



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 10, 2005

NATURAL GAS MARKET NEWS

With most of the largest producers' year-end results in, Lehman Brothers estimates that total 2004 U.S. natural gas supply declined 3.5% over 2003. A 5% decline in domestic production (4.25-4.5% excluding Hurricane Ivan) was partly mitigated by increased Canadian and LNG imports.

The National Oceanic and Atmospheric Administration said a weak El Nino that had a minor impact on global weather recently will diminish and end during the next three months. NOAA did say that El Nino conditions were unlikely to reemerge during the remainder of 2005.

After an investigation conducted by FERC and the Commodity Futures Trading Commission, it was determined that Dominion Resources Traders had no improper advanced knowledge of an erroneous U.S. government report on natural gas storage, even though the error was made by other Dominion staff. FERC thoroughly investigated whether knowledge of the mistake

EIA Weekly Report

	02/04/2005	01/28/2005	Net chg	Last Year
Producing Region	599	648	-49	530
Consuming East	1043	1155	-112	917
Consuming West	264	279	-15	220
Total US	1906	2082	-176	1667

could have been used to benefit Dominion's trading operations. After interviews with several traders, reviews of thousands of emails and instant messages, and an analysis of Dominion's trading book, the office concluded there was no wrongdoing.

The FERC yesterday gave environmental approval for Caledonia Energy Partners to move forward with converting a nearly depleted natural gas reservoir in Monroe and Lowndes counties, MS into a high deliverability, multi cycle storage field with a total storage capacity of 11.7 bcf.

Generator Problems

ECAR— FirstEnergy restarted its 935 Mw Davis-Besse nuclear unit and ramped output up to 32% capacity. The unit is expected to ramp up to full power on Friday. The unit is returning from a scheduled inspection and routine maintenance outage.

ERCOT— STP Nuclear Operating Co. shut its 1,250 Mw South Texas #2 nuclear station due to a primary leak coming from a 3/4 inch vent line off the 'A' cold leg safety injection line. The unit was at full power yesterday, and could return to service early next week. South Texas #1 continues to operate at 98% of capacity.

SERC— Dominion Energy returned its 810 Mw Surry #1 nuclear unit to full power this morning, reconnecting it to the grid and ramping output 93% since yesterday. Surry #2 remains at full power.

WSCC— The 600 Mw Mexicali gas fired unit in Baja California, Mexico returned to service earlier today, after dropping off line on Wednesday.

The 315 Mw Central La Rosita plant in Baja California, Mexico also returned to service today following completion of an unplanned outage.

Canada – Bruce Power's Bruce #7 nuclear unit reportedly was taken off line yesterday for a brief unplanned outage. The unit is expected back on February 16th.

OPG's 490 Mw coal fired Nanticoke 3 power unit was taken off line today and was expected back in service in a week.

The NRC reported that U.S. nuclear generating capacity was at 89101 Mw today down .88% from Wednesday.

Private weather forecasting service EarthSat said today that the U.S. will experience 15% more heating degree days due to colder weather between now and the end of March. However they noted that the coldest temperatures will be in the lightly populated Northern Plains, while temperatures in the key consuming markets of the Northeast and Midwest will only be slightly below normal. The see the Northeast temperatures running on average 1 degree colder than normal and the Midwest 1-2 degrees colder than normal. Further into the future the company sees New York and Chicago remaining cool through the end of July with Houston seeing warmer than normal temperatures in May but then turning cooler than normal for June and July.

**Canadian Gas Association
Weekly Storage Report**

	04-Feb-05	28-Jan-05	06-Feb-04
East	122.6	137.0	114.7
West	97.2	105.6	86.9
Total	219.8	242.6	201.6

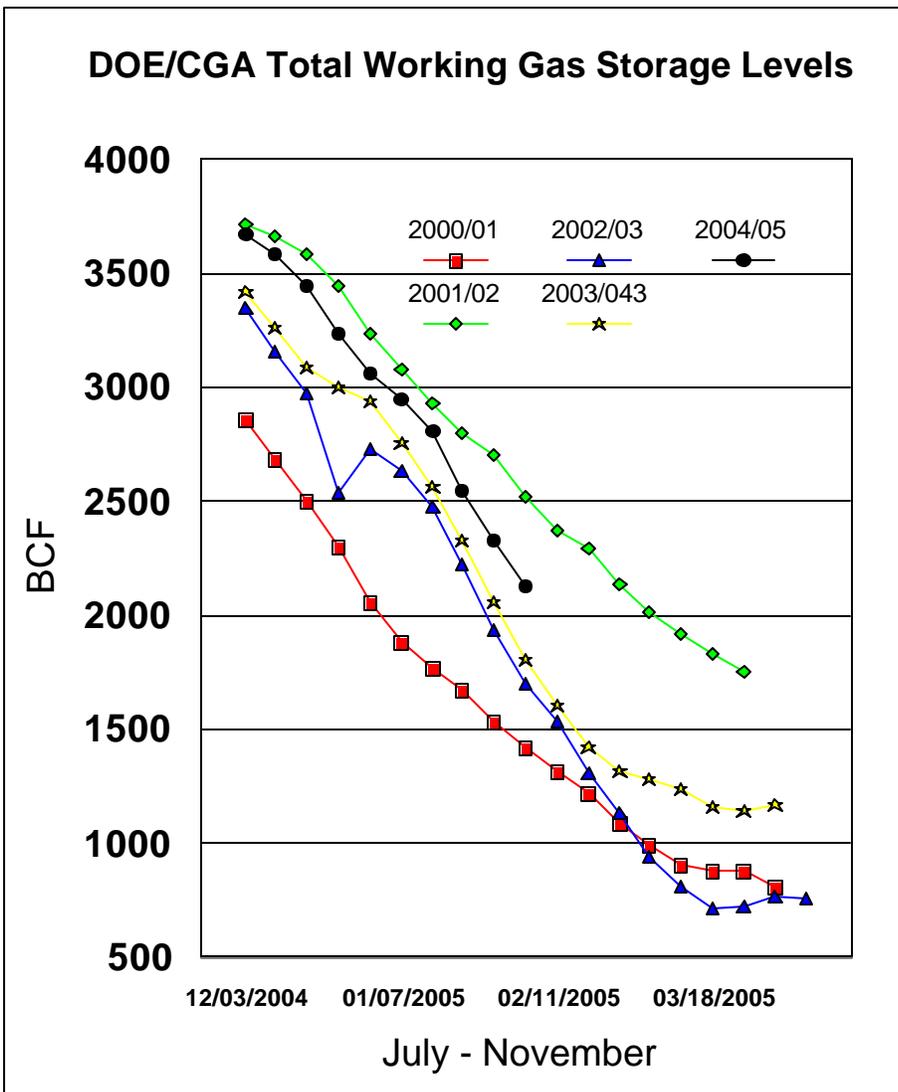
PIPELINE RESTRICTIONS

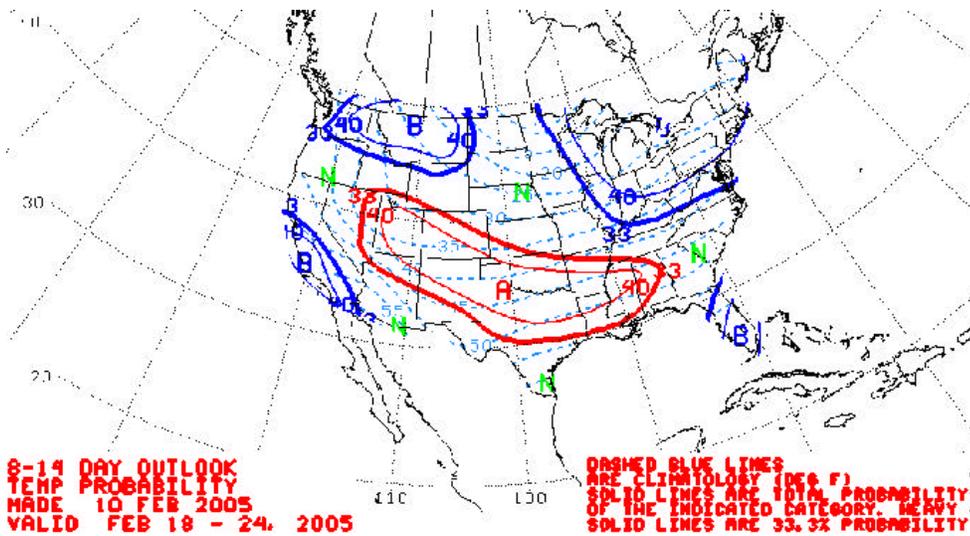
Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf-Chalkley are at capacity today. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line segments (25, 23, and 24) are at capacity for eastbound transport volumes.

Texas Eastern Transmission said it has scheduled all requested nominations, with the following exceptions: IT-1 nominations exiting STX and ETX have been restricted to zero; and long TABS-1 pools have been force-balanced. No physical increases of receipts will be accepted between Vidor and Little Rock. M1-24 and M2-24 have been nominated to capacity. No physical increases of receipts will be accepted between Little Rock and Batesville. The Monroe Line has been nominated to capacity. Requests for PAL parks will not be accepted in STX, ETX, M1-24, or M2-24.

East Tennessee Natural Gas said due to weather forecasts that show cold temperatures across its entire system for tomorrow, ETNG anticipates implementing several flow restrictions. There will be no secondary out of path receipts upstream of station 3104; no secondary out of path receipts upstream of station 3205; and no secondary deliveries downstream of station 3313 on the 8 inch 3300 line between Rural Retreat and Roanoke.

Algonquin Gas Transmission said it has scheduled all nominations for today, and these nominations have put the AGT system at capacity for nominations flowing through Stony





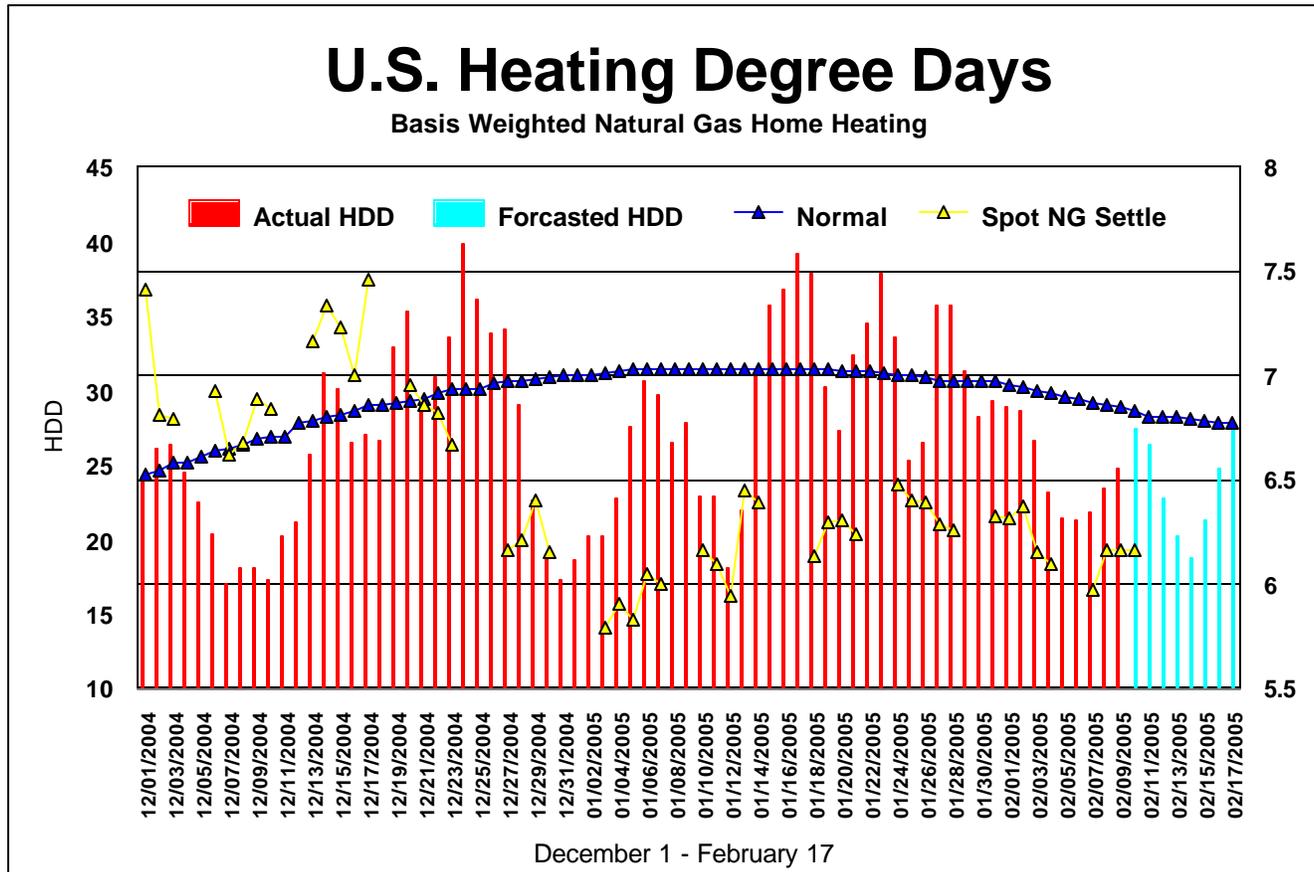
Point compressor station. No increases for transportation flowing through Stony Point except for primary no notice nominations will be accepted. No due-shipper nominations will be accepted.

Florida Gas Transmission said that due to high demand and low temperatures, it is issuing an Overage Alert Day at 25% tolerance for today.

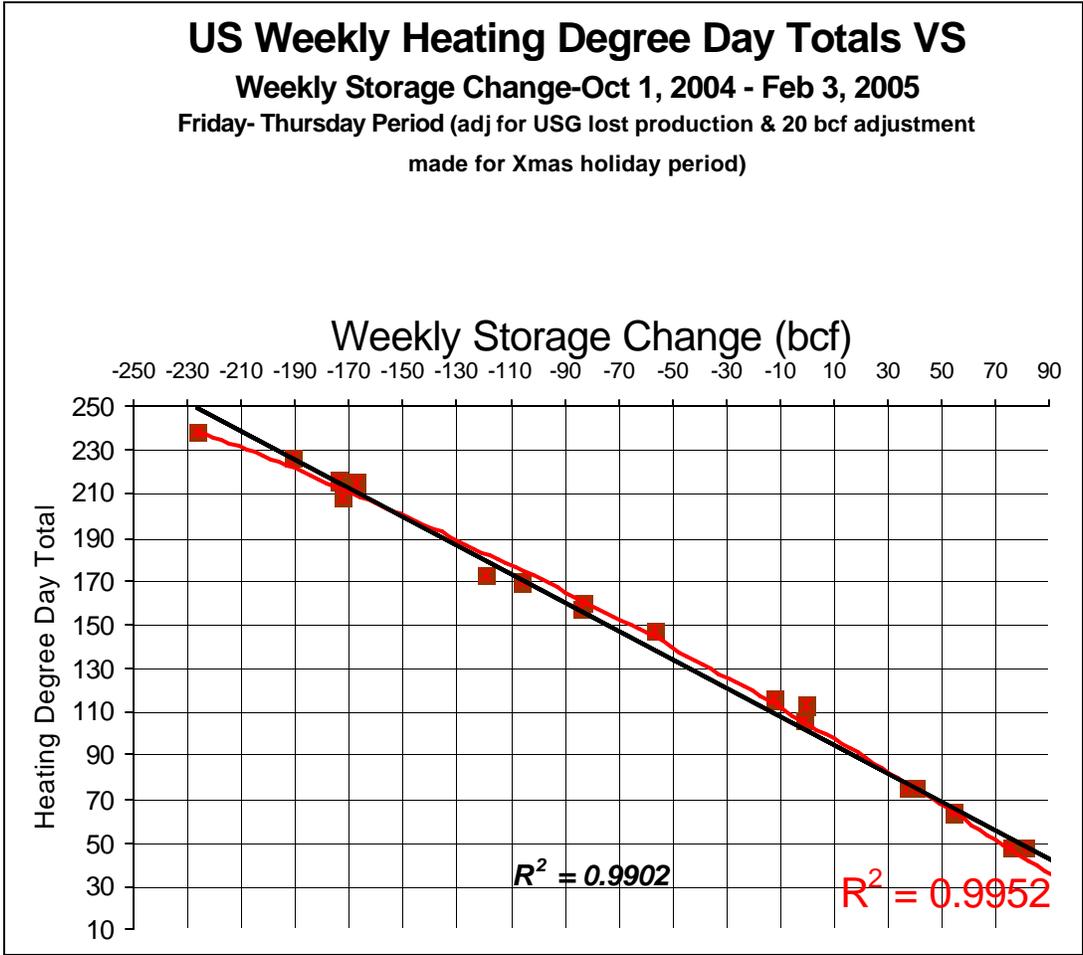
PIPELINE MAINTENANCE

El Paso Natural Gas Company said that pigging of line 1100 from Eunice to Pecos River station has been completed a day ahead of schedule. The capacity through Eunice will be returned to normal effective Cycle 2, today. A smart pig run is scheduled from Eunice to Pecos River on Feb. 24. One more cleaning run may have to be done prior to Feb. 24. On Feb. 24, the capacity through Eunice will be reduced by 260 MMcf/d from a base capacity of 200 MMcf/d for Cycles 1 through3, with the capacity increasing to 315 MMcf/d on Cycle 4.

Gulf South Pipeline said that emergency repairs on Index 64 (Magasco-Call Junction Line) were completed



yesterday afternoon and the force majeure has been lifted. Yesterday, Gulf South was forced to call a force majeure due to unexpected repairs on Index 64, thereby disturbing flow to Jasper Mills, Texas. Gulf South did not cite specific causes for the repairs.



Williston Basin Interstate Pipeline said that due to maintenance at the Baker Plant scheduled to last until Feb. 17, Point ID 04018 Baker Area Mainline and Point ID 04015 Baker Area Grasslands Mainline may potentially be affected. Under current operating conditions, the company does not anticipate any restrictions to the system.

ELECTRICITY MARKET NEWS

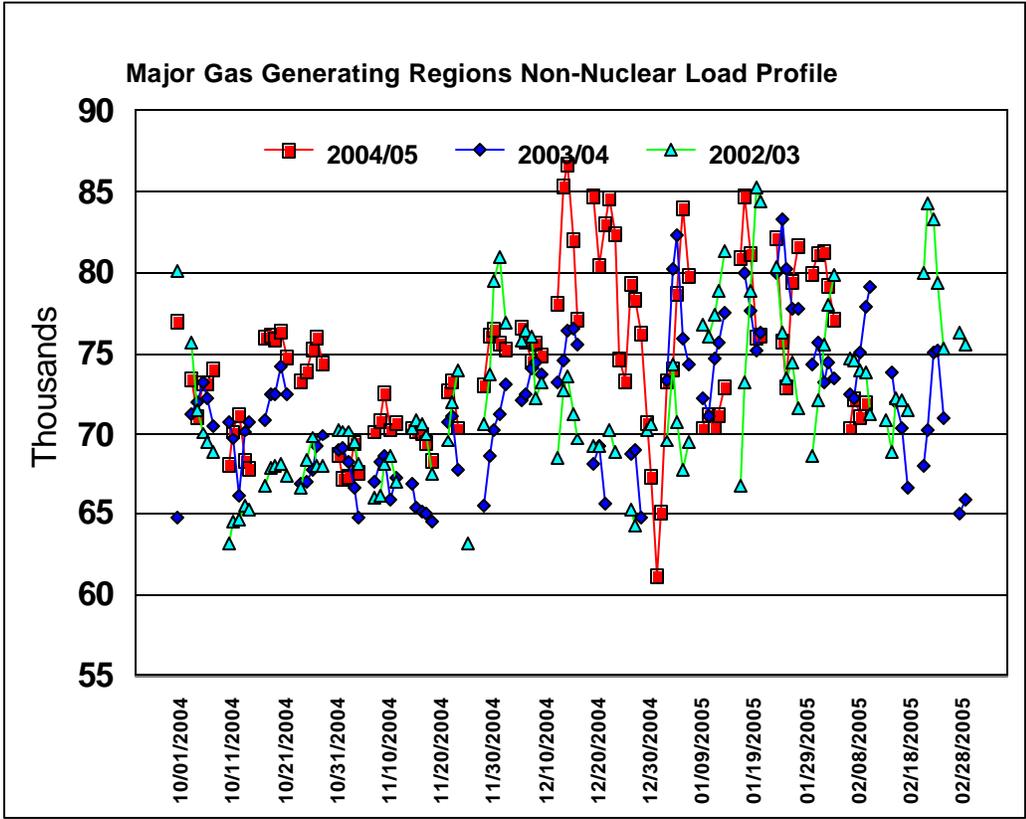
The New Jersey Board of Public Utilities has started its fourth Internet auction Thursday to

secure basic generation service for electric customers who have not chosen an electric supplier.

The Nuclear Regulatory Commission said that enacting nuclear-related provisions of H.R. 6, the Energy Policy Act of 2003, would be a significant step forward for the protection of public health and safety and the common defense and security. The commission supported a specific section of H.R. 6 for containing provisions that would allow the NRC to authorize guards at nuclear power plants to have and use more powerful weapons against violent attacks, and would criminalize certain activities such as bringing dangerous weapons into and sabotaging the construction of nuclear facilities. Luis Reyes, the NRC's executive director for operations, said "the commission would welcome the prompt enactment of many H.R. 6 provisions that relate to commercial use of radioactive material since they would assist the NRC in its efforts to further ensure the adequate protection of public health and safety, and the common defense and security."

Edison Electric Institute President Tom Kuhn testified before the House Energy & Commerce Subcommittee on Energy and Air Quality, urging them to expedite passage of comprehensive national energy legislation in the new Congress. Kuhn stated, "While we continue to talk about energy issues, high energy prices continue to be a heavy burden on American consumers and businesses, the most important thing now is for Congress to move forward and finish the job as soon as possible." The EEI supports legislation that will help reinforce reliability and provide incentives for investment in much-needed transmission infrastructure. Also, Kuhn reiterated that all transmission-owning utilities should be subject to the same level of FERC regulation to assure fair, open access for all market participants to the transmission grid.

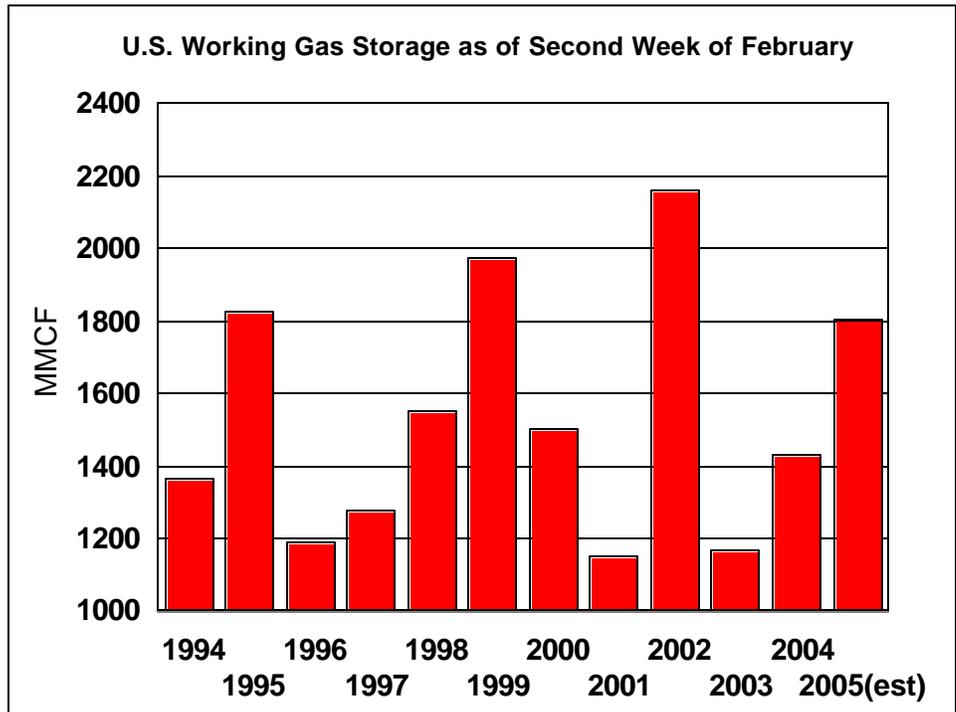
Florida Power & Light increased its estimate of damage caused by the recent hurricanes by \$180 million to \$998 million. The utility has asked the Florida Public Service Commission to extend to 36 months from 24 months the period during which it would be permitted to recover the damage costs through a special customer surcharge. FPL expects to recover \$108 million from insurers and has \$346 million in its storm reserve fund. In submitting the revised damage estimate, FPL asked the PSC to increase to \$534 million the amount it can recover through the surcharge. The charge amounts to \$2.09 per month for a typical residential customer. The PSC



plans to hold three days of hearings on FPL's request in April.

MARKET COMMENTARY

The natural gas market opened a few pennies better this morning but despite receiving a supportive storage report this morning which showed a draw down in stocks slightly better than most market expectations, values were unable to make any significant gains over yesterday's values, even with oil prices surging significantly higher and supportive weather forecasts for the 8-14 day time period. As a result prices once again settled in the same area for the third consecutive session. Volume in the futures was estimated at just over 74,000 contracts.



It appears that traders are beginning to focus on the large overhang in stocks in this market and that even with the approach of colder weather later this month, these colder than normal temperatures will just not translate into the same high demand for gas that could be seen in December or January. Based on heating needs for the current week, we could see next week's storage report show only a 100 bcf decline, versus a 172 bcf decline recorded a year ago. This would continue to result in stocks running significantly higher than the prior two years and only the fourth time in the last twelve years stocks have stood at 1.8 bcf this late in the heating season.

As a result we remain firm in our belief that one should be an aggressive scale up seller of the March contract on any rally approaching the \$6.50 level. We see initial resistance at the \$6.26-\$6.27 level, (the high of the past couple of days followed by \$6.295, \$6.376, \$6.48 and \$6.69. Support we see at \$6.14, and \$6.10 with more significant support at the \$6.01-\$5.98 area, followed by \$5.83 and \$5.71.