

Article Title: ARCHIVE | Criteria | Corporates | Utilities: S&P; Updates U.S. Merchant Power Rating Methodology And Power Price Assumptions Data: (EDITOR'S NOTE: — This criteria article is no longer current.) Standard & Poor's Rating Services has updated the methodology behind the power price assumptions it uses in the credit evaluation of U.S. merchant power projects and companies. These assumptions are used to assess on a comparative basis the expected financial performance of projects and companies as part of the credit evaluation process. Merchant generation is a cyclical, capital intensive, and commodity-based industry that is subject to volatile cash flows. A key aspect of Standard & Poor's credit rating process for merchant companies is an assessment of a company's ability to sustain low power pricing scenarios. Standard & Poor's evaluates each company against a standardized pricing assumption, which allows us to meaningfully compare assets and, at the same time, tests the company's exposure to market risk. As power markets have developed, more actual pricing data have become available. After a careful analysis of actual price data, Standard & Poor's has refined its methodology of determining power price assumptions used in the credit rating process for merchant generation. One of the key benefits of the refined approach is our improved ability to reflect in the power price assumptions the relative differences in sensitivity to gas prices of different markets. The new methodology continues to use uniform natural gas price assumptions which are determined by Standard & Poor's Oil & Gas Group, but now adjusts the market heat rate as assumed natural gas prices change. Because in most markets power prices are largely determined by the price of natural gas, the gas price assumption is important (see appendix for a brief discussion of the relationship between natural gas prices, power prices, and power plant margin). The benefits of the power price assumptions to the rating process are that it uses a single commodity price scenario rather than a forward strip that changes daily, and it incorporates a more conservative gas price assumption than current market expectations. The tables in the "Power Price And Heat Rate Assumptions In Detail" section (see below) show our on-peak power, off-peak power, and heat rate assumptions for 14 key market hubs for 2007-2009. Beyond 2009 the Standard & Poor's gas price deck is unchanged, so the resulting power prices are also unchanged. Standard & Poor's does not anticipate any rating actions will result solely from the implementation of this new price deck, as it is only one component of the evaluation process. The assumptions are intentionally conservative to provide reasonable financial expectations from a credit standpoint, and we anticipate updating this price deck on an annual basis.

New Methodology More Closely Reflects Price Sensitivities In Different Power Markets We updated our power price deck to measure directly the sensitivity of power prices to changes in gas price. With the old methodology, off-peak power prices reflected historical trends, while on peak power prices were computed by multiplying a market heat rate by our gas price assumptions. The market heat rates were calculated from the forward market (i.e., forward market price of power divided by forward market price of gas), and as the gas price changed, the heat rate assumption remained the same. For example, if the observed price of power in a given market is \$70 per megawatt-hour (MWh) when the price of gas is \$7/mmBtu, there are two broad approaches to estimate what the power price would be if natural gas dropped to, say, \$4/mmBtu. The old approach was to determine the market heat rate, which in this case is 10,000 Btu/kWh, assume it stayed constant, and then multiply this heat rate by the lower gas price. The result is \$40/MWh. The new approach is to estimate an equation of the power price as a function of other variables, such as the price of natural gas. In its simplest version, this case would define power as a linear function of the gas price. The slope of this linear function measures the sensitivity of power price to gas price, and this combined with a constant (the y-axis intercept) determines the gas-power price relationship. For instance, take two hypothetical markets, both of which have an observed power price of \$70/MWh and a gas price of \$7/mmBtu. In addition, assume we ran regressions to determine the historical relationship between the price of gas and observed power prices in the two markets and got the following two equations: Market 1 power = \$7/MWh + 9 mmBtu/MWh * gas price and Market 2 power = \$49/MWh + 3 mmBtu/MWh * gas price. As the chart above shows, market 1 can be said to be more sensitive to a change in the price of gas than market 2 because a \$1/mmBtu decline in gas price would result in a 13% decline in the price of power in market 1, but only a 4% decline in market 2. We have adopted a methodology that approximates this approach because it improves our ability to set apart the financial performance of power plants in markets with differing historical sensitivities to changes in natural gas prices. So, in contrast to our old methodology, as gas

prices decline, our new price deck would reflect less steep declines in power prices in markets that are less sensitive to changes in the price of gas. In order to estimate this relationship, we used linear regression and historic data instead of the forward market data for a variety of reasons: Abundance of historic data, and the dearth of data on forward prices, especially off-peak forward prices, Current forward gas prices do not include \$4 per mmBtu gas and because we are mostly trying to predict the relationship between power and gas when gas is \$4 per mmBtu, we wanted to use historical data that include instances of \$4 per mmBtu gas to avoid forecasting outside the range of observed values, and Depth of the day-ahead or spot markets relative to the forward market. It is worth noting that, in coming years, if our rating scenario calls for a gas price that is not in historical spot data, we may use different data, such as historical forwards data, as appropriate. We examined various groupings of independent variables and evaluated the results based on: Statistical significance of the independent variables, Contribution of each variable to the explanatory power of the regression versus the additional complexity of adding that variable, and Ease of obtaining reliable data for a given independent variable. Based upon these criteria, we decided to use only the gas price and the month of the year as independent variables. The price of coal was statistically significant in many regions, but it rarely added much to the R-squared (the R-squared refers to the proportion of variation explained by a variable). This may be due to: The recent high correlation between gas and coal prices, Prevalence of medium-term coal contracts, which dilute the relationship between coal and the marginal cost of a coal plant, or The difficulty in adjusting coal prices for rail and emissions costs. Because the regression analysis showed gas as statistically significant even in the off-peak, with an R-squared better than regressions using coal alone, and because of the difficulties of collecting coal prices that would be reflective of marginal production costs, we settled on using the same two independent variables for both peak and off-peak power. For each of the 14 markets analyzed, the regressions yielded a constant, a coefficient that measures the sensitivity of power to changes in gas prices (i.e., the slope of the line), and monthly adjustment factors that are added to (or subtracted from) the base month, which we arbitrarily chose to be December. For any given month, the power price for a given market is thus determined by identifying the gas prices, adjusting the basis for gas delivery points near the relevant power pricing hub using historical basis spreads, and then plugging the resulting gas price into the regression equation for that market. For example, the regression equation for the month of July 2007 in the Electric Reliability Council of Texas (ERCOT) has an intercept of \$3.4/MWh, a coefficient of 8.97 mmBtu/MWh. The gas price assumption for the month of July in 2007 is \$5.28/mmBtu, and the resulting power price is \$51/MWh. Interpreting the power price deck The markets demonstrate different sensitivities to a change in the price of natural gas due to fundamental variations in capacity structure, transmission systems, demand load factors, and other factors. Overall, the regression produced on-peak gas coefficients that ranged from 4.3 mmBtu/MWh in the New York Zone A to 9 mmBtu/MWh in ERCOT, an indication of the relative sensitivity of the markets to changes in the price of gas. All else the same, Standard & Poor's would expect a less steep decline in New York Zone A power prices as a result of a low natural gas price assumption than in ERCOT. Moreover, the correlation between the type of coal predominantly used as fuel in a region and the price of gas also appears to influence the region's sensitivity to change in the price of gas. The price of Powder River Basin (PRB) coal showed a high correlation with the price of natural gas, and PRB coal also happens to be the predominant coal type in the ERCOT market. Gas price assumptions To determine estimates for power prices, we use the natural gas price assumptions adopted by Standard & Poor's oil and gas group for analysis of oil and gas companies, as defined recently in "Credit FAQ: Standard & Poor's Raises Oil Price Assumptions And Expects Positive Rating Actions," published May 9, 2006 (see RatingsDirect). Currently, these assumptions include Henry Hub prices of \$7/mmBtu (2006), \$5.50/mmBtu (2007), \$4.50/mmBtu (2008), and \$4.00/mmBtu (2009 and beyond). (Prices are given in real dollars). Monthly on-peak and off-peak power prices The definition for on-peak power follows the specification used for the standard 5x16 block power trades in the Eastern markets and Texas and the 6x16 block power trades for Western markets (5x16 means five weekdays and 16 hours a day and 6x16 means five weekdays plus Saturday and 16 hours a day). Off-peak hours are all other hours. All price assumptions are in terms of monthly averages, and this level of detail (as opposed to yearly averages) is important for the more marginal plants that may be "in the money" in seasons of high demand. Other factors in

the rating process When we assign ratings, we evaluate the financial performance of a project or company on the basis of the power prices that result from this methodology. However, we factor into the analysis the hedging programs that the project or company has employed to the extent that cash flows associated with these positions are not affected by changes in market price. Where relevant, historic coal and sulfur dioxide allowance prices (see table below) consistent with a low gas price environment will also be applied to unhedged fuel positions. We require projects and companies to calculate for us the gross margin, EBITDA, and funds from operations attributable to merchant assets under our price assumptions, as well as forecasts of generation (in MWh). Table 1 Standard & Poor's Commodity Price Assumptions

COMMODITY	2006	2007	2008	2009
Natural gas (\$/mmBtu)	7.00	5.50	4.50	4.00
Coal (CAPP) (\$/mmBtu)	2.00	1.80	1.60	1.40
Coal (CAPP) (\$/ton)	50.00	45.00	40.00	36.00

CAPP--Central Appalachian coal. mmBtu--million Btu. One final advantage we found in moving to a regression-based approach is that it will allow us to incrementally add new explanatory variables over time, such as weather normalization, in order to exclude the effects of an unusually hot summer. Power Price And Heat Rate Assumptions In Detail The following tables contain our power price and heat rate assumptions for 2007, 2008, and 2009 in 14 key market hubs. (To see the full table with data from 2007, 2008, and 2009, click on "View Expanded Table.")

Table 2 Northern Illinois Hub

	2007	2008	2009
GAS PRICE (\$/MMBTU)	5.66	36.36	6.42
ONPEAK POWER PRICE (\$/MWH)	20.64	3.65	4.60
ONPEAK HEAT RATE (MMBTU/MWH)	29.72	6.46	17.15
OFFPEAK POWER PRICE (\$/MWH)	3.73	4.07	26.41
OFFPEAK HEAT RATE (MMBTU/MWH)	6.49	15.40	3.78
GAS PRICE (\$/MMBTU)	5.73	38.72	6.76
ONPEAK POWER PRICE (\$/MWH)	23.35	4.08	4.65
ONPEAK HEAT RATE (MMBTU/MWH)	32.02	6.88	19.81
OFFPEAK POWER PRICE (\$/MWH)	4.26	4.12	28.66
OFFPEAK HEAT RATE (MMBTU/MWH)	6.96	18.04	4.38
GAS PRICE (\$/MMBTU)	5.75	41.14	7.16
ONPEAK POWER PRICE (\$/MWH)	25.77	4.48	4.67
ONPEAK HEAT RATE (MMBTU/MWH)	34.41	7.36	22.22
OFFPEAK POWER PRICE (\$/MWH)	4.76	4.13	31.04
OFFPEAK HEAT RATE (MMBTU/MWH)	7.51	20.44	4.94
GAS PRICE (\$/MMBTU)	5.15	35.99	6.99
ONPEAK POWER PRICE (\$/MWH)	18.44	3.58	4.19
ONPEAK HEAT RATE (MMBTU/MWH)	29.97	7.16	15.27
OFFPEAK POWER PRICE (\$/MWH)	3.65	3.71	26.97
OFFPEAK HEAT RATE (MMBTU/MWH)	7.28	13.69	3.69
GAS PRICE (\$/MMBTU)	5.09	33.75	6.63
ONPEAK POWER PRICE (\$/MWH)	14.99	2.94	4.14
ONPEAK HEAT RATE (MMBTU/MWH)	27.80	6.72	11.85
OFFPEAK POWER PRICE (\$/MWH)	2.86	3.66	24.83
OFFPEAK HEAT RATE (MMBTU/MWH)	6.78	10.28	2.81
GAS PRICE (\$/MMBTU)	5.11	35.37	6.92
ONPEAK POWER PRICE (\$/MWH)	13.18	2.58	4.15
ONPEAK HEAT RATE (MMBTU/MWH)	29.40	7.08	10.03
OFFPEAK POWER PRICE (\$/MWH)	2.42	3.68	26.42
OFFPEAK HEAT RATE (MMBTU/MWH)	7.18	8.46	2.30
GAS PRICE (\$/MMBTU)	5.13	41.87	8.16
ONPEAK POWER PRICE (\$/MWH)	15.31	2.98	4.17
ONPEAK HEAT RATE (MMBTU/MWH)	35.87	8.60	12.14
OFFPEAK POWER PRICE (\$/MWH)	2.91	3.69	32.87
OFFPEAK HEAT RATE (MMBTU/MWH)	8.90	10.56	2.86
GAS PRICE (\$/MMBTU)	5.16	42.20	8.19
ONPEAK POWER PRICE (\$/MWH)	15.85	3.07	4.19
ONPEAK HEAT RATE (MMBTU/MWH)	36.18	8.63	12.67
OFFPEAK POWER PRICE (\$/MWH)	3.02	3.71	33.17
OFFPEAK HEAT RATE (MMBTU/MWH)	8.94	11.08	2.99
GAS PRICE (\$/MMBTU)	5.16	32.74	6.34
ONPEAK POWER PRICE (\$/MWH)	10.62	2.06	4.20
ONPEAK HEAT RATE (MMBTU/MWH)	26.71	6.36	7.44
OFFPEAK POWER PRICE (\$/MWH)	1.77	3.72	23.69
OFFPEAK HEAT RATE (MMBTU/MWH)	6.38	5.85	1.58
GAS PRICE (\$/MMBTU)	5.17	24.85	4.80
ONPEAK POWER PRICE (\$/MWH)	11.81	2.28	4.21
ONPEAK HEAT RATE (MMBTU/MWH)	18.79	4.47	8.61
OFFPEAK POWER PRICE (\$/MWH)	2.05	3.72	15.76
OFFPEAK HEAT RATE (MMBTU/MWH)	4.23	7.01	1.88
GAS PRICE (\$/MMBTU)	5.42	31.50	5.81
ONPEAK POWER PRICE (\$/MWH)	17.84	3.29	4.40
ONPEAK HEAT RATE (MMBTU/MWH)	25.14	5.71	14.48
OFFPEAK POWER PRICE (\$/MWH)	3.29	3.89	21.96
OFFPEAK HEAT RATE (MMBTU/MWH)	5.64	12.81	3.29
GAS PRICE (\$/MMBTU)	5.61	31.96	5.70
ONPEAK POWER PRICE (\$/MWH)	18.63	3.32	4.56
ONPEAK HEAT RATE (MMBTU/MWH)	25.39	5.57	15.16
OFFPEAK POWER PRICE (\$/MWH)	3.33	4.03	22.10
OFFPEAK HEAT RATE (MMBTU/MWH)	5.48	13.43	3.33
GAS PRICE (\$/MMBTU)	5.34	35.54	6.66
ONPEAK POWER PRICE (\$/MWH)	17.20	3.19	4.34
ONPEAK HEAT RATE (MMBTU/MWH)	29.28	6.75	13.90
OFFPEAK POWER PRICE (\$/MWH)	3.17	3.84	26.16
OFFPEAK HEAT RATE (MMBTU/MWH)	6.81	12.26	3.15

Table 3 Cinergy

	2007	2008	2009
GAS PRICE (\$/MMBTU)	6.12	38.22	6.25
ONPEAK POWER PRICE (\$/MWH)	23.18	3.79	5.06
ONPEAK HEAT RATE (MMBTU/MWH)	32.39	6.40	20.53
OFFPEAK POWER PRICE (\$/MWH)	4.06	4.53	29.47
OFFPEAK HEAT RATE (MMBTU/MWH)	6.50	19.20	4.24
GAS PRICE (\$/MMBTU)	6.19	42.05	6.80
ONPEAK POWER PRICE (\$/MWH)	26.26	4.24	5.11
ONPEAK HEAT RATE (MMBTU/MWH)	36.15	7.07	23.57
OFFPEAK POWER PRICE (\$/MWH)	4.61	4.58	33.20
OFFPEAK HEAT RATE (MMBTU/MWH)	7.25	22.22	4.85
GAS PRICE (\$/MMBTU)	6.21	43.01	6.93
ONPEAK POWER PRICE (\$/MWH)	27.08	4.36	5.13
ONPEAK HEAT RATE (MMBTU/MWH)	37.08	7.22	24.38
OFFPEAK POWER PRICE (\$/MWH)	4.75	4.59	34.11
OFFPEAK HEAT RATE (MMBTU/MWH)	7.43	23.03	5.01
GAS PRICE (\$/MMBTU)	5.56	37.38	6.73
ONPEAK POWER PRICE (\$/MWH)	19.03	3.42	4.60
ONPEAK HEAT RATE (MMBTU/MWH)	32.08	6.98	16.62
OFFPEAK POWER PRICE (\$/MWH)	3.61	4.12	29.43
OFFPEAK HEAT RATE (MMBTU/MWH)	7.15	15.41	3.74
GAS PRICE (\$/MMBTU)	5.50	34.58	6.29
ONPEAK POWER PRICE (\$/MWH)	15.75	2.86	4.55
ONPEAK HEAT RATE (MMBTU/MWH)	29.34	6.45	13.36
OFFPEAK POWER PRICE (\$/MWH)	2.94	4.07	26.72
OFFPEAK HEAT RATE (MMBTU/MWH)	6.56	12.17	2.99
GAS PRICE (\$/MMBTU)	5.52	36.36	6.59
ONPEAK POWER PRICE (\$/MWH)	13.27	2.40	4.56
ONPEAK HEAT RATE (MMBTU/MWH)	31.10	6.81	10.87
OFFPEAK POWER PRICE (\$/MWH)	2.38	4.09	28.47
OFFPEAK HEAT RATE (MMBTU/MWH)	6.97	9.68	2.37
GAS PRICE (\$/MMBTU)	5.54	43.08	7.77
ONPEAK POWER PRICE (\$/MWH)	16.50	2.98	4.58
ONPEAK HEAT RATE (MMBTU/MWH)	37.80	8.25	14.10
OFFPEAK POWER PRICE (\$/MWH)	3.08	4.10	35.16
OFFPEAK HEAT RATE (MMBTU/MWH)	8.57	12.89	3.14
GAS PRICE (\$/MMBTU)	5.57	46.45	8.35
ONPEAK POWER PRICE (\$/MWH)	17.19	3.09	4.60
ONPEAK HEAT RATE (MMBTU/MWH)	41.15	8.94	14.78
OFFPEAK POWER PRICE (\$/MWH)	3.21	4.12	38.50
OFFPEAK HEAT RATE (MMBTU/MWH)	9.34	13.57	3.29

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 27.78 5.41 4.14 33.40 8.07 20.48 4.95 3.64 28.91 7.94 16.84 4.62 Table 5 Electric Reliability Council of

Texas 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH)
 January 5.26 38.30 7.29 26.76 5.09 February 5.32 40.39 7.59 30.34 5.70 March 5.35 41.59 7.78 28.53 5.34 April 5.11 41.27 8.08 27.23 5.33 May 5.05 43.89 8.69 25.90 5.13 June 5.07 48.44 9.56 30.18 5.95 July 5.09 49.30 9.68 31.73 6.23 August 5.12 49.33 9.64 30.85 6.03 September 5.12 42.88 8.37 27.15 5.30 October 4.95 38.45 7.76 23.51 4.75 November 5.01 38.36 7.65 25.42 5.07 December 5.20 36.23 6.97 25.72 4.94 Average 5.13 42.37 8.25 27.78 5.41 Table 6 Pennsylvania-New Jersey-Maryland West 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 6.12 49.67 8.12 37.13 6.07 5.06 42.10 8.32 33.18 6.56 4.53 38.31 8.46 31.20 6.89 February 6.19 49.18 7.95 37.73 6.10 5.11 41.52 8.12 33.72 6.59 4.58 37.69 8.23 31.72 6.93 March 6.21 51.62 8.31 37.56 6.05 5.13 43.93 8.56 33.54 6.54 4.59 40.08 8.72 31.53 6.86 April 5.56 42.48 7.64 26.47 4.76 4.60 35.61 7.75 22.88 4.98 4.12 32.17 7.82 21.09 5.12 May 5.50 43.78 7.96 22.67 4.12 4.55 36.99 8.13 19.12 4.20 4.07 33.59 8.25 17.35 4.26 June 5.52 47.63 8.63 20.06 3.64 4.56 40.81 8.94 16.50 3.62 4.09 37.40 9.15 14.72 3.60 July 5.54 53.42 9.64 24.89 4.49 4.58 46.57 10.16 21.32 4.65 4.10 43.15 10.51 19.53 4.76 August 5.57 56.06 10.07 25.48 4.58 4.60 49.18 10.69 21.89 4.75 4.12 45.74 11.10 20.09 4.87 September 5.57 45.39 8.15 20.60 3.70 4.61 38.50 8.36 17.00 3.69 4.13 35.06 8.50 15.20 3.69 October 5.61 35.20 6.27 18.23 3.25 4.64 28.27 6.09 14.61 3.15 4.16 24.81 5.97 12.80 3.08 November 5.88 42.17 7.18 26.08 4.44 4.86 34.92 7.18 22.29 4.59 4.35 31.29 7.19 20.40 4.68 December 6.07 40.63 6.70 32.31 5.33 5.02 33.13 6.61 28.39 5.66 4.49 29.37 6.54 26.43 5.89 Average 5.77 46.44 8.05 27.43 4.71 4.77 39.29 8.24 23.70 4.91 4.27 35.72 8.37 21.84 5.05 Table 6 Pennsylvania-New Jersey-Maryland West 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 6.12 49.67 8.12 37.13 6.07 February 6.19 49.18 7.95 37.73 6.10 March 6.21 51.62 8.31 37.56 6.05 April 5.56 42.48 7.64 26.47 4.76 May 5.50 43.78 7.96 22.67 4.12 June 5.52 47.63 8.63 20.06 3.64 July 5.54 53.42 9.64 24.89 4.49 August 5.57 56.06 10.07 25.48 4.58 September 5.57 45.39 8.15 20.60 3.70 October 5.61 35.20 6.27 18.23 3.25 November 5.88 42.17 7.18 26.08 4.44 December 6.07 40.63 6.70 32.31 5.33 Average 5.77 46.44 8.05 27.43 4.71 Table 7 New York Zone A 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 7.33 45.63 6.23 35.25 4.81 6.27 41.06 6.55 32.09 5.12 5.74 38.78 6.76 30.50 5.31 February 7.40 52.53 7.10 41.05 5.55 6.32 47.91 7.58 37.85 5.98 5.79 45.60 7.88 36.24 6.26 March 7.42 56.85 7.66 43.42 5.85 6.34 52.21 8.23 40.20 6.34 5.80 49.89 8.60 38.59 6.65 April 5.89 48.01 8.15 32.77 5.57 4.93 43.87 8.91 29.90 6.07 4.45 41.80 9.40 28.46 6.40 May 5.83 47.67 8.18 28.98 4.97 4.88 43.57 8.93 26.14 5.36 4.40 41.52 9.43 24.72 5.61 June 5.85 51.18 8.75 29.38 5.02 4.89 47.07 9.62 26.53 5.42 4.42 45.01 10.19 25.11 5.68 July 5.87 53.36 9.09 36.31 6.18 4.91 49.23 10.02 33.45 6.81 4.43 47.16 10.64 32.02 7.22 August 5.90 57.16 9.70 37.60 6.38 4.93 53.01 10.75 34.72 7.04 4.45 50.94 11.44 33.28 7.48 September 5.90 53.84 9.12 35.90 6.08 4.94 49.69 10.06 33.02 6.69 4.46 47.61 10.69 31.58 7.09 October 6.38 54.71 8.58 35.46 5.56 5.41 50.53 9.34 32.56 6.02 4.93 48.45 9.83 31.12 6.32 November 7.09 52.93 7.47 34.82 4.91 6.07 48.55 8.00 31.78 5.23 5.56 46.36 8.33 30.26 5.44 December 7.28 52.41 7.20 38.33 5.27 6.23 47.88 7.69 35.20 5.65 5.70 45.62 8.00 33.63 5.90 Average 6.44 52.19 8.10 35.77 5.51 5.44 47.88 8.81 32.79 5.98 4.94 45.73 9.27 31.29 6.28 Table 7 New York Zone A 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 7.33 45.63 6.23 35.25 4.81 February 7.40 52.53 7.10 41.05 5.55 March 7.42 56.85 7.66 43.42 5.85 April 5.89 48.01 8.15 32.77 5.57 May 5.83 47.67 8.18 28.98 4.97 June 5.85 51.18 8.75 29.38 5.02

July 5.87 53.36 9.09 36.31 6.18 August 5.90 57.16 9.70 37.60 6.38 September 5.90 53.84 9.12 35.90
 6.08 October 6.38 54.71 8.58 35.46 5.56 November 7.09 52.93 7.47 34.82 4.91 December 7.28 52.41
 7.20 38.33 5.27 Average 6.44 52.19 8.10 35.77 5.51 Table 8 New York Zone J 2007 2008 2009 GAS
 PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH)
 OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU)
 ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER
 PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER
 PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH)
 OFFPEAK HEAT RATE (MMBTU/MWH) January 7.33 73.96 10.09 43.21 5.90 6.27 67.21 10.72 38.99
 6.22 5.74 63.84 11.12 36.88 6.43 February 7.40 76.08 10.29 50.47 6.83 6.32 69.27 10.95 46.21 7.31
 5.79 65.86 11.38 44.07 7.62 March 7.42 80.50 10.85 52.34 7.06 6.34 73.66 11.61 48.06 7.58 5.80
 70.24 12.10 45.91 7.91 April 5.89 67.47 11.46 42.43 7.21 4.93 61.36 12.45 38.61 7.84 4.45 58.30
 13.11 36.69 8.25 May 5.83 64.97 11.14 36.38 6.24 4.88 58.92 12.08 32.60 6.68 4.40 55.90 12.69 30.70
 6.97 June 5.85 76.27 13.04 39.62 6.78 4.89 70.20 14.34 35.83 7.32 4.42 67.16 15.20 33.93 7.68 July
 5.87 80.00 13.62 51.95 8.85 4.91 73.91 15.04 48.13 9.80 4.43 70.86 15.98 46.22 10.42 August 5.90
 89.89 15.25 58.10 9.85 4.93 83.77 16.98 54.27 11.00 4.45 80.70 18.13 52.35 11.76 September 5.90
 77.84 13.19 48.53 8.22 4.94 71.70 14.52 44.69 9.05 4.46 68.64 15.41 42.77 9.60 October 6.38 77.23
 12.11 48.61 7.62 5.41 71.07 13.13 44.75 8.27 4.93 67.98 13.80 42.83 8.69 November 7.09 74.10 10.46
 42.97 6.06 6.07 67.64 11.14 38.93 6.41 5.56 64.41 11.58 36.90 6.63 December 7.28 72.70 9.99 47.05
 6.47 6.23 66.02 10.61 42.87 6.89 5.70 62.68 11.00 40.78 7.15 Average 6.44 75.92 11.79 46.81 7.26
 5.43 69.56 12.80 42.83 7.86 4.93 66.38 13.46 40.84 8.26 Table 8 New York Zone J 2007 GAS PRICE
 (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK
 POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 7.33 73.96 10.09 43.21
 5.90 February 7.40 76.08 10.29 50.47 6.83 March 7.42 80.50 10.85 52.34 7.06 April 5.89 67.47 11.46
 42.43 7.21 May 5.83 64.97 11.14 36.38 6.24 June 5.85 76.27 13.04 39.62 6.78 July 5.87 80.00 13.62
 51.95 8.85 August 5.90 89.89 15.25 58.10 9.85 September 5.90 77.84 13.19 48.53 8.22 October 6.38
 77.23 12.11 48.61 7.62 November 7.09 74.10 10.46 42.97 6.06 December 7.28 72.70 9.99 47.05 6.47
 Average 6.44 75.92 11.79 46.81 7.26 Table 9 New York Zone G 2007 2008 2009 GAS PRICE
 (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK
 POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK
 POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH)
 OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH)
 ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
 (MMBTU/MWH) January 7.33 55.68 7.60 40.25 5.49 6.27 50.18 8.00 36.60 5.84 5.74 47.43 8.26 34.78
 6.06 February 7.40 63.29 8.56 47.66 6.44 6.32 57.73 9.13 43.97 6.95 5.79 54.95 9.49 42.13 7.28
 March 7.42 68.29 9.21 50.20 6.77 6.34 62.71 9.89 46.49 7.33 5.80 59.92 10.32 44.64 7.69 April 5.89
 59.05 10.03 40.41 6.86 4.93 54.07 10.97 37.10 7.53 4.45 51.57 11.60 35.45 7.97 May 5.83 57.85 9.92
 34.14 5.86 4.88 52.91 10.85 30.87 6.33 4.40 50.45 11.46 29.24 6.64 June 5.85 64.28 10.99 35.78 6.12
 4.89 59.33 12.12 32.49 6.64 4.42 56.86 12.87 30.85 6.98 July 5.87 66.10 11.26 43.88 7.47 4.91 61.12
 12.44 40.59 8.26 4.43 58.64 13.22 38.94 8.78 August 5.90 71.40 12.11 44.55 7.56 4.93 66.40 13.46
 41.24 8.36 4.45 63.90 14.36 39.58 8.89 September 5.90 64.41 10.91 41.61 7.05 4.94 59.40 12.03
 38.29 7.76 4.46 56.90 12.77 36.64 8.22 October 6.38 64.43 10.10 39.68 6.22 5.41 59.40 10.98 36.34
 6.72 4.93 56.89 11.55 34.68 7.04 November 7.09 64.07 9.04 40.04 5.65 6.07 58.80 9.68 36.55 6.02
 5.56 56.16 10.09 34.80 6.25 December 7.28 61.70 8.48 43.84 6.03 6.23 56.25 9.04 40.22 6.46 5.70
 53.53 9.39 38.42 6.74 Average 6.43 63.38 9.85 41.84 6.46 5.43 58.19 10.72 38.40 7.02 4.93 55.60
 11.28 36.68 7.38 Table 9 New York Zone G 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE
 (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK
 HEAT RATE (MMBTU/MWH) January 7.33 55.68 7.60 40.25 5.49 February 7.40 63.29 8.56 47.66 6.44
 March 7.42 68.29 9.21 50.20 6.77 April 5.89 59.05 10.03 40.41 6.86 May 5.83 57.85 9.92 34.14 5.86
 June 5.85 64.28 10.99 35.78 6.12 July 5.87 66.10 11.26 43.88 7.47 August 5.90 71.40 12.11 44.55
 7.56 September 5.90 64.41 10.91 41.61 7.05 October 6.38 64.43 10.10 39.68 6.22 November 7.09
 64.07 9.04 40.04 5.65 December 7.28 61.70 8.48 43.84 6.03 Average 6.43 63.38 9.85 41.84 6.46
 Table 10 New England Power Pool 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER

PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH)
 OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH)
 ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
 (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE
 (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH)
 January 7.33 63.44 8.65 47.50 6.48 6.27 57.97 9.25 43.67 6.97 5.74 55.24 9.62 41.76 7.27 February
 7.40 62.76 8.49 48.90 6.61 6.32 57.23 9.05 45.03 7.12 5.79 54.46 9.41 43.09 7.44 March 7.42 66.10
 8.91 51.53 6.95 6.34 60.55 9.55 47.64 7.51 5.80 57.77 9.95 45.70 7.87 April 5.89 55.15 9.37 41.12
 6.98 4.93 50.19 10.19 37.65 7.64 4.45 47.71 10.73 35.91 8.08 May 5.83 54.81 9.40 38.24 6.56 4.88
 49.91 10.23 34.80 7.13 4.40 47.45 10.78 33.08 7.51 June 5.85 60.41 10.33 39.57 6.77 4.89 55.49
 11.34 36.12 7.38 4.42 53.03 12.00 34.39 7.79 July 5.87 63.68 10.84 42.35 7.21 4.91 58.73 11.95 38.89
 7.91 4.43 56.26 12.69 37.15 8.38 August 5.90 61.55 10.44 41.85 7.10 4.93 56.58 11.47 38.37 7.78
 4.45 54.10 12.15 36.63 8.23 September 5.90 60.59 10.27 41.53 7.04 4.94 55.62 11.27 38.05 7.71 4.46
 53.14 11.93 36.31 8.15 October 6.38 65.31 10.24 46.58 7.30 5.41 60.32 11.15 43.08 7.96 4.93 57.82
 11.74 41.33 8.39 November 7.09 63.17 8.91 45.18 6.37 6.07 57.93 9.54 41.50 6.84 5.56 55.31 9.94
 39.67 7.13 December 7.28 65.45 9.00 49.40 6.79 6.23 60.04 9.64 45.60 7.33 5.70 57.33 10.06 43.71
 7.67 Average 6.46 61.87 9.57 44.48 6.85 5.46 56.71 10.38 40.87 7.44 4.96 54.13 10.92 39.06 7.83
 Table 10 New England Power Pool 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH)
 ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
 (MMBTU/MWH) January 7.33 63.44 8.65 47.50 6.48 February 7.40 62.76 8.49 48.90 6.61 March 7.42
 66.10 8.91 51.53 6.95 April 5.89 55.15 9.37 41.12 6.98 May 5.83 54.81 9.40 38.24 6.56 June 5.85
 60.41 10.33 39.57 6.77 July 5.87 63.68 10.84 42.35 7.21 August 5.90 61.55 10.44 41.85 7.10
 September 5.90 60.59 10.27 41.53 7.04 October 6.38 65.31 10.24 46.58 7.30 November 7.09 63.17
 8.91 45.18 6.37 December 7.28 65.45 9.00 49.40 6.79 Average 6.46 61.87 9.57 44.48 6.85 Table 11
 Mid-Columbia 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK
 HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
 (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE
 (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS
 PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH)
 OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 4.83 38.35 7.94
 33.07 6.85 3.77 29.59 7.85 25.55 6.78 3.24 25.20 7.78 21.78 6.72 February 4.90 40.47 8.27 37.96 7.75
 3.82 31.61 8.27 30.35 7.94 3.29 27.18 8.27 26.54 8.07 March 4.92 38.53 7.83 36.08 7.34 3.84 29.63
 7.71 28.44 7.40 3.30 25.18 7.62 24.62 7.45 April 4.46 27.65 6.20 22.98 5.15 3.50 19.70 5.63 16.15
 4.62 3.02 15.72 5.21 12.74 4.22 May 4.40 26.87 6.11 17.58 3.99 3.45 19.01 5.51 10.82 3.14 2.97 15.08
 5.07 7.44 2.50 June 4.42 25.08 5.68 14.78 3.35 3.46 17.19 4.96 8.01 2.31 2.99 13.24 4.43 4.62 1.55
 July 4.44 41.40 9.32 32.82 7.39 3.48 33.47 9.61 26.01 7.47 3.00 29.51 9.82 22.61 7.53 August 4.47
 40.99 9.18 34.18 7.65 3.50 33.03 9.43 27.34 7.81 3.02 29.05 9.61 23.92 7.92 September 4.47 38.61
 8.64 32.39 7.24 3.51 30.64 8.74 25.54 7.28 3.03 26.66 8.81 22.12 7.31 October 4.41 35.24 7.98 32.12
 7.27 3.45 27.22 7.90 25.23 7.32 2.96 23.22 7.84 21.79 7.36 November 4.59 37.86 8.25 35.45 7.73 3.57
 29.45 8.25 28.23 7.91 3.06 25.25 8.24 24.63 8.04 December 4.78 42.43 8.88 38.26 8.01 3.73 33.74
 9.06 30.80 8.27 3.20 29.40 9.19 27.07 8.46 Average 4.60 36.12 7.86 30.64 6.64 3.60 27.86 7.74 23.54
 6.52 3.10 23.72 7.66 19.99 6.43 Table 11 Mid-Columbia 2007 GAS PRICE (\$/MMBTU) ONPEAK
 POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH)
 OFFPEAK HEAT RATE (MMBTU/MWH) January 4.83 38.35 7.94 33.07 6.85 February 4.90 40.47 8.27
 37.96 7.75 March 4.92 38.53 7.83 36.08 7.34 April 4.46 27.65 6.20 22.98 5.15 May 4.40 26.87 6.11
 17.58 3.99 June 4.42 25.08 5.68 14.78 3.35 July 4.44 41.40 9.32 32.82 7.39 August 4.47 40.99 9.18
 34.18 7.65 September 4.47 38.61 8.64 32.39 7.24 October 4.41 35.24 7.98 32.12 7.27 November 4.59
 37.86 8.25 35.45 7.73 December 4.78 42.43 8.88 38.26 8.01 Average 4.60 36.12 7.86 30.64 6.64
 Table 12 Northern California 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE
 (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK
 HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK
 HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
 (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE

(MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH)

January 5.03 44.39 8.83 34.20 6.80 3.97 35.03 8.82 26.73 6.73 3.44 30.35 8.82 22.99 6.68 February
5.10 45.96 9.02 38.36 7.53 4.02 36.49 9.07 30.80 7.65 3.49 31.76 9.11 27.02 7.75 March 5.12 44.13
8.62 35.02 6.84 4.04 34.63 8.57 27.43 6.78 3.50 29.88 8.53 23.63 6.74 April 4.89 41.23 8.44 29.09
5.95 3.93 32.74 8.34 22.31 5.68 3.45 28.49 8.27 18.92 5.49 May 4.83 41.56 8.60 24.21 5.01 3.88 33.16
8.55 17.51 4.51 3.40 28.96 8.51 14.15 4.16 June 4.85 42.73 8.81 24.17 4.99 3.89 34.30 8.81 17.44
4.48 3.42 30.09 8.81 14.08 4.12 July 4.87 52.20 10.71 36.68 7.53 3.91 43.73 11.17 29.92 7.65 3.43
39.50 11.50 26.54 7.73 August 4.90 50.65 10.35 37.98 7.76 3.93 42.14 10.72 31.18 7.93 3.45 37.89
10.98 27.79 8.05 September 4.90 49.94 10.19 38.23 7.80 3.94 41.43 10.52 31.43 7.98 3.46 37.17
10.76 28.03 8.11 October 4.73 46.29 9.79 36.60 7.74 3.76 37.73 10.03 29.77 7.92 3.28 33.45 10.21
26.35 8.04 November 4.79 50.01 10.45 41.13 8.59 3.77 41.04 10.88 33.97 9.01 3.26 36.55 11.20 30.38
9.31 December 4.98 49.58 9.97 39.46 7.93 3.93 40.31 10.27 32.06 8.17 3.40 35.67 10.49 28.36 8.34
Average 4.91 46.56 9.48 34.59 7.04 3.91 37.73 9.65 27.54 7.04 3.41 33.31 9.76 24.02 7.04 Table 12

Northern California 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT
RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH)

January 5.03 44.39 8.83 34.20 6.80 February 5.10 45.96 9.02 38.36 7.53 March 5.12 44.13 8.62 35.02
6.84 April 4.89 41.23 8.44 29.09 5.95 May 4.83 41.56 8.60 24.21 5.01 June 4.85 42.73 8.81 24.17 4.99
July 4.87 52.20 10.71 36.68 7.53 August 4.90 50.65 10.35 37.98 7.76 September 4.90 49.94 10.19
38.23 7.80 October 4.73 46.29 9.79 36.60 7.74 November 4.79 50.01 10.45 41.13 8.59 December 4.98
49.58 9.97 39.46 7.93 Average 4.91 46.56 9.48 34.59 7.04 Table 13 Southern California 2007 2008
2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE
(MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS
PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH)
OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU)
ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER
PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 5.23 46.40 8.87 34.76 6.65 4.17
37.16 8.91 27.09 6.50 3.64 32.53 8.94 23.25 6.39 February 5.30 48.14 9.09 39.21 7.40 4.22 38.79 9.18
31.45 7.45 3.69 34.12 9.25 27.57 7.48 March 5.32 47.67 8.96 36.53 6.87 4.24 38.29 9.02 28.74 6.77
3.70 33.59 9.07 24.84 6.71 April 4.87 43.28 8.89 30.36 6.24 3.91 34.90 8.93 23.40 5.99 3.43 30.70
8.96 19.92 5.82 May 4.81 43.59 9.06 24.96 5.19 3.86 35.30 9.15 18.07 4.68 3.38 31.15 9.21 14.63 4.32
June 4.83 44.51 9.22 23.99 4.97 3.87 36.19 9.34 17.08 4.41 3.40 32.03 9.43 13.63 4.01 July 4.85
54.71 11.28 36.29 7.48 3.89 46.35 11.90 29.35 7.54 3.41 42.17 12.35 25.88 7.58 August 4.88 51.80
10.62 36.53 7.49 3.91 43.40 11.09 29.56 7.55 3.43 39.20 11.42 26.07 7.60 September 4.88 49.45
10.13 35.89 7.35 3.92 41.05 10.48 28.91 7.38 3.44 36.84 10.73 25.42 7.40 October 4.82 48.12 9.98
34.64 7.19 3.85 39.67 10.30 27.63 7.17 3.37 35.44 10.53 24.12 7.16 November 4.99 50.20 10.06 39.36
7.89 3.97 41.34 10.41 32.01 8.06 3.46 36.91 10.66 28.33 8.18 December 5.18 51.37 9.93 39.38 7.61
4.13 42.22 10.23 31.78 7.70 3.60 37.64 10.46 27.98 7.77 Average 4.99 48.27 9.68 34.32 6.86 3.99
39.55 9.91 27.09 6.77 3.49 35.19 10.08 23.47 6.70 Table 13 Southern California 2007 GAS PRICE
(\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK
POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 5.23 46.40 8.87 34.76 6.65
February 5.30 48.14 9.09 39.21 7.40 March 5.32 47.67 8.96 36.53 6.87 April 4.87 43.28 8.89 30.36
6.24 May 4.81 43.59 9.06 24.96 5.19 June 4.83 44.51 9.22 23.99 4.97 July 4.85 54.71 11.28 36.29
7.48 August 4.88 51.80 10.62 36.53 7.49 September 4.88 49.45 10.13 35.89 7.35 October 4.82 48.12
9.98 34.64 7.19 November 4.99 50.20 10.06 39.36 7.89 December 5.18 51.37 9.93 39.38 7.61 Average
4.99 48.27 9.68 34.32 6.86 Table 14 Palo Verde 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK
POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH)
OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH)
ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE
(MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE
(MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH)

January 4.54 39.12 8.62 28.84 6.35 3.48 30.86 8.87 21.75 6.25 2.95 26.73 9.06 18.21 6.17 February
4.61 42.34 9.19 34.62 7.52 3.53 33.98 9.62 27.45 7.77 3.00 29.80 9.94 23.87 7.96 March 4.63 42.16
9.11 31.71 6.85 3.55 33.77 9.50 24.51 6.90 3.01 29.57 9.81 20.91 6.94 April 4.28 40.59 9.48 28.16

6.57 3.32 33.10 9.96 21.73 6.54 2.84 29.35 10.33 18.52 6.52 May 4.23 41.79 9.89 23.46 5.55 3.28 34.38 10.50 17.10 5.22 2.80 30.67 10.95 13.92 4.97 June 4.24 44.09 10.39 22.31 5.26 3.29 36.65 11.14 15.94 4.84 2.81 32.93 11.70 12.75 4.53 July 4.27 54.28 12.72 33.33 7.81 3.31 46.80 14.14 26.92 8.13 2.83 43.07 15.22 23.72 8.38 August 4.29 48.45 11.29 32.66 7.61 3.33 40.95 12.30 26.22 7.88 2.85 37.19 13.06 23.01 8.08 September 4.30 43.52 10.13 30.96 7.21 3.33 36.00 10.80 24.52 7.36 2.85 32.24 11.31 21.30 7.47 October 4.18 41.79 9.99 28.43 6.80 3.21 34.23 10.65 21.95 6.83 2.73 30.45 11.16 18.71 6.86 November 4.30 40.12 9.34 32.80 7.63 3.28 32.20 9.81 26.01 7.93 2.77 28.24 10.18 22.62 8.15 December 4.49 41.75 9.31 33.35 7.44 3.44 33.56 9.77 26.33 7.67 2.91 29.47 10.13 22.82 7.84 Average 4.35 43.33 9.95 30.05 6.88 3.36 35.54 10.59 23.37 6.94 2.86 31.64 11.07 20.03 6.99

Table 14 Palo Verde 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 4.54 39.12 8.62 28.84 6.35 February 4.61 42.34 9.19 34.62 7.52 March 4.63 42.16 9.11 31.71 6.85 April 4.28 40.59 9.48 28.16 6.57 May 4.23 41.79 9.89 23.46 5.55 June 4.24 44.09 10.39 22.31 5.26 July 4.27 54.28 12.72 33.33 7.81 August 4.29 48.45 11.29 32.66 7.61 September 4.30 43.52 10.13 30.96 7.21 October 4.18 41.79 9.99 28.43 6.80 November 4.30 40.12 9.34 32.80 7.63 December 4.49 41.75 9.31 33.35 7.44 Average 4.35 43.33 9.95 30.05 6.88

Table 15 Four Corners 2007 2008 2009 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 4.61 38.56 8.49 28.40 6.26 3.53 29.77 8.55 21.38 6.14 3.00 25.38 8.60 17.87 6.06 February 4.63 41.78 9.07 34.37 7.46 3.55 32.89 9.31 27.26 7.72 3.01 28.45 9.49 23.71 7.91 March 4.28 41.56 8.98 31.38 6.78 3.32 32.64 9.19 24.25 6.83 2.84 28.18 9.35 20.68 6.86 April 4.23 39.96 9.33 28.10 6.56 3.28 31.99 9.63 21.73 6.54 2.80 28.01 9.86 18.55 6.53 May 4.24 41.49 9.82 23.06 5.46 3.29 33.61 10.26 16.76 5.12 2.81 29.67 10.60 13.61 4.86 June 4.27 43.58 10.27 21.90 5.16 3.31 35.67 10.84 15.58 4.73 2.83 31.71 11.27 12.41 4.41 July 4.29 56.04 13.13 33.46 7.84 3.33 48.09 14.53 27.10 8.19 2.85 44.12 15.59 23.93 8.45 August 4.30 49.01 11.42 32.33 7.53 3.33 41.03 12.32 25.95 7.79 2.85 37.03 13.01 22.76 7.99 September 4.18 43.58 10.14 30.51 7.10 3.21 35.59 10.68 24.13 7.24 2.73 31.60 11.08 20.93 7.34 October 4.30 40.14 9.60 27.72 6.63 3.28 32.10 9.99 21.29 6.63 2.77 28.09 10.29 18.08 6.62 November 4.49 40.30 9.38 32.52 7.57 3.44 31.88 9.71 25.79 7.86 2.91 27.66 9.97 22.42 8.08 December 4.35 42.11 9.39 33.66 7.50 3.36 33.41 9.73 26.70 7.77 2.86 29.06 9.99 23.22 7.98 Average 4.35 43.18 9.92 29.78 6.82 3.36 34.89 10.40 23.16 6.88 2.86 30.75 10.76 19.85 6.92

mmBtu--million Btu. MWh--Megawatt-hour. Table 15 Four Corners 2007 GAS PRICE (\$/MMBTU) ONPEAK POWER PRICE (\$/MWH) ONPEAK HEAT RATE (MMBTU/MWH) OFFPEAK POWER PRICE (\$/MWH) OFFPEAK HEAT RATE (MMBTU/MWH) January 4.61 38.56 8.49 28.40 6.26 February 4.63 41.78 9.07 34.37 7.46 March 4.28 41.56 8.98 31.38 6.78 April 4.23 39.96 9.33 28.10 6.56 May 4.24 41.49 9.82 23.06 5.46 June 4.27 43.58 10.27 21.90 5.16 July 4.29 56.04 13.13 33.46 7.84 August 4.30 49.01 11.42 32.33 7.53 September 4.18 43.58 10.14 30.51 7.10 October 4.30 40.14 9.60 27.72 6.63 November 4.49 40.30 9.38 32.52 7.57 December 4.35 42.11 9.39 33.66 7.50 Average 4.35 43.18 9.92 29.78 6.82

mmBtu--million Btu. MWh--Megawatt-hour. Appendix: Market Heat Rates And Gas Prices Are Key To A Merchant Power Plant's Credit Quality The market heat rate expressed in million Btu (mmBtu) per kilowatt-hour (kWh), is calculated by dividing the market power price (\$/kWh) by the natural gas price (\$/mmBtu), and is analogous to a unit heat rate. The unit rate measures how much fuel a unit requires to generate a kWh of power; the lower the heat rate, the more efficient the unit. Likewise, the market heat rate can be thought of as a measure of how efficiently a market turns natural gas into power. The market heat rate is also a good gauge of how much margin a gas-fired unit can earn in the market. If the market heat rate is higher than the unit heat rate, it is likely that the unit will dispatch and make a margin. Conversely, when the market heat rate is below that of the unit heat rate, the unit will not dispatch or make a profit (subject to the unit's ability to turn on and off quickly). The gas price assumption has a significant effect on the economic evaluation of most power plants. Gas-fired plants can be thought of as earning a fuel margin. For these plants, an estimate for gross margin is the

price of power, minus the cost of fuel to produce that power, minus variable operations and maintenance expense, or: Market heat rate minus the plant's unit heat rate determines the fuel margin--it is the difference between the fuel required by the marginal producer to produce a kWh and the fuel required by the plant. The plant in essence keeps the fuel savings as a margin, and gross margin is this fuel margin minus variable operations and maintenance. As a result, the dollar value of this fuel margin is directly proportional to the price of gas--that is, even though gas-fired generators consume gas, their gross margins are higher under high gas scenarios. (See "U.S. Gas-Fired Power Plants Get A Boost From High Natural Gas Prices" published March 22, 2006 on RatingsDirect). For coal-fired plants, gas drives the revenues but not necessarily the costs. The challenge lies in determining the correlation of coal and gas and the appropriate stress tests. Although the change in revenues from a change in gas prices may indeed be greater for a coal plant, the coal plant usually has a much larger cushion to absorb the reduction, and we see the credit profiles of gas plants deteriorate more quickly than those of coal plants.