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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 7, 2005

NATURAL GAS MARKET NEWS

The California Energy Commission (CEC) Wednesday vented its frustration with FERC by claiming that federal regulators were barring access to critical safety information that was needed by the state to carry out its review of the joint federal-Port of Long Beach draft environmental impact report (EIR) on a proposed liquefied natural gas (LNG) receiving terminal in the harbor.

Kinder Morgan, Inc. (KMI) said Wednesday that subsidiary Natural Gas Pipeline Company of America (NGPL) plans to move forward with an expansion of its A/G Line after receiving contract commitments from Barnett Shale gas producers interested in greater market access.

The Minerals Management Service reported that 2475 Bcf/d of natural gas production in the Gulf of Mexico remains shut-in. That is equivalent to 24.75% of the daily gas production in the Gulf of Mexico.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that nominations delivering downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke have been restricted to capacity. No increases will be accepted in this section. In addition, there will be no secondary receipts out pf path upstream of station 3104, and no secondary receipts out of path upstream of station 3205.

El Paso Natural Gas Company said that receipt underperformance and takes in excess of scheduled quantities continue to draft EPNG's transmission system at rates that are not sustainable. Supply shortfall in the San Juan Basin is approximately 400 MMcf/d. Performance caps will be placed on receipts that are not performing up to scheduled quantities. Shippers should immediately evaluate performance of their suppliers and insure that they are sourcing their supplies from locations that are capable of performing. Shippers are responsible for ensuring that their supplies are adequate to balance their takes despite any impacts that performance caps may have on their scheduled quantities.

Generator Problems

SERC— Duke Power Company's 1,129 Mw Catawba #2 nuclear unit reduced power by 5% to operate at 95% capacity this morning. Catawba #1 continues to operate at full power.

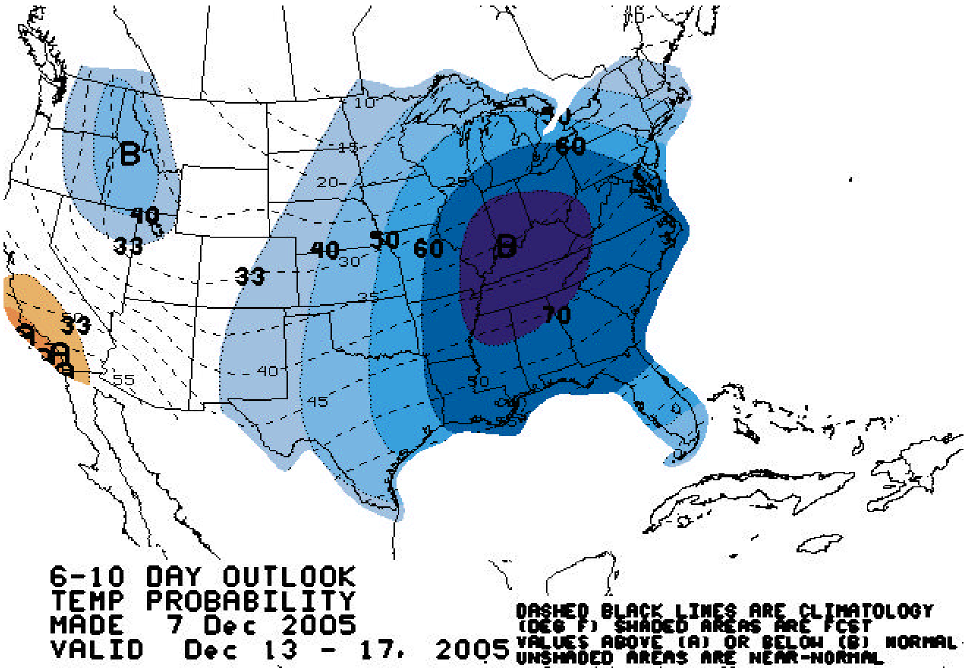
Southern Nuclear Operating Company's 888 Mw Farley #2 nuclear unit ramped the unit up to 87% of capacity today. Yesterday, the unit was operating at 65%. Farley #1 continues to operate at full power.

WSCC— PG&E's 1,087 Mw Diablo Canyon #1 nuclear unit ramped up to 82% capacity by early today. Yesterday, the unit was operating at 51% after exiting an outage over the weekend. Diablo Canyon #2 continues to operate at full power.

Canada— Ontario Power Generation's 494 Mw Lambton #4 coal-fired power unit shut for short-term unplanned work by early today. Unit #1 shut yesterday for planned work, and units #2 and #3 remain available for service.

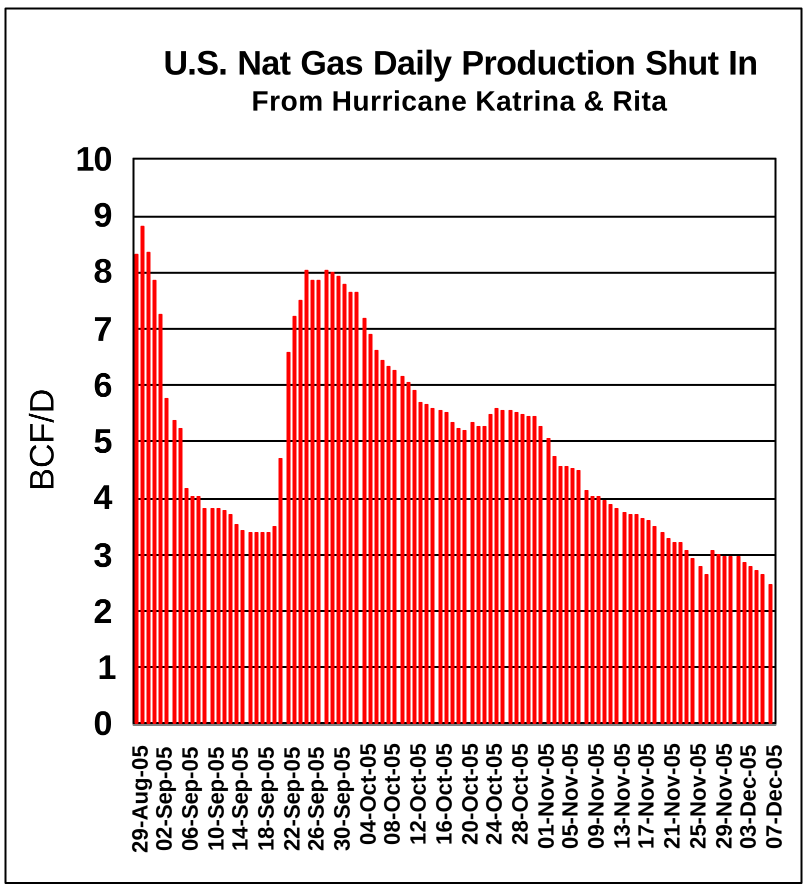
Ontario Power Generation's 490 Mw Nanticoke #3 coal-fired power unit shut for short-term planned maintenance.

The NRC reported that U.S. nuclear generating capacity was at 93,024 Mw up .52% from Tuesday and up 7.74% from a year ago.



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 Sarepta to Sterlington 18-inch Index 250; 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, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

KM Interstate Gas Transmission said it is continuing to experience significantly colder weather across its on-system markets. On Monday, it issued an advisory action requesting that shippers match their supply with the increased loads. An imbalance between loads and supply continues to exist. If KMIGT does not see substantial relief from this situation, it warns that Directional Notice will be implemented to maintain the operational integrity of its pipeline. KMIGT continues to restrict deliveries through Segment 190 (Big Springs) to primary and secondary in-path quanties.



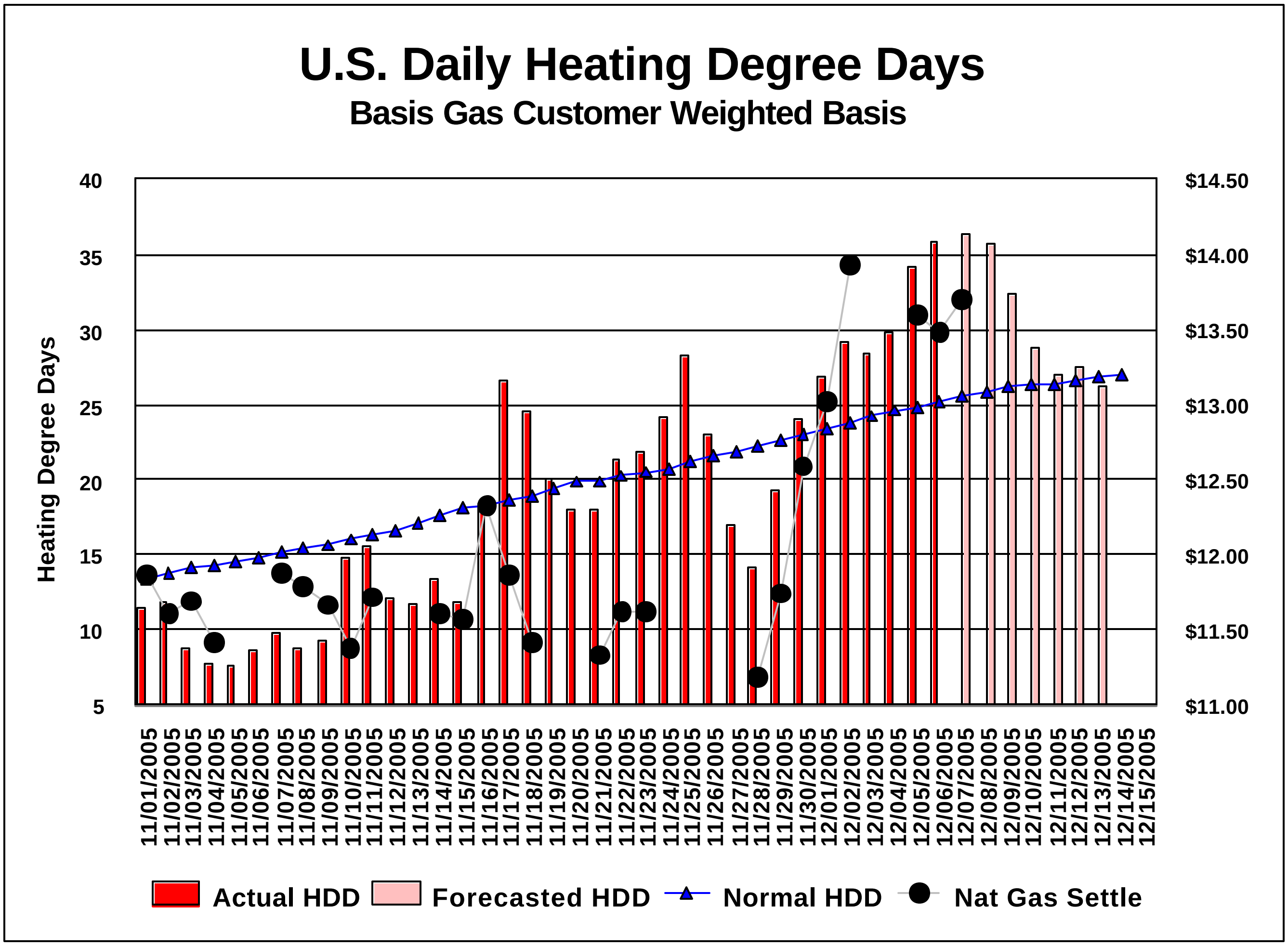
Natural Gas Pipeline Company of America said that Segment 18 has limited capacity available for gas received to be transported eastbound. Limited interruptible flow, authorized overrun and secondary out-of-path transport volumes are available. Segment 18 is located in the South Texas-Gulf Coast Zone in Jim Hogg County, Texas.

Panhandle Eastern Pipeline Company said that with the projected below freezing temperatures throughout their field zone receipt area, it anticipates production freeze offs at some wells. In the event production connected to Panhandle's field zone is reduced or shut in, Panhandle will implement the following actions. As of yesterday, delivery nominations will only be scheduled to match confirmed receipts. Shippers and Pooling parties are reminded to provide rankings on their nominations. Producers are required to notify Panhandle immediately when their production is either reduced or reinstated. All gas will need to be confirmed at the operator/producer level and will only be accepted if flow at receipts and deliveries can be verified. If the receipts are not confirmed then corresponding deliveries will be reduced.

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted.

ELECTRIC MARKET NEWS

Cold temperatures in northern Illinois and Chicago pushed electricity usage at Exelon Corp.'s Commonwealth Edison Co. subsidiary to a new winter peak on December 5. Demand for electricity in ComEd's territory unofficially reached a winter record of 15,542 Mw Monday afternoon, eclipsing the previous winter peak of 15,222 Mw registered on December 22, 2004. Besides cold temperatures, the utility attributed Monday's record to steady growth in ComEd's service territory related to continued strong housing demand and a recovering



economy.

A group of international energy companies said it had signed a cooperative agreement with the U.S. Department of Energy to develop and build in the U.S. by 2012 what would be the world's cleanest coal-fired power plant. The FutureGen Industrial Alliance said the plant, which will have a target of zero emissions, will be capable of producing hydrogen and be able to sequester carbon emissions, could cost as much as $1-billion. The alliance said it and the DOE are hoping to announce a site selection process in 2006, begin construction within three years and commence operations in 2012.

MARKET COMMENTARY

The natural gas market opened 36 cents stronger as record low temperatures were recorded East of the Rockies. The mercury dived to a record 45 below at West Yellowstone, Montana, a frequent cold spot, where the old record for December 7 was 39 below, set in 1927. In fact, today was the coldest day since January 23 2005, basis overall heating demand nationwide for natural gas, providing underlying support to this weather related market. (Last heating season did not see a comparable HDD day total until December 24th.) The market moved lower, mirroring the oil complex after the release of the bearish inventory data, but the frigid temperatures helped to provide support at 13.60, and while the oil complex continued to move lower, natural gas traded higher to the day's high of 13.92. The market finished up 21.1 cents at 13.70, compared to the other energies, which were negative on the day.

Questions remain over the current storage levels' ability to meet demand through sustained cold weather, and that is keeping bears cautious and downside follow through tough. Traders are already looking towards how this weather will cause a big draw down and that is supporting natural gas here. But first, tomorrow's EIA storage report has expectations ranging from a withdrawal of 40 Bcf to a draw of 75 Bcf. The average expectation is for a draw down of 65 Bcf. Last year saw a draw of 76 Bcf and the five-year average is a draw of 74 Bcf. Our two modeals appear to point toa range of a 54-70 bcf draw, with us leaning toward the lower end of this range given that part of the period was during the Thanksgiving holiday. A bearish report will offer a small correction, which would just be an opportunity to buy as the frigid weather will continue to drive demand. We see resistance at $14.00, $14.45 and $14.75. We see further resistance at $14.80-$14.85. We see support at $13.40, $13.00 and $12.89. We see further support at $12.57 and $12.25.

Given how this week looks like it will finish temperature, wise we could see next week's EIA storage report show a 165-170 bcf decline which would result in storage levels for December 10th of 3 tcf, some 150 bcf below last year's levels but still above 2003 and 2002 levels, and well above the recent seasonal low of 2.2 tcf back in the 2000-01 winter season.