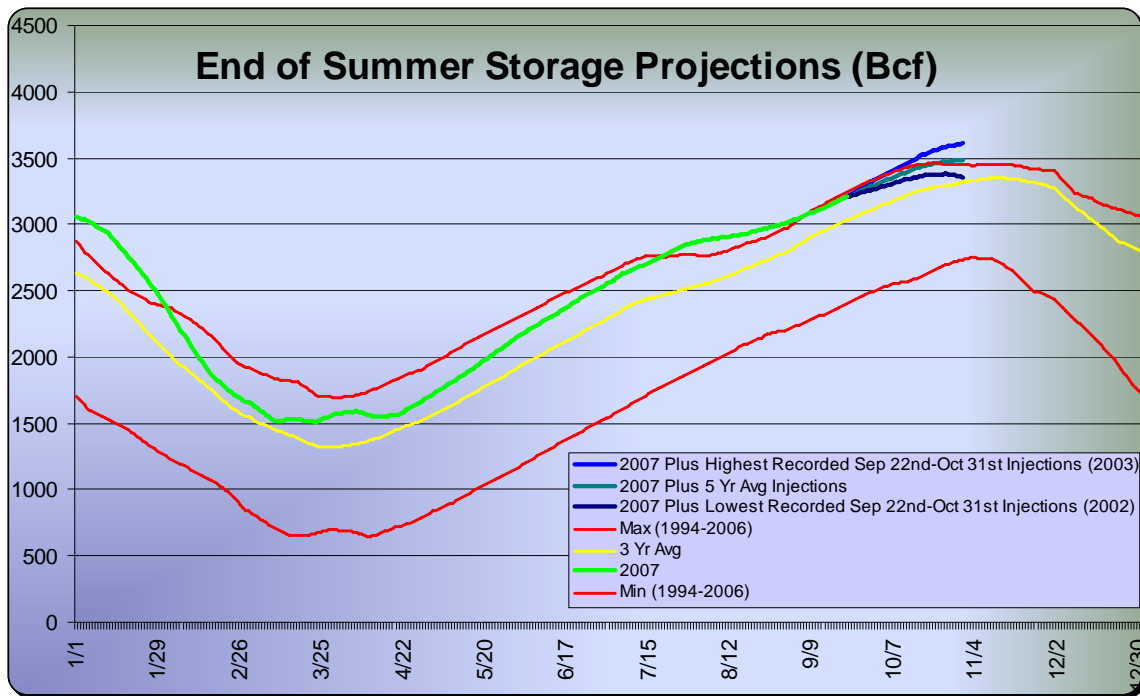
Supply/Demand Balance

One factor that will help support prices, at least somewhat, is that the natural gas market could continue to pick up demand from fuel switching as the price of oil continues to trade at lofty levels compared to gas.

As referenced above, the tropical storm threats may result in some supply disruptions due to precautionary measures on the Gulf rigs. These supply interruptions will serve to decrease the amount of gas in storage but pose no problems for day to day activity.

More on storage: the industry now stands 37 Bcf below last year's level. With a month left in the injection season the only suspense left is whether or not the industry finishes October at record levels. The graph below suggests that this is likely with the average injections from now until the end of the season leaving us with 40 bcf more in the ground than last year's record level. If instead we inject the least amount of gas ever injected in October it will still leave us above the three year average by October's end.

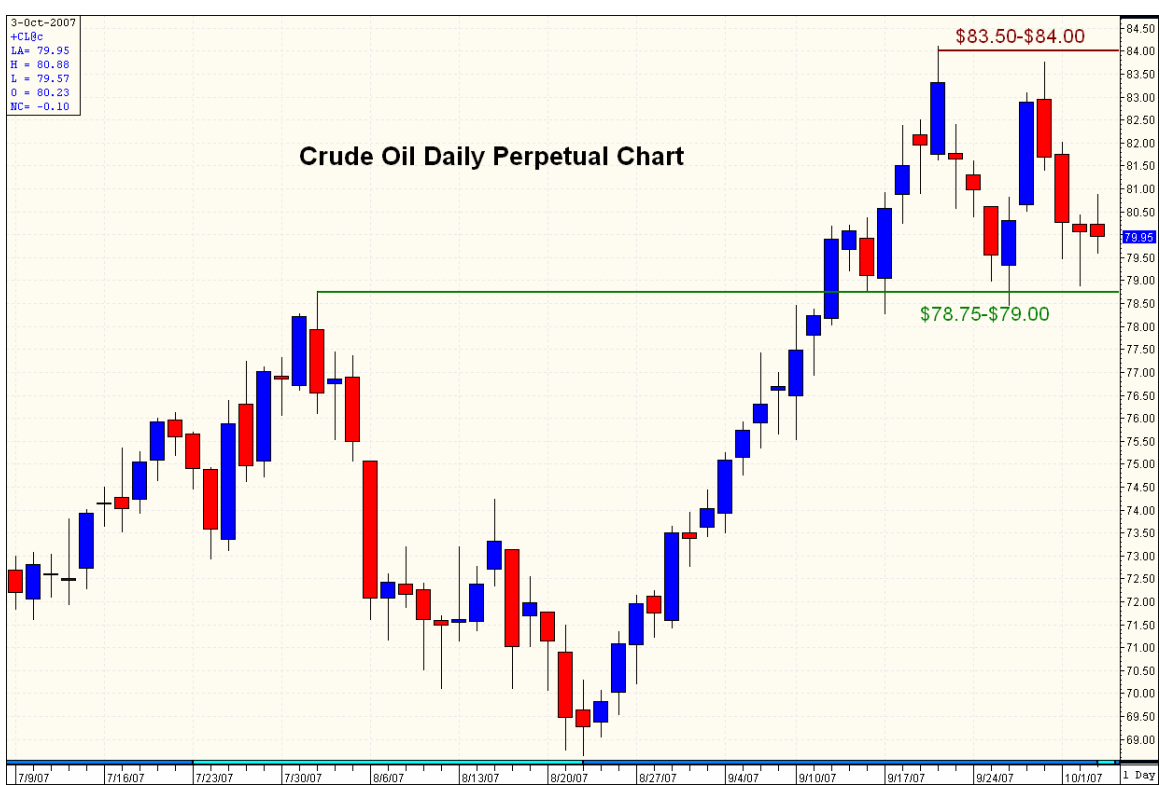
I find it interesting that the smallest amount of gas injected from now until October's end was in 2002 and not in the hurricane problem years of 2004 (Ivan) or 2005 (Katrina/Rita). This indicates to me that there may be more of a problem with availability of storage than availability of supply.



Baker Hughes Rig Count			
Report Dated 9/28/07			
	Current Year	Prior Year	Increase (Decrease) over Prior Year
U.S. Gas Rigs	1,443	1,445	-2
U.S. Oil Rigs	311	295	+16
Total Rigs - North America	2,107	2,097	+10

Crude Oil

The speculators continue to dare the government to intervene in the energy markets. The bottom line is that there is no good reason for crude oil to be trading at present levels and yet here we are hovering around \$80.00 today, after setting a new high for the perpetual chart on September 20th near \$84.00. Almost daily news revising demand forecasts and actual usage lower and supply higher have been promptly ignored up to now, although the market has shown some signs of a possible turn-around recently. Support is at the \$78.75-\$79.00 area. If prices can get below this level a further retreat to the \$74.50 area becomes likely. A break of \$74.40 would greatly increase the likelihood of a challenge of the \$70.00 mark. If \$79.00 holds again and renewed buying enters the market, the obvious resistance area is at \$83.50-\$84.00. If the market can sustain prices over this level for long then \$86.50 becomes the next upside target.



Please be advised that although the information contained in this report is compiled by SCANA Energy Marketing from sources believed to be reliable the views provided herein are based upon a number of estimates and assumptions that are subject to significant business, economic, regulatory and competitive uncertainties. The prices provided do not reflect the actual prices at which SCANA Energy Marketing will enter into a transaction. SCANA Energy Marketing makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of this information and has no obligation to update any information provided to you. SCANA Energy Marketing is not liable to any recipient or third party for the use of or reliance on the information contained herein. SCANA Energy Marketing is actively involved in energy trading and may take positions consistent or contrary to the information presented, at its discretion. SCANA Energy Marketing is not acting as an agent or advisor and encourages the use of independent consultants, as necessary, prior to entering into any transactions.