2/26/10

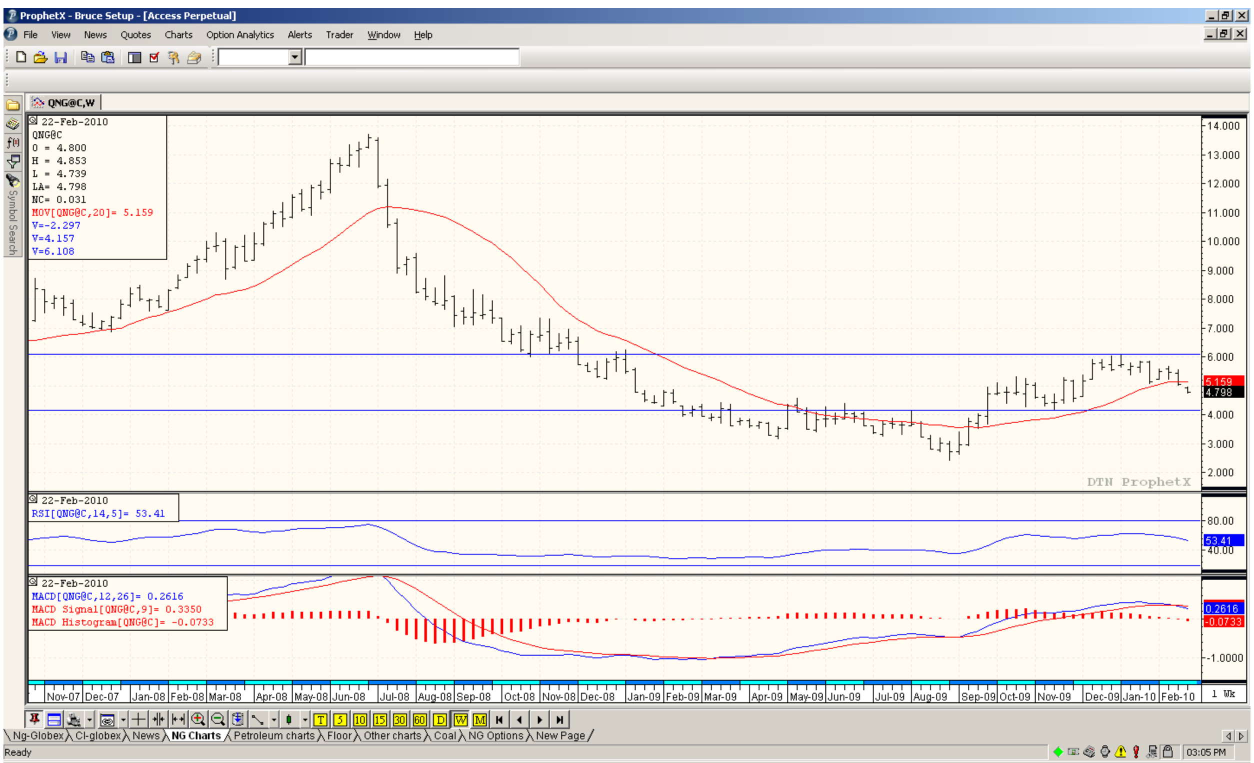
Natural Gas Market Summary

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

As thought likely, the March contract opened trading this week about $.10/dt below last week's closing price, then continued to move lower on follow-through technical selling.   On Wednesday, the March contract expired at $4.816/dt as compared to an expiration of $5.274/dt for the February contract.

On Thursday, April began trading as the prompt month.  When the Weekly Storage Report was released on Thursday the April contract moved lower 'testing' the closing range of the March contract before stabilizing.   For the week, the April contract closed at $4.798/dt, down $.246/dt from last week.  This represents the lowest weekly closing price for the prompt month contract since the last week of November 2009.

Attached is a weekly continuation chart showing this price activity.




Strip prices:

1. April 10- Oct 10 "strip" closed at $5.01/dt, down $.232/dt  from last week

2. April through December 2010 closed at $5.175/dt, down $.208/dt from last week.

3. April  through March 2011 closed at $5.398/dt, down $.1791/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 1345, ***down 1 from last week and 45 above from this same week in 2009*.**

**Bullish price factors:**

1. Alternate fuels – Prompt month crude oil closed at $79.68/barrel, down $/barrel from last week's closing price. #2 oil closed today at $2.02/gallon, down $.05/gallon from last week's closing price – this equates to roughly $14.52/dt equivalent natural gas price.

2. Weather forecast – both the 6 – 10 day and 8 – 14 day forecasts show below normal temperatures for the eastern half of the country.

**Neutral price factors:**

1. Volume of gas in storage. Working gas in storage was 1,853 Bcf as of Friday, February 19, 2010, according to EIA estimates. This represents a net decline of 172 Bcf from the previous week. Stocks were 56 Bcf less than last year at this time and 13 Bcf above the 5-year average of 1,840 Bcf. This is the first week this winter current stocks have been lower than they were the same week of the previous year.

**Technical indicators:**

Technical indicators appear to be negative. The price path of least resistance appears to be lower.

**Summary:**

As thought likely, last week's closing price below the 20-week simple moving average likely led to even lower prices this week as speculators appeared to be selling a portion of their long positions. Since the 4th quarter 2009 price high, the prompt month has now declined about 21%. As a reminder, the average decline is about 40%. Additionally, 8 weeks have now passed since the 4th quarter price high was printed and the average historical time elapsed between the 4th quarter high and the 1st quarter low is 12 weeks.

Daily technical indicators point to the market as being oversold and as such, I wouldn't be surprised to see a short-term price rally before prices once again move lower into calendar month March as the traditional 1st quarter price low continues to evolve.

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.

April 10 = +/- $4.75/dt

April 10 – Oct 10 = +/- $5.00/dt

April 10 – March 11 = +/- $5.35/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.*

Cindy Anthony 828-293-0275
Jill Johnson 888-307-1070
Faye Brodeur 803-217-1313
Rich Klaus 803-217-1382
Terri Carbre 919-241-4013
Renee Locklear 803-217-1340
Bruce Culbertson 803-206-1980
Chip Sanders 404-760-6304
Lynn Jimison 704-834-6681
Debbie Taylor 803-217-1368