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POWER MARKET REPORT FOR APRIL 11, 2006

NATURAL GAS MARKET NEWS

The EIA's Short-Term Energy Outlook for April reported that total natural gas consumption in 2006 is projected to fall below 2005 levels by about 0.20 Tcf, or 0.9%, then increase by over 0.7 Tcf, or 3.4%, in 2007. With weak electric heating load due to the warm January and much weaker expected cooling load this summer compared to 2005, the consumption of natural gas for generation of electricity is expected to fall by 2.5% in 2006, then increase by 1.6% in 2007. Also, because of the exceptionally warm January this year residential consumption is projected to fall by 3.9% from 2005 levels in 2006 and then increase by 4.9% in 2007. Recovery in natural gas-intensive industrial output following the 2005 hurricanes is expected to contribute to growth in industrial gas consumption this year (2.5%) and in 2007 (3.6%). The EIA also noted that domestic dry natural gas production in 2005 is estimated to have declined by 2.8% owing mainly to the hurricane-induced infrastructure disruptions in the Gulf of Mexico. However, overall dry gas production is projected to increase by 1.8% in 2006 and 1.1% in 2007. Total LNG imports are projected to increase from their 2005 level of 630 Bcf to 770 Bcf in 2006. LNG imports in 2007 are expected to reach 970 Bcf. With such high levels of working gas in storage, 411 Bcf above 1 year ago and 629 Bcf above the 5-year average, the EIA expects spot Henry Hub natural gas prices, which averaged $9.00 per mcf in 2005, to fall to an average of about $7.50 per mcf over the next few months (from an average of about $13.44 per mcf in December). However, concerns about potential future supply tightness and continuing pressure from high oil market prices are keeping expected spot natural gas prices for the next heating season at high levels, with the Henry Hub spot price projected to again rise to just under $10.00 per mcf. The EIA expects the Henry Hub price to average approximately $8.40 per mcf in 2007.

Generator Problems

FRCC— FPL's 760 Mw Turkey Point #3 reconnected to the grid and increased power to 35%. Yesterday the unit was operating at 4% as it restarted from a refueling outage. Turkey Point #4 continues to operate at full power.

MAAC— Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit restarted and increased to 10% power, but remains offline. Calvert Cliffs #2 continues to operate at full power.

PPL's 1,115 Mw Susquehanna #1 nuclear unit restarted and is warming up offline at 2% capacity. Susquehanna #2 continues to operate at full power.

MAIN— Exelon Generation's 1,120 Mw Braidwood #1 nuclear unit reduced power to 97% as it coasts down for a scheduled refueling and maintenance outage. Braidwood #2 continues to operate at full power.

NPCC— Dominion Energy's 866 Mw Millstone #2 nuclear unit has returned to full power following a weekend restart. Millstone #3 continues to operate at full power.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit ramped output to 98% from 87% as it continues to return from a refueling outage. Brunswick #2 continues to operate at full power.

Southern Nuclear's 862 Mw Hatch #1 and 883 Mw Hatch #2 power units both returned to full power.

Dominion Resources continued to increase output at its 925 Mw North Anna #1 nuclear unit, operating the unit at 69%. The unit was operating at 12% yesterday. North Anna #2 continues to operate at full power.

WSCC— APS's 1,314 Mw Palo Verde #2 nuclear unit shut due to a problem with the auxiliary feedpump.

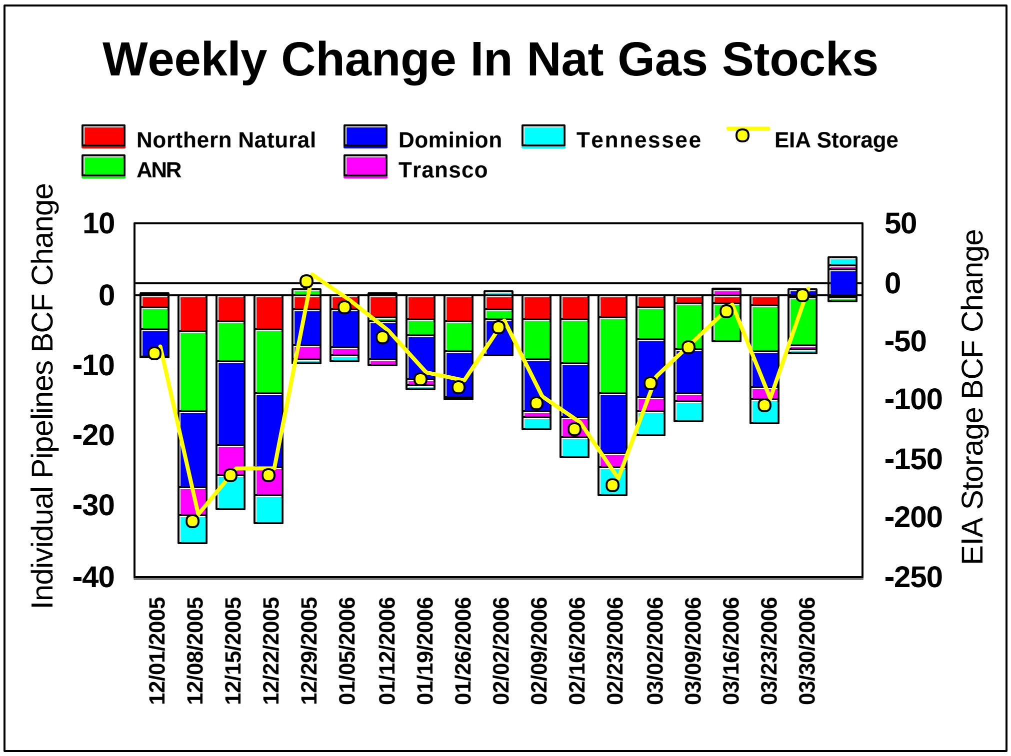
Canada— Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas -fired power station shut for work.

The NRC reported that U.S. nuclear generating capacity was at 77,037 Mw down .17% from Monday and up 4.06% from a year ago.

The EIA further projected that the U.S. inventory of natural gas at the end of the second quarter of 2006 will be an estimated 2.44 Tcf, higher than previous forecast.

The Bush administration's proposal to hold a 2007 sale in a two-million-acre section of a natural gas-rich offshore area known as Lease Sale 181 is a step in the right direction, but it doesn't go far enough, said officials from six offshore groups.

Kinder Morgan Inc. subsidiary Natural Gas Pipeline Company of America (NGPL) started a binding open season to seek shipper support for a proposed 200,000 Dth/d expansion of its Gulf Coast and Louisiana lines to serve growing gas production in North Texas and to transport Canadian and Rocky Mountain supply entering the system at existing and proposed pipeline interconnections. Service is expected in January 2008.



PIPELINE RESTRICTIONS

Texas Eastern Transmission 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 MAINTENCE

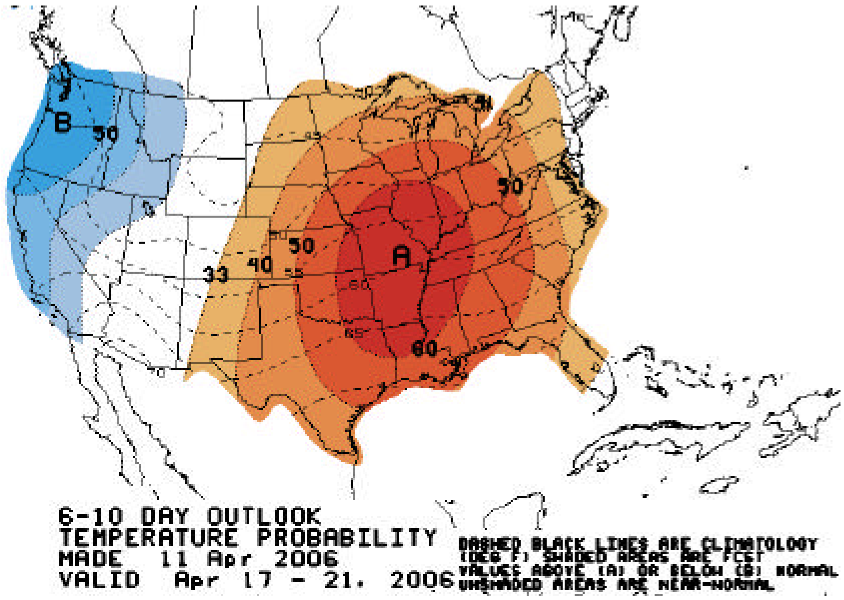
Gulf South Pipeline said that scheduled pigging maintenance on Index 196 Davison 12-inch has been revised to occur on April 17-18 and on April 27. The work was originally scheduled for April 17-19. Gulf South also said that it will be performing scheduled maintenance at Kiln Compressor Station on Unit #1 beginning April 24, and continuing for approximately 18 days. Capacity through the Kiln Compressor Station could be reduced by as much as 175 MMcf/d during this maintenance.

Panhandle Eastern Pipe Line Company said that there will be an outage on the Haven 300 line from Gate Valve 306 to Gate Valve 308 for anomaly repairs. The outage was scheduled to begin April 17 but has been moved forward to begin April 12. The expected duration is three days. During this outage, the capacity through Houstonia will be limited to 1,255 MMcf/d. This scheduled project is part of an ongoing integrity program conducted by Panhandle.

Transcontinental Gas Pipe Line said it has completed the repairs on its West Cameron lateral due to damage caused by Hurricane Rita. Transco will begin accepting nominations from a number of locations effective for gas day April 11.

ELECTRIC MARKET NEWS

The EIA Short-Term Energy Outlook for April reported that electricity consumption is expected to increase only slightly in 2006 (0.7%) because of weak heating-related demand this past January and the lower expected cooling-related demand this summer in comparison to conditions seen in 2005. The EIA increased its second quarter electricity demand to 956 Billion kilowatt hours, slightly higher than previously forecast. Continued growth in the economy plus a boost in heating-related demand in the first quarter next year are expected to yield an overall growth in electricity consumption of 1.8% in 2007. The EIA also reported that residential electricity prices rose an estimated 5.0% nationally in 2005. Some of the fastest increases in household electricity prices occurred in the Northeast (particularly New England) and in the West South Central region (Texas, Louisiana, Oklahoma, and Arkansas). Much of the increases were fueled by sharply higher prices for peaking fuels and very high summer demand for those fuels, particularly natural gas. Looking forward, some additional increases in delivered residential prices are likely in many regions in 2006 and 2007, but at a slower pace than seen in 2005.



Nils Diaz, chairman of the Nuclear Regulatory Commission said he will leave the agency at the end of June when his five-year term expires. Diaz, a nuclear engineer, has been on the commission for 10 years and was named its chairman three years ago by President Bush. Diaz has been head of the five-member commission during a time when it has faced a wide range of challenges, from developing new security requirements amid heightened concerns about terrorism to preparing to license the first new nuclear power plants since the 1970s.

MARKET COMMENTARY

The natural gas market opened 8.8 cents stronger, being consistent with a firmer crude oil market. As crude oil traded back and forth between positive and negative territory, natural gas followed, but again was unable to attain any new levels. The May contract dipped as low as 6.79 by midday, but when crude oil returned to its highs, natural gas was unable to muster further buying and fizzled out at the 6.90 level. May natural gas settled 2.6 cents higher at 6.908.

The mild shoulder season offers little reason for bullish buying, and speculative fear of what summer may carry has kept the downside similarly in check. With out fresh fundamentals, the front month contract is likely to let the soaring petroleum complex remain in the driver's seat. Looking ahead to Thursday's inventory report, the first of the official injection season, early exemptions are for a build of 15 to 50 Bcf. Our model shows a slightly more bearish build of 63 bcf, based on heating degree-day demand. These expectations will both compare bearishly to last year's 39 Bcf injection and the 5-year average build of 8 Bcf. We see support at $6.79, $6.66-$6.65, $6.62 and $6.50-$6.45. Further support we see at $6.13 and $5.68. We see resistance at $ $7.00, $7.25, $7.562 and $7.62. Further resistance we see at $7.85, $8.00 and $8.13.