



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 21, 2005

NATURAL GAS MARKET NEWS

Duke Energy and Williams Co., two pipeline operators that supply natural gas to the New York City metropolitan area were restricting some deliveries today as frigid cold weather triggered a surge in demand. Duke's 9,088-mile Texas Eastern pipeline system runs from Texas to the Northeast and has a capacity to transport 5.9 Bcf/d of natural gas. Duke restricted all interruptible deliveries in zone M3 and will continue to monitor the weather to determine demand and regularly update shippers. Williams Co.'s 10,560-mile Transco pipeline, which serves the Northeast with 8.1 Bcf/d, was experiencing shipper imbalances due to near-peak market loads. Williams cautioned shippers to remain within 1% of scheduled withdrawal volumes.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that on Jan. 14, unit #1 at Station 812 (Atoka County, Oklahoma) became unavailable due to an unscheduled outage. This outage will continue into Feb. and is causing a lower scheduling segment capacity for Segment 16 of the Texok Zone-A/G. Until further notice, increases to interruptible flow, authorized overrun and secondary firm transport volumes are at risk of not getting scheduled. On Feb. 15, NGPL will replace Unit #3 at Station 346 in Cameron Parish, Louisiana. For today, NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line Segments (25, 23, and 24) are at capacity for eastbound

Generator Problems

ECAR— Consumers Energy ramped production 8% to 98% at its 730 Mw Palisades nuclear unit.

MAIN— AmerenUE restarted its 1,125 Mw Callaway nuclear unit today and is warming it up offline at 1% following an automatic trip on Wed. due to loss of power to a process control system power supply that resulted in a low steam generator water level.

AmerGen Energy increased its 1,022 Mw Clinton nuclear unit 23%, to operate the unit at 92% today. Reasons for the curtailment or a schedule for return to full power were not given.

NPCC— Entergy Nuclear's 825 Mw Fitzpatrick unit reduced output 8% to operate at 92% of capacity. Reasons for the curtailment were not available.

The NRC reported that U.S. nuclear generating capacity was at 90409 Mw today up .30% from Thursday.

transport volumes.

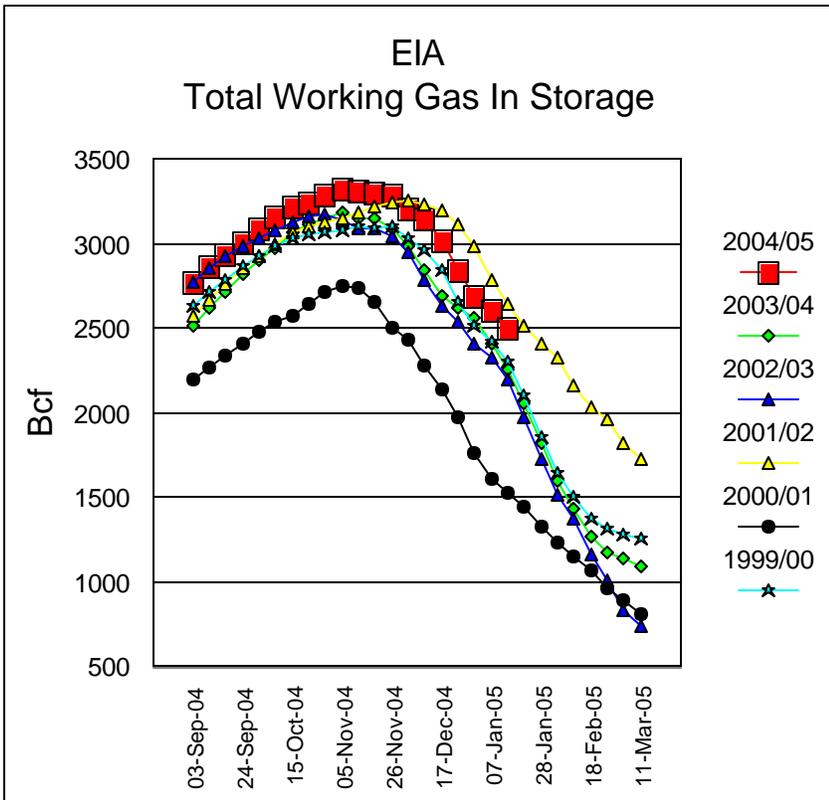
EIA Weekly Report

	01/14/2005	01/07/2005	Net chg	Last Year
Producing Region	755	783	-28	690
Consuming East	1438	1494	-56	1330
Consuming West	307	333	-26	282
Total US	2500	2610	-110	2303

restricted to capacity.

Texas Eastern Transmission said that the Monroe Line has been nominated to capacity. Market Zone 3 has been scheduled to capacity through the Perulack/Chambersbug Stations. Leidy Line has been scheduled to capacity. STX and ETX are also

Algonquin Gas Transmission said that as weather forecasts continue to predict strong demand across its system, all shippers and point operators are reminded to carefully review demands for gas and schedule gas consistent with daily needs and to tender and receive gas consistent with confirmed nominations. If imbalances are limited, restrictions will not be needed. For today, AGT has restricted all AIT-1 and a portion of priority 3 nominations for gas flowing through the Hanover compressor station.



Florida Gas Transmission said that due to freezing temperatures forecasted to move into northern Florida sometime this upcoming Sunday, it would like to alert customers in its Market Area that there is the potential that FGT will issue an Overage Alert Day.

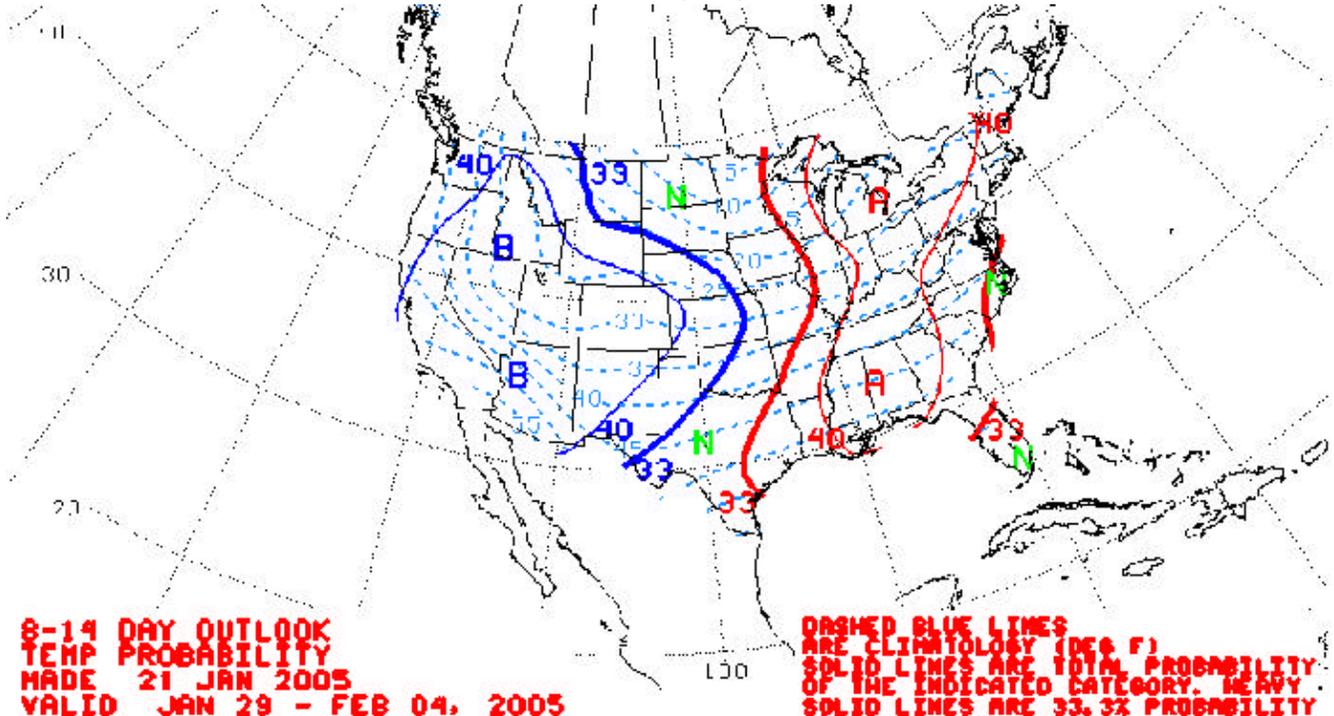
Iroquois Gas Transmission said that with the forecasted cold weather, it is requesting that its point operators keep their daily-nominated volumes. There will be no unscheduled due shipper gas available, however if conditions remain favorable Iroquois will be able to support peak demand swings.

PIPELINE MAINTENANCE

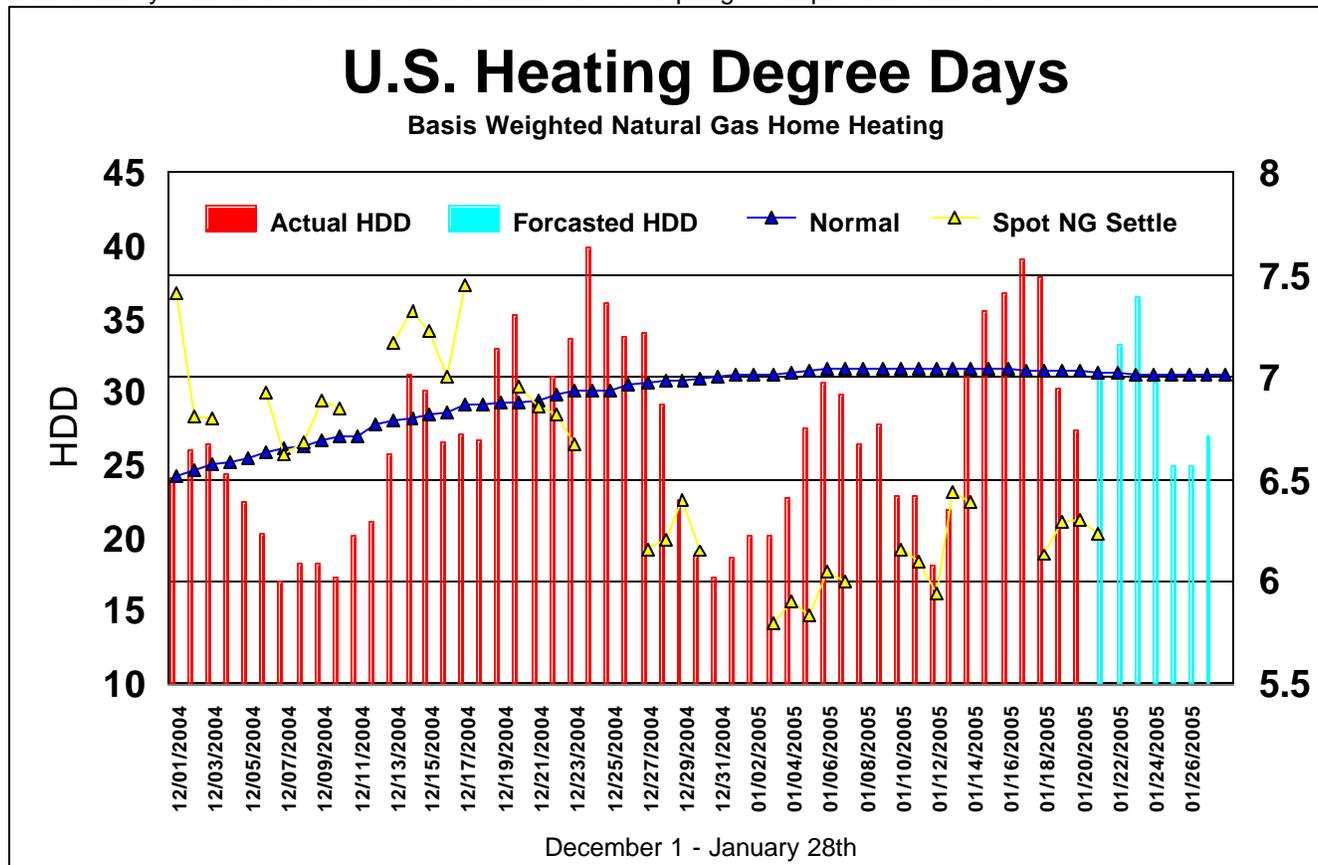
Gulf South said that it will be performing scheduled pigging maintenance on Index 391-29 (Entergy Marshall 12-inch) and Index 391 (Longview 20-inch) from Lingview, Texas to Carthage, Texas beginning Monday Jan. 31, and continuing for 2 weeks through Friday, Feb. 11. The affected areas are, Beckville, Knox Lee

Power Plant, Longview Plant, AEP-EASTEX Cogen, Marshall Power Plant.

Alliance Pipeline said that the Carson Creek Compressor #2, in Alberta, will be offline for 5 hours starting at 9:00am MT on Jan. 26 for minor maintenance. Station capacity will be lowered to 14.8 MMcf/d.



Kern River Gas Transmission said that due to flood damage in Southern Utah repairs to the Veyo Compressor Station project have been postponed, though Kern River will complete necessary repairs to the lube oil cooler on unit #3. The scope of the project requires that unit #3 remain unavailable for the duration of the work. Kern River anticipates that there will be no impact to firm transportation. Kern River anticipates minimal impact to interruptible transportation with an estimated system capacity of 1,885 MMcf/d. During the first quarter of 2005, Kern River will conduct in-line inspections of the "A" and "B" pipelines from Dry Lake Compressor Station to Daggett Meter Station, including the Big Horn and High Desert Laterals. No impact to firm transportation and minimal impact to interruptible transportation is anticipated. Pipeline capacity may be slightly reduced for the following dates: Jan. 22-Cleaning Pig Run, Feb. 10-Gauging Pig Run, Feb. 11-Geo Pig Run, Feb. 13-MFL In-line Inspection Pig Run. On Feb. 28-March 4, Kern River will complete the required annual test of the emergency shut down system and the annual maintenance at Goodsprings Compressor Station.



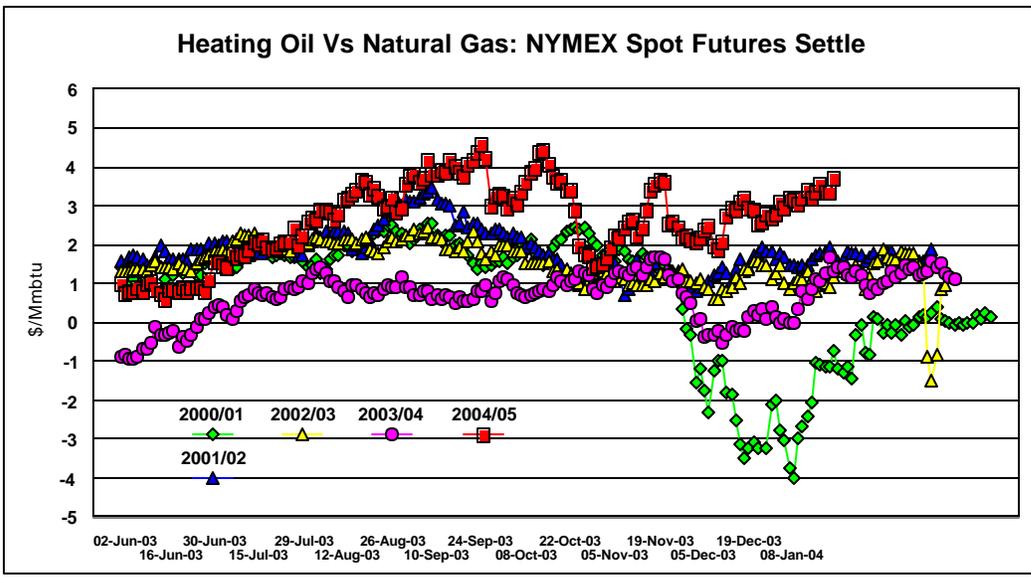
El Paso Natural Gas Co. updated its February maintenance schedule. Rio Vista 3 turbine will be down for mechanical inspection Feb. 22-23, limiting the total scheduled volumes for IEXCPT37 and IGCNM37 to a total of 50 MMcf/d from 150 MMcf/d. On the North Mainline, the Hackberry 1 turbine will be down for mechanical inspection Feb. 8-9. Leupp 1A compressor will be down for mechanical inspection Feb. 14-16. The North Mainline capacity will be reduced by 65 MMcf/d Feb. 8-9 and by 25 MMcf/d Feb. 14-16 from a base capacity of 2,351 MMcf/d. On the Havasu Crossover, the Dutch Flat 1 turbine will be down for mechanical inspection Feb. 14-15, followed by a Dutch Flat 2 inspection Feb. 16. Capacity will be reduced 65 MMcf/d Feb. 14, and 35 MMcf/d Feb. 15-16 from a base of 680 MMcf/d. On the South Mainline, the Pecos River 2 turbine will be down for mechanical inspection Feb. 7-10. El Paso C station will be down for annual DOT inspections Feb. 8. El Paso D station will be down for annual DOT inspections Feb. 15-16. Cornudas C station will be down for annual DOT inspections Feb. 16-17. Casa Grande station will be down for annual DOT inspections Feb. 23, with unit 2A remaining down Feb. 24, and Casa Grande C station will be down Feb. 25. Based on recent scheduled volumes through the South Mainline, these outages should have no effect on markets.

Williston Basin Interstate Pipeline said that the Dickinson electric compressor is currently down for unscheduled maintenance, though the effect on current operating conditions is currently unknown.

ELECTRICITY MARKET NEWS

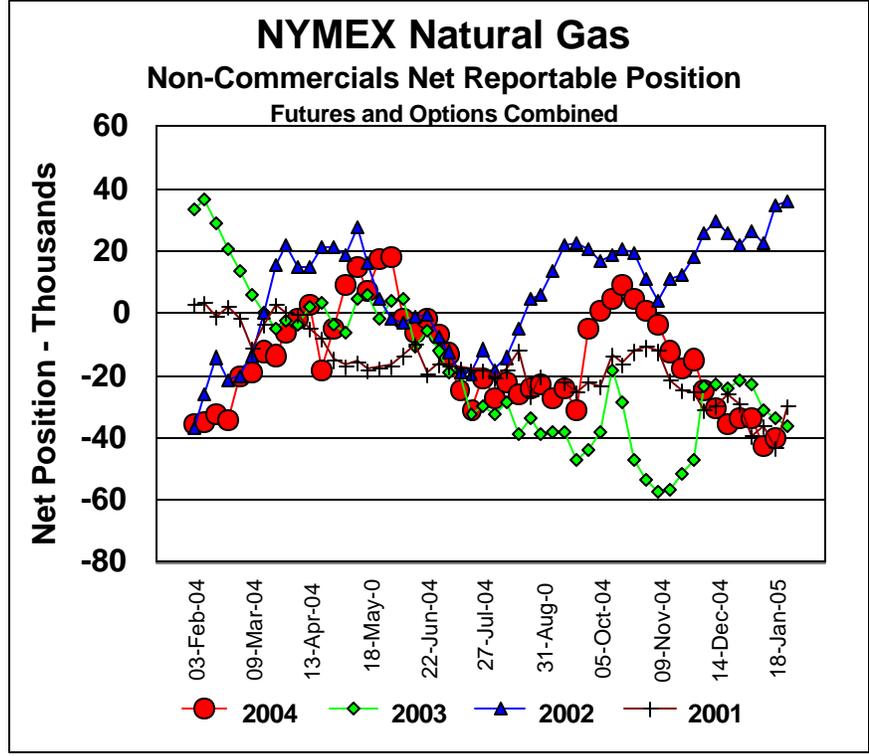
The Northwest River Forecast Center today raised its forecast water runoff for 2004-2005 season. It is now looking for water

flows through the Dalles dam to average 82% of normal from January through July, up from an earlier forecast of 80%. Last years water season saw flows average at 82% of the prior 30-year average.



Mirant Corp. has entered settlement agreements with Californian electric utilities and public agencies to resolve claims from the 2000-2001 Western Energy Crisis. The proposed settlement calls for Mirant, who is in bankruptcy to pay \$320 million as an offset to unpaid bills "owed" by Mirant for the utilities it gouged during the Energy Crisis. The California utilities that stand to benefit are Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric and the state's water agency. Most of these monies are slated to be put toward rate relief. Also, the Californian parties would be allowed a claim for up to \$175 million against Mirant in its ongoing bankruptcy proceeding. Funds from the two payments would resolve the state's and utilities claims for refunds

now pending before the FERC. The money would compensate businesses and individuals for overcharges, reduce the financial burden of Pacific Gas and Electric ratepayers under the utility's bankruptcy settlement, and reduce utility ratepayers' obligation to retire bonds sold by the state to finance power purchases at the height of the Energy Crisis. In return for these monies, all parties agree to absolve Mirant of any wrongdoing during the power crunch.



MARKET COMMENTARY

The natural gas market surged higher this morning following the heating oil market, as cold temperatures coupled with the approach of a major snowstorm through the Midwest and Northeastern states helped to stir the bullish fears for the heating oil market. But after the release of the EIA Storage Report, which was

within market expectations, and the inability of the natural gas market to once again break through resistance at the \$6.65-\$6.69, natural gas values began to falter as traders once again began to focus on the relatively large overhang of natural gas inventories as we enter the latter half of the winter heating season. The market received an addition push downward in the afternoon, as some weather forecast for next week were released that appeared to be a bit warmer than what had been forecasted earlier. The market finished the day down 6.8 cents and posted its lowest settlement in the past three days, and its second lowest settlement since January 12th. Final futures volume was estimated at 73,000 contracts.

We continue to feel that the relative surplus stock situation in natural gas will continue to weigh on this market. Given the higher heating demand for natural gas this current week and basis the current NWS temperature outlook for next week, we would estimate that the next two EIA storage reports to show a 207 and 163 bcf decline. This would still leave U.S. working gas in underground storage at 2.13 tcf. Since 1994, there has been only three times when working stocks stood at 2 tcf or more at the end of January. (1995 - 2.124 tcf; 1999 - 2.099 tcf; 2002 - 2.410 tcf.) As a result we continue to feel that February natural gas should expire below \$6.00, with the March - April spread contracting further in the coming weeks with the potential for this spread to be flat to possibly a even moving to a carrying charge market. Near term we see resistance \$6.42 followed by \$6.52, with major resistance remaining at \$6.645-\$6.69. Additional resistance we see at \$6.89, \$7.00 and \$7.06. Support we see at \$6.195, \$6.15, and \$6.08. Additional support we see at \$5.83 and \$5.71.

Tonight's Commitment of Traders Report showed little change by the non-commercials for the week ending January 18th. In fact little change was noted in the commercials and the small traders as well. Non-commercials saw their net futures and options position decrease by just 1977 contracts.