



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 4, 2005

NATURAL GAS MARKET NEWS

The EIA's report on Hurricane Impacts on U.S. Energy, released yesterday showed that a number of processing plants in Louisiana and Texas, with capacities equal to or greater than 100 MMcf/d are not active. These plants have an aggregate capacity of 7.93 Bcf/d, and they had a total pre-hurricane flow volume of 4.60 Bcf/d. Even if platforms and pipelines are either unaffected or readily restored to service, the gas often can't flow to market without treatment.

The U.S. Senate rejected a bid to remove language from a budget bill opening the Alaska Arctic National Wildlife Refuge to oil and gas leasing. The Senate also overwhelmingly agreed to an amendment to ban exports of oil produced from the ANWR reserve. Sponsored by senators Ron Wyden (D-Oregon) and Jim Talent (R-Mississippi) the amendment prohibits exports of ANWR oil abroad.

The Minerals Management Service reported that shut-in natural gas production in the Gulf of Mexico improved to 4.569 Bcf/d. That is equivalent to 45.69% of the daily gas production in the Gulf of Mexico.

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 the Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, and Kiln to Mobile.

Km Interstate Gas Transmission said effective today and until further notice, deliveries to Northern Natural Milligan are at capacity.

National Fuel Gas said that due to current storage inventory levels and fall storage testing, Nat Fuel will have limited storage injection capability.

Texas Eastern Transmission said that Zones M1 24-inch and M2 24-inch have been restricted to capacity flowing through Batesville. Receipts between Little Rock and Batesville for delivery outside that area will not be accepted. Zones STX and ETX have been restricted to capacity. No increases in receipts between Mt. Belvieu

Generator Problems

ERCOT— South Texas Project Nuclear Company's 1,250 Mw South Texas #2 nuclear unit reduced power to 69% as of early this morning. The unit was operating at 88% yesterday. South Texas #1 continues to operate at full power.

NPCC— Entergy's 670 Mw Pilgrim nuclear unit increased power to 80% capacity early today. The unit was operating at 56% capacity yesterday.

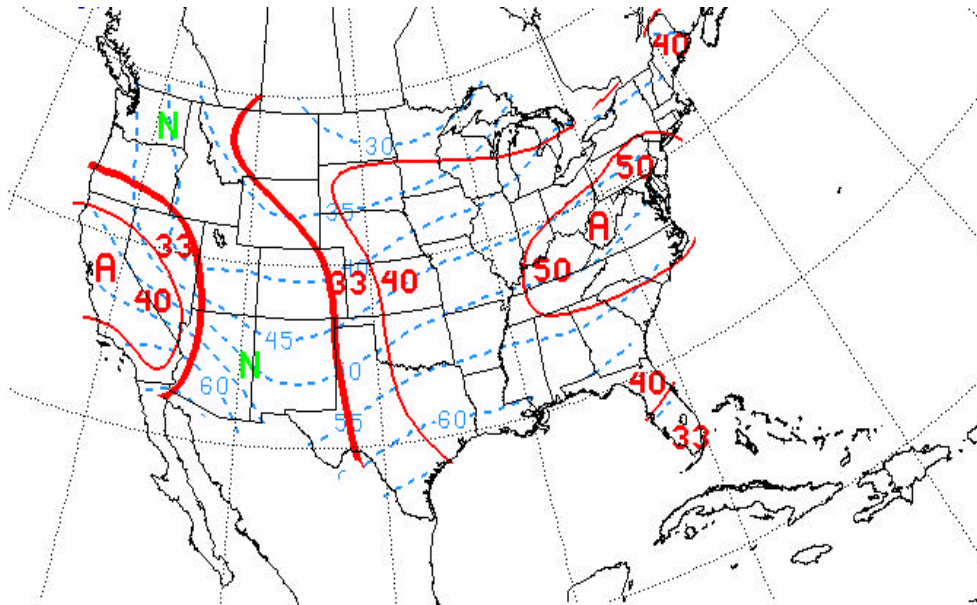
SERC— Duke Power's 1,100 Mw McGuire #2 nuclear unit continues to operate at 56% capacity today to perform some switchyard work on some cooling units.

The NRC reported that U.S. nuclear generating capacity was at 79,532 Mw down .008% from Thursday and up 2.95% from a year ago.

and Little Rock for delivery outside that area will be accepted. Also, receipts sourced at Monroe Station have been sealed to capacity.

PIPELINE MAINTENANCE

Alliance Pipeline said that Minor maintenance will require the Carson Creek Unit #1 compressor to be offline for five hours starting at 9:00 AM MT on November 8. Station capacity will be lowered to 17.4 MMcf/d for November 8. The Carson Station is located in Alberta.



**6-10 DAY OUTLOOK
TEMP PROBABILITY
MADE 4 NOV 2005
VALID NOV 10 - 14, 2005**

**DASHED BLUE LINES
ARE CLIMATOLOGY (DEG F)
SOLID LINES ARE TOTAL PROBABILITY
OF THE INDICATED CATEGORY. HEAVY
SOLID LINES ARE 33% PROBABILITY**

National Fuel Gas said that overdue maintenance at the Concord station will begin November 7 and continue into December. During this work Nat Fuel will have limited capacity through the Concord station. The capacity reduction is expected to affect secondary transactions and is not expected to affect primary transactions through the Concord station.

Williston Basin Interstate Pipeline Company said Unit #4 at the Baker South Compressor Station will be down for unscheduled maintenance for eight hours today. Point ID 04018 Baker Area Mainline

and Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 3 MMcf/d. Also, due to unscheduled maintenance being performed November 3-9 on Unit #2 at the Dickinson Compressor Station, deliveries in East Mon-Dak and Sheyenne Sub-Systems may potentially be affected. At this time, Williston does not anticipate any restrictions to the system.

ELECTRICITY MARKET NEWS

Restoration workers marshaled by Florida Power & Light Company have returned power to 86% of customers impacted by Hurricane Wilma. Expected to peak at almost 19,000 workers in the days to come, the restoration team for Wilma is the largest ever assembled by FPL, surpassing all hurricanes in 2004 and Andrew. It will continue to focus on restoring service as quickly and safely as possible to all customers remaining without power. The company projects a completion date of November 8 for 95% of customers. West Coast customers are now essentially restored. Virtually all customers in St. Lucie and Martin counties will have power restored by the end of today.

ECONOMIC NEWS

The Labor Department reported today that U.S. non-farm payrolls increased by 56,000 jobs after an upwardly revised 8,000-job decrease in September. Hiring in August was marked down to 148,000 new jobs. Previous estimates showed a 35,000 decrease in September and a 211,000 increase in August. The unemployment rate slipped to 5%, down from September's 5.1%.

MARKET COMMENTARY

The natural gas market continued to tumble today, opening over 47 cents lower with a lack of supportive fundamental and technical forces. The market opened at 11.215, the day's low and a new two-month low for the

contract before bouncing and trading higher to the day's high of 11.47. The market settled 27 cents lower at 11.415 on very light volume, only 50,000 contracts trading hands.

With bearish fundamentals such as mild weather and the official end of the hurricane season, the natural gas market remains in a powerful downtrend mode. The market's inability to rally on bullish news yesterday suggests that it is oversold for a valid fundamental reason. The market is thoroughly oversold and due for a more substantial day of consolidation than yesterday.

The Commitments of Traders report showed that non-commercial traders reduced their long positions by over 20,000 contracts and therefore increased their net short position by 18,125 contracts to 35,936 contracts. In the combined options and futures report, non-commercial traders reduced their net short position by 2,464 contracts to 41,881 contracts.

Looking ahead to next week, we see natural gas to continue working lower as it looks for a bottom to this recent downturn. The next downward target is a gap at \$11.10 to \$10.87. Additional support is seen at \$10.75, \$10.10 and \$10.00. Should the market snap back, we see resistance initially at \$11.80, \$12.00, and \$12.34. Further resistance we see at \$12.87 and \$13.20.

