



POWER MARKET REPORT FOR AUGUST 24, 2007

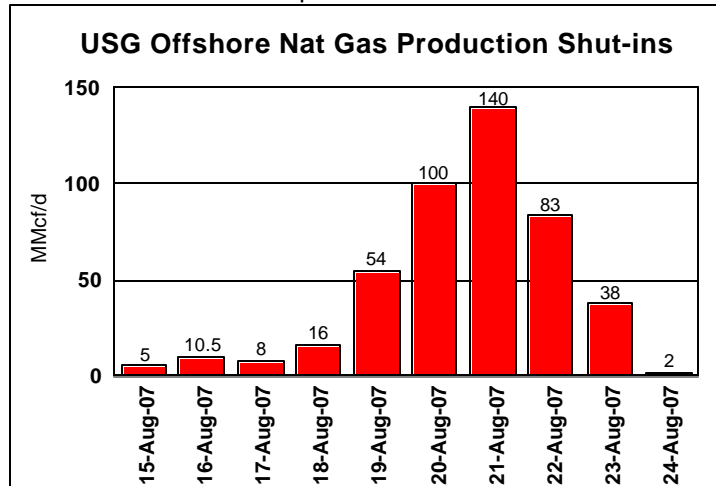
NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service issued its final update on the status of evacuations and shut-in production statistics for Hurricane Dean. As of midday with 5 companies reporting only 20 barrels of crude oil production remained shut-in and some 2 MMcf/d of natural gas production. As a result of Tropical Storm Erin and Hurricane Dean some 456 MMcf/d of natural gas production was lost.

Angolan officials will start building its multibillion-dollar Soyo LNG plant in the fourth quarter of this year and exports are due to begin to flow by late 2011.

Woodside Petroleum said Friday that it has signed a multi-billion dollar deal to export LNG to Japanese customers. The LNG will be supplied from Woodside's Pluto project to Tokyo Gas and Kansai Electric Power.

The tropics remain basically quiet today and forecasted to do so for the near term. While several forecast models were calling for a tropical system to possibly develop in the southwestern Caribbean late this weekend, the track guidance takes this weather system into Central America. Beyond this system the GFS model sees a tropical system developing late next week in the far eastern Atlantic but remains weak and disorganized as it moves westward. Drier air that seems to be in place across much of the southern



Generator Problems

NPCC – Entergy's 852 Mw FitzPatrick nuclear unit was at 74% of power on Friday morning up 24% from Thursday.

Entergy's 535 Mw Vermont Yankee nuclear plant was holding steady at its reduced rate of 49% of capacity, possibly due to a problem with a cooling tower.

MAIN – Exelon's 1152 Mw Unit #2 at the Braidwood nuclear power plant was shut early Friday. The unit had been at full power on Thursday.

SERC – TVA's three 1155 Mw nuclear units at the Brown's Ferry nuclear plant were operating at reduced power on Friday once again. Units #1 and #2 were operating at 50% of capacity down 25% from Thursday, while Unit #3 which had been at full power was reduced to 75%. A TVA spokesman said that the reductions were made because cooling water discharged from the plant into the Tennessee River was in danger of going over 90 degrees.

Entergy's 1266 Mw Grand Gulf nuclear unit ramped up to 40% as of Friday, up 36% from yesterday.

The NRC reported that 93,951 Mw of nuclear capacity is on line, down 1.14% from Thursday, and down 2.22% from a year ago.

North Atlantic appears to be limiting any tropical development at this time.

EarthSat in its latest 10 day temperature outlook today called for most of the nation to see seasonal or below normal for the period of August 29 through September 2nd.

Intermountain Gas told the Idaho Public Utilities Commission that it could lower retail gas utility rates for the second consecutive year as a result of lower wholesale gas prices in 2007. The

company has proposed a rate cut of 8.1%.

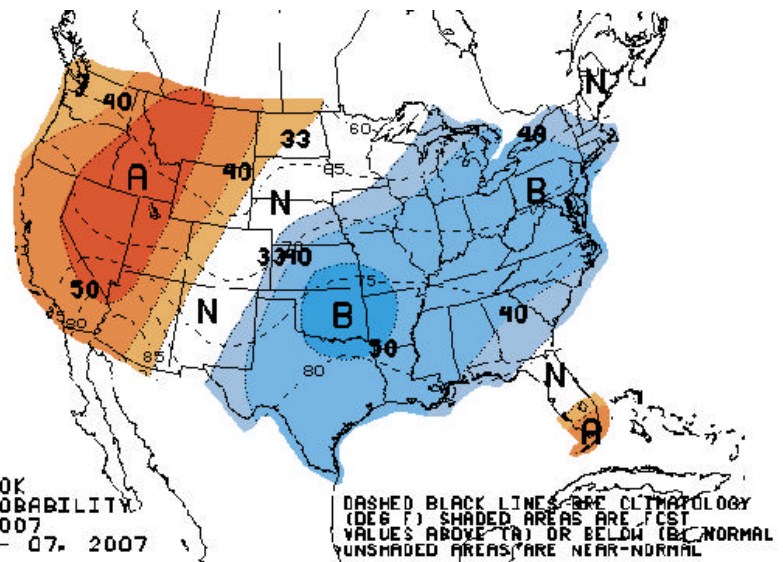
Baker Hughes reported that for the week ending August 24th 1,494 rigs were looking for natural gas in the U.S., up 14 rigs from the previous week.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,121,600	\$5.692	(\$0.034)	(\$0.152)	(\$0.143)	(\$0.066)
Chicago City Gate	282,300	\$5.488	(\$0.192)	(\$0.107)	(\$0.236)	\$0.024
NGPL- TX/OK	531,600	\$5.372	(\$0.114)	(\$0.223)	(\$0.158)	(\$0.145)
SoCal	999,200	\$5.291	(\$0.084)	(\$0.304)	(\$0.128)	(\$0.168)
PG&E Citygate	496,800	\$5.601	(\$0.016)	\$0.006	(\$0.060)	\$0.066
Dominion-South	225,300	\$5.977	(\$0.122)	\$0.382	(\$0.166)	\$0.425
Transco Zone 6	273,800	\$6.261	(\$0.109)	\$0.666	(\$0.153)	\$0.605

A line of thunderstorms that moved through Illinois and Michigan last night with winds of up to 70 mph knocked out power to over 1 million customers at one point. As of Friday midday some 425,000 customers were still without power.

NGI was reporting today that the Long Beach, California municipal gas utility is close to signing a 30 year \$900 million natural gas pre-pay contract with Merrill Lynch Commodities. The deal would meet some 90% of the utilities annual load.

NorthernStar Energy LLC received yet another set back in its plans for the Bradford Landing LNG terminal proposed along the Columbia River in Oregon. The latest setback came when the Clatsop County Planning Commission staff issued an unfavorable review of the project support an earlier rejection of zoning changes for the proposed terminal.



PIPELINE MAINTENANCE

Gulf South Pipeline said that the unscheduled maintenance on Kiln Compressor Station Unit #2 has been completed.

ELECTRIC MARKET NEWS

Genscape reported today that for the week ending August 23rd, U.S. coal burning power plants burned approximately 1.5% less coal but 6.0% more than a year ago.

National Grid said today that it expects to complete its acquisition of KeySpan on Friday after it received the final regulatory blessing from the New York Public Service Commission earlier. Once the merger is complete National Grid will become the second largest utility in the United States, serving 3.3 million electric customers and 3.4 million natural gas customers.

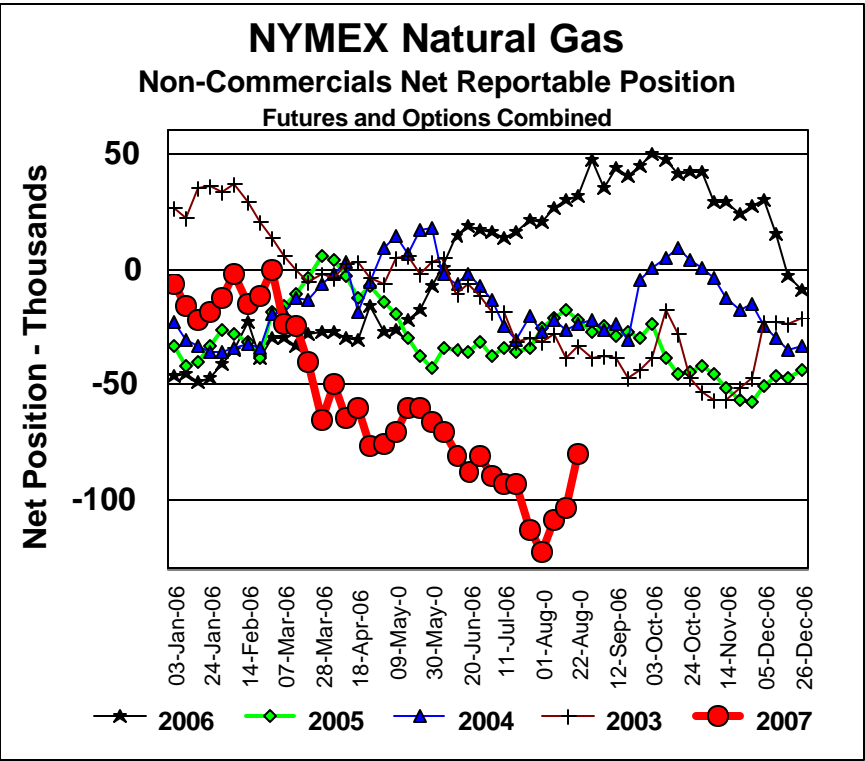
The EIA reported that U.S. coal production for the week ending August 18th stood at 22.6 million tons up 1.5% from the previous week. This weekly production is 0.8% higher than the same week a year ago. Year to date coal production is running 2.2% behind a year ago.

MARKET COMMENTARY

The natural gas market remained under pressure today as cooling demand appeared restricted over the next ten days coupled with no foreseeable threat in the tropics to Gulf Of Mexico off shore production. Thus while oil prices seemed to post a rebound on diminishing fears of an economic melt down and reports of refinery problems, natural gas resumed its downward erosion in price, especially at the end of the day, as the minor price gains recorded at midday all but evaporated.

Open interest reported at midday showed that open interest again increased for the third time out of the last four trading sessions this week, growing on Thursday by 2,178 lots. This continues to look like the rebuilding of the net short position by the non-commercials. This afternoon's Commitment of

Traders Report showed that for the week ending August 21st, non-commercials decreased their net short position in the futures market by 1933 contracts, but in the combined futures and options markets they reduced their net short position by 23,361 contracts.



Without weather it looks like this market wants to attempt to grind lower as shorts seek to return to this market, but it appears the pace of this fresh selling is definitely slowing. It looks like the gap in the weekly spot continuation from last September \$5.35-\$5.14 could be a target. Initial support we see at \$5.46 followed by

\$5.408,
 \$5.324 and
 \$5.178.
 Resistance
 we see at
 \$5.638,
 \$5.70, \$5.784
 and \$5.868.
 More distant
 resistance we
 see at
 \$6.122,
 \$6.327 and
 \$6.531.



