



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 28, 2006

NATURAL GAS MARKET NEWS

Duke Energy said it would begin a non-binding open season to gauge interest in three salt cavern natural gas storage facilities in Texas, Louisiana and Mississippi. Through its Market Hub Partners unit, the company said in a statement the May 1-31 open season will include expansions to existing facilities at the Egan storage hub in Acadia Parish, Louisiana and the Moss Bluff storage site in Liberty County, Texas. It also includes a proposed storage facility in Copiah County, Mississippi. By 2009, when the currently anticipated expansion at Egan is completed, the combined working capacity of the two facilities will rise from 26 Bcf to 40 Bcf.

FERC on Friday issued favorable final environmental reviews for three liquefied natural gas (LNG) terminals and associated pipeline projects -- Dominion Cove Point LP's proposed expansion of its LNG terminal in Maryland, BP Energy affiliate Crown Landing LLC's proposed 1.2 Bcf/d terminal to be built along the Delaware River in Logan Township, NJ, and Sempra Energy's Port Arthur LNG LP proposal to construct an LNG terminal and associated facilities in Port Arthur, TX.

Lehman Brothers energy analyst Thomas Driscoll said natural gas prices stand a 50% chance of falling to parity with coal this summer. He noted that demand among industrial consumers, which still represent the largest users of gas, has declined 20% since 2000 as prices have risen dramatically. He also pointed out that natural gas demand has fallen about 10% from its 2000 peak of about 64.4% Bcf/d to less than 59 Bcf/d. Driscoll said he expects gas prices could fall by as much as \$1 this year, compared with 2005, and trade at parity with coal near \$5/MMBtu.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company said that it has limited capacity available for gas received in Segment 16 (Arkoma Line). Limited interruptible flow, authorized overrun and secondary out-of-path transports are available.

PIPELINE MAINTENANCE

Alliance Pipeline said that inspections and maintenance require the Kerrobert Compression Station to be offline for four hours on May 3. System throughput (AOS) may be affected but will be determined closer to the outage

Generator Problems

ECAR— FirstEnergy's 946 Mw Davis-Besse nuclear unit increased output to 34% and reconnected to the grid. The unit restarted yesterday following a refueling outage.

ERCOT— Monticello #3 coal-fired power unit shut for a short-term planned maintenance.

NRG Energy's 560 Mw WA Parish #7 coal- and natural gas-fired power station will start up April 28-30 following a maintenance outage.

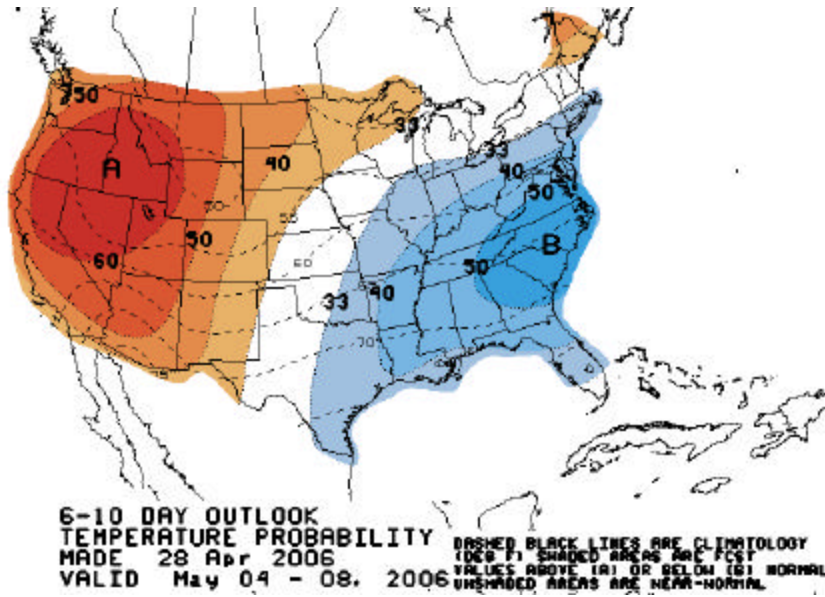
AEP's 528 Mw Welsh #1 coal-fired power station will return to service April 28-May 2 following short-term maintenance.

SERC— Duke Energy's 1,129 Mw Catawba #3 nuclear unit ramped output to 97% of capacity by early today. Yesterday, the unit was operating at 65% after exiting a refueling outage earlier in the week. Catawba #1 continued to operate at full power.

Duke Energy's 846 Mw Oconee #3 nuclear unit decreased power to 87% as it coasts down for a refueling outage expected to begin on Saturday. Oconee #1 and #2 continue to operate at full power.

WSCC— Duke Energy's 739 Mw Moss Landing #6 natural gas fired power unit shut for unplanned reasons. Meanwhile, Duke's 739 Mw Moss Landing #7 returned to service following a planned maintenance.

The NRC reported that U.S. nuclear generating capacity was at 79,630 Mw up .63% from Thursday and up 6.67% from a year ago.



date. The Kerrobert Compressor is located in Saskatchewan. Alliance also said that inspections and maintenance require the Morinville Compressor Station in Alberta to be offline for eight hours on May 3. System throughput (AOS) may be affected but will be determined closer to the outage date. Alliance's Tampico Compressor in Iowa will be offline for four hours on May 4 due to minor maintenance. System throughput (AOS) may be affected but will be determined closer to the outage date. Alliance finally reported that inspections and maintenance require the Wimbledon Compression Station in North Dakota to be offline for six hours on May 3. System throughput (AOS) may be affected but will be determined closer to the outage date.

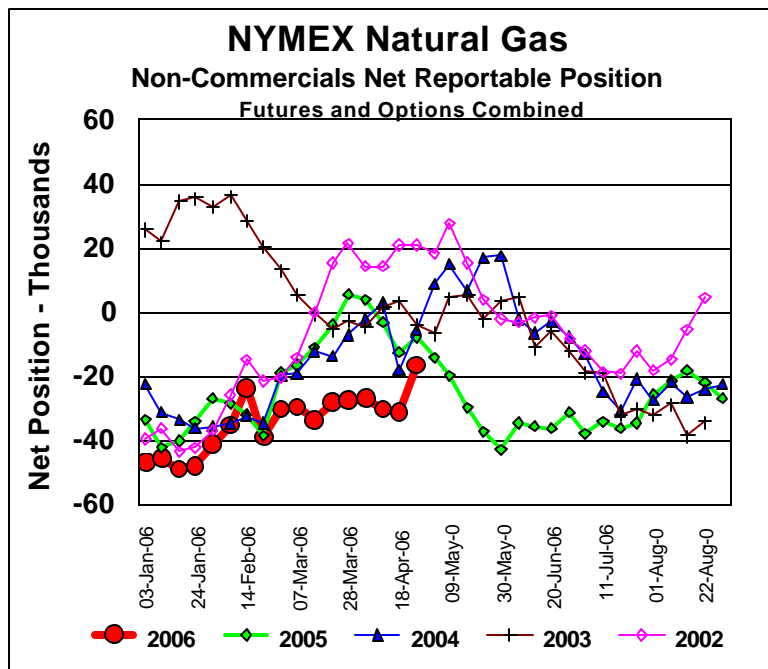
Texas Eastern Transmission said that the schedule for the line 11 pipeline cleaning project and the Department of Transportation maintenance at Mt. Belvieu that was originally scheduled for May 26 has been adjusted slightly. The pipeline cleaning project will begin on May 2 and end on May 5. During this maintenance, restrictions on the 24-inch system downstream of Longview, as well as a significant restriction of receipts in ETX between Huntsville and Longview will be required. The DOT pipeline replacement on the discharge of Mt. Belvieu has been rescheduled to begin May 4, and end on May 5. During this outage, depending on the level of nominations at that time, a restriction of receipts in STX may be required.

Westcoast Energy said that hot taps were completed on schedule and the A Train and B Train are back online. Train 3 will be back online once operations have stabilized and full through is expected shortly. However, the company is reminding customers that the acid gas constraint to 75% of acid gas treatment service availability for the Train 3 contactor washes which began April 25, will continue until April 29 at 8:00 AM MT.

Williston Basin Interstate Pipeline Company said the transmission line south of the Lovell Plant was hit by a third party at 7:50 PM PT. As a result, the line will be blown down between the Lovell Plant and valve #8 and receipts in line sections 19 and 20 will be affected. It is anticipated that it will take between 6-8 hours to repair with an estimated end time of early this morning.

ELECTRIC MARKET NEWS

The Nuclear Regulatory Commission has begun a special inspection at the Kewaunee Nuclear Power Plant following the shutdown of the facility late Wednesday (4/26), which involved problems with several non-nuclear components. Dominion Generation operates the plant, which is located in Wisconsin. The unit was manually tripped shut when the main steam turbine failed to shut down.



ECONOMIC NEWS

The U.S. economy expanded in the first quarter at an annual pace of 4.8%, the fastest in more than two years, led by resurgent consumer spending and the biggest jump in business investment since 2000. The Commerce Department said that the rise in GDP followed a 1.7% annual rate of increase in the previous three months.

MARKET COMMENTARY

The natural gas market opened a penny and a half lower and despite the firming petroleum market on news of Iran continuing with its nuclear program despite the UN deadline. June natural gas slumped to the 6.70 level just after midday, finding some initial support, but fresh selling was able to break the key 6.65 level and send the front month to a fresh seasonal low of \$6.49. The June contract settled down 25 cents at 6.555. Over the course of the week, the front month contract softened by a whopping \$1.426 or 17.9%.

With crude oil inflating by over a dollar at one point today and natural gas moving the other way, it just goes to show how weak this market is right now. The next technical level for natural gas is the 6.45-6.50 level, a low from March 8, but as we get closer to the summer demand season we expect this market to regroup and consolidate some of its recent sell off. The Commitment of Traders report, which represents trading for the week through April 25th, showed that non-commercial traders reduced their net short futures position by 15,526 contracts as the market broke out of its two-week range causing a short covering rally. In the combined futures and options report, non-commercial traders reduced their net short futures position by 14,659 contracts. We see support at \$6.45-\$6.50, \$6.25, \$6.13 and \$6.00. We see resistance at \$7.00, \$7.20, and \$7.52. We see further resistance at \$8.00, \$8.28-\$8.31 and \$9.00.