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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 29, 2006

NATURAL GAS MARKET NEWS

The NYMEX said that it will change some margins for natural gas futures and other related natural gas contracts effective at the close of business on Thursday. Margins for the first month of the natural gas futures contract will decrease to $8,775 from $10,125 for customers. The margins on the second to sixth months will decrease to $8,100 from $8,775 for customers. Margins on all other months remain unchanged.

Federal measures exempting oil and natural gas producers active in the prodigious Gulf of Mexico from royalties could deprive the U.S. Treasury of a minimum $20 billion in lost revenues over the next two decades or more, according to information contained in a preliminary government report that was obtained by the *New York Times*.

The natural gas industry had a lot of troublemakers shaking things up last year, with price spikes, up-and-down weather and lingering hurricane-related supply disruptions. However, the top 20 North American gas marketers, as ranked by a *Natural Gas Intelligence* (*NGI*) survey, managed to take a lot of those lemons and make lemonade, increasing average sales overall by 5% in fourth quarter 2005 with 106.45 Bcf/d of physical gas sales compared to 4Q2004 when an average of 101.72 Bcf/d of physical gas was sold.

Generator Problems

ERCOT— TXU Corp.'s 750 Mw Martin Lake #2 coal-fired power unit is expected to return to service on April 8-9 following a scheduled outage expected to start on March 30.

FRCC— Progress Energy's 838 Mw Crystal River #3 nuclear unit returned to full power by early today. Yesterday, the unit was operating at 24% after exiting an outage.

MAAC— PSEG's 1,130 Mw Salem #2 nuclear unit ramped up to full power by early today. The unit was reduced to half power to work on the steam generator pumps. Salem #1 also returned to full power.

Exelon Generation's 1,143 Mw Limerick #1 nuclear unit ramped up to full capacity by early today. Yesterday, the unit was operating at 88% capacity. Limerick #2 continues to operate at full power.

SERC— Southern Co.'s 869 Mw Hatch #1 nuclear unit started to exit a refueling outage and ramped up offline to 1% capacity. The unit shut February 13 for the refuel. Hatch #2 continues to operate at full power.

WSCC— Energy Northwest's 1,122 Mw Columbia nuclear unit dipped to 60% capacity by early today. Yesterday, the unit was operating at 85% capacity.

Canada— Ontario Power Generation's 490 Mw Nanticoke #5 coal-fired power station shut for a short-term planned outage.

The NRC reported that U.S. nuclear generating capacity was at 81,160 Mw up 1.20% from Tuesday and up 5.09% from a year ago.

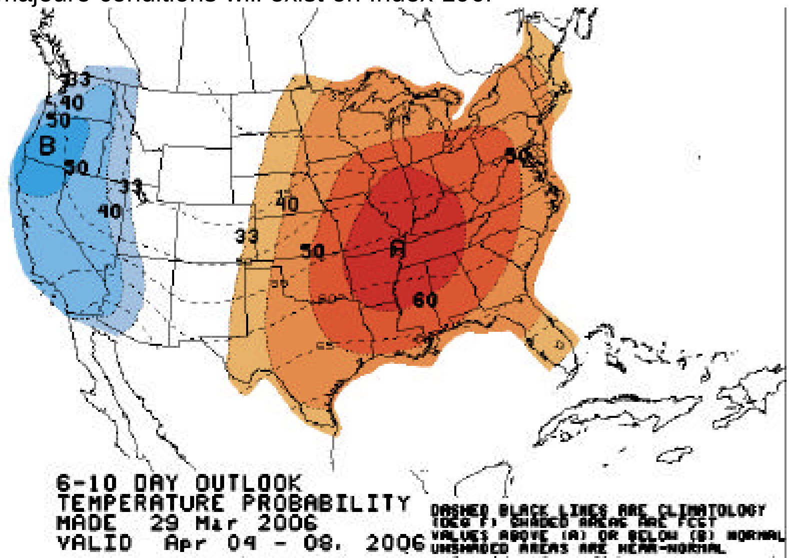
PIPELINE RESTRICTIONS

Kern River Pipeline said that line pack is listed as high on the Middle and South portions of the system. While line pack is normal on the North end, it is imperative that shippers and operators stay on rate.

Texas Eastern Transmission Corp. said it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled pigging maintenance on the Belle Isle 16-inch (Index 130-16) beginning March today and continuing for approximately one week. Due to the nature of this maintenance, Belle Island and Burlington Resources 24-1 Well will be subject to shut-in, as needed, to complete the maintenance. Gulf South also said that it will be performing scheduling maintenance on the Davison 12-inch Index 196 beginning April 4 and continuing for six days. Due to this maintenance Gulf South said that force majeure conditions will exist on Index 196.

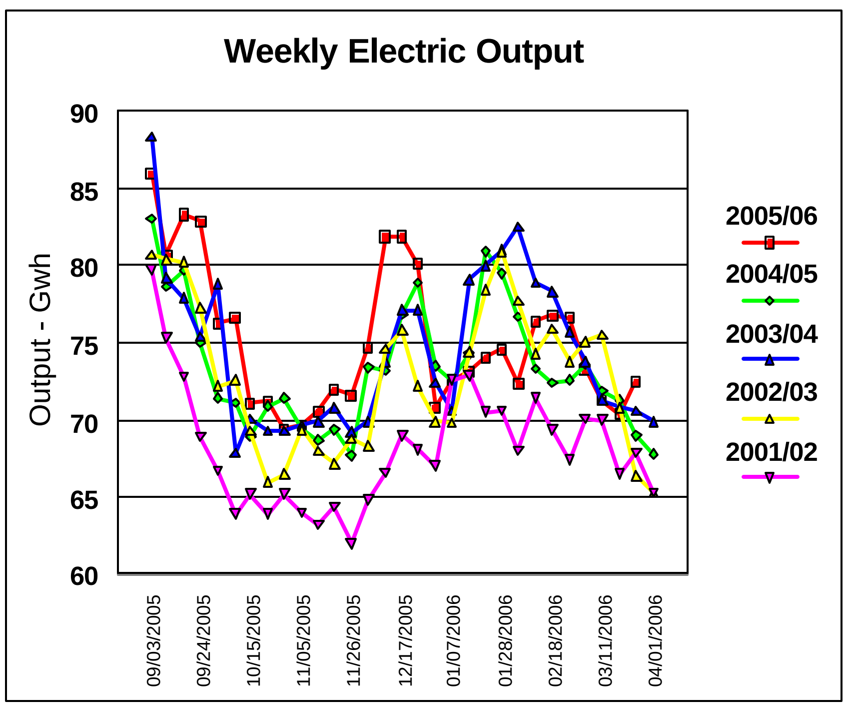


Northwest Pipeline said it is diligently working to resolve continuing vibration issues on units #1 and #2 at the Vernal compressor station. Vibration specialists are on site and working towards a resolution. Northwest currently estimates that design capacity will not be restored for a minimum of four days. NWP will continue to operate mobile compression at the station to mitigate the impact of the outage. The current available capacity is 319 MMcf/d and is expected to remain at that level throughout the outage. Recent nominations through the Vernal C/S have fluctuated between 290 and 325 MMcf/d with a few occurrences of small alternate capacity cuts.

Williston Basin Interstate Pipeline Company said that during a mainline inspection of the red line on line section 22 between Shiloh and the North River Crossing, line corrosion was detected. Therefore, the operating pressure of the line will be temporarily decreased effective immediately and lasting until March 31. The actual repair timeline and its effects on actual flows are unknown at this time. Williston said it will be performing planned, unplanned and preventative maintenance on the pipeline throughout 2006. Some of these projects and/or maintenance may potentially reduce capacity. In the Baker Gathering Field in April, work will be focused on certain compressor stations on an as-needed basis. For now, an oil change at the Baker South Midpoint Compressor Station is scheduled for April 4 at 9:00 AM to 5:00 PM MT, however no other work is planned for any other compressor. Williston also said maintenance will be performed at the Worland Compressor Station on June 12-23. Volumes will be zero at Point ID's 02990 Worland Plant-Devon, 02985 Devon-FR119 and 02986 Devon-FR119 (Compression). The volumes may also be restricted in Line sections 19 and 20 depending on quantities nominated. Maintenance will be performed at the Saco Compressor Station on June 18-23. Volumes at Receipt Point ID 00885 Bowdoin, Point ID 00880 Whitewater and Point ID 00900 Vandalia will be zero during this time.

ELECTRIC MARKET NEWS

Sempra Energy said it was dropping its plans to build a coal-fired power plant in Idaho in the face of strong opposition to the proposed $1 billion project. Sempra announced it would sell the development rights to the project. The plant would have been the first coal-fired generating station in the state. The Idaho Senate was expected to vote on Wednesday on a bill calling for a two-year moratorium on building coal-fired power plants. The Idaho House overwhelmingly passed the measure last week.



Sempra Energy's San Diego Gas & Electric Co. expects to purchase Calpine Corp.'s partially built Otay

Mesa Power plant in southern California. SDG&E and Calpine haven't reached a definitive price, but total cost of purchasing and completing construction of the 550 Mw natural gas-fired plant would come to about $900 a kilowatt. That equals about $500 million. If everything goes smoothly, the plant could be in service by December 2008.

Duke Energy International has closed on two transactions, which increased its ownership in the Aguaytia Integrated Energy Project to 64.9%. Aguaytia is an integrated energy project located in the Amazon Basin of Peru. The project's scope includes the production and processing of natural gas, sale of liquefied petroleum gas and natural gas liquids and the generation, transmission and sale of electricity from a 169 Mw power plant.

Calpine Corp. announced that its foreign non-debtor affiliate has agreed to sell its 45% interest in the 525 Mw Valladolid III Power Plant, currently under construction on the Yucatan Peninsula in Mexico. Calpine is selling its equity interest to the two remaining partners in the project, Mitsui & Co., and Chubu Electric Power Co. for a purchase price of approximately $43 million.

The Edison Electric Institute reported that electric generation for the week ending March 25 was 72,446 GWh, up 5% from last week.

MARKET COMMENTARY

The natural gas market opened a couple pennies lower to start a relatively tame expiration session. The outgoing April contract held within a few cents of yesterday's close for most of the session, as it looked to the crude oil market for cues. As the oil market broke through resistance late in the session, natural gas followed with the April contract trading to a high of 7.37, but in the choppy ness of the closing range on expiration day, the outgoing contract spiked back down to the day's low of 7.15 before going off the board at 7.233, up 1.9 cents. The new spot May contract traded between 7.32 and 7.50 and settled up 7.2 cents at 7.456.

With the April contract off the board, the same issues that plagued its progress will pass onto the May contract. The supply situation remains, and even though tomorrow's report is expecting a bullish draw of about 85 Bcf compared to last year's 57 Bcf draw and the five-year average draw of 31 Bcf, warm temperatures forecast through the first two weeks of April will limit any upside advance. The only support in this market is the rallying crude situation and with prices over $66 traders will work to keep their relationship in line. As this struggle plays out through the shoulder season and storage operators work to get gas out of the ground to make room for new injections, sideways action will result in the market. We see support for the May contract at $7.32, $7.12 and $7.00. Further support we see at $6.97, $6.86, $6.66 and $6.45. We see resistance at $7.50, $7.65 and $7.71. Further resistance we see at $8.00.