



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 13, 2006

NATURAL GAS MARKET NEWS

U.S. demand for heating fuels is expected to be about 4.4% below normal this week as temperatures in most of the main heating regions of the country hold at seasonal levels. Total U.S. natural gas heating demand will be about 5% below normal versus 3.8% below normal the week earlier.

NiSource unit Columbia Gulf Transmission Co. began an open season to gauge firm shipper interest in a proposed expansion of its East Lateral natural gas system in South Louisiana and the Gulf of Mexico. Columbia Gulf said in a statement it was accepting non-binding bids to determine interest in an expansion of its onshore system and an approximate 90-mile extension of its East Lateral from Venice, Louisiana, northeast to Pascagoula, Mississippi, where the system would interconnect with the Gulfstream Natural Gas system and other pipelines in the area.

More and more U.S. cities are switching their garbage trucks from smog-generating diesel to cleaner natural gas, according to a report released by environmental group INFORM. The three-year study by INFORM, which was founded to study air pollution, found that about 1,500 of the 136,000 garbage trucks on the streets each day are now powered by natural gas. California has 1,268 natural-gas trucks, the most of any state. There are also natural-gas trucks in New York, Texas, Massachusetts and Washington D.C. These places are switching just in time for 2007, when the government will start issuing new regulations to reduce levels of ozone, or smog, near the ground as required by the energy law passed last summer.

According to Ron Mobed, president and chief operating officer of HIS Energy, Africa will supply 30% of the world's liquid production increase and more than 25% of global LNG capacity by 2010.

PIPELINE RESTRICTIONS

Alliance Pipeline said that the Fairmount Compressor Station had mechanical difficulties that resulted in the compressor going offline early in the morning on February 11. Presently the compressor remains offline and the

Generator Problems

ERCOT— TXU's 750 Mw Martin Lake #1 coal-fired power unit shut to fix a boiler tube leak yesterday. The company said the unit would restart yesterday.

AEP's 528 Mw Welsh #3 coal-fired power unit will shut March 3-7 for major turbine and boiler maintenance.

MAAC— FirstEnergy Nuclear Operating Co. shut its 821 Mw Beaver Valley #1 unit today to begin an extended refueling and maintenance outage. Beaver Valley #2 continues to operate at full power.

MAIN— Dominion Resources' 560 Mw Kewaunee nuclear unit ramped up to 98% of capacity by early today. The unit was operating at 40% to clean and inspect the main condenser.

MAPP— Nebraska Public Power District's 800 Mw Cooper nuclear unit dropped to 76% capacity today. On Friday, the unit was operating at full power.

SERC— Southern Co.'s 869 Mw Hatch #1 nuclear power unit shut today for a planned refueling outage. The unit was operating at 86% capacity on Friday. Hatch #2 continues to operate at full power.

Entergy Nuclear's 966 Mw River Bend unit shut over the weekend. On Friday, the unit was operating at 46% capacity.

WSCC— PG&E's 404 Mw Helms Pumped Storage #2 hydropower unit returned to service by Sunday afternoon. The unit shut January 23 for planned maintenance.

Portland General Electric Co. said its Boardman coal-fired generating unit will be out of service until the end of March or later, after a generator rotor was damaged during a plant restart last week.

expected startup will be no sooner than February 15. AOS will be affected and has been reduced.

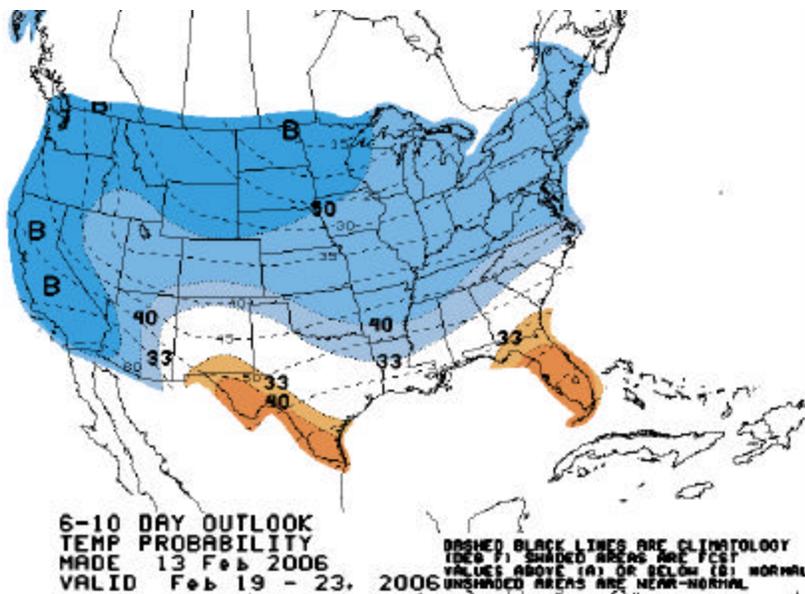
East Tennessee Natural Gas said that there will be: no secondary out of path receipts upstream of station 3104; no secondary out of path receipts upstream of station 3205; and no secondary deliveries downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke.

Florida Gas Transmission said that cold weather is forecasted to continue in Florida through tonight and tomorrow morning and its line pack is lower. Therefore, FGT is issuing an Overage Alert Day at 15% tolerance.

KM Interstate Gas Transmission said that Burlington Resources Lost Cabin (PIN 8963) has capacity available for receipt volumes. Based on the current level of nominations, IT/AOR and secondary volumes may be scheduled.

Natural Gas Pipeline Company said that Florida Vermilion (PIN 7936) is at capacity for deliveries. Interruptible flow, authorized overrun and secondary firm transport volumes are at risk of not getting fully scheduled. Florida Vermilion is located in Vermilion Parish, Louisiana (Segment 24) in Natural's Louisiana 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.



amounts of gas in storage. The market slipped through the afternoon extending its 6-month low to 7.16. March natural gas finished the day down 7.3 cents at 7.243.

Short-term forecasts are calling for temperatures to warm throughout the week, softening Old Man Winter's first real blow since early December. Despite longer-term forecasts calling for chillier than normal weather through the beginning of March, market players continue to note that January's record warmth has left the market with a wealth of supply and little reason to push prices higher. There is plenty of gas out there, and any weather that does arrive, will be too little too late. Plus, continued softening in the oil complex has offered little support. We

Generator Problems

WSCC (cont'd)— Duke Energy Corp.'s 2,498 Mw Moss Landing natural gas-fired power station reduced two 510 Mw units by 260 Mw for unplanned reasons.

AES Corp.'s 480 Mw Redondo #8 natural gas-fired power unit returned to service by Sunday following planned work.

Canada— Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired power station returned to service following a planned work outage.

Ontario Power Generation's 490 Mw Nanticoke #1 coal-fired power station returned to service by early today. The unit shut last week in a forced outage.

The NRC reported that U.S. nuclear generating capacity was at 89,171 Mw down 2.10% from Friday and up 1.01% from a year ago.

PIPELINE MAINTENANCE

Williston Basin Interstate Pipeline Company said that the Baker Booster Compressor Station Unit #1 will be down today due to unplanned maintenance. 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 8.8 MMcf for gas day Monday.

MARKET COMMENTARY

The natural gas market opened relatively unchanged following the weekend's record-setting blizzard. The market opened with a modest morning rally, trading to a high of 7.47, but was unable to sustain those levels, as market players continue to focus on the swelling

see support at \$7.16, \$7.12 and \$7.00-\$7.03. Further support we see at \$6.90, \$6.02 and \$5.938. We see resistance at \$7.60, \$8.00 and \$8.12. Further resistance we see at \$8.17-\$8.26, \$8.745 and \$9.82.

U.S. Daily Heating Degree Days Basis Gas Customer Weighted Basis

