



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 31, 2006

NATURAL GAS MARKET NEWS

Broadwater Energy LLC, a joint venture of TransCanada Corp. and Shell, has filed an application at FERC to build a deepwater liquefied natural gas (LNG) import terminal in Long Island Sound about 11 miles off the coast of Connecticut and nine miles offshore Long Island.

Producers in the Rocky Mountain region could be facing that age-old problem of inadequate pipeline takeaway capacity and widening basis later this year as production continues to grow at a rapid pace, according to Golden, CO-based consulting firm Bentek Energy.

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions at Lake Charles Receipts – Capacity Allocation Area 6; and West 30 North including Capacity Allocation Area 9 Locations and Capacity Allocation Area 10 Locations; and Hall Summit.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts will be accepted from the following meter stations at Monroe: Gulf South Pipeline; CenterPoint Energy Gas Transmission; and Duke Energy Field Services.

PIPELINE MAINTENANCE

Florida Gas Transmission said that it will continue performing maintenance on one of the large compressors located at Compressor Station #9 near Franklinton, Louisiana. The resulting one-unit outage is expected to possibly last through the end of February. During this work FGT will schedule up to approximately 1,150 MMcf/d through Compressor Station #9. During normal operations FGT schedules up to 1,350 MMcf/d. Scheduled maintenance at FGT-Transco St. Helena Interconnect FGT will continue performing maintenance during the month of February on one of the two compressor units at the FGT/Transco St. Helena interconnect. During February, FGT will schedule up to approximately 35 MMcf/d at the interconnect. During normal operations FGT schedules up to 60 MMcf/d.

Gulf South Pipeline said that it will be performing unscheduled maintenance on the Goodrich Compressor Station Unit #1 beginning immediately and continuing until further notice. Due to this unscheduled maintenance and the

Generator Problems

MAAC— Exelon's 1,116 Mw Peach Bottom #2 nuclear unit is back at full power this morning. Yesterday, the unit was operating at 80% capacity. Peach Bottom #3 continues to operate at full power.

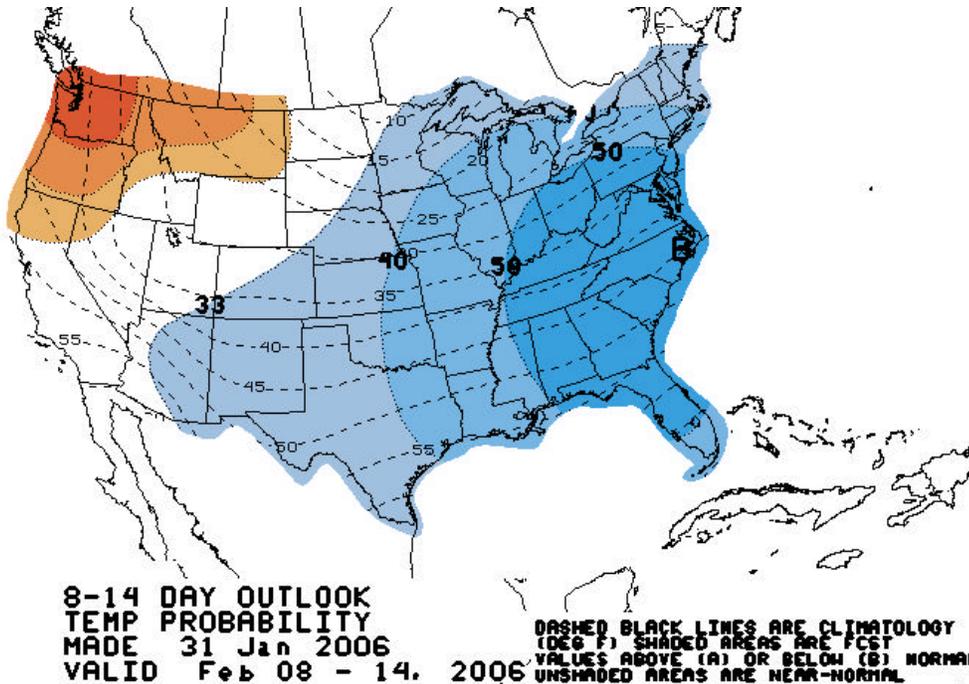
SERC— Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit increased the unit back to full power. Yesterday, the unit was operating at 91% power. Browns Ferry #2 continues to operate at full power.

WSCC— AES Corp.'s 480 Mw Redondo #8 natural gas-fired power station shut for planned work yesterday afternoon. The unit was available for service on Sunday.

The NRC reported that U.S. nuclear generating capacity was at 93,249 Mw up .28% from Monday and up 2.77% from a year ago.

ongoing scheduled maintenance on Goodrich Unit #3, the capacity through the Goodrich Compressor Station could be affected by as much as 175 MMcf/d during the duration of this maintenance.

Westcoast Energy said that it has changed the dates for pipeline replacement and crossover installations at White Rock in TCentral, instead performing the work in early March. On March 1, the 30-inch North section from CS 2 to km 19.545 will be down to tie-in a new 30-inch crossover piping and valve. Total Huntingdon delivery will be limited to 1,446 MMcf during the 18-hour event. Some 1,480 MMcf/d will be limited for the gas day. On March 2, the 30-inch middle section from km 19.545 to km 48.8 will be down to tie-in new isolating valves/crossover and new aerial crossing piping. Total Huntingdon delivery will be limited to 1,399 MMcf/d during the 18-hour event and to 1,450 MMcf/d for the gas day. March 3 will be a transition day with no expected impact.



On March 4, the 36-inch North section from CS 2 to Km 19.545 will be down to tie-in a new 30-inch crossover piping and valve. Total Huntingdon delivery will be limited to 1,202 MMcf/d during the 18-hour event and to 1,300 MMcf/d for the gas day. On March 5, the 36-inch middle section from km 19.545 to km 48.8 will be down to tie-in new isolating valves/crossover and new aerial crossing piping. Total Huntingdon delivery will be limited to 1,086 MMcf/d during the 18-hour event and to 1,213 MMcf/d for the gas day.

Williston Basin Interstate Pipeline Company said there will be maintenance at the Saco Compressor Station on February 1 and that maximum capacity at Receipt Point ID 00880 Bowdoin will be approximately 8 MMcf/d. Maximum capacity at the Saco Compressor Station, meanwhile, will be approximately 23 MMcf during this time also. Meanwhile, the company also said maintenance will be performed at the Lovell Compressor Station sometime in February. At this time, Williston does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

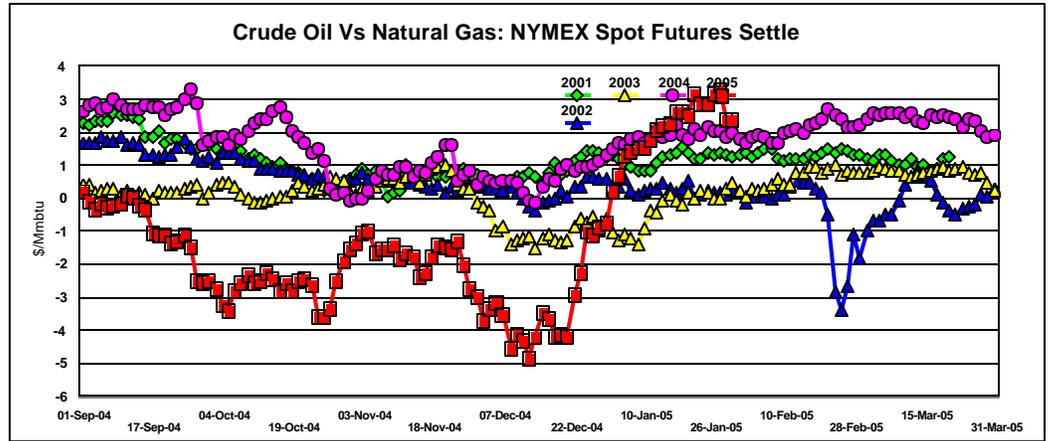
American Electric Power filed with the FERC and the PJM Interconnection to build a new 765 kV transmission line stretching from West Virginia to New Jersey. The proposed transmission superhighway will span approximately 550 miles and is designed to reduce PJM congestion costs by substantially improving west-east transfer capability by approximately 5,000 Mw and reducing transmission line losses by approximately 280 Mw. It also will enhance reliability in the eastern transmission grid.

Florida Power and Light presented to the Florida Public Service Commission its Storm Secure Plan, a five-point program to substantially strengthen the company's electric grid against future hurricanes. The plan focuses on Hardening the Electric Network, which means making hardware capable of enduring 150 mph winds. Also, FPL is committed to increasing its underground facilities by enhancing existing efforts with local governments to strongly encourage ordinances requiring developers to provide underground electrical service for all new subdivisions, developments and projects. Other issues in the plan include pole inspections and line clearing/vegetation management.

The U.S. Nuclear Regulatory Commission said that the applications for 20-year renewals of the operating licenses for Entergy Corp.'s Vermont Yankee and Pilgrim nuclear power plants were available for public review. The NRC said its staff was conducting initial reviews of the applications to determine whether they contain enough information for the required formal reviews. The 506 Mw Vermont Yankee station is in Vernon in Windham County about 80 miles north of Hartford, Connecticut. Its current operating license expires March 21, 2012. The 684 Mw Pilgrim station is located in Plymouth, in Plymouth County, about 40 miles south of Boston. Its operating license expires June 8, 2012.

ECONOMIC NEWS

On Alan Greenspan's final day as Fed Governor, The Federal Reserve Bank boosted overnight interest rates for the 14th consecutive time by a quarter point. The overnight Fed Funds rate increased to 4.50% from 4.25%.



MARKET COMMENTARY

The natural gas market started today's consolidation session 16.9 cents lower, as the market vacillated between positive and negative territory. In a pause from yesterday's short covering rally, the March contract extended its recent highs to just 9.45, but found support at 9.15 as a recent shift in the weather forecasts call for winter-like conditions to appear in the East next week. March natural gas settled down 7.3 cents at 9.316.

To push seriously higher, this market will need additional support, as those below normal temperatures forecasted for February are not the same as below normal temperatures in January. There is upside left to this market and further short covering could yield another 50 cents to the upside. Natural gas also continues to be psychologically supported by the crude oil market, which is maintaining a \$2.39 /MMBtu premium to natural gas. Looking ahead to Thursday's EIA storage report, expectations range for a 75-90 Bcf draw, in line with last week, but quite bearish compared to the 193 draw seen last year. Our model shows a draw of 76 Bcf, in line with the lower end of expectations. We see resistance at \$9.60, \$9.74, and \$9.95. Further resistance we see at \$10.00 and \$10.82. We see support at \$8.66, \$8.45-\$8.50, and \$8.30. Further support we see at \$8.02 and \$7.85.