

NATURAL GAS REPORT FOR MAY 2012

FUTURES PRICES¹

The volatility in the natural gas futures market prices continued in the month of May. The market prices increased for most of the month. Market prices declined at the beginning of the month as a combination of relatively weak demand and high supply of natural gas persisted. Market prices continued to climb later in April due partially to late season heating demand in the Northeast. For example, the NYMEX June 2012 futures contract recorded the highest front-month close, since January 11, on May 18 when it settled at \$2.742 per MMBtu. The increase in the market prices was attributable to, among other factors, a continued reduction in storage surplus, a decline in production and a potential increase in power generation as cooling demand increases. However the market prices started declining toward the end of May when the natural gas demand declined as hot weather prospects eased and the natural gas price advantage over coal started eroding, thus likely reducing coal to gas switching. The June and May contracts were closed at NYMEX at a price of \$2.429 and \$2.036 per MMBtu, respectively. The June and May contract prices were about 44 and 53%, respectively, lower than those of the same period last year. The June contract expired at \$2.429 per MMBtu on May 29 compared to \$2.371 per MMBtu at the beginning of the month. On June 18, the NYMEX July futures were at \$2.635 per MMBtu compared to \$4.325 per MMBtu last year.

U.S. STORAGE LEVELS²

Weather continued to be warmer than normal for most of the country during the month of May. In fact, it was the second warmest May on record according to the National Oceanic and Atmospheric Administration (NOAA). Although the storage levels grew steadily in the month as weekly injections continued to occur during the month the weekly injections were below normal for this time of year. Thus, the record surplus over the historical average continued to decline in the month. An increase in power generation for early season cooling demand, among other factors, may have contributed to the less than average storage injections for the month. The total storage inventories in the U.S. as of May 25 are 2,815 Bcf, 732 Bcf higher than a year ago level, and 724 Bcf above the previous five-year average according to the U.S. Energy Information Administration.

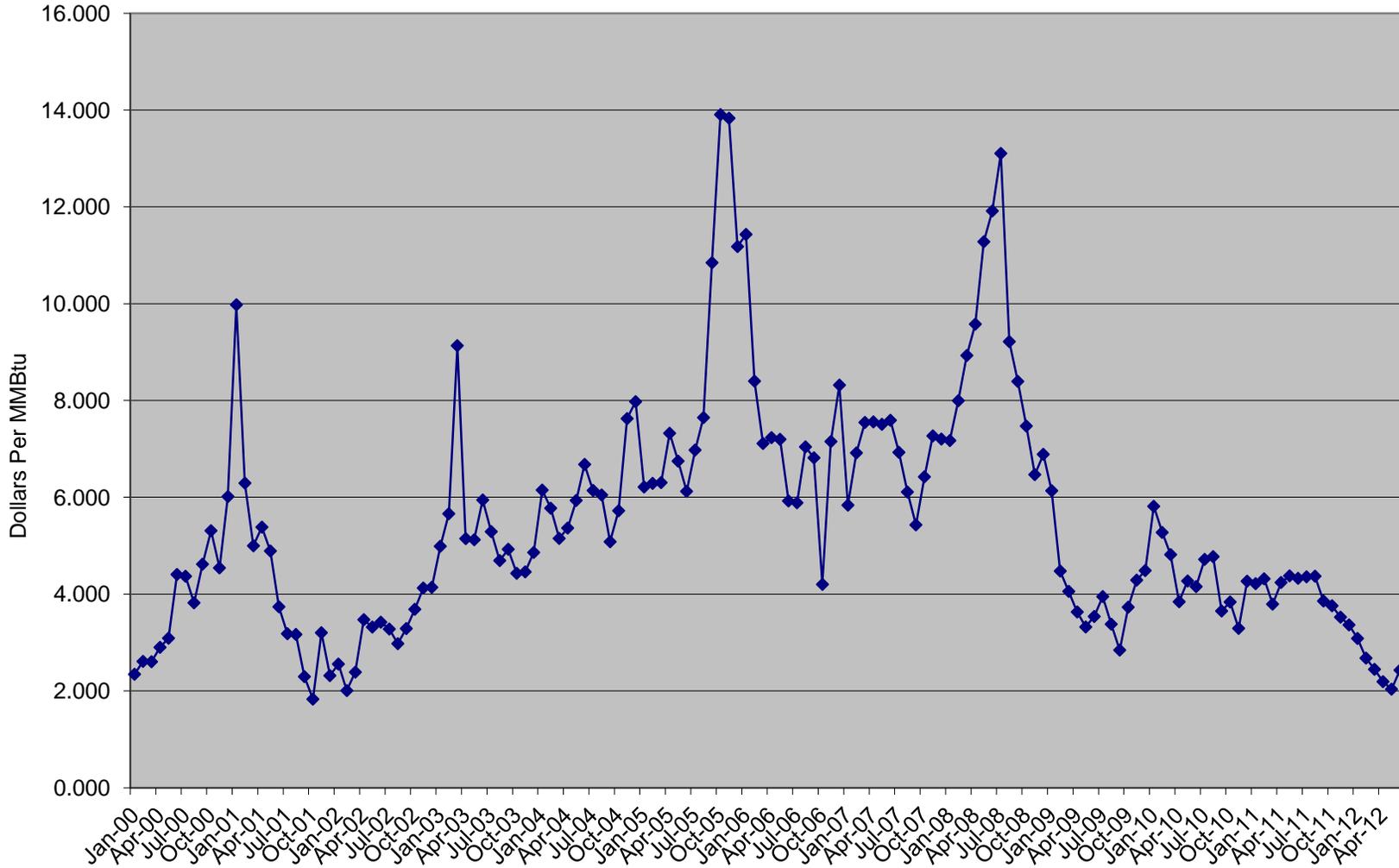
SUMMARY

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
 Current Month Price on Last Day Traded, 05/29/2012
 Future Month Price on 06/18/2012



Missouri PSC, Energy Department, Tariffs/Rate Design. Data Source: NYMEX Henry Hub Natural Gas Settlement Price via TFC-Charts