



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 23, 2005

NATURAL GAS MARKET NEWS

With a track record of putting \$2.5 billion of mostly equity into oil and gas over the past 14 years, GE Commercial Finance's Energy Financial Services unit late Monday announced it has invested \$70 million as a first time offshore gas play, joining a limited partnership with F-W Oil Exploration LLC to acquire and produce gas and associated hydrocarbons in the Gulf of Mexico. GE Energy Financial Services said it also will finance completion of a 48-mile gas pipeline system to transport volumes from the South Padre Island fields.

Chicago Bridge & Iron Co. (CB&I) said Tuesday it was awarded a contract valued at more than \$100 million for the design and construction of storage tanks for Canada's first liquefied natural gas (LNG) import terminal.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to hot temperatures in its market area, it is issuing an Overage Alert Day at 20% tolerance.

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 from Montpelier to Kosciusko, Kiln to Mobile, East Texas, and Bayou Sale-Napoleonville.

Natural Gas Pipeline Company of America said that the force majeure is still in effect due to the pipeline failure that occurred on May 13 on the Gulf Coast #3 Main Line in Harrison County, Texas located in Segment 26 just south of Compressor Station 304. In other news, Segment 17 is at capacity for deliveries. BP Hutchinson (PIN 5382) is at capacity for deliveries. Natural is also at capacity for gas received in Segment 1 for northbound flow through Compressor Station 155 in Wise County, Texas. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes. Deliveries to Columbia Gulf Chalkey are at capacity.

Texas Eastern Transmission said that due to the previously posted outage regarding French Lick, the previously posted restriction between Longview and French Lick has been revised to seal capacity between Longview and Norris City. STX and ETX have been sealed to capacity. Increases in receipts between Mont Belvieu and Little Rock for delivery outside that area will not be accepted.

TransColorado Gas Transmission said it has capacity available for deliveries through Segments 300/310. Depending on the level of nominations, IT/AOR and secondary out-of-path volumes may be scheduled.

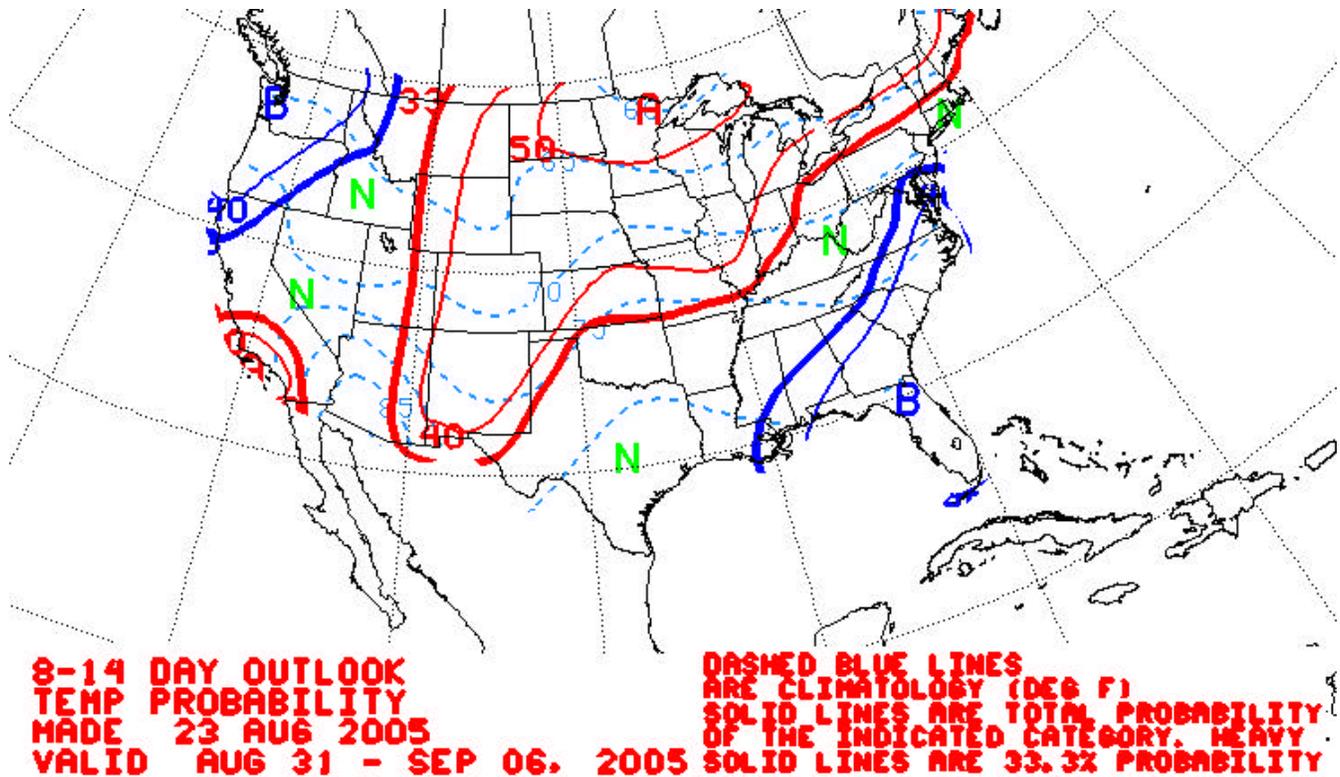
Generator Problems

NPCC— Constellation Energy Group's 620 Mw Nine Mile Point #1 nuclear unit returned to full power. Yesterday it was operating at 50%. Nine Mile Point #2 continues to operate at full power.

SERC— Progress Energy reported that its 900 Mw Brunswick #2 is operating at 67%, down from 82%. Brunswick #1 has returned to full power.

WSCC— Arizona Public Service shut its 1,335 Mw Palo Verde #2 due to a technical problem.

The NRC reported that U.S. nuclear generating capacity was at 94,464 Mw down 1.09% from Monday and down .78% from a year ago.



PIPELINE MAINTENANCE

El Paso Natural Gas Company listed its slate of maintenance projects for the month of September. In the San Juan Basin, Bondad 2A will be down for repairs September 6 and 7, reducing the capacity through Bondad Station by 135 MMcf/d from a base capacity of 745 MMcf/d. Rio Vista 3 turbine will be down for mechanical inspection September 13-14, reducing capacity by 100 MMcf/d from a base of 150 MMcf/d.

Gulf South Pipeline said that it will be performing unscheduled maintenance at its Olla Compressor Station beginning immediately and continuing until further notice. Capacity through the Olla Compressor Station could be affected by as much as 150 MMcf/d during the duration of this maintenance. Gulf South will also be performing unscheduled maintenance on the Jackson Compressor Station Unit #3 beginning immediately and continuing until further notice. Capacity through the Jackson Compressor Station could be affected as much as 125 MMcf/d for the duration of this maintenance.

KM Interstate Gas Transmission said that maintenance will be performed at the Casper Compressor Station from September 12 – October 4. Capacity through Segments 45 and 730 will be limited to 180 MMcf/d during this outage. IT/AOR and secondary out-of-path volumes are at risk of not being scheduled in full.

Questar Pipeline Company said that the southern system expansion line work that began August 15 has been completed ahead of schedule. As a result, nominations were returned to normal in cycle 3 yesterday. Nominations accepted on ML 104 returned to 285 MMcf/d and 280 MMcf/d on ML 80.

Williston Basin Interstate Pipeline Company said that due to maintenance at the Dickinson Plant, deliveries to East Mon-Dak and Sheyenne Sub-Systems may be affected by approximately 8 MMcf through August 31. Also, due to unplanned maintenance on Unit #7 at Elk Basin Compressor Station, injections to Point ID 05800 WBI – Aggregate Storage may potentially be affected through Wednesday, August 24.

ELECTRIC MARKET NEWS

American Transmission Co.'s application to construct a new transmission line from Waterloo to Jefferson was declared complete yesterday by the Public Service Commission of Wisconsin. This decision marks the beginning of the regulatory review process, which will include engineering and environmental scrutiny and a public hearing. ATC is proposing to construct approximately 17 miles of new 138 kV transmission line to connect

the Stony Brook Substation located in the town of Waterloo with the Jefferson Substation located outside the city of Jefferson.

Black Hills Corp. announced today that final project specifications are completed and that construction of the Wygen II power plant will begin in September. Wygen II is a 90 Mw baseload coal-fired power plant that will cost approximately \$169 million.

MARKET COMMENTARY

The natural gas market opened up 28.6 cents stronger on supportive longer-term weather forecasts, a strong cash market, and solid overnight petroleum trading. However, the market lost momentum right off the open, failing to break the resistance at 9.91 and posting the day's high at 9.89. The oil complex also stalled, and natural slid in the first hour of trading to a low of 9.48. The remainder of the session saw sideways trading and natural gas settling up almost 12 cents at 9.683 with a moderate 63,000 contracts booked on the day.

Tomorrow we expect the oil complex's inventory report to lend structure to the market. Also, the National Hurricane Center is currently monitoring a tropical wave 600 miles west of the Cape Verde islands that has developed into tropical depression 12. The depression is seen crossing Florida and moving west through the Gulf of Mexico. This will lend support to the market and perhaps be the inertia needed to break through 9.91, which at this point formed a triple top of resistance.

Expectations for Thursday's storage figure are anticipating a more normalized build of about 50 to 60 Bcf, in line with last week's figure and within range of the 5-year 64 Bcf average injection. We see resistance at \$9.915, \$10.00, and \$10.10. Support we see initially at \$9.37 and \$9.00. Further support we see at \$8.87, \$8.75, and \$8.50.

