



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 15, 2005

NATURAL GAS MARKET NEWS

El Paso Corp's SONAT said today that 50 of its 68 receipt points are back in operation on its gathering lines damaged by Hurricane Ivan. It reported that as much as 420 million cubic feet of gas are running through these points, which is some 80% of normal levels. The company reports that additional receipt points on its South Pass 60 line should be back in service by the end of the month. The company still is looking at a complete replacement of about 13 miles of a 24-inch pipe from Main Pass 298 to Main Pass 291, with service not expected to return until July 1st. The company earlier had reported that another nine receipt points east of its Main Pass 298 station in the eastern Gulf of Mexico would not be ready to accept gas flows until next summer.

Maritimes & Northeast Pipeline announced an open season today for new natural gas transportation capacity that will expand its 850-mile pipeline system. During the Feb. 15 to March 31 open season, shippers in Canada and the U.S. may submit nominations to acquire firm transportation services from Maritimes. This open season is in response to interest shown by LNG suppliers and proponents of projects that could connect to Maritimes. The open season provides an opportunity for both suppliers and consumers of natural gas to confirm their interest in transporting new volumes of natural gas that may become available through LNG projects proposed for Atlantic Canada.

Tractebel LNG said today that while there may be enough gas demand in New England to support its new Neptune LNG project planned for offshore of Gloucester, MA, as well as Excelerate's Northeast Gateway terminal planned nearby, but noted that it may be impractical to have two similar projects located in the same general area.

The CEO of ChevronTexaco said today that "the time when we could count on cheap oil and even cheaper natural gas is clearly ending." He noted that roaring demand for energy from Asia coupled with difficulties in accessing existing oil and gas reserves has resulted in a new energy equation where there has become aggressive bidding for limited resources.

Generator Problems

ERCOT— Texas Genco's 646 Mw WA Parish #5 coal-fired station will return to service on Feb. 16-17 following a maintenance outage.

Topaz Power Group's 632 Mw Coletto Creek coal-fired power station started to return to service on Feb. 15-16 following an outage begun on Feb. 13.

FRCC— FPL's 839 Mw St. Lucie #2 nuclear station started to exit a refueling outage and ramped up offline to 2% of capacity today. St. Lucie #1 continues to operate at full power.

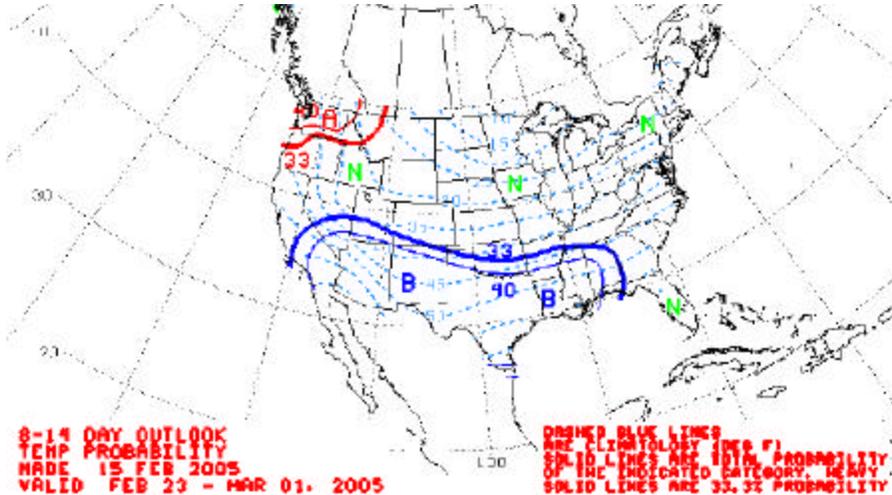
MAAC— Exelon said its 1,116 Mw Peach Bottom #2 is back at full capacity this morning after plant personnel decreased production Sunday night to perform rod pattern adjustments. Peach Bottom #3 is also back at full power.

SERC— Entergy Corp.'s 1,263 Mw Grand Gulf #1 nuclear unit ramped up to 56% of capacity. The unit was at 19% yesterday after exiting a weekend outage. The unit shut Feb. 11 due to the loss of an electrical bus.

WSCC— Edison International's 1,070 Mw San Onofre #2 nuclear unit dipped to 45% capacity today as the unit approaches a technical specifications-required outage. Yesterday the unit was at full power. San Onofre #3 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 88,297 Mw today up 0.02% from Monday and down 1.72% from a year ago.

Senator Lamar Alexander told the National Association of Regulatory Utility Commissioners that the U.S. must develop more LNG terminals if it is to avoid sharp increases in gas prices that could threaten the country's economic competitiveness. Alexander pointed out that the biggest obstacle to the siting of LNG terminals is local opposition, and that perhaps a public education program could help.



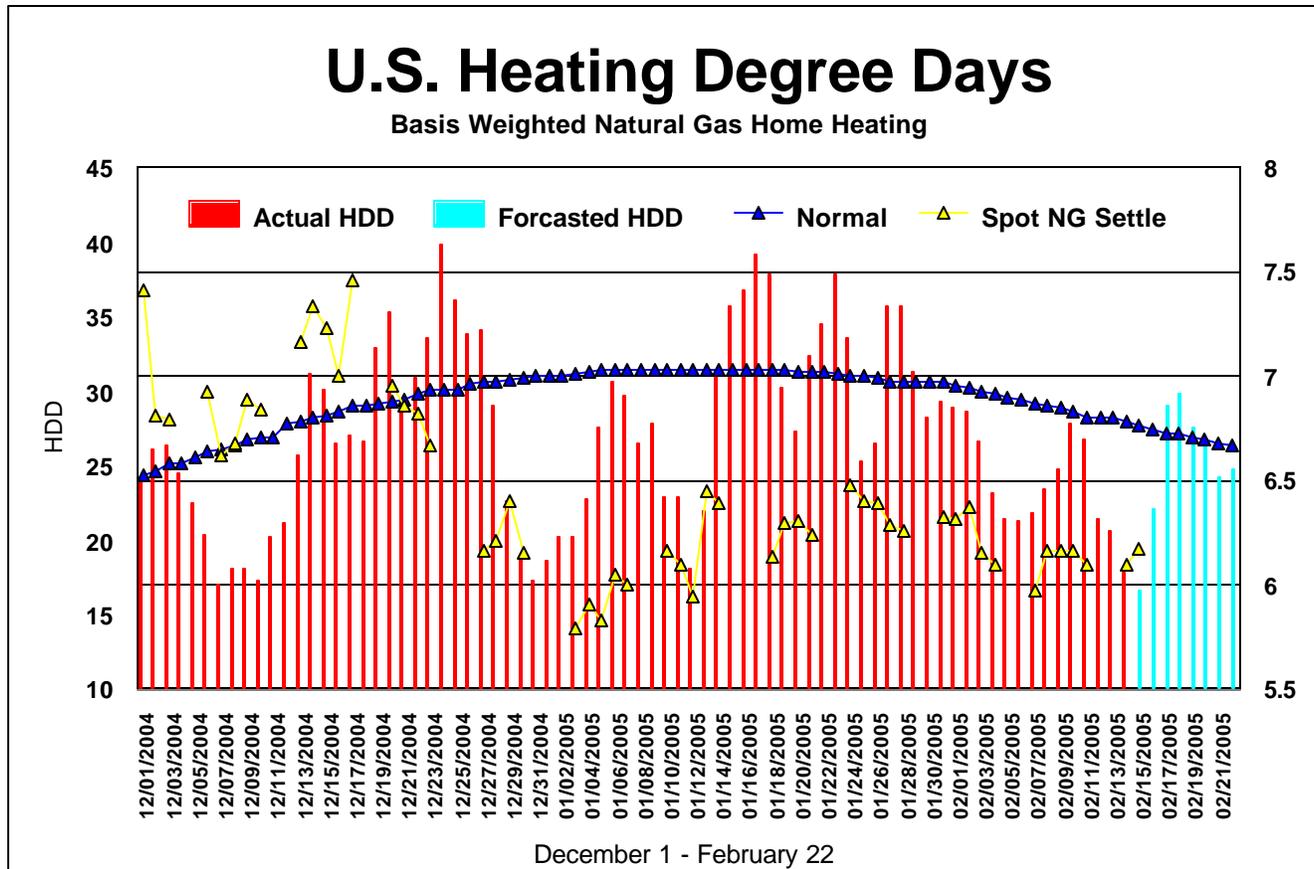
ChevronTexaco and BG Group confirmed this week that their Manatee 1 exploration well offshore of Trinidad and Tobago has encountered "significant" amounts of natural gas.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that Segment 18 is at capacity for gas received to be transported eastbound. NGPL is also 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.

KM Interstate Gas Transmission said that it has limited capacity available for deliveries east of an including PIN 9703 (SSC Glavin) on its Pony Line. This includes portions of Segment 800 and all of Segments 850 and 900. Depending on the level of nominations, authorized overrun, interruptible flow and secondary out-of-path volumes



may be scheduled.

PIPELINE MAINTENANCE

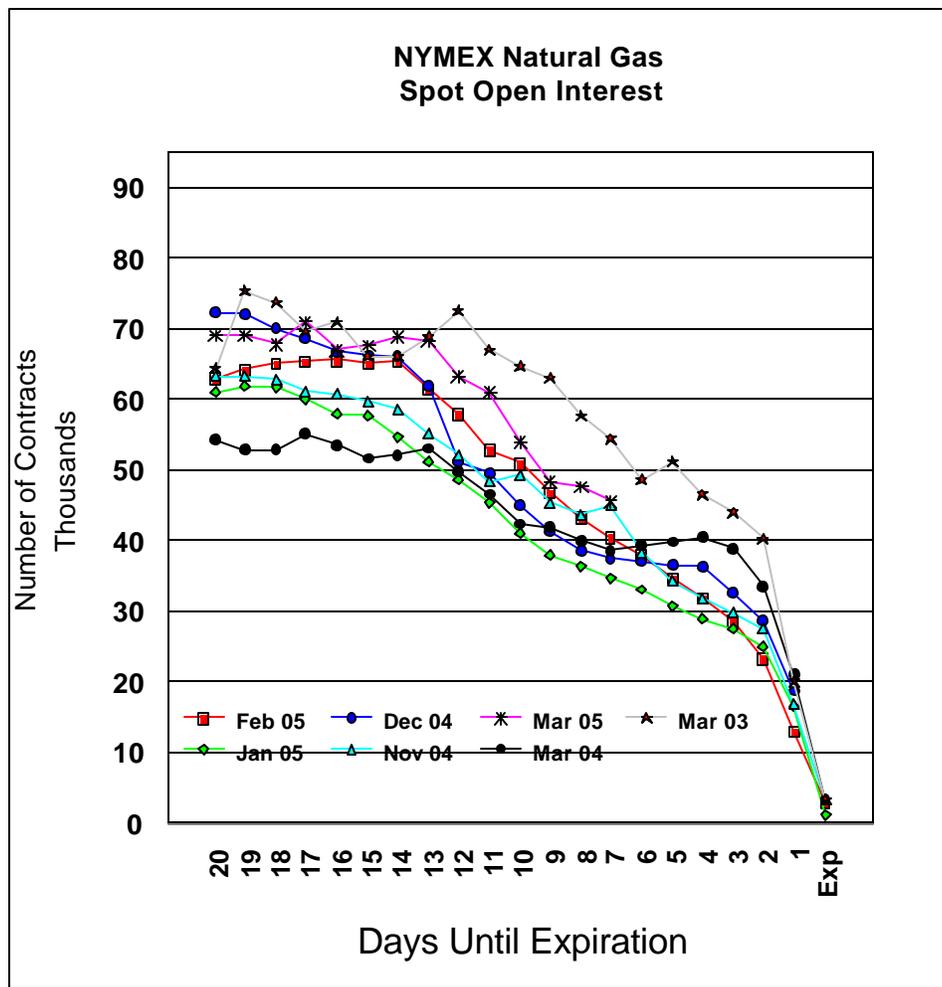
El Paso Natural Gas Company said that Line 1100 will be pigged between Eunice and Pecos River station on Feb. 18 and a smart pig will be run on Feb. 24. On Feb. 18, the capacity through Eunice will be reduced by 210 MMcf/d from a base of 400 MMcf/d for cycles 1 through 3, with the capacity increasing to 340 MMcf/d on cycle 4. On Feb. 24, the capacity through Eunice will be reduced by 260 MMcf/d from a base of 400 MMcf/d for cycles 1 through 3 with the capacity increasing to 315 MMcf/d on cycle 4.

Gulf South Pipeline said it will be performing scheduled maintenance on Unit #1 at the Longview, Texas Compressor Station #2 beginning Wednesday, Feb. 16, and continuing for two days. Capacity through the Longview #2 Compressor Station could be affected as much as 30 MMcf/d during this maintenance period.

Williston Basin Interstate Pipeline Company said that due to maintenance on Unit #11 at the Little Beaver Plant, the capacity at current conditions for Point ID 04018 Baker Area Mainline will be affected by approximately 5 MMcf on March 1 and by approximately 1.667 MMcf on March 2.

ELECTRICITY MARKET NEWS

A federal grand jury in Houston yesterday handed down a 20-count indictment against two former Duke Energy executives as part of an ongoing investigation into alleged “wash” trading. The two executives, Timothy Kramer and Michael Shelby were first arrested back in April 2004 along with Brian Lavielle on similar charges. On Thursday, Lavielle pleaded guilty to one count of falsifying Duke’s books and agreed to cooperate with prosecutors in the case.



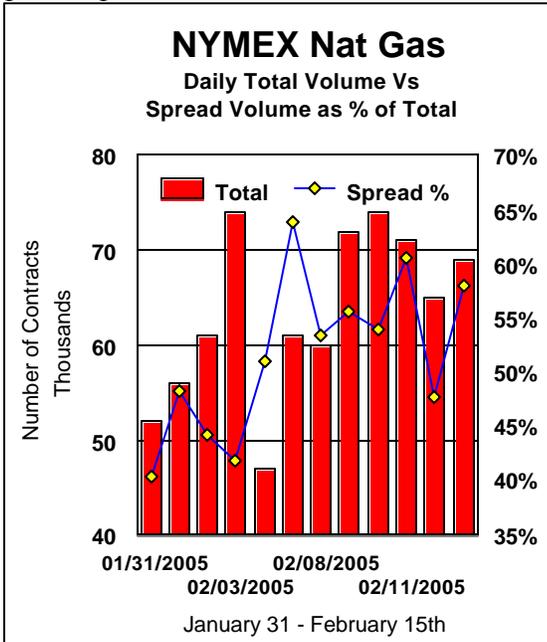
MARKET COMMENTARY

The natural gas market today opened a couple of pennies firmer, but did not gain much traction until midday when prices finally were able to breach above yesterday’s high and move a dime higher. It appears that the late morning appearance on CNBC of AccuWeather forecaster Joe Bastardi, and his impassioned argument for March to be significantly colder than normal for the Midwest and eastern U.S. seems to have provided the fundamental bump to push prices higher. But prices stalled though as they approached \$6.20. Final volume was relatively moderate on the day with 69,000 futures traded of which 58% was booked via spreads.

While AccuWeather continues to beat the bullish weather forecast drums, the NWS continues to remain in a rather confused state. The government’s 8-14 day temperature continues to be

shrouded in uncertainty, as its various forecasting models remain divergent in how far the south the polar vortex moves towards the northeastern and north-central portions of the U.S. The NWS again assigned a low confidence level to this temperature outlook again tonight.

While we should finally see some cooler temperatures moving back across the central U.S. and into the northeast over the next couple of days, we continue to feel that the seasonal or normal warming pattern that takes place will continue to limit the extent of how much gas can be consumed by the end of the heating season. This bearish demand picture is further compounded by rebounding natural gas production in the USG as gathering lines shut in from Hurricane Ivan have made noticeable gains over the last few weeks.



We continue to remain negative on the price health of this market. We see resistance tomorrow again at \$6.20 followed by \$6.27, \$6.48 and \$6.69. Support we see at \$6.11, \$6.07, \$5.97-\$5.95, \$5.83-\$5.81 and \$5.71.