



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 26, 2006

NATURAL GAS MARKET NEWS

Another liquefied natural gas (LNG) import terminal is being proposed near Long Island, according to a report in New London, CT-based *The Day*. Plans for the Safe Harbor Energy LNG terminal are expected to be announced on Thursday by New York City-based Atlantic Sea Island Group LLC. The project would include terminal development on a man-made island off the south shore of Long Island in the Atlantic Ocean "far from population centers and outside vital shipping lanes."

FERC on Wednesday approved Downeast LNG Inc.'s request to begin the pre-filing process on its proposed \$400 million liquefied natural gas (LNG) import terminal in Robbinston, ME.

While some members of Congress want to hand the Commodity Futures Trading Commission more oversight of natural gas markets, at least one CFTC commissioner says expanded powers are unnecessary and could harm the industry.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said that it may have a limited capacity for imbalance payback during the cold weather forecasted for today.

East Tennessee Natural Gas said it will lift all secondary restrictions for today. Additionally, Maximum Allowable Delivery Service will be lifted.

EIA Weekly Report

	01/20/2006	01/13/2006	Net chg	Last Year
Producing Region	739	752	-13	701
Consuming East	1404	1460	-56	1311
Consuming West	351	363	-12	291
Total US	2494	2575	-81	2303

*storage figures in Bcf

Allocation Area 10 Locations.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

Generator Problems

ERCOT— TXU Corp.'s 560 Mw Big Brown #2 coal-fired power unit shut January 25 for repairs and maintenance. The company expects to restart the unit on January 28.

FRCC— Florida Power and Light's 839 Mw St. Lucie #2 nuclear unit decreased power to 30% this morning. Yesterday the unit was operating at 35% capacity.

MAAC— AmerGen's 619 Mw Oyster Creek nuclear power unit dipped to 53% of capacity by early today to investigate a problem with a recirculation pump. Yesterday the unit was operating at full power.

WSCC— Arizona Public Service's 1,243 Mw Palo Verde #1 nuclear unit will keep output at only 26% of capacity for at least several weeks as the company monitors vibrations. Palo Verde #2 and #3 continue to operate at full power.

Canada— Ontario Power Generation's 490 Mw Nanticoke #5 coal-fired power unit shut late yesterday for planned maintenance. All of the other units at the station continue to operate.

The NRC reported that U.S. nuclear generating capacity was at 94,227 Mw up .22% from Tuesday and up 4.30% from a year ago.

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 at Lake Charles Receipts – Capacity Allocation Area 6; and West 30 North including Capacity Allocation Area 9 Locations and Capacity

Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts will be accepted from the following meter stations at Monroe: Gulf South Pipeline; CenterPoint Energy Gas Transmission; and Duke Energy Field Services.

Canadian Gas Association

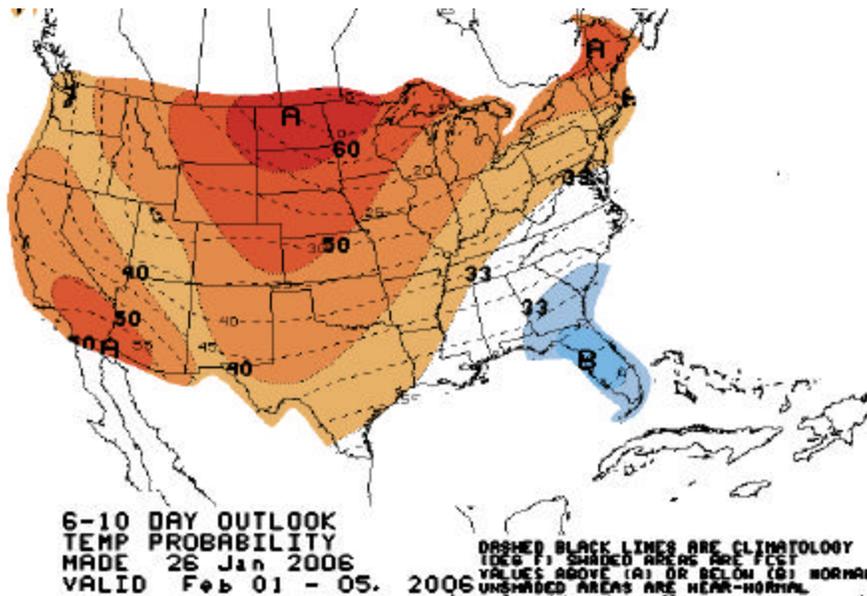
Weekly Storage Report

	20-Jan-06	13-Jan-06	21-Jan-05
East	173.8	182.5	159.0
West	171.5	179.2	116.0
Total	345.3	361.7	275.0

storage figures are in Bcf

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that scheduled work on two sections of Line 2000 has been moved to new dates. Line 2000 between Guadalupe and Cornudas stations will be down for repairs January 28 through February 12. Line 2000 between Afton and Florida stations will be down to replace a railroad crossing January 28 through February 1.



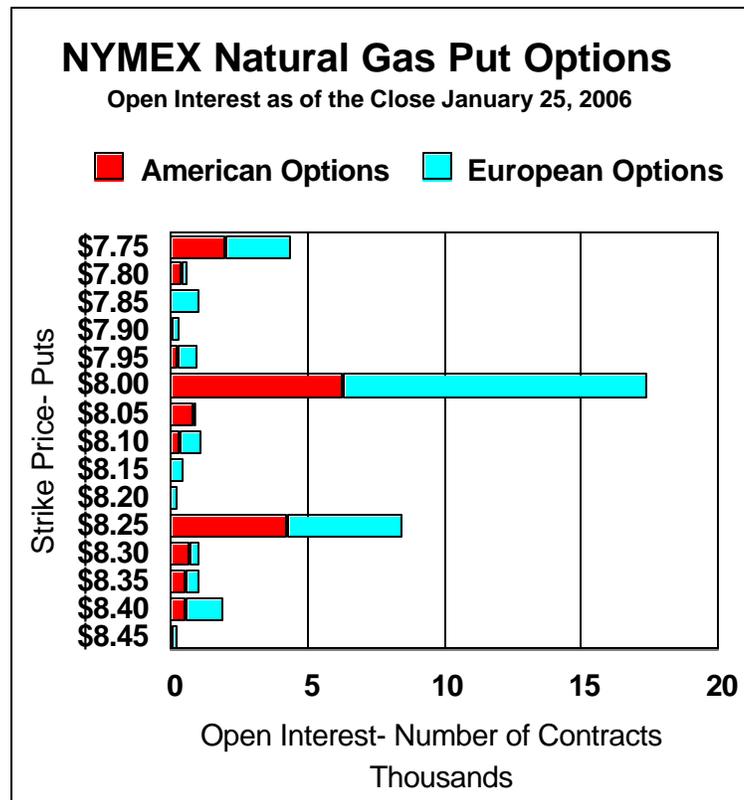
ELECTRIC MARKET NEWS

Unitil Corp.'s Massachusetts subsidiary filed with state regulators to lower electric energy supply prices for large business customers on basic service. If approved, the company said the new energy prices would be in effect for a three-month period beginning March 1, 2006. Because of the change, Unitil's large business customers remaining on Basic Service in Massachusetts will

see bills decline by about 32% to 34%, depending on usage.

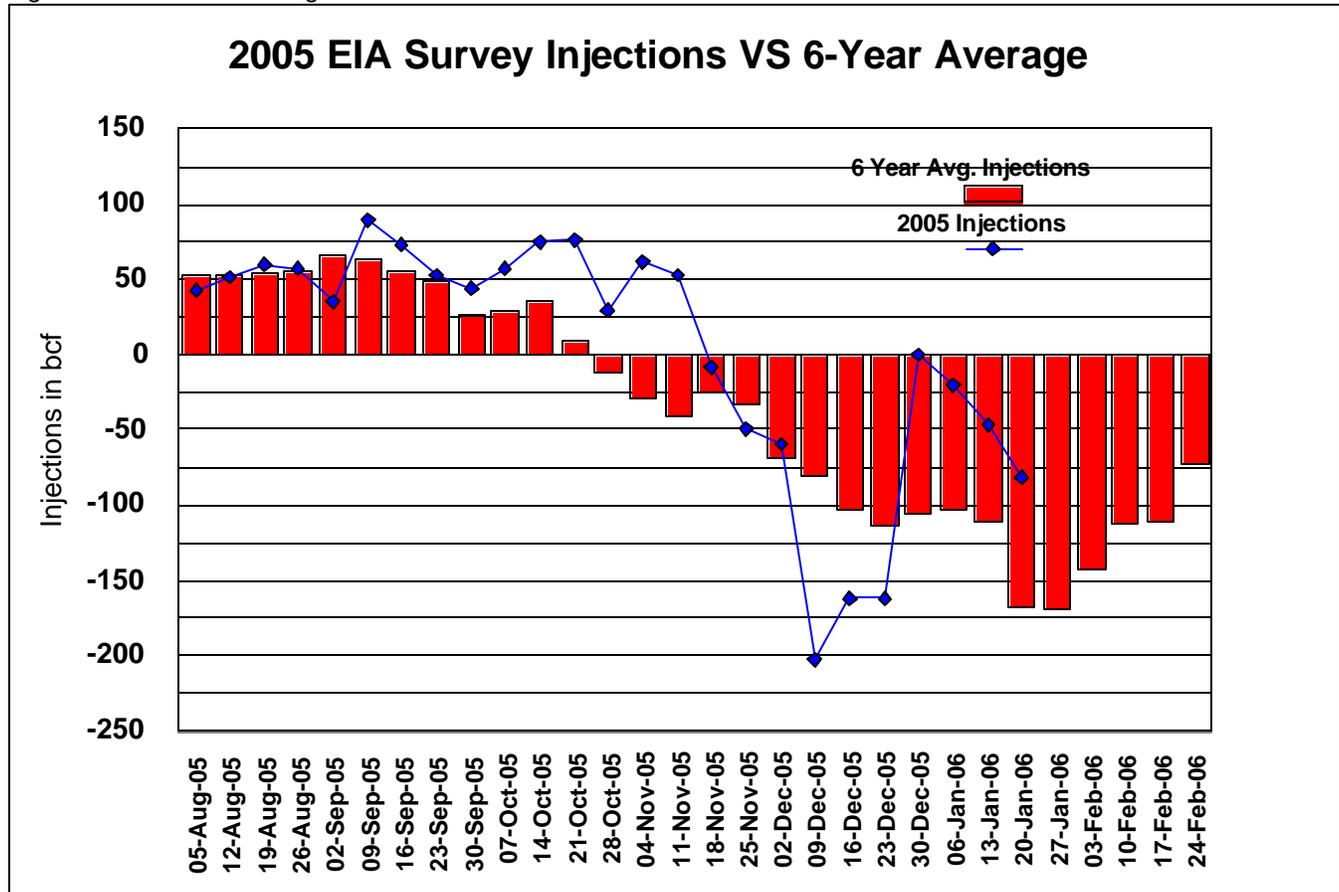
Long Island Power Authority announced that the LIPA Board of Trustees voted to approve the selection of a proposal to bring up 345 Mw to Long Island from a pumped-storage hydroelectric facility in Massachusetts. The renewable hydropower will benefit LIPA's ratepayers and reduce Long Island's reliance on fossil fuels to generate electricity. Under terms of the 15-year Bear Swamp proposal, LIPA could receive up to 345 Mw of power until the New England electric system operator implements locational capacity rules that will reduce it to 100 Mw. ISO-NE is expected to adopt the rules in the summer of 2007.

The California Public Utilities Commission granted a request for a 5.5% rate hike to Southern California Edison Co. because of soaring natural gas prices. The new rates, to be effective February 4, bring to 14.5% the rate hike increase granted to So Cal Ed by the PUC for 2006. So Cal Ed has asked the PUC to decide by March or April on its general rate case, which is renewed every three years. The company wants a rate hike of about 3% for a total rate hike of 17.5% in 2006.



MARKET COMMENTARY

The natural gas market opened 51 cents lower, breaking its 12 session range, in anticipation of another bearish inventory report. The market worked itself to a low of 7.80 before the release of the figure, and with an 81 Bcf draw, a bit on the bullish end of expectations, the market showed a mild reaction trading to the day's low of 7.75 before the trending back above the 8.00 level. The February contract, whose options expired today, climbed to a high of 8.35 before settling down 23.1 cents at 8.229.



Open interest for \$8.00 February American and European style puts was 17,520 contracts, drawing the markets attention on option expiration for that strike. Total gas in storage is now 191 Bcf over the amount in storage last year at this time and this year-on-year comparison is expected to increase next week as well, since temperatures remain so mild. Despite ongoing bearish fundamentals, natural gas market players noted that the market may be bottoming out for the time being. The 81 Bcf figure implies that natural gas is starting to pick up some fuel switching. Plus the overwhelming short position, technical support near \$7.75, expiration volatility, and a moderately well supported crude oil market all help to slow the front month's slide. The February March spread went out at -19.2 today and tomorrow's future expiration will see some volatility in this spread. In 2002 when inventory levels were similar to where they are now, that spread moved significantly out at expiration. We see support at \$8.00, \$7.75, and \$7.49. Further support we see at \$7.20. We see resistance at \$8.50, \$9.00 and \$9.40. Further resistance we see at \$10.00 to \$10.10. With the February contract expiring tomorrow, we see support for the March contract at \$8.00 and \$7.85. We see resistance for March at \$9.07, \$9.60 and \$10.00.