

Business Customer Satisfaction Up

DUKE POWER IS tops in business customer satisfaction.

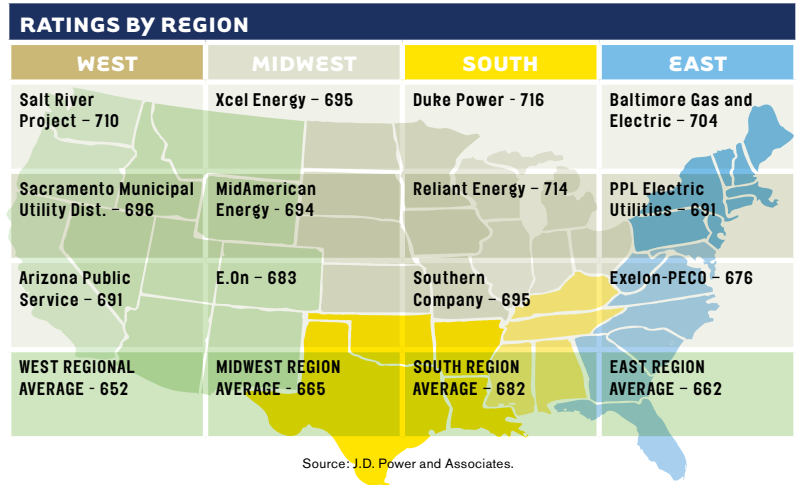
It is joined by Baltimore Gas & Electric, Xcel Energy (Midwest) and Salt River Project at the pinnacle of a business customer satisfaction survey conducted by J.D. Power and Associates.

Business customers are most pleased with their electricity service in the South and least pleased in the West.

Business customers were asked to rank their utilities on a 1,000-point scale. The results were compiled from interviews of 12,000 businesses spending between \$500 and \$50,000 monthly on power.

Alan Destribats, executive director of the utility practice at J.D. Power, said, "Overall, utilities are doing a better job at communicating with their business customers, which can go a long way toward improving customer satisfaction."

While Xcel Energy was tops in the Midwest with a score of 695, it was on the bottom of the list in the West, with a score of 619.



2005 Power Snapshot

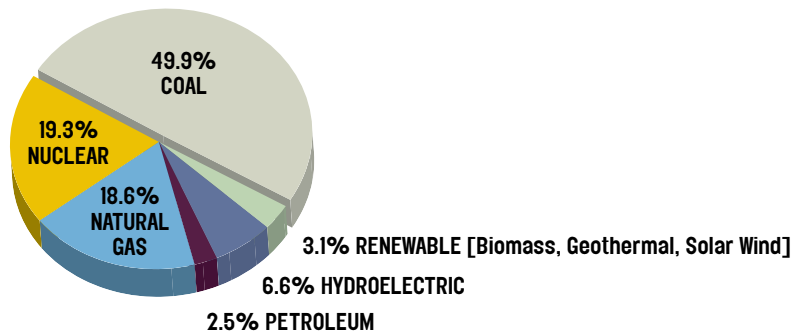
ELECTRICITY GENERATION IN 2005 increased 1.7 percent, compared to 2004.

Nuclear power generation was down 1 percent and hydroelectric power production fell by 1.2 percent, federal figures show.

The slack was picked up by natural gas-fired generation, which was up 6 percent, and coal-fired generation, up 1.8 percent, according to the U.S. Energy Information Administration.

Utilities produced roughly two-thirds of the electricity generated last year, while independent power producers produced the balance.

ELECTRIC GENERATION BY FUEL



Utilities with Cash Flow Volatility

SIX VERTICALLY INTEGRATED utilities are "considerably" exposed to cash flow volatility, according to a report by Standard & Poor's. That is because they are sensitive to the natural gas and/or wholesale power markets and either operate under rate freezes or lack an effective fuel and purchased power adjustment

Jeanny Silva, the analyst who prepared the report, said, "The combination of weak regulatory support and elevated operating risk pressures the stand-alone business risk profiles for these utilities."

They are:

- » APS
- » EMPIRE DISTRICT ELECTRIC
- » AQUILA
- » PUBLIC SERVICE COMPANY OF NEW MEXICO
- » TUCSON ELECTRIC POWER
- » VIRGINIA ELECTRIC POWER