

A panoramic view of the Chicago skyline, featuring the Willis Tower (formerly Sears Tower) as the central focus. The city is situated along the edge of Lake Michigan, with a line of green trees and a body of water in the foreground. The sky is clear and blue.

GasMart 2010

Gas Purchasers Speak Out
May 12, 2010

Matthew Beach

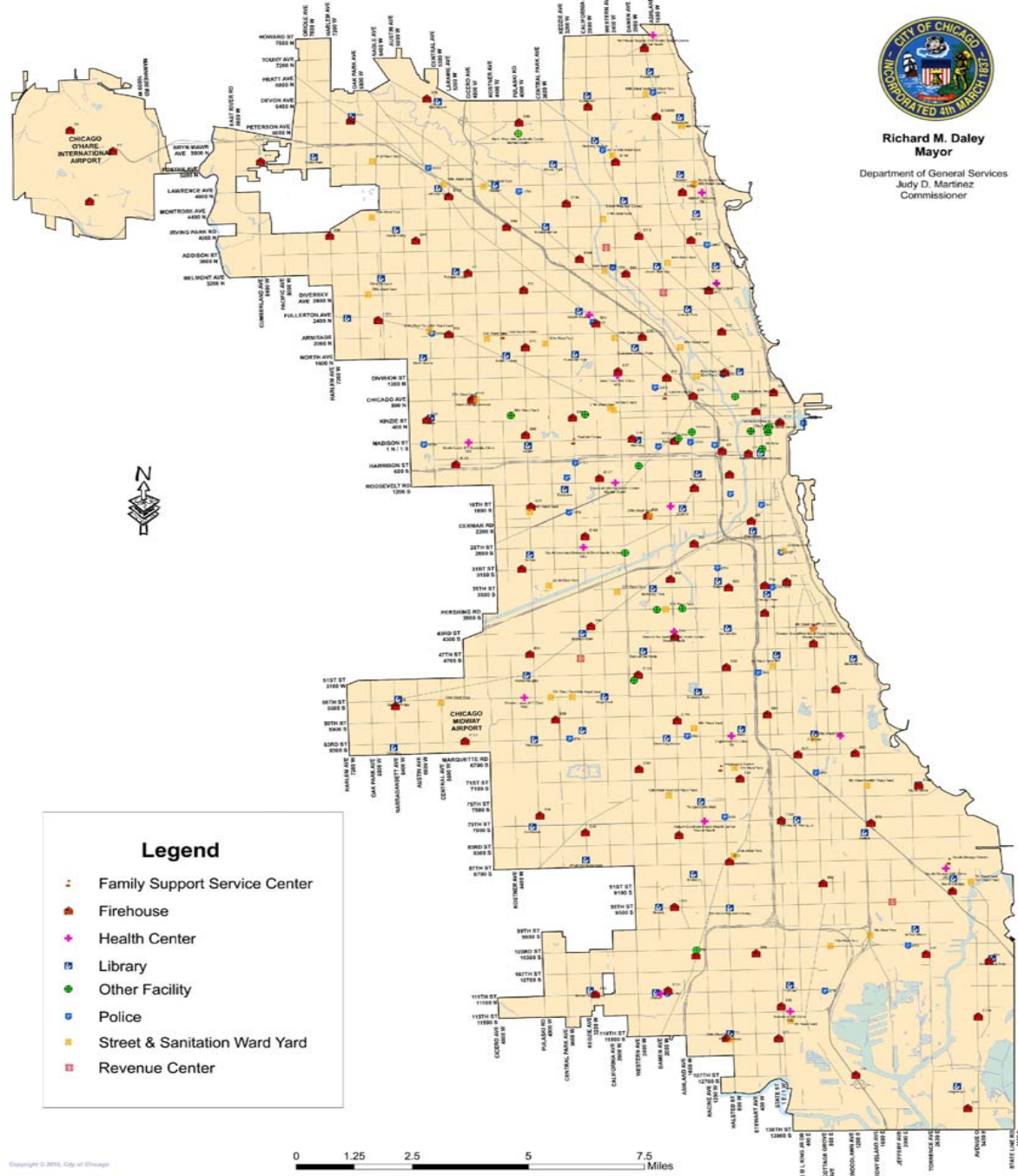
Energy & Environmental Programs Administrator
City of Chicago

- 400+ Buildings

- 500 Accounts

- 4.2 MMDth

CITY FACILITIES MAINTAINED BY DGS

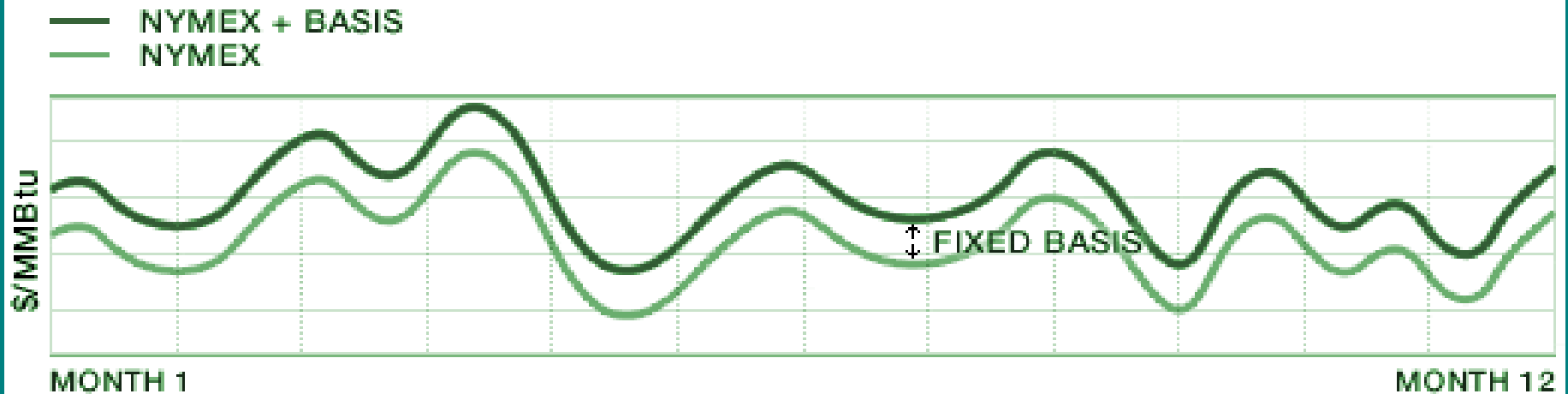


Department	% Expenditures
Police, Fire, DGS	13%
Water	52%
Streets & San	2%
Sewer	.23%
Libraries	1%
Midway	4%
O'Hare	27%

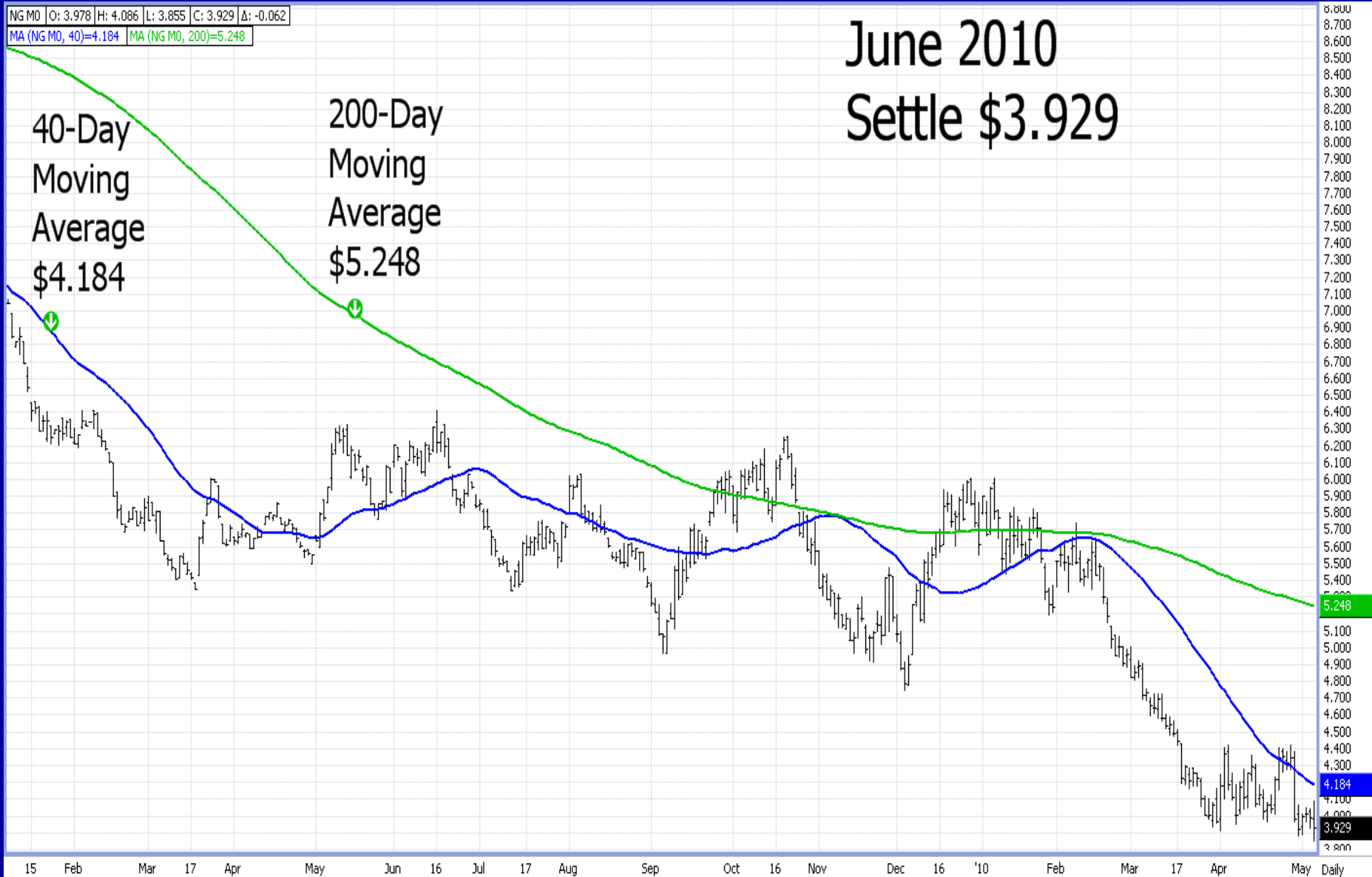
Pricing Preferences

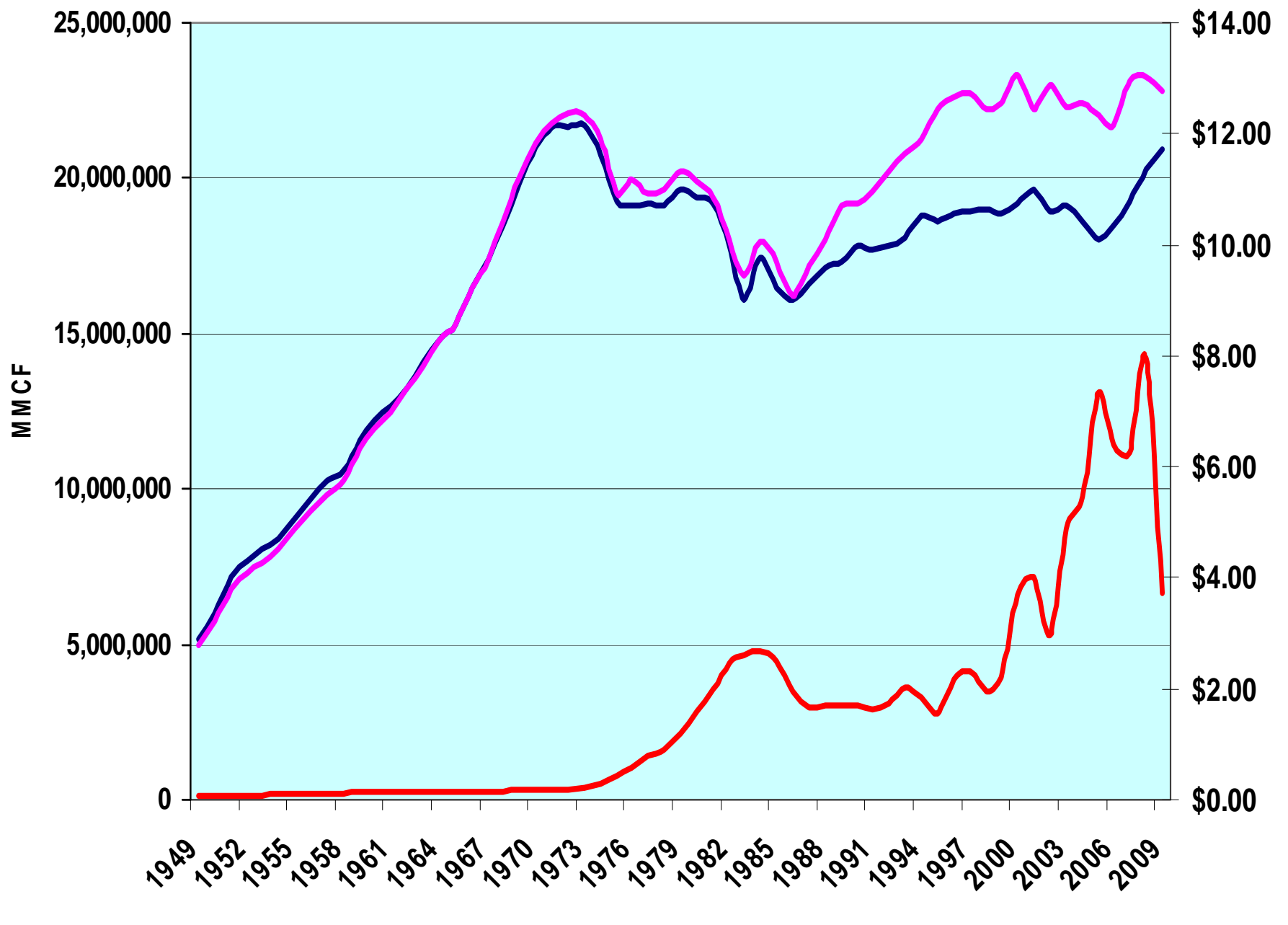
Delivery	Full Requirements
Delivery Point	PGLC
Product	1) NYMEX (+/-) 2) Basis 3) NGI (+/-) 4) Storage owned by the City 5) Storage retained by the supplier
Hedging	Please provide a complete description of your hedge program
Term	One, Two and Three year terms
Volume	See Attachment A for monthly volumes

NYMEX PLUS BASIS PRICING EXAMPLE



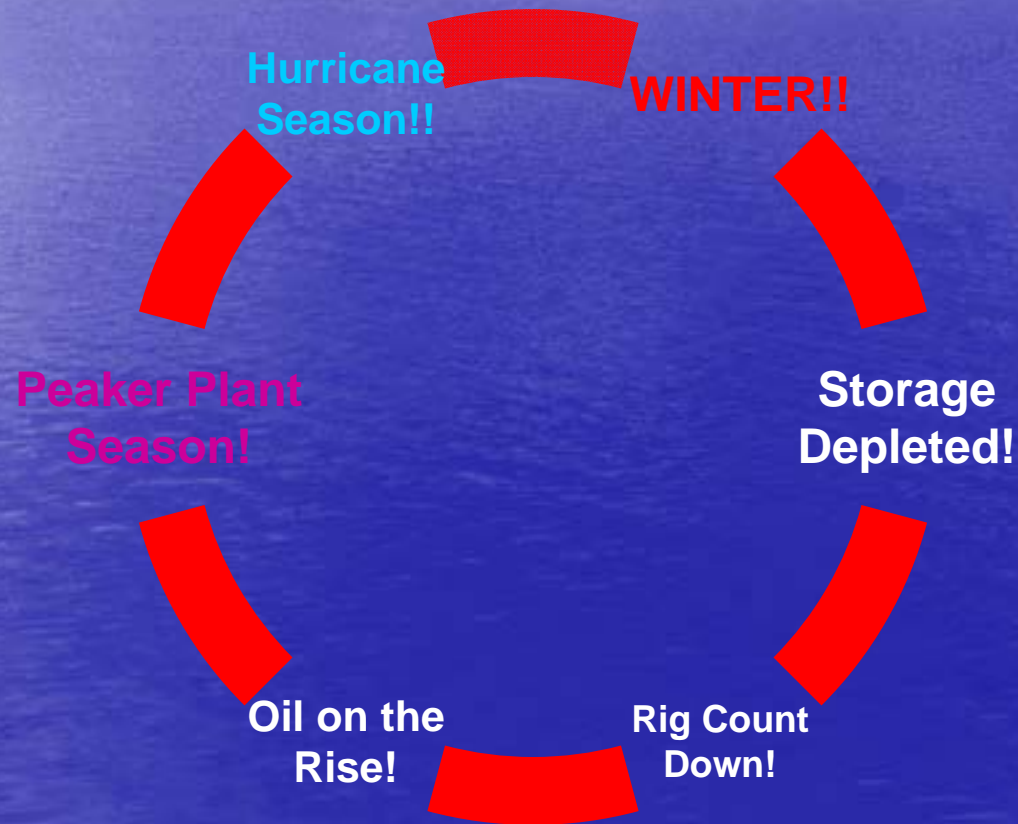
The Fundamental Uncertainty of Technicals





— US Dry Production
 — US Consumption
 — Wellhead Price

Ever feel like you can't win?



Regulation?

Who Needs Regulation?

- Hedge Funds, ETFs
- Pipelines
 - FERC is investigating “substantial over-recovery of fuel and lost and unaccounted for gas through unjust and unreasonable rates”
- Marketers
 - “Market manipulation is standard operating procedure for all mega-marketers.” Raymond Plank, CEO, Apache Corp., Feb. 2002
- LDC
 - Wrong gas density being used in the correction for therm energy value, endless rate cases, etc.