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POWER MARKET REPORT FOR APRIL 27, 2005

NATURAL GAS MARKET NEWS

The lack of industry and political response to the looming natural gas shortage has left some wondering what it will take to spur action. At a conference for the Council for Industrial Boiler Owners, various industry speakers commented on the tight supply and demand situation. Congress recently backed away from the suggestion that the U.S. lift its moratorium on drilling for off-shore gas on the East and West coasts. Bruce Henning, drector of regulatory and market analysis at Energy Environmental Analysis, said the nation's laws make it easier to stop new projects than to build them, citing the difficulty of getting new LNG terminals sited. Henning said outdated concerns over potential environmental damage to Alaskan fields and dangers associated with LNG terminals, are slowing efforts to making sure the U.S. will have the gas it needs. With U.S. gas reserves declining and demand increasing because of the 200,000 Mw of gas powered generation that has come on-line since 1998, the U.S. must turn to the Artic, deep water drilling in the Gulf of Mexico, the McKenzie Delta and LNG to meet the supply gap. The keynote speaker Gary Vasey, vice president of trading and risk management practice at UtiliPoint, said hedge funds, reviled by some as the reason for higher prices, recognize the nation is not going to revert to substantially lower energy prices in the near future. Vasey said the funds view the industry's lack of investment and the increasing supply shortage as an opportunity to make money in the tight supply-demand energy market.

Generator Problems

ECAR— AEP's 1,016 Mw Cook #1 nuclear unit exited a refueling outage and ramped up to 20% of capacity by early today. The unit shut March 26 for a planned refueling outage. Cook #2 continues to operate at full power.

ERCOT— TXU Corp. will shut the 750 Mw Martin Lake #2 coal-fired power station from April 28-29. Martin Lake #1 remains shut for work on the boiler since about April 26 and the company expects to restart it around April 29.

FRCC— Progress Energy increased output 19% at its 870 Mw Crystal River #3 nuclear unit to report it at 84% capacity this morning. The unit was running at 65% yesterday.

MAIN— Exelon Generation said its 900 Mw Dresden #3 nuclear unit was offline at zero percent this morning to perform planned maintenance, off 26% since since initially coming offline early yesterday. Dresden #2 remains at 97% capacity, off one percent on the day.

The NRC reported that U.S. nuclear generating capacity was at 74,822 Mw today up .22% from Tuesday and down 8.55% from a year ago.

President Bush is proposing various measures to help bring the high energy prices under control. In his latest energy proposal, he wants to give the Federal Energy Regulatory Commission the lead authority in granting licenses, overruling what has increasingly become state jurisdiction. A senior official said there are 32 proposals to build new terminals, and Bush's proposal would "provide some regulatory certainty" in order to get them built. Rules on the terminals vary from state to state, and California, for example, has not wanted to cede state authority. Currently, only four LNG terminals exist in the U.S. amid increasing demand for natural.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf-Chalkley are at capacity today. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. ANR South Joliet #2 is at capacity for deliveries. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes.

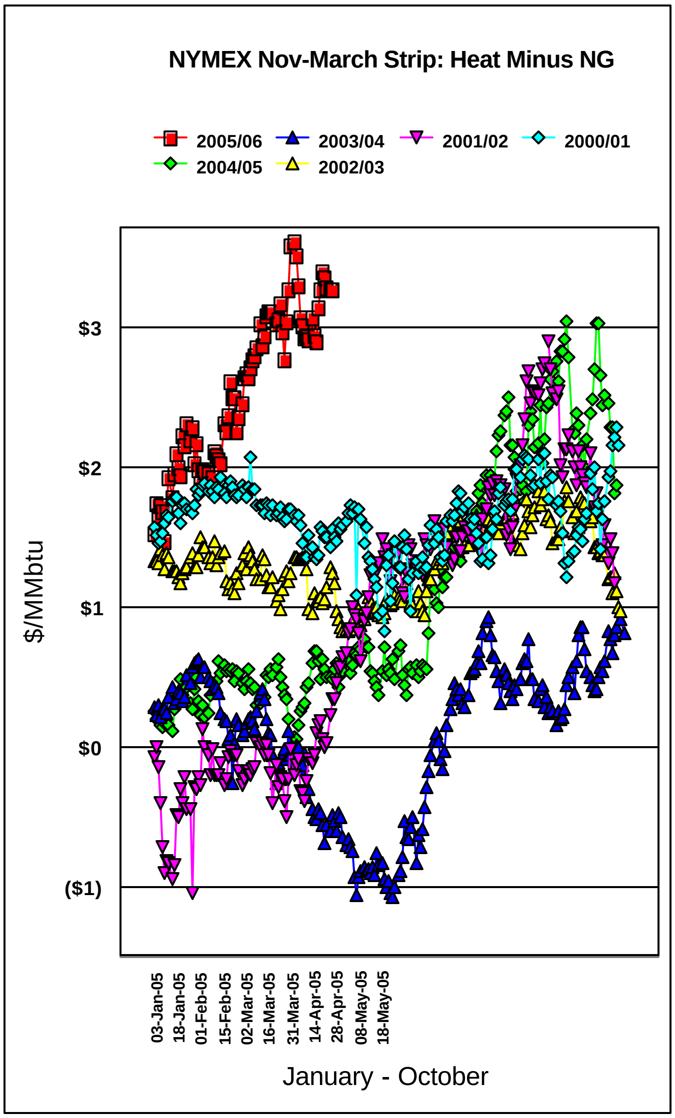
Texas Eastern Transmission Corp. said it has restricted to capacity nominations exiting zones STX and ETX. Nomination increases exiting those zones will not be accepted. Zone M1 24-inch has been scheduled to capacity. Physical increases of receipts between Little Rock and Fagus will not be accepted.

Trailblazer Pipeline said that effective Sunday, May 1, it anticipates that capacity will be available for a limited amount of secondary out-of-path transport volumes going eastbound through Station 601. The scheduling of any ITS/AOR transport volumes will depend on the level of nominations received and will only be scheduled to the extent that secondary out-of-path and primary in-path are not fully utilized.

PIPELINE MAINTENANCE

El Paso Natural Gas said that pigging of Line 1205 from Bondad Station to Blanco was completed early enough yesterday to allow for a capacity increase through Bondad Station. As a result, the capacity through Bondad was raised to 600 MMcf/d effective Cycle 3, April 26.

Gulf South Pipeline said it will be performing scheduled maintenance on Index 266, Carthage to Sterlington 24-inch from Keatchie, Louisiana MP 24.6 to MP 36.78 beginning Monday, May 2, and continuing for three days. Capacity out of East Texas could be affected as much as 100 MMcf/d during the duration of this maintenance.



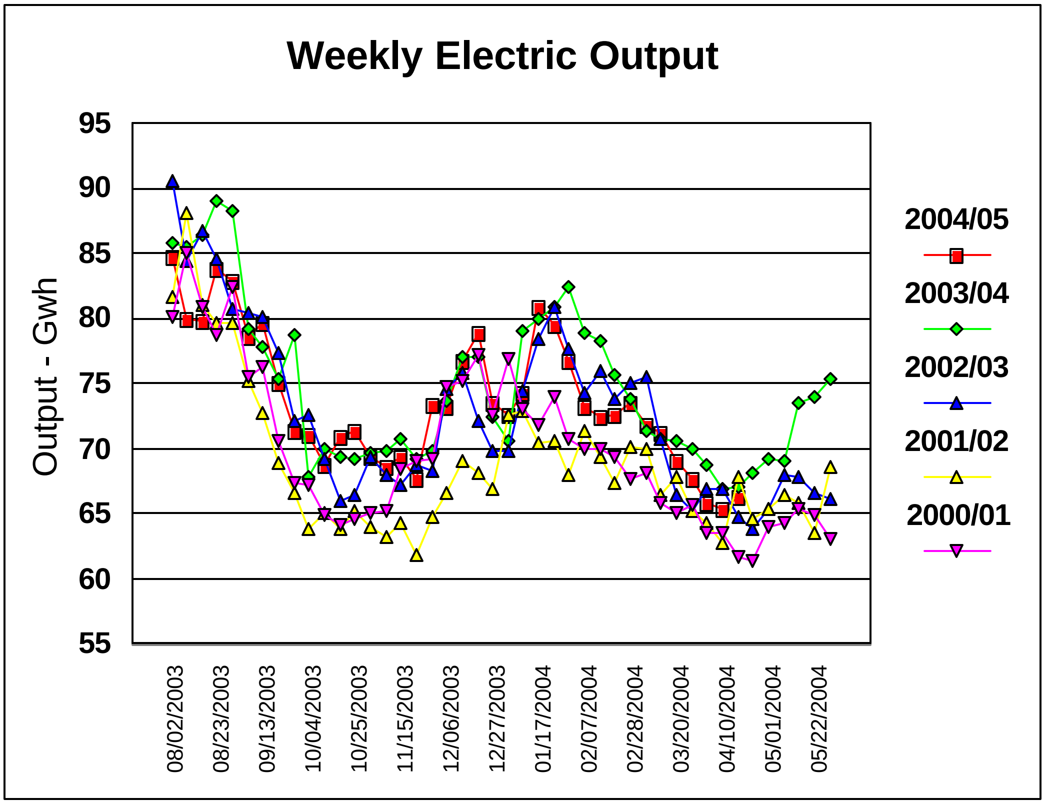
KM Interstate Gas Transmission recently updated its progress repairing several pulsation bottles on six Cheyenne Market Center compressor units. KMIGT March 1 identified cracks on several of the pulsation bottles on six compressor units at three compressor stations: Huntsman (2); Rockport (2); and Kimball (2). The units have been out of service and work has been progressing on the repairs/replacements. KMIGT does not anticipate firm services will be curtailed due to this outage. KMIGT will continue to meet its firm storage obligations through the utilization of its existing system facilities. The timetable for completion of all the repairs has been extended. KMIGT currently estimates that one of the units at the Huntsman compressor station will be back in service no later than July 1. The five other impacted units will be in service during the weeks that follow

Transwestern Pipeline said GulfTerra Texas Pipeline is replacing valves and measurement equipment at the GulfTerra/Transwestern Pecos interconnection. GulfTerra has informed Transwestern that GulfTerra will not be able to receive or deliver gas at the interconnection until the work is completed. GulfTerra estimates the work will be completed by May 1. The previous completion date was April 22.

ELECTRICITY MARKET NEWS

With such high energy prices, President Bush plans to jumpstart the construction of new nuclear power plants by offering companies risk insurance to mitigate the cost of delays due to any potential failures in the licensing process. The last generation of nuclear power plants was built in the 1970s and 1980s. There is a new and improved licensing process, however, there is substantial uncertainty with potential investors about the ability to move through the new licensing process.

According to a recent study of the Ont ario electrical market done for the provincial government, the most cost effective way for the province to reach its future generating capacity needs would be the closure of its coal fired power plants and their replacement with new gas fired plants and refurbished nuclear plants. The study found that the combined health and generation cost impact of the continued operation of Ontario Power 's coal fired units would be more than twice that of replacing it with new gas plants and a refurbished nuclear facility.



The Edison Electric Institute today reported that for the week ending April 23rd the U.S. saw electric generation reach 66,317 Gwh, down some 2.6% from the same week a year ago, but up 0.76% from the previous week.

ECONOMIC NEWS

Durable Goods orders fell 2.8% in March after falling 0.2% in February. This is the biggest drop since September 2002. Economists on the street were expecting and increase of about 0.3%. This date suggests that the economy has hit a soft spot as consumers and businesses alike appear to have curtailed their spending amid a sharp increase in energy prices.

MARKET COMMENTARY

The NYMEX natural gas market this morning basically opened on either side of unchanged. The market started the day with one of its lowest number of contracts still open in the spot month on expiration day. As a result the dominant trading interest would be in the June contract not the May contract. While the market got off to a rather boring and uneventful start, the release of the oil inventory reports triggered a tidal wave of selling in the oil markets, that spilled over into the natural gas markets and dragged natural gas values grudgingly lower, as good fund selling was seen in the natural gas market as well. The May and June contracts by mid day had fallen back to key support levels at midday, with the May contract holding the triple bottom effectively that had been established earlier this month from $8.875-$6.90. But as the closing bell sounded for the start of final 30 minutes of trading in the May contract a new wave of selling swept across all the energy markets, as oil prices tumbled to new lows for the day dragging gas values down with it. Final volume in natural gas was pegged at 112,000 contracts.

We feel that this market will continue to look towards the oil market to influence its price trend. While tomorrow is a storage report day we feel that the inventory report would have to come in under 60 bcf or over 85 bcf to dramatically grab traders attention away from developments in the oil market. We see support in the June contract tomorrow at $6.68 followed by $6,657, $6.62-$6.61 and $6.575-$6.55. More distant support we see at

$6.05. We feel though that the $6.50 area though should hold as buyers we feel will be still be looking at the winter months as good value, when viewed against oil prices, especially heating oil.