



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR OCTOBER 5, 2005**

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#### **NATURAL GAS MARKET NEWS**

Sabine Pipeline, operator of the Henry Hub, said that effective today, Sabine's force majeure will be lifted for NGPL/Henry Hub (NGPL to Sabine). Previously, Sabine lifted the force majeure for the following interconnects effective yesterday: Gulf South/Henry (Gulf South to Sabine); Gulf South/Henry (Sabine to Gulf South); and Columbia Gulf/Henry (Sabine deliveries to Columbia Gulf).

The National Hurricane Center said that Tropical Storm Tammy just formed off the eastern coast of Florida. The center of Tropical Storm Tammy was located about 20 miles east of Cape Canaveral, Florida and about 155 miles south-southeast of Jacksonville, Florida. Tammy is moving to the north-northwest near 16 mph and this general motion is expected to continue during the next 24 hours with a gradual decrease in forward speed. On this track the center of Tammy will be moving nearly parallel to the East Coast of Florida today, however the specific time and location of landfall is uncertain due to the angle of approach to the coastline. Maximum sustained winds are near 40 mph with higher gusts.

The Minerals Management Service reported that today's shut-in natural gas production in the Gulf of Mexico is 6.895 Bcf/d. That is equivalent to 68.95% of the daily gas production in the Gulf of Mexico.

Florida Gas Transmission Co. (FGT) has filed an application with the Federal Energy Regulatory Commission for a 160 MMcf/d expansion downstream of an interconnect with the proposed Cypress Pipeline Project, which would bring regasified LNG to Florida from El Paso's Elba Island LNG import terminal near Savannah, GA.

#### **PIPELINE RESTRICTIONS**

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions from Hall Summit, East Texas – Koran Area; Tyler 12-inch Index 8 / Palestine 8-inch Index 11& 70 / Dallas 18-inch Index 1; West 30 North; Montpelier to Kosciusko; Kiln to Mobile; East Texas; and Bayou Sale to Napoleonville.

Natural Gas Pipeline Company of America said it has limited capacity available for gas received in Segment 16 (Arkoma Line). Interruptible flow, authorized overrun and secondary firm out-of-path transport volumes are at risk of not being fully scheduled.

Texas Eastern Transmission Corp. said it has restricted receipts from production that has been shut-in due to Hurricane Rita. Tetco will continue to take action to ensure physical receipts are commensurate with physical deliveries. STX and ETX have been restricted to capacity. M1 24-inch and M2 24-inch have been restricted to

#### **Generator Problems**

**SERC**— Entergy Corp.'s 840 Mw Arkansas #1 nuclear unit shut early today for a 12-week refueling outage. Arkansas #2 continues to operate at full power.

**The NRC reported that U.S. nuclear generating capacity was at 82,094 Mw down .93% from Tuesday and down 3.06% from a year ago.**

capacity through the Batesville compressor station. Nomination increases sourced between the Vidor compressor station in STX and the Batesville compressor station in M2 24-inch will not be accepted.

**PIPELINE MAINTENANCE**

Alliance Pipeline said the Fairmount Compression Station was taken down on Monday to perform minor maintenance. There were unforeseen mechanical difficulties experienced and the station did not return to service as planned. At this time it is unclear when the station will return to service. AOS for today has been further impacted as a result.

El Paso Natural Gas Company said that the Belen #2 turbine has suffered compressor bearing damage. The preliminary estimate is that the unit will be unavailable through October 7. This outage will change the San Juan Crossover capacity reductions as follows, from a base capacity of 635 MMcf/d: October 4 – 75 MMcf/d; October 5 – 100 MMcf/d; October 6 and 7 – 30 MMcf/d. Also, El Paso said that the Washington Ranch dehydration plant has a damaged fire tube and will be unavailable while repairs are being made. There will be no withdrawals from storage from now through October 7.

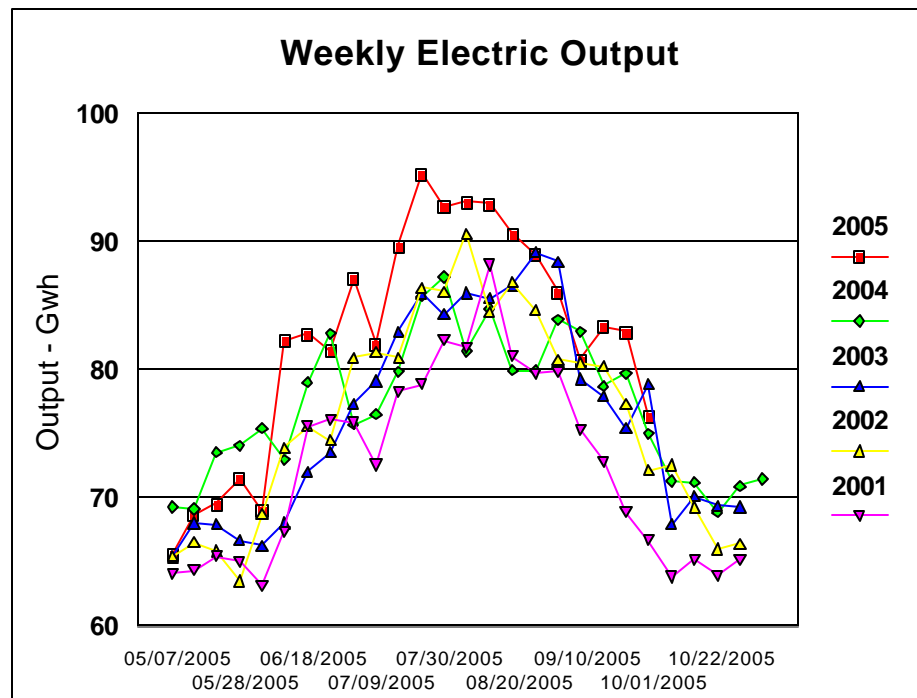
Florida Gas Transmission said that it will continue performing unscheduled maintenance during the month of October on one of the two compressor units at the FGT/Transco St. Helena interconnect. During October, FGT will schedule up to approximately 20 MMcf/d at the interconnect. During normal operations FGT schedules up to 60 MMcf/d. FGT will continue performing unscheduled maintenance on one of the two compressors located at Compressor Station #3 in Port Lavaca, Texas. The resulting unit outage is expected to last through October 15. During this work FGT will schedule up to approximately 160 MMcf/d through Compressor Station #3. During normal operations FGT schedules up to 230 MMcf/d.

Gulf South Pipeline said it will be performing scheduled maintenance on the Jackson Compressor Station Unit #2 beginning today and continuing until further notice. Capacity through the Jackson Compressor Station could be affected as much as 125 MMcf/d for the duration of this maintenance.

Northwest Pipeline Corp. said that during a routine coating inspection on its mainline between the Muddy Creek and Kemmerer Compressor Stations, the company discovered a section of pipe requiring immediate repair. Until the repairs are complete, the mainline pressure at the Muddy Creek Compressor Station must be reduced. This reduction in pressure also reduces Northwest's capacity at Kemmerer Compressor Station to 590 MMcf/d

Westcoast Energy said that Duke Energy BC Pipeline and Field Services Customer Interface System will be unavailable from 9:00 PM MT to 11:59 PM MT today due to system maintenance. During this period, customers will not be able to access the Customer Interface.

Williston Basin Interstate Pipeline Company said that Unit #1 and #2 of the Baker South Compressor Station will be down for unscheduled maintenance for 8-10 hour on October 12. Point ID 04018 Baker Area Mainline and Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 9 MMcf. Also, due to unscheduled maintenance on Line Section 22,



deliveries to Point ID 03820 MDU-Billings Border may be potentially affected for a 3-day period between October 12-28. At this time Williston does not anticipate any restrictions to the system.

### **ELECTRICITY MARKET NEWS**

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended October 1 rose 7% from the corresponding 2004 week to 76,340 Gw hours. For the first 40 weeks of the year, production is up 3.9% from last year, and for the 52 weeks ended October 1, production rose 3.6% from the corresponding period in 2004.

### **MARKET COMMENTARY**

The natural gas market opened 13.6 cents stronger continuing the rally from yesterday afternoon and the strong overnight activity. The market spiked higher through resistance at 14.55 and rallied to a new all-time high of 14.75 in the first half hour of trading. This strong volatility was followed by selling, retracing the entire up move. Following the bullish inventory figures for the oil complex, the natural gas market followed suite with oil dismissing the somewhat expected drawdowns, and pursued lower territory. The MMS report continues to indicate slow improvement to the infrastructure in the Gulf, with a .274 Bcf/d improvement over yesterday's figure. The market sold off to the day's low of 14.12 and settled at 14.183 down 4.1 cents.

Tomorrow's EIA storage report is going to be an important one as traders are still concerned about having enough supplies to meet the winter's demand. Expectations for tomorrow range from a 30 Bcf injection to a 65 Bcf injection, with the average projection being 45 Bcf. The ICAP option contract for tomorrow also yielded a 45 Bcf injection as the most popular strike. Last year's injection was 79 Bcf, and the five-year average for this week is a 72 Bcf injection. We see resistance at today's high of \$14.75, and above that at \$15.00. We see support at \$14.00, \$13.776, and \$13.50. Further support we see at \$12.20.