

### Funds enhance short positions

Noncommercial traders increased short positions and decreased long positions in the NYMEX Henry Hub futures contract last week, according to the Commodity Futures Trading Commission's Commitments of Traders report released Friday. Noncommercial traders, or funds, were 64% short as of July 2, up from 54% short last week. Non-commercial traders' overall holdings rose to 46,020 contracts as of July 2, up from 44,514 on June 25.

As of July 2, noncommercials held 16,365 long positions, down from 20,360 long positions as of June 25. The traders' short positions as of July 2 increased to 29,655 from 24,154 as of June 25.

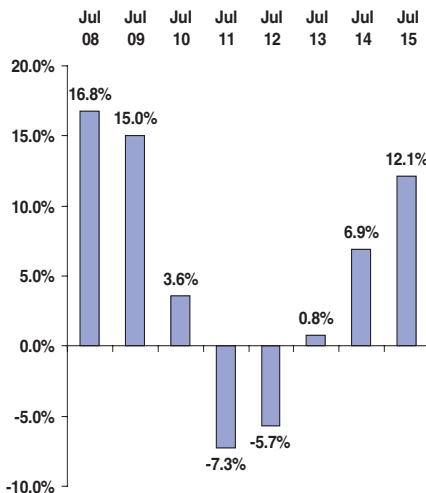
Commercial traders decreased the number of short and increased the number of long positions in the NYMEX contract as of July 2, coming in roughly 50% short, compared with 51% short June 25. According to the CFTC, commercial traders as of July 2 held a total of 774,031 contracts — 387,848 long and 386,183 short.

### Commitments of Traders

This table shows long, short and spread positions of non-commercials, as reported weekly to the CFTC.

| Rpt. Date | Long   | Short  | Spreading |
|-----------|--------|--------|-----------|
| 2-Jul     | 13,635 | 29,655 | 50,432    |
| 25-Jun    | 20,360 | 24,154 | 48,945    |
| 18-Jun    | 17,494 | 21,681 | 45,514    |

### Dominion Energy's U.S. Energy Use Forecast



This section of the Dominion Energy Index represents a national forecast for home heating and cooling requirements above or below normal with the baseline of 0 representing normal for that day based on historical data.

## CMS takes further steps to regain footing

Embattled CMS Energy plans to defer its CEO's compensation, move its headquarters, cut 50 corporate jobs and take other steps to reduce operating costs by an estimated \$50 million annually, the company said Tuesday.

In the company's latest round of fine-tuning, compensation for Chairman and CEO Ken Whipple "will be largely deferred and based on the performance" of CMS' stock, tying his pay to the company's performance, CMS said. The firm did not specify how long his pay would be withheld.

The diversified gas and power company — which has been battered by ratings agencies and investors since revelations of questionable gas and power trades — also plans to move its corporate headquarters in Dearborn, Mich., to the nearby city of Jackson in early 2003 while reducing the size of headquarters staff by 50 positions. CMS said the move would reduce office lease costs, travel expenses, salary outlay and information technology costs.

"We are committed to restoring our company's financial health, and continuing the back-to-basics focus on our primary North American assets, which we announced last year," Whipple said. "The ongoing savings measures we are announcing today, in addition to cost reduction efforts already under way, are significant steps in our plan to improve over time our cash flow and balance sheet."

In late June, CMS said it would end all speculative gas and power trading and cut a quarter of its 200-person trading staff as part of a broad restructuring effort to regain its footing on Wall Street (*GD* 6/27).

Despite the additional moves announced Tuesday, CMS shares traded down about 2% to close below \$10/share — far below the 52-week high of \$28.15.

CMS Marketing, Services and Trading, the company's wholesale marketing unit, is under investigation by FERC and the Securities and Exchange Commission for allegedly reporting some \$4.4 billion worth of wash trades, mostly in electricity. MD

## Union Gas tops Canadian satisfaction survey

Union Gas is the favorite Canadian gas pipeline among customers participating in the latest Mastio & Co. customer satisfaction survey, Mastio officials said Tuesday. Of the nine Canadian pipes ranked this year, Westcoast Energy came in last.

The survey — the sixth of its kind by the St. Joseph, Mo.-based consultant since 1994 — is based on interviews with hundreds of industrial customers, local utilities, power generators, gas producers and marketers, according to Mastio Vice President Kevin Huntsman.

Union Gas has consistently been at or near the top of the list, Huntsman said, citing the company's aggressive marketing research team. Union Gas "seems to put a lot more manpower behind retaining customers than most of these other pipeline companies," he said. In addition, he cited the fact that Union Gas operates a much-utilized, multiservice hub at Dawn, Ontario.

Huntsman said it's "interesting" that Union Gas and Westcoast — both now owned by Duke Energy — are at opposite ends of the survey (*see table*). "They are sister pipelines, yet they consistently get quite different scores from their customers," he said, noting that Westcoast's overall index score did improve over the 2001 survey.

Respondents were asked to rate pipelines on 34 customer satisfaction attributes, including quality of the relationship, integrity of personnel, innovation and overall performance.

The two newest pipeline systems, Alliance Pipeline and Maritimes & Northeast Pipeline, ranked seventh and eighth, respectively, but Huntsman said that isn't a surprise.

"They are relatively new to the marketplace and there are always some bumps and bruises that need to be worked out," he said. "Once they and their customers get to know each other better and a loyalty begins to build, I expect they will score better." MD

| Rank | Canadian Pipelines               |
|------|----------------------------------|
| 1    | Union Gas                        |
| 2    | Foothills Pipeline               |
| 3    | TransCanada Pipelines – Mainline |
| 4    | TransCanada Pipelines – Alberta  |
| 5    | ATCO Pipelines                   |
| 6    | TransCanada Pipelines – B.C.     |
| 7    | Alliance Pipeline                |
| 8    | Maritimes & Northeast Pipeline   |
| 9    | Westcoast Energy                 |

*Source: Mastio & Co. Customer Satisfaction Study*

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