



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR JANUARY 21, 2010

NATURAL GAS MARKET NEWS

The National Weather Service today released their longer term forecast and it said it sees above normal temperatures over the western and northern half of the U.S. for the February-April period, with the Gulf Coast and Southeast being colder than normal. Its outlook for February, calls for the northwestern third of the nation to be warmer than normal with the U.S. Gulf States and Southeast again cooler than normal.

ExxonMobil's CEO Rex Tillerson and XTO CEO Bob Simpson went before a Congressional committee today regarding their companies planned merger. They both were repeatedly pressed by legislators on hydraulic fracturing and both men conceded they would not oppose disclosing the fluids used in the process. But ExxonMobil's CEO said he was strongly against the EPA regulating fracking and does not support "Fracturing Responsibility and Awareness of Chemicals Act.

Bill Barrett Corp said today that it expects 2010 production to rise by 8%-10% as it plans to spend \$400-\$425 million in capital expenditures. The company plans that it will drill 220 wells during the year, which should help return a total production for the year of 97-100 bcfe. The company said it has hedged about 60% of its projected 2010 production.

Generator Problems

NPCC – Constellation Energy's 621 Mw Nine Mile Point #1 nuclear unit was at full power this morning up 40% from yesterday.

SERC – TVA's 1121 Mw Watts Barr #1 nuclear unit was at 97% capacity this morning up from 43% level recorded yesterday morning.

PJM – PSEG's 1186 Mw Hope Creek nuclear unit was back on line this morning and at 96% power. The unit was at only 7% power yesterday morning and off line, due to maintenance on a discharge vale.

WSCC – PG&E's Diablo Canyon nuclear units remain at reduced operations today with the 1122 Mw Unit #1 at 50% and the 1118 Mw Unit #2 at 33%, as storms and swells continue to hamper operations at the facility.

The NRC reported today that 92,151 Mw of nuclear generation was on line this morning, up 2.4% from yesterday and off some 2.2% from the same time a year ago.

The FERC yesterday granted Texas Eastern Transmission an extension of time to complete its TEMAX and TIME III projects. The company now will have to the end of 2011 to construct and make

the facilities available for service.

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	1,484,000	\$5.524	(\$0.018)	(\$0.067)	(\$0.072)	\$0.033
Chicago City Gate	789,900	\$5.650	\$0.014	\$0.059	(\$0.074)	\$0.118
NGPL- TXOK	600,700	\$5.377	\$0.016	(\$0.214)	(\$0.072)	(\$0.135)
SoCal	373,200	\$5.581	(\$0.043)	(\$0.010)	(\$0.131)	\$0.089
PG&E Citygate	476,000	\$5.957	\$0.036	\$0.366	(\$0.052)	\$0.381
Dominion-South	285,800	\$5.732	\$0.026	\$0.141	(\$0.062)	\$0.215
USTrade Weighted	20,490,700	\$5.541	\$0.016	(\$0.050)	(\$0.07)	\$0.033

The FERC yesterday recommended that Colorado Interstate Gas use a longer pipeline route for its Raton 2010

Expansion Project due to environmental concerns rather than the shorter alternative it proposed last year. The project seeks to move gas from the Raton Basin producing areas in south central Colorado to CIG's existing interstate system. The line will move 130,000 Dth/d with an in service date of December 2010.

Gazprom said today it plans to double the amount of gas it will buy from Azerbaijan in 2011, as it moves forward with efforts to control a larger share of Caspian resources and prevent competition for these supplies from European buyers. The company said it plans to buy 2 bcm of gas in 2011. Deliveries this year will double from 500 mcm in 2009 to 1 bcm.

EIA Weekly Report

	01/15/2010	01/08/2010	Change	01/15/2009
Producing Region	810	906	-100	815
Consuming East	1401	1532	-146	1457
Consuming West	396	414	-20	341
Total US	2607	2852	-266	2613

*storage figures in Bcf

Chinese LNG imports in December rose 182.16% from a year ago as 550,010 tonnes of LNG were imported. For all of 2009 imports of LNG rose 65.8% above 2008 levels.

Canadian Gas Association

Weekly Storage Report

	15-Jan-10	08-Jan-10	16-Jan-09
East	156.6	175.7	133.3
West	264.7	278.1	241.3
Total	421.3	453.8	374.6

storage figures are in Bcf

PIPELINE MAINTENANCE

Gulf South said it would perform pipeline maintenance on its Index 130 30-inch line in Tangipahoa Parish, Louisiana beginning February 15th and continuing through February 27th. During the work pipeline pressures could be reduced to below normal levels affecting FGT Montpelier/St Helena.

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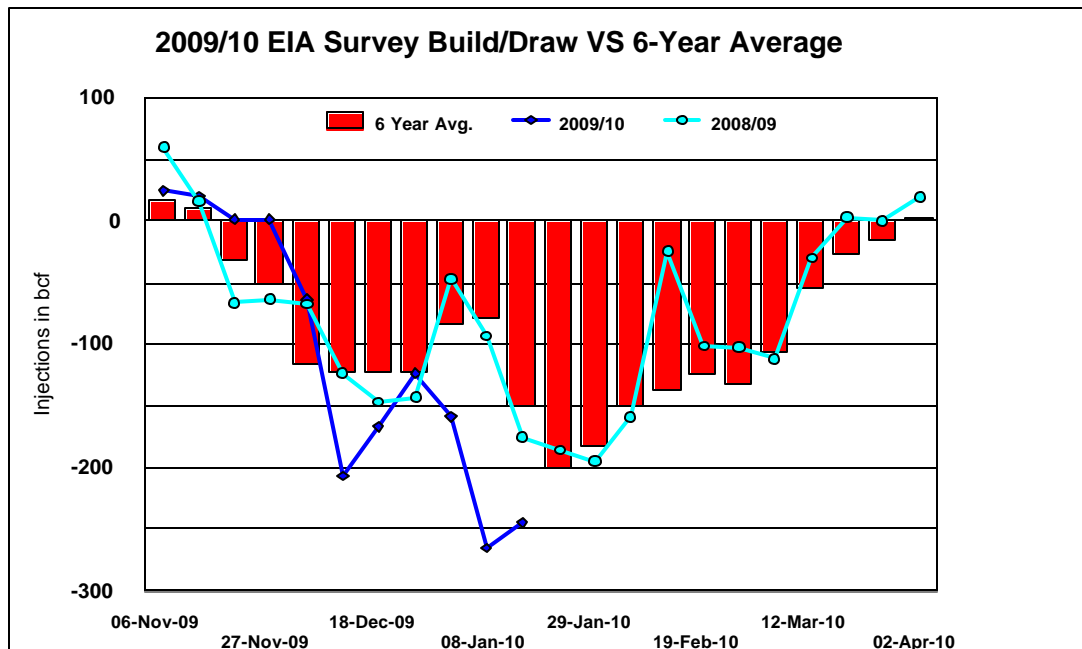
PIPELINE RESTRICTIONS

NGPL said that effective for today and until further notice Florida Vermillion and Columbia Gulf Chalkey have limited capacity available for deliveries. Meanwhile the company reported it is at capacity for gas going northbound through Segment 13.

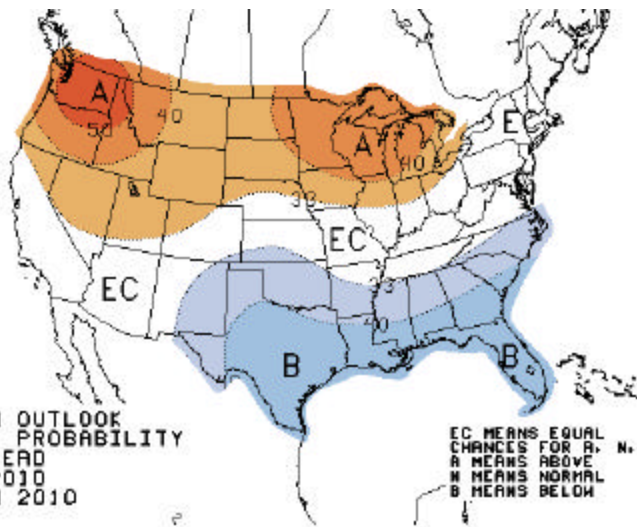
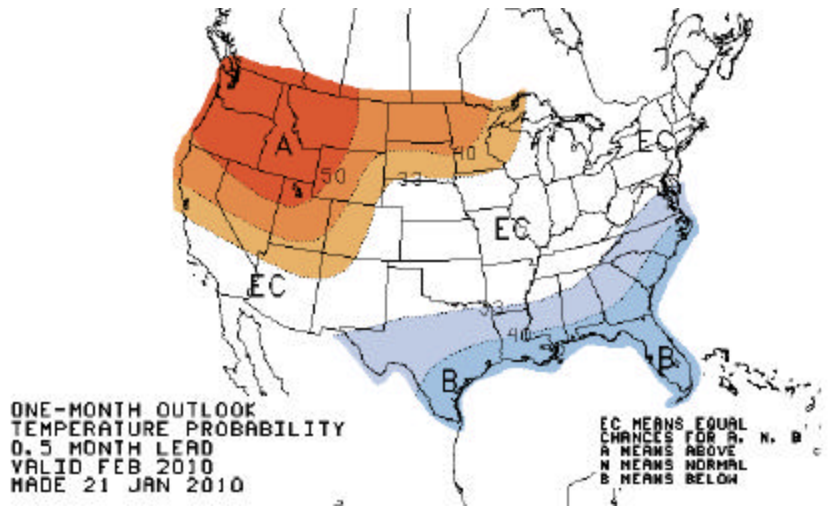
ELECTRIC MARKET NEWS

Energy Northwest has applied to the NRC for a 20-year extension of its operating license for its 1150 Mw Columbia nuclear plant in Washington State.

The FERC today announced it is considering whether to broaden its oversight of wholesale power transactions by market participants that are excluded from jurisdiction like publically owned utilities, municipal utilities, public utility districts, rural



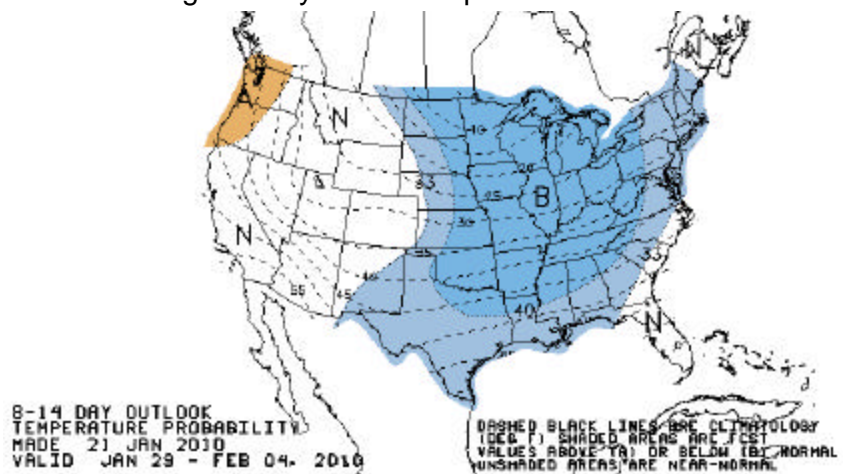
cooperatives and federal entities. These public entities make up an estimated 29% of total utility sales. FERC regulated utilities currently are required to file quarterly reports of transaction information to help ensure consumers and FERC can monitor power sales for indications of market power. The FERC today also proposed rules to ensure acquisitions of public utilities by holding companies that do not influence the control of the utility do not trigger market based rate requirements. Finally the FERC today proposed credit reforms for organized electric markets, which would include shortening settlement cycle to no more than seven calendar days; limit unsecured credit to no more than \$50 million per market participant; eliminate unsecured credit in FTR markets; and specify circumstances in which a market administrator may invoke "material adverse change" to require a participant to post collateral.



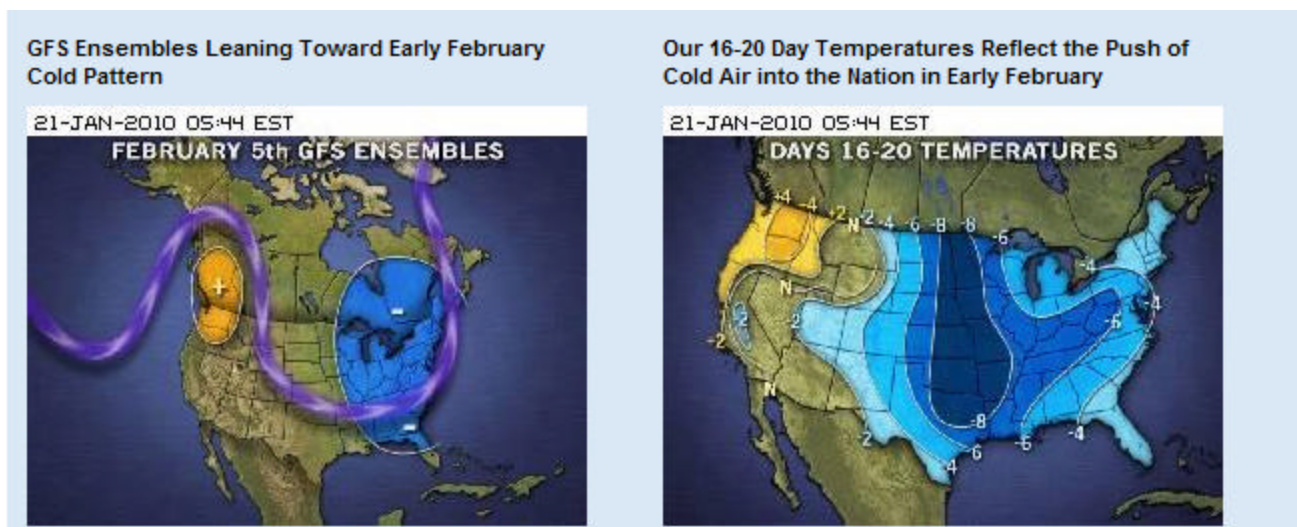
MARKET COMMENTARY

The natural gas market initially sold off following the release of a relatively bullish the EIA storage report as it appeared the natural gas market was trying to initially follow in the foot steps of a bearish oil and commodity markets. But the downturn was quickly stopped dead in its tracks as prices held a two week trend line support as traders began to properly note the size of the drawdown had resulted in the current level of inventories falling below the five year seasonal average for the first time in 17

months. This event coupled with the outlook for significantly colder temperatures which should be on the way in one week's time and beyond helped prices to grind higher through out the day and finish the day higher by over a dime. The perception that inventories could fall even further behind the five year average as well as below last year's levels will continue to be perceived especially as one private weather forecaster looked for the second week of February temperatures across the nation could fall into a cold "abyss". As a result we feel



the only way the bears will be able to realize lower prices in the futures market short term is if commodity markets including oil remain in a freefall trend as many have recorded over the past two sessions. Even if the pull back in these other markets continues but at a slower pace we feel we have to suspend our bearish outlook for prices until which time the longer term forecasts moderate once again. Thus we would look to liquidate shorts on any move in prices back below \$5.50 and begin to be a light scale down buyer from \$5.40-\$5.30.



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