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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 26, 2006

NATURAL GAS MARKET NEWS

The Bureau of Land Management (BLM) is taking public comments on a required expansion of several existing gas pipeline corridors out of the Pinedale, WY, area. Multiple gas pipelines have been planned and several corridors will have to be expanded to support gas production growth, BLM said.

With energy prices taking center stage once again, Sen. Dianne Feinstein (D-CA) and three other lawmakers have introduced legislation that seeks to provide the Commodity Futures Trading Commission (CFTC) with greater authority to oversee over-the-counter (OTC) energy trades on electronic trading platforms that currently are largely unregulated.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 20% tolerance.

Gulf South Pipeline said that effective May 2-4, LOC 464 Venice (receipt from Targa Midstream Services) on Gulf South will be shut-in due to the operator's inability to meet certain gas quality specifications as provided in Gulf South's tariff. It is anticipated the operator will be able to meet Gulf South's gas quality specifications beginning May 5.

Generator Problems

ECAR— FirstEnergy's 1,260 Mw Perry nuclear unit is operating at full power, up from 82% capacity a day earlier. The unit was reduced for routine maintenance.

ERCOT— TXU Corp.'s 545 Mw Sandow #4 coal-fired power unit shut on April 25-26 due to water quality conditions.

SERC— Duke Power's 1,129 Mw Catawba #2 nuclear unit increased power to 18%, but remains offline. Catawba #1 continues to operate at full power.

Duke Power's 846 Mw Oconee #3 nuclear unit reduced power to 88% from 90% this morning, as the unit coasts down for a refueling scheduled to begin on Saturday.

Southern Nuclear Operating Co.'s 1,215 Mw Vogtle #1 power unit increased output to 99% capacity. The unit was operating at 68% yesterday. Vogtle #2 continues to operate at full power.

WSCC— Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit ramped power to 82% capacity. Yesterday, the unit was operating at 56% after exiting a refueling outage over the weekend. San Onofre #3 remains shut for maintenance.

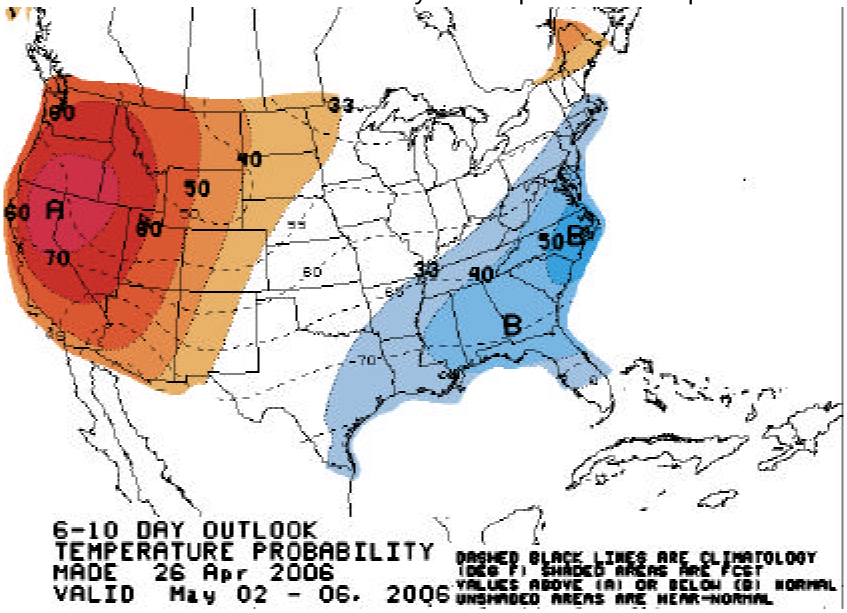
The NRC reported that U.S. nuclear generating capacity was at 78,885 Mw up 1.10% from Tuesday and up 5.43% from a year ago.

PIPELINE MAINTENCE

Natural Gas Pipeline Company said that it has scheduled three pig runs on its Amarillo #3 line during the month of May. This maintenance will occur in the portion of Segment 14 from Compressor Station 110, Henry County, Illinois to Compressor Station 113, Will County, Illinois. For two of the three pig runs capacity in the affected area will be significantly impacted. The work for these two projects is tentatively scheduled for the gas days May 9 and May 24. On these two gas days the associated capacity reduction through the affected area will result in Natural initially scheduling primary firm and secondary in-path firm transports to a minimum of 74% MDQ for each contract with Segment 14 primary/secondary in-path rights that is nominated through the downstream of Station 110.

Northwest Pipeline said the Pocatello District line replacement originally scheduled from May 1-August 2 has been delayed. The project is now scheduled from June 1-August 30. Current nominations through the Kemmerer to Pocatello corridor are scheduling at design capacity that exceeds recent historically averages.

Therefore, Northwest is currently revisiting the project options, capacity impacts, and project schedule. The results of these evaluations and any other updates will be posted as soon as they become available.



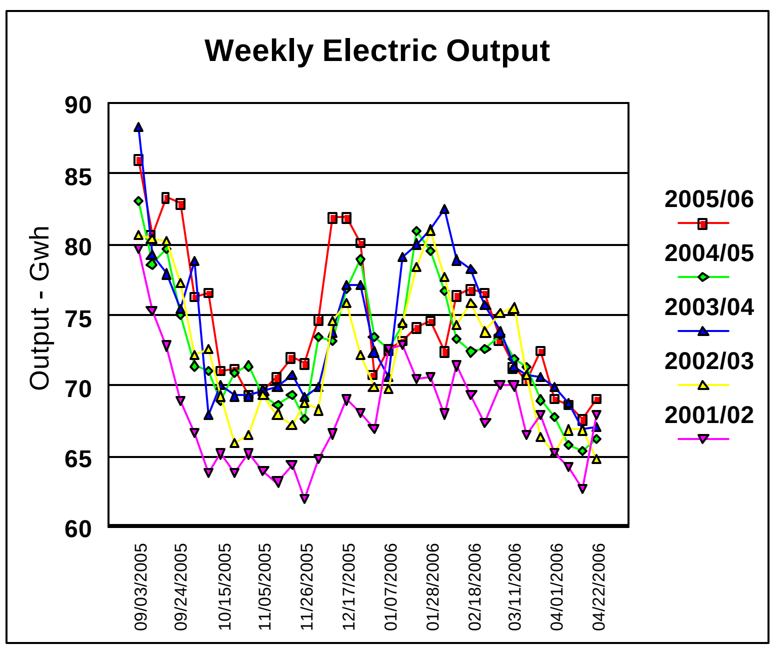
ELECTRIC MARKET NEWS

U.S. power prices in July and August will likely be higher than last summer even though the U.S. has ample natural gas and hydro supply to meet demand. The forecast for electricity prices reversed course since April 11 when the U.S. Energy Department published a much lower summer gas price in its energy outlook. The EIA said gas at Henry Hub this summer would likely slide to $7.68/MMBtu, 9.9% below last summer's average price. However, instead of falling, gas has been pulled higher by record crude oil prices. Forward power prices are based on natural gas futures contracts because gas is burned to produce a larger percentage of electricity across the U.S. in the summer when demand soars to cool homes and businesses. NYMEX gas for the balance of the year rose 92 cents last week to $9.16/MMBtu, and now stands 16$ above the same time last year.

ISO New England forecast possible record-breaking power demand for the summer of 2006. The grid operator urged customers to join in demand response programs, which compensate consumers for reducing energy usage when needed, as the growth in demand outpaces the construction of new generation. The ISO forecast summer electricity use would reach 27,025 Mw on at least one day this summer under normal weather conditions of about 90 F. Under extreme weather conditions, such as an extended heat wave of about 95 F, the ISO predicted peak demand could reach 28,785 Mw, about 7% over the current record of 26,885 Mw set on July 27, 2005.

The California Energy Commission reported that this summer, Southern California should avoid a repeat of the electricity blackouts it experienced last summer. The commission is confident that interruptible service contracts, new generation that has come on line and slowed demand growth will keep the power running.

Progress Energy said its Florida utility unit signed an agreement with the state's public counsel office and consumer advocates to recover storm costs through a customer surcharge. The agreement, if approved by the Florida Public Service Commission, would extend a customer surcharge – collected from customers since last August – through July 2008. The 12-month extension will allow Progress Energy Florida to collect about $130 million for a storm-reserve fund, which was depleted after four hurricanes damaged its service area in 2004.



The Edison Electric Institute reported that the continental U.S. used 69,104 gigawatt hours of electricity in the week ended April 22, up 4.2% from a year ago and up 2.8% from the previous week.

MARKET COMMENTARY

The natural gas market opened relatively unchanged as it prepared for the May contract's expiration. The market moved lower the whole session, spurred initially by a slightly bearish inventory report in the oil complex. The May contract slid as low as 7.05, holding the 7.00 level but the excitement of expiration saw prices spike to 7.30 and then back down to 7.00 in the last half hour of trading. The May contract went off the board down 5.6 cents at 7.198. Meanwhile, the June contract settled 7.271, off a more sizeable 18.4 cents.

The mudslide continues, as there is very little bullish impetus in the current set of fundamentals. Temperatures remain seasonally mild, the petroleum market continues to pull back from its recent all-time highs, and storage remains a non-issue. We expect the June contract to pressure lower to the 7.00 level, but as summer approaches and cooling demand works its way into Texas and the South, this market will turn pretty quickly. Looking ahead to tomorrow's EIA storage report, most expectations call for a 68-72 Bcf injection. Our model calls for a slightly larger 77-83 Bcf injection. These compare relatively in line to last year's 70 Bcf injection, but a bit more bearish to the 5-year average injection of 58 Bcf. We see support at $7.15, $7.00, $6.88 and $6.66. We see further support at $6.45 and $6.13. We see resistance at $7.85, $8.00 and $8.28-$8.31. We see further resistance at $8.65, $9.00 and $10.50.