Control Number: 31056

Item Number: 517

Addendum StartPage: 0

S.O.A.H. DOCKET NO. 473-05-7455
P.U.C. DOCKET NO. 31056

APPLICATION OF AEP TEXAS CENTRAL COMPANY AND CPL RETAIL ENERGY, LP TO DETERMINE TRUE-UP BALANCES PURSUANT TO PURA §39.262 AND PETITION TO DETERMINE AMOUNT OF EXCESS MITIGATION CREDITS TO BE REFUNDED AND RECOVERED	**§**	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

NON-CONFIDENTIAL WORKPAPERS

DIRECT TESTIMONY OF HUGH K. HIGGINS, JR.

OFFICE OF THE ATTORNEY GENERAL

ON BEHALF OF

THE STATE OF TEXAS

September 2, 2005

517 1

Natural Gas

Futures | Options | e-miNY Futures | NYMEX ClearPort℠

Market Data
- Current Session Overview
- Current Expanded Table
- Previous Session Overview
- Previous Expanded Table
- Historical Data

Contract Detail
- Description
- Specifications
- Margins
- Termination Schedule
- Request for Information
- Exchange for Futures for Swaps (EFS)

Squawk Box
- Description
- Registration

Natural gas accounts for almost a quarter of United States energy consumption, and the NYMEX Division natural gas futures contract is widely used as a national benchmark price. The futures contract trades in units of 10,000 million British thermal units (mmBtu). The price is based on delivery at the Henry Hub in Louisiana, the nexus of 16 intra- and interstate natural gas pipeline systems that draw supplies from the region's prolific gas deposits. The pipelines serve markets throughout the U.S. East Coast, the Gulf Coast, the Midwest, and up to the Canadian border. An options contract and calendar spread options contracts provide additional risk management opportunities.

The spread between natural gas futures and electricity futures – the spark spread – can be used to manage price risk in the power markets.

Because of the volatility of natural gas prices, a vigorous basis market has developed in the pricing relationships between Henry Hub and other important natural gas market centers in the continental United States and Canada. The Exchange makes available for trading a series of basis swap futures contracts that are quoted as price differentials between approximately 30 natural gas pricing points and Henry Hub. The basis contracts trade in units of 2,500 mmBtu on the NYMEX ClearPort[sm] trading platform. Transactions can also be consummated off-Exchange and submitted to the Exchange for clearing via the NYMEX ClearPort[sm] clearing website as an exchange of futures for physicals or exchange of futures for swaps transaction. more...

Daily Chart - Spot Month

Margins view all

Non-Member Customer Initial	1st nearby: $6,750
Member Customer Initial	1st nearby: $5,500
Clearing Member and Customer Maintenance	1st nearby: $5,000

2.

Methodology

Quick Links

WebICE Free Trial

GAS INDICES

POWER INDICES

MONTH AHEAD GAS

Group Sites

Interchange

Intercontinental

International Petroleum

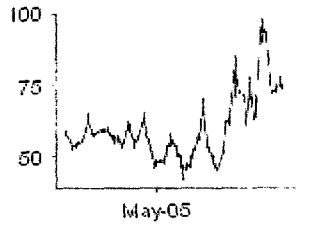
Day Ahead Index Methodology
In conjunction with Intercontinental, we have developed and implemented policies, practices and controls to ensure the quality, consistency and availability of our indices...

> more info

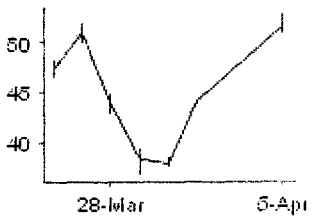
Month Ahead Prices Methodology
The Month Ahead index is calculated by taking the volume-weighted average price of all trades that occur during the last five trading days (Determination Period) for flow during the entire prompt month...

> more info

Ercot NxtDay Index



Cin NxtDay Index



Day Ahead Index Methodology

All qualifying firm, physical fixed-price trades for Next Day physical gas contracts done on ICE from 6 AM to 11:30 AM CST are included in the index.

For the power index, all qualifying Day Ahead physical firm power contracts traded on ICE from 6 AM to 11:00 AM CST on the day of publication are included.

Index Hub availability
Intercontinental lists contracts for hundreds of gas & power hubs and strips. Trading activity in these markets is reported daily in the 10x Reports: North American Gas and North American Power.

The variable nature of over-the-counter gas trading can mean that not all of these hubs have price activity on each business day of the year. Consequently, in order to provide a consistent daily index for each hub, 10x only publishes index prices for those hubs where there has been sufficient trading activity. Ideally, a hub will display a minimum of 1 trade per day and an average of 3 trades per day during the prior 3 months before 10x will initiate an index for that hub.

For hubs trading less frequently, 10x produces an end of day report that provides a snapshot of closing bid, offer and trade price on Intercontinental. The report is designed to enable customers to extract prices to calculate their own spot and forward price curves to for mark-to-market purposes.

Publication Time
Unlike other index providers who publish their indices at the end of the current or the start of the next business day, when a trading company has already closed and valued its book, the ICE Day Ahead Indices are published daily at 1:30 pm CST the same trading day. The indices are volume-weighted average prices for all qualifying trades taking place during the Determination Period discussed above.

Calculation of the indices
10x applies a consistent formula to the market date to determine index pricing:

$$I = \Sigma (P \bullet V) / T$$

where:

I = Volumetric Weighted Average Index Price,
P = price or premium of individual transaction,
V = volume of individual transaction,
£□(PoV) = sum of each transaction's price multiplied by its volume,

3

T = total volume of all qualifying transactions.

In addition to the price filters on the Intercontinental trading platform in accordance with their Fair Trading initiative, the following types of trades are considered "non-qualifying", and are not included in the 10x indices:

- Trades done between two companies that are owned by the same parent company
- Price basis spread legs i.e. spread trades that are executed on a trading platform that subsequently are converted into two outright prices for trade reporting purposes
- Deals that have been consummated but then cancelled by the counterparties before confirmation
- Trades where counterparties reverse a trade within two minutes of the previous transaction
- Option Trades Deals that fall outside of the given time period for each index

Published Data Available
The following data is published for each hub quoted:

Location - as defined in the ICE Product Guide.

High - the absolute high price for the period.

Low - the absolute low price for the period.

Index - weighted average price.

Volume - total contracts traded for the period counting the sell side only.

No. of Trades - number of trades confirmed through ICE and eConfirm that were used in the index calculation.

No. of Companies - number of companies that participated in the index related transactions.

Historical Transactions
The 10x Day Ahead indices are based upon verifiable trade data from Intercontinental. The underlying historical price data upon which the Day Ahead indices are calculated can be accessed via our subscription services

Audited calculations and methodology
In conjunction with Intercontinental, we have developed and implemented policies, practices and controls to ensure the quality, consistency and availability of our indices. These activities are outlined an annual Report of Management on the Effectiveness of Controls over IntercontinentalExchange™ undertaken by Ernst and Young LLP

top ^

Month Ahead Prices Methodology

Indices are compiled using prompt month trades confirmed on the IntercontinentalExchange and through the eConfirm trade confirmation system during the last 5 trading days of the previous month.

Methodology
The Month Ahead index is calculated by taking the volume-weighted average price of all trades that occur during the last five trading days (Determination Period) for flow during the entire prompt month. The calculation is not the average of five daily volume-weighted calculations, but rather of all trades that are electronically confirmed on ICE and through eConfirm during the last five trading days.

Hub Availability
Currently, all Intercontinental-listed hubs with deals confirmed on ICE and through eConfirm during the bid week period are included in the Month Ahead report. Due to the less-liquid nature of certain hubs, the number of pricing points may differ from month to month, based on actual trading at each hub. In the event that no trades are recorded at a particular hub, that hub will not be priced in the publication.

Calculation of 10x Month Ahead gas indices
Calculation of the indices follows the following formula:

4

$$I = \Sigma (P \bullet V) / T$$

where:
I = Volumetric Weighted Average Index Price,
P = price or premium of individual transaction,
V = volume of individual transaction,
Σ(PoV) = sum of each transaction's price multiplied by its volume,
T = total volume of all qualifying transactions.

The following types of trades are non-qualifying, and are not included in the indices:

- Trades done between two companies that are owned by the same parent company
- Price basis spread legs i.e. spread trades that are executed on a trading platform that subsequently are converted into two outright prices for trade reporting purposes
- Deals that have been consummated but then cancelled by the counterparties before confirmation
- Trades where counterparties reverse a trade within two minutes of the previous transaction
- Option Trades

Unless specified otherwise, volume is displayed in MMBtu's and index prices are in US dollars. Due to the inclusion of Canadian hubs, some locations may be in GigaJoules per Canadian Dollar, which will be indicated.

Selected Data Available
The following data is published for each hub quoted:

Location - as defined in the ICE Product Guide.

High - the absolute high price for the period.

Low - the absolute low price for the period.

Index - weighted average price.

Volume - total contracts traded for the period counting the sell-side only.

No. of Trades - number of trades confirmed through ICE and eConfirm that were used in the index calculation- sell side only.

No. of Companies - number of companies that participated in the index related transactions

top ^

5

Power Plants

Progress Energy's system of electric generation includes more than 24,000 megawatts of capacity at 38 sites in the Carolinas, Florida and Georgia. The company has a diverse mix of generation resources, including nuclear, coal- and oil-fired, natural gas-fueled and hydroelectric plants.

To review more information about Progress Energy's fleet of plants, visit the **Power Plants** pages in this site's About Energy area.

TOP ↑

Storm Central
Learning Center
Power Plants
- Nuclear Plants
- Combined Cycle
- Combustion Turbine Plants
- Steam Plants (Coal/Oil)
- Hydroelectric Plants
- Under Construction

Transmission Enhancements
Coverage Areas
Power Quality & Reliability
Electric Rates

Nuclear Plants

Progress Energy joins NuStart Energy Consortium

Progress Energy, a leading operator of nuclear power plants in the Carolinas and Florida, has joined eight other energy companies and two reactor vendors to demonstrate the new construction and operating licensing process for a new nuclear power plant.

- **View press release**
- Visit **NuStart Energy's Web site** to learn more about the consortium for new nuclear energy development

Nuclear Power: An Unyielding Commitment to Safety, Security and Progress
PDF: 889 Kb

This brochure was written to answer your questions about the safety and security measures at Progress Energy's nuclear power plants.

Nuclear plant siren tests

The public alert notification sirens around Progress Energy's four nuclear power plants are tested throughout the year. Progress Energy conducts silent tests, low-volume tests and full-volume tests each year. The siren tests are conducted in cooperation with the emergency planning offices of each sites surrounding counties.

Here is a **sample of a full-volume test**.

Brunswick

The two-unit, 1,838-MW Brunswick Nuclear Plant is located near Southport, N.C. Additional increases in electrical output are planned for these units in 2005.

- **Safety Information**
  PDF: 102 Kb

Crystal River

The single-unit, 838-MW Crystal River Nuclear Plant is located near Crystal River, Fla., on a site that also includes four coal-fired generating units that generate 2,302 MW.

- **Safety Information**
  PDF: 1,000 Kb

Related Resources

Used nuclear fuel handled with care
How the nuclear industry manages used fuel on site

American Nuclear Society
Information on nuclear science and technology

An American Success Story: The Safe Shipment of Used Nuclear Fuel
Streaming presentation (RealPlayer format) from the Nuclear Energy Institute

Nuclear Energy Institute
Policy organization of the nuclear energy industry

Nuclear Regulatory Commission
Government regulation/oversight

Nuclear Regulatory Commission Students' Corner
Overview information for children

Harris
The single-unit, 900-MW Harris Nuclear Plant is located near New Hill, N.C. It is Progress Energy's newest nuclear plant, beginning commercial operation in 1987.

- **Safety Information**
  PDF: 237 Kb
- **Información sobre seguridad**
  PDF: 214 Kb

- **Harris View**
  PDF: 123 Kb
  A newsletter for neighbors of the Harris Nuclear Plant, New Hill, N.C.

Robinson
The single-unit, 710-MW H.B. Robinson Nuclear Plant is located near Hartsville, S.C. This site also includes a coal-fired unit that generates 174 MW and a combustion turbine unit that generates 15 MW.

- **Safety Information**
  PDF: 219 Kb
- **Información sobre seguridad**
  PDF: 214 Kb

TOP ↑

Progress Energy

Print Close Window

Executive Management

Robert B. (Bob) McGehee
Chairman and Chief Executive Officer
Progress Energy

Executive Officers

William D. (Bill) Johnson
President and Chief Operating Officer -
Progress Energy

Peter M. Scott III
President and CEO -
Progress Energy Service Company

Don K. Davis
Executive Vice President -
Diversified Operations
Progress Energy

(In alphabetical order)

Geoffrey S. Chatas
Executive Vice President and Chief
Financial Officer - Progress Energy

Jeffrey (Jeff) Lyash
Senior Vice President -
Energy Delivery
Progress Energy Florida

Fred N. Day IV
President and
Chief Executive Officer
Progress Energy Carolinas

John R. McArthur
Senior Vice President -
Corporate Relations
Progress Energy Service Company,
General Counsel and Corporate Secretary

H. William (Bill) Habermeyer Jr.
President and Chief Executive Officer
Progress Energy Florida

E. Michael (Mike) Williams
Senior Vice President -
Power Operations
Progress Energy Carolinas and Progress
Energy Florida

C.S. (Scotty) Hinnant
Senior Vice President and Chief Nuclear
Officer - Nuclear Generation
Progress Energy

Lloyd Yates
Senior Vice President -
Energy Delivery
Progress Energy Carolinas

9

Other Officers

William (Bill) P. Ainsworth
President
Progress Rail Services Corp.

Bruce M. Baldwin
Vice President
Combustion Turbine Operations

Martha Barnwell
Vice President
North Coastal Region

Robert (Bob) H. Bazemore Jr.
Vice President and Controller
Accounting

Robert (Rob) F. Caldwell
Vice President
Regulated Commercial Operations

Jeffrey (Jeff) A. Corbett
Vice President
Distribution

Robert (Bob) M. Deacy
Senior Vice President
Gas Operations (Progress Fuels)

Vincent (Vinny) M. Dolan
Vice President
Regulatory and Customer Relations - Florida

Joe Donahue
Vice President
Nuclear Engineering & Services

Rodney E. Gaddy
Vice President
Corporate Services

Cornelius (Neil) J. Gannon
Vice President
Brunswick Nuclear Plant

Emerson F. Gower Jr.
Vice President
Southern Region

R. Erik Hansen
Vice President
System Planning & Operations

Anne M. Huffman
Vice President
Human Resources

Jackie Joyner
Vice President
Eastern Region

Mark F. Mulhern
President
Progress Ventures

Mark A. Myers
Vice President
Corporate Planning

Carol Nelson
Vice President
Tax

J. Dale Oliver
Vice President
South Central Region

David A. Phillips
Vice President
South Coastal Region

Hilda Pinnix-Ragland
Vice President
Northern Region

Billy R. Raley
Vice President
North Central Region

Dede F. Ramoneda
Vice President and Chief Information Officer
Information Technology & Telecommunications

Sarah S. Rogers
Vice President
Transmission

James (Jim) Scarola
Vice President
Harris Nuclear Plant

Frank A. Schiller
Vice President
Legal
General Counsel
Progress Energy Service Company

Paula J. Sims
Vice President
Regulated Fuels

Robert A. Sipes
Vice President
Western Region

Jeff Stone
Vice President
Capital Planning & Control

Thomas (Tom) R. Sullivan
Vice President and Treasurer
Treasury

Joel Y. Kamya
Vice President
Plant Construction & Technical Services

Jack S. Keenan
Vice President
Fossil Generation

Michael A. Lewis
Vice President
Distribution Operations & Support

R. Tucker Mann
Vice President
Customer & Market Services

John W. Moyer
Vice President
Robinson Nuclear Plant

Ronald (Ron) J. Mudry
President
Progress Telecom

Nancy H. Temple
Vice President
Corporate Communications

P.E. (Gene) Upchurch III
Vice President
State Public Affairs & Economic Development

Alfred (Fred) A. Verardi
Senior Vice President
Coal & Terminal Operations

Elwyn D. Wood
Vice President
Audit Services

Dale E. Young
Vice President
Crystal River Nuclear Plant

TOP ↑

Progress Energy

Print Close Window

Board of Directors

ROBERT B. McGEHEE

Chairman and Chief Executive Officer, Progress Energy, Inc.
Raleigh, N.C.

Elected to the board in 2004. Serves as chairman.

EDWIN B. BORDEN

Retired President, The Borden Manufacturing Co. (textile management services)
Goldsboro, N.C.

Elected to the board in 1985 and sits on the following committees: Corporate Governance Committee; Organization and Compensation Committee; and Operations, Environmental, Health and Safety Issues Committee.

JAMES E. BOSTIC, JR.

Executive Vice President, Georgia-Pacific Corp. (manufacturer and distributor of tissue paper, pulp, packaging, building products and related chemicals)
Atlanta, Ga.

Elected to the board in 2002 and sits on the following committees: Audit and Corporate Performance Committee; and Operations, Environmental, Health and Safety Issues Committee.

DAVID L. BURNER

Retired Chairman and Chief Executive Officer, Goodrich Corp. (aerospace components, systems and services)
Charlotte, N.C.

Elected to the board in 1999 and sits on the following committees: Audit and Corporate Performance Committee, and Finance Committee.

CHARLES W. COKER

Retired Chairman, Sonoco Products Co. (manufacturer of paperboard and paper and plastic packaging products)
Hartsville, S.C.

Elected to the board in 1975 and sits on the following committees: Corporate Governance Committee, Finance Committee, and Organization and Compensation Committee.

RICHARD L. DAUGHERTY

Formerly Executive Director, NCSU Research Corp., Vice President, IBM PC Company, and Senior State Executive, IBM Corp.
Raleigh, N.C.

12

Elected to the board in 1992 and sits on the following committees: Audit and Corporate Performance Committee; Corporate Governance Committee; and Operations, Environmental, Health and Safety Issues Committee.

W. D. "BILL" FREDERICK, JR.

Citrus grower and rancher, formerly mayor of Orlando, and partner in the law firm of Holland & Knight Orlando, Fla.

Elected to the board in 2000 and sits on the following committees: Audit and Corporate Performance Committee; and Operations, Environmental, Health and Safety Issues Committee.

W. STEVEN JONES

Dean of Kenan-Flagler Business School at the University of North Carolina at Chapel Hill
Chapel Hill, N.C.

Elected to the board in 2005 and sits on the following committees: Finance Committee and Organization and Compensation Committee.

WILLIAM O. McCOY

Franklin Street Partners (investment management), formerly Vice Chairman of the Board, BellSouth Corp., and President and Chief Executive Officer, BellSouth Enterprises
Chapel Hill, N.C.

Elected to the board in 1996 and sits on the following committees: Finance Committee, Organization and Compensation Committee.

E. MARIE McKEE

Senior Vice President, Corning, Inc. (developer of technologies for glass, ceramics, fiber optics and photonics) and President and Chief Executive Officer, Steuben Glass
Corning, N.Y.

Elected to the board in 1999 and sits on the following committees: Operations, Environmental, Health and Safety Issues Committee; and Organization and Compensation Committee.

JOHN H. MULLIN, III

Chairman, Ridgeway Farm, LLC (farming and timber management) and formerly a Managing Director, Dillon, Read & Co. (investment bankers)
Brookneal, Va.

Elected to the board in 1999 and sits on the following committees: Organization and Compensation Committee, Corporate Governance Committee, and Finance Committee.

PETER S. RUMMELL

Chairman and CEO, The St. Joe Company (a real estate operating company)

Jacksonville, Fla.

Elected to the board in 2003 and sits on the following committees: Corporate Governance Committee; Operations, Environmental, Health and Safety Issues Committee; and Organization and Compensation Committee.

CARLOS A. SALADRIGAS

Chairman, Premier American Bank, and Retired Chief Executive Officer, ADP TotalSource
Miami, Fla.

Elected to the board in 2001 and sits on the following committees: Audit and Corporate Performance Committee and Finance Committee.

THERESA M. STONE

Chief Financial Officer and Executive Vice President, Jefferson Pilot Corp. (insurance and financial services company) and President of Jefferson-Pilot Communications Co., (radio and television broadcasting company)
Greensboro, N.C.

Elected to the board in 2005 and sits on the following committees: Audit and Corporate Performance Committee and Finance Committee.

JEAN GILES WITTNER

President, Wittner & Co., Inc. and subsidiaries (real estate management and insurance brokerage and consulting)
St. Petersburg, Fla.

Elected to the board in 2000 and sits on the following committees: Audit and Corporate Performance Committee; and Operations, Environmental, Health and Safety Issues Committee.

TOP ↑

IssueAlert®

Article Info

Printer friendly

Auction Begins for Seabrook Nuclear Plant; Entergy, Exelon and Dominion Likely to Participate - By Will McNamara
Daily IssueAlert
12/4/2001

Free
[*News item from Business Wire*] The New Hampshire Public Utilities Commission (NHPUC), in coordination with the Connecticut Department of Public Utility Control, announced the auction of 88.2 percent of the ownership sales of Seabrook Station, a nuclear generating facility located on the Atlantic coast in southeastern New Hampshire. The NHPUC has retained the investment banking firm of J.P. Morgan as exclusive financial advisor to conduct the auction sale process, which is expected to be completed by the end of 2002.

Analysis: This is a significant development, as Seabrook Station represents the last nuclear plant to come up for sale in the Northeastern United States, the largest hub of nuclear plants in the nation. It is also a comparatively young plant. Consequently, there should be a great deal of activity surrounding this auction as a handful of energy companies—particularly Entergy Corp. (NYSE: ETR), Exelon Corp. (NYSE: EXC) and Dominion Resources (NYSE: D)—have made it clear that nuclear power will play an increasingly important part of their competitive strategies in the years to come. In addition, nuclear power has been the object of renewed interest in the energy industry for the last several years, but especially since the California energy crisis cast doubt of energy supplies across the country. While still being a controversial fuel source, to a niche segment of the energy industry nuclear power represents a lucrative business proposition. Within this space, Seabrook is somewhat of a crown jewel, considering its young life, location in the high-demand Northeast market, access to existing transmission lines, and success in passing recent security testing.

As noted, Seabrook—one of the largest nuclear generating stations in New England—is located in southeastern New Hampshire, about two miles inland from the coastline. The location is about one hour north of Boston and 20 minutes south of Portsmouth, N.H. Seabrook is a 1,150-MW plant that uses a Westinghouse pressurized water reactor that reportedly supplies power to about one million New England homes. The plant directly connects to three 345-kV transmission lines that enable power generated at the plant to directly reach high-growth regional markets in the Northeast.

Seabrook was designed in the 1970s and built in the 1980s, making it one of the youngest nuclear plants in the country. Although Seabrook received a license from the Nuclear Regulatory Commission (NRC) in 1986, a series of legal challenges kept the plant from commercial operation until August 1990. Since beginning commercial operation in 1990, Seabrook has reportedly operated at a lifetime capacity factor of approximately 80.5 percent, demonstrating the plant's strong operating history. Plans for a second reactor at Seabrook were abandoned in 1984.

Presently, Seabrook is owned by a consortium of New England utility companies, electric cooperatives, merchant power companies and municipal power authorities. A majority interest in the plant (as noted, 88.2 percent) is being put up for auction. Selling owners of Seabrook and their current stakes in the plant include North Atlantic Energy Corporation (35.9 percent), The United Illuminating Company (17.50 percent), Great Bay Power Corporation (12.13 percent) New England Power

Company (9.96 percent), The Connecticut Light and Power Company (4.06 percent), Canal Electric Company (3.52 percent), Little Bay Power Corporation (2.90 percent), and New Hampshire Electric Cooperative (2.17 percent). The sale includes remaining structures, components and parts of Seabrook Unit 2, which was only 25-percent completed before being mothballed. A portion of Seabrook Unit 1 is also included in the sale. North Atlantic Energy Services Corp. (NAESCO), a unit of Northeast Utilities (NYSE: NU) owns 40 percent of Seabrook unit 1, with the remaining interest shared by the other utilities. In addition to the ownership breakdown, North Atlantic, a unit of Northeast Utilities, operates the plant for the consortium of New England utilities. Note that three of the 10 owners previously decided not to sell their collective 12-percent share of the 11-year-old pressurized water reactor.

J.P. Morgan Chase is overseeing the auction process. The successful bidder will also have to seek a license transfer from the NRC. Note that J.P. Morgan also recently oversaw the auction for the 540-MW Vermont Yankee Nuclear Plant in August, in which Entergy Corp. was the successful bidder and paid $180 million for the plant. The closing of this deal is expected in the spring of 2002, pending various approvals. A spokesman for the NHPUC previously disclosed that a tentative agreement had been reached on the decommissioning fund for the Seabrook plant. New Hampshire law requires a decommissioning fund beyond the amount stated under federal law for site clean-ups.

In addition to its prime location, Seabrook also may be a particularly appealing asset due to recognition the plant recently received after a security check. Officials at the plant claim that Seabrook's 200-foot reactor dome, which includes two barriers, "is incredibly strong" and would be able to withstand a terrorist strike. The plant's outer barrier is 1-½ feet thick and the inner barrier is 4-½ feet thick. The two barriers are separated by a five-foot air space. Further, inside the dome, the reactor is protected by steel walls between 9 inches and one-foot thick.

Regarding potential bidders for the Seabrook plant, I have already mentioned Entergy, Exelon and Dominion, which I see as the three most likely candidates. In addition to purchasing existing nuclear plants, these companies also are considered to be the likely candidates to build a new generation of reactors at existing nuclear plants or lobby to build an entirely new nuclear plant. The last nuclear reactor was ordered in the United States in 1978. After the March 1979 partial meltdown of a reactor core at Three Mile Island in Pennsylvania, new plant orders stopped, and 35 power plants under construction were canceled.

Entergy, which purchased Indian Point Units 1 and 2 in Westchester, N.Y., from Consolidated Edison last September, has clearly acknowledged that it will be a bidder in the auction for Seabrook. The purchase of Indian Point Unit 2 is Entergy's ninth operating nuclear unit, and fourth in the Northeast (Indian Point Unit 1 has been shut down and in safe storage since the early 1970s). In fact, since 1999, Entergy has been an active bidder on most every nuclear plant that has come onto the auction block. Entergy also recently disclosed that it is studying possible new reactors at seven of its plants, and would consider building a second reactor at Seabrook if it is the successful bidder in the auction.

Dominion, which owns the Millstone Power Station in Waterford, Conn., along with two other nuclear plants in Virginia, has also expressed interest in the Seabrook plant. The plant would fit geographically within Dominion's business strategy, which is focused on the Midwest to Northeast energy market. In addition, nuclear generation reportedly accounts for roughly 5,700 MW or roughly one-fourth of Dominion's 22,000-MW generation portfolio.

Exelon has the largest nuclear fleet in the nation and still outpaces most of the competition in the nuclear industry, owning a total of 17 reactors. However, Exelon does not own any nuclear assets in New England, which as noted is a lucrative hub for nuclear power. Exelon may be enticed by the Seabrook auction as a way to establish a presence in this region. In addition, Exelon Corp. has said it will announce plans for a new reactor early next year, but has not said where.

In addition to these three companies, I would also suspect that AmerGen and Constellation Energy will also participate in the auction. AmerGen—which was

16

formed as a partnership between PECO Energy and British Energy—unsuccessfully bid for the Indian Point nuclear plant but lost out to Entergy Corp. Of course, with the completed merger between PECO and Unicom, AmerGen is now considered to be a part of the larger Exelon family. Constellation's generation assets are presently based in a mixture of coal and nuclear, but Constellation seems to be moving closer toward a nuclear-based portfolio (evidenced by its purchase of the Nine Mile Point Units 1 and 2 in New York).

As of October 2001, the NRC had received license-renewal applications from eight companies for 20 of the nation's 103 operating commercial nuclear reactors. In addition, according to the NRC, more than 90 percent of existing nuclear plants will seek license renewal. This, along with the projection of new nuclear plants being built in the near term, gives a strong signal that nuclear power is not only here to stay (at least for the foreseeable future), but may also see its stature elevated as a viable alternative to natural gas and coal. Still, getting a new nuclear plant sited and built may be easier said than done. Besides the adversary nature of the political and economic climate, a number of economic factors challenge the development of nuclear generation. Along with the cost and speed at which they can be built, the challenge for building new plants includes the uncertain licensing process. After the Three Mile Island accident in March 1979, nuclear power in general hit a brick wall. After the backlash that occurred as a result of that accident, on average it took about 12 years to build and license a nuclear plant in the 1980s, more than twice as long as it took before 1979. In recent history, no utilities have ordered new reactors because of the overriding preference, and lower costs, of natural gas.

IssueAlert Archive

Click here **to receive SCIENTECH's daily IssueAlert via e-mail.**

Constellation Generation Group

- We own or co-own 103 generating units at 34 locations.
- We have nearly 12,000 megawatts of generating capacity.
- We expect to generate more than 57 million megawatt hours in 2005.
- We have more than 100 years experience in generating electricity.

We are a highly interdependent team, generating electricity—safely, reliably, and competitively, with a passion for improvement and environmental stewardship.

Our Success

Our Expertise

Our beginnings in generating electricity trace back to one of the first electric companies in the United States. With more than 100 years of experience, we know how to generate electricity. Through the many changes in our industry and business, a constant for us has been to operate power plants safely and efficiently.

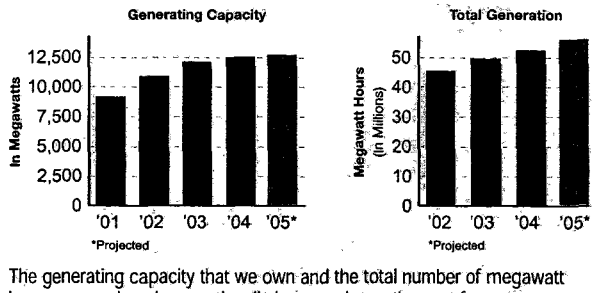
Productivity

Our goal is to be among the best—the top 25 percent of generating companies—in terms of production costs. We're using a number of productivity improvement programs to continue our focus on reducing costs, improving quality and reliability, lowering administrative and operational cycle times, and operating as efficiently as possible. In 2005, we expect more than $50 million in productivity gains.

Growth

Our growth comes from improving production at our existing generating facilities and adding new capacity by making strategic acquisitions. Because others in our industry need to sell generating plants to improve balance sheets, we look to strategically grow our portfolio by acquiring generation assets that fit our strategic plans.

Generating Growth



The generating capacity that we own and the total number of megawatt hours we produce has continually increased over the past few years.

Our Strategy

Shareholder Value

Help Constellation Energy create shareholder value by owning and operating a national fleet of generating plants located strategically in and near areas where deregulation enables customers to choose their energy suppliers.

Earnings Growth

Achieve earnings growth by:

- Maximizing the value of our generating plants with production, reliability and cost-containment improvements.
- Strategically adding new assets to our fleet of generating plants.

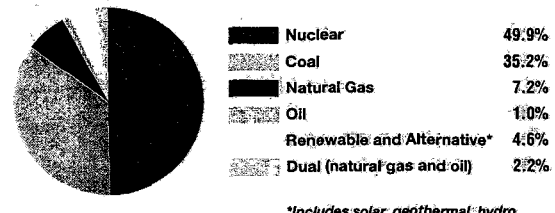
Our Customers

Wholesale customers such as distribution utilities with no generation assets, including Baltimore Gas and Electric Company, electric co-operatives, municipalities, and power marketers.

Our Strengths

Diversity

Our generating facilities are strategically located and use a variety of fuels.



As of February 2005

*Includes solar, geothermal, hydro, biomass, and waste-to-energy

Our Portfolio

Constellation Generation Group has a generation profile of nearly 12,000 megawatts.

Generating Facilities	Fuel Source	Capacity Owned
California		
ACE	Coal	31 MW
Chinese Station	Biomass	10 MW
High Desert	Gas	830 MW
Malacha	Hydro	16 MW
Mammoth Lakes G-1	Geothermal	4 MW
Mammoth Lakes G-2	Geothermal	6 MW
Mammoth Lakes G-3	Geothermal	6 MW
Rio Bravo Jasmin	Coal	17 MW
Rio Bravo Poso	Coal	17 MW
Rio Bravo Fresno	Biomass	12 MW
Rio Bravo Rocklin	Biomass	12 MW
SEGS IV	Solar	2 MW
SEGS V	Solar	3 MW
SEGS VI	Solar	3 MW
Illinois		
Holland Energy	Gas	665 MW
University Park	Gas	300 MW
Maryland		
Brandon Shores	Coal	1286 MW
Calvert Cliffs	Nuclear	1735 MW
C.P. Crane	Coal/Oil	399 MW
H.A. Wagner	Coal/Oil/Gas	1009 MW
Notch Cliff	Gas	128 MW
Perryman	Oil/Gas	360 MW
Philadelphia Road	Oil	64 MW
Riverside	Oil/Gas	249 MW
Westport	Gas	121 MW
Nevada		
Soda Lake I	Geothermal	2 MW
Soda Lake 2	Geothermal	7 MW
New York		
Nine Mile Point	Nuclear	1,550 MW
R.E. Ginna	Nuclear	495 MW
Pennsylvania		
Colver	Waste Coal	28 MW
Panther Creek	Waste Coal	42 MW
Handsome Lake	Gas	250 MW
Keystone	Coal	358 MW
Conemaugh	Coal	181 MW
Safe Harbor	Hydro	278 MW
Texas		
Rio Nogales	Gas	800 MW
Utah		
Sunnyside	Waste Coal	26 MW
Virginia		
Wolf Hills	Gas	250 MW
West Virginia		
Big Sandy	Gas	300 MW

Institutional Investors and Analysts
Kevin Hadlock
Manager, Investor Relations
kevin.hadlock@constellation.com
410-783-3647

Individual Investors and Shareholders
www.amstock.com
800-258-0499

Media
Corporate Communications
communications@constellation.com
410-234-7433

Constellation Energy

The way energy **works.**

constellation.com

Dominion
It all starts here.

HAVE YOU SEEN D TODAY?

Learn About Us:

- Corporate Overview
- Governance
- Dominion Companies
- Company History
- Community Focus
- Educational Programs
- Executive Perspective
- Media Relations
- Job Opportunities

Corporate Overview

Dominion is one of the nation's largest producers of energy. The company's asset portfolio consists of about 28,100 megawatts of power generation, 6,000 miles of electric transmission, about 6 trillion cubic feet equivalent of proved natural gas reserves, 7,900 miles of natural gas pipeline and the nation's largest natural gas storage system, with more than 965 billion cubic feet of storage capacity. Dominion also serves retail energy customers in nine states. Corporate headquarters are in Richmond, Va.

Dominion's strategy is to be a leading provider of electricity, natural gas and related services to customers in the energy-intensive Midwest, Mid-Atlantic and Northeast regions of the U.S., a potential market of 50 million homes and businesses where 40 percent of the nation's energy is consumed.

In 2004, Dominion's operating revenues were $14.0 billion. Total assets were $45.4 billion.

- View an interactive map of Dominion's assets.
- Read more facts about Dominion.

Select from among our topics to learn more about who we are and our involvement in the communities we serve.

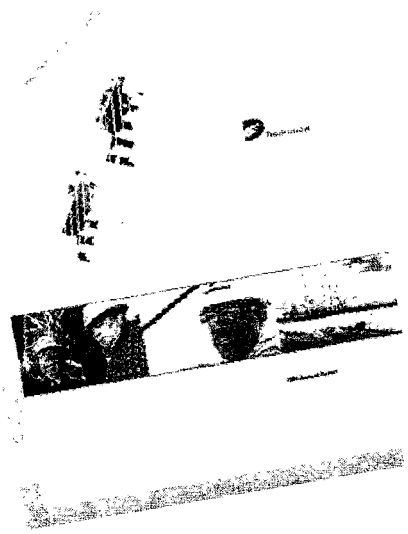
20

Dominion®

Facts About Dominion

2005 Edition

Dominion is one of the nation's leading energy companies. We trade under the symbol "D" on the New York Stock Exchange and are proud to have the confidence of more than 400,000 shareholders. We're also privileged to serve more than 5 million retail energy customer accounts in nine states. As one of the nation's largest producers of natural gas and electric power, we're an established wholesale energy marketer. Our $45.4 billion asset base includes 28,146 megawatts of electric generation, 5.9 trillion cubic feet equivalent of proved gas and oil reserves, and nearly 7,900 miles of natural gas transmission pipeline. We also operate the nation's largest natural gas storage system, with 965 billion cubic feet of capacity.



For copies of the ***2004 Dominion Annual Report*** or ***Facts About Dominion***, contact Creative Services, Dominion Resources Services, Inc., P.O. Box 26666, Richmond, VA, 23261-6666. Or by phone at (804)771-4515.

Our Vision

Continue to operate—and grow to an even more substantial position—as a profitable natural gas and electric power company serving customers in America's most energy-intensive market: the Mid-Atlantic, Northeast and Midwest. The region comprises about a quarter of the nation's landmass, but it accounts for about 40 percent of the energy consumed.

Dominion Facts

- Headquarters: Richmond, Virginia
- NYSE Symbol: D
- Operations, customers and employees in more than 20 states, the District of Columbia and Canada
- Assets: $45.4 billion
- Operating revenue: $14 billion
- Shareholders: more than 400,000
- Full-time employees: about 16,500
- Electric power and natural gas utility customer accounts: 4 million in five states
- Competitive energy services customer accounts: 1.2 million in nine states as of February 2005
- Generating portfolio: 28,146 megawatts of electric generating capacity as of January 2005
- Interstate natural gas transmission pipeline: 7,900 miles
- Electric transmission lines: 6,000 miles
- Underground natural gas storage system: 965 billion cubic feet, the nation's largest, includes 26 storage fields and more than 2,000 storage wells and approximately 372,000 acres of operated leaseholds
- Proved gas and oil reserves: 5.9 trillion cubic feet equivalent
- Daily gas and oil production: about 1.2 billion cubic feet equivalent
- Net gas and oil wells drilled in 2004: 1,032

Data in this publication is as of December 31, 2004, unless otherwise indicated.

Dominion Generation

- Manages electric utility and merchant fleet generation operations that include a diversified mix of coal, gas, nuclear, oil, hydro, and purchased power.
- Owns 28,146 megawatts of electric generating capacity as of January 2005.
- Operates utility and merchant electric generation stations in Virginia, West Virginia, North Carolina, Connecticut, Illinois, Indiana, Pennsylvania and Ohio.
- Acquired three power stations in Massachusetts and Rhode Island in January 2005 and expects to complete acquisition of a power station in Wisconsin by the second quarter of 2005.

Dominion Energy

- Transports energy through nearly 7,900 miles of natural gas transmission pipelines and 6,000 miles of electric transmission lines.
- Operates wholly owned and jointly owned underground natural gas storage system with approximately 762 billion cubic feet of storage capacity in Pennsylvania, West Virginia and New York.
- Operates Dominion Cove Point, the nation's largest liquefied natural gas import and storage facility. Dominion Cove Point is on the Chesapeake Bay near Baltimore, Maryland, with 7.8 billion cubic feet of storage capacity and daily sendout capacity of 1 billion cubic feet.
- Manages commodity risks and finds opportunities to meet fuel needs economically and makes smart fuel sales supporting other Dominion business operations.

Dominion Delivery

- Serves about 2.3 million utility electricity customer accounts in Virginia and northeastern North Carolina through approximately 54,000 miles of distribution lines.
- Serves about 1.7 million utility natural gas customer accounts in Ohio, Pennsylvania and West Virginia through approximately 27,000 miles of distribution pipes.
- Operates about 203 billion cubic feet of underground gas storage capacity in Ohio, Pennsylvania and West Virginia.
- Provides competitive energy services to about 1.2 million residential and commercial customer accounts in the Northeast, Mid-Atlantic and Midwest.

Dominion Exploration & Production

- Among the largest independent natural gas and oil exploration, development and production companies in North America.
- Owns 5.9 trillion cubic feet equivalent of proved natural gas and oil reserves.
- Produces nearly 1.2 billion cubic feet equivalent gas and oil daily from more than 26,000 wells.
- Manages onshore and offshore operations in major North American basins: West Texas, Appalachian basin, Michigan basin, Mid-continent, Rocky Mountains, Gulf Coast, western Canada and offshore Gulf of Mexico.
- Operates Devils Tower, the world's deepest spar platform. Devils Tower is more than 100 miles southeast of New Orleans in the Gulf of Mexico.

Community Responsibility

- Invests in communities through volunteering and philanthropy.
- Contributes more than $10 million annually to the environment, education, arts and culture, community development, and health and human services in the states where we operate or the locations where we have significant facilities or business interests.

Environmental Commitment

- Practices environmental stewardship and conducts business in an environmentally responsible manner.
- Supports community and employee environmental preservation efforts and activities.
- Promotes research and development programs and technologies aimed at environmental improvements.

Data in this publication is from the Dominion Resources, Inc. 2004 Annual Report and 2004 Form 10-K Annual Report. Unless otherwise noted, data is as of December 31, 2004. For copies of these publications contact: Investor Relations Department, Dominion Resources, Inc., P.O. Box 26532, Richmond, VA 23261-6666. Or e-mail to: Investor_Relations@dom.com.

www.dom.com

2005-150/5.4.05

FPL Energy Portfolio / Fuel Type

June 30, 2005	FPL Energy Portfolio / Region		
PROJECT	**LOCATION**	**GROSS MW**	**NET MW**
GAS			
Bayswater	Far Rockaway, NY	54.0	54.0
Bellingham	Bellingham, MA	300.0	150.0
Blythe I	Blythe, CA	507.0	507.0
Calhoun	Eastaboga, AL	668.0	668.0
Cherokee	Gaffney, SC	98.0	49.0
Doswell	Richmond, VA	879.0	879.0
Forney	Forney, TX	1,789.0	1,699.6
Lamar Power Partners	Paris, TX	1,000.0	1,000.0
Marcus Hook 50	Marcus Hook, PA	50.0	50.0
Marcus Hook 750	Marcus Hook, PA	744.0	744.0
RISEP	Johnston, RI	550.0	550.0
Sayreville	Sayreville, NJ	290.0	145.0
Gas sub-total		**6,929.0**	**6,495.6**
WIND			
Cabazon	Riverside County, CA	39.8	39.8
Callahan Divide	Taylor County, TX	114.0	114.0
Cameron Ridge	Kern County, CA	59.7	29.8
Cerro Gordo	Cerro Gordo County, IA	41.3	41.3
Delaware Mountain	Culberson County, TX	29.3	29.3
Diablo Wind	Alameda County, CA	20.5	20.5
Gray County	Gray County, KS	112.2	112.2
Green Mountain	Somerset County, PA	10.4	10.4
Green Power	Riverside County, CA	16.5	16.5
Green Ridge Power	Alameda & Contra Costa Counties, CA	159.0	79.5
Hancock County	Hancock County, IA	97.7	97.7
High Winds	Solano County, CA	162.0	162.0
Indian Mesa	Upton County, TX	82.5	82.5
King Mountain	Upton County, TX	281.2	281.2
Lake Benton II	Pipestone County, MN	103.5	103.5

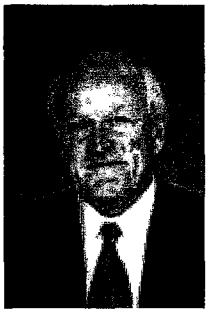
Meyersdale	Somerset County, PA	30.0	30.0
Mill Run	Fayette County, PA	15.0	15.0
Mojave 16/17/18	Kern County, CA	85.0	42.5
Mojave 3/5	Kern County, CA	46.0	22.1
Montfort	Iowa County, WI	30.0	30.0
Mountaineer	Preston & Tucker Counties, WV	66.0	66.0
New Mexico	Quay & Debaca Counties, NM	204.0	204.0
North Dakota	LaMoure County, ND	61.5	61.5
Oklahoma	Harper & Woodward Counties, OK	102.0	102.0
Pacific Crest	Kern County, CA	47.0	23.5
Ridgetop	Kern County, CA	30.8	15.4
Sky River	Kern County, CA	77.0	77.0
Somerset	Somerset County, PA	9.0	9.0
South Dakota	Hyde County, SD	40.5	40.5
Southwest Mesa	Upton & Crockett Counties, TX	74.9	74.9
Stateline	Umatilla Co., OR & Walla Walla Co., WA	300.0	300.0
TPC Windfarms	Kern County, CA	29.0	14.5
Vansycle	Umatilla County, OR	24.9	24.9
Victory Garden IV	Kern County, CA	22.0	22.0
Waymart	Wayne County, PA	64.5	64.5
Weatherford	Custer County, OK	106.5	106.5
Wind Power Ptrs. '90	Alameda & Contra Costa Counties, CA	15.0	7.5
Wind Power Ptrs. '91	Alameda & Riverside Counties, CA	23.9	11.9
Wind Power Ptrs. '91-2	Alameda & Contra Costa Counties, CA	27.9	13.9
Wind Power Ptrs. '92	Alameda & Contra Costa Counties, CA	30.0	15.0
Wind Power Ptrs. '93	Riverside Counties, CA	41.4	20.7
Wind Power Ptrs. '93	Lincoln County, MN	26.3	13.2
Windpower Ptrs. '94	Culberson County, TX	40.9	27.2
Woodward Mountain	Upton & Pecos Counties, TX	160.0	160.0
Wyoming	Uinta County, WY	144.0	144.0
Wind sub-total		**3,304.6**	**2,979.4**
NUCLEAR			
Seabrook	Seabrook, NH	1,220.0	1,076.0
Nuclear sub-total		**1,220.0**	**1,076.0**
HYDRO			
Maine-Hydro	Maine	364.5	360.9
Hydro sub-total		**364.5**	**360.9**

OIL			
Jamaica Bay	Far Rockaway, NY	54.0	54.0
Wyman, Cape	Yarmouth and South Portland, ME	273.0	273.0
Wyman 4	Yarmouth, ME	620.0	383.0
Oil sub-total		**947.0**	**710.0**
SOLAR			
SEGS III	Kramer Junction, CA	30.0	15.0
SEGS IV	Kramer Junction, CA	30.0	11.4
SEGS V	Kramer Junction, CA	30.0	13.7
SEGS VI	Kramer Junction, CA	30.0	12.4
SEGS VII	Kramer Junction, CA	30.0	15.0
SEGS VIII	Harper Lake, CA	80.0	40.0
SEGS IX	Harper Lake, CA	80.0	40.0
Solar sub-total		**310.0**	**147.5**
OTHER			
Birch (Coal)	Frackville, PA	79.5	4.3
Ebensburg (Coal)	Ebensburg, PA	47.3	9.5
Montgomery County (Waste)	Conshohoken, PA	27.1	10.8
Port of Stockton (Coal)	Stockton, CA	44.0	44.0
Other sub-total		**197.9**	**68.6**
Total in operation		**13,273.0**	**11,838.0**
UNDER CONSTRUCTION/ADVANCED DEVELOPMENT			
Duane Arnold Energy Center	Cedar Rapids, IA	598.0	418.6
Horse Hollow Wind	Taylor County, TX	210.0	210.0
Weatherford Expansion	Custer County, OK	40.5	40.5
Total under construction/advanced development		**848.5**	**669.1**
Total in operation, under construction and in advanced development		**14,121.5**	**12,507.1**

TOP

25

Peter Cartwright
Chairman, Chief Executive Officer and President

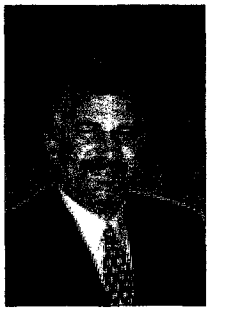


Peter Cartwright is a recognized leader in the U.S. power industry. Having served the power industry for more than 40 years in Asia, Latin America, Europe and the United States, Cartwright has cultivated a unique and highly effective management approach. He founded Calpine in 1984 to participate in the emerging independent power industry. He is an engineering graduate of Princeton and Columbia universities, and served as an officer in the U.S. Navy Civil Engineer Corps. While working for General Electric Company, Cartwright was involved in building nuclear power plants in Japan, Taiwan, India and Mexico. In 1979, Cartwright left GE to start a western regional office for the New York-based architect-engineering firm Gibbs & Hill. He is a professional engineer licensed in New York and California.

Ann B. Curtis
Vice Chairman, Executive Vice President and Corporate Secretary

Ann B. Curtis is one of the founders of Calpine, and has served the power industry for 25 years in various management positions. Working closely with Chairman and CEO Peter Cartwright, she ensures the company's strategic objectives are met, and guides the financial, organizational and administrative functions of the company. She is corporate secretary and an officer of the company's subsidiaries. During her distinguished career, she has played a prominent role in providing the financial and administrative resources to build Calpine into a premier U.S. power company.

Richard Barraza
Senior Vice President, Investor Relations



Richard Barraza oversees Calpine's investor relations group, working closely with investors and the financial community. He joined Calpine in 1986 as an accountant, became director of financial planning and analysis in 1992, and five years later was promoted to vice president of investor relations. In 2000, Barraza was recognized as "Best Investor Relations Officer" by Investor Relations Magazine. He holds a bachelor of science degree in accounting from San Jose State University.

Lisa Bodensteiner
Executive Vice President, General Counsel

Lisa Bodensteiner oversees all corporate legal and insurance affairs, and functions as compliance officer and assistant secretary for Calpine. Bodensteiner joined Calpine in 1996 as associate counsel. Since then, her responsibilities have expanded to include overseeing Calpine's legal staff throughout the country. Bodensteiner also serves on Calpine's Management

26

Board, which oversees operations of the power and fuels companies. Prior to joining Calpine, Bodensteiner was an associate with Thelen, Reid & Priest. She holds a bachelor of science degree in business administration and accounting from the University of Nevada and a juris doctor degree from Santa Clara University School of Law.

Charles B. Clark
Senior Vice President, Corporate Controller and Chief Accounting Officer

Charles B. Clark joined Calpine in 1999. He brings more than 20 years of domestic and international financial experience to the company. In his current position, he serves as the company's corporate controller and chief accounting officer. Clark is responsible for overseeing the corporate and project accounting functions and reporting to the federal Securities and Exchange Commission. Prior to joining Calpine, Clark was the chief financial officer of the Hobbs Group, LLC. He has earned a master's degree in business administration from Harvard Graduate School of Business Administration, and a bachelor of science degree in mathematics from Duke University.

Dennis Fishback
Senior Vice President, Chief Information Officer

Dennis Fishback joined Calpine in 2001. He oversees the development and integration of Calpine's information technology applications and operations to ensure Calpine remains at the forefront of technological advancement. Fishback brings to Calpine almost three decades of experience in the power industry, most recently serving at the California Independent System Operator where he supervised all information technologies activities for the states power grid. He also enjoyed a 20-year tenure with Virginia Power in fuels and information technology. In 2004, Fishback was recognized by Computerworld as one of the business world's Premier 100 IT Leaders for exemplary technology leadership in solving pressing business problems.

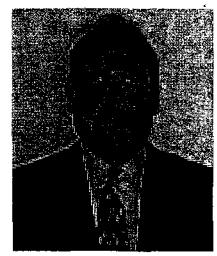
Robert E. Fishman
Senior Vice President, Development

Bob Fishman is responsible for development in North America, including project development, corporate mergers and acquisitions, new technology and renewables development, and Calpine's third-party technical services business. Before joining Calpine in 2001, Fishman was president of PB Power, Inc. During his nearly 30-year career, he has managed power project engineering services for more than 4,000 megawatts of gas turbine combined-cycle, cogeneration and peaking plants. He also has power plant operations experience as a chief engineer in the U.S. Navy. Fishman holds a bachelor's degree in mechanical engineering from the U.S. Naval Academy, a master's and engineer's degree in mechanical engineering from Massachusetts Institute of Technology, and a Ph.D. in mechanical engineering from the University of Maryland. He currently serves on the board of directors of Century Aluminum Company.

Darrell Hayslip
Senior Vice President, Marketing and Sales

Darrell Hayslip oversees marketing and sales in the Central U.S. Previously, he was senior vice president of system operations. He joined Calpine in 1998 as vice president of the central region's asset optimization function, charged with extracting value from the company's operating plants. Hayslip, who has more than 15 years experience in the power industry, has served as a board member of the Southwest Power Pool, the Electric Reliability Council of Texas, two committees of NERC, and the Gulf Coast Power Association. He holds a bachelor's degree in mechanical engineering from the University of Texas.

Greg Kelly
Senior Vice President, Marketing and Sales



Greg Kelly leads Calpine's North American marketing and sales efforts in the wholesale and retail marketplaces. Kelly joined Calpine in May 2003 and was responsible for successfully expanding Calpine's presence and contracts in the Northeast United States. He has previously worked for Long Island Lighting Company, Clark-Kenith Incorporated, and PG&E National Energy group in areas spanning independent power plant development, operations, and marketing natural gas and electricity. Kelly holds a Bachelor of Science degree in Mechanical Engineering from the Georgia Institute of Technology.

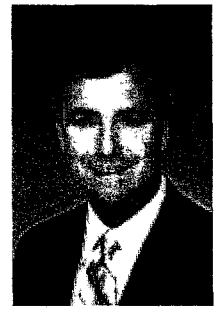
Robert D. Kelly
Executive Vice President, Chief Financial Officer, President - Calpine Finance

Robert Kelly leads all financial operations — including corporate accounting, finance, treasury and tax — and manages Calpine's corporate and project finance activities. His organization raised more than $40 billion, and he helped lead the company's $317 million initial public offering in 1996 — the largest in the history of the independent power industry. Kelly has worked in the power industry since 1982. Before joining Calpine in 1991, he was marketing manager of Westinghouse Credit Corporation and started its Energy Finance Division's western region. He holds a master's degree in business administration from Dalhousie University in Nova Scotia and a bachelor of commerce degree from Memorial University in Newfoundland.

Douglas L. Kieta
Senior Vice President, Calpine Construction Management Co., Inc.

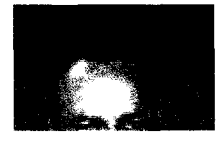
Douglas L. Kieta is responsible for managing all of Calpine's engineering and construction activities. To date, the Calpine Construct program has successfully completed more than 22,000 megawatts of new plant construction. Kieta has more than 38 years of profit center and project operations experience in the domestic and international power industries. Prior to joining Calpine, he served as president and CEO of Century Contractors West, Inc. During his time there, the company constructed more than 3,500 megawatts of new power generation projects. Kieta holds a bachelor's degree in civil engineering from Clarkson University and a master's degree in civil engineering from Cornell University.

John King
Senior Vice President, International



John King joined the Calpine Finance department in 1995, and currently is responsible for international operations. From 1997 until 2000, King was a vice president of business development, responsible for numerous acquisitions, including Gas Energy Inc., Cogeneration Company of America and Sheridan Energy Inc. In 2000 and 2001, King was in charge of business development for Calpine in the western United States. Prior to joining Calpine, King was the chief operating officer of Charter Media, Inc. He holds a bachelor of science in commerce degree from Santa Clara University, and a master's degree in business administration from California State University, Hayward.

E. James Macias
Executive Vice President



As head of Commercial Operations, James Macias directs the activities of

Calpine's Energy Services and Marketing and Sales operations, and integrates activities with the power generation and natural gas businesses. Macias is also on the Board of Calpine Power Company and Calpine Fuels Company. Macias joined Calpine in 2000, and previously was senior vice president of Calpine's Power and Industrial Marketing group. Prior to joining Calpine, Macias was a senior vice president with Pacific Gas & Electric, where he managed the utility's electricity and gas transmission systems, gas supply program and power generation business. He holds a bachelor of science degree in mechanical engineering from California Polytechnic State University, San Luis Obispo, and is a graduate of the Harvard University Graduate School of Business, Program for Management Development.

Frederick L. Manuel
Senior Vice President, Operations, Safety, Health and Environment

Frederick L. (Fred) Manuel manages Calpine Fleet Operations, which is responsible for portfolio-wide operations and maintenance issues for Calpine's natural gas-fired power plants. Manuel also manages Calpine's Operational Review for Excellence (CORE) program — a power plant inspection, review and audit program. In addition, he is responsible for managing the company's safety, health and environmental areas. He previously served as senior vice president for geothermal assets. Manuel has more than 24 years of experience in the power generation and oil and gas industries. Before joining Calpine in 1999, he was senior vice president, generation, for CalEnergy, an affiliate of MidAmerican Energy Holdings Company. Manuel holds a degree in mechanical engineering from Vanderbilt University.

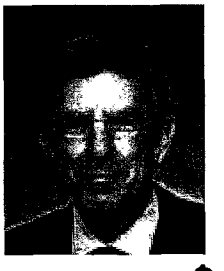
Carolyn W. Marsh
Senior Vice President, Corporate Acquisitions

Carolyn Marsh has more than 15 years' experience in the energy industry. Since joining Calpine, she has been at the forefront of the company's major acquisition activities. She and her staff have significantly expanded Calpine's gas-fired generation base and natural gas portfolio. Marsh was actively involved in Calpine's acquisition of Encal Energy, SkyGen Energy, and several other projects. As senior vice president, she and her team support Calpine's continued growth in the North American power market.

Thomas R. Mason
Executive Vice President; President, Calpine Power Company

Thomas Mason manages the company's portfolio of natural gas and geothermal power plants that includes more than 90 facilities totaling more than 26,000 megawatts. In addition to operating and maintaining plants, Tom manages the production of hot section parts, parts repair and field service to support the overhaul of its and others gas turbines. Prior to joining Calpine in 1999, Mason was president and chief operating officer of CalEnergy Operating Services Inc., a wholly owned subsidiary of MidAmerica Energy Holding Company. Mason holds a master's degree in business administration from the University of Chicago and a bachelor's degree in electrical engineering from Purdue.

John Miller
Senior Vice President, Human Resources and Safety



John Miller, with 20 years of power industry experience, is responsible for human resources and safety activities throughout the company. Miller came to Calpine in July 2001 as vice president, project development, overseeing management of Calpine's power plant projects and coordinating activities of the development, construction and finance groups. Prior to joining Calpine, he was vice president of Thermo Ecotek and president of its Power Resources Division.

Before that, he held positions of increasing responsibility — including president — with PacifiCorp's independent power subsidiary, Pacific Generation Company. Miller holds a bachelor's degree in mechanical engineering from Oregon State University and a master's degree in business administration from the University of Portland. He also attended Harvard Business School's Executive Education Program.

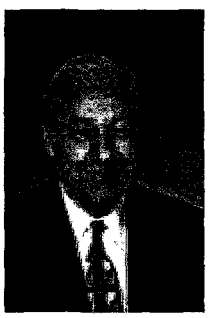
Paul Posoli
Executive Vice President; President, Calpine Energy Services, L.P. (CES)

After joining Calpine in 1999 as vice president, risk control, Paul Posoli became instrumental in building CES into the premier risk control and energy trading group in the industry. After growing a scalable infrastructure of systems, processes and people to manage Calpine's growing fleet of generation assets, Posoli was promoted to Senior Vice President of CES in 2001. As executive vice president, he continues to be responsible for trading and risk control, marketing, fuels and structuring organizations. Posoli earned his Master of Business Administration Degree with majors in Finance and Strategic Management from Northwestern University Kellogg Business School, and received his Bachelor of Science Degree with a major in Accounting from the University of Miami.

Eric N. Pryor
Executive Vice President, Deputy Chief Financial Officer, Corporate Risk Officer

As deputy chief financial officer and corporate risk officer, Eric Pryor plays a key role in leading Calpine's financial operations and in assessing and managing business risk for the company. Pryor joined Calpine in 1995 as a senior analyst, was promoted to director and later, vice president of Finance. His innovative approach has strengthened the company's progressive tax management plan. Pryor holds a bachelor of arts degree in economics and a master's degree in business administration, both from the University of California, Davis; he is a certified public accountant.

John P. Rocchio
Senior Vice President - Senior Marketing Executive



John Rocchio is one of Calpine's five founders and has served the power industry for more than 40 years. Rocchio has implemented large, strategic projects, including the first Calpine Construct facility (Sumas, Wash.), Calpine's first merchant cogeneration facility (Pasadena, Texas), and the first merchant power plant on a Native American reservation (Arizona). As manager of international sales, he led General Electric's efforts for nuclear power projects in Taiwan, Mexico and Japan. In 1979, Rocchio became manager of business development for the Western Region office of the architect/engineering firm Gibbs & Hill. He holds a bachelor's degree in engineering from the United States Merchant Marine Academy and was a naval officer.

Joseph E. Ronan Jr.
Senior Vice President, Government and Regulatory Affairs

Joseph Ronan is responsible for developing and implementing Calpine's political, legislative and regulatory policies at the federal, state and local levels, in coordination with Calpine's legislative and regulatory teams located in Washington, D.C.; Boston; Tampa; Houston; Sacramento and Dublin, California. He joined Calpine in 1992, and served as general counsel for six years. Ronan has previous experience as an attorney with the federal government, the state of Wyoming, Getty Oil Company and in the renewable energy industry. Ronan holds a bachelor of science degree from the University of Wisconsin and a juris

30

doctor degree from the University of Denver College of Law. He is a member of the state bars of California and Colorado, and is a board member of the Electric Power Supply Association.

Michael P. Thomas
Senior Vice President, Corporate Treasurer

Michael Thomas joined Calpine in 1994, after spending nearly a decade in the banking industry. During that time, he served as a relationship manager for First Interstate Bank of California and as an account officer for The Bank of Nova Scotia. As senior vice president and corporate treasurer, Thomas is responsible for cash management in addition to overseeing Calpine's corporate credit function. He also serves as the company's principal investment officer. Thomas holds a master's degree in business administration from the University of Notre Dame and a bachelor's degree in business economics from the University of California at Santa Barbara.

Wholesale Energy
Retail Power
Renewable Energy
On-site Utilities
Engineering & Construction
Turbine Parts, Ops, Maint
Energy Management Services
Critical Reliability Services
Information Technology
Sales Contacts

Sales Contacts

At Calpine, we believe in understanding your issues, in your markets. That's why our sales offices are located where you are. With 14 offices in 9 states, Canada, Mexico and Europe, we're always just minutes away.

Northeast

Greg Kelly, Senior Vice President
1350 Eye Street NW
Washington, DC 20005
202-589-0295 (office)
gkelly@calpine.com

Ted Baldwin, Director
2701 N. Rocky Point Drive, Ste. 1200
Tampa, FL 33607
813-637-7302 (office)
tbaldwin@calpine.com

Peter Fregeau, Director
Industrial Services
P.O. Box 1026
Portsmouth, NH 0382
803-964-5093 (office)
pfregeau@calpine.com

Eric Stallings, Director
Two Atlantis Avenue, 3rd Fl.
Boston, MA 02110
617-557-5340 (office)
estallings@calpine.com

Greg Sticka, Director
84 Mountain Road
West Hartford, CT 06102
gsticka@calpine.com

Southeast

Tim Eves, Vice President
2701 N. Rocky Point Drive, Ste. 1200
Tampa, FL 33607
617-637-7303 (office)
teves@calpine.com

Mark Daley, Director
2701 N. Rocky Point Drive, Ste. 1200
Tampa, FL 33607
813-637-7304 (office)
mdaley@calpine.com

Jerry Fudge, Director
400 Galleria Parkway, Ste. 1500
Atlanta, GA 30339
770-423-7740 (office)
jfudge@calpine.com

Heather Swan, Director
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8921 (office)
hswan@calpine.com

Robert Turner, Director
191 Peachtree St. NE, Ste. 3800
Atlanta, GA 30303
404-461-5028 (office)
rturner@calpine.com

Central

Carey Jordan, Vice President
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8611 (office)
cjordan@calpine.com

Western

Curt Hildebrand, Senior Vice President
4160 Dublin Blvd.
Dublin, CA 94568-3139
925-479-6630 (office)
curth@calpine.com

Darrell Hayslip, Senior Vice President
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8634 (office)
dhayslip@calpine.com

David Itz, Director
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8627 (office)
ditz@calpine.com

Peter Gross, Vice President
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8615 (office)
pgross@calpine.com

Shailesh Vyas, Vice President
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8633 (office)
svyas@calpine.com

Kurtz Stowers, Director
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8773 (office)
kurtz.stowers@calpine.com

Trey Lancaster, Director
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8601 (office)
tlancaster@calpine.com

Tom Noelle, Director
250 Parkway Drive, Ste. 380
Lincolnshire, IL 60069
847-484-7713 (office)
tnoelle@calpine.com

George Dickinson, Manager
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-2000 (office)
gdickinson@calpine.com

David Lewis, Vice President
4160 Dublin Blvd.
Dublin, CA 94568-3139
925-479-6785 (office)
davidl@calpine.com

Jeanne Benedetti, Director
4160 Dublin Blvd.
Dublin, CA 94568-3139
925-479-6634 (office)
jeanneb@calpine.com

Dave Perkins, Director
1200 17th St., Ste. 770
Denver, CO 80202
720-946-1308 (office)
dperkins@calpine.com

Craig Martin, Director
4160 Dublin Blvd.
Dublin, CA 94568-3139
925-479-6644 (Dublin office)
713-570-4477 (Houston office)
crmartin@calpine.com

Gevan Reeves, Manager
4160 Dublin Blvd.
Dublin, CA 94568-3139
925-479-6748 (office)
greeves@calpine.com

33

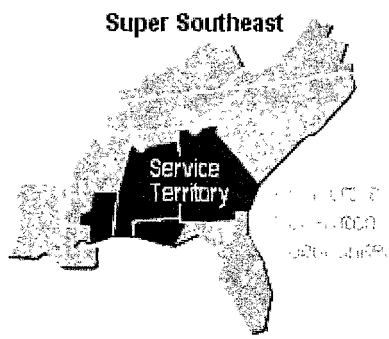
Peter Gross, Vice President
717 Texas Ave., Ste. 1000
Houston, TX 77002
713-830-8615 (direct)
830-8708 (fax)
ss@calpine.com

Peter is responsible for identifying On-Site-Utility opportunities for Calpine. During most his 15 years in the Independent Power business, Peter has concentrated on cogeneration development including contract negotiations and obtaining project financing.

about SO

Southern Company

one of the largest generators of electricity
Southern Company (NYSE: SO) is a super-regional energy company with nearly 39,000 megawatts of electric generating capacity in the Southeast. It is one of the largest producers of electricity in the United States.



120,000 square mile service territory
Southern Company supplies energy to a 120,000-square-mile service territory spanning most of Georgia and Alabama, southeastern Mississippi, and the panhandle region of Florida.

FORTUNE 500
Southern Company is currently ranked number 178 on the latest FORTUNE 500 listing of the largest U. S. corporations. Southern Company reported earnings in 2003 of $1.47 billion. The company has approximately 26,000 employees.

total energy business
Southern Company owns five regulated retail electric utilities,
Alabama Power
Georgia Power
Gulf Power
Mississippi Power
Savannah Electric

...a competitive wholesale generation business,
Our growing competitive wholesale business includes income from Southern Power in addition to the existing wholesale business in our five operating companies. Wholesale revenues were more than $1.3 billion in 2003, or approximately 10 percent of the total company's total revenues. Southern Power currently has 4,777 megawatts of competitive wholesale generation in commercial operation with an additional 1,240 megawatts scheduled for completion by mid-2005. Virtually all of Southern Power's generation is committed under long-term contracts. Southern Power | Southern Company Generation

...a nuclear plant subsidiary,
Southern Nuclear

...wireless communications and fiber optics businesses,
Southern LINC

Strategic Goals and Quick Facts

Net Income
$1.53 billion

Revenue
$11.90 billion

Earnings Per Share
$2.07

Superlatives
* Retail rates 15 percent below the national average
* High quality, low cost assets
* Reputation for high reliability
* Constructive regulatory environment
* Expanding regional economy
* Customer satisfaction leader
* Trusted, well-known brand names
* Major wholesale power provider in the region
* Company meets or exceeds all environmental regulations
* Depth of management and superior work force
* Growth opportunities

View our Investor Fact Sheet

Get a printable copy of our Fact Sheet in PDF format

Service Area Map
Stock Quote

southern nuclear

At A Glance

Management of nuclear plants is a complex and tightly regulated function that requires the attention of experienced technicians and proven methods. Because Southern Nuclear manages multiple facilities it can apply many experiences on safety, training, engineering, and cost control from one plant to another.

Together, these plants provide over 20% of the electricity used in Alabama and Georgia.

Additionally all three Southern Nuclear plants are certified wildlife habitats and home for deer and many other plants and animals.

Southern Nuclear achieves exemplary ratings
for safety and performance from regulatory bodies such as the Nuclear Regulatory Commission.

Nuclear power 101.
Did you know safe, clean nuclear power comes from steam? Here's how.

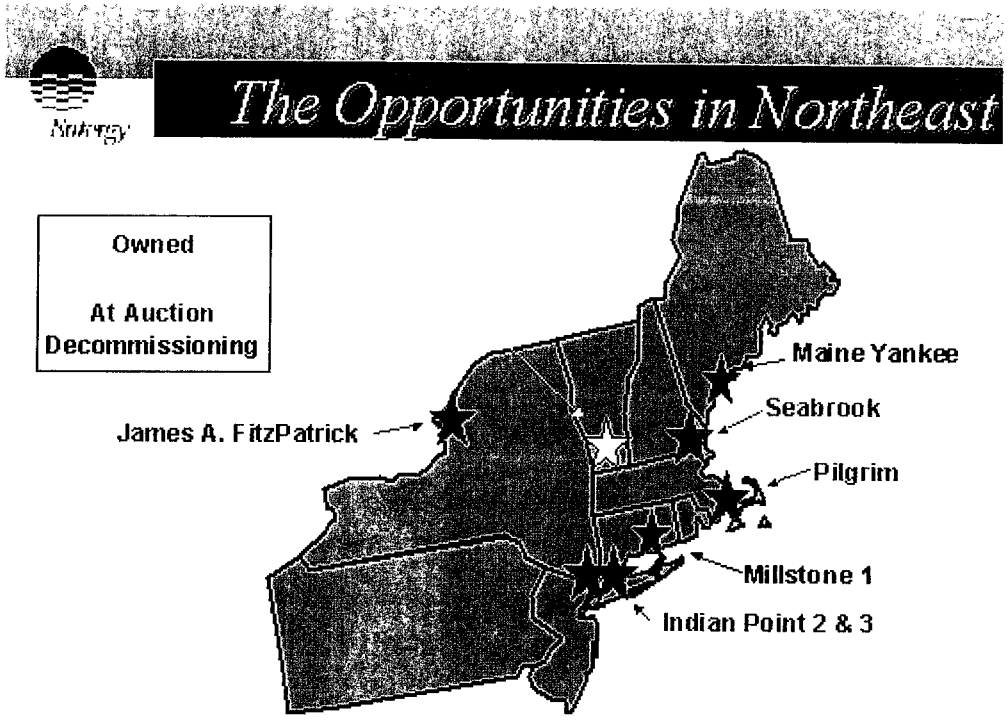
Top careers.
Learn more about working in the nuclear industry

Did You Know?

A subsidiary of Southern Company since 1990, Southern Nuclear is the licensed operator of three nuclear plants:

- Joseph M. Farley Nuclear Plant
- Edwin I. Hatch Nuclear Plant
- Alvin W. Vogtle Electric Generating Plant

Contact us for information about this page.



Entergy Nuclear, our nuclear business, now is the largest operator of nuclear power plants in the Northeast, by far. Here you can see the four we own and Vermont Yankee, the plant that we have agreed to buy. We are currently seeking the approval of federal and state regulators for that purchase and hope to close that transaction in the next quarter.

In addition, we also are serving as the principal contractor in the decommissioning of the former Maine Yankee plant in Wiscasset, Maine, and recently completed decommissioning the Millstone 1 plant near Waterford, Conn., on the coast. The Seabrook plant, shown in red, just north of Boston, is currently on the auction block and the rules prohibit all bidders from saying even whether they are bidding. So I will just say, as we have said many times, we are interested in any nuclear plant that is for sale anywhere in the United States.

With five acquisitions, Entergy Nuclear has transformed itself from a regional operator into a respected national operator in the U.S. nuclear power industry. This piece of the growth strategy was and continues to be one of the most rewarding decisions we've made.

Next

37

Nuclear

How Do Nuclear Plants Work?

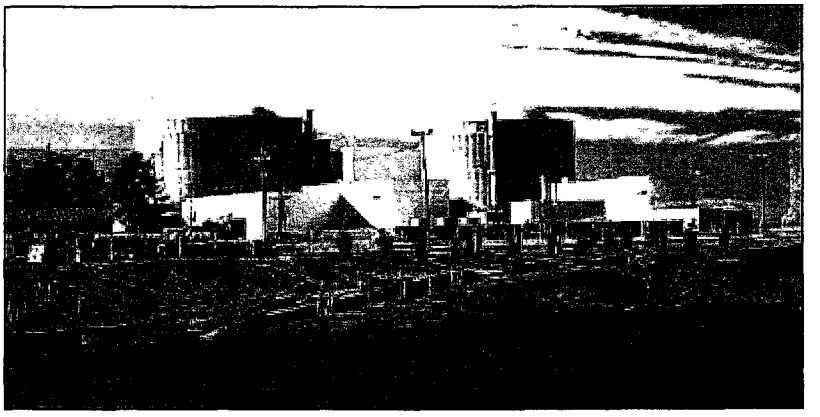
Background

Frequently Asked Questions

Nuclear

Generating Electricity

Print



Duke Power operates seven nuclear units -- three at Oconee in Seneca, South Carolina and two each at Catawba in York, South Carolina and McGuire in Huntersville, North Carolina. Nuclear power provides more than half of the electricity used by our customers.

The cost of generating electricity with nuclear power is stable and economical. That means as the prices for other power generation fuels escalate, such as we've seen recently with natural gas, Duke Power rates remain basically the same.

In late 1967, Duke Power began construction of Oconee Nuclear Station, its first commercial nuclear-fueled, steam-electric station. Oconee began operation in 1973. At full capacity, Oconee's three units produce over 2,500,000 kw.

Duke Power also operates the McGuire Nuclear Station and Catawba Nuclear Station. Each station has two nuclear units with a total generating capacity of over 2,200,000 kw.

Duke Power has operated nuclear plants for more than thirty years. Our plants set industry benchmarks for efficiency and safety. All three nuclear stations operated by Duke Power feature a visitor center, which provide a hands-on learning experience.

Related Links

- Nuclear Emergency Preparedness
- Nuclear Power Plants
- Plant Visitor Centers
- Conserving Resources with Nuclear Power
- NuStart Energy Consortium

 top

Duke Power

News Release
May 11, 2005

DUKE POWER LAYS GROUNDWORK FOR UPGRADED POWER PORTFOLIO TO MEET GROWING CUSTOMER DEMAND

CHARLOTTE, N.C. – Duke Power has filed preliminary information with the North Carolina Utilities Commission to modernize and expand its Cliffside Steam Station in Rutherford and Cleveland counties and Buck Steam Station in Rowan County.

The filings in support of an application for a "Certificate of Public Convenience and Necessity" (CPCN) with the commission are part of Duke Power's overall strategy to plan for the future. The company is also considering whether to pursue the option to build a new nuclear power plant and is seeking bids from the wholesale power market for up to 1,500 megawatts beginning in 2009.

"Our customers' demand for energy is growing," said Ellen Ruff, group vice president of planning and external relations for Duke Power. "The preliminary plans for Cliffside and Buck, along with efforts to secure the option to license a new nuclear plant, build on Duke Power's tradition of operating a highly efficient and diverse fleet of power plants."

"In addition to evaluating new nuclear, purchased power and efficient, state-of-the-art coal and natural gas and oil plants, we will be evaluating additional conservation measures and renewable energy options as we prepare for the future," Ruff added. "Ensuring the environment is protected is at the forefront of our minds."

Duke Power will ensure continued compliance with North Carolina's stringent "clean smokestacks" legislation by retiring older and less efficient power plant units or installing additional emission control equipment. Cliffside's new coal units would be very efficient and feature extensive emissions controls, resulting in reduced emissions per megawatt of power produced from Duke Power's portfolio of power plants.

The filings are part of Duke Power's long-term generation planning process and are independent and unaffected by Duke Energy's recently announced plans to merge with Cinergy.

Planning for new power plants must begin well in advance of increased power demand. It takes approximately four years to permit and construct an intermediate load natural gas and oil-fueled, combined-cycle plant. Base load coal and nuclear plants take about six and nine years to permit and construct respectively.

Cliffside and Buck steam stations are excellent sites for new power units because much of the critical infrastructure is already in place, which keeps construction and operating costs low and minimizes environmental impacts.

Duke Power is also considering alternate sites in South Carolina for new power units, and will be filing a CPCN application with the Public Service Commission of South Carolina in the coming months.

A potential Cliffside Steam Station modernization and expansion includes:

- An 800-megawatt, highly efficient, coal-fueled unit planned for as early as 2010.
- Substantial economic benefits for Cleveland and Rutherford counties with a potential investment of approximately $2 billion (for 1,600 megawatts).
- A second 800-megawatt unit possible based on customer growth and the schedule for constructing a new nuclear plant.

A potential Buck Steam Station modernization and expansion includes:

- A 600-megawatt natural gas and oil-fueled, combined-cycle unit.
- Economic benefits for Rowan County and the region with a potential investment of approximately $350 million.
- The outcome of the "Request for Proposals" to wholesale power suppliers will be important in determining if the company builds a combined-cycle plant at Buck Steam Station or at a site in South Carolina.

39

Duke Power, a business unit of Duke Energy, is one of the nation's largest electric utilities and provides safe, reliable, competitively priced electricity and value-added products and services to more than 2 million customers in North Carolina and South Carolina. The company operates three nuclear generating stations, eight coal-fired stations, 31 hydroelectric stations and numerous combustion turbine units. Total system generating capability is approximately 20,900 megawatts. More information about Duke Power is available on the Internet at: http://www.dukepower.com.

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and unregulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in the Americas. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: http://www.duke-energy.com.

This document contains forward-looking information which is subject to risks and uncertainties that could cause actual results to be different than those contemplated, including, but not limited to, changes in state, federal or international regulatory environments; commercial, industrial and residential growth in the company's service territory; the weather and other natural phenomena; the timing and extent of changes in commodity prices, interest rates, and foreign currency exchange rates; general economic conditions; changes in environmental and other laws and regulations to which Duke Energy and its subsidiaries are subject or other external factors over which Duke Energy has no control; the results of financing efforts; the effect of accounting pronouncements; growth in opportunities for Duke Energy's business units, and other risks described in the company's 2004 Form 10-K filed with the Securities and Exchange Commission and other Securities and Exchange Commission filings.

Contact: Tom Williams
Phone: 980/373-4743
24-Hour Phone: 704/382-8333
e-mail: tcwillia@duke-energy.com

40

Duke Energy

News Release
May 09, 2005

CINERGY AND DUKE ENERGY AGREE TO MERGE; CREATES ENERGY COMPANY WITH $36 BILLION MARKET CAPITALIZATION

- **Duke Energy dividend to be increased 12.7 percent for an annual dividend of $1.24**
- **Combined company to have more than $70 billion in total assets**
- **All stock transaction; each common share of Cinergy to be converted into 1.56 shares of Duke Energy**
- **Duke Energy's Anderson to be chairman of combined company; Cinergy's Rogers to be president and CEO**

CHARLOTTE, N.C. and CINCINNATI, OHIO – Cinergy (CIN) and Duke Energy (DUK) today announced they have entered into a definitive merger agreement to create an energy company with approximately $36 billion in market capitalization and 5.4 million retail customers.

The merger, which was unanimously approved by both companies' boards of directors, will create a combined energy company with assets totaling more than $70 billion.

The combined company, to be named Duke Energy Corporation, will have approximately $27 billion in annual revenues and $1.9 billion in annual net income (combined figures as of Dec. 31, 2004). It will own and/or operate approximately 54,000 megawatts of electric generation domestically and internationally – relying on a diverse fuel mix of nuclear, coal, natural gas and hydroelectric power to meet customers' needs. Duke Energy also operates more than 17,500 miles of natural gas transmission pipeline with 250 billion cubic feet of natural gas storage capacity and, through its joint venture with ConocoPhillips, is the largest producer of natural gas liquids (NGLs) in North America. The combined company will have operations in two-thirds of the United States, as well as Canada and several other international locations – primarily in Latin America.

By combining resources and best practices, the merger will enhance operations and create efficiencies at all levels of the new company, including generation, transmission and distribution as well as power and gas marketing.

Under the merger agreement, each common share of Cinergy will be converted into 1.56 shares of Duke Energy upon closing of the merger.Based on the closing prices on May 6, Cinergy investors will receive a premium of 13.4 percent. Following the merger, Cinergy shareholders will own approximately 24 percent, or about 310 million shares, of Duke Energy pro-forma shares outstanding, and Duke Energy shareholders will own approximately 76 percent of the total 1.3 billion shares. The transaction will be accretive to Duke Energy's earnings in the first full year of operation.

Upon completion of the merger, Paul M. Anderson, currently chairman and chief executive officer of Duke Energy, will become chairman of the board of the combined company. James E. Rogers, currently chairman, president and chief executive officer of Cinergy, will become president and chief executive officer. The new board will be comprised initially of 10 members named by Duke Energy and five members named by Cinergy.

"The combination of Duke Energy and Cinergy will create a rock-solid portfolio of electric and gas businesses, increasing value for our shareholders immediately and in the longer term," said Anderson. "This union is a great strategic fit and leaves us well positioned for continued consolidation in the energy sector as both the electric and gas businesses will have the scale to stand alone. Importantly, it also provides an immediate and significant improvement for our merchant operations and enhances their future prospects.

"Just as significant as the strong strategic fit of our companies is the cultural fit. Duke Energy and Cinergy share compatible values, operating philosophies and views of the future," Anderson said.

"The increased scope and scale will make the combined company a major industry leader with a strong balance sheet, complementary assets and a low-cost generation portfolio," said Rogers. "Both companies are known for operational excellence as well as strong customer service and reliability.

41

"We are creating a top-tier energy company that will assume a key leadership role in the future of our industry while delivering benefits to all of our stakeholders. Moreover, this combination creates a stronger platform from which to ntinue our leadership in finding practical solutions to the environmental challenges facing our industry and country."

Benefits of the Merger
The merger will deliver significant value to customers and shareholders of both companies:

Increased Scale and Scope of Regulated Businesses: The combined company will create a stronger portfolio of utility businesses with 3.7 million retail electric customers and 1.7 million retail gas customers in Ohio, Kentucky, Indiana, North Carolina, South Carolina and Ontario, Canada. The retail electric businesses will have more than 25,000 megawatts of generation and broad operational and regulatory experience. Coupled with the company's pipeline operations, the regulated businesses will contribute a substantial percentage of stable earnings and create the financial strength and scale to participate in the continuing consolidation of the utility sector.

Stronger Merchant Power Platform: With a fleet of more than 16,000 megawatts of unregulated generation, the combined merchant power operation will benefit from increased fuel and market diversity. Consolidation of the trading and marketing units and midwestern merchant generating fleets will enhance scale and efficiencies -- reducing the cost structure of merchant operations by approximately $95 million during year one and $125 million per year subsequently. Significantly, Duke Energy's gas-fired generation in the Midwest complements Cinergy's coal-fired generation in that region. The merchant operations, with a competitive market presence in North America and South America, will be well positioned to participate in the continuing consolidation of the wholesale power sector.

Increased Duke Energy Dividend Creates Immediate Shareholder Value: In conjunction with today's merger announcement, Duke Energy's board of directors said it intends to increase Duke Energy's dividend by 12.7 percent, or 14 cents a year, for an annual dividend of $1.24. The dividend increase, which will be voted on during the board's June meeting, would be effective with the September 2005 disbursement. As a result of the merger transaction and the Duke Energy dividend increase, Cinergy shareholders will be kept whole at closing with respect to their current idend.

Continued Financial Strength: Increased scale and scope will also strengthen the balance sheet of the combined company, improving financial flexibility and positioning it well for the future.The combined company will have electric and gas businesses with stand-alone scale. Based on implied market capitalization, the electric business would be one of the top five in the United States; the gas business would be the largest in North America.

Significant Synergies:The merger offers both strategic and financial advantages in serving the energy marketplace. Not including implementation costs, the combination will generate approximately $400 million in annual gross synergies -- when fully realized in year three -- from across corporate activities, regulated utilities and non-regulated marketing, trading and generation businesses. These cost savings will result from elimination of duplicate spending and overlapping functions, improved sourcing strategies, avoidance of planned expenditures and the consolidation of non-regulated business unit operations. The combined companies currently employ approximately 29,350 and expect a reduction of approximately 1,500, primarily through attrition, early retirements and other severance programs. The companies anticipate that upon review with state commissions, regulated savings will be shared between customers and shareholders over time in an equitable manner.

Steadfast Community Involvement: Duke Energy and Cinergy have long been committed to the communities in which they operate. That demonstrated commitment will continue through local presence, economic development efforts and corporate contributions.

Structure and Organization
Following the merger, the combined company will be a registered holding company with corporate headquarters in Charlotte, N.C. Local headquarters of the operating utilities will remain unchanged by the merger: Cincinnati Gas & Electric Company and Union Light, Heat & Power will remain in Cincinnati; PSI Energy will remain in Plainfield, Indiana; and Duke Power will continue to be headquartered in Charlotte. Duke Energy Gas Transmission (DEGT) and certain commercial operations will remain in Houston. Duke Energy Field Services (DEFS) will remain headquartered in Denver and Crescent Resources will continue to be located in Charlotte.

42

At the completion of the merger, Rogers will have responsibility for all Duke Energy's business units, corporate functions and support services with the exception of the company's gas businesses: DEGT and DEFS. At closing, Fred Fowler, currently president of Duke Energy, will become president and chief executive officer of these gas operations, reporting to Rogers on operations and to Anderson on strategy, pending completion of a strategic review of the portfolio.

Approvals and Timing
The merger is conditioned upon approval by the shareholders of both companies, as well as a number of regulatory approvals or reviews by federal and state energy authorities, including the North Carolina Utilities Commission, the Public Service Commission of South Carolina, the Public Utilities Commission of Ohio, the Kentucky Public Service Commission, the Indiana Utility Regulatory Commission, the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (for assurance of continuing financial qualifications and operational standards), the Securities and Exchange Commission (SEC) and the Department of Justice.

The new company intends to register as a holding company with SEC under the Public Utility Holding Company Act.The companies anticipate making required regulatory filings by July 2005, with necessary approvals obtained in about 12 months. The companies will work to secure necessary government approvals consistent with FERC's Merger Policy Statement and the Hart-Scott-Rodino Antitrust Improvements Act.

Analyst and Media Webcast Information
Analyst Presentation: **Duke Energy** and Cinergy will host a conference call and webcast for the investment community today at 10:30 a.m. EDT, in the Versailles room of the St. Regis Hotel at 2 East 55th Street and Fifth Avenue in New York, N.Y.The conference call can be accessed via the investors' section of both companies at: www.duke-energy.com andwww.cinergy.com or by dialing 888/578-6632 in the United States or 719/955-1565 outside the United States. The confirmation code is 6483076. Please call in five to 10 minutes prior to the scheduled start time. A replay of the conference call will be available until May 18, 2005, midnight EDT, by dialing 888/203-1112 with a confirmation code of 6483076. The international replay number is 719/457-0820 with a confirmation code of 6483076. A replay and transcript also will be available by accessing the investors' section of each company's Web site.

Media Availability: **Duke Energy** and Cinergy will also host a separate conference call for members of the media today at 1:30 p.m. EDT.Dial-in numbers for the media are: 800/946-0713in the United States or 719/457-2642outside the United States. The confirmation code is 8894744. Please call in five to 10 minutes prior to the scheduled start time.

More Merger Information
Merger Fact Sheet:
http://www.duke-energy.com/company/aboutus/merger/merger_factsheet.pdf

Combined Company's North American Asset Map:
http://www.duke-energy.com/company/aboutus/merger/map.asp

Advisors
Duke Energy's financial advisor was UBS Investment Bank and the company also received a fairness opinion from Lazard Ltd. Cinergy was advised by and received a fairness opinion from Merrill Lynch and Co. Legal counsel to Duke Energy was Skadden, Arps, Slate, Meagher and Flom LLP; and Cinergy's legal counsel was Wachtell, Lipton, Rosen & Katz.

Corporate Profiles
Cinergy has a balanced, integrated portfolio consisting of two core businesses: regulated operations and commercial businesses. Cinergy's integrated businesses make it a Midwest leader in providing both low-cost generation and reliable electric and gas service. More information about the company is available on the Internet at: http://www.cinergy.com.

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and nonregulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in the Americas. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: http://www.duke-energy.com.

43

Forward-Looking Statement

This document includes statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding benefits of the proposed mergers and Restructuring Transactions, integration plans and expected synergies, anticipated future financial operating performance and results, including estimates of growth. These statements are based on the current expectations of management of Duke Energy and Cinergy. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this document. For example, (1) the companies may be unable to obtain shareholder approvals required for the transaction; (2) the companies may be unable to obtain regulatory approvals required for the transaction, or required regulatory approvals may delay the transaction or result in the imposition of conditions that could have a material adverse effect on the combined company or cause the companies to abandon the transaction; (3) conditions to the closing of the mergers and the restructuring transactions may not be satisfied; (4) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (5) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (6) the transaction may involve unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies' expectations; (7) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (8) the businesses of the companies may suffer as a result of uncertainty surrounding the transaction; (9) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (10) the companies may be adversely affected by other economic, business, and/or competitive factors. Additional factors that may affect the future results of Duke Energy and Cinergy are set forth in their respective filings with the Securities and Exchange Commission ("SEC"), which are available at www.duke-energy.com/investors and www.cinergy.com/investors, respectively. Duke Energy and Cinergy undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where to Find It

In connection with the proposed transaction, a registration statement of Duke Energy Holding Corp., which will include a joint proxy statement of Duke Energy and Cinergy, and other materials, will be filed with SEC. **WE URGE INVESTORS TO READ THE REGISTRATION STATEMENT AND PROXY STATEMENT AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DUKE ENERGY, CINERGY, DUKE ENERGY HOLDING CORP., AND THE PROPOSED TRANSACTION.** Investors will be able to obtain free copies of the registration statement and proxy statement (when available) as well as other filed documents containing information about Duke Energy and Cinergy at http://www.sec.gov, SEC's Web site. Free copies of Duke Energy's SEC filings are also available on Duke Energy's Web site at www.duke-energy.com/investors and free copies of Cinergy's SEC filings are also available on Cinergy's Web site at www.cinergy.com/investors.

Participants in the Solicitation

Duke Energy, Cinergy and their respective executive officers and directors may be deemed, under SEC rules, to be participants in the solicitation of proxies from Duke Energy's or Cinergy's stockholders with respect to the proposed transaction. Information regarding the officers and directors of Duke Energy is included in its definitive proxy statement for its 2005 annual meeting filed with SEC on March 31, 2005. Information regarding the officers and directors of Cinergy is included in its definitive proxy statement for its 2005 annual meeting filed with SEC on March 28, 2005. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, will be set forth in the registration statement and proxy statement and other materials to be filed with SEC in connection with the proposed transaction.

Contact: Duke Energy Media Contact: Pete Sheffield
Phone: 980/373-4503
24-Hour Phone: 704/382-8333
e-mail: pvsheffield@duke-energy.com

ntact: Cinergy Media Contact: Steve Brash
Phone: 513/287-2226
24-Hour Phone: n/a

44

e-mail: steve.brash@cinergy.com

Contact: Duke Energy Analyst Contact: Julie Dill
)one: Cell: 704/307-9035; Phone: 980/373-4332
24-Hour Phone: n/a
e-mail: jadill@duke-energy.com

Contact: Cinergy Analyst Contact: Brad Arnett
Phone: 513/287-3024
24-Hour Phone: n/a
e-mail: n/a

45

Fossil, Hydro and Renewables

Nuclear

Power Marketing

Power Generation

Power Generation

Exelon, through its subsidiary Exelon Generation, manages a diverse portfolio of natural gas, coal, hydro, nuclear, solar and wind generated electricity.

Headquartered in Kennett Square, Pa., Exelon Generation is considered a world-class operator of nuclear power generation, a leader in wholesale power marketing, and an innovator in the fossil, hydro and wind and solar development areas. We are reaching, with all of Exelon Corporation, to become "the most recognized and admired utility services company in the world."

We're working hard and continuing to grow our generation portfolio while exercising sound financial discipline. Expanding our markets. And executing hour-by-hour and year-to-year.

Through upgrades at existing Exelon power plants, recent acquisitions, and the completion of several construction projects, Exelon has expanded its power generation portfolio and has access to more than 38,000 megawatts of electricity.

Click here to download a copy of a map showing the locations of Exelon's generation assets.

Search:

go >

Advanced Search

Contact Us

Links

Sitemap

Special Features/Tools

Exelon Nuclear's Fishing for a Cure 2005

46

Fossil, Hydro and Renewables

Nuclear

- Braidwood Generating Station
- Byron Generating Station
- Clinton Power Station
- Dresden Generating Station
- LaSalle County Generating Station
- Limerick Generating Station
- Oyster Creek Generating Station
- Peach Bottom Atomic Power Station
- Quad Cities Generating Station
- Three Mile Island Unit - 1
- Zion Generating Station

Power Marketing

Power Generation

Nuclear

Search:

go >

Advanced Search

Contact Us

Links

Sitemap

Exelon Nuclear is headquartered in Warrenville, Ill., and is a business unit of Exelon Corporation. It operates the largest nuclear fleet in the nation and the third largest fleet in the world. Exelon's ten stations – with 17 reactors – represent approximately 20 percent of the U.S. nuclear industry's power capacity. Chris Crane is president and chief nuclear officer Exelon Nuclear and senior vice president, Exelon Corporation.

Exelon Nuclear's 17 generating units produced a total of 129.7 million net megawatt-hours of electricity in 2004. The fleet also achieved an average capacity factor of 93.4 percent, the fourth year in a row the capacity factor was more than 92 percent.

There are about 6,800 nuclear professionals working in Exelon Nuclear. Whether serving at a site or at Exelon Nuclear headquarters, these professionals implement industry best practices to ensure safe, reliable operation throughout the fleet.

Exelon Nuclear has met or exceeded all security measures mandated by the U.S. Nuclear Regulatory Commission for nuclear plants after the Sept. 11, 2001, terrorist attacks in New York and Washington, D.C. The measures include altered or new physical barriers, increased security personnel, training enhancements and additional surveillance equipment. The total cost of the enhancements exceeded $15 million in capital spending and includes approximately $20 million in additional annual operating expenses each year.

For more information about the nuclear industry, here are some useful links:

- Nuclear Energy Institute: www.nei.org
- American Nuclear Society: www.ans.org

47

AAEA
AAEA@groups.msn.com
What's New
Join Now
Home Page
Table of Contents
Table of Contents
President's Corner
President's Office
About Us
Documents
Message Board
Chat Room
Calendar
Pictures
LEGISLATION
LEGISLATION
LEGISLATION
Politics
News
News
News
Allowances
Allowances
Clear Skies
Clear Skies
NSR
Mercury
Mercury
Diesel Emissions
Air
Air
Kyoto Protocol

HOME

NUCLEAR POWER

Nuclear Power Revival? -- Wall Street Journal

http://online.wsj.com/article_email/article_print/0,,SB109996476958968447-lZjfoNklah3oJuvbYGGba6Jm4,00.html

NRC Policy Statement on Environmental Justice

AGENCY: Nuclear Regulatory Commission.

ACTION: Final policy statement.

Federal Register Notice

SUMMARY: On November 5, 2003 (68 FR 62642), the Commission issued, for public comment, a draft policy statement on the treatment of environmental justice (EJ) matters in Nuclear Regulatory Commission (NRC) regulatory and licensing actions. This final policy statement reaffirms that the Commission is committed to full compliance with the requirements of the National Environmental Policy Act (NEPA) in all of its regulatory and licensing actions. The Commission recognizes that the impacts, for NEPA purposes, of its regulatory or licensing actions on certain populations may be different from impacts on the general population due to a community's distinct cultural characteristics or practices.

Disproportionately high and adverse impacts of a proposed action that fall heavily on a particular community call for close scrutiny -- a hard look -- under NEPA. While Executive Order (E.O.) 12898, ``Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations," characterizes these impacts as involving an ``environmental justice" matter, the NRC believes that an analysis of disproportionately high and adverse impacts needs to be done as part of the agency's NEPA obligations to accurately identify and disclose all significant environmental impacts associated with a proposed action. Consequently, while the NRC is committed to the general goals of E.O. 12898, it will strive to meet those goals through its normal and traditional NEPA review process. This final policy statement reflects the pertinent

48

Carbon Dioxide
Greenhouse Gas
Greenhouse Gas
G Trading
Metro DC Air
Energy 2005
Energy 2004
Energy 2003
Energy 2002
Natural Gas
LNG
LNG
Oil
Coal
Coal
Ethanol
Hydrogen
Utilities
Forests
Forests
ests
Enviro Justice
Enviro Justice
Enviro Justice
NO FEAR ACT
2002
Superfund
Toxics
Brownfields
People
Information
Media
General Interest
Past Partnerships
MEGA LINKS
Events & Jobs
Jobs
Grants
Grants
Internships

comments received on the published draft policy statement.

DATES: Effective August 24, 2004.

FOR FURTHER INFORMATION CONTACT: Brooke G. Smith, Office of General Counsel, Mail Stop O-15D21, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: (301) 415-2490; fax number: (301) 415-2036; e-mail: bgs@nrc.gov

NRC Stops Info On Nuke Plant Security Gaps

August 2004 -- The Nuclear Regulatory Commission (NRC) will no longer reveal security gaps discovered at nuclear-power plants, hoping to prevent terrorists from using the information. Until now, the NRC has provided regular public updates on vulnerabilities its inspectors found at the country's 103 nuclear-power reactors, such as broken fences or weaknesses in training programs.

NRC created the Office of Nuclear Security and Incident Response a(ONSIR) after the September 11, 2001 terrorist attacks. ONSIR commissioners voted to take the step March 29, but kept it quiet as agency staff worked to implement the change. They deliberated for many months on finding the balance between the NRC's commitment to openness and the concern that sensitive information might be misused by those who wish us harm.

New Nuclear Plant(s) Proposed

April 2004 - - Seven companies have announced they will file a joint license application with the Nuclear Regulatory Commission to build a new nuclear power plant: Chicago-based **Exelon**, **Entergy Nuclear**, a unit of New Orleans-based Entergy; Baltimore-based **Constellation Energy**; Atlanta-based **Southern Co.**; **EDF International North America**; and two reactor vendors, **General Electric** and **Westinghouse Electric**. It has been 30 years since an application has been filed to build a plant that later went into operation. Other applications were received after 1974, according to the Nuclear Regulatory Commission, but were withdrawn or the plants never began operating.

Exelon is the nation's largest nuclear operator, with 17 reactors in Illinois, Pennsylvania and New Jersey. Exelon, corporate parent of Commonwealth Edison, is in the earliest stages of seeking regulatory approval for the new reactor in Clinton, where an older nuclear plant has operated since 1987. Antinuclear activists are trying to block construction of a new nuclear plant in Clinton, Ill., about 20 miles south of Bloomington. Illinois has more experience with nuclear power than any other state. Illinois is a net exporter of electricity.

Utilities are considering building or restarting up to eight reactors in Mississippi, South Carolina, Alabama, Virginia, and Idaho, as well as in Illinois. Entergy Corp. of New Orleans is looking at building a nuclear plant near Port Gibson, Miss., and Dominion Resources Inc., a utility based in Richmond, Va., is considering building a plant near the Virginia community of Mineral. One of the sites we are looking at is the Savannah River [nuclear] site in South Carolina. Another potential site is the Idaho National Engineering and Environmental Laboratory near Idaho Falls. The Energy Department controls both properties.

49