



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 15, 2006

NATURAL GAS MARKET NEWS

Williams Cos. said it executed agreements with seven natural gas shippers to transport additional supplies from existing sites in Virginia and Pennsylvania to help meet growing needs in the northeastern U.S. starting in November 2008. Williams' Sentinel expansion project will transport and additional 142 MMcf/d of gas from the existing Transco/Cove Point interconnect in Virginia and the Leidy Hub in Pennsylvania to markets in the Northeast. The project will loop the Transco natural gas pipeline in Pennsylvania and New Jersey with about 22 miles of 42-inch pipe while making minor compressor station modifications.

Baker Hughes reported that the number of rigs searching for oil and gas in the United States fell eight to 1,716 in the week ending today. The number of rigs searching for oil fell four to 278, while the number of rigs searching for gas also fell four to 1,433.

Excelerate Energy plans to start commissioning its LNG gas terminal in northeast England in early January and take delivery of LNG tankers immediately afterwards.

PIPELINE RESTRICTIONS

Kern River Pipeline said line pack is high on the north end of the system and low from the Goodsprings compressor through end of the line.

KM Interstate Gas Transmission said that until further notice, WIC/Cottonwood is at capacity for delivered volumes. Based on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled.

Texas Eastern Transmission Corp. said that it has scheduled to capacity receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase of receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted. Tetco has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area. No increase of receipts between Mt. Belvieu and Little Rock for delivery outside of that area will be accepted.

Generator Problems

ECAR – FirstEnergy's 1,260 Mw Perry nuclear unit shut from full capacity yesterday.

FRCC – FPL's 760 Mw Turkey Point #4 nuclear unit returned to full power as it returns from a refueling. Yesterday, the unit was operating at 92%. Turkey Point #3 remains at full power.

MAAC – Constellation Energy's 873 Mw Calvert Cliffs #1 nuclear unit started to exit an outage and ramped up to 10% capacity today. Calvert Cliffs #2 continues to operate at full power.

Exelon's 810 Mw Three Mile Island nuclear unit started to exit an outage and ramped up to 3% capacity.

MAIN – Exelon' 867 Mw Dresden #3 nuclear unit dipped to 72% capacity today. Yesterday, the unit was operating at 97% capacity. Dresden #2 is operating at 96%.

Xcel's 593 Mw Prairie Island #2 nuclear unit remains offline at 6% capacity, up 1% as it comes back from a refueling outage. Prairie Island #1 remains at full power.

SERC – Duke's 846 Mw Oconee #1 nuclear unit is operating offline at 20% as it returns from a refueling. Oconee #2 and #3 remain at full power.

WSCC – PG&E's 1,100 Mw Diablo Canyon #2 nuclear unit restarted and ramped up to 48% today. Diablo Canyon #1 remains at full power.

Southern California Edison's 1,080 Mw San Onofre #3 nuclear unit remains offline at 9%, down from 19%.

The NRC reported that 88,422 Mw of nuclear capacity is on line, up .46% from Thursday, but 4.33% lower from a year ago.

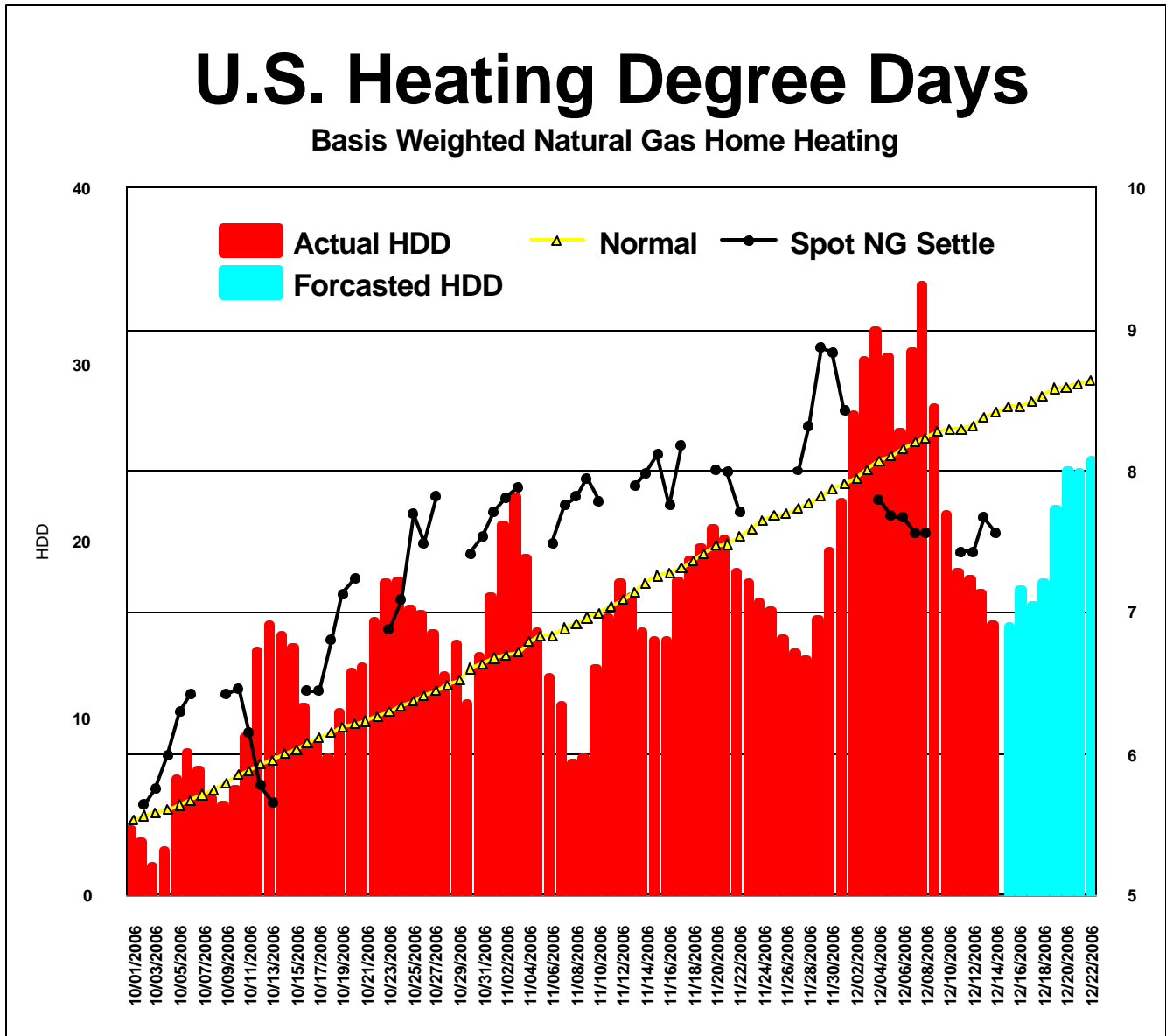
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	799,000	\$6.819	(\$0.436)	(\$0.590)	(\$0.290)	(\$0.495)
Chicago City Gate	468,300	\$6.898	(\$0.303)	(\$0.447)	(\$0.040)	(\$0.483)
NGPL- TX/OK	587,300	\$6.362	(\$0.365)	(\$0.983)	(\$0.102)	(\$0.965)
SoCal	699,200	\$6.859	(\$0.301)	(\$0.486)	(\$0.038)	(\$0.543)
PG&E Citygate	384,700	\$7.306	(\$0.250)	(\$0.039)	\$0.013	(\$0.106)
Dominion-South	355,300	\$6.999	(\$0.378)	(\$0.346)	(\$0.115)	(\$0.356)
Transco Zone 6	269,500	\$7.273	(\$0.454)	(\$0.072)	(\$0.191)	\$0.048

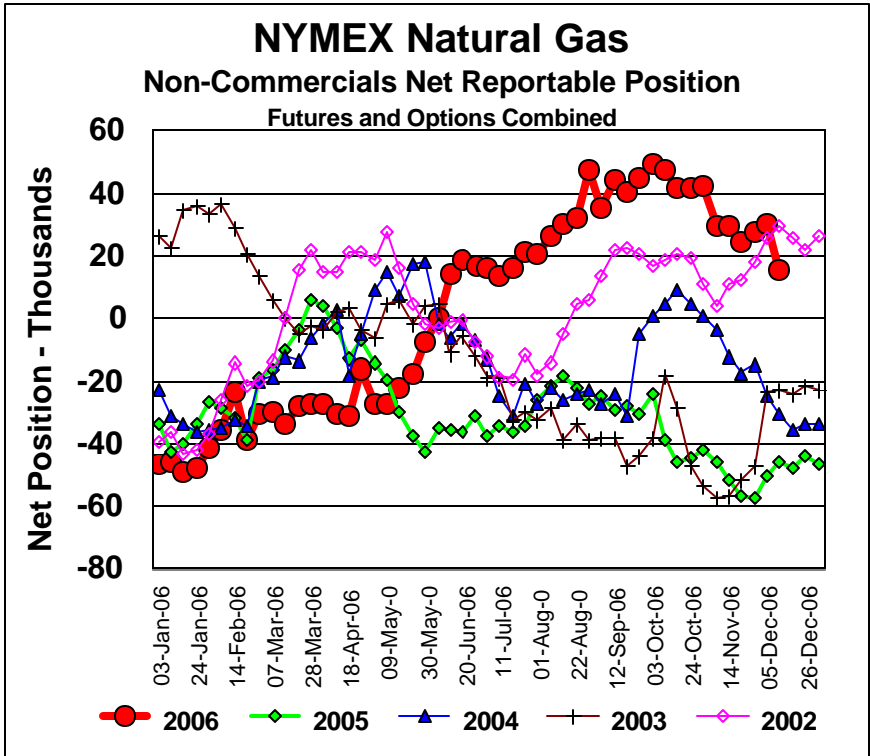
Williston Basin Interstate Pipeline Company said that one point and a number of line sections are in pipeline Capacity Constraint. Penalties will be imposed for all those mentioned below. Line Sections include: Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-

Grafton; Williston-Bismarck; Cleveland-Mapleton; and Portal-Tioga.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing unscheduled maintenance on the Hall Summit Compressor





Station Unit #2 beginning immediately. Capacity through the Hall Summit Compressor Station could be affected by as much as 75 MMcf during the duration of this maintenance.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Fort Peck Compressor Station January 3 through January 19. Maximum capacity at the Fort Peck Compressor Station will be approximately 22.6 MMcf/d on January 3-4 and January 10-19. There is a potential for capacity restrictions during the specified dates but none are expected at this time.

ELECTRIC MARKET NEWS

About 1.5 million homes and businesses in Washington State and Oregon had no power early today

after howling windstorms and heavy rains caused at least three deaths, closed two major bridges and sparked flooding.

U.S. coal production for the week ended December 9 totaled 22.110 million short tons, down from the prior week's production, the EIA reported.

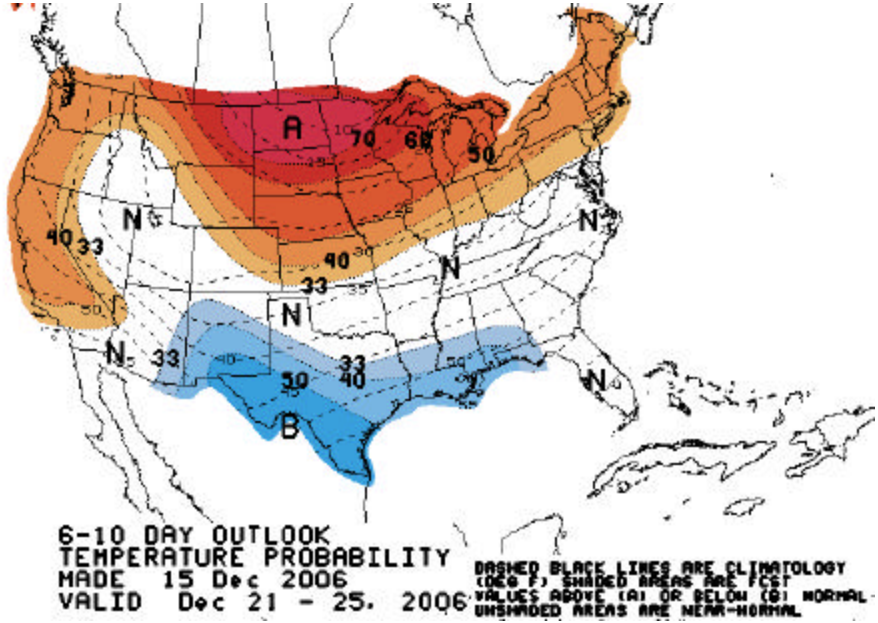
ECONOMIC NEWS

Net inflows of capital into the U.S. rose to \$62.2 billion in October, from September's upwardly revised figure of \$57.8 billion, more than sufficient to cover the U.S. trade deficit for the same month.

Also reported today, output at U.S. factories, mines and utilities rose a larger-than-expected 0.2% in November, but after a revised no change in October that was previously estimated up 0.2%.

MARKET COMMENTARY

The natural gas market opened 14.5 cents lower to start a quiet Friday session. January natural gas wallowed in moderately negative territory as a dearth of supportive news with mild weather and a likely expanding storage surplus slumped the market to a low of 7.30. The front month natural gas contract finished down 14.6 cents at 7.409, 2% lower than last week.



Attention in this market will now focus more on this week's warmth and the mild weeks ahead, which will keep storage high and leave prices open to the downside. Looking at a comparison of year-earlier withdrawal figures

and current forecasts, the year-on-year storage surplus can possibly reach 400 Bcf by the end of the month. The Commitment of Traders Report shows that non-commercial traders reduced their net long futures position by 8,404 lots to 40,676 contracts and they reduced their net long combined futures and options positions by 14,609 lots to 15,415 contracts. As the market heads into the Holidays, we expect light volume as the market explores the lows from this past Monday. We see support at \$7.22, \$7.13, \$7.00, \$6.75, \$6.50 and \$6.25. We see resistance at \$7.87-\$7.88, \$8.00, \$8.13, \$8.29-\$8.30, \$8.70 and \$9.05.