



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR APRIL 23, 2004

NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service reported today that as of January 18th some 140,564 b/d of oil output and 558.69 Mmcf/d of natural gas production still remained shut in the USG following Hurricane Ivan. Since January 3^d only 4,564 b/d of oil production has been returned to service and a mere 26 Mmcf/d of natural gas production.

BP reported that the Mad Dog development in the deepwater of the Gulf of Mexico, some 200 miles south of New Orleans has started producing and is expected to ramp up to about 100,000 b/d of oil and 60 Mmcf/d of natural gas production by the end of the year.

Freeport LNG Development LP, which has a FERC permit to build a 1.5 bcf/d LNG receiving terminal in Quintana, TX, has reached an agreement with Mitsubishi's MC Global Gas Corp, to a 17 year terminal use agreement for capacity in a future expansion project at the terminal. The Mitsubishi subsidiary would bring LNG into the terminal from Oman.

The FERC called on Congress today to modify the Natural Gas Act and clarify that the FERC has exclusive authority over siting of LNG import terminals onshore

Generator Problems

MAAC – PSEG's 1,100 MW Hope Creek nuclear facility is at 74% today up 1% from Friday.

PSEG's Nuclear reported its 1,100 MW Salem nuclear reactor at 82% this morning down 13%. The unit is ramping back to full power after minor maintenance this morning caused the unit to reduce power.

Pennsylvania Power and Light Co.'s 1,000 MW Susquehanna nuclear unit 1 is running at 77% capacity, up 62% from Friday.

MAIN – Exelon Generation Co.'s 900 MW Dresden nuclear unit 2 automatically scrambled shut as of 4/24. The unit experienced an automatic scram from 20% power due to Main Steam Isolation Valve closure, but a more specific cause is still under investigation. The unit had been running at 97% on 4/23.

MAPP – Nuclear Management Co.'s 580 MW Duane Arnold nuclear power station was reported at 93% capacity this morning, up 66%. The unit restarted 4/22 after NMC took the unit offline on 4/19 to replace a relief valve in the main steam system.

Nebraska Public Power District reported its 776 MW Cooper nuclear power plant at full power this morning, after reducing output by 15% for control rod adjustments.

ECAR – FirstEnergy Nuclear Operating Co. reported its 831 MW Beaver Valley unit 2 at 75% capacity down 25% on the day.

SERC- Southern Nuclear Operating Company reported its 855 MW Edwin I. Hatch nuclear unit at 100% capacity, up 6% from the morning.

Florida Power and Light Co. reported its 839 MW Saint Lucie 1 nuclear reactor at 30% as of early this morning. The unit restarted 4/25 from a refueling and maintenance outage that began 3/22. The unit should be up to full power by tomorrow according to a plant spokesman.

NPCC- Constellation Energy reported its 1,158 MW Nine Mile Point nuclear unit back on the grid this morning at 38% after restarting yesterday 4/25. The unit was taken offline 3/15 for a scheduled maintenance and refueling outage.

Based on the latest NRC reports, total nuclear generation output this morning reached 79,290 MW, up some 553 MW or 0.70% from yesterdays' levels. The total generation was up 3.75% on the year.

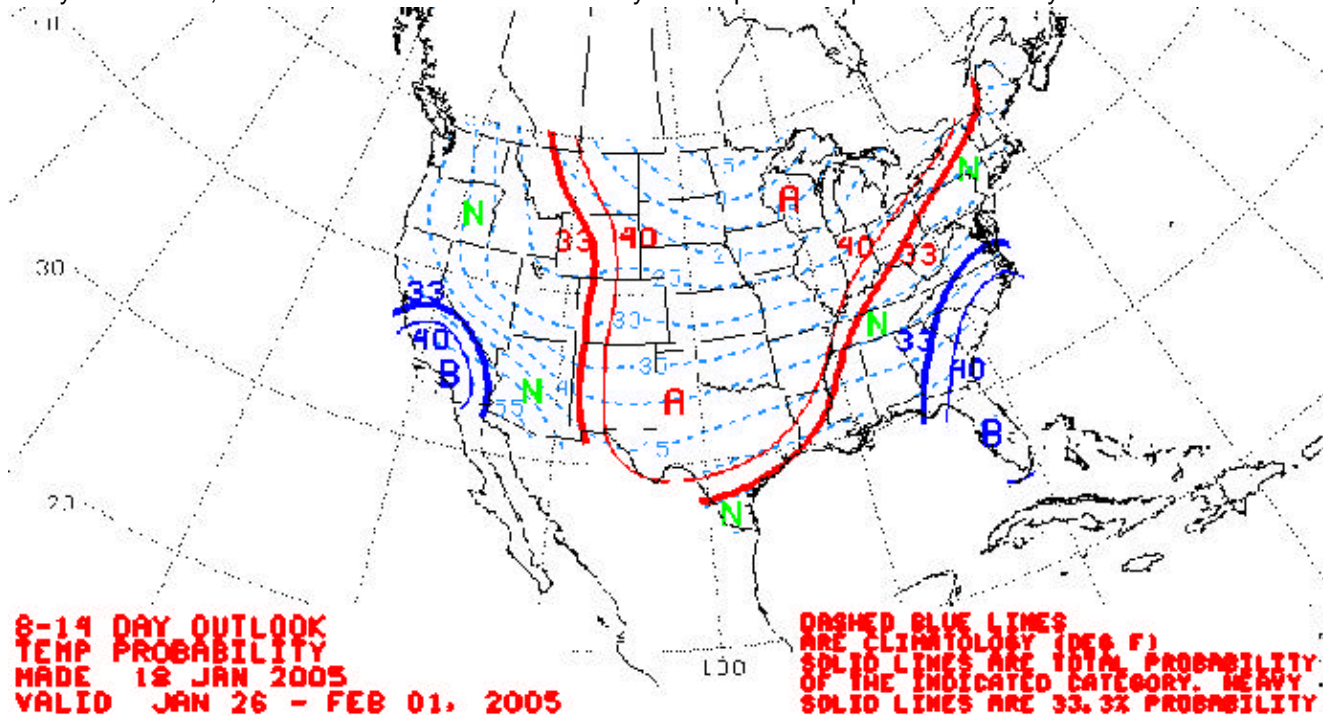
and in state waters, as well as pipeline facilities that deliver gas from LNG terminals.

The Climate Prediction Center reported this morning that for the week ending January 15th it estimates that the U.S. saw some 183 HDD. This was some 20% less than normal and 19.3% less than the same week a year ago. For the current week ending January 22nd, the CPC estimates that there will be 229 HDD some 1.8% more than normal but 3.8% less than the same week a year ago.

Energy Transfer Partners said Monday it agreed to acquire all the midstream natural gas assets of TXU Fuel Company for \$500 Mil in cash. The assets, known as the TUFECO System, include approximately 2,000 miles of intrastate pipeline and related storage facilities located in Texas. The TUFECO System serves approximately 80 large volume customers, with a total system capacity of 1.3 Bcf of natural gas per day. Energy Transfer, the fourth largest retail marketer of propane in the US, said the transaction is subject to approval under the Hart-Scott-Rodino Act and is expected to close by June 1, 2004. It said all-cash transaction will be financed through a combination of debt and equity financing.

PIPELINE RESTRICTIONS

Natural Gas Co. of America, a division of Kinder Mrogan, Inc., said Florida Gas Vermilion is at capacity today. Increases to interruptible flow, authorized overrun and secondary firm transport volumes may not be available. In the Louisiana Line, all segments have available capacity today. ANR South Joliet #2 is at limited capacity for deliveries today. Limited increases to interruptible flow, authorized overrun and secondary firm transport volumes are available. Columbia Gulf-Chalkley is at limited capacity for deliveries. Therefore, limited increases to ITS/AOR and secondary firm transport volumes are available. The Arkoma Line (segment 16) is at capacity today. Therefore, increases to IT/AOR and secondary-out-of-path transport volumes may not be available.

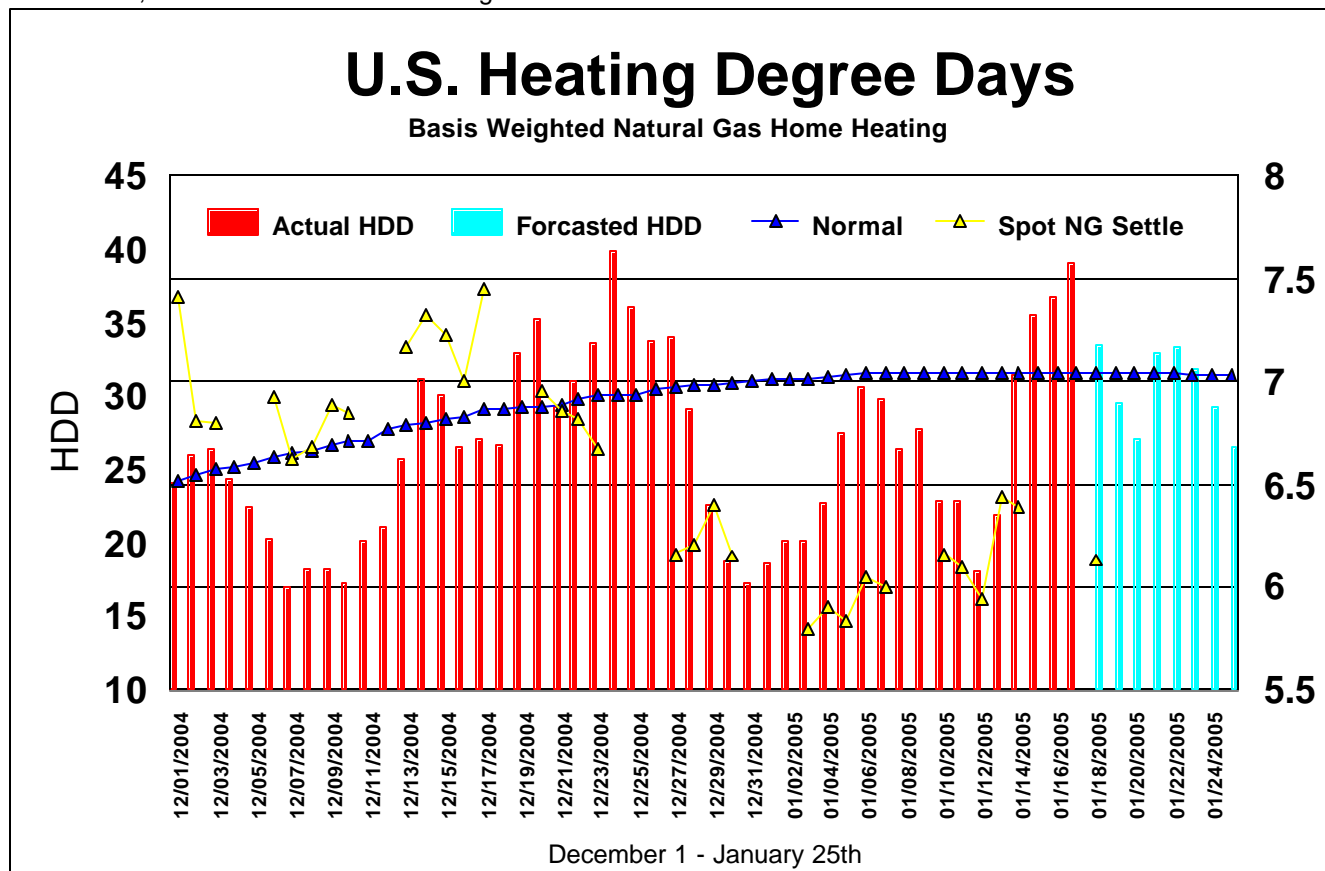


NGPL is at capacity for transportation going northbound through and downstream of Compressor Stations 109 and 110 (segment 14) and through Compressor Station 801 (segment 15). The limited volumes of ITS/AOR and secondary out-of-path are at risk of not being scheduled. The affected areas are located in Iowa, Illinois, and Oklahoma.

Florida Gas-Jefferson is at limited capacity. Limited increases to ITS/AOR and secondary firm transport volumes are available. Texas Gas-Lowry has availability capacity for deliveries.

Kern River Pipeline, a subsidiary of MidAmerican Energy, has again warned schedulers of high line packs along kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

Texas Eastern Transmission Corp., a subsidiary of Duke Energy, said its 24-inch system has again been scheduled to capacity for today. Tetco said it would not accept increases in physical receipts between the Longview compressor station in Texas and the Fagus compressor station in Missouri. The Texas Eastern pipeline system has a design flowing capacity of 6 billion cubic feet per day. Currently, estimated firm right net fuel through their mainlines are 443.9 MMcf/d along Tetco-ETX, 1.75 Bcf/d along Tetco-ELA, 1.05 Bcf/d along Tetco-WLA, and 665 thousand cf/d along Tetco-STX.



Gas Transmission Northwest Corp. said that due to improved conditions through station 12, the capacity through station 14 is being restated to 1,660 MMcf/d. Station 14 is located in Oregon.

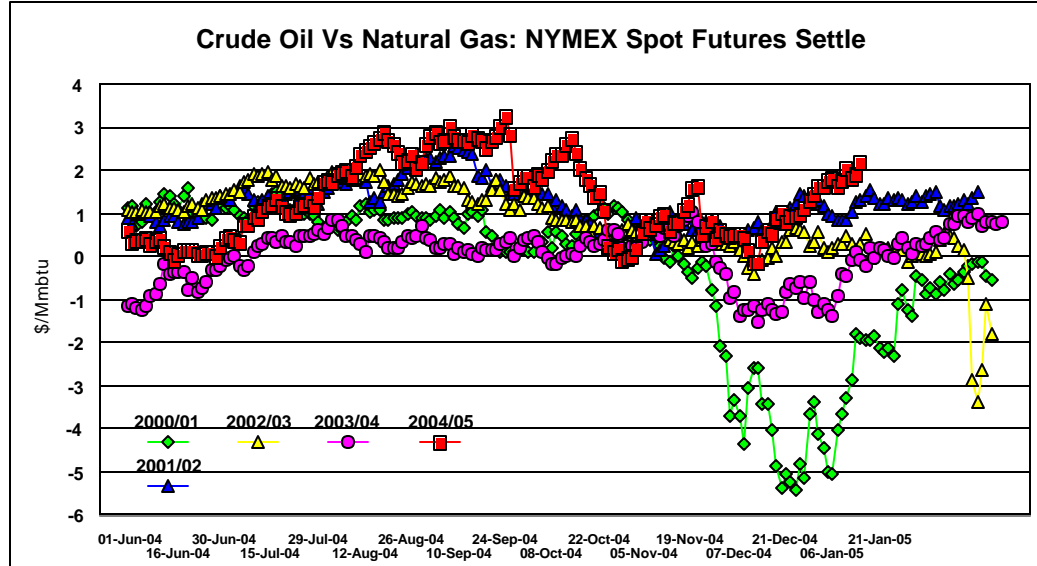
PIPELINE MAINTENANCE

Due to the expectation of highloads and temperatures across the California ISO Control Area, the CAISO said it is declaring restricted Maintenance Operations today, from 7:00 AM PT through 10:00 PM PT. Restricted maintenance operations, as detailed in ISO Operating Procedure E-509, will be in effect. Market participants are cautioned to avoid actions, which may unnecessarily jeopardize generator availability.

Florida Gas Transmission said it will not be able to complete the scheduled maintenance on Compressor Unit 301 in Port Lavaca, Texas. The scheduled maintenance is now scheduled to be completed on April 30. This additional maintenance on Compressor Unit #301 will cause the unit to be unavailable until the gas day of May 1st. During this work FGT will schedule up to approximately 180 MMcf/d through Compressor Station #301. During normal operations FGT schedules up to 230,000 MMcf/d.

Trailblazer Pipeline Co., a subsidiary of Kinder Morgan Inc., said it will be running a series of cleaning pigs from Compressor Station 603 (Kearney County, Nebraska) to NGPL-Gage (Gage County, Nebraska) on Wednesday, May 5th. During these pig runs it may be necessary to adjust flow rates at the following deliveries off Trailblazer's segment 40: PIN 3850 KMITG- Adams in Adams County, Nebraska, PIN 3851 KMITG-Clay in Clay County, Nebraska, PIN 902901 Northern Natural in gage County, Nebraska, PIN 25750 Koch-Hydration in Gage County, Nebraska, PIN 902901 NGPL-Gage in Gage County, Nebraska. Even though flow rates may need adjusting during this gas day, it is not anticipated that shipper's scheduled activity at these deliveries will be affected.

GulfTerra Field Services L.L.C., a subsidiary of El Paso Corp., has scheduled necessary maintenance at its Potter Canyon Compressor Station on May 18-19. On May 18th Unit #1 at Potter Canyon Compressor Station will be taken out of service for approximately 68 hours. On May 19th Unit #2 at Potter Canyon Compressor



Station will be taken out of service for approximately 6 hours. This maintenance coincides with El Paso Natural gas Co's constraints on the San Juan Basin and North Mainline scheduled on May 18-19, 2004. At this time, GulfTerra is not asking operators to shut in any wells, but all operators should monitor well head pressure as needed.

Northern Natural Gas Co., a division of MidAmerican Energy, said that all work on the Sand Springs Meter Station in Colorado has been completed and the capacity has been upgraded to 425 MMcf/d effective today.

ELECTRICITY MARKET NEWS

ISO New England Inc., the operator of the region's bulk electric power grid, today issued its summer 2005 capacity outlook. This summer, the region's electricity supplies should be adequate to meet expected electricity use. However, transmission constraints in Southwest Connecticut could require that ISO New England implement operating procedures to help maintain reliability in that area this summer. Summer electricity use for New England is forecast to reach 25,735 MW on at least one day during the summer under normal weather conditions of around 91 degrees. Extreme weather conditions, such as an extended heat wave of approximately 95 degrees, could drive peak use to 27,305 MW. New England's summer electricity use typically ranges between 19,000MW and 24,000 MW, with temperatures in the 80's. Although New England as a whole is expected to have adequate power this summer, Southwest Connecticut and Northeast Massachusetts/Greater Boston have transmission constraints that could create electricity reliability concerns. Both areas have the highest electricity use in New England, with Northeast Massachusetts/Greater Boston making up approximately one-fifth of New England's total electricity use. Because of Southwest Connecticut's transmission constraints, ISO New England secured approximately 125 MW of emergency resources to maintain reliability in that area until transmission improvements are made.

MARKET COMMENTARY

The natural gas market gapped higher this morning as bulls ran out of the starting gates driven by the first true arctic blast that had reached the northeastern U.S. Natural gas prices on Access had reached as high as \$6.80 earlier this morning, as shorts seemed to be rushing for the exits. While prices began to calm a bit going into the close of Access and at the start of the regular day session, good trading was still done in the first 30 minutes that saw spot natural gas futures prices over \$6.60, levels not seen since prior to Christmas. But as the morning moved on the bullish luster in the natural gas market began to disappear as traders began to realize that while

the northeast was expected to be 20% colder than normal over the next week, this did not translate into outstanding natural gas demand as the nation on average would actually see heating demand for gas some 3.8% lighter than normal, as the west and Midwest regions saw moderating temperatures. By midday the natural gas market had erased all its gains and turned negative, and by the end of the day settled down over 25 cents, posting an outside trading day, following Friday's inside trading session and its lowest close since Wednesday. Final volume was estimated 95,000 futures contracts, the highest volume day since October 27th.

This evening's NWS 8-14 day temperature outlook did not appear to lend much support to the bulls as it continued to show a moderating weather pattern over much of the middle two thirds of the country. As a result it appears that for the time being natural gas could continue to lose value to the crude oil and heating oil markets. While we remain flat price bearish this market we feel that owning puts is the only way to participate in it without being exposed to the wild fluctuations of intraday price movements. We see minor resistance at \$6.20 followed by \$6.40 with more significant resistance at the \$6.68-\$6.69 level followed by \$6.89 and \$6.97. Support we see at \$6.08-\$6.05 followed by \$5.83 and \$5.71.

Current market expectations for this week's EIA Storage Report appear to be ranging between a 70 to 120 bcf draw down. For a change our estimate falls basically in the middle of these expectations with a 99 bcf decline. A year ago saw a 155 bcf decline with the five year seasonal draw down of 133 bcf. Given the forecast for the remainder of this week we have an early estimate of a 198 bcf decline for the following reporting period.

Due to the Martin Luther King Holiday and the presidential inauguration, the EIA's petroleum report will be released at 5 PM Wednesday, with the Natural Gas Storage Report being released on Friday at 10:30 AM EST.