



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 17, 2005

NATURAL GAS MARKET NEWS

Shell Gas & Power has won U.S. government approval to build a LNG terminal off the coast of Louisiana. The U.S. Maritime Administration makes Shell the third company to win permission to build a LNG facility in the Gulf of Mexico. Shell's Gulf Landing plan calls for an output capacity of 1 Bcf/d. The terminal will be located 38 miles south of Cameron, Louisiana, and will have access to five major interstate pipelines serving much of the eastern half of the U.S. The terminal is expected to begin taking gas in 2009.

EIA Weekly Report

	02/11/2005	02/04/2005	Net chg	Last Year
Producing Region	576	599	-23	472
Consuming East	984	1043	-59	814
Consuming West	248	264	-16	194
Total US	1808	1906	-98	1480

Cambridge Energy Research Associates commented on FERC's forecast of eight LNG facilities being built by 2010, saying that the U.S. power industry could become vulnerable to natural gas shortfalls in expected LNG imports do not materialize fast enough. Analyst Larry Makovich of CERA noted that there is no guarantee liquefaction capacity will be enough to meet worldwide demand. He said, "the electric power business made a huge bet on natural gas, we need this LNG development to fuel what we've already built." CERA mapped several socioeconomic, technological and political scenarios between now and 2020 and found natural gas market demand would grow between 14% and 36%.

The National Weather Service said in its monthly weather outlook that Pacific Northwest states will have warmer than normal temperatures in March, but the Northeast states had equal chances of temperatures being higher or lower than normal in March. Colder than usual March temperatures were forecast for Southern States, including central Texas, northern Florida and parts of Georgia, and South Carolina.

Generator Problems

ERCOT— South Texas Project Nuclear Co.'s 1,280 Mw South Texas #2 nuclear unit exited an outage, connected to the grid, and ramped up to 28% of capacity after repairs were made on a small leak in the reactor coolant system. South Texas #1 continues to operate at 93% of capacity as it coasts down for a refueling outage expected to start in early March.

American Electric Power will keep its 528 Mw Welsh #2 coal-fired unit shut from Feb. 18 through May 30 to perform maintenance on the boiler.

Texas Genco's 766 Mw Limestone #2 coal-fired unit will be taken offline this evening for a planned outage.

FRCC— FPL's 839 Mw St. Lucie #2 nuclear station ramped up to 55% of capacity. Yesterday the unit was operating at 30% after coming out of an outage. St. Lucie #1 continues to operate at full power.

NPCC— Constellation Energy's 497 Mw Ginna nuclear unit tripped offline and shut due to a failed power supply in the advanced digital feedwater control system. On Wednesday the unit was operating at full power.

SERC— Duke Energy's 846 Mw Oconee #3 shut early today, to conduct repairs to a non-radioactive steam leak in the main steam system. Yesterday, the unit was operating at full power. Oconee #1 and #2 continue to operate at full power.

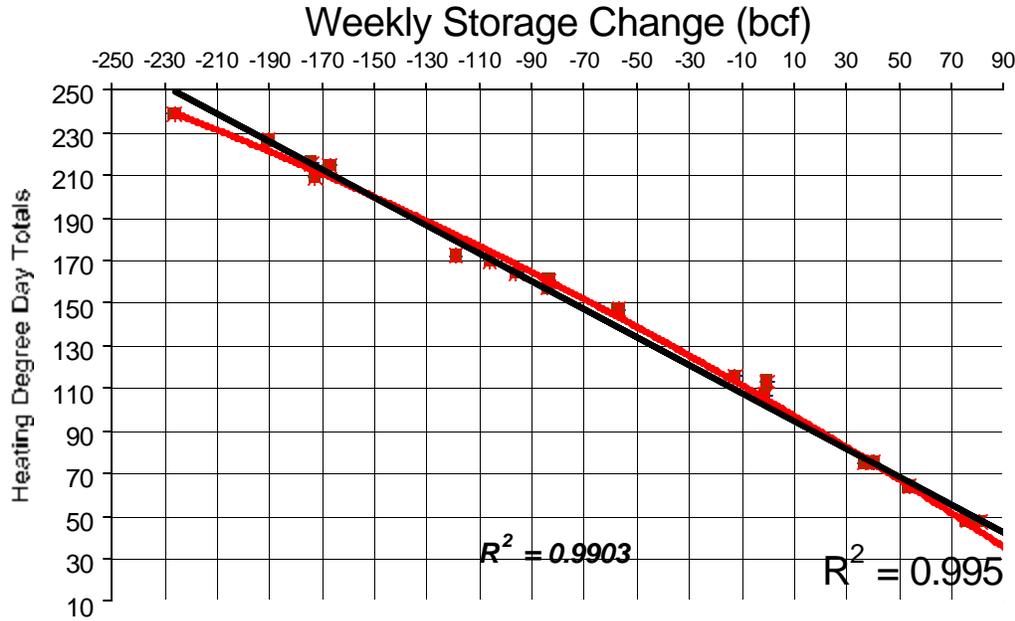
Tennessee Valley Authority increased output at its 1,100 Mw Browns Ferry #3 nuclear unit to 85%, up 43% from yesterday after restarting Wednesday from an automatic trip over the weekend.

WSCC— Edison International's 790 Mw Mohave #1 coal-fired unit shut for planned and unplanned reasons early today.

The NRC reported that U.S. nuclear generating capacity was at 88,508 Mw today down 0.39% from Wednesday and down 2.99% from a year ago.

US Weekly Heating Degree Day Totals VS Weekly Storage Change-Oct 1, 2004 - Feb 11, 2005

Friday- Thursday Period (adj for USG lost production & 20 bcf adjustment
made for Xmas holiday period)



Fidelis Energy said that it has been informed by the operator Miramar Petroleum that well site preparation has commenced and that the companies plan to spud the 7,500 foot "Lepovitz A" natural gas well next week. The operator is finalizing the required permitting, site survey and well licensing in preparation for the commencement of drilling. Depending on rig availability, the spud date is tentatively set for Feb. 23. Fidelis signed a lease purchase and development agreement and joint operating

agreement with Miramar Petroleum to acquire a 50% working interest in the Hidalgo Prospect located in Hidalgo County Texas. The main objectives of the 312-acre Hidalgo Project are the Bell and Cord sands that have a combined potential reserves of 16.1 Bcf of natural gas. The Bell sand in the Miramar Petroleum #2 Theser Gas Unit well has produced 20 Bcf gas at an average recovery of 2.96 MMcf/d from seven wells. In addition, the Cord sand in the same well has a cumulative production over 62.9 Bcf from eight wells with an average recovery of 7.87 MMcf/d.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf Chalkley are at capacity today. ANR South Joliet #2 (PIN 904758) is also at capacity for deliveries today. 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.

Texas Eastern Transmission said it has scheduled all requested nominations in STX and ETX, except for IT-1 and a portion of preferential nominations exiting STX and ETX. No increases will be accepted between Vidor and Little Rock for delivery outside of this area. In addition, requests for PAL parks will not be accepted in STX or ETX.

Canadian Gas Association

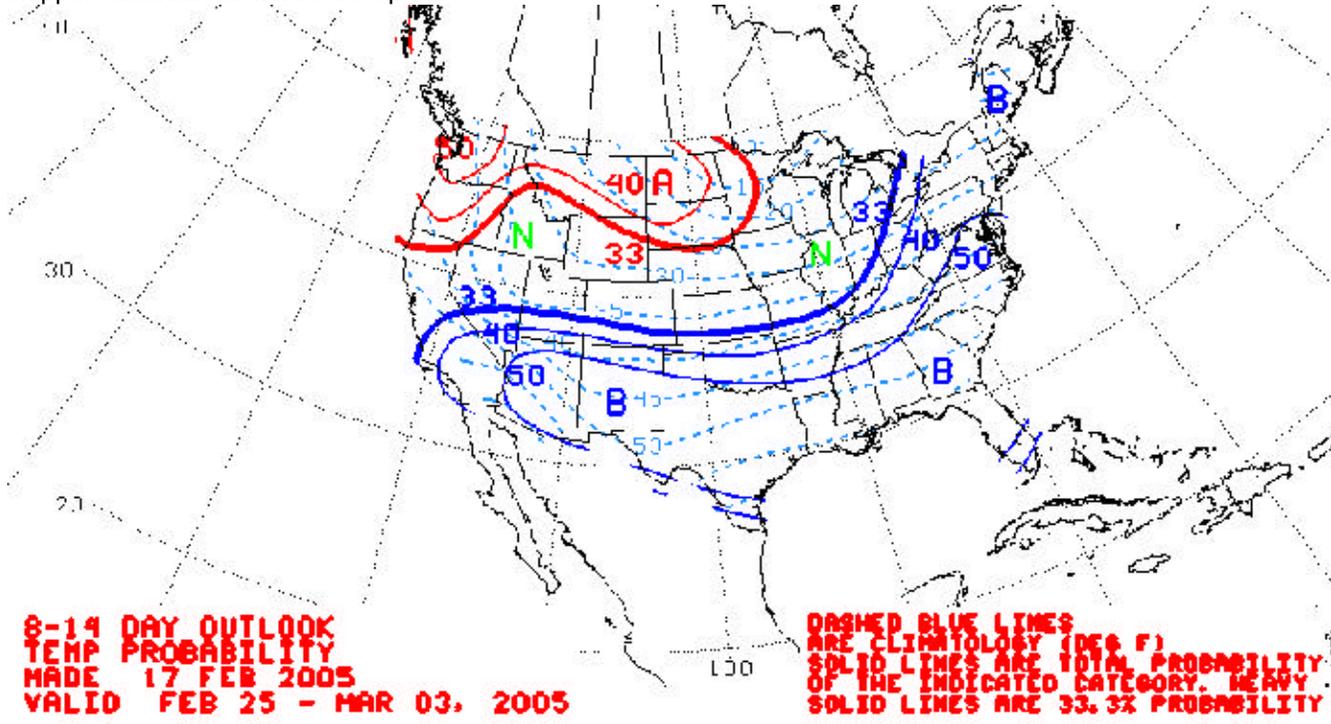
Weekly Storage Report

	11-Feb-05	04-Feb-05	13-Feb-04
East	113.9	122.6	98.4
West	89.0	97.2	78.1
Total	202.9	219.8	176.4

East Tennessee Natural Gas said due to weather forecasts showing cold temperatures across its entire system, ETNG anticipates implementing several restrictions. There will be no secondary out of

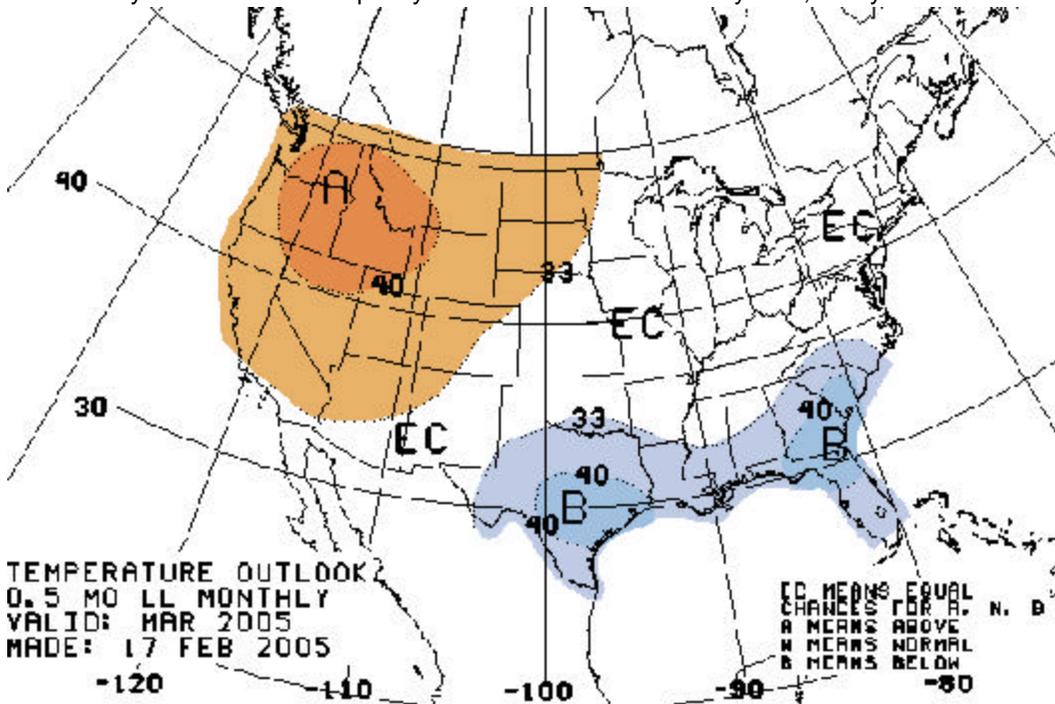
path receipts upstream of station 3104; no secondary out of path receipts upstream of station 3205; and no secondary deliveries downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke.

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 will be accepted except for primary no notice nominations. No due-shipper nominations will be accepted.



PIPELINE MAINTENANCE

El Paso Natural Gas Company said turbine repairs at Dutch Flat have been completed ahead of time. Capacity has already returned to full capacity of 680 MMcf/d effective Cycle 1, today.



Gulf South Pipeline said ongoing maintenance at the Longview Compressor Station in Longview, Texas has been extended through Feb. 18. Capacity through the Station could be affected by as much as 30 MMcf/d during this maintenance period.

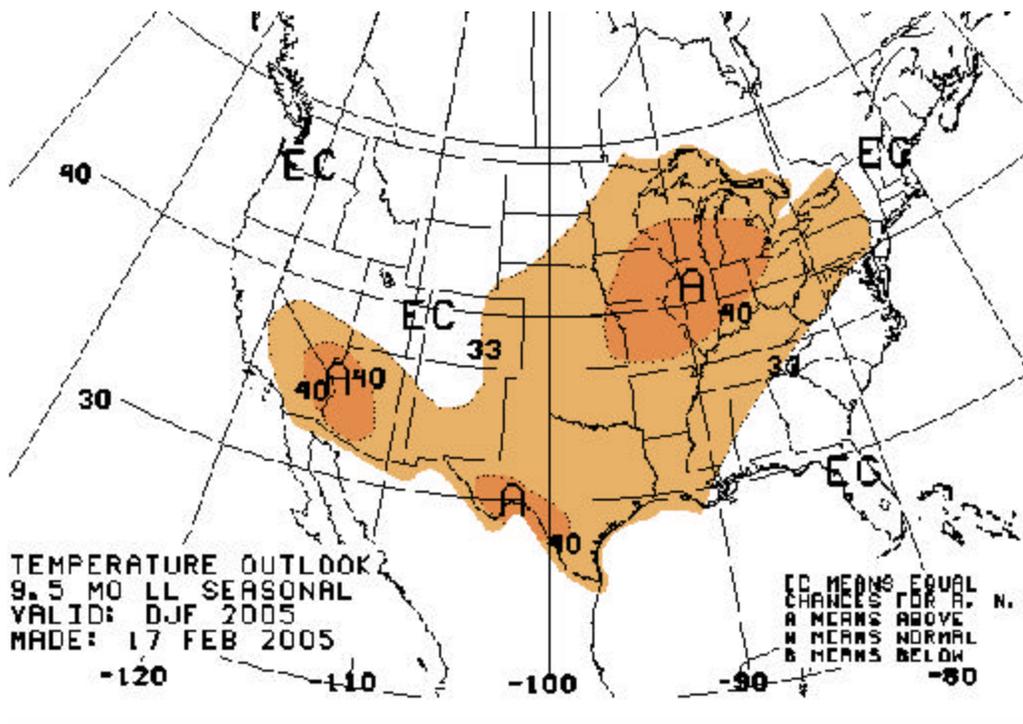
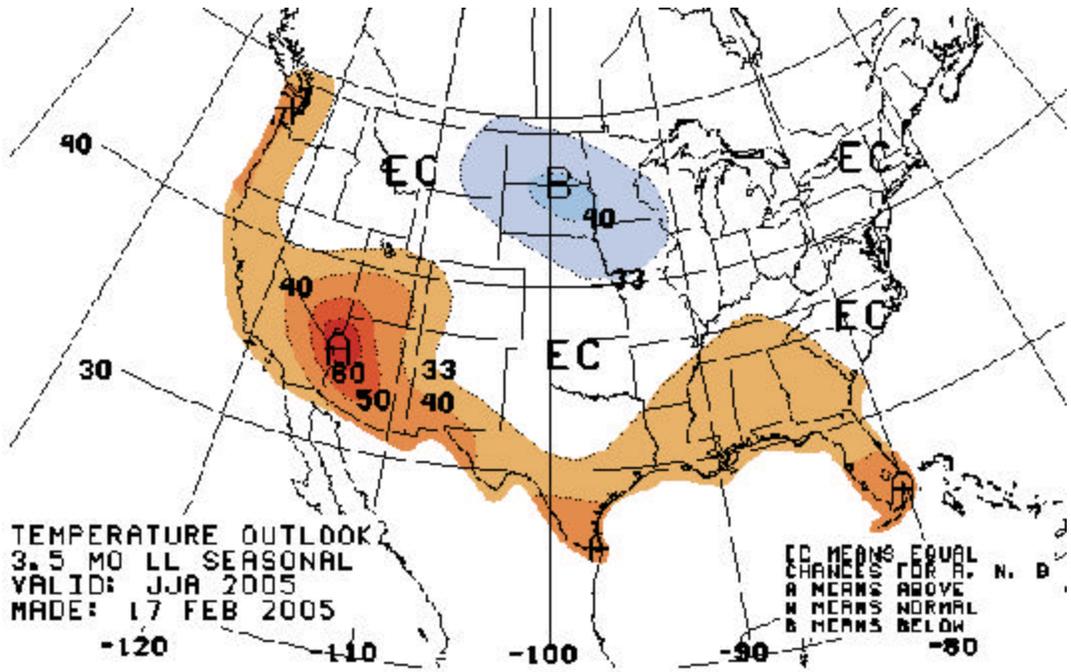
TransCanada said it will be performing pipeline maintenance in Segment 1 (UPRM) on the Alberta System

effective 8:00 AM MT on March 2, until 5:00 PM MT March 4. During this time the area capability will be 60.3 MMcf/d with current Firm Service contracts in the area of 243 MMcf/d.

ELECTRICITY MARKET NEWS

The Long Island Power Authority said it plans to issue a request for Proposals today for long-term energy purchase contracts for the importation of 990 Mw of electricity to Long Island over the operating Cross-Sound Cable and the soon-to-be-built Neptune Regional Transmission

System cable. Neptune RTS will also announce major developments with the Army Corps of Engineers permit review process for the 65-mile cable that will allow LIPS to import 660 Mw of Power for LI. The system is slated to be in service by July 2007. When both cables are operating, Long Island will be connected to the Northeast, New York and Mid-Atlantic power grids for the first time. LIPA's long-term Energy Plan calls for the addition of import cables to help reduce the heavy dependence upon older, on-island generation resources. The Cross-Sound and Neptune cables will help achieve that goal.



Exelon Nuclear announced that they produced 129.7 million megawatt-hours of electricity in 2004, an all time Exelon Nuclear record. The increase came from the Dec. 2003 acquisition of British Energy's 50% share of Amerigen, which owns three single unit nuclear stations in Illinois, Pennsylvania and New Jersey. Also in 2004, Exelon Nuclear finished the year with a 93.5% fleet capacity factor, despite nine refueling outages, where Exelon refueled nine reactors in an average of 25 days, compared to the

national average of 42 days. Exelon also set a fleet record for capacity factor during summer months at 97.3%, and completed more than \$100 million in security upgrades at its 10 generating plants.

Besicorp Development retained Cantor Fitzgerald Brokerage as its exclusive agent to obtain long-term power agreements for its planned \$500 million, 505 Mw power generation project in its final development phase. The Besicorp-Empire Power Generation project represents one of the only large-scale, combined cycle, gas-fired base load projects under development in New York State, north of New York City. The project is planned to be operational in the summer of 2007 and will provide power to generation-constrained areas of the state, as well as neighboring regions.

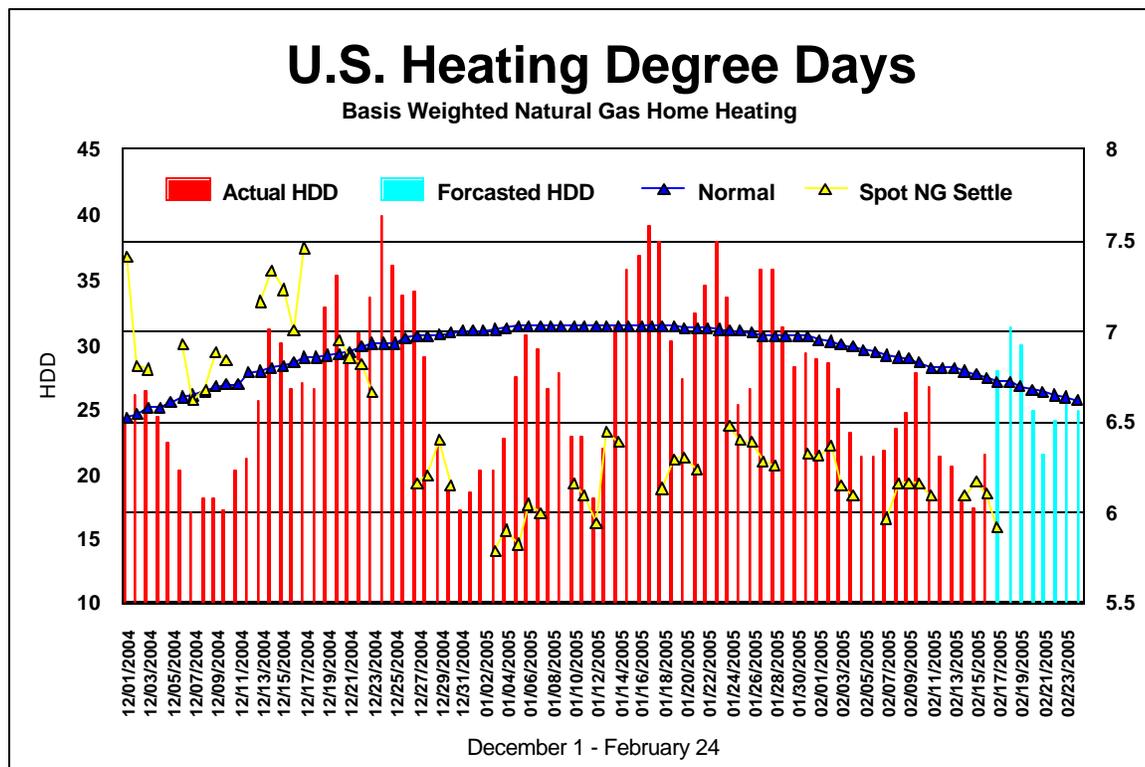
ECONOMIC NEWS

The Philadelphia Fed Index rose to 23.9 in February from 13.2 in January, beating street expectations of 17. This regional report on the U.S. factory sector showed surprising strength, suggesting the economy is in good shape despite worries over the nation’s mammoth trade and current account deficits. Unemployment claims dropped 2,000 to 302,000 in the week ended Feb. 12, also defying Wall Street, and its forecast for a rise to 315,000.

MARKET COMMENTARY

FINALLY!. The natural gas market today finally began to give up the ghost, as a mildly bearish inventory report this morning helped to send prices back down to the \$6.00 price level. While this price level once again provided magical support initially, by early afternoon it appeared the weight of inventories still being over 1.8 tcf at this stage in the winter helped to push prices below the \$6.00 price barrier and keep it there for the remainder of the day. While some initial support was found at \$5.95, it did not last long and the selling momentum took prices all the way down to \$5.85 before the sellers came up for air. This dramatic down move in the natural gas appeared to drag all the energy markets lower in the afternoon. While natural gas values did retrace some 25% of the day’s sell off, it still settled below the \$6.00 barrier for the first time since February 7th and its lowest settlement since January 5th in the March contract. Final volume on the day was estimated at 106,000 futures contracts traded.

We continue to look for this market to remain under pressure given the limited heating demand seen in the near term forecast, and more than ample stocks. Currently we would look for next week’s storage number to come in around a 82 bcf decline with the following report based on current temperature outlooks to rebound slightly and show a 127 bcf decline. Early market estimates for next week’s EIA storage report range from a draw of 80 bcf



to a draw of 100 bcf. Technically, support is still seen at \$5.83-\$5.81 followed by \$5.71, where we would liquidate our position. Meanwhile resistance is seen at \$5.95, \$6.05, \$6.13 and \$6.20.