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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 6, 2005

NATURAL GAS MARKET NEWS

The EIA Short-Term Energy Outlook report for December stated that total 2005 natural gas demand will likely remain at about 2004 levels, then increase by 1.0% in 2006, assuming a return to normal weather and expected reactivation of damaged industrial plants in the Gulf Region. Residential demand is projected to decline by about 1.7% in 2005 mostly in response to relatively weak heating-related demand during the latter part of last winter, while industrial demand is estimated to decline by 7.5% in 2005 due to the much higher prices for natural gas as a fuel or feedstock. By 2006, both end-use sectors are expected to recover somewhat, with residential demand projected to increase 2.4% from 2005 levels and industrial demand to increase by 4.6%. The EIA went on to note that Domestic dry natural gas production in 2005 is estimated to decline by 3.8% due mainly to the hurricane-induced infrastructure disruptions in the Gulf of Mexico, then increase by 4.8% in 2006. Total LNG net imports for 2005 are estimated to remain at their 2004 level of approximately 650 Bcf, then increase in 2006 to an average of about 1,000 Bcf. Working gas in storage following last weeks report stood at an estimated 3,170 Bcf, a level 74 Bcf below 1 year ago but 6.3% above the 5-year average and about 150 Bcf above the level projected in last month's Outlook. Finally, the EIA projected that end-of-year storage levels are estimated to be 8.9% lower at the end of 2005 than they were at the end of 2004, and storage levels at the end of 2006 will likely match the 2005 level.

Generator Problems

MAIN— Exelon Generation Company ramped production 10% overnight at its 1,022 Mw Clinton nuclear unit. The unit is operating at 95% capacity this morning.

NPCC— Dominion ramped power 53% overnight at its 1,150 Mw Millstone #3 nuclear unit to return the unit to full power. Millstone #2 continues to operate at full power.

SERC— Southern Nuclear Operating Company continues to ramp production at its 888 Mw Farley #2 nuclear unit, operating the unit at 65% capacity as of early this morning. The unit was operating at 47% yesterday. Farley #1 continues to operate at full power.

WSCC— Pacific Gas and Electric boosted power 3% overnight at its 1,100 Mw Diablo Canyon #1 nuclear unit, to operate the unit at 51% power. Diablo Canyon #2 continues to operate at full power.

Canada— Ontario Power Generation shut the 494 Mw Lambton #1 coal-fired unit for a short-term planned maintenance yesterday. The other three units at the station are available for service.

The NRC reported that U.S. nuclear generating capacity was at 92,541 Mw up .93% from Monday and up 9.26% from a year ago.

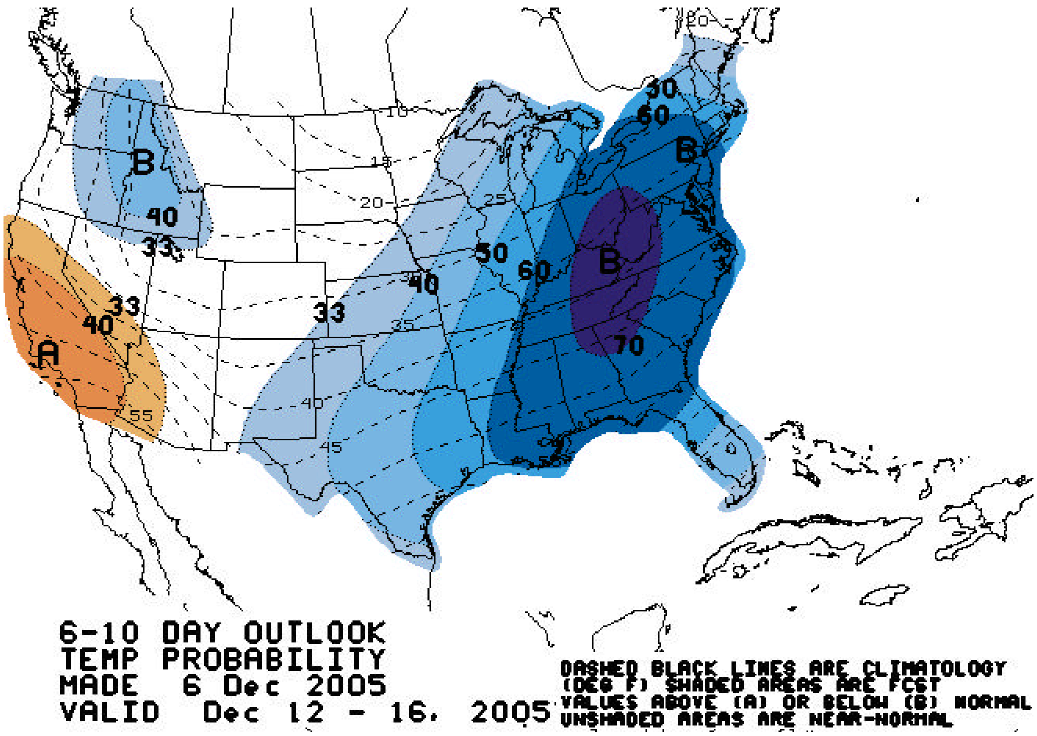
Anhydrous ammonia values at the U.S. Gulf were unchanged from a week ago with no new business reported in the barge market, fertilizer trade sources said. Demand was slow, but high natural gas feedstock costs continues to underpin ammonia prices. Diammonium phosphate values at the Gulf and in central Florida were steady to weak this week amid reduced production and slow domestic demand. The fall fertilizer application season was largely over with the next significant demand expected in the spring.

The Colorado State University hurricane research team said nine of 17 storms predicted for 2006 would become Atlantic hurricanes, with five of them intense, or "major," hurricanes with winds exceeding 110 mph. Dr. William Gray, a pioneer in forecasting storm probabilities, heads the CSU research team.

The Minerals Management Service reported that 2.650 Bcf/d of natural gas production in the Gulf of Mexico remains shut-in. That is equivalent to 26.5% of the daily gas production in the Gulf of Mexico.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that nominations delivering downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke have been restricted to capacity. No increases will be accepted in this section. In addition, there will be no secondary receipts out pf path upstream of station 3104, and no secondary receipts out of path upstream of station 3205.



El Paso Natural Gas Company said that through a combination of receipt underperformance and takes in excess of scheduled quantities, El Paso's transmission system is being drafted at rates that are not sustainable. Performance caps will be placed on receipts that are not performing up to scheduled quantities.

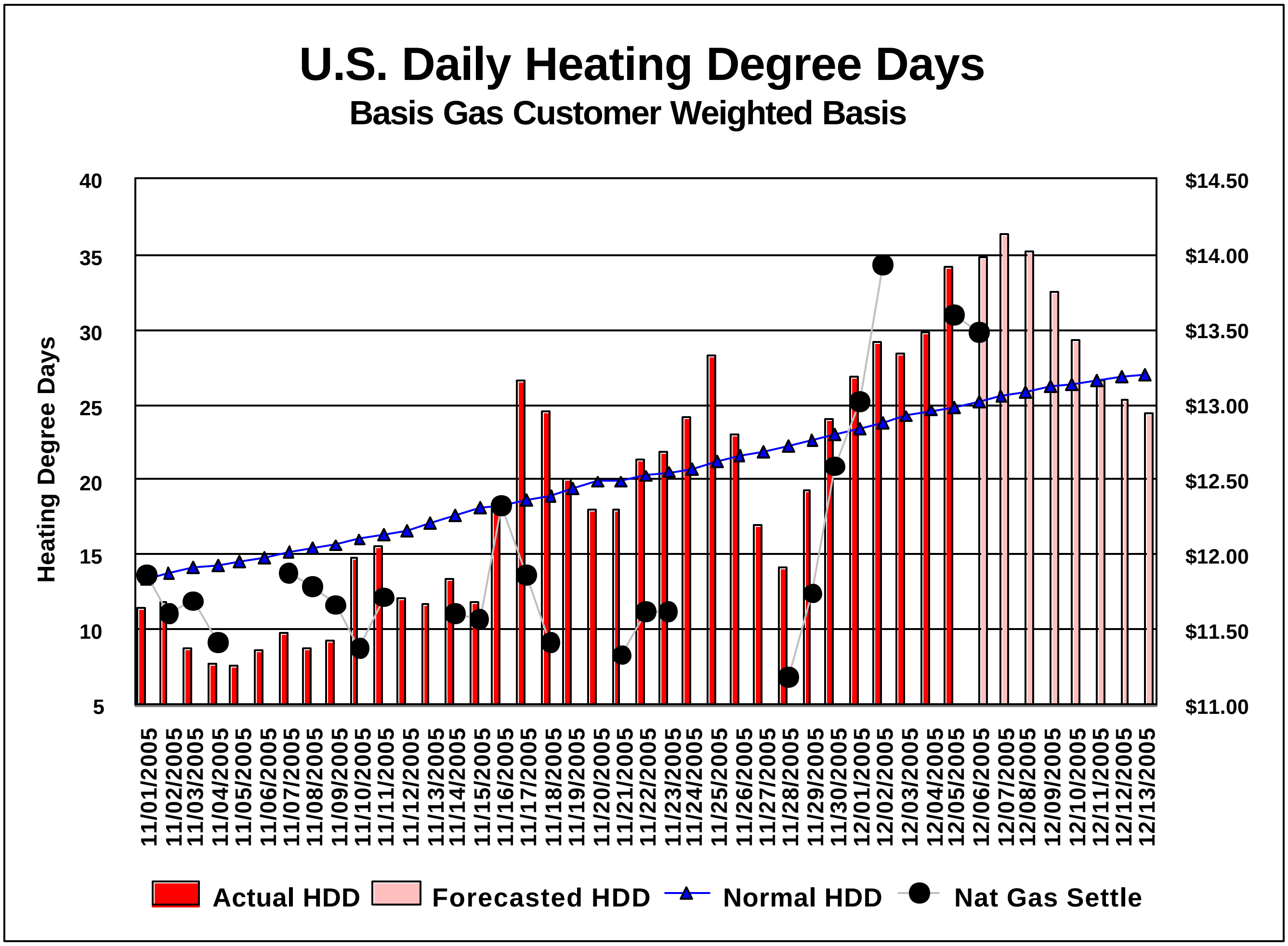
Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions on Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

Kern River Pipeline said that line pack has returned to normal operating levels. However, due to upcoming maintenance at the Salt Lake Compressor Station, Kern River requests that shippers refrain from drafting.

KM Interstate Gas Transmission said that it is experiencing increased load activity due to significantly colder temperatures in the Nebraska and Kansas market areas. Therefore effective immediately and until further notice, KMIGT requests that shippers match their supply nominations to the increase in on-system loads. In addition, KMIGT will only schedule primary and secondary in-path volumes through Segment 190 (Big Springs).

Natural Gas Pipeline Company of America said it is at capacity for northbound flow upstream and through Station 309 (Segment 27) on the Gulf Coast System. Effective today, and until further notice, interruptible flow unauthorized overrun transportation are at risk of not getting fully scheduled. Based on anticipated levels of high nominations due to cold weather in the Market Delivery Zone, the availability of this service is extremely unlikely. Also, effective December 7 and until further notice, secondary out-of-path transportation is at risk of not getting fully scheduled. Also, Natural will be requiring withdrawals from NSS to be on an in-the-path transportation. Shippers nominating NSS withdrawals from any Gulf Coast Storage point onto a Firm Transportation Agreement for delivery to the Market Delivery Zone will need a proper transportation contract in order to be scheduled.

Northwest Pipeline Corp. said it is declaring a Stage II (8 percent) Unauthorized Overrun Entitlement effective for gas day December 7 until further notice for all Receiving Party customers north of the Kemmerer Compressor Station.



Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also restricted the M1 24-inch and M2 24-inch systems to capacity. No increases in receipts between Little Rock and Batesville for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it began performing scheduled maintenance on Unit #5 at the Goodrich Compressor Station yesterday that will continue until further notice. Capacity through the Goodrich Compressor Station with this unit unavailable could be affected as much as 75 MMcf/d during the duration of this maintenance.

Williston Basin Interstate Pipeline Company said that unplanned maintenance at the Little Beaver Compressor Station may potentially affect deliveries in the Black Hills System sometime through December 12. At this time, Williston does anticipate restrictions to the system. Williston also said that due to unplanned maintenance at the Williston Compressor Station, deliveries may potentially be restricted in the East Mon-dak and Sheyenne subsystems by approximately 5 MMcf on December 13. The maintenance was originally planned for December 6.

ELECTRIC MARKET NEWS

The EIA Short-Term Energy Outlook for December noted that with current weather conditions and continued economic growth, electricity demand is estimated to increase by 3.5% in 2005 and an additional 1.2% in 2006.

Year-over-year electricity demand growth rates are estimated to be particularly strong, as cooling and heating demands likely will be higher than in the mild third and fourth quarters of 2004. In response to higher utility fuel prices, average electricity prices for all end uses are projected to rise by 10.8% in New England and 8.7% in West South Central, but by 6.4% or less in all other regions in 2005 compared with 2004. The EIA also revised up its fourth quarter 2005 electricity demand for the United States, from 927.5 to 929.2 billion kilowatt hours.

Nevada Power said the Superior Court of California dismissed a complaint filed by Reliant Energy Services against the utility and Sierra Pacific Power in a wholesale electricity antitrust case. The Court also entered an order dismissing a cross-complaint filed by Duke Energy Trading and Marketing against Sierra Pacific Resources in the cases. Reliant and Duke had filed a cross-complaint against all energy suppliers selling energy in California that were not named as original defendants in the complaint on the basis that any liability should be spread among all energy suppliers.

Goldman Sachs Group, is selling a New York City-area facility it acquired a little more than two years ago. Goldman initiated an auction to sell East Coast Power, an entity that own a 940 Mw power plant in Linden, New Jersey. Goldman acquired the facility from cash-starved El Paso Corp. in 2003 for $456 million in cash and the assumption of about $600 million in project debt. New York-based Goldman, one of the biggest traders of energy contracts on Wall Street, amassed about 30 plants in recent years to support its trading activities. This year, though, the firm has been quietly shedding plants. Goldman currently owns stakes in 25 plants with gross generating capacity of 6,588 Mw. Goldman owns a net 4,684 Mw of that capacity.

ECONOMIC NEWS

U.S business productivity grew swiftly in the third quarter and factory orders rebounded in October, the Government reported today, suggesting a robust economy with little price pressure outside of energy costs. Separate reports showed some softening in retail sales after a strong kickoff to the holiday sales season and a drop in pending home sales. The Labor Department said nonfarm business productivity advanced 4.7% annual rate in the third quarter, the swiftest increase in two years. The Commerce Department said new orders at U.S. factories rose 2.2% in October after a 1.4% September drop.

MARKET COMMENTARY

The natural gas market opened 8 cents lower to start an uneventful session, where the market danced above the 13.50 level for most of the day. Natural gas was able to inch its way to the day's high of 13.83, but debate over the extent of the cold weather pressured the market back to its current comfort level of 13.50. In thin trading, the market was able to reach a low of 13.37 before recovering to settle down 17 cents at 13.489.

Weather is still the driving factor right now, with forecasts varying on the extent of the cold. The National Weather Service still says we have a 50% chance of a warmer than normal winter. Of course that means we have a 50% chance of a colder than normal winter. Accuweather is on record as saying we will have a colder than normal winter. All we know is that as of today we see no signs of global warming in New York. With market players unsure whether this first cold snap is enough to propel the front month to new heights, we see the January contract to trade in a wide range of $12.00 to $14.00 with each new forecast jolting it higher and lower. We see resistance at $13.85, $14.00 and $14.45. We see further resistance at $14.80-$14.85. We see support at $13.40, $13.00 and $12.89. We see further support at $12.57 and $12.25.