

NATURAL GAS REPORT FOR SEPTEMBER 2009

FUTURES PRICES¹

The natural gas futures market prices exhibited a sizable fluctuation in the month of September, especially during the middle part of the month. The market prices declined at the beginning of the month. Mild weather, the high level of natural gas inventory, and continued weakness in the economy combined to weigh on the market prices at the beginning of the month. In fact, the NYMEX October contract, when settled at \$2.508 per MMBtu on September 3, recorded the lowest front month settlement since March 5, 2002. However, the market prices started fluctuating substantially during the middle part of the month with an eventual upward trend. The upturn in the market prices was mostly driven by technical factors rather than fundamentals, though an economic recovery may have potentially driven industrial demand higher. Adding to the upward momentum was market uncertainty associated with the potential production impact from a reduction in the gas drilling activity. The September and October contracts were closed at NYMEX at a price of \$2.843 and \$3.730 per MMBtu, respectively. The September and October contract prices were about 66% and 50%, respectively, lower than those of the same period last year. The October contract expired at \$3.730 per MMBtu on September 28 compared to \$2.821 per MMBtu at the beginning of the month. On October 26, NYMEX November futures are settled at \$4.513 per MMBtu compared to \$6.239 per MMBtu settled at the same time last year.

U.S. STORAGE LEVELS²

Despite the slower than historical pace of natural gas storage injections in the month of September, the storage inventory level continued to expand during the month. The weather in the central and northeastern parts of the country was cooler than normal in the month of September, while the rest of the country underwent warmer than normal temperatures. The continued higher futures price levels for the upcoming heating season compared to the spot price levels and robust supplies, among other factors, contributed to increasing storage injections in the month. In fact, the total storage level for the week ending September 11 exceeded last year's season ending level of 3,421 Bcf with seven more weeks yet to go in the traditional injection season. The total storage inventories in the U.S. as of September 25 are 3,589 Bcf exceeding the all-time high of 3,565 Bcf recorded at the end of October 2007 according to the U.S. Energy Information Administration, about 16% higher than a year ago level, and 481 Bcf above the previous five-year (2004-2008) average.

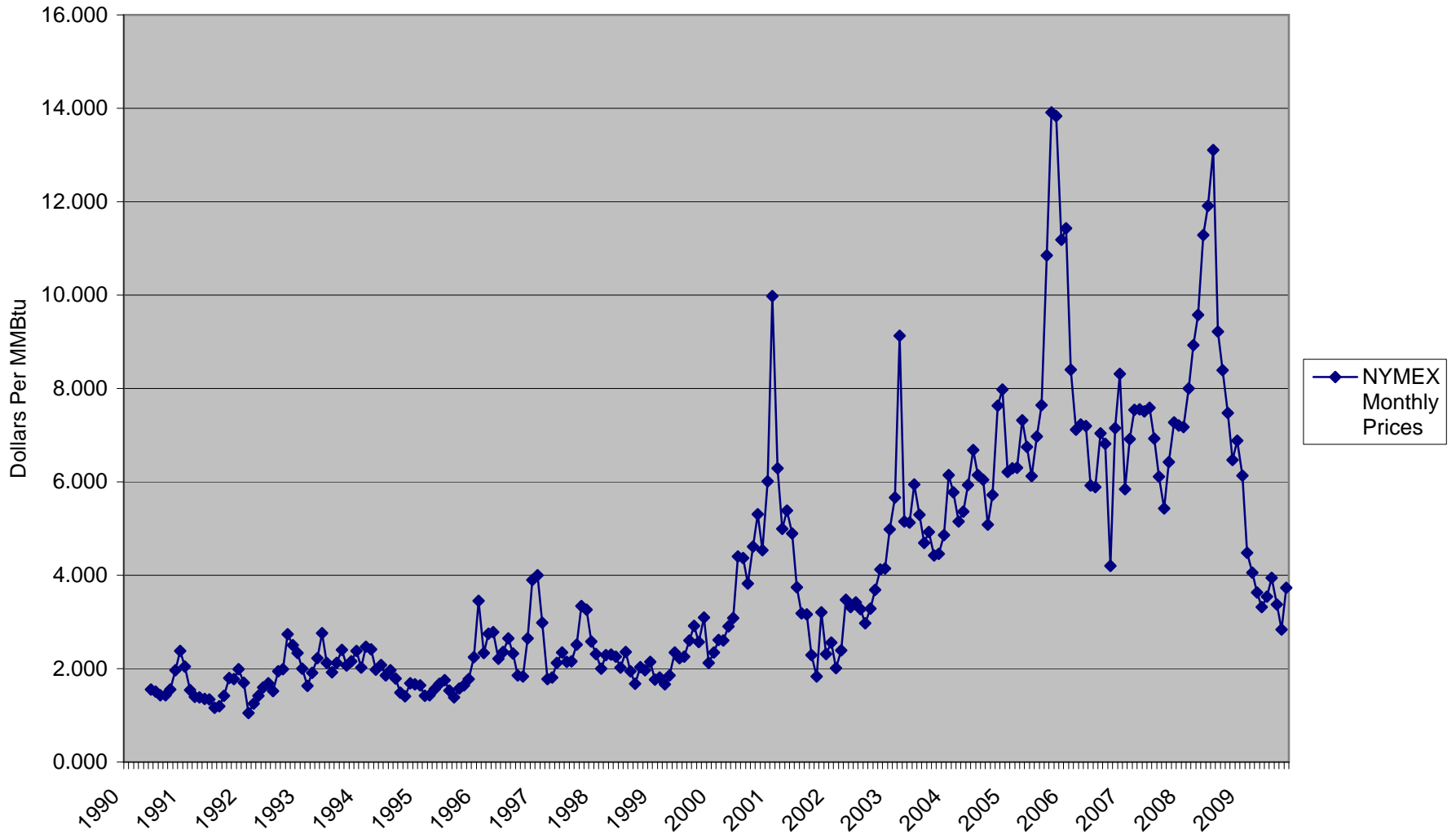
SUMMARY

The wholesale price of the natural gas commodity was fully deregulated by the federal government in 1993. Local natural gas distribution companies (LDCs) do not produce the gas they sell but purchase it on an open market at market prices. The Missouri Public Service Commission (PSC) does not regulate the price of the natural gas commodity, but does monitor LDC purchasing decisions. The PSC continues to review the gas purchasing practices of the distribution companies in terms of reasonableness and prudence.

¹ Data Source: Wall Street Journal

² Energy Information Administration's Natural Gas Weekly Update

Monthly Natural Gas Prices



Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet

Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 9/28/09

Future Month Price on 10/26/2009

