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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 29, 2005

NATURAL GAS MARKET NEWS

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. fell by 18 to 1,325 in the week ended April 29. During the same week last year, there were 1,161 rigs. The number of rigs searching for gas fell 14 to 1,156.

The EIA late Thursday released its latest Natural Gas Monthly Report. It estimated that for month of February domestic production of natural gas reached 53.1 bcf/d, up some 5.1% from January and the highest level since March 2003. Imports were estimated a 10.5 bcf/d, the third month in a row that imports exceeded 10 bcf/d. Consumption was pegged at 80.9 bcf/d some 6.5% less than the same month a year ago.

The FERC on Friday gave El Paso's Wyoming Interstate draft environmental clearance to carry out expansion of its system to transport additional natural gas production out of the Rocky Mountain region.

Generator Problems

ECAR— First Energy restarted its Beaver Valley #2 nuclear unit, ramping production to 30% as of early today. The unit was shut early this month for its refueling outage.

MAIN— AmerGen Energy's 1,026 Mw Clinton nuclear unit dipped to 63% of capacity by early today. Yesterday, the unit was operating at 92% of capacity.

NPCC— Constellation Energy Group boosted power 14 % at its 565 Mw Nine Mile Point #1 nuclear unit to operate the unit at 25% power today. The unit was offline at 11% yesterday after restarting. Nine Mile Point #2 remains at full power.

WSCC— Edison International's 790 Mw Mohave #2 coal-fired power unit in Nevada returned to service by late yesterday. The unit shut on about April 4 for planned reasons. The company also curtailed Mohave #1 by 160 Mw for planned reasons yesterday.

Canada— Bruce Power's 825 Mw Bruce A #4 nuclear unit returned to service yesterday following a planned maintenance inspection that began March 12.

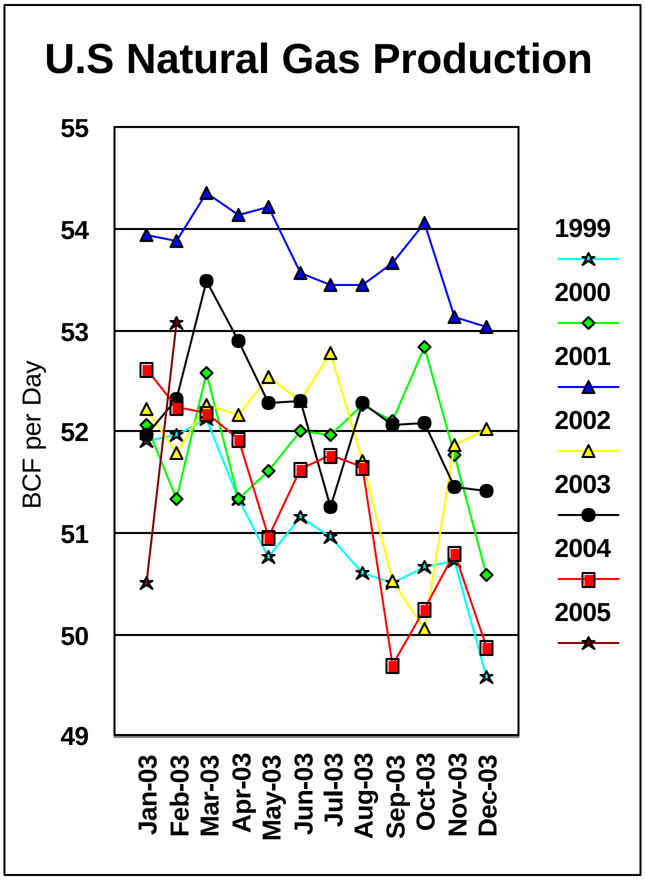
Ontario Power Generation's 881 Mw Darlington #4 nuclear unit exited an outage early today following a maintenance outage begun on about April 18. Darlington #1 and #3 continue to operate at high power, while #2 shut on March #2 for planned maintenance expected to last until early May.

The NRC reported that U.S. nuclear generating capacity was at 74,649 Mw today down 1.00% from Thursday and down 9.28% from a year ago.

The American Public Gas Association warned that they see the real possibility that LNG exporting countries might someday attempt to operate a cartel similar to OPEC in an attempt to control world gas prices and production levels.

Bay Gas said it would develop a third underground natural gas storage cavern and related facilities near Mobile, AL. The expansion would nearly double its working gas storage capacity.

PIPELINE RESTRICTIONS



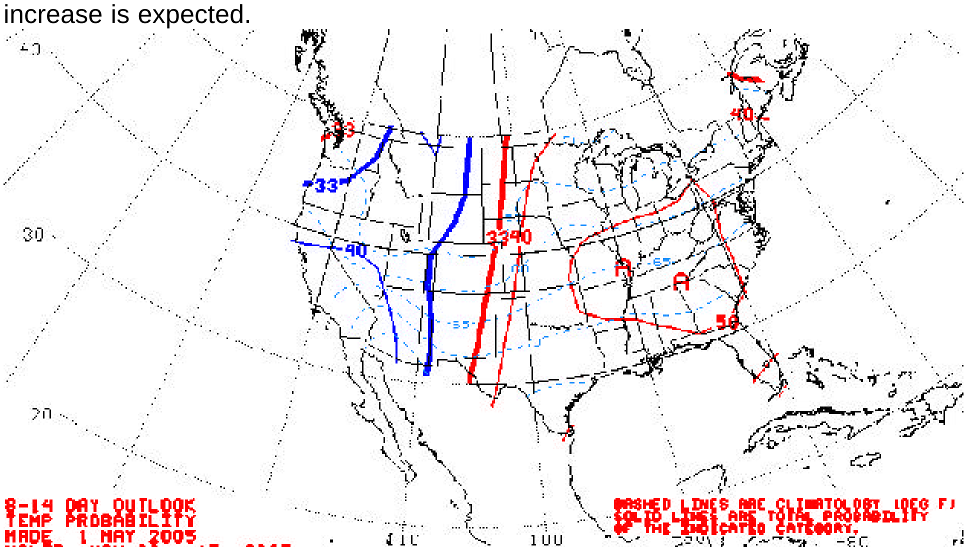
ELECTRICITY MARKET NEWS

The Northwest River Forecast Center cut slightly its outlook for water runoff during the 2004-2005 season. The Portland, Oregon-based agency forecast flows through The Dalles dam would average 69% of normal from January through July, down from a previous projection of 70%. The Dalles is the next-to-last dam on the lower Columbia River and a key point to measure the volume of water available for power generation in the Northwest. The region receives about 65% of its power supplies from hydroelectric dams.

Consolidated Edison of New York expects to complete maintenance work on a big power transmission line between Westchester County and New York City on April 30. Con Edison started the planned upgrade of the M52 power line on Feb. 6. The M52 is a 345-kV cable between the Sprain Brook station and the West 49th Street Station in Manhattan capable of moving about 1,400 Mw of electricity, enough for 1.4 million homes, into the city. Electricity traders are interested in Con Edison's maintenance projects because the work reduces the amount of electricity the utility can import from the rest of the state, where wholesale energy costs about $10-$20 per Mwh less than power generated in the city.

ECONOMIC NEWS

The Commerce Department reported today that personal income rose 0.5% in March compared to the 0.4% increase in February. With that little extra in the bank, consumer spending rose 0.6% in March following 0.7% increase in February. These pieces of economic data beat the street's expectations, which were looking at a 0.4% increase in personal income and a 0.5% increases in consumer spending. The price index for personal consumption less food and energy came in at 1.7%. This is relatively unchanged and the FED has been watching this price deflator, which has come in within the FED's annual growth expectations of 1-2%. Next week's FED meeting will be interesting as another .25% increase is expected.



The pace of business growth slowed slightly in the Chicago region in April, according to a private research group. The Chicago purchasing managers index fell to 65.6% from 69.2% in March. Economists expected the index to fall to 62.3%. Readings over 50% indicate expansion. The new orders index fell to 71% from 76.7%, while the prices paid index fell to 66.1% from 68.2%.

MARKET COMMENTARY

For the second straight session the natural gas market opened lower as the oil market continued to be the dominant influence on this market as heating and cooling loads remained restricted during this shoulder period. But as the oil market began to collapse in the latter part of the afternoon, natural gas values only reluctantly moved lower. As a result despite June natural gas settling at its lowest level since February 24th, its discount to June crude oil actually shrank by 19 cents on the day and over the last week has contracted by 30 cents per Mmbtu.

This afternoon's Commitment of Traders Report showed that non-commercials reduced their net short position by just over 5,000 contracts during the week ending April 26th. Small traders holding non-reportable positions still held the largest bias to the bullish side by a 2:1 margin.

Without any significant changes in cooling demand for natural gas over the near term, natural gas traders will continue to look towards the oil markets as providing the key factor in establishing price direction for this market we feel. We would look for support to be found again Monday at $6.55 followed by $6.37, $6.11 and $6.07. We feel though a decline to these low levels may provide an interesting opportunity to examine selling opportunities for out of the money puts, as well as purchase of out of the money calls, possibly in the September or October contracts. We feel that these options will be subject to potential upward price spikes once the hurricane season gets underway, as traders will still have fresh in their minds the disruptions that occurred in production last hurricane season. Resistance we see Monday at $6.725, $6.77-$6.78 followed by $6.90, $7.13 and $7.20.