



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 15, 2006

NATURAL GAS MARKET NEWS

Northern Border Partners will buy gas transportation assets from Oneok Inc. in a complicated \$3 billion deal. The complex series of transactions also calls for TransCanada Corp. to become the operator of a pipeline that carried more than 20% of Canadian natural gas exports to the U.S. in 2005.

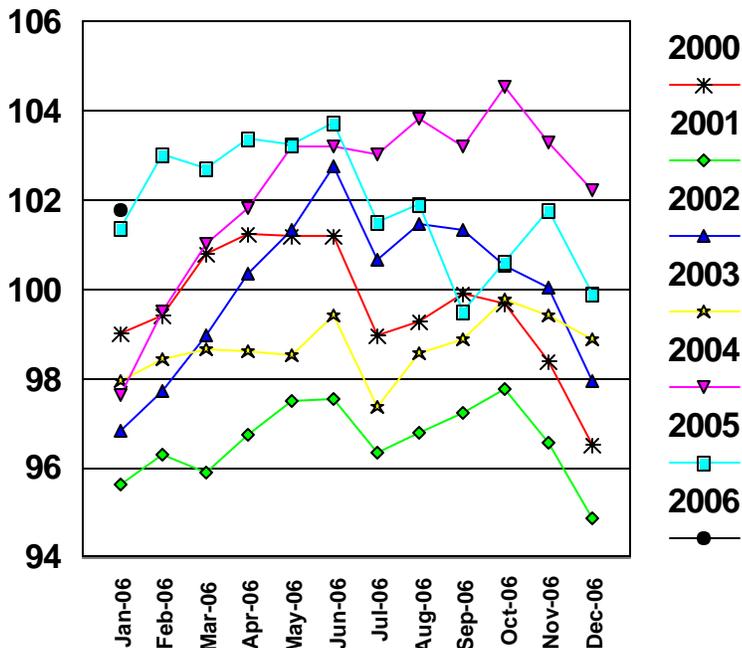
Federal Reserve Chairman Ben Bernanke told House Financial Services Committee that many U.S. industries have suffered severely due to high natural gas prices, and the U.S. should build more LNG terminals to help promote a global market for natural gas.

Generator Problems

SERC— Southern Co.'s 1,149 Mw Vogtle #2 nuclear unit started to exit an outage and ramped up to 3% of capacity by early today. Vogtle #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 88,733 Mw up .037% from Tuesday and down .14% from a year ago.

**US Industrial Production Index
Major Nat Gas Consuming Sectors
Basis Federal Reserve & DOE/EIA Stats**

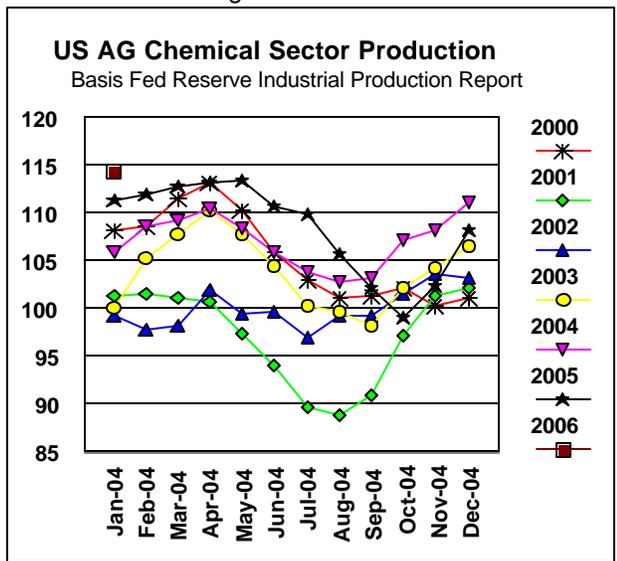


French energy giant Total has raised its LNG business growth forecasts by 2% to 12% per year through 2010 as the world seeks to secure flexible gas supplies. Total chief Thierry Desmarest said disruptions in Russian gas pipeline supplies early this year have raised concerns over the constraints on gas supplies in Europe. Therefore, the importance of LNG to make the natural gas market more global is essential, and Total is committed to being one of the leaders in that growth.

British gas and oil firm BG Group won a bid to build and supply a LNG regasification plant on the central Chilean coast. BG committed to invest \$350 million in a terminal that will receive LNG shipments, a pipeling, and a plant that will convert the liquefied fuel into natural gas for the Chilean market. The LNG plant is a key piece of Chile's effort to diversify its energy sources. The country produces very little of its own petroleum and natural gas.

The Federal Reserve reported this morning that U.S. industrial production in January fell 0.2%. But when looking at natural gas

intensive industries, this sector saw a 1.86% improvement from December and a 0.37% gain over January of 2005. It is interesting that the sector that has



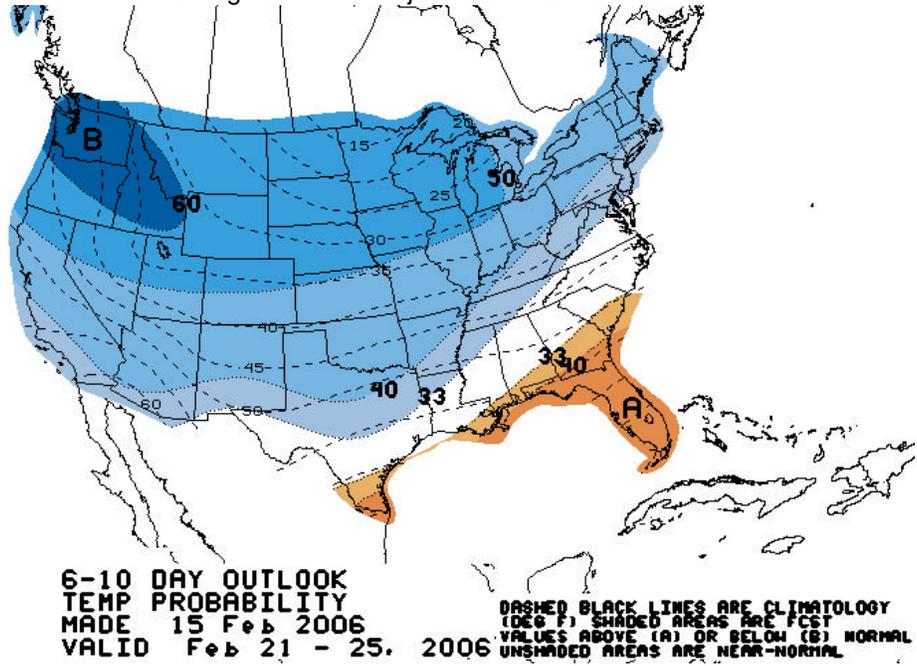
PIPELINE RESTRICTIONS

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 on East Texas Area 8, and Lake Charles Area 6.

KM Interstate Gas Transmission said that due to significantly colder temperatures being forecast beginning February 16, it is anticipating an increase in its load activity in the Nebraska and Kansas market areas. Therefore, effective Thursday, and until further notice, KMIGT requests that shippers match their supply nominations to the increase in on-system loads. In addition, effective Thursday and until further notice, KMIGT will only schedule primary and secondary in-path volumes through Segment 190 (Big Springs). Finally, nominated withdrawals for the Interruptible Storage, No-

Notice services, Park & Loan, and Storage Park & Loan services; as well as AOR for the NNS, CMC-1, and CMC-2 services may have limited availability and will be subject to scheduling.

Questar Pipeline Company said that it is issuing to all firm storage capacity holders an operational flow order indicating shippers required withdrawal volume for an April withdrawal test. Questar has scheduled a shut-in test at its Clay Basin Storage Reservoir for gas days April 5 to April 18. In addition, a withdrawal test has been scheduled for gas day April 4. Shippers will be required to maintain sufficient inventory in storage to accommodate the withdrawal test. In addition, shippers will be required to hold sufficient main line capacity on either Northwest Pipeline or Questar Pipeline, or both, to facilitate the withdrawal test. Based on current inventory, the total withdrawal test volume is estimated to be 270,500 thousand cubic feet. March 27 to April 3: Only physical withdrawal will be allowed. No physical injection may occur. Questar will accept injection nominations as long as the total injection is less than the scheduled withdrawal.

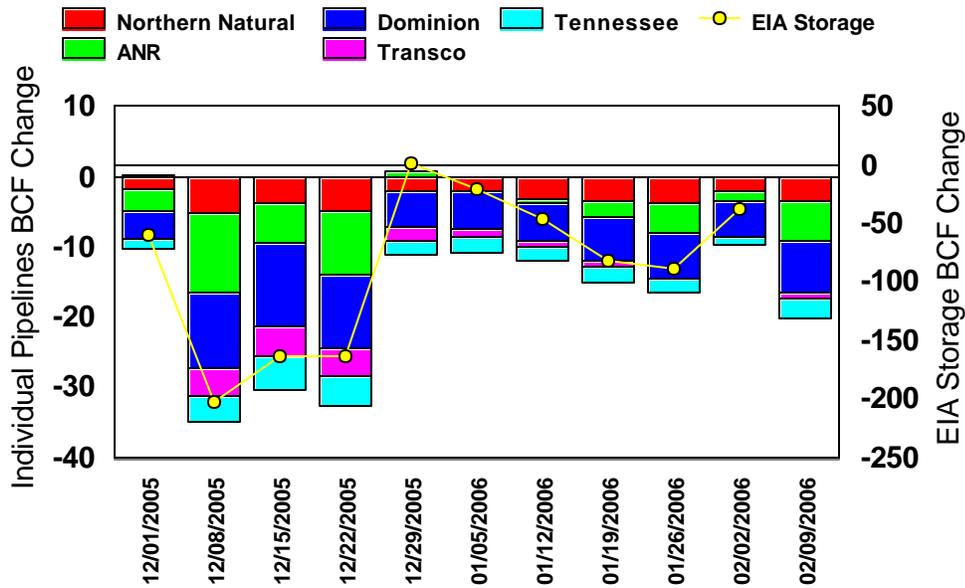


Texas Eastern Transmission Corp. said that it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

Westcoast Energy said that it has completed repairs on the failed motor at Gordondale Station and the station is back up and running. The Gordondale Station was unavailable Tuesday after it lost a motor that drives the unit oil cooler. The outage also had a negative impact on the McMahon Plant so upstream customers at McMahon experienced higher pressures during this event.

Weekly Change In Nat Gas Stocks



Baltimore Gas and Electric has restored electric service to nearly all of its customers who lost service during the weekend blizzard. The overwhelming majority of all customers impacted by the storm were expected to have service restored by 11:00 PM ET last night. The storm, which interrupted service to approximately 177,000 BGE customers, was the most damaging snowstorm to impact the utility since 1987 when approximately 222,000 customers lost service.

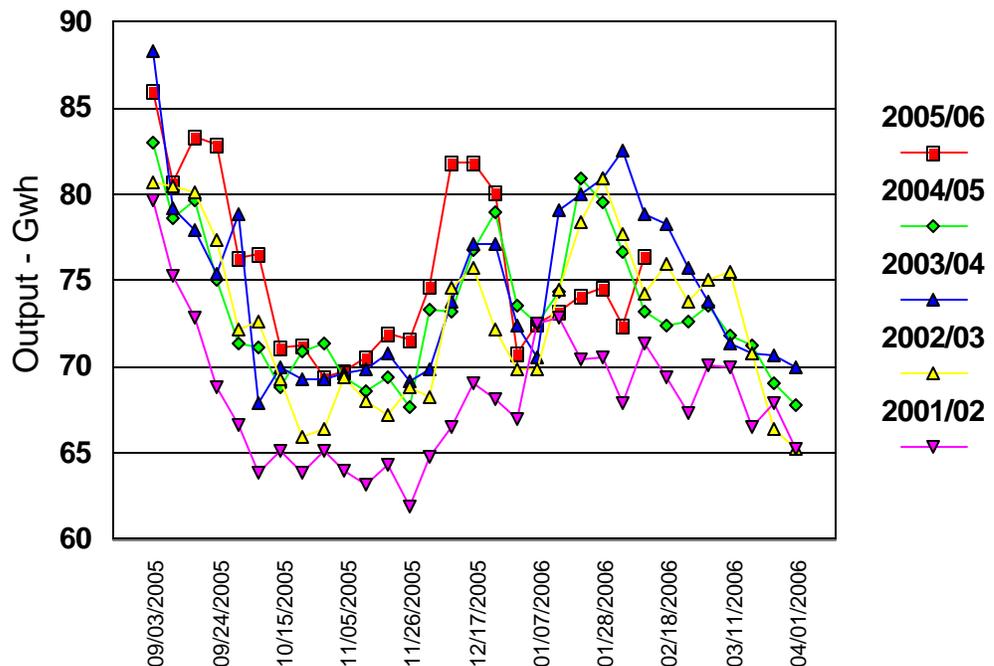
The Long Island Power Authority announced that it will conduct a two-year test to assess the

potential for large-scale application of Broadband Over Power Lines and wireless technology to LIPA's electric Transmission and Distribution system to enhance service reliability, and to also evaluate the long-term potential for offering BPL and Wireless-enhanced products and services to LIPA's customers.

TransAlta Corp. signed a five-year agreement with the Ontario Power Authority to supply an average of 400 Mw of electricity from its Sarnia power plant in Ontario to the province until December 31, 2010. The Sarnia unit is a three-year old 575 Mw natural gas-fired cogeneration plant that currently supplies steam and electricity to facilities owned by Lanxess AG, Dow Chemical, Nova Chemicals, and Suncor Energy.

The Edison Electric Institute reported that Electricity production in the continental U.S. for the week ended February 11, rose 4.3% from the same 2005 week to 76,429 GWh.

Weekly Electric Output



For the first six weeks of the year, production is down 3.1% from last year. For the 52 weeks ended February 11, however, production rose 3.4% from the corresponding period in 2005.

MARKET COMMENTARY

The natural gas market opened 22.6 cents stronger supported by cold temperatures that are forecast to enter key consuming regions this weekend. The March contract traded to a high of 7.44 following the release of the oil complex's inventory report, but as the bearish report weighed on the oil market, natural gas was quick to succumb to downward pressures and back filled the gap from the open. The market ultimately traded to a low of 6.975, testing sub 7.00 prices but the market quickly recovered back above the 7.00-7.03 level. While crude oil continued to slump, natural gas held just above the 7.00 level in sideways action, finally coming to a close at 7.066 down 4.8 cents.

Focus for this market rests clearly on the pending storage issue, as inventories are going to be very high when winter officially ends. Despite record setting blizzard, and cold temperatures coming down from Canada, it is too little too late. Additionally, the soft oil complex offers no support to this market. March gas temporarily tested the waters under 7.00, possibly setting the stage for a more serious test should tomorrow's storage report arrive more bearish than expected. The street's expectations range between draws of 85 Bcf and 120 Bcf. Our model expects a draw of 95 Bcf. Total stocks will continue to be well above average and that will be the focus of traders who look to pressure this market. We see support at \$7.00-\$7.03, \$6.90, and \$6.13. Further support we see at \$6.02 and \$5.938. We see resistance at \$7.47, \$7.58-\$7.60 and \$8.00. Further resistance we see at \$8.12, \$8.17-\$8.26, and \$8.745.