



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 20, 2006

NATURAL GAS MARKET NEWS

The World Meteorological Organization said neither El Nino nor La Nina is expected in coming months in the central and eastern equatorial Pacific, where current conditions are neutral. The WMO said that neutral conditions were likely to continue to prevail in the basin to the end of 2006, although there was a small risk that El Nino would develop in the latter part of the year.

A subsidiary of Enbridge will extend its Gulf of Mexico pipeline infrastructure by building a natural gas gathering lateral to connect to deepwater Shenzi field to existing pipelines. The line will consist of 11 miles of 12-inch pipe and will have the capacity to deliver more than 100 MMcf/d.

Southern Union announced that Trunkline Gas Company's Field Zone Expansion project, which includes adding capacity to its pipeline system in Texas and Louisiana to increase deliveries at the Henry Hub. The project includes the previously announced North Texas Expansion as well as additional capacity to the Henry Hub. Trunkline will increase the capacity along existing right of way from Kountze, Texas to Longville, Louisiana by about 510 MMcf/d with the construction of approximately 45 miles of 36-inch diameter pipeline.

FERC approved a 210-mile pipeline project to transport regasified LNG from the Elba Island import terminal near Savannah, Georgia, to the large Florida market. The project combines the proposed 177-mile Cypress Pipeline proposed by Southern Natural Gas and its companion, a 32.6-mile Florida Gas Transmission Phase VII expansion. The pipeline to Florida is designed as an alternative to Gulf of Mexico gas supplies and will be a critical component of moving new LNG supplies that enter the US through the Georgia terminal.

Spain's capacity to process LNG will double between 2005 and 2011, and its LNG storage facilities will triple. That means the system as a whole will have to face investments of 6 billion euros in the next few years.

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit ceased increasing power and is holding output at 57% capacity as a transformer is installed. The unit was operating at 58% yesterday.

ERCOT— TXU's 565 Mw Monticello #2 coal-fired power unit will restart June 20-21 following boiler repairs.

FRCC— Florida Power and Light's 839 Mw St. Lucie #2 nuclear unit increased output to 98% capacity. Yesterday, the unit was operating at 80%. St. Lucie #1 continues to operate at full power.

MAAC— PPL's 1,115 Mw Susquehanna #1 nuclear unit increased output to 85% capacity. Yesterday, the unit was operating at 37% power. Susquehanna #2 continues to operate at full power.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit increased output to 85% power. Yesterday, the unit was operating at 83% power. Brunswick #2 continues to operate at full power.

WSCC— AES Corp.'s 495 Mw Alamos #6 natural gas-fired power unit returned to service yesterday afternoon following unplanned weekend work.

Energy Northwest's 1,200 Mw Columbia Generating nuclear unit returned to full capacity. Yesterday, the unit was operating at 85%.

Mexico— Sempra Energy's 600 Mw Termoelectrica de Mexicali natural gas-fired power station returned to service following a short maintenance outage.

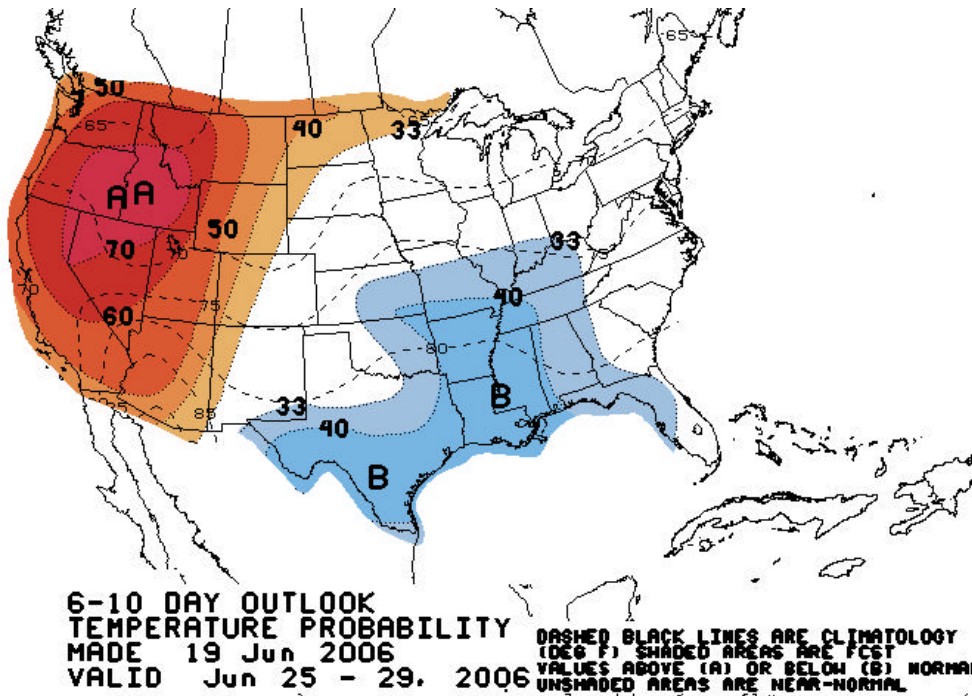
The NRC reported that U.S. nuclear generating capacity was at 93,415 Mw up 1.15% from Monday and up .90% from a year ago.

Mexico reported that its average natural gas output for the month of May was 5.285 Bcf/d versus 5.284 Bcf/d in April.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said Tennessee Gas Mahwah has been scheduled to capacity on its system.

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 25% tolerance.



Texas Eastern Transmission said that it has scheduled and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Circleville for delivery outside that area will be accepted. Tetco has also restricted and sealed receipts between Longview and Little Rock in zone ETX. No increases in receipts between Longview and Little Rock for delivery outside that area will be accepted.

Westcoast Energy said there will be a 21-day flow reduction on T-South from July 12 to August 2.

PIPELINE MAINTENANCE

Duke Energy Gas Transmission said it may need to restrict receipts and/or deliveries at its Egan Hub natural gas storage facility in Louisiana during maintenance on June 29.

Northwest Pipeline said it is announcing a Declared Deficiency Period beginning today. This deficiency period is expected to last 24 hours. NWP will be installing pigging facilities and replacement a block valve on a section of the mainline just north of the Vernal Compressor Station. During the outage, Northwest's operational capacity through the Vernal Compressor Station will be zero.

PG&E California Gas Transmission has scheduled a pipeline replacement on L-300A line for June 22-25. Capacity on the Baja Line will be reduced to: 870 MMcf/d on June 22; 800 MMcf/d on June 23; and 930 MMcf/d on June 25.

Southern Union's Panhandle Energy unit said an outage at the Sea Robin natural gas processing plant in Louisiana had been extended through Tuesday.

Westcoast Energy said that the Pine River Gas Plant this weekend developed a glycol leak on A Sulphur Plant 4A Condenser. As a result the A Sulphur Plant will be taken offline at 8:00 AM MT June 22. There will be an acid gas constraint to 75% of acid gas treatment service availability for the duration of the repair.

ELECTRIC MARKET NEWS

Exelon and Public Service Enterprise Group said they continue to believe their proposed \$16 billion merger makes economic and strategic sense and are working to obtain approvals from the U.S. Department of Justice and New Jersey Board of Public Utilities, the final authorizations needed before the deal can be concluded.

Under the merger agreement, either party has the option to terminate the transaction without penalty at any time after June 20, but in a joint statement, both companies said they will continue to pursue the combination.

Electricity prices for Wednesday in eastern North America fell on weaker natural gas prices and forecasts for cooler weather and lower cooling demand. Peak prices at the PJM Western Hub dropped more than \$5, or about 10%, to \$70-\$75 per megawatt hour in active over-the-counter trade.

Global emissions of carbon dioxide will rise 75% from 2003 to 2030, with much of the growth coming from coal burning in developing countries, according to a U.S. government forecast. Developing countries are growing more quickly than industrialized economies, whose growth tends to be in less energy-intensive sectors. While the U.S. is the world's leading emitter of CO₂, its emissions growth rate will soon be surpassed by China and India. The EIA said that global emissions of CO₂ will hit 43.7 billion tones in 2030, up from 25 billion tones in 2003.

MARKET COMMENTARY

The natural gas market opened 14.3 cents lower as mild weather forecasts in key consuming regions curbed demand. Without the cooling demand, this market reverted back to its bearish fundamentals as it plunges back into its familiar range. The July contract traded to a high of 6.82 early in the session, but eroded all day until finally collapsing at the end of the session to a low of 6.47. Natural gas settled down 39.1 cents at 6.502.

The market is giving back what it took last week as medium-term forecasts are calling for largely seasonal temperature patterns over the next two weeks with some cooler-than-normal weather expected around Texas and the southern Midcontinent. We feel that this market will chop around its wide 6.00-7.00 range until additional demand or a tropical disturbance presents itself. Looking forward to Thursday's EIA storage report, expectations call for a build of 75-88 Bcf. This will compare to an injection of 79 Bcf last year and the five-year average build of 95 Bcf. We see support at \$6.40, \$6.10, \$6.00 and \$5.94. We see further support at \$5.90 and \$5.70-\$5.71. We see resistance at \$6.82, \$7.00, \$7.37 and \$7.50. We see further resistance at \$8.00, \$8.28 and \$8.75.