



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 27, 2006

NATURAL GAS MARKET NEWS

Williams Cos.' Transcontinental Gas Pipe Line (Transco) unit said late Friday it expected most of the 175 MMcf/d of Gulf of Mexico natural gas production still shut since the 2005 hurricane season to be back within two weeks.

Gulfstream Natural Gas System said it reached a 23-year deal to provide firm natural gas transportation to Florida Power & Light Co.'s West County Energy Center in Palm Beach County, Florida. Under the agreement, Gulfstream will provide up to 345 MMcf/d of firm natural gas by extending its existing transmission pipeline by approximately 35 miles, from Martin County to the proposed West County Energy Center.

Weather Derivatives reported that heating needs will trail normal by 20% on average through April 3 in the Northeast and 21% below normal in the Midwest. Additionally, outlooks beyond that showed higher than normal temperatures across most of the U.S. through April 9.

PIPELINE RESTRICTIONS

Kern River Pipeline said that line pack is listed as low on the south end of its system. It is imperative that shippers and operators stay on rate.

Trailblazer Pipeline Company said effective April 1, it anticipates being at or very close to capacity for gas going eastbound through Compressor Station 602. The scheduling of any interruptible flow, authorized overrun and secondary out-of-path firm transportation will depend on the level of nominations and will only be scheduled to the extent that primary in-

Generator Problems

ECAR— AEP's 1,077 Mw Cook #2 nuclear unit shut on March 25 for planned refueling. On Friday, the unit was operating at 69% capacity. Cook #1 continues to operate at full power.

DTE Energy's 1,111 Mw Fermi #2 nuclear unit shut by early today for a planned five-week refueling outage.

FRCC— Progress Energy's 879 Mw Crystal River #3 nuclear unit is warming up offline at 9% capacity following repairs to a transformer.

MAAC— Exelon Corp's 1,134 Mw Limerick #1 nuclear unit exited a refueling outage and ramped up to 88% of capacity by today. Limerick #2 continues to operate at full power.

PSEG's 1,130 Mw Salem #2 nuclear unit reduced power to 55% capacity over the weekend for planned maintenance. On Friday, the unit was operating at full power. Salem #1 returned to full power from 99% on Friday.

MAIN— Exelon Generation's 855 Mw Quad Cities #2 shut from 85% power. Quad Cities #1 remains at 85% power.

SERC— TVA's 1,114 Mw Browns Ferry #3 nuclear unit ramped up to 99% capacity as of early today. On Friday, the unit was operating at 35% after exiting a refueling. Browns Ferry #2 continues to operate at full power.

Entergy's 1,207 Mw Grand Gulf #1 nuclear unit returned to full power from 85%.

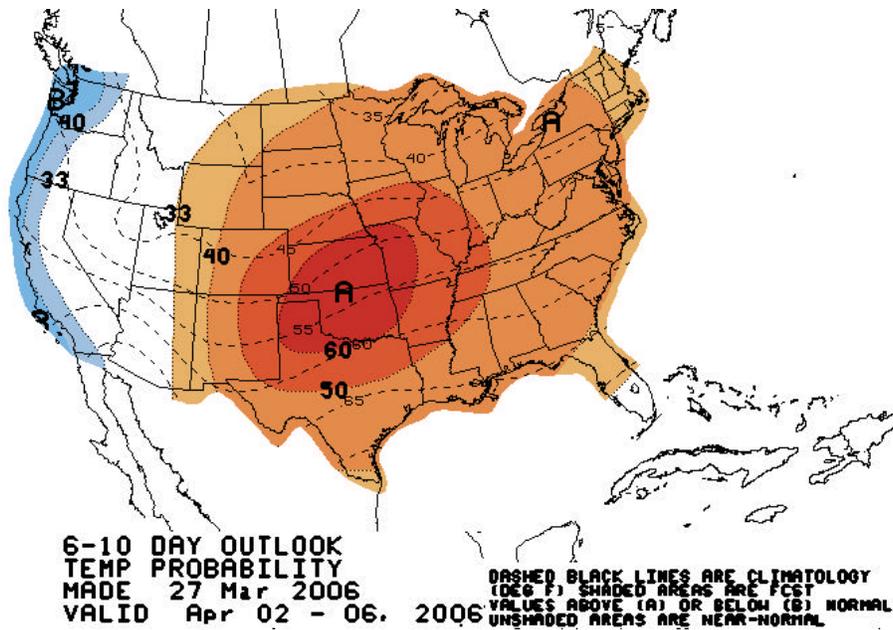
TVA's 1,127 Mw Sequoyah #2 nuclear unit exited an outage and ramped up to full power by early today. The unit automatically shut on March 22. Sequoyah #1 reduced output to 94% as it coasts down for a planned refueling.

WSCC— Southern California Edison's 1,123 Mw San Onofre #2 nuclear unit will not return to service tomorrow as planned after a refueling outage.

APS will keep its 1,243 Mw Palo Verde #1 nuclear unit offline until at least June rather than keep its previous plan of two shorter outages to fix vibrating pipes.

Canada— Ontario Power Generation's 490 Mw Nanticoke #3 coal-fired power station shut by early today. Nanticoke #2 returned to service.

The NRC reported that U.S. nuclear generating capacity was at 80,276 Mw up .43% from Friday and up 3.68% from a year ago.



path firm and secondary in-path firm are not fully utilized.

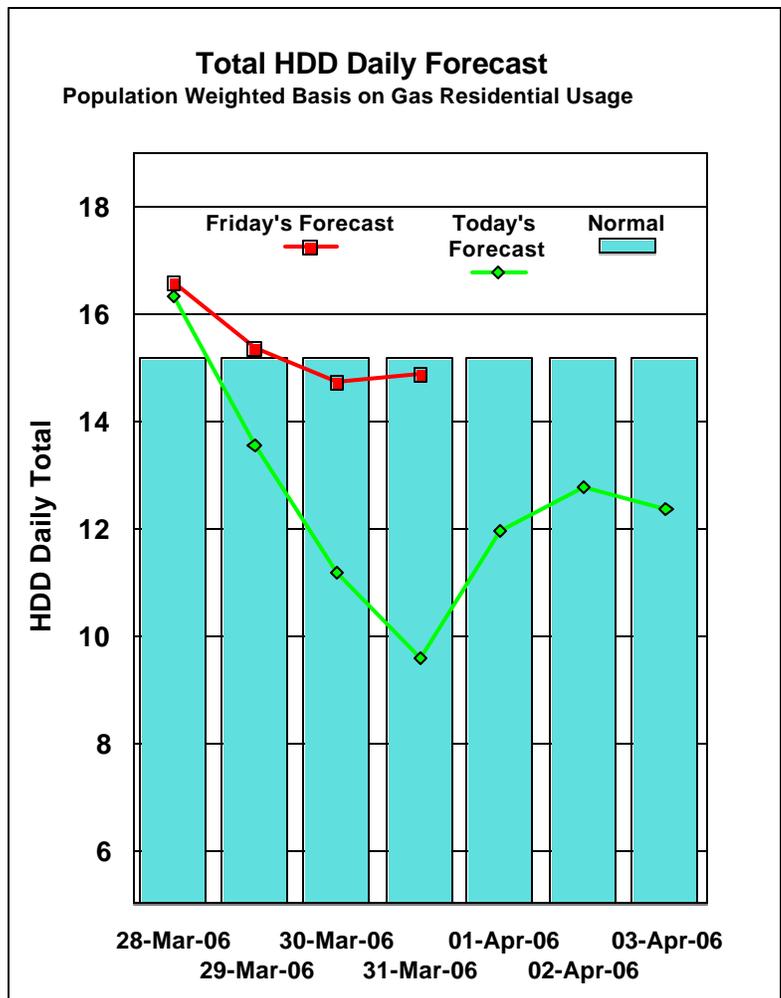
PIPELINE MAINTENANCE

Alliance Pipeline said that the Irma Compression Station in Saskatchewan will be off-line for 4 hours starting at 9:00 AM MT on March 28. This outage is to perform some maintenance. System throughput (AOS) may be affected but will be determined closer to the outage date. Alliance also said that routine maintenance will require the Morinville Compression Station in Alberta to be off-line for 4 hours on March 29. System throughput may be affected and will be determined closer to the outage. Alliance's Olivia

Compression Station in Minnesota will be off-line for 6 hours starting 9:00 AM CT on March 28. This outage is to perform some maintenance. System throughput may be affected but will be determined closer to the outage date. Alliance said that routine maintenance will require Teepee Creek Lateral Meter/Compressor Station in Alberta to be unavailable for 5 hours on March 29. Station capacity will be reduced to 44.4 MMcf/d for March 29th. Finally Alliance said that minor maintenance will require the Towner Compression Station in North Dakota to be off-line for 4 hours on March 29. AOS may be impacted but will be determined closer to the outage date.

Florida Gas Transmission recently listed its new maintenance projects for the month of April. FGT will be installing a new valve at Compressor Station #4 near Bay City, Texas on April 34. There will be no flow through the compressor station during this outage. During normal operations FGT schedules up to 225 MMcf/d. FGT will also be performing mainline pipe maintenance upstream of Compressor Station #7 near Eunice, Louisiana. This outage is expected to be performed on April 17-20. During this work FGT will schedule up to approximately 200 MMcf/d through Compressor Station #7. During normal operations FGT schedules up to 435 MMcf/d.

Gulf South Pipeline said that it will be performing scheduled pigging maintenance



on the Belle Isle 16" (Index 130-16) beginning March 29 and continuing for approximately 1 week. Due to the natures of this maintenance, Belle Island and Burlington Resources 24-1 Well will be subject to shut-in, as needed, to complicate the maintenance.

Williston Basin Interstate Pipeline Company said there will be maintenance at the Saco Compressor Station on March 29-30. Maxim capacity at Receipt Point ID 00880 Whitewater will be approximately 14 MMcf/d for March 29 and approximately 14.6 MMcf/d for March 30. Maximum capacity at the Saco Compressor Station will be approximately 24 MMcf for March 29 and approximately 24.6 MMcf for March 30.

ELECTRIC MARKET NEWS

U.S. utility Duke Energy Corp. said it accepted an order from the North Carolina Utilities Commission approving the company's acquisition of rival Cinergy Corp.

Progress Energy called for a U.S. plan on managing emissions of the gasses scientists have linked to global warming. U.S. power companies produce about 40% of the country's carbon dioxide, the main heat-trapping gas

linked to global warming. President Bush pulled the U.S. out of the Kyoto protocol and since then, U.S. emissions have risen about 15.8% from 1990 to 2004. Progress stopped short of suggesting greenhouse gas emissions targets across its wide fleet of power plants. But the company is taking a multi-pronged approach in managing the production of heat-trapping gases. That includes considering a switch to high-tech clean coal plants, such as integrated gasification combined cycle, upgrading and oil-burning plant to run cleaner natural gas, and looking at the potential for burning animal waste at a plant in North Carolina.

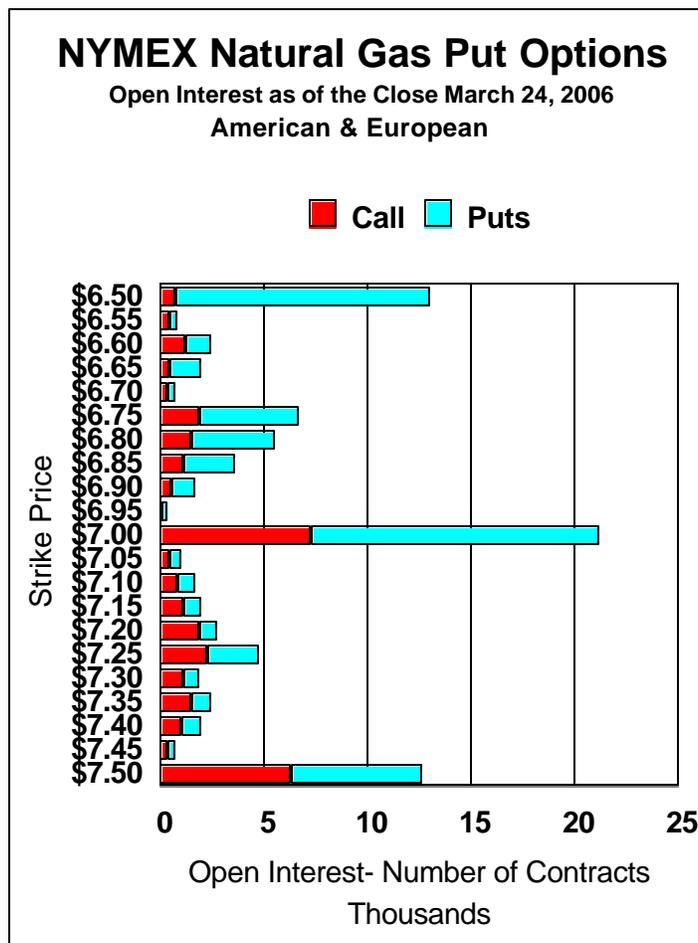
A U.S. House Democrat is questioning the FER's handling of a probe into whether large electricity generator Southern Co. gave its affiliate unfair competitive advantages in the wholesale power market. Rep. Henry Waxman, D-Calf., said he's concerned that FER Chairman Kelliher's chief of staff undermined the career trial staff in charge of handling the affiliate abuse case in order to reach an unusually favorable settlement to the Southern Company.

The U.S. Nuclear Regulatory Commission sent a special team of inspectors to look into the cause of repeated small leaks at the 1,149 Mw unit 2 at Southern Co.'s Vogtle nuclear power station in Georgia. The Atlanta-based company shut the unit on March 20 to fix a leak on a 5'3/4" line on the heat removal system inside the containment. That

was the third leak on that line since December. The two earlier leaks in December and February took the company about five to 10 days to fix. The NRC said none of the leaks posed any threat to the health and safety of plant personnel or released any radioactive material into the environment.

MARKET COMMENTARY

Natural gas opened 29 cents lower to start the week as bearish fundamentals and a lack of supportive weather pressured the market to begin the April contract's last three days of trading. The April contract broke down below the 7.00 level early in the session to a day's low of 6.93, but recovered to trade to the day's high of 7.11. Natural gas finished the day down 22.3 cents at 7.067.



With just two days left for the April contract, though a technical bounce is possible with short covering, it is unlikely given the bearish supply-demand fundamentals, unresponsive weather and the market's inability to breach the 7.37-7.40 level last week. Spring temperatures are finally moving into key consuming regions softening the cash markets and giving little reason to be bullish this market. We see support at \$7.00, \$6.65-\$6.70 and \$6.45-\$6.50. Further support we see at \$6.13 and \$6.00. We see resistance at \$7.37-\$7.40, \$7.49 and \$7.53. Further resistance we see at \$7.66, \$7.79 and \$8.00.

Tomorrow is expiration day for the natural gas options and it appears that \$7.00 price level is the likely area that prices may be pinned against.