



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 2, 2006

NATURAL GAS MARKET NEWS

El Paso announced the start of service from its recently completed Elba II expansion project, a significant expansion of its Elba Island LNG receiving terminal near Savannah, Georgia. The approximately \$157 million Elba II Expansion adds 3.3 Bcf of storage capacity and 540 MMcf/d of peak send-out capacity to the existing facility, increasing the terminal's total storage capacity to 7.3 Bcf and total peak send-out capacity to over 1.2 Bcf/d. The expansion also includes new docking facilities that can accommodate two LNG vessels at once in a newly constructed slip at Elba Island, effectively harboring LNG vessels during cargo unloading and providing more flexible passage for commercial shipping in the Port of Savannah.

Generator Problems

SERC— TVA's 1,100 Mw Browns Ferry #2 nuclear unit reduced power to 80% to perform inspections and maintenance on its high-pressure feedwater heater. Browns Ferry #3 continues to operate at 98% power.

Southern Nuclear Operating Co.'s 1,215 Mw Vogtle #2 nuclear unit increased production to 71%. The unit was operating at 61% yesterday. Vogtle #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 91,572 Mw down 1.49% from Wednesday and up 1.08% from a year ago.

CenterPoint Energy Gas Transmission and Duke Energy Gas Transmission announced that their recently completed "Southeast Supply Header" open season drew significant response from potential shippers interested in obtaining capacity in the companies' proposed southeastern U.S. natural gas pipeline project. As a result of the successful open season, the companies are projecting the capacity of the potential new pipeline to be approximately 1 Bcf/d with an in-service date as early as mid-2008.

EIA Weekly Report

	01/27/2006	01/20/2006	Net chg	Last Year
Producing Region	722	739	-17	655
Consuming East	1349	1404	-55	1174
Consuming West	335	351	-16	280
Total US	2406	2494	-88	2110

*storage figures in Bcf

Columbia Gas Transmission announced plans to expand its pipeline, compression and storage networks to provide an incremental 97.05 MMcf/d of storage deliverability and associated firm pipeline transportation capacity to four local gas distribution company customers in the Mid-Atlantic states of Virginia and Pennsylvania. The Eastern Market

Expansion Project will expand TCO's ability to serve growing Eastern and Mid-Atlantic markets. The project's proposed in-service date is April 1, 2009.

Gulfstream Natural Gas System will conduct an open season beginning today to gauge market interest in a proposed compression-based mainline expansion of its existing natural gas pipeline system. The expansion is scheduled to be in-service January 1, 2009. The proposed compression-based expansion could add up to approximately 200 MMcf/d of capacity to Gulfstream's pipeline system. The month-long open season will close at 5:00 PM CT on March 1, 2006.

Canadian Gas Association

Weekly Storage Report

	27-Jan-06	20-Jan-06	28-Jan-05
East	167.2	173.8	137.0
West	165.4	171.5	105.6
Total	332.6	345.3	242.6

storage figures are in Bcf

Northwest Pipeline Corp. said that it is holding an open season to solicit binding precedent agreements for incremental firm storage service based on expansions of the Jackson Prairie Storage Project located near

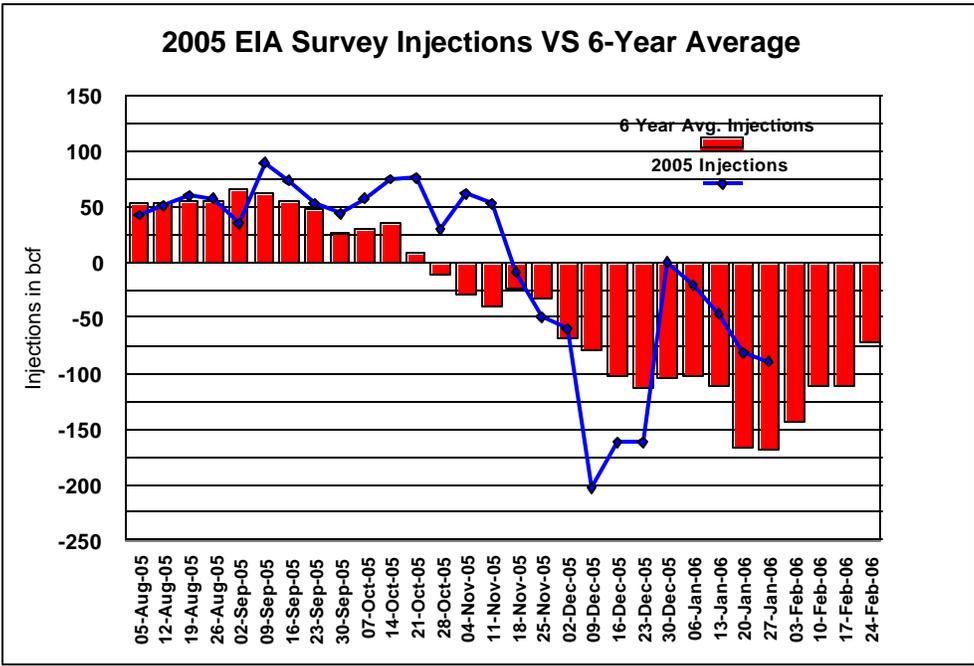
Chehalis, Washington. As a one-third owner of Jackson Prairie, Northwest has rights to one-third of Jackson Prairie's planned 300 MMcf/d of expansion deliverability, and the 6.3 Bcf of expansion storage working gas capacity that Jackson Prairie began developing on a phased basis in 2002.

PIPELINE RESTRICTIONS

El Paso Natural Gas Company said that the Amarillo Station is unavailable until further notice, pending resolution of controls problems. The capacity through Amarillo is reduced by 100 MMcf/d from a base capacity of 345 MMcf/d

Kern River Pipeline said that line pack on Kern River has increased to high on the majority of the system. Customers are asked to take delivery of their scheduled quantities and not bank gas on the system.

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 Allocations Area 6; West 30 North including Capacity Allocation Area 9 Locations and Capacity Allocations Area 10 Locations; and Hall Summit.



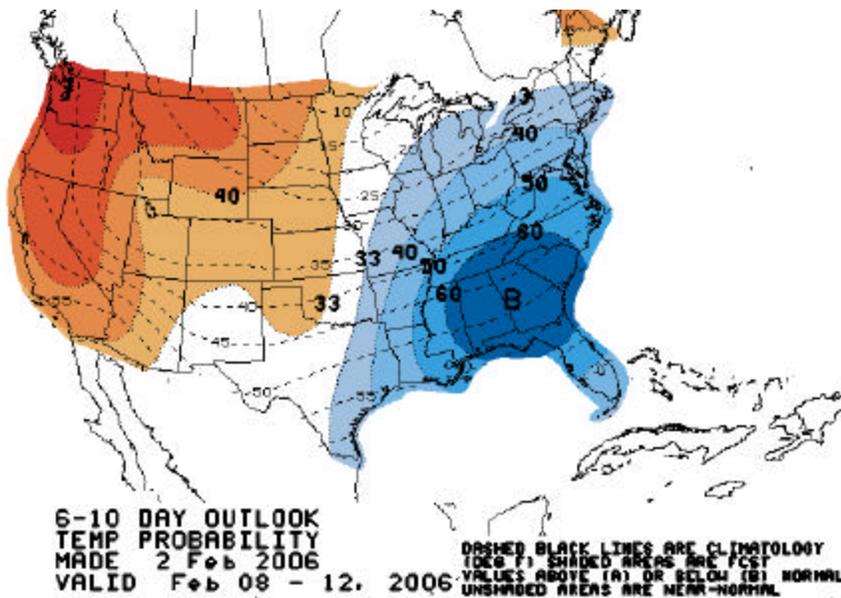
Natural Gas Pipeline Company said that ANR South Joliet #2 is at capacity for deliveries. Interruptible flow, authorized overrun and secondary firm transport volumes are at risk of not getting fully scheduled. ANR South Joliet #2 is located in Will County, Illinois (Segment 33) in Natural's Iowa Illinois Receipt Zone.

Texas Eastern Transmission Corp. said that it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

Gulf South Pipeline said it will be performing unscheduled maintenance on the Hall Summit Compressor Station Unit #1 beginning immediately and lasting until further notice. Capacity through the Hall Summit Compressor Station could be affected by as much as 75 MMcf/d during the duration of this maintenance.

Williston Basin Interstate Pipeline Company said the Baker Booster Compressor Station Unit #3 will be down due to unplanned maintenance on February 9. Based upon current operating conditions, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 3 MMcf. Meanwhile, Unit #2 at the Baker Booster Compressor Station will be down due to unplanned maintenance on February 15. Based upon current operating conditions, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline again will be affected by approximately 3 MMcf/d. On February 8, the Glen Ullin Compressor Station will have one unit down due to maintenance. Deliveries to Point ID 01050 North Border-Glen Ullin may potentially be affected depending on quantities nominated. Due to a system enhancement at the Elk Basin Compressor Station, Receipts at Point ID 03255 South Elk Basin and Deliveries at Point ID 03680 Energy West WY-Elk Basin will be zero for an eight-hour period on February 21. Meanwhile, maintenance will be performed at the Belle Fourche Compressor Station sometime between now and March 8. This maintenance may potentially affect deliveries in Line Section 15, however at this time, no restrictions to the system are anticipated.



ELECTRIC MARKET NEWS

New Jersey will start an auction on February 3 to procure thousands of megawatts of electricity worth billion of dollars to supply customers of the state's four investor-owned power companies. Since 2002, the utilities have acquired electricity to serve their Basic Generation Service customers, those that do not buy power from a third party supplier, through a statewide auction held in February. In 2005, the state auctioned 8,000 Mw of supply valued at \$4.6 billion, which boosted residential power bills from 2.8% to 8.3% depending on their utility. The state blamed much of the rate hike on higher fuel costs. Electricity traders said rates would likely rise again in 2006 since fuel costs, especially

natural gas, were currently up 30%-40% over last year.

Southwestern Montana Electric Generation and Transmission Cooperative took a major step closer to building one of the world's cleanest coal fired electric plants as they presented technical data to two companies competing to build the plant's boiler. SME presented technical data to Alstom and Foster Wheeler, two leading manufacturers of "clean coal technology" boilers for the power industry.

MARKET COMMENTARY

The natural gas market opened 32.3 cents lower on follow through selling overnight, as fears of another bearish inventory report dominated forecasts for cold in February. Also pressuring this market was a soft crude oil, which gave back \$1.88 today. The EIA number was right on the money, showing a draw of 88 Bcf and it did little to the market in either direction. Natural gas moved sideways in roughly a 30-cent range, finding resistance at 8.50 and trading to a low of 8.17 as crude oil made its last push lower at the end of the session. March natural gas was able to recover slightly off its lows to settle down 37.6 cents at 8.347.

The nation's total storage now stands at 2,406 Bcf, 296 Bcf over last year at this time and a whopping 529 Bcf above the five-year average. This roughly figures out to about 3 Bcf/d more supply than demand. So the questions remain how bad will old man winter be when he arrives, and how long will he last. If we don't get any weather, this market is heading significantly lower, possibly below residual prices to revive some demand, and that is likely well below the \$8.00 level. Ahead of the weekend, we expect to see some short covering, as the market has fallen 15% the past two days. We see support at \$8.17-\$8.24, \$8.02 and \$7.85. We see resistance at \$8.50, \$9.00, and \$9.82. Further resistance we see at \$9.95 and \$10.00.