



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 28, 2005

NATURAL GAS MARKET NEWS

Natural gas producer and pipeline company El Paso Corp. said it restated its 2002 and 2003 results due to an accounting error. The Houston-based company restated its 2002 loss to \$2.22 a share from the \$2.38 previously published in its 2003 annual report. It also restated its 2003 loss to 87 cents a share from the \$1.03 published in the 2003 annual report. As a result of the error, El Paso also adjusted its fourth-quarter 2004 results to a loss of 86 cents a share, from its prior published figure of a loss of 98 cents. It adjusted its 2004 loss to \$1.25 a share, from \$1.37 a share. For 2005, the company sees spending in capital investments at \$1.6 billion to \$1.7 billion.

Exelerate's first LNG transport ship should complete the offload of its first cargo of gas by late Wednesday in offshore pipelines. The ship will then refit and leave port Friday in search of new supply. Exelerate expects to deliver one cargo per month into U.S. gas pipeline systems. ChevronTexaco already has purchased that gas.

The Climate Prediction Center reported this morning that for the week ending March 26th, the nation saw 145 heating degree days on a gas home heating customer weighted basis. This was some 9% colder than normal and 25% colder than the same week a year ago. For the current week ending April 2nd, the agency is forecasting just 92 HDD, some 24% warmer than normal and 6.1% warmer than the same week a year ago.

Sempra Energy on Friday filed with the FERC for a permit to build and operate its proposed 17 bcf Liberty natural gas storage facility in

Generator Problems

ECAR— American Electric Power's 1,016 Mw Cook #1 nuclear unit shut early today for a planned one-month refueling and maintenance outage. On Thursday, the unit was operating at full power. Cook #2 continues to operate at full power.

ERCOT— TXU Corp.'s 1,124 Mw Comanche Peak #2 nuclear unit shut early today for a planned one-month refueling outage. On Thursday the unit was operating at 96% capacity as it coasted down for the outage. Comanche Peak #1 remains at full power.

American Electric Power will shut its 528 Mw Welsh #3 coal-fired unit March 28-31 to fix a boiler tube leak.

FRCC— FPL Group's 693 Mw Turkey Point #4 nuclear unit exited an outage and ramped up to 62% of capacity early today. Turkey Point #3 continues to operate at full power.

MAAC— PSEG shut its 1,049 Mw Hope Creek nuclear unit on March 27 to repair a small reactor coolant system leak. On Thursday, the unit was operating at full power.

PPL Corp.'s 1,140 Mw Susquehanna #2 nuclear unit ramped up to full power by early today. On Thursday the unit was operating at 17% capacity after exiting a refueling outage earlier in the week. Susquehanna #1 continues to operate at full power.

Exelon's 1,122 Mw Peach Bottom #3 nuclear unit dipped to 60% capacity Thursday night for power suppression testing. The unit was at full capacity before the reduction. Peach Bottom #2 remains at full power.

Exelon's 1,134 Mw Limerick #2 nuclear unit exited an outage and ramped up to 93% of capacity early today. The unit shut March 21 to investigate a turbine vibration after exiting a refueling and maintenance outage. Limerick #1 continues to operate at full power.

Canada – OPG's 285 Mw coal fired generating units, Lakeview 1 & 2, as well as the 490 Mw coal fired Naticoke 1 & 2 generating units, were taken off line today

Louisiana, which would be operational by the second quarter of next year.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that the unit that was out of service at compressor station #201 (Herscher Storage) is now available. Therefore, deliveries to Midwestern-Kankakee in Kankakee County, Illinois may be scheduled to the normal capacity. This delivery is in Segment 28 of NGPL's Market Delivery Zone/Iowa-Illinois Receipt Zone. In other news, gas received on Segment 17 in the TexOk Zone is at capacity. NGPL is at capacity for gas received upstream of Compressor Station 15 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line Segments (25,23, and 24) are at capacity for eastbound transport volumes.

Kern River Pipeline has warned schedulers of high line packs along Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

Trailblazer Pipeline Company said it anticipates that capacity will be available for a limited amount of Secondary out-of-path transport volumes going eastbound through Station 601 on Friday, April 1st. The scheduling of any interruptible or overrun, transport volumes will depend on the level of nominations received and will only be scheduled to the extent that secondary out-of-path and primary in-path are not fully utilized.

PIPELINE MAINTENANCE

Alliance Pipeline said that routine inspection at the Manchester Compressor in Iowa will take the unit offline for 12 hours starting at 9:00 AM CT on Wednesday, March 30.

Generator Problems

MAIN— Exelon's 1,194 Mw Byron #1 nuclear unit exited a refueling outage and ramped up to 95% capacity early today. The unit shut Feb. 27 for the refuel. Byron #2 continues to operate at full power.

Exelon's 850 Mw Dresden #2 nuclear unit was taken off line Thursday due to a turbine control system failure. The unit is operating at 36% capacity today. Dresden #3 remains at 97% power.

Ameren Corp.'s 1,137 Mw Callaway nuclear unit shut March 26 to fix a water leak. On Thursday the unit was operating at full power.

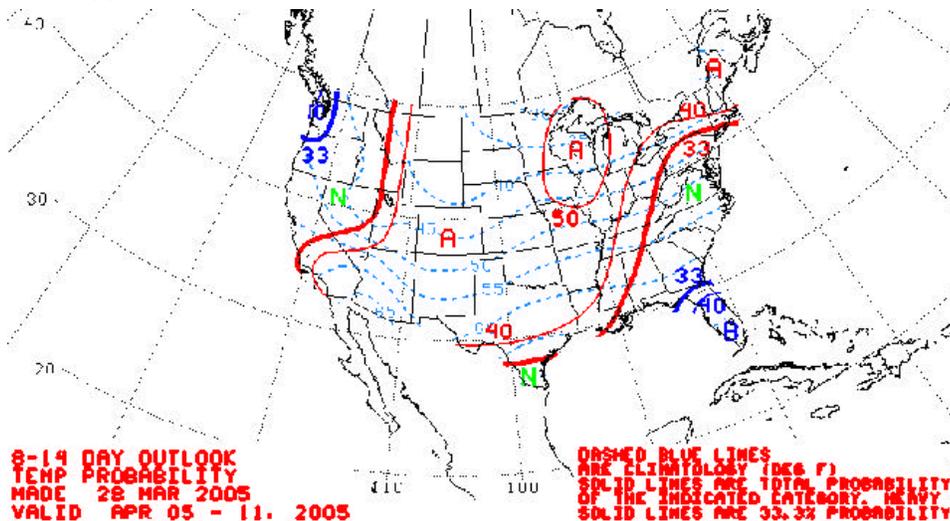
MAPP— Alliant Energy Corp.'s 561 Mw Duane Arnold nuclear unit dipped to 16% capacity early today. On Thursday the unit was operating at 84% capacity as it coasted down for a planned one-month refueling outage.

NPCC— FPL Group's 1,159 Mw Seabrook nuclear unit ramped up to 95% of capacity early today. On Thursday the unit was operating at 16% of capacity after exiting an outage.

WSCC— Edison International's 790 Mw Mohave #2 coal-fired power station shut for unplanned reasons by late Sunday. On Thursday, the unit was curtailed by 20 Mw for unplanned reasons.

Arizona Public Service's 740 Mw Four Corners #4 coal-fired power station started to return to service early today following a short outage. The unit shut March 27 for an unplanned outage.

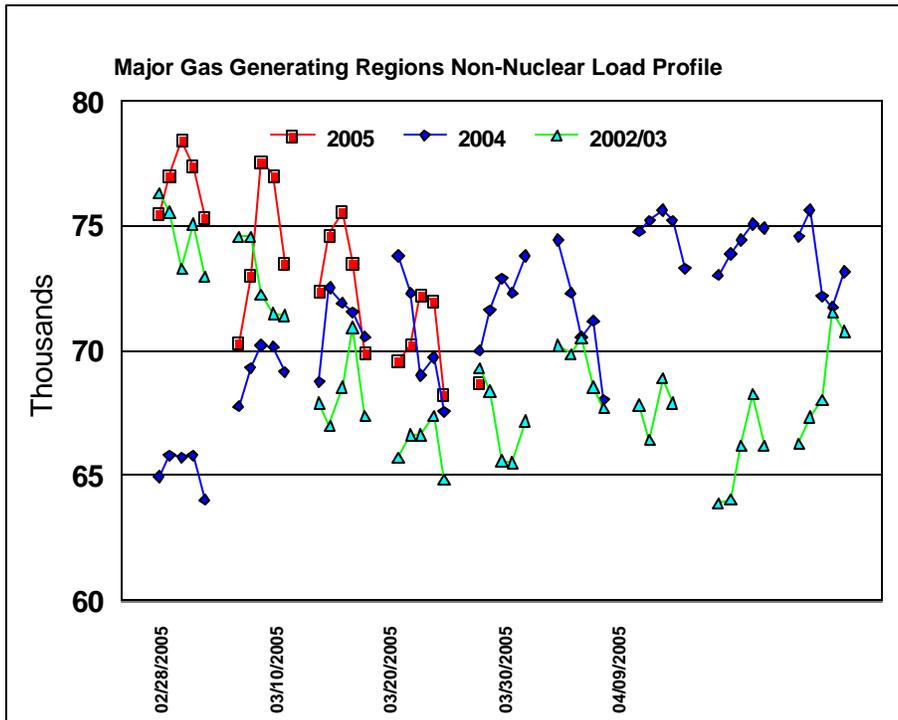
The NRC reported that U.S. nuclear generating capacity was at 77,429 Mw today down 2.15% from Thursday and down 4.17% from a year ago.



El Paso Natural Gas Company said that a mechanical inspection of Rio Vista unit #2 revealed that additional maintenance is required. However, the scope of the maintenance has not yet been determined. Capacity through the station will be reduced by approximately 25 MMcf/d until further notice. Based on current demand, no impact to service is anticipated.

Southern Natural Gas

Pipeline released its anticipated maintenance schedule for the months of April and May. Southern said it will be performing pipeline modifications at its Logansport Compressor Station that will require receipt points upstream of Logansport to be shut-in for 4 to 5 days in April or May. In addition to this work an additional outage downstream of Logansport will require the following points to be out of service for 3 to 5 days: Grand Cane Field receipt point and Sugar Bowl #9 receipt point. Southern will also be conducting pipeline construction in Georgia that will impact the following delivery points: Smarr Delivery Point out of service April 4-5; Transco Interconnect out of service April 6-7; West Georgia Delivery Point out of service April 8-13. From mid April until early June, Southern will be performing maintenance to its 16-inch South Main Line East of Wrens Compressor during this time and capacity downstream of the work could be reduced. Southern will be conducting compressor station maintenance throughout this period and some impact to the level of service is possible.



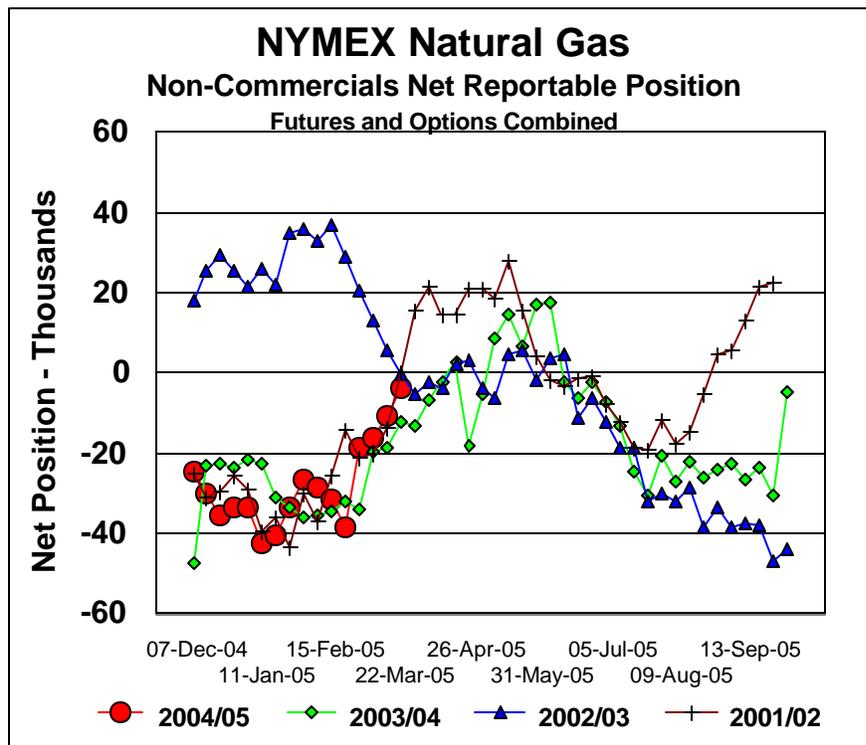
Southern will have a large block of horsepower down during this time frame at its Franklinton Compressor Station in Louisiana and some impact to shippers in the South Louisiana area is possible. Emissions upgrades on all compressor units will continue at White Castle Compressor Station. Some impact to the level of service is possible.

Southern will have a large block of horsepower down during this time frame at its Franklinton Compressor Station in Louisiana and some impact to shippers in the South Louisiana area is possible. Emissions upgrades on all compressor units will continue at White Castle Compressor Station. Some impact to the level of service is possible.

Williston Basin Interstate Pipeline Co. said that maintenance on the Baker Area Mainline has been postponed. Due to Maintenance at Baker East, Williston said that the capacity at current conditions for Point ID 04018 Baker Area Mainline will be affected by approximately 5 MMcf/d March 28-30 and approximately 2 MMcf/d for March 31.

ELECTRICITY MARKET NEWS

The Lone Star chapter of the Sierra Club and the Texas office of Public Citizen said today that they intend to file a lawsuit in federal court claiming that AEP burned hazardous waste material at its Knox Lee Power plant over the past 20 years, violating federal pollution laws. The company claims that is oil fired facility utilized fuel oil and that materials received by the plant that



were blended with the fuel oil as cutter or blend stock were in fact classified as fuels and they would prove that in court. The company claimed that the material blended with the fuel oil was done to cut the amount of sulfur dioxide emitted by the plant.

The BPA and regional Northwest utilities have reached an agreement on developing ways to improve operation of the Northwest power grid. The agreement calls for enhancing the responsibilities of existing agencies rather than setting up a costly new grid company. The BPA said it would provide \$150,000 of the total \$600,000 needed to develop these proposals by August.

MARKET COMMENTARY

Natural gas traders returned from their holiday weekend and were met with weather forecasts that continued to point to moderate spring temperatures taking root finally across much of the nation over the next two weeks, thus limiting the call on natural gas as a heating fuel, as well as a generating fuel. But as we suspected, while prices in general were on the defensive today, the large open interest in the \$7.00 option strikes in the expiring April option contracts kept prices pinned closely to that price level for much of the day and the April contract was settled at \$6.999. Final volume on the day was relatively light for an option expiration day with just 67,000 futures contracts changing hands but option activity was better with 39,310 lots trading. The April \$7.00 strikes accounted for 13% of the day's total option volume. But the most active strike was the July \$8.00 call which traded nearly 4,000 times at 21 cents.

We continue to look for the April contract to remain under pressure for its last trading day before expiration. We see support at \$6.945 followed by \$6.835-\$6.815 followed by \$6.685-\$6.665 and \$6.495. Resistance we see at \$6.98 followed by \$7.01-\$7.03, \$7.11, \$7.165 and \$7.215. More distant resistance we see at \$7.34-\$7.38 and \$7.455.

The CFTC reported on Friday that non-commercials continued to abandon their net bearish position in the natural gas market as they continued to add new long positions in this market. As of Tuesday, March 22nd, the non-commercial sector saw the futures only position turn into a net long position for the first time since the end of October. While the futures and options combined report still showed a minor net short position of 3786 contracts, the past week saw the fourth consecutive weekly decline in the net short position, as it dropped by 6,739 contracts.

