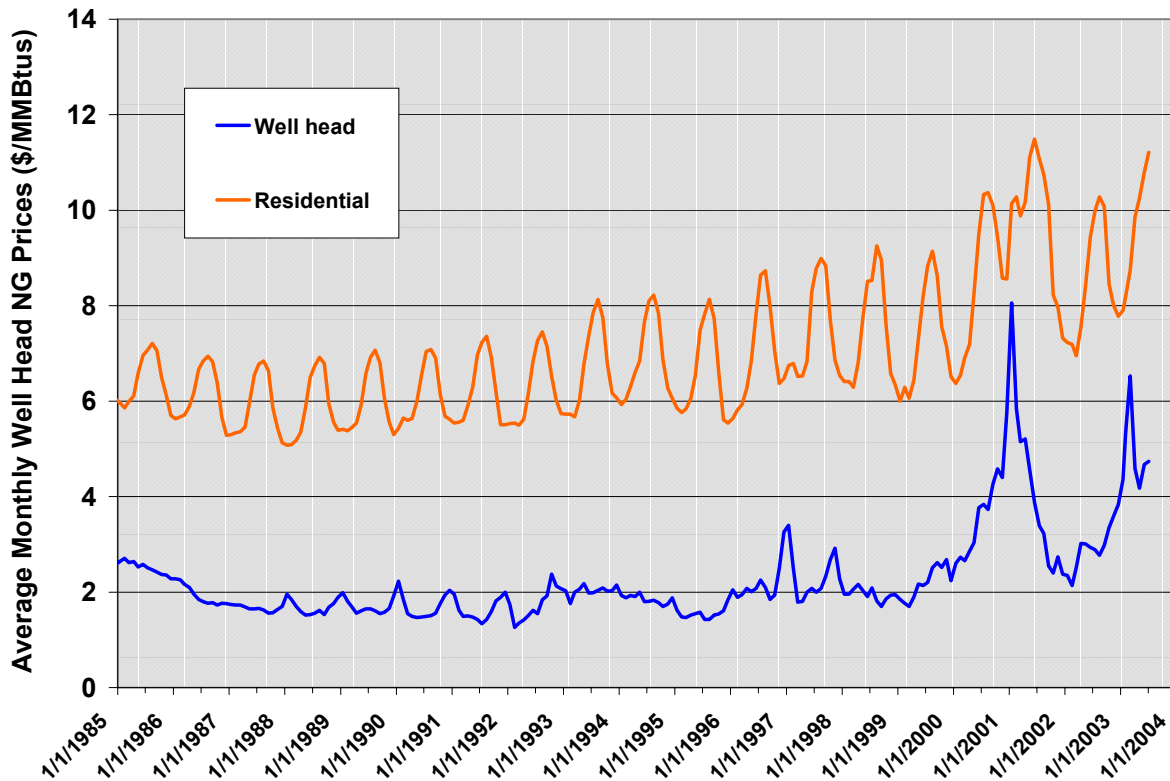


Residential and Well Head Natural Gas Price Trends
Source: ACEEE analysis based on data from the
U.S. Energy Information Administration (2003)



Wellhead pricing has historically varied annually reflecting a cycle of higher prices during the fall storage recharge season, falling as the winter progresses with the lowest prices in the late spring. Wellhead price responds to overall market demand, available production and anticipate demand that has historically been driven by weather forecast of heating requirements.

Residential prices historically rise in the spring, peaking during the summer when usage is lowest, and then fall in the fall and winter as usage increases. This seeming counter-intuitive trend occurs because the fixed costs of service (e.g., meter reading, accounting, connect fees) are spread across fewer cubic feet of gas driving up the apparent price.

Recent supply problems have resulted in changes to the historic trends.

June 11, 2003

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