

Exhibit ___ (YKGM-8)
Docket Nos. UE-040640, et al.
Witness: Yohannes K.G. Mariam

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UG-040640

DOCKET NO. UE-040641

(consolidated)

EXHIBIT TO TESTIMONY OF

Yohannes K.G. Mariam

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

EIA Natural Gas Price Forecast (2005-2006)

September 23, 2004

Short-Term Energy Outlook – September 2004

September 8, 2004 Release (Next Update: October 6, 2004)

Natural gas prices continued to weaken in August as cooling demand levels and peak power demand stayed well below normal for the second month in a row. August cooling degree-days were the lowest since 1992 on a national population-weighted basis. The average spot price for natural gas at the Henry Hub was \$5.56 per thousand cubic feet (mcf), about 7 percent below the projected value from the August *Outlook*.

The lower prices and relatively weak summer demand spurred high rates of storage injection, resulting in an estimated end-August level of working gas in storage of 2,743 billion cubic feet, nearly 2.4 percent above last month's projection, and about 9 percent above the 5-year average. The higher storage levels are likely to transmit some of the current weakness in prices to the heating season months, although spot prices are still expected to rise significantly once the heating season gets under way.

With high rates of drilling for natural gas in North America, we project about 1.4- percent growth in domestic production next year. Steady, if modest, increases in liquefied natural gas imports, restrained export growth, and carryover from the robust storage levels noted above will also contribute to an expected moderate improvement in the supply picture through 2005.

Therefore, natural gas spot prices are not expected to post a significantly higher average in 2005 than in 2004. Henry Hub prices averaged \$5.80 per mcf in 2003 and are expected to average \$5.96 in 2004 and \$6.16 in 2005.

See also :

U.S. Natural Gas Supply U.S. Natural Gas Supply
Forecast Forecast

Presented to: APGA Gas Supply Conference February 10, 2004

Presented by: Mark Rodekohl, PhD Energy Information Administration
(EIA) mark.rodekohl@eia.doe.gov

<http://www.apga.org/pdfs/Rodekohl.pdf>

See chart on slide number 16, entitled "Natural Gas Spot Prices Are Expected to Range Near \$5 per Mcf in 2004-2005 (Base Case and 95% Confidence Interval*) (Base Case and 95% Confidence Interval*)".