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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 24, 2005

NATURAL GAS MARKET NEWS

The EIA said today that they expect to publish their first natural gas production estimates for its new survey of 280 domestic gas producers, which account for 90% of the total U.S. production of natural gas, by May of this year. The May report will estimate January and February 2005 production levels. The agency hopes that by September the agency will be estimating production levels on a two-month delay.

EIA Weekly Report

	03/18/2005	03/11/2005	Net chg	Last Year
Producing Region	487	507	-20	372
Consuming East	592	659	-67	517
Consuming West	211	213	-2	153
Total US	1290	1379	-89	1041

The California Energy Commission concluded this week that risk based decision making programs used by the U.S. Coast Guard for existing LNG terminals in the eastern U.S. should be included in any LNG terminals sited for California.

Enbridge Gas Distribution said today that it has received approval from the Ontario Energy Board to lower its natural gas rates for Ontario customers effective April 1st.

Baker Hughes reported this week that the number of drilling rigs search for natural gas during the week ending March 24th stood at 1152 rigs, up 13 from last week. The number of natural gas drilling rigs are running some 17% above year ago levels.

Generator Problems

ERCOT— W A Parish Electric Generating Station will be started up today after being shut down for unplanned Lower slope water wall leak repair. Excess opacity emission may occur since the Opacity Emission Control System, Baghouse, will be bypassed during initial startup activities to prevent damage to the bags.

TXU Corp will shut its 750 Mw Martin Lake 1 coal fired unit on Thursday to repair a boiler tube leak. The unit is likely to return to service on March 25-26.

FRCC— Florida Power and Light again manually tripped its 760 Mw Turkey Point #4 nuclear unit last night as the unit was at reduced output to inspect oil leak. The unit was at 20% capacity prior to the trip, but was offline earlier in the day. FPL expects the unit to return to service later today. Turkey Point #4 is currently at full power.

MAAC— Pennsylvania Power and Light continued to ramp output at its 1,115 Mw Susquehanna #2 nuclear unit, warming up the unit offline at 17% early today. The unit was offline at 3% yesterday. Susquehanna #1 remains at full power.

NPCC— FPL's 1,160 Mw Seabrook nuclear unit is still warming up offline at 16% capacity after the unit was restarted overnight after a reactor trip breaker was declared inoperable.

The NRC reported that U.S. nuclear generating capacity was at 79,135 Mw today up .39% from Wednesday and down .79% from a year ago.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that delivery to Midwestern-Kankakee (PIN 25400) in Kankakee County, Illinois continues to be limited to a reduced scheduling capacity due to HP limitations at Station 201 Herscher Storage through gas day Saturday, March 26. This delivery is in Segment 28 of NGPL's Market Delivery Zone/Iowa-Illinois Receipt Zone. This reduced scheduling capacity should be lifted effective gas day Sunday, March 27 when the additional HP is scheduled to become available. In other news, gas received on

Segment 17 in the TexOk Zone is at capacity. NGPL is at capacity for gas received upstream of Compressor Station 15 in Wise County, Texas in Segment 1 going northbound. 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 in the following zones: STX, ETX, and M1-24. Physical increases between Mount Belvieu and Batesville will not be accepted.

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.

Canadian Gas Association

Weekly Storage Report

	18-Mar-05	11-Mar-05	19-Mar-04
East	62.0	70.8	60.8
West	68.3	69.9	69.0
Total	130.3	140.7	129.8

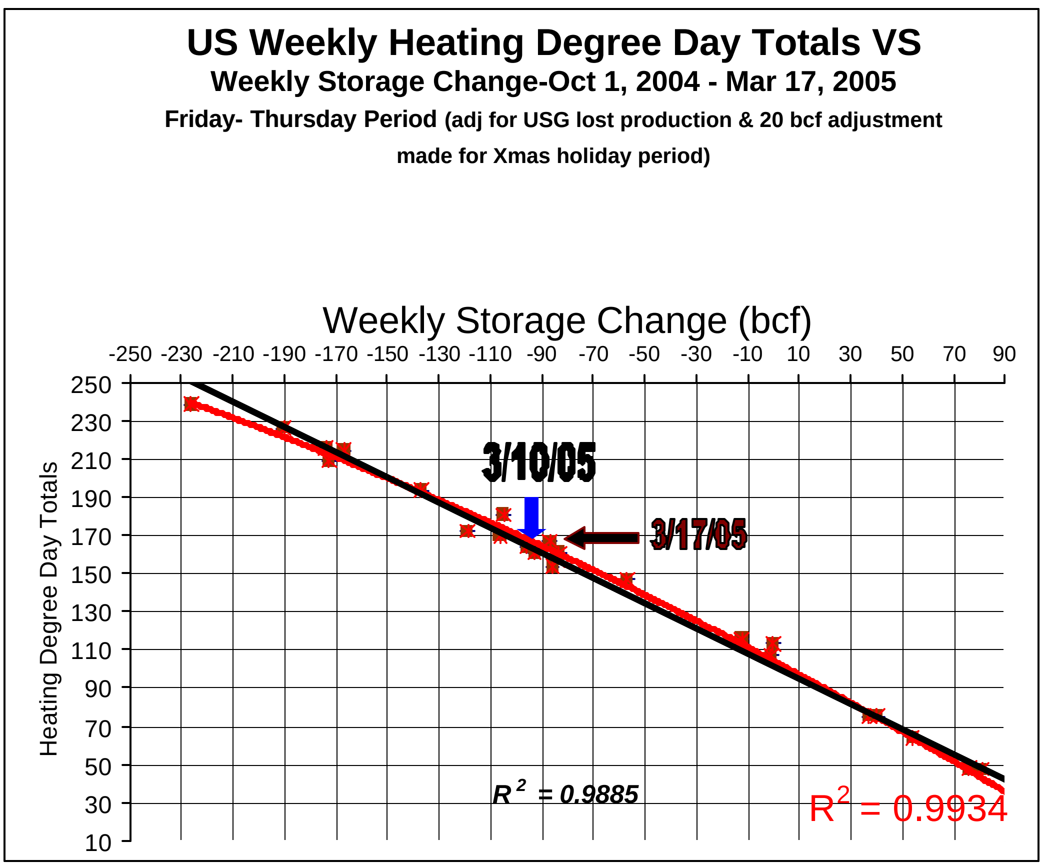
In an update to the ongoing force majeure situation at several of its compressors, TransColorado said that there is no new information regarding its work schedule. The Dolores compressor unit repair was completed last week. New suction and discharge bottles have been installed and tested on the unit that had been removed from service. The Whitewater compressor repair will be the 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.
Questar Pipeline Company said that it has been working with Northwest Pipeline to limit physical flow through the custody transfer meters to Clay Basin. Volumes have been limited to prevent particulates and liquids from fouling the measurement. Beginning cycle 3 yesterday, Questar began accepting injection volumes up to 150 MMcf/d from Northwest Pipeline. This limitation will continue until Northwest Pipeline completes the installation of their filter separator upstream of Questar measurement. This installation is scheduled during the upcoming Clay Basin shut down.

PIPELINE MAINTENANCE

Gulf South Pipeline said that unscheduled maintenance at the Koran Compressor has been completed. Gulf South began performing unscheduled maintenance on its Koran Compressor Station Unit #4 on Monday (3/21). Capacity through the Koran Compressor Station was affected as much as 10 MMcf/d during the maintenance period.

ELECTRICITY MARKET NEWS

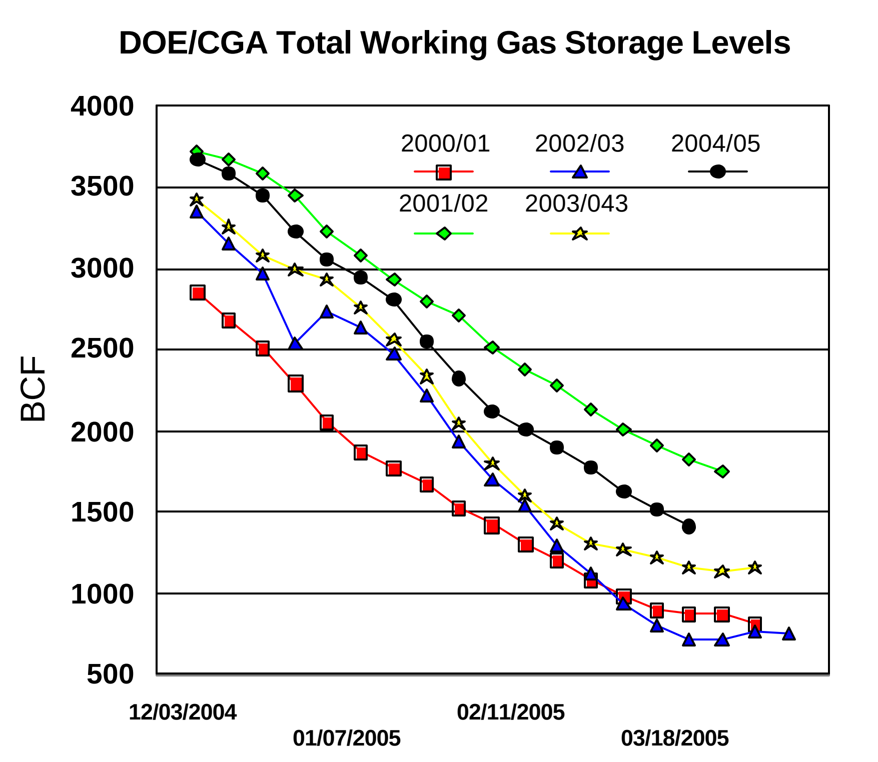
The EIA reported this afternoon that for the week ending March 19th some 22,042 tons of coal were produced up 0.6% from the



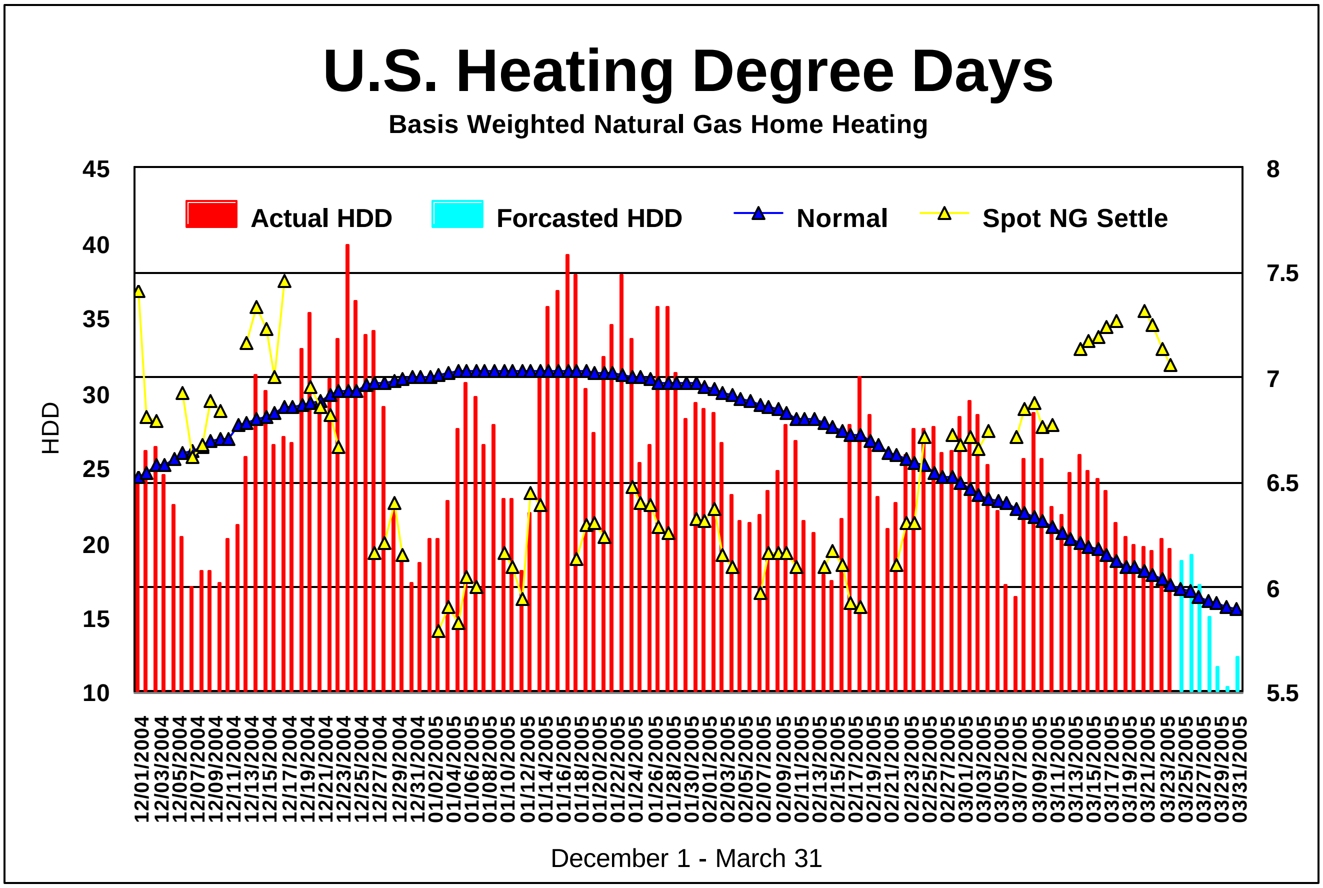
previous week. So far this year has seen coal production running 0.6% below year ago levels.

The FERC today reaffirmed its earlier rulings in which it approved the ISO New England to implement a new pricing system that will increase the cost of electricity in Connecticut.

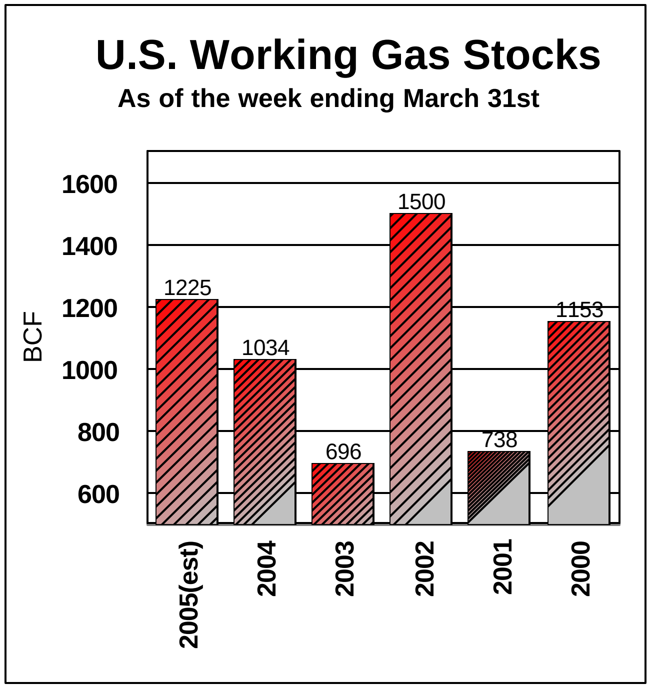
The California Energy Commission stated that the California electricity grid is prepared for summer demand. Northern California is expected to get through the coming summer season while the southern half of the state may have tight supplies if unusually hot weather spurs strong demand for air conditioning. However it stated that state needs to step up its planning for 2006 to serve increasing consumption.



Ontario's wholesale electricity market could experience tight supplies and higher prices for several weeks this

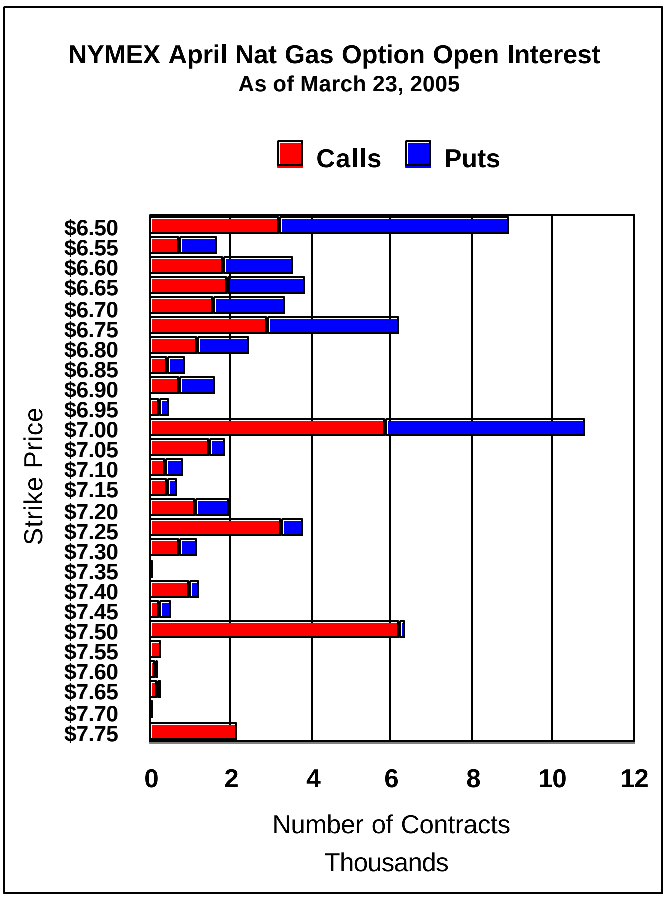


summer—and a few other times over the next 18 months—but "reserve levels are expected to be manageable through available market mechanisms which may include imports or the rescheduling of generator maintenance outages," the province's Independent Electricity Market Operator said. The IESO, which oversees Ontario's wholesale market, said in a newly released 18-month outlook that the tight supply situation it anticipates for as many as 11 weeks during the forecast period also is likely to be alleviated by the gradual addition of new generating capacity, including the planned return of Ontario Power Generation's 515 Mw Pickering #1 nuclear unit, which is scheduled to be restarted in September.



ECONOMIC NEWS

The Economic Cycle Research Institute, an independent forecasting group, said its weekly leading index fell slightly to 135.2 in the week ended March 18 compared with a downwardly revised 135.8 in the prior week. ECRI said the dip was due to declines in stock prices and mortgage applications, though a separate growth component still points to gradual strengthening of the U.S. economy. ECRI also mentioned that the dip was fueling by a rise in interest rates, but was partly offset by rising commodity prices. The separate growth component, ECRI's annualized growth rate, which smoothes out weekly fluctuations, rose to 3.9%, a 42-week high from an upwardly revised 3.5% in the prior week. This suggests that the economic outlook is brightening gradually.



New Orders for long-lasting U.S.-made goods edged up an unexpectedly weak .3% last month as declining demand for a broad array of items was offset by strong aircraft orders, the government said. Excluding the volatile transportation category, orders for durable goods—pricey manufactured items meant to last three years or more—slipped .2%, the Commerce Department said. The report offered a disappointing signal on the factory sector and business spending plans. Wall Street economists had expected durable goods orders to climb 1% overall and .5% excluding transportation.

MARKET COMMENTARY

Despite weaker cash prices for both natural gas and power this morning the natural gas futures market opened basically unchanged and moved slightly higher, supported firmer oil prices and by the month old trend line, which provided support this morning initially at $7.138. But following the release of the EIA storage report which came in under everyone's forecasted level of draw downs, the market quickly sold off, breaching the $7.00 price level for the first time since March 14th and holding just above the 20 day moving average before stabilizing and moving back over $7.00 a few minutes later. The market clawed its way back up close to its previous support level from earlier in the day, before stalling at mid day and moving into a five cent sideways trading range for the afternoon, despite the continued advancement of oil prices. As a result the market was able to post its third consecutive lower close, settling off 6-7 cents. Final estimated volume for the futures market was pegged at 88,000 contracts changing hands.

This week's smaller than expect draw down could be the result of storage players keeping their gas in storage and taking advantage of storage spreads that have been running at historically high levels. Judging by the heating demand recorded so far this week and the temperatures forecasted for next week we would look for the next two storage reports to normally show withdrawals of 60 bcf and 5 bcf respectively, but given these storage spread plays these two week draw down could be reduced by 15-20 bcf. This would allow stocks to begin the injection season at well over 1.2 tcf and some 200 bcf better than a year ago.

We feel that given the strong likelihood for a significant moderation in temperatures across the nation next week coupled with more than adequate storage levels of gas and an oil market that seems to have lost some of its bullish luster, that natural gas prices could still challenge to settle below $7.00 before Tuesday's expiration of the futures contract. We see support Monday at $7.02, $6.97, $6.835, $6.665 and $6.495. Resistance we see at $7.07, $7.17-$7.19, $7.30-$7.34, $7.38, followed by $7.455 and $7.54. The April natural gas options are set to expire on Monday, with the $7.00 strike holding the majority of open interest. One could look for the natural gas prices to look to be pinned up against this strike at the close on Monday.