ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 18, 2006

NATURAL GAS MARKET NEWS

Amaranth Advisors, an $8 billion hedge fund lost in excess of 35% year to date due to natural gas trades. It is rumored that the fund was up 22% year to date heading into the month of September. It appears Amaranth was betting on the seasonal play that natural gas futures would rise on hurricane-related supply problems, but that never happened and prices made 2-year lows resulting in the funds need to unwind its positions. It is estimated that the fund lost $5 billion in one week as natural gas back month contracts collapsed. The volatility in the spreads beginning last week is a result of this behemoth getting out of positions. Amaranth reports that they have met every margin call, though the future of the fund remains unclear.

Kimberly-Clark Corp. will look at adding to its natural gas hedges for the winter as prices have come down, Chief Financial Officer Mark Buthman said. Kimberly-Clark depends on oil-based materials for the manufacturing of products such as Huggies Diapers. Buthman said that Kimberly-Clark aims to be 50% to 80% hedged on natural gas at any time to help reduce the volatility of pricing.

Generator Problems

ECAR – AEP's 1,020 Mw Cook #1 nuclear unit shut over the weekend for a planned refueling outage. The unit was operating at 53% on Friday. Cook #2 continues to operate at full power.

MAAC – Exelon Corp.'s 1,112 Mw Peach Bottom #2 nuclear unit shut for a planned month-long refueling outage. Peach Bottom #3 continues to operate at full power.

MAPP – Nebraska Public Power District's 756 Mw Cooper nuclear unit dipped to 75% of capacity by early today as it coasts down for an expected refueling outage.

SERC – Duke Energy Corp.'s 1,100 Mw McGuire #2 nuclear unit shut from full power for a planned refueling and maintenance outage. McGuire #1 continues to operate at full power.

Southern Co.'s 1,152 Mw Vogtle #1 nuclear unit shut by early today for a planned refueling outage. Vogtle #2 continues to operate at full power.

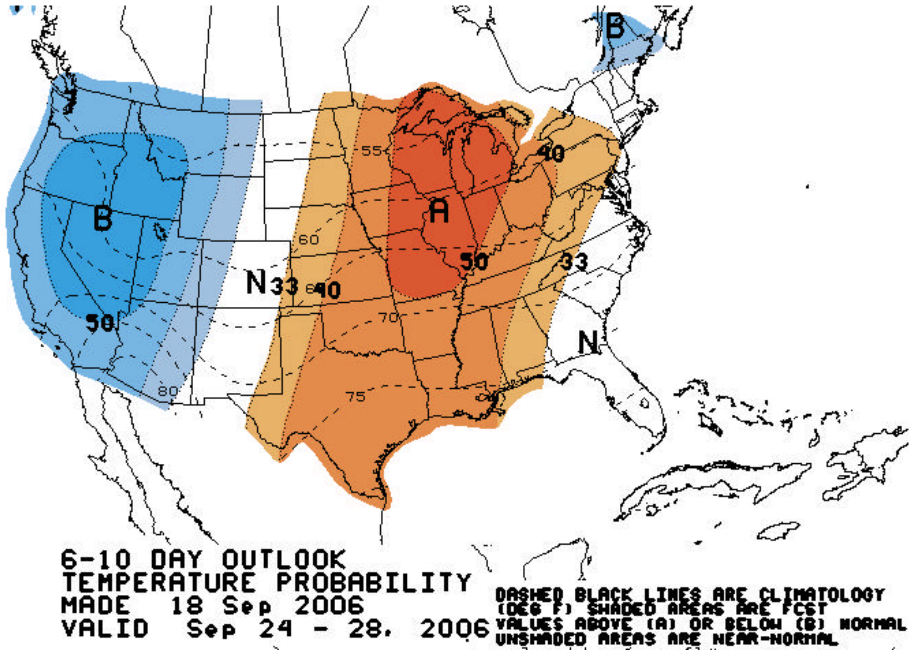
The NRC reported this morning that 87,970 Mw of nuclear generating capacity were on line, 5.46% lower than Friday and 2.35% lower than a year ago.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that its linepack is lower, and mid 90-degree temperatures are forecasted in Florida today. Therefore, FGT is notifying customers in FGT's market area that it is issuing an overage alert day at 25% tolerance.

Kern River Pipeline said that line pack is high from Elberta to the end of the Common.

Texas Eastern Transmission said that the restriction prohibiting the acceptance of due pipe resolution nominations is still in effect. All parties with a due shipper imbalance are requested to resolve them as soon as practicable. TETCO requires that shippers and TABS parties schedule their contracts balanced except for the scheduling of Due Shipper payback, and point operators to perform according to nominated volumes. The pipeline operator will force balance TABS-1 pools or restrict the system as required.



PIPELINE MAINTENANCE

ANR Pipeline Company said that due to continued emergent repairs at Patterson Compressor Station, it will need to restrict the Southeast Gathering Area, Patterson to Eunice delivery capacity. Capacity will be restricted to 650 MMcf/d available from September 16-18. Based on current nominations for this segment, it is anticipated that the above reductions will result in the curtailment of firm secondary and IT nominations.

Gulf South Pipeline said that it will be performing scheduled maintenance on Carthage Junction Compressor Station Unit #3 beginning today and continuing for two days. Capacity should not be affected with current nominations.

Natural Gas Pipeline Company said that from September 19-21, it will be performing pipeline maintenance to remove a pig receiver in District 199 (Segment 14 of Natural's Iowa-Illinois Receipt Zone). During this outage, ITS/AOR and secondary out-of-path transports through Segment 14 will be unavailable. On these days the associated capacity reduction through the affected area will require Natural to initially schedule primary firm and secondary in-path transports to a minimum of 93% of MDQ for each contract with Segment 14 primary/secondary in-path rights.

Transcontinental Gas Pipe Line said it has completed tie-in procedures for an interconnection with the Gulfstream Natural Gas System on its Mobile Bay lateral earlier than anticipated. Nominations for receipt on the Mobil Bay lateral with delivery to Florida Gas Transmission at Citronelle and/or Station 85 are being accepted.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Fort Peck Compressor Station through September 20. Maximum capacity through the Compressor Station will be approximately 23.1 MMcf for gas day September 19 and 20.5 MMcf for gas day September 20. In addition, the company said that unplanned maintenance is being performed at both the Cabin Creek and Billy Creek compressors through September 22. At this time, Williston Basin does not anticipate any restrictions to the system

ELECTRIC MARKET NEWS

The California Climate Action Registry, set up in 2001, at the urging of companies that believed gases linked to global warming would at some point be regulated either on a state or federal level, is seeking to expand in the United States. Companies use the California registry in an attempt to secure credit for voluntarily cutting greenhouse gas emissions ahead of laws limiting them. The registry is in discussions with about 30 states to create a multi-state greenhouse gas emissions reduction registry. Since federal laws do not exist regarding greenhouse regulation, states are slowly forming their own regulations.

The Carbon Disclosure Project is to raise awareness of business risks posed by future regulation of carbon. The group expects the U.S. will in coming years either tax emissions or limit them in a program with emissions-allowance trading. Utility owners that have most nuclear or hydroelectric power will reap rewards from future U.S. regulations of greenhouse gas emissions, while those with coal-fired plants will be hurt. The utility owners, depending on the plants they own, can be among the biggest winners or the biggest losers, according to the Carbon Disclosure Project, made up of 225 institutional investors.

MARKET COMMENTARY

The natural gas market opened 9.8 cents higher to start a another choppy day as rumors became reality that hedge fund Amaranth Advisors, took massive losses in natural gas last week and were unwinding positions. The market chopped between $4.88 and $5.14 during the session and finished down 4 cents at $4.942. But with Amaranth unwinding positions, spread trading was the driving factor for the session dominating over 60% of the daily volume in natural gas. The November contract was off 10.8 cents, while the December contract was up 3.2 cents, as spreads recovered a bit by widening out.

NYMEX Natural Gas Options Most Active Strikes for September 18, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
LN	11	6	P	5	10/26/2006	0.1584	0.1604	7,950	83.10
LN	3	7	P	5	02/23/2007	0.1893	0.1841	5,750	72.07
LN	4	7	P	5	03/27/2007	0.1695	0.163	5,050	56.93
LN	4	7	C	20	03/27/2007	0.0331	0.0248	4,675	61.64
LN	10	6	C	7	09/26/2006	0.011	0.0192	3,700	121.66
LN	4	7	P	4.5	03/27/2007	0.0962	0.0864	3,000	57.18
LN	3	7	P	4.5	02/23/2007	0.1059	0.1091	3,000	70.91
ON	10	6	C	5.25	09/26/2006	0.187	0.223	2,760	105.74
LN	11	6	C	7	10/26/2006	0.4185	0.4881	2,700	83.84
ON	10	6	P	4.5	09/26/2006	0.112	0.118	2,630	100.32
LN	11	6	P	6	10/26/2006	0.5224	0.5081	2,200	84.83
LN	3	7	P	6.5	02/23/2007	0.6416	0.607	2,080	75.53
LN	1	7	C	11.25	12/26/2006	0.5256	0.589	1,750	75.48
LN	1	7	C	12	12/26/2006	0.4248	0.4821	1,750	76.79
ON	1	7	P	7.5	12/26/2006	0.768	0.718	1,680	70.68
LN	10	6	C	6	09/26/2006	0.0551	0.076	1,600	112.13
LN	10	6	P	4.5	09/26/2006	0.1124	0.118	1,550	101.44
LN	10	6	P	5	09/26/2006	0.3326	0.3331	1,480	104.90
LN	3	7	P	7.5	02/23/2007	1.1263	1.0639	1,465	78.76
ON	2	7	P	8.2	01/26/2007	1.317	1.257	1,400	73.94
LN	1	7	C	11	12/26/2006	0.5613	0.6276	1,250	74.78
LN	1	7	P	7	12/26/2006	0.5443	0.501	1,250	72.68
ON	10	6	C	5	09/26/2006	0.275	0.315	1,177	103.51
ON	11	6	C	6.5	10/26/2006	0.568	0.649	1,140	84.06
LN	10	6	C	5	09/26/2006	0.2747	0.3151	1,100	101.92
ON	11	6	C	7	10/26/2006	0.419	0.489	1,002	86.57

The winter months January and February were roughly down 16 cents, as the bearish fundamentals weigh on the market. Looking more near term, market players said that the front month contract will continue to struggle for upward momentum until winter heating demand begins to build and/or production in the Gulf is threatened by a late season tropical storm. We see support at $4.85, $4.81, $4.65, $4.51 and $4.00. We see resistance at $5.32, $5.42-$5.43, $5.62, $5.86, $6.00 and $6.16.