



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 14, 2006

NATURAL GAS MARKET NEWS

The mild winter so far has softened cash prices since December and encouraged demand, particularly from the industrial sector, yet concerns still exist about storage ratchets as winter winds down. So-called ratchets force some inventory owners to withdraw gas on a fixed schedule even during periods of light demand, which would add more supply to an oversupplied market. Texas Gas issued a limited waiver on minimum planned storage withdrawals for winter, noting that customers may have difficulty complying with the required 68% of their withdrawal obligations due to a mild winter, but may still have to pull at least 45% to avoid penalties. But others said lingering concerns about flowing supplies could firm prices again if the cold is sustained, noting gas output from the Gulf of Mexico, a key U.S. producing area, was still seriously curtailed by hurricane damage last year.

Intercontinental Exchange recently announced plans to introduce more than 50 additional cleared contracts in its over-the-counter markets during the first half of 2006, with the first ten contracts expected to be available for trading beginning March 3. The first set of products consists of ten OTC swaps contracts based on North American and Canadian financially settled natural gas, which are currently offered on the ICE platform. Additional cleared products to enhance ICE's suite of cleared natural gas, power and oil contracts will follow this introduction. The initial set of new contracts available of OTC clearing includes: Alberta Basis Swap, Chicago Basis Swap, Malin Basis Swap, PG&E Basis Swap, SoCal Basis Swap, Rockies Basis Swap, Sumas Basis Swap, Houston Ship Channel Basis Swap, Henry Hub Basis Swap, Henry Hub Index Swap.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that it will be lifting all secondary restrictions beginning today. Additionally, Maximum Allowable Delivery Service will also be lifted.

Florida Gas Transmission said that cold weather is forecasted to continue in Florida through tonight and its line pack is lower. Therefore, FGT is issuing an Overage Alert Day at 20% tolerance.

Northwest Pipeline said that because colder temperatures are predicted in Northwest's market area for the next two weeks, Northwest is requesting that customers closely align their markets and supplies to avoid drafting on the system. If Northwest experiences excessive drafting, it will declare customer specific, and/or general entitlements for overruns for receiving parties located north of the Kemmerer Compressor Station

Texas Eastern Transmission Corp. said that it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and

Generator Problems

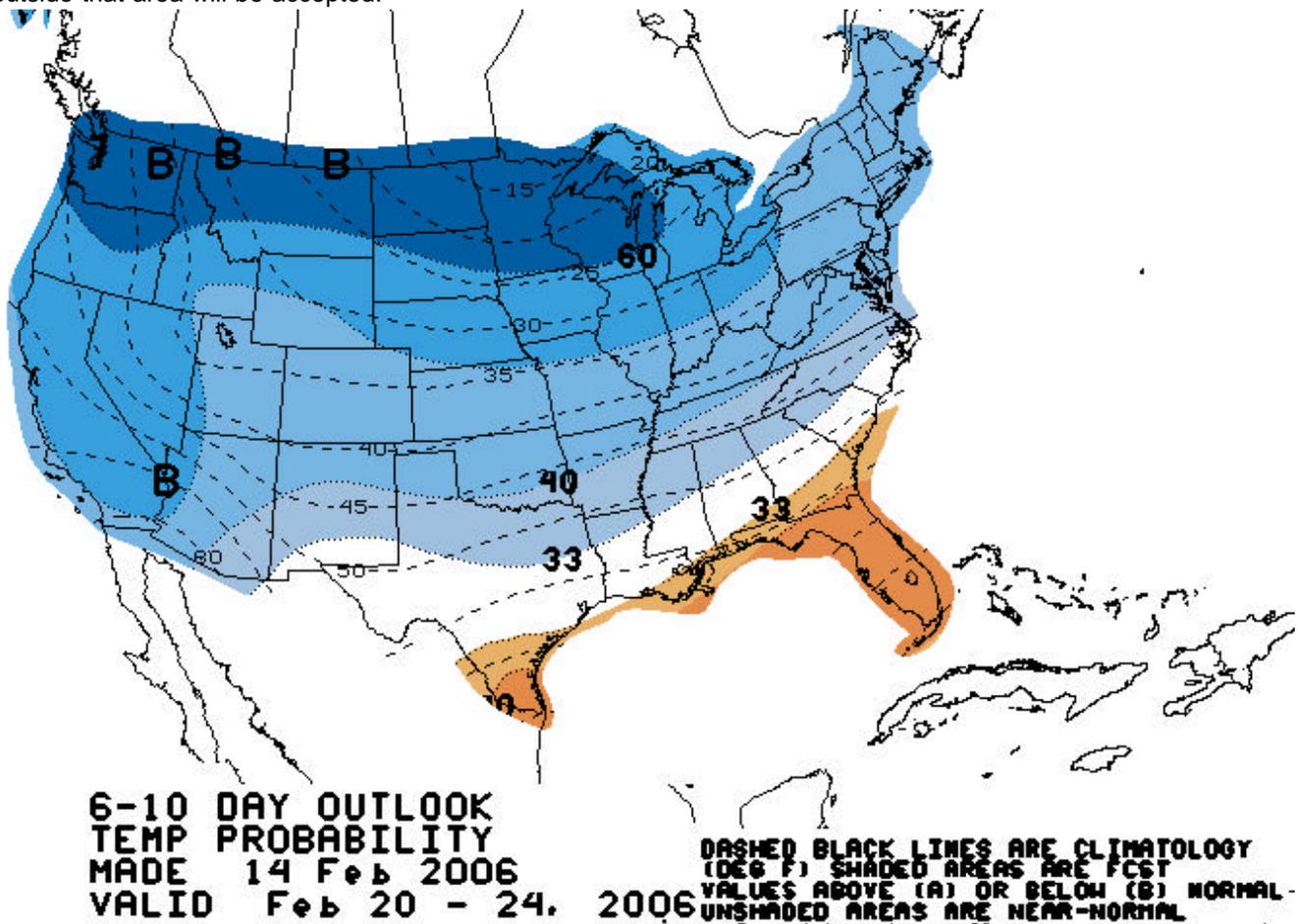
MAPP— Nebraska Public Power District's 800 Mw Cooper nuclear unit returned to full power as of early this morning. Yesterday, the unit was operating at 76% capacity.

SERC— Dominion Energy's 921 Mw North Anna #1 nuclear unit shut to repair tubes in the feedwater heaters. The unit was operating at 80% capacity yesterday. North Anna #2 continues to operate at full power.

WSCC— Sempra Energy's 550 Mw Palomar natural gas-fired power unit returned to service yesterday afternoon.

The NRC reported that U.S. nuclear generating capacity was at 88,700 Mw down .53% from Monday and up .46% from a year ago.

sealed STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.



ELECTRIC MARKET NEWS

Baltimore Gas and Electric announced that approximately 90% of the customers who lost service during the weekend snowstorm have been restored and efforts continue to restore service to the remaining 20,000 customers with a considerable amount of resources devoted to Anne Arundel County, the hardest hit area of BGE's service territory.

The Nuclear Regulatory Commission has formally terminated its consultation with the Advisory Council on Historic Preservation and other agencies regarding the protection of historic sites potentially impacted by a proposed spent nuclear fuel storage facility in Skull Valley, Utah. The NRC said it is preparing to issue a license to Private Fuel Storage.

MARKET COMMENTARY

Pressured by a midweek warm-up following the weekend's blizzard, natural gas opened 14.3 lower. Overnight trading saw March natural gas trade as low as 7.02, a key support level. In the day session, March traded as low as 7.055, but the market did not make a concerted effort to test support at \$7.00. The marked traded to a high of 7.24 by mid morning and finished the day in sideways action, settling down 12.9 cents at 7.114.

With crude oil slumping under the psychological support level of \$60.00 today, a glut of gas in storage, and a lack of sustained cold, we expect the front month gas contract to take a long, hard look at sub-\$7.00 prices. Looking ahead to Thursday's EIA storage report, expectations are for a draw of 85 to 120 Bcf, relatively in line with last year's 109 Bcf pull, but well under the five-year average draw of 144 Bcf. Our model expects a draw of 95 Bcf, based on heating degree totals. We see support at \$7.00-\$7.03, \$6.90, and \$6.13. Further support we see at

\$6.02 and \$5.938. We see resistance at \$7.47, \$7.58 and \$7.60. Further resistance we see at \$8.00, \$8.12 and \$8.17-\$8.26.

