



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 16, 2006

NATURAL GAS MARKET NEWS

Southern Union Co. said it has agreed to sell some of its New England Gas Co. assets in Rhode Island to National Grid USA for \$498 million, marking the company's second largest divestiture in three weeks. The company will keep New England Gas's Massachusetts operations in North Attleboro and Fall River.

The National Weather Service this morning released its temperature forecast for March. It appears to call for the Pacific Northwest to see below normal temperatures while much of the southern third of the nation seeing above normal temperatures. Its temperature outlook for this summer calls for nearly half of the nation to see above normal temperatures. The NWS temperature forecast for next week currently calls for much of the nation to see above normal temperatures.

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 on East Texas Area 8, and Lake Charles Area 6.

KM Interstate Gas Transmission said that due to operational conditions, KMITG will not accept delivery nominations at CIG Weld to the extent that the point becomes a net delivered volume to CIG. KMITG will accept delivered nominations to the extent that it can displace confirmed receipt volumes.

Northwest Pipeline said that it is declaring a Stage II (8%) Unauthorized Overrun Entitlement for all Receiving Party customers located north of the Kemmerer Compressor Station effective for gas day February 17, until further notice. Northwest is declaring the entitlement in an effort to maintain its Jackson Prairie storage balance during the extremely cold weather forecast for the Pacific Northwest over the next few days.

EIA Weekly Report

| | 02/10/2006 | 02/03/2006 | Net chg | Last Year |
|-------------------------|------------|------------|---------|-----------|
| Producing Region | 703 | 724 | -21 | 579 |
| Consuming East | 1249 | 1319 | -70 | 992 |
| Consuming West | 314 | 325 | -11 | 250 |
| Total US | 2266 | 2368 | -102 | 1822 |

*storage figures in Bcf

Generator Problems

ERCOT— AEP's 690 Mw Oklaunion coal-fired power unit may delay its shutdown to fix a condenser leak. The unit is now scheduled to shut down February 28-March 2.

AEP's 550 Mw Monticello power unit shut to repair a boiler tube leak. The unit will restart following the repairs.

MAAC— Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit reduced power to 92%. Yesterday, the unit was operating at 95% capacity. The unit is scheduled to shut February 23 for a refueling a maintenance outage. Calvert Cliffs #2 continues to operate at full power.

SERC— Southern Co.'s 1,149 Mw Vogtle #2 nuclear unit exited an outage and ramped up to 44% of capacity by early today. Vogtle #1 continues to operate at full power.

WSCC— Energy Northwest's 1,200 Mw Columbia Generating nuclear unit is operating at 60% capacity, down from full power.

The NRC reported that U.S. nuclear generating capacity was at 88,710 Mw down .026% from Wednesday and up .23% from a year ago.

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.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Belen #2

compressor repairs have been delayed pending receipt of a new compressor wheel. Until further notice, the capacity of the San Juan Crossover will be reduced by 35 MMcf/d from a base capacity of 650 MMcf/d.

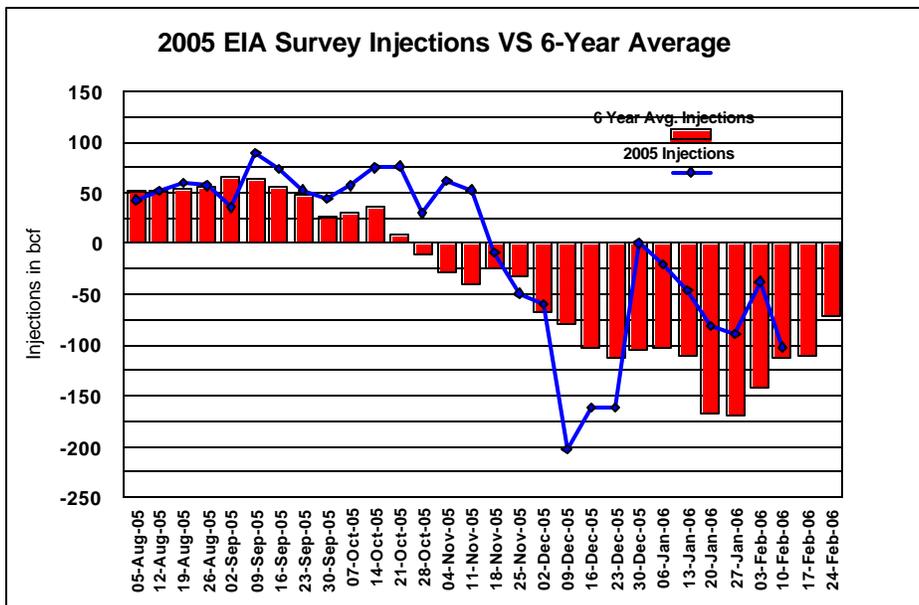
Natural Gas Pipeline Company said the unscheduled maintenance work on unit #1 at Station 812 in Atoka County, Oklahoma (Segment 16 of Natural's Texok Zone) was expected to be completed by February 14. However, the maintenance was not completed as scheduled, therefore effective today, and until further notice, interruptible flow, authorized overrun and secondary out-of-path transportation are at risk of not being fully scheduled.

| Canadian Gas Association | | | |
|--------------------------|-----------|-----------|-----------|
| Weekly Storage Report | | | |
| | 10-Feb-06 | 03-Feb-06 | 11-Feb-05 |
| East | 156.4 | 165.0 | 113.9 |
| West | 154.5 | 159.5 | 89.0 |
| Total | 310.9 | 324.5 | 202.9 |

storage figures are in Bcf

Northwest Pipeline updated its maintenance plans through the month of March. On March 7-8, the Burley compressor station will be out of service for approximately 24 hours to replace the station UPS system, cutting capacity from 591 MMcf/d to 469 MMcf/d. On March 1-3, Northwest will perform an inspection on unit #2 at Sumner Compressor Station, cutting capacity from 748 MMcf/d to 658 MMcf/d. On March 6-10, Northwest will perform minor foundation work at the Caldwell Compressor Station, leaving capacity unchanged at 449 MMcf/d. There is the potential for short-term intermittent disruption in operations during work periods, however no impact

to customers is anticipated. On March 6-10 Northwest will perform an inspection on unit #2 at Rangely compressor station, cutting capacity from 297 MMcf/d to 274 MMcf/d. On March 7-8, one unit at a time at the Snohomish Compressor Station will be down to perform annual maintenance work, cutting each unit's capacity from 913 MMcf/d to 813 MMcf/d. On March 13-16, Northwest will be performing annual inspections on turbine units 1 and 2 at the Snohomish Compressor Station, downing one unit at a time for inspections and cutting each unit's capacity from 913 MMcf/d to 813 MMcf/d.



Williston Basin Interstate Pipeline Company said that maintenance will be performed at the Lovell Compressor Station sometime during February. At this time, the company does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

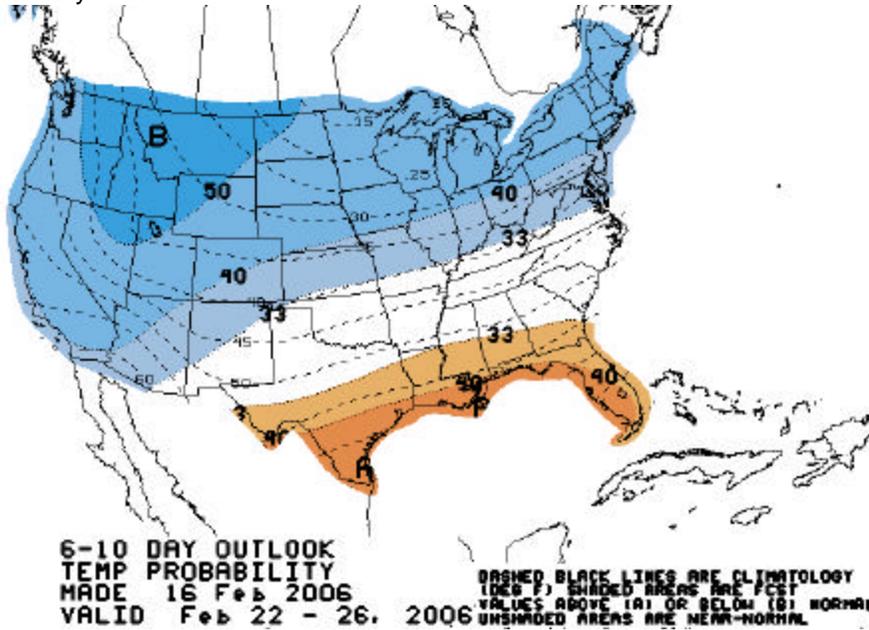
ISO New England said it is concerned that Calpine's request to withdraw from facility lease agreements it has with the owner of two natural-gas fired power plants in New England could harm electric reliability in the region. Calpine said it took the action after it decided that continuing to operate the facilities under the terms of these leases would be uneconomic for Calpine and would cause significant harm to the bankruptcy estate.

Consolidated Edison Co. of New York delayed by two days the planned maintenance shutdown of a big power line between Westchester County and New York City this week. The company rescheduled the work on the Sprain Brook-W 49th St 345 Kv cable, known as the M52 cable, from February 16-March 7 due to ongoing work on other equipment related to the M53 cable. The company now expects to work on the cable, which will affect the flow of about 1,400 Mw of energy, to take place from February 18 to March 9.

The Northwest River Forecast Center lowered its water runoff forecast for the 2005-2006 season to 99% of normal from 103%. The Portland, Oregon-based federal agency forecast flows through The Dalles Dam would

average 99% of normal from January through July, down from a February 7 report forecasting 103% of the 30-year average from 1971-2000.

Excelon Corp. said it will inspect how it handles tritium at its 10 nuclear power plants to minimize the risk of inadvertent discharge of the radioactive material after reporting a couple of small leaks in northern Illinois recently.



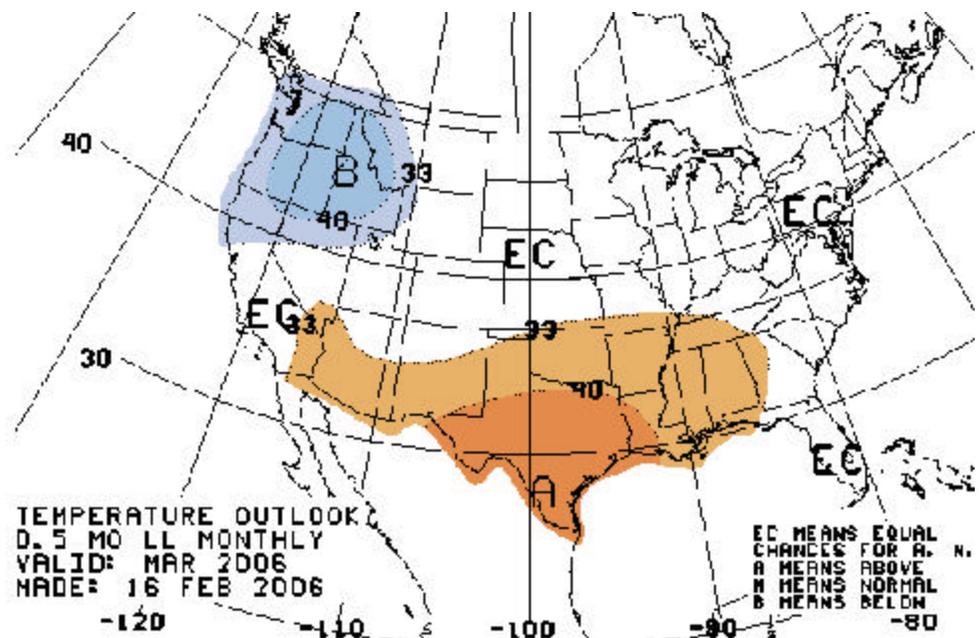
Utility company Constellation Energy Group said its risk management and origination unit will take over power supply contracts for the cities of North Little Rock, Arkansas and Ruston, Louisiana. Duke Energy currently holds the contracts, and the transfer is subject to approval by the U.S. Federal Energy Regulatory Commission. They extend through May 2007.

With Mexico's electricity demand growing by more than 5% a year, energy officials are pushing to start construction of what may be the country's last big hydropower project. Known as La Parota, the proposed dam would harness the

Papagayo River upstream from the resort city of Acapulco in the south-central state of Guerrero. Construction is to begin later this year, but opponents in some communities to be flooded are trying to win enough support to stall the project, which will displace about 3,000 people.

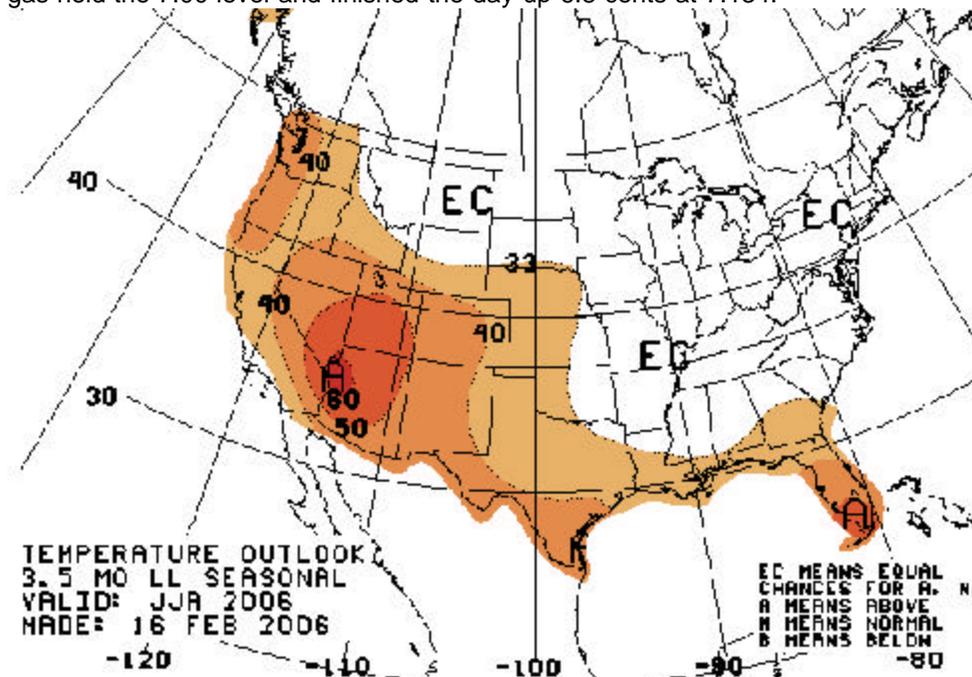
The California Public Utilities Commission approved a plan to set a cap on greenhouse gas emissions produced by the state's power plants. The plan, which will join California with similar environmental programs in the eastern U.S., will affect the utility subsidiaries of PG&E Corp., Edison International and Sempra Energy. The plan will include electricity produced by retail energy providers.

The California Public Utilities Commission gave utility San Diego Gas & Electric Co. the green light to sign a 10-year contract to buy electricity from a partially completed Calpine Corp. power plant. Calpine, which filed for bankruptcy protection in December, needs a power purchase agreement to secure the financing to complete the 593 Mw Otay Mesa Energy Center south of San Diego.



MARKET COMMENTARY

The natural gas market opened 5.4 cents higher as it awaited the release of the EIA's storage figure, and trended to the day's high of 7.23 before the number. The EIA reported that 102 Bcf of gas was withdrawn from the ground for the week ending February 10, in line with expectations and the first report with over 100 Bcf withdrawn since December. The market initially sold off to 7.05 then bounced back to the highs, but pressures from storage being 444 Bcf above last year and 691 Bcf above the 5-year average sent the market back to the 7.00 level to be tested. The market traded to a low of 6.98 but with some firming in the oil complex late in the session, natural gas held the 7.00 level and finished the day up 6.8 cents at 7.134.



The resilience of the 7.00 level has been impressive considering that no major bounce or short covering rally has resulted from the support level given that cold is entering key consuming regions. Ahead of the long weekend and a shortened trading session tomorrow, we expect a small short-covering move, but the weight of the storage situation will see traders leaning on the market especially if the cold moderates. With domestic gas stocks at record high levels for this time of year, even if withdrawals for the next seven weeks match the five-year average,

storage will finish the heating season at a record 1.73 Tcf. The average low point for U.S. gas stocks at the end of winter is just over 1 Tcf. Given our estimates of HDD totals for the current week, we should see a draw down next week similar to this week's report. We see continued 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-\$7.60 and \$8.00. Further resistance we see at \$8.12, \$8.17-\$8.26 and \$8.745. Natural gas options saw keen interest in the March \$7.00, \$6.75 and \$6.50 strikes which traded a combined 8,000 lots in the March puts alone today.