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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 4, 2005

NATURAL GAS MARKET NEWS

Enterprise Products Partners announced that an affiliate of its operating subsidiary purchased an additional 16.7% ownership interest in K/D/S/ Promix for $27.5 million in cash from Koch Hydrocarbon Southeast. Enterprise now owns 50% of Promix. Promix owns a fractionator in Louisiana, which has the capacity to fractionate up to 145 thousand barrels per day of mixed natural gas liquids from natural gas processing plants. Promix also owns an NGL pipeline system that gathers mixed NGLs from natural gas processing plants in Louisiana, five NGL salt dome storage wells and a barge operator of the Promix facilities.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line Segments (25,23 and 24) are at capacity for eastbound transport volumes. Deliveries to Columbia Gulf-Chalkley (PIN 11295) are at capacity today.

Texas Eastern Transmission Corp. said that the Monroe Line has been nominated to capacity. Tetco has also restricted IT-1 deliveries out of zones STX and ETX to zero. Zone M1 24-inch has been nominated to capacity. There will be no physical increases of receipts in STX, ETX, and M1-24 between Mont Belvieu and Fagus.

Algonquin Gas Transmission said that nominations for deliveries to Tennessee Gas Mendon have exceeded the receipt nominations at Mendon, a physical receipt point. AGT has restricted the delivery nominations to match the level of receipts.

Mississippi River Transmission Pipeline said that due to forecasted cold weather, a system protection warning has been posted. MRT will not schedule any Main Line IT or AOR volumes for delivery north of Glendale. Firm volumes will be limited to their primary direction of flow. MRT is not accepting short imbalance positions in the

Generator Problems

ECAR – First Energy boosted its 1,260 Mw Perry unit 8% to operate it at 95%. The unit is recovering from an automatic scram on Dec. 23.

FRCC – FPL stated that they expect their 693 Mw Turkey Point #3 to return to service by about Jan. 8-9. The unit is warming up offline at 3%. It was shut Dec. 28 to look for a leak in the turbine plant cooling water system. Turkey Point #4 continued to operate at full power.

FPL continues to increase output at its 839 Mw St. Lucie #1, increasing it by 10% to full power after scheduled valve testing was completed this weekend. St. Lucie #2 is up 35% at 54%, after being manually scrammed Dec. 27 due to low steam generator levels.

MAAC – Exelon returned its 1,148 Mw Peach Bottom #2 unit to full power by increasing it 17%. The unit scramed on Dec. 24, and restarted Dec. 27. Peach Bottom #3 remains at full power.

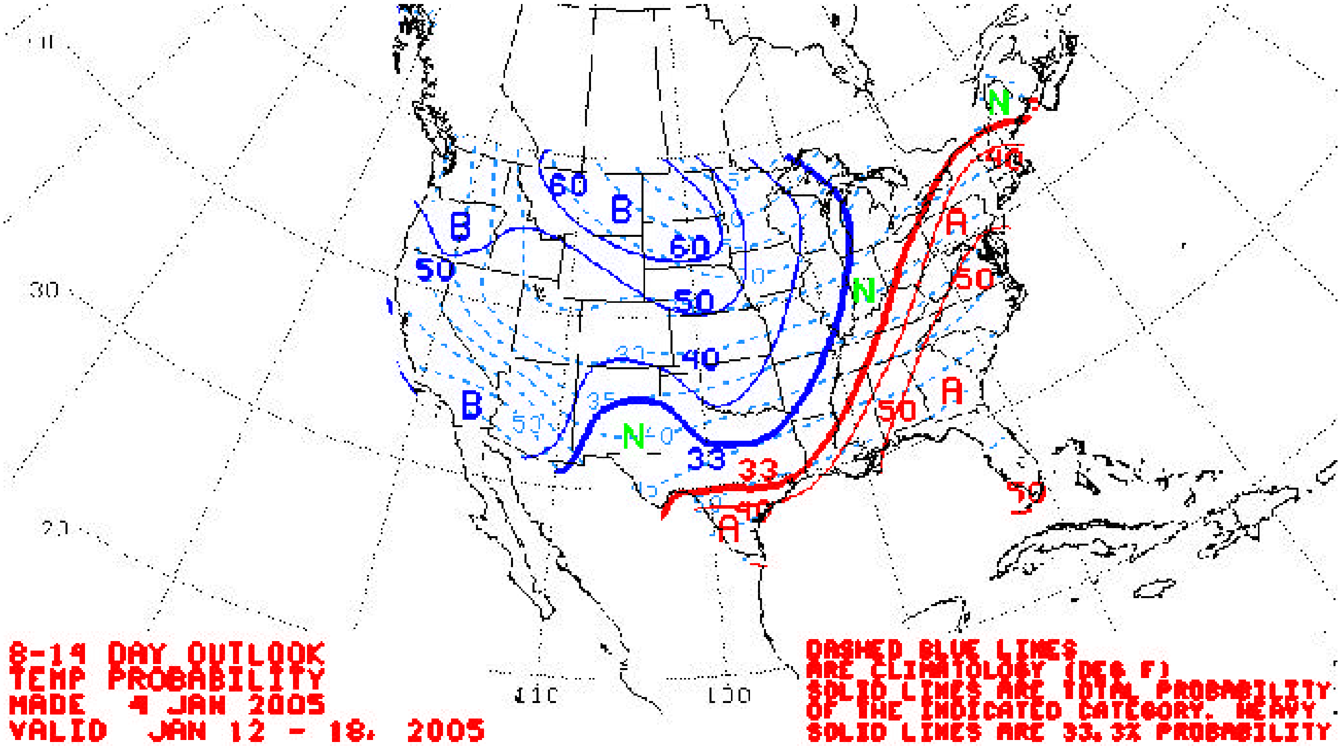
NPCC – Ontario Power Generation's 535 Mw Lennox #2 oil and natural gas-fired unit returned to service after closing Dec. 29 for planned work. All the Lennox units were available for service.

WSCC – Southern California Edison is holding its 1,120 Mw San Onofre #3 at 70% as it returns from a long refueling outage. San Onofre #2 is operating at full power.

Arizona Public Service shut both its 740 Mw Four Corners #4 and #5 coal-fired units. They were both available on Monday. A Spokesperson could not say when the units were likely to return.

The NRC reported that U.S. nuclear generating capacity was at 92833 Mw today up .68% from Monday.

market zone or Field Zone. Shippers may not nominate supply from existing long imbalance positions in the market zone or Field Zone.

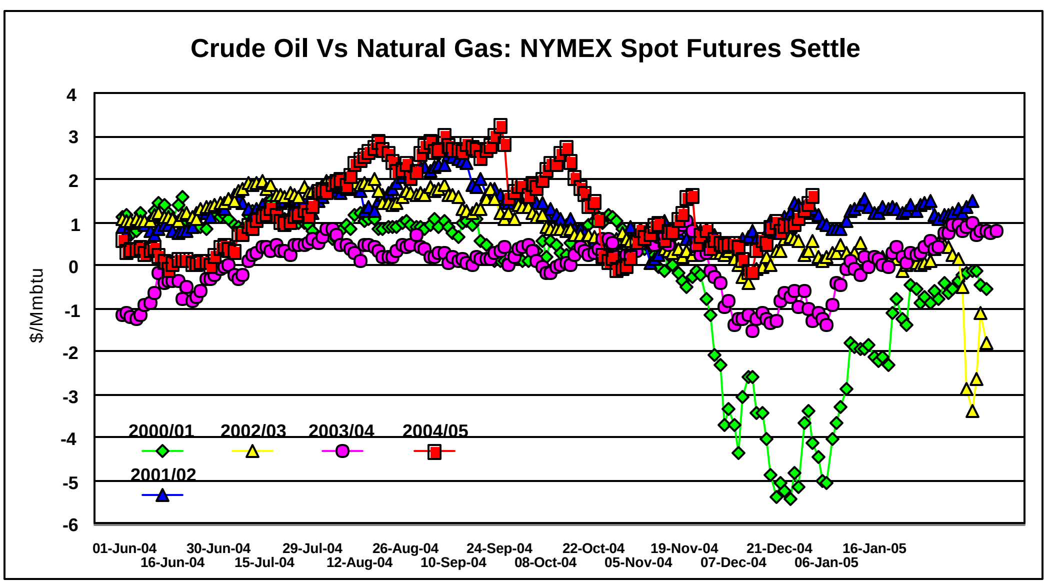


PIPELINE MAINTENANCE

Williston Basin Interstate Pipeline Co. said that the maintenance on Baker Area Grasslands Mainline previously scheduled for Jan. 4 has been rescheduled for Jan. 5. The work is scheduled to end at 5pm MT on Jan. 5. Due to the maintenance, flow will be restricted by approximately 3 MMcf/d.

ECONOMIC NEWS

New Orders for manufactured goods in November were released today, indicated an increase of $4.5 billion or 1.2% to $377.4 billion. This is the fastest pace in four months for New Orders. New Orders have increased six of the last seven months. Correlating with yesterday's bullish ISM report, the data suggests that U.S. manufacturers wrapped up 2004 on a relatively healthy note. An economist at A.G. Edwards & Sons said the economy appeared to be "still doing quite well" and "orders have continued to trend upward."



MARKET COMMENTARY

The natural gas market this morning opened higher for only the second time out of the last seven trading sessions, as some slight moderation of the bearish weather forecast was noted in this morning's temperature forecast for the next week, as well as the potential of a powerful winter storm dumping snow through the Midwest and into northeast over the next couple of days. The market though took its price direction from the oil markets which rallied back strongly throughout the day. Natural gas though failed to keep pace with the gains registered in the oil markets and as a result saw it price discount to heating oil and crude oil continue to widen. In fact spot natural gas has now fallen to its lowest levels versus the spot crude oil market since mid October. Volume today was less than impressive with just 51,000 futures traded.

Market expectations for Thursday's EIA Storage report appear to be running between a 105-148 bcf decline versus a drop of just 52 bcf a year ago. It appears that many traders are basing this projection on the fact that according to government data, heating degree-day totals on the week ending January 1st dropped by 26.3% from the preceding week. But according to our calculation of the heating degree days for the period of December 24-December 30th, which is more in line with the storage report than the Climate Prediction Center's weekly heating degree day report, the heating demand for this period was only 0.5% less than temperatures recorded from the prior period. As a result we would have normally looked for this heating degree day total to have resulted in a 169-188 bcf decline, but given that this reporting period is in the heart of the holiday period we would look for the drop in industrial and commercial activity to result in a 20 bcf reduction in demand similar to what has been the case over the past several years during the holiday period. Thus we would look for a 149-159 bcf decline, which would place us above the prevailing market expectation, and thus would be a supportive event for this market.

We would continue to look for oil prices to have a big impact on the direction of natural gas prices tomorrow, especially as many gas traders will move into maintenance mode as they await the Thursday storage report. We see support starting tomorrow at $5.87-$5.88 followed by $5.79 and $5.71. Additional support we see at $5.62, $5.38-$5.30, $5.255 and $5.00-$4.93. Resistance we see at $5.99, $6.10. Additional resistance we see at $6.44-$6.51,$6.665, $6.65 and $6.89.