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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 2, 2005

NATURAL GAS MARKET NEWS

Due to the higher cost of natural gas this year, PECO's 460,000 gas customers in Pennsylvania can expect to pay up to $100 more per month in heating bills this winter. Philadelphia-based PECO said it would raise its natural gas rate December 1 to reflect the sharply higher cost of buying gas in the wholesale market.

The Minerals Management Service reported that today's Gulf of Mexico natural gas shut-in production is 5.043 Bcf/d. That is equivalent to 50.43% of the daily gas production in the Gulf of Mexico.

The U.S Secretary of Energy said today that the Bush Administration is considering creating a natural gas stock reserve that would be "analogous to the Strategic Petroleum Reserve".

PIPELINE RESTRICTIONS

Alliance Pipeline said that a situation has been identified at the Aitken Creek Meter Station that will require a two-hour outage to correct. The outage will begin at 12:00 PM MT on November 3. Station capacity for the day will be reduced to 194 MMcf/d as a result.

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 on the Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, and Kiln to Mobile.

Km Interstate Gas Transmission said effective today and until further notice, it is at capacity for deliveries to Northern Natural Milligan. Based on the level of

Generator Problems

ECAR— FirstEnergy's 873 Mw Davis-Besse nuclear unit continued to ramp production, returning the unit to full power.

ERCOT— Texas Genco's 1,280 Mw South Texas #2 nuclear unit ramped up to 66% of capacity by early today. Yesterday, the unit was operating at 30% of capacity after exiting a refueling outage. South Texas #1 continues to operate at full power.

FRCC— FPL's 760 Mw Turkey Point #3 nuclear unit ramped output to 80% of capacity. The unit has been operating at 60% capacity the last couple of days.

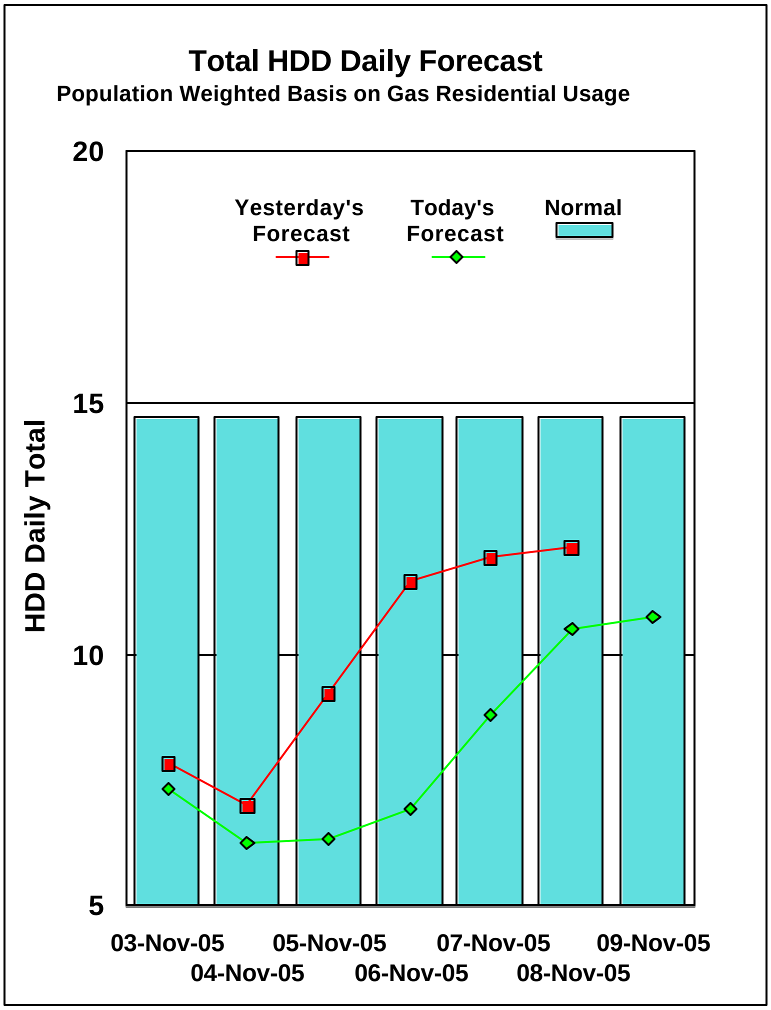
MAAC— Exelon's 1,112 Mw Peach Bottom #3 nuclear unit returned to full power by early today. Yesterday, the unit was operating at 72%. Peach Bottom #2 continues to operate at full power.

MAIN— Nuclear Management Co. started to shut its 512 Mw Point Beach #2 nuclear unit today due to a degradation of containment coatings, but NMC fixed the problem early today and is keeping the unit at about 97% of capacity until plant workers can reinspect the degraded coating.

SERC— Duke Energy Corp.'s 846 Mw Oconee #3 nuclear unit dipped to 50% of capacity by early today, and has increased to 66% by this afternoon. Yesterday, the unit was operating at full power. Oconee #1 continues to operate at full power, and Oconee #2 remains shut for a planned one-month refueling outage since October 22.

Dominion Energy continued to increase production at its 921 Mw North Anna #1 nuclear unit, operating the unit at 91%. The unit was operating at 70% yesterday. North Anna #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 79.471 Mw up 1.05% from Tuesday and up 2.90% from a year ago.



nominations, interruptible flow, authorized overrun and secondary volumes are at risk of not being scheduled.

Texas Eastern Transmission said that Zones M1 24-inch and M2 24-inch have been restricted to capacity flowing through Batesville. Receipts between Little Rock and Batesville for delivery outside that area will not be accepted. Zones STX and ETX have been restricted to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Also, receipts sourced at Monroe Station have been sealed to capacity.

Transcontinental Gas Pipeline Corp. said it has begun to receive limited quantities from its North High Island lateral and its interconnect with the UTOS pipeline without incident. Transco intends to step up the quantities it will allow on this portion of the system as quickly as possible. Consequently, beginning gas day today, Transco will allow additional quantities to flow as follows: UTOS interconnect – Maximum of 50 MMcf/d; and North High Island Lateral – Maximum of 100 MMcf/d.

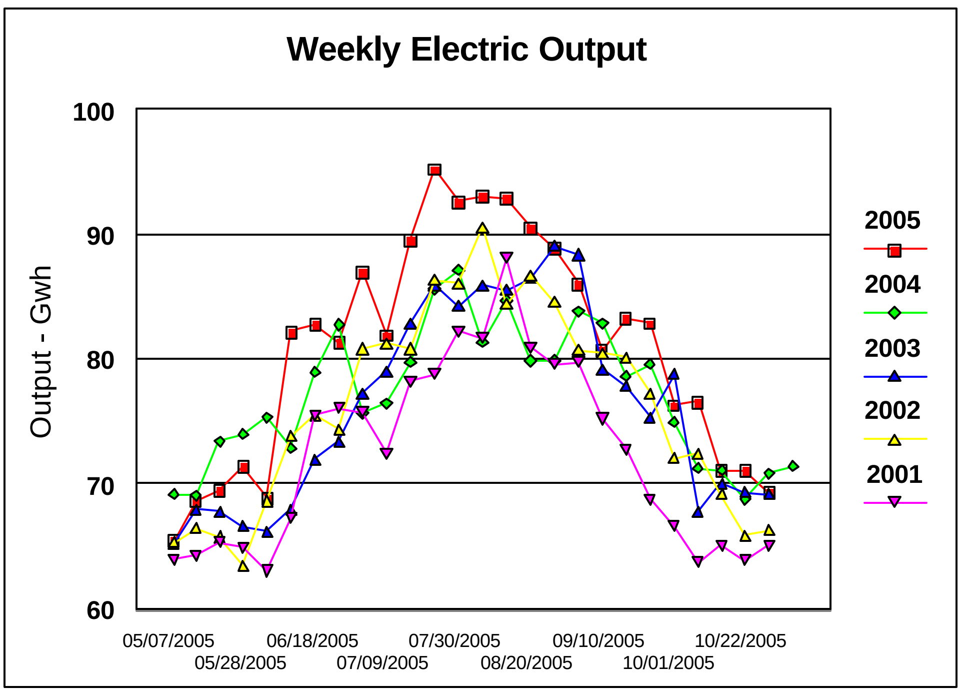
PIPELINE MAINTENANCE

PG&E California Gas Transmission said it will be performing general maintenance on the K-1 compressor of the Kettleman Station on November 7-10. Capacity on the Baja Line will be reduced to 1,065 MMcf/d, 93% of capacity on November 7-9. On November 10, capacity will rise to 1,105 MMcf/d, 97% of capacity.

Williston Basin Interstate Pipeline Company said that maintenance will be performed at the Fort Peck Compressor Station that will affect receipt points in Line Section 8. Approximate max capacity will be 23.5 MMcf/d for gas day November 9.

ELECTRICITY MARKET NEWS

FirstEnergy Corp. filed with Ohio's utility regulator to recover from customers the costs for increased charges paid by the

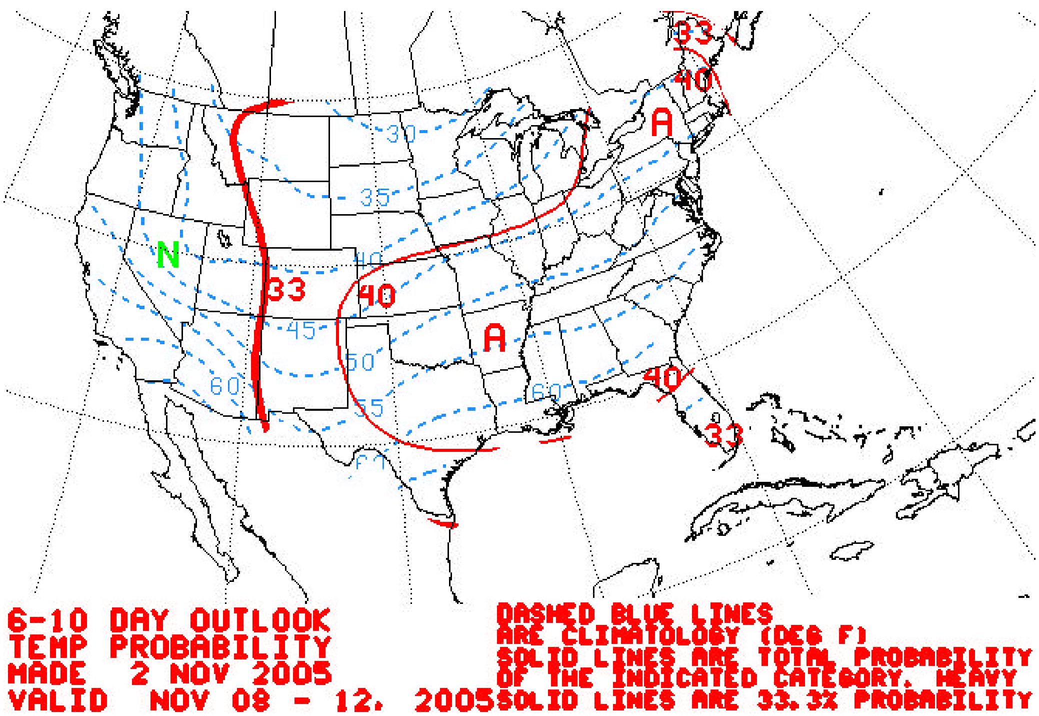


company's Ohio utilities to the regional grid operator, Midwest Independent Transmission System Operator (Midwest ISO). Costs associated with FirstEnergy's participation in the Midwest ISO are significantly higher than anticipated, particularly since Midwest ISO began full operation of its energy market in April 2005. In a release, the company said the total cost would likely be about $.003 per kilowatt-hour or $1.50 per month for residential customers using 500 kilowatt-hours of electricity. If the Public Utilities Commission of Ohio approves of the increase, the transmission tariff would be effective January 1, 2006.

The U.S. Nuclear Regulatory Commission said public comments on the re-licensing of AmerGen Energy Co.'s Oyster Creek nuclear power station in New Jersey were essential to help the agency determine whether to allow the plant to operate for another 20 years. At two meetings open to the public, the NRC focused on any potential environmental impacts resulting from an extension of the plant's license. The facility's current 40-year license is set to expire in April 2009. The NRC will conclude the environmental process on November 15. The agency will publish its findings of the environmental review in a draft report due out next June and the public will have an opportunity to comment on that report before issuance of the final version in January 2007.

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended October 29 fell 2.9% from the same 2004 week to 69,348 gigawatt hours. For the first 44 weeks of the year, production increased 3.7% from last year. For the 52 weeks ended October 29, production rose 3.5% from the corresponding period in 2004.

The nation's newest regional reliability council, ReliabilityFirst, has been approved by the North American Electric Reliability Council Members and Board of Trustees and plans to begin full operations on January 1, 2006. ReliabilityFirst meets all the requirements of a regional reliability entity necessary to ensure reliability among its members. The portions of the network covered by ReliabilityFirst are currently in the East Central Area Reliability Council (ECAR), Mid-America Interconnected Network (MAIN) and the Mid-Atlantic Area Council (MAAC). These councils will turn over regional responsibilities when ReliabiltiyFirst becomes operational and will wind down other operations in early 2006.



MARKET COMMENTARY

The natural gas market opened down 5 cents as the market continues to open lower with mild temperatures, testing key support levels. Today's activity was a bit mixed, following the oil complex's mixed to bearish inventory figures. The market looked like it wanted to consolidate some its oversold condition and traded to a high of 11.98, but there was not enough short covering to hold stop the 5 day slide. The market continued to trend lower, trading to the day's low of 11.49, a fresh two-month low, before settling down 25.6 cents at 11.604.

Tomorrow's EIA natural gas report has expectations ranging from a 5 Bcf draw down to a 60 Bcf injection. Most traders and analysts are expecting a 30 Bcf build. Last year this report saw a 42 Bcf injection and the 5-year average is an injection of 35 Bcf. But with this week's mild temperatures, analysts are already looking into next week's report with expectations centering around a build of 40-50 Bcf putting underground storage well on track to achieve an ending figure near 3.2 Tcf, despite the hurricanes. We see support at $11.45, $11.10 and $10.75. Further support we see at $10.415. We see resistance at $12.34, $12.87 and $13.20. Further resistance we see at $13.60.