

Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 6, 2003

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources Energy Center. The Energy Bulletin is a public resource that is made available to state government decision-makers, to any other interested individual upon request and on-line at the Energy Center Internet site.

The Department of Natural Resources, Energy Center thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's (USDOE) Energy Information Administration (EIA) and Chicago Regional Office; the National Association of State Energy Officials (NASEO); the Missouri Propane Gas Association (MPGA) and the Propane Education and Research Council (MoPERC); the St. Louis AAA Auto Club; regional state energy offices; and, Missouri's energy retailers.

The Energy Center collects transportation and propane heating fuel prices from various retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. Unless otherwise noted, energy prices and supplies shown throughout this bulletin are from Mar. 3, 2003. Also shown are energy data from a month ago, Feb. 3, 2003, and from a year ago, Mar. 4, 2002.

Heating Fuels

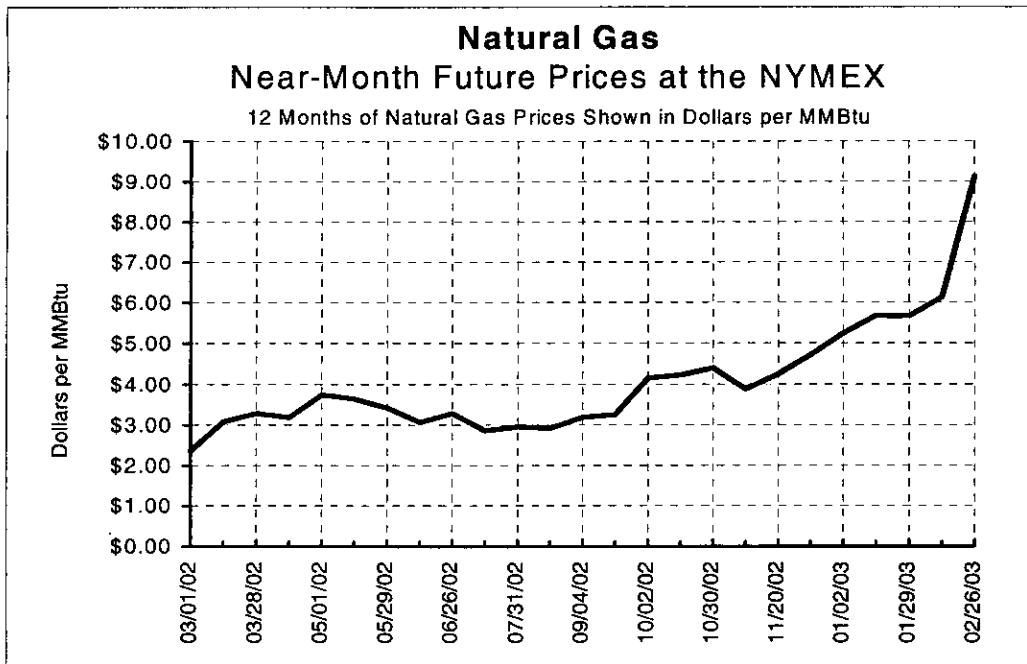
Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies reported in the bulletin from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

Natural Gas

- The spot price for natural gas at the Henry Hub, throughout this last month, increased by 2.98 dollars per MMBtu (52 percent) moving from 5.75 to 8.72 dollars per MMBtu. Throughout this last year, the price paid increased by 6.07 dollars per MMBtu moving from 2.65 to 8.72 dollars per MMBtu, an increase of 229 percent. (Source: *Wall Street Journal*, Mar. 5, 2003)
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last month (Jan. 29 to Feb. 26), increased by 3.47 dollar per MMBtu (61 percent) moving from 5.66 to 9.13 dollars per MMBtu. Throughout this last year (Mar. 1, 2002 to Feb. 26, 2003), the price paid increased by 6.77 dollars per MMBtu moving from 2.36 to 9.13 dollars per MMBtu, an increase of 287 percent.
- At the Henry Hub, the spot price declined a cumulative 75 cents to end trading on March 5 at \$7.81 per MMBtu. Daily changes were relatively large at Northeast locations, where price drops on March 4 and price increases on March 5 were mostly over \$2 per MMBtu.

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Web Address: www.dnr.state.mo.us/energy/transportation/fb.htm

Exhibit (Schedule) 8

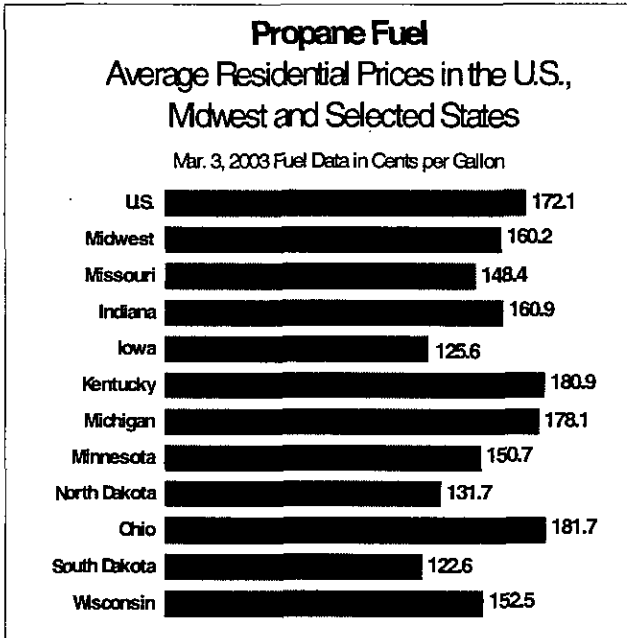


- Due largely to colder than normal weather, working gas in storage was 838 Bcf as of February 28, according to EIA's *Weekly Natural Gas Storage Report*. This is almost 42% below the prior 5-year average.
- As of March 6, spot prices have begun to retreat from the record-high levels of the previous week, as concerns about supply adequacy for the rest of the heating season seemed to ease, aided somewhat by a minor warming trend in some parts of the country. (U.S. DOE EIA)
- Compared to 2001-2002 levels, natural gas prices are higher in the 2002-03 heating season because prices bottomed out in the summer and fall of 2001 from several factors -- increased production capacity that reached a record-setting peak of 1,068 rigs during the week ended July 13, 2001; lower gas demand from the economic downturn magnified by Sept. 11; an easing of petroleum prices; and more natural gas in storage at that time.

Propane

- The average price paid for residential propane in **Missouri**, throughout this last month, increased by 29.2 cents per gallon (24 percent) moving from 119.2 to 148.4 cents per gallon. Throughout this last year, the price paid for propane increased by 54.4 cents per gallon moving from 94.0 to 148.4 cents per gallon, an increase of 58 percent.
- The average price paid for residential propane in the **United States**, throughout this last month, increased by 28.3 cents per gallon (20 percent) moving from 143.8 to 172.1 cents per gallon. Throughout this last year, the price paid increased by 59.7 cents per gallon, an increase of 53 percent.

- Propane stocks in the **United States**, throughout this last month (Jan. 31 to Feb. 28), were down by 11.4 million barrels moving from 32.3 to 21.0 million barrels, a decrease of 35 percent. In the **Midwest**, stocks were down by 5.5 million barrels (43 percent) moving from 12.9 to 7.3 million barrels.
- Propane stocks in the **United States**, throughout this last year (Mar. 1, 2002 to Feb. 28, 2003), were down by 21.7 million barrels (51 percent) moving from 42.6 to 21.0 million barrels. In the **Midwest**, stocks were down by 10.7 million barrels moving from 18.0 to 7.3 million barrels, a decrease of 59 percent.
- U.S. inventories of propane fell a relatively modest 2.0 million barrels last week, ending the week of February 28, 2003 at an estimated 21.0 million barrels. Following a period of sharp declines since the first wave of Arctic temperatures swept the nation, U.S. inventories last week posted the smallest weekly decline since the week ending January 3, 2003.



Residential Heating Oil

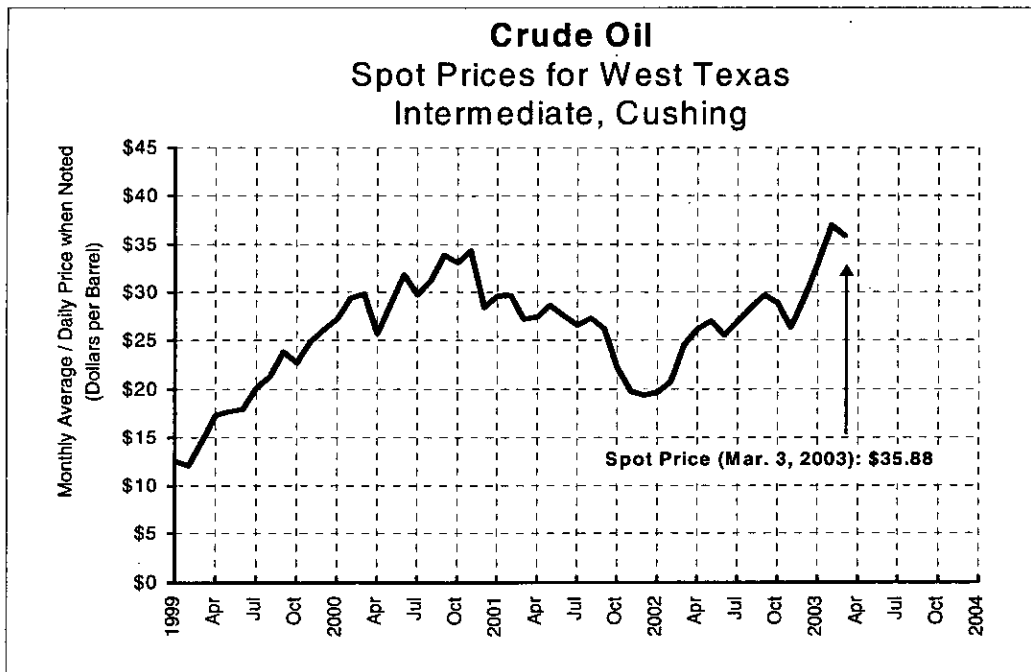
- The average price paid for residential heating oil in the **Midwest**, throughout this last year, increased by 56.7 cents per gallon. In the **United States**, the average price paid increased by 67.4 cents per gallon (58 percent) moving from 116.1 to 183.5 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Jan. 31 to Feb. 28), were up by 0.3 million barrels (4 percent) moving from 6.7 to 7.0 million barrels. In the **United States**, stocks were down by 6.9 million barrels (16 percent) moving from 42.5 to 35.6 million barrels.
- Residential heating oil stocks in the **Midwest**, throughout this last year (Mar. 1, 2002 to Feb. 28, 2003), were down by 1.3 million barrels (16 percent) moving from 8.3 to 7.0 million barrels. In the **United States**, stocks were down by 16.6 million barrels (32 percent) moving from 52.2 to 35.6 million barrels.
- Frigid weather spilled over from January into February with combined temperatures in the New England and Middle Atlantic regions (the largest users of heating oil) being reported at about 7 percent below normal during February, only slightly below the nearly 8 percent colder-than-normal-level reported during January 2003.
- For the week ending February 28, USDOE shows distillate fuel inventories fell by 2.6 million barrels, with most of the decline in low-sulfur distillate fuel (diesel fuel). Comparing the latest weekly data to monthly data for previous years, total distillate fuel inventories at the end of February are at the lowest level for this time of year since 1963. During the past eight weeks, DOE has distillate inventories losing 35.8 million barrels. U.S. distillate inventories currently stand at a 35.7 million bbl year-to-year deficit (Source: USDOE, March 5, 2003)

Coal

- Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.
- The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Jan. to Feb.), decreased by 0.03 dollars (1 percent) moving from 5.71 to 5.68 dollars per ton. Throughout this last year (Feb. 2002 to Feb. 2003), the average price paid decreased by 0.43 dollars moving from 6.11 to 5.68 dollars per ton, a decrease of 7 percent. (Source: *Wyoming Insight*, Feb. 21, 2003)

Crude Oil

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last month, increased by 3.10 dollars per barrel (9 percent) moving from 32.78 to 35.88 dollars per barrel. Throughout this last year, the spot price increased by 13.40 dollars per barrel moving from 22.48 to 35.88 dollars per barrel, an increase of 60 percent. (Source: *Wall Street Journal*, Mar. 4, 2003)

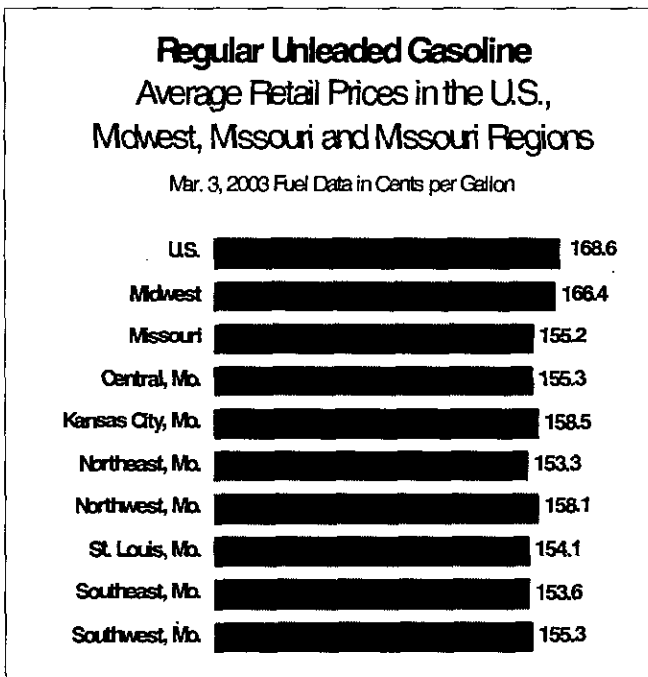


- Crude oil prices continued to increase through the week ending February 28. NYMEX settling prices continued above \$35 dollars per barrel and hit intraday trading levels near \$40 due to low U.S. supplies of crude oil and concerns surrounding military action against Iraq. (Source: USDOE/EIA, February 28, 2002)
- Preliminary data for last week showed a substantial increase in U.S. crude oil imports from Venezuela, reaching a level much closer to pre-strike levels than in recent weeks. Although crude oil inventories did increase by 1.7 million barrels, that was partly due to a decline in crude oil refinery inputs, which dropped by nearly 300,000 barrels per day last week. Even with a substantial increase in crude oil imports from Venezuela, there was still not enough crude oil in the petroleum system to build both

crude oil inventories, as well as product inventories (through an increase in refinery output). (U.S. DOE EIA)

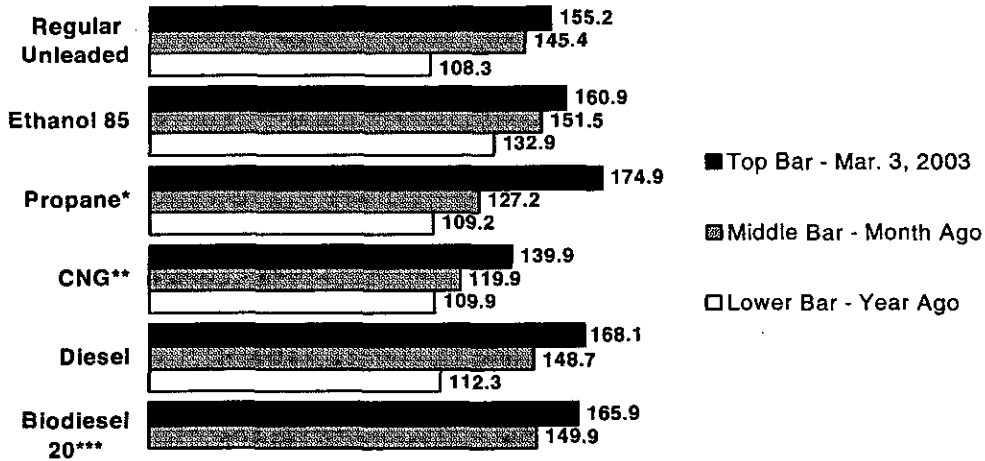
Transportation Fuels

- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last month, increased by 9.8 cents per gallon (7 percent) moving from 145.4 to 155.2 cents per gallon. Throughout this last year, the price paid increased by 46.9 cents per gallon moving from 108.3 to 155.2 cents per gallon, an increase of 43 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last month, increased 15.9 cents per gallon (10 percent) moving from 152.7 to 168.6 cents per gallon. Throughout this last year, the price paid increased by 54.2 cents per gallon, an increase of 47 percent.
- The average retail price paid for highway diesel fuel in **Missouri**, throughout this last month, increased by 19.4 cents per gallon (13 percent) moving from 148.7 to 168.1 cents per gallon. Throughout this last year, the price paid increased by 55.8 cents per gallon moving from 112.3 to 168.1 cents per gallon, an increase of 50 percent.
- Total motor gasoline stocks in the **Midwest**, throughout this last month (Jan. 31 to Feb. 28), were down by 0.6 million barrels (1 percent) moving from 50.7 to 50.1 million barrels. In the **United States**, stocks were down by 3.5 million barrels moving from 209.6 to 206.1 million barrels, a decrease of 2 percent.
- Total motor gasoline stocks in the **Midwest**, throughout this last year (Mar. 1, 2002 to Feb. 28, 2003), were down by 4.2 million barrels (8 percent) moving from 54.3 to 50.1 million barrels. In the **United States**, stocks were down by 6.6 million barrels moving from 212.7 to 206.1 million barrels, a decrease of 3 percent.
- Daily production of total finished gasoline in the **Midwest**, throughout the week ending Feb. 28, remained at 1,890,000 barrels. Daily production in the **Gulf Coast** region, a major supply source of gasoline to Missouri, increased from 3,350,000 to 3,360,000 barrels. This compares to year-ago daily production levels of 1,870,000 barrels in the **Midwest** and 3,590,000 barrels in the **Gulf Coast**.
- Implied demand for gasoline for the week ending February 28 jumped more than 491,000 barrels putting total demand at over 8.85 million barrels per day. Strong gasoline demand ahead of the normal seasonal increase, extensive refinery maintenance, and still tight crude oil supply, may be pointing to added price pressure in the months ahead. (U.S. DOE EIA)



Transportation Fuels Missouri Average Retail Prices

Cents per Gallon



* Throughout the nonheating season, propane data is only collected once a month on the first Monday of the month.
 ** CNG (compressed natural gas) is reported in cents per gasoline gallon equivalence.
 *** The regional price of biodiesel 20 has only been tracked at the Missouri Energy Center since Oct. 2002. Therefore, the year ago price can't be shown in the above chart.

Regular Unleaded Gasoline Missouri Average Retail Prices

12 Months of Gasoline Prices Shown in Cents per Gallon

