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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 18, 2005

NATURAL GAS MARKET NEWS

Oil and gas production company Swift Energy Co. said the temporary shutdown of a third-party pipeline would result in lower gas production from the Lake Washington area. Swift Energy said it has been notified that the pipeline would be fixed by March 30. As a result, Swift said it was cutting its forecast of domestic gas production in the first quarter of 2005 to a range of 10.8 Bcf to 11 Bcf from a range of 11 Bcf to 11.5 Bcf.

Standard and Poor's Equity Research said in its semiannual study of local distribution companies that natural gas prices are expected to decline slightly in 2005. It expects gas prices to average $5.75/MMBtu in 2005, the second highest average annual price ever, despite the fact that natural gas storage levels are higher than they were during the winter of 2003-2004 and at the high end of historical averages. S&P said that local distribution companies are concerned that higher prices will have a negative impact on large and small gas customers. The possibility exists that state regulators will refuse to reimburse some expenses. Higher prices also could cause an increase in bad debt, which LCDs may have to absorb, and large industrial users could switch fuels or possibly close or consolidate plants. Either way, LDCs would experience a decline in throughput in their distribution lines. With regard to gas-fueled power generation, the merchant energy industry is now in good financial shape. The bankruptcy filings have ended; most companies have settled charges of market manipulation; credit ratings have stabilized; asset sales, write-downs, and abandonments have died down and profitability is returning. S&P reported that if gas cannot be bought and burned to generate electricity profitably, then many power generators simply will not run their plants. Earnings for natural gas distribution companies did improve in 2004. Their earnings growth was prompted by a strong economy, reduced interest costs, new regulatory mechanisms, and gains in other business segments, such as exploration and production.

Generator Problems

MAAC— Exelon Corp.'s 1,134 Mw Limerick #2 nuclear unit exited a refueling and maintenance outage and ramped up offline to 15% of capacity early today. The unit shut on March 1 for the refueling outage. Limerick #1 continues to operate at full power.

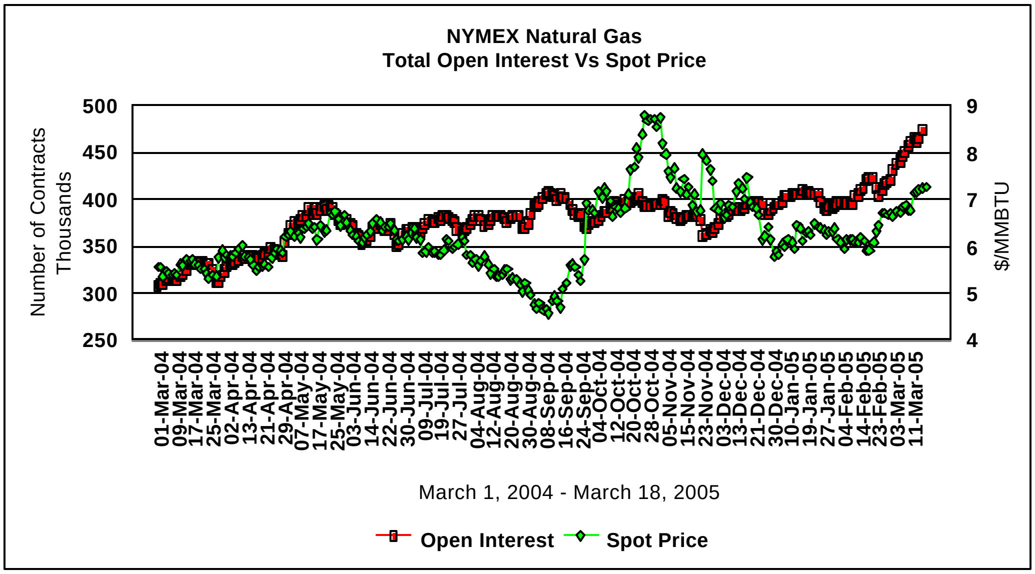
Constellation Energy ramped output the final 1% at its 835 Mw Calvert Cliffs #2 nuclear unit to report the unit back at full capacity. Calvert Cliffs #1 remains at full power.

MAIN— Exelon Corp.'s 1,144 Mw LaSalle #2 nuclear unit ramped up to 83% power early today. The unit was operating at 31% capacity yesterday after exiting a refueling outage. LaSalle #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 83,229 Mw today up 1.04% from Thursday and down .58% from a year ago.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that segment 17 is at capacity in the TexOk Zone. NGPL is at capacity for gas received upstream of Compressor Station 15 in Wise County, Texas in Segment 1 going northbound. NGPL is at capacity for deliveries to ANR South Joliet #2. All Louisiana Line Segments (25,23 and 24) are at capacity for eastbound transport volumes.



Texas Eastern Transmission Corp. said it has been scheduled to capacity at West Monroe. No physical increases can be accepted from the following locations: 71000-Gulf South West Monroe; 72568-Reliant Energy West Monroe; 72614-Duke Energy Field Services-Ouachita Parish, La.

Florida Gas Transmission said that due to low linepack and low temperatures, it is issuing an Overage Alert Day at 25% tolerance for today.

Gulf South Pipeline said that based upon Gulf South's initial review of nominations, NNS demand, and other factors, it may be required to schedule available capacity and implement scheduling reductions for East Texas-Area 8.

Kern River Pipeline has warned schedulers of high line packs along Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

TransColorado updated its ongoing force majeure situation at several of its compressors. The Dolores compressor unit repair was completed last week. New suction and discharge bottles have been installed and tested on the unit that had been removed from service. The Whitewater compressor repair will be next to be completed. The estimated in-service date for completion of repairs on all expansion compressor units is April 15. As each unit is repaired, additional capacity may become available before April 15. Currently, Segment 220 is limited to 320 MMcf/d while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

PIPELINE MAINTENANCE

Transwestern said that on April 5-6, it will be allocating capacity through P. 3 Compressor Station located on the Panhandle Lateral down from 273 MMcf/d to approximately 210 MMcf/d for annual maintenance on Unit 5. On April 7-8, Transwestern will be allocating capacity through P.3 Compressor Station down from 210 MMcf/d to approximately 180 MMcf/d for annual maintenance on Units 1-4. On April 9, Transwestern will be increasing to full capacity through P. 3 Compressor Station.

Williston Basin Interstate Pipeline Company, said that due to maintenance at the Dickinson Plant scheduled for April 4-26, deliveries to East Mon-Dak and Sheyenne Sub-Systems may be affected by approximately 8 MMcf/d.

ELECTRICITY MARKET NEWS

The Northwest River Forecast Center, a division of the NOAA, continued trimming its forecast for Columbia River this season. Flows on The Dalles on the California/Oregon Border are projected to reach 3% of normal from Jan. through July, off three percentage points from the March 8 report, while flow projections for April through Sept. are at 62% of normal. Meanwhile, flows at the Grand Coulee Dam in Washington for Jan. through July aer called at levels 79% of normal, off one point since the last report while the April through Sept. flows are forecast at 77% of normal.

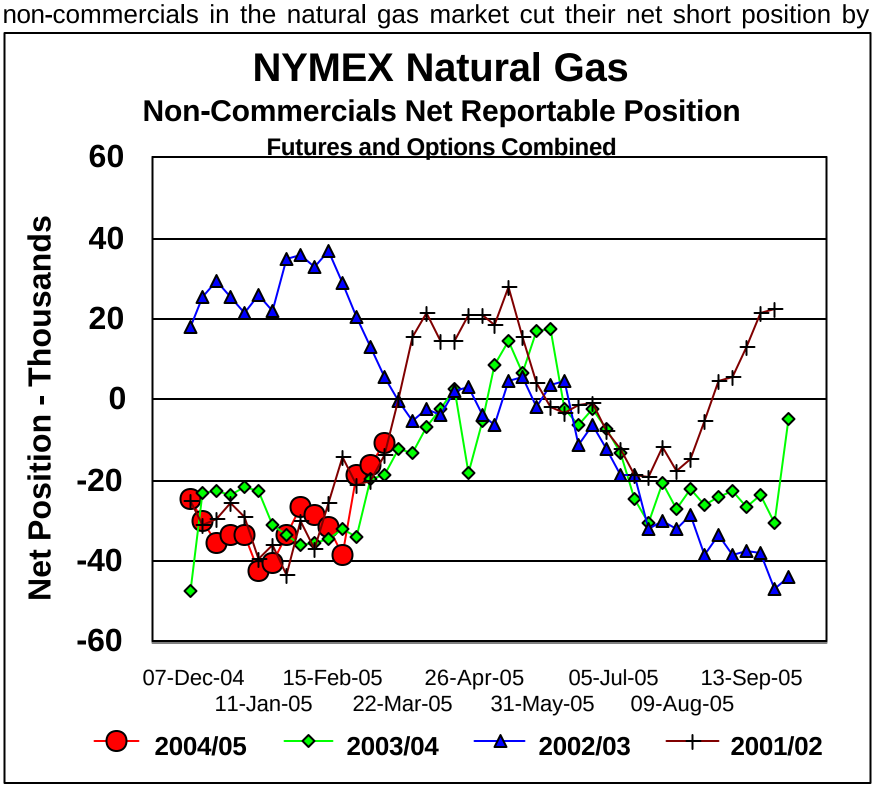
The DOJ and the EPA announced the settlement of their landmark Clean Air case alleging that Ohio Edison Co., a subsidiary of FirstEnergy Corp. violated the New Source Review provisions of the Clean Air Act at the W.H. Sammis Station, a coal-fired power plant in Stratton, Ohio. The settlement will reduce emissions of harmful sulfur dioxide and nitrogen oxides from the Sammis Plant, as well as from other Ohio Edison and FirstEnergy coal-fired plants, by over 212,000 tons per year. The settlement resolves a lawsuit filed in 1999 as part of a federal grant initiative, joined by the states of New York, New Jersey and Connecticut, bringing operators of coal-fired power plants into compliance with the NSR provisions of the Clean Air Act. The Sammis Station is one of the largest sources of air pollution in the nation.

MARKET COMMENTARY

A sunny Friday the day after St. Patrick's Day is not going to provide the most efficient market to trade, as natural gas was in a \$0.15 trading range. The natural gas market started the day in a sideways range between \$7.16 and \$7.23 before breaking out to the upside to post the day's high of \$7.31. From there, traders let the market drift lower until the bulls stepped in before the close to bid the market to its close of \$7.273, up 3.5 cents. Volume in the natural gas was light with only 42,000 lots booked on the day.

Open interest in the natural gas market continued to build, by 8,723 contracts to 474,828 contracts as of Thursday's session as buyers continued to come into the market. Open interest in the April contract fell by 906 contracts while open interest in the May and June contracts built by 5,101 contracts and 1,241 contracts, respectively.

According to the Commitment of Traders report, non-commercials in the natural gas market cut their net short position by 6,959 contracts to 14,003 contracts in the week ending March 15th amid the continued buying seen in the markets as seen in the growth in open interest. The combined futures and options report also showed that non-commercials in the natural gas market cut their net short position by 5609 contracts to 10,525 contracts on the week. Given the continued increase in open interest it is likely that non-commercials have continued to cut their net short positions in recent days.



The natural gas market is still seen driven by the strength in the crude market, as the markets remain reluctant to sell. Technically, the market looks overbought, however stochastics still have not crossed to the downside. The market is seen find resistance at today's high of \$7.31, followed by \$7.38, \$7.445 and \$7.481. It is seen finding support at its low of \$7.16 followed by \$7.115, \$7.06, \$7.033 and \$6.95.