



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 23, 2006

NATURAL GAS MARKET NEWS

FERC on Wednesday rejected a rehearing request seeking to reinstate a preexisting statute of limitations for parties to bring complaints alleging violation of the agency's new regulations targeting manipulation in the natural gas and electricity markets.

PIPELINE RESTRICTIONS

El Paso Corp. unit Southern Natural Gas Co. said it experienced an unscheduled outage on its 12-inch Breton Island natural gas pipeline upstream of the Oglala compressor station offshore Louisiana.

Kern River Pipeline said that line pack is listed as low across its entire system. It is imperative that shippers and operators stay on rate.

KM Interstate Gas Transmission said that it is at capacity for receipts from Burlington Resources Lost Cabin (PIN 8963). Depending on the level of nominations, interruptible flow, authorized overrun, and secondary volumes are at risk of not being scheduled.

Texas Eastern Transmission said it has scheduled and Sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe Station. Increases in receipts sourced from the following meters at Monroe will not be accepted: Gulf South Pipeline; CenterPoint Gas Transmission; and Duke Energy Field Services.

TransColorado Gas Transmission said it is at capacity for deliveries through Segment 220 (White Water Compressor to Olathe Compressor) and Segment 240 (Red Vale Compressor to Dolores Compressor). Depending on the level of nominations, interruptible flow, authorized overrun and secondary out-of-path volumes are at risk of not being scheduled.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it has begun performing unscheduled maintenance on the Burns Offshore Pipeline System until further notice. Gulf South also said that it will be performing scheduled maintenance at the Koran Compressor Station beginning April 5 for approximately eight hours. Due to the nature of the maintenance shut-

Generator Problems

ECAR— American Electric Power's 1,020 Mw Cook #2 nuclear unit decreased power to 76% as the unit coasts down to a scheduled refueling and maintenance outage. Yesterday, the unit was operating at 90%. Cook #1 continues to operate at full power.

ERCOT— TXU Corp. shut the 750 Mw Martin Lake #2 coal-fired power yesterday to repair a boiler tube leak. The unit is expected to restart on March 24-25.

MAIN— Exelon's 1,043 Mw Clinton nuclear unit ramped up to 49% of capacity by early today. Yesterday the unit was operating at 16% capacity.

NPCC— Entergy Nuclear Generation's 670 Mw Pilgrim nuclear unit increased production to full power. Yesterday, the unit was operating at 79%.

SERC— TVA's 1,100 Mw Browns Ferry #3 nuclear unit restarted and ramped up to 25% capacity. The unit shut February 28 for a refueling. Browns Ferry #2 continues to operate at full power.

Entergy's 1,270 Mw Grand Gulf nuclear unit dipped to 58% capacity. Yesterday, the unit was operating at full power.

TVA's 1,126 Mw Sequoyah #2 nuclear unit tripped shut due to a main generator trip. Yesterday the unit was operating at full power. Sequoyah #1 remains at 97%.

The NRC reported that U.S. nuclear generating capacity was at 79,138 Mw down 1.38% from Wednesday and unchanged from a year ago.

EIA Weekly Report

	03/17/2006	03/10/2006	Net chg	Last Year
Producing Region	636	629	7	490
Consuming East	934	951	-17	602
Consuming West	239	252	-13	211
Total US	1809	1832	-23	1303

*storage figures in Bcf

in at various locations listed below will occur for the duration of the maintenance. Gulf South anticipates affected operators will be able to flow scheduled quantities within the 24-hour gas day.

Natural Gas Pipeline Company said that unplanned maintenance work is scheduled south of Station 303 on the #3 line located in San Jacinto/Polk

Counties, Texas (Segment 26 in Natural's Texok Receipt Zone). Based on the current level of nominations and other ongoing and scheduled maintenance projects in Segment 26, Natural does not anticipate any additional impact to scheduling for this maintenance work. Due to the other work currently in progress in Segment 26, ITS/AOR and secondary out-of-path firm services are unavailable.

Panhandle Eastern Pipe Line Company said that there will be an outage at Cashion compressor station to conduct annual ESDS test on April 5. This test is scheduled to last four hours. The BIS09 segment, which includes DEFS Kingfisher, DEFS Cashion and Enogex, may see an increase in pressure while the test is being conducted.

Canadian Gas Association

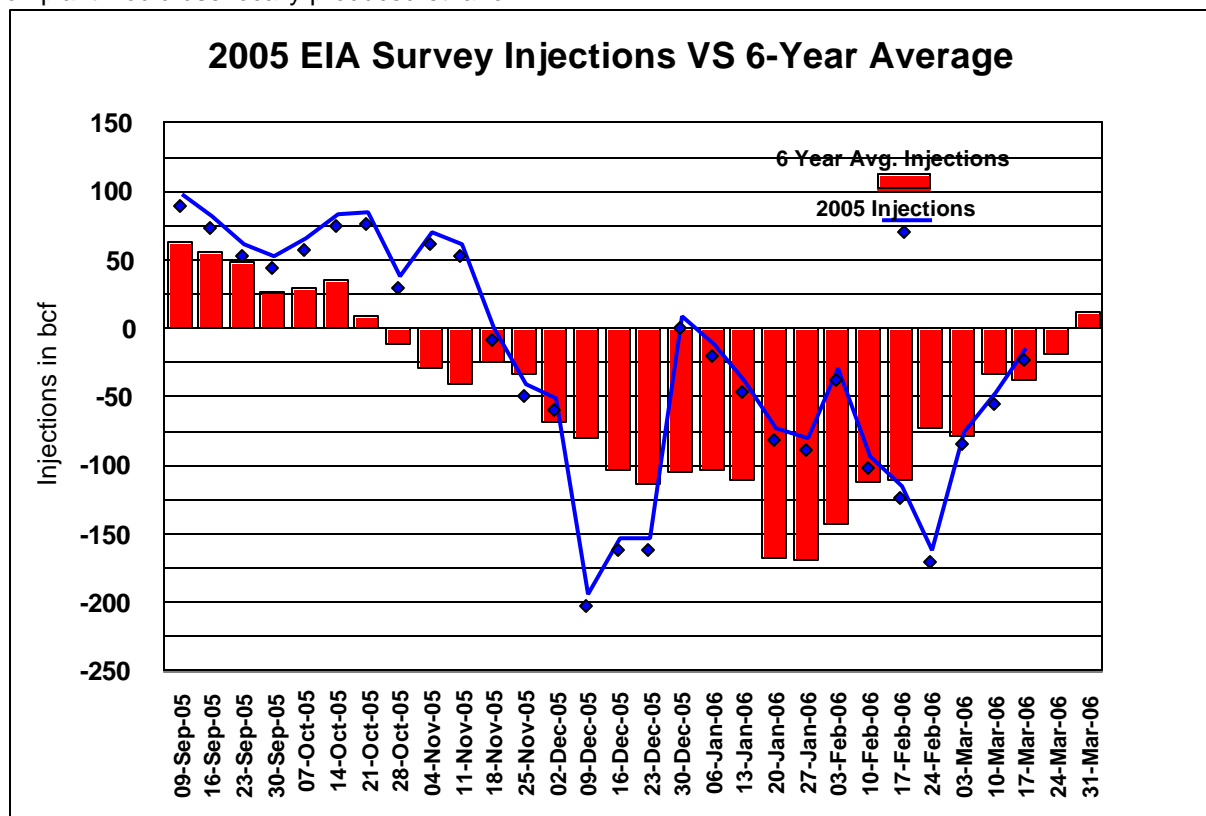
Weekly Storage Report

	17-Mar-06	10-Mar-06	18-Mar-05
East	107.0	111.7	62.0
West	125.4	132.0	68.3
Total	232.3	243.7	130.3

storage figures are in Bcf

ELECTRIC MARKET NEWS

Hawaiian Electric Co. has decided to burn ethanol in its proposed 110 Mw power plant on the island of Oahu and has sought fuel supply offers from ethanol producers. The plant, which was to have burnt naphtha when it was originally announced, was proposed to meet Hawaii's 3% load growth and peaking needs. The proposed \$135 million plant would use locally produced ethanol.



MARKET COMMENTARY

The natural gas market opened 5.7 cents stronger today, helped by strength in the crude oil market. The EIA's inventory report showed a 23 Bcf draw, on the lower side of expectations, but market players shrugged it off and rallied with crude oil. Once crude set off stops above yesterday's high, it continued its push on news of a force

majeure in Nigeria and rallied over 2.00. April natural gas traded to a high of 7.36 just before closing up 37.5 cents at 7.328.

Stocks stand at 506 Bcf more than last year at this time, and 724 Bcf above the 5year average, yet the strengthen in the oil market drove natural gas higher. With the April contract expiring in 4 sessions, a bit of short covering from months of net short funds helped in the boost, as there was no new selling in the market. However, the market was not able to break into new territory, but rather hit resistance at last week's high of 7.36. With momentum dying to the downside and the market shaping itself for summer demand and hurricane risks, further consolidation and short covering will be the trend of this market in the shoulder season. We see support at \$7.00, \$6.65-\$6.70, \$6.45-\$6.50 and \$6.18. Further support we see at \$6.00, \$5.83 and \$5.71. We see resistance at \$7.37-\$7.40, \$7.60 and \$8.00.

