



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 20, 2007

NATURAL GAS MARKET NEWS

Forecasters at Weather Insight LP are predicting seasonably cold winter temperatures in the Midwest and Northeast for the next few weeks and the possibility of another arctic cold snap by mid- to late January.

Oregon Gov. Ted Kulongoski told FERC in a letter Tuesday that the draft environmental review of the proposed Bradwood Landing liquefied natural gas (LNG) project is "incomplete and flawed." His comments joined those of others questioning the review.

At its final meeting of the year Thursday morning, FERC approved up to 33 Bcf of new storage capacity at two separate projects in Mississippi.

Generator Problems

PJM – Exelon's 636 Mw Oyster Creek nuclear unit scrambled shut yesterday afternoon when the reactor water level dropped.

SERC – Duke Power's 846 Mw Oconee #3 nuclear unit is back online at 50% capacity today. Yesterday, the unit was operating offline at 19% power. Oconee #1 and #2 continue to operate at full power.

The NRC reported that 94,054 Mw of nuclear capacity is online, down .29% from Wednesday, and up 1.67% from a year ago.

FERC proposed rules to require natural gas pipeline operators to post on a daily basis their space capacity, scheduled shipments and actual flow volumes. The proposal would facilitate transparency of price and availability of natural gas by providing a complete picture of daily supply and demand information across the U.S.

EIA Weekly Report

	12/14/2007	12/07/2007	Net chg	Last Year
Producing Region	985	1010	-25	943
Consuming East	1757	1831	-74	1808
Consuming West	431	453	-22	426
Total US	3173	3294	-121	3177

*storage figures in Bcf

Russian Economy Minister Elvira Nabiullina said Russia should not raise the mineral extraction tax on natural gas in comments that point to Gazprom continuing to pay lower taxes than oil firms. The fixed tax currently amounts to 147 roubles (\$5.95) per 1,000 cubic meters of natural gas compared to \$37.50 per barrel of oil, a level which changes every

two months together with oil prices. The Finance Ministry has been pushing to levy higher gas taxes to channel export revenues into a budget stabilization fund designed to safeguard the budget and insulate the economy from inflationary money supply growth. President Putin has named Gazprom Chairman Dmitry Medvedev, who is also a first deputy premier, as his preferred success in a presidential election due to be held on March 2, 2008.

The EIA Inventory data will be released on Friday, December 28 at 10:30 AM ET and on Friday, January 4 at 10:30 AM ET due to the Holidays.

Canadian Gas Association

Weekly Storage Report

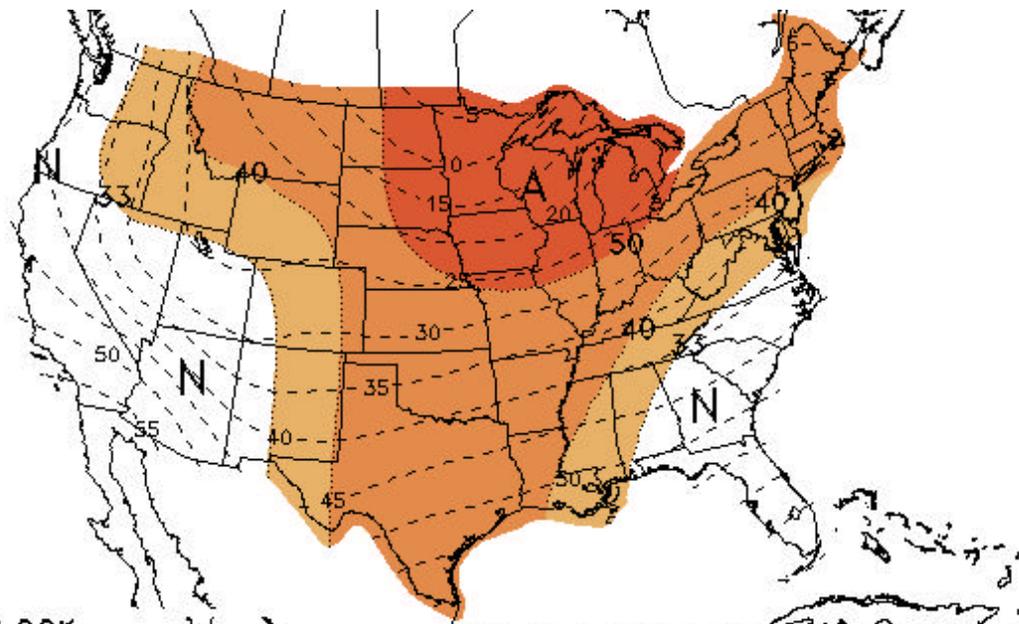
	14-Dec-07	07-Dec-07	15-Dec-06
East	211.2	224.6	230.6
West	296.3	312.2	190.7
Total	507.5	536.8	421.3

storage figures are in Bcf

PIPELINE MAINTENANCE

Alliance Pipeline said that the Irma compression station experienced unforeseen mechanical difficulties while performing inspections December 18. Current estimates are targeting December 24 for the station returning to service. This unscheduled outage is impacting system throughput (AOS). Updates concerning this situation will be posted as they become available.

Dominion Transmission has offered an update of its ongoing maintenance schedule. The TL-342 facility is undergoing 61 days of maintenance that began November 1 to expose pipe between Lambert and Bluff due to underground mining through December 31. No outage is expected. The TL-453 service has been out of service since December 1 for pipeline integrity work with its return to service to be determined. Finally, the PL-1 facility is set to be out of service until December 21 for pipeline inspections.



**8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 20 DEC 2007
VALID DEC 28, 2007 - JAN 03, 2008**

**DASHED BLACK LINES ARE CLIMATOLOGY
(DEG F) SHADED AREAS ARE FCST
VALUES ABOVE (A) OR BELOW (B) NORMAL
UNSHADED AREAS ARE NEAR-NORMAL**

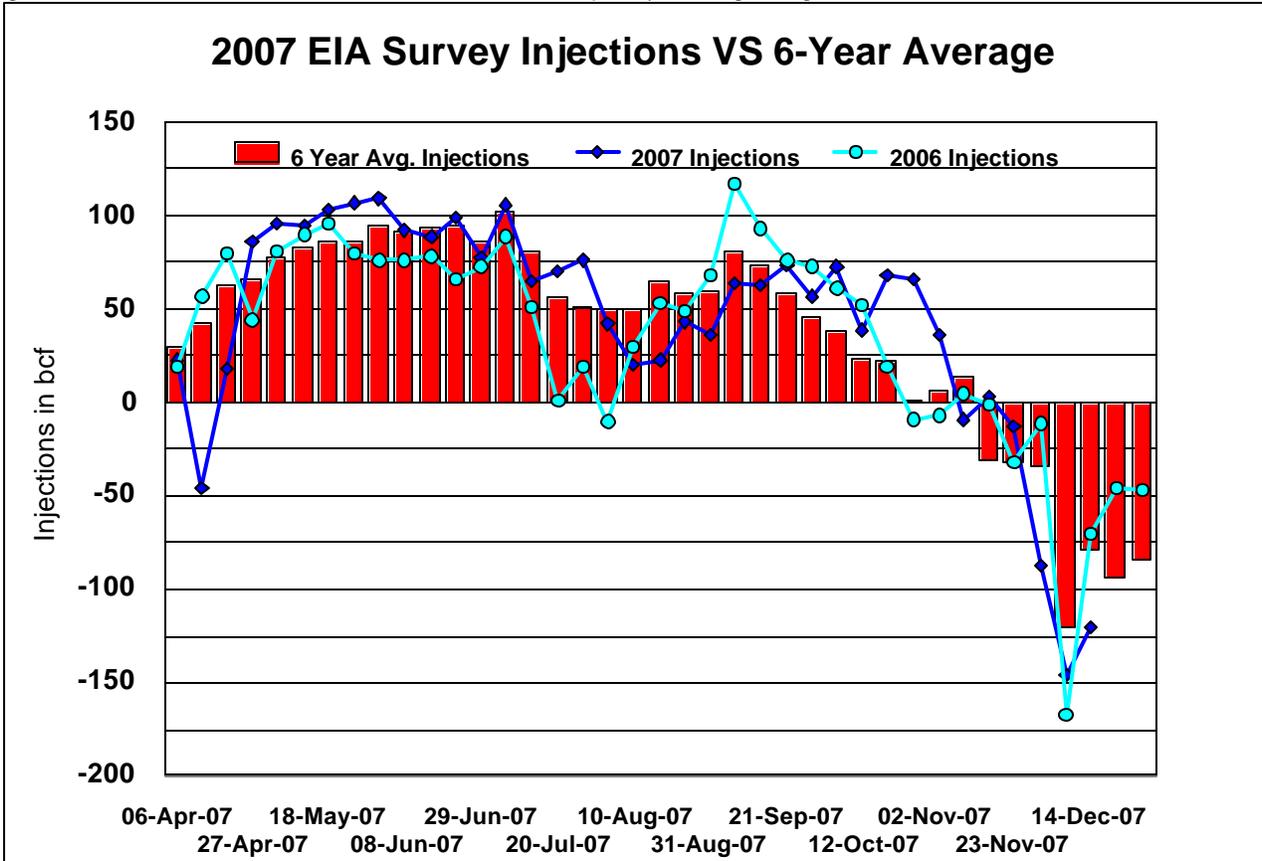
Gulf South Pipeline released an updated report regarding its ongoing maintenance schedule. Pipeline maintenance on Index 59 and Index 266 at Carthage Junction Compressor Station could affect capacity based on nominations. This project is set for today. All four units at Jackson Compressor Station will be out of service, one at a time, for 10 hours/day and capacity will be affected by as much as 100 MMcf/d during maintenance. This project is slated to be completed December 21. Moving forward, capacity at Hall Summit Compressor Station Unit #3 will be affected by as much as 100 MMcf/d starting January 7 and lasting approximately 3-5 days. Index 195 will undergo maintenance with SLN 3132 Deep Lake CP#1 and SLN 3298 Bridgeline at Grand Chenier shut-in during the project starting January 9. Goodrich Compressor Station Unit #6 will have capacity affected by as much as 50 MMcf/d starting January 26 for approximately 30 days during maintenance.

Iroquois Gas Transmission System said that it will be required to take the Boonville Compressor Station out of service effective today to perform unplanned maintenance. This outage is anticipated to last for a minimum of two days and will impact all ITS, ER/ED, and RTS services utilizing Waddington as an alternate receipt point for today and tomorrow's gas days.

KM Interstate Gas Transmission said it will be performing maintenance at its Casper Compressor Station from gas day January 8 through gas day January 18. Capacity through segments 45 and 730 will be limited to 178 MMcf/d. Based on the current level of nominations, this outage is not expected to impact shippers. However, conditions can change which may cause a reduction to scheduled volumes. KMIGT will also be performing maintenance at its Laton Compressor Station on gas day January 17. Capacity through Segment 775 will be limited to 235 MMcf/d. Based on the current level of nominations, this outage is not expected to impact shippers.

TransColorado Gas Transmission will be performing maintenance at its Mancos Compressor Station on gas day January 3. Capacity through Segment 220 will be limited to 365 MMcf/d and capacity through Segment 240 will be limited to 415 MMcf/d. Based on the current level of nominations, AOR/IT, secondary and primary FT

quantities are at risk of not being fully scheduled. The company will perform maintenance at its Dolores Compressor Station on gas day January 9. Capacity through Segment 220 will be limited to 350 MMcf/d and capacity through Segment 240 will be limited to 400 MMcf/d. Based on the current level of nomination, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. TransColorado said that it will also be performing maintenance at its Whitewater Compressor Station on gas day January 23. Capacity through segment 220 will be limited to 362 MMcf/d and capacity through segment 240 will be limited to 412 MMcf/d.



Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. Finally, the company will perform maintenance at its Redvale Compressor Station on gas day January 30. Capacity through Segment 220 will be limited to 362 MMcf/d and capacity through Segment 240 will be limited to 412 MMcf/d.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that it will be performing an unscheduled examination of the pipeline upstream of Station 6 today. This examination may take several days. During this examination FGT will schedule up to approximately 65,000 MMBtu/day through Station 6. During normal operations FGT schedules up to 300,000 MMBtu/day through station 6.

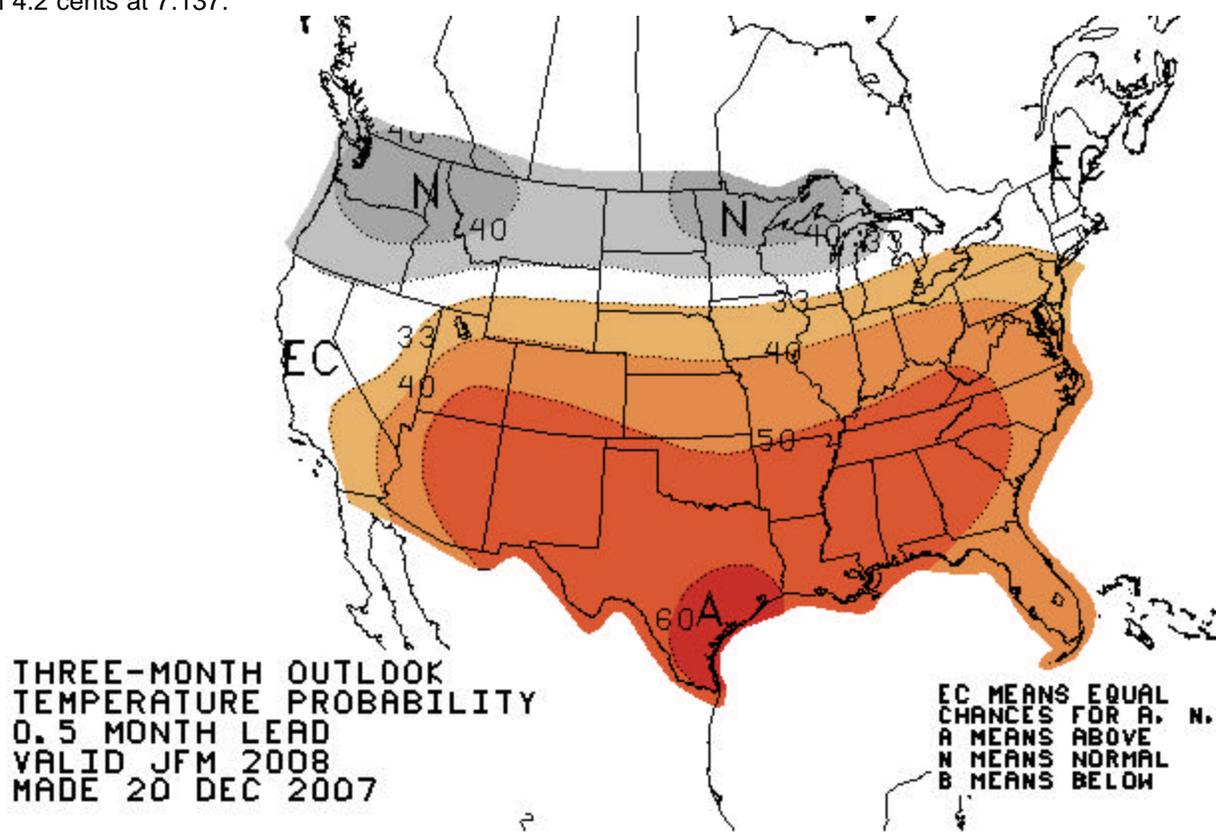
ELECTRIC MARKET NEWS

Jacksonville Electric Authority said that its two coal-fired power plant units that went offline after yesterday's chemical-plant explosion were not damaged and were restarted later that day.

Oklahoma Gas & Electric said the December 10 ice storm that knocked out power to some 300,000 of its customers has to date cost the utility \$36.6 million. The company said t plans to file a request with the Oklahoma Corporation Commission in early 2008 to recoup those costs, and any additional costs it may incur, through a storm-recovery rider on customer bills.

MARKET COMMENTARY

The natural gas market chopped erratically today following the release of the EIA's inventory report. The report showed that 121 Bcf was taken from storage, shy of the expected 130 Bcf, though enough to eliminate the year-on-year surplus. The market reacted negatively to the release, trading to a low of 7.025, but support at 7.00 held again, and the market jerked higher quicker than it sold off to a high of 7.25, perhaps on a private forecaster releasing a statement concerning another cold snap in January. The market then chopped sideways to slightly lower, making its way back to negative territory for the remainder of the session. January natural gas settled down 4.2 cents at 7.137.



With the holidays fast approaching, volume has been sharply lower, leaving the market struggling but failing to make it out of its recent trading range. Total storage in the lower 48 states now stands at 3,173 Bcf, 4 Bcf below last year's levels for the same week and 266 Bcf above the five-year average of 2,907 Bcf. With the market reluctant to move below 7.00, a winter storm in the Rockies moving eastward and some cold lingering in New England, many traders are looking to short cover positions. We feel that the market will maintain its range and trade positive tomorrow as traders reduce risk ahead of the Holiday. We see support at 7.025-7.00, 6.912, 6.80, 6.64 and 6.50-6.47. We see resistance at 7.25, 7.362, 7.475-7.50 and 7.60.