



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 17, 2006

NATURAL GAS MARKET NEWS

The U.S. FERC rescinded two rules governing market behavior in natural gas and electricity trading that it says were made redundant recently. The FERC's market behavior rules 2 and 6 were enacted in November 2003 when federal agencies including FERC sought to keep natural gas and electricity traders from giving false trading information to publications such as Platt's and Gas Intelligence. FERC also increased the requirement from three to five years for record retention of wholesale sellers of electricity and natural gas.

PIPELINE RESTRICTIONS

ANR Pipeline Company said that based on current weather forecasts for the state of Wisconsin, it has become increasingly important that to insure system integrity, ANR PL maintain sufficient receipt volume nominations at the interconnect with Viking Gas Transmission at Marshfield, Wisconsin. ANR Pipeline will closely monitor the situation and if necessary, take further action up to and including the issuance of an operational flow order.

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.

Northern Natural Gas Company said that due to single-digit temperatures forecasted in the market area (Zones ABC, D and EF) a System Overrun Limitation is being called for today.

Panhandle Eastern Pipe Line Company said that with the projected below freezing temperatures throughout the company's field zone receipt area, it anticipates production freeze-offs at some wells. In the event production connected to Panhandle's field zone is reduced or shut in, Panhandle will implement the following actions. Beginning today, delivery nominations will only be scheduled to match confirmed receipts. Shippers and pooling parties are reminded to provide rankings on their nominations. Operators are required to notify Panhandle immediately when their production is either reduced or reinstated. All gas will need to be confirmed at the operator level and will only be accepted if flow at receipts at deliveries can be verified. If the receipts are not confirmed then corresponding deliveries will be reduced.

Generator Problems

ERCOT— American Electric Power's 528 Mw Welsh #2 coal-fired is in startup following maintenance.

MAAC— Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit increased power to 94% from 92% yesterday. Calvert Cliffs #2 continues to operate at full power.

PSEG Nuclear's 1,100 Mw Salem #1 unit is operating at 56% capacity. Yesterday, the unit was operating at full power. Calvert Cliffs #2 continues to operate at full power.

MAIN— Exelon Generation's 1,162 Mw LaSalle #1 nuclear unit is preparing to shut for a scheduled refueling and maintenance outage. The unit is currently operating at full power. LaSalle #2 is also operating at full power.

SERC— Dominion Energy's 921 Mw North Anna #1 nuclear unit restarted and is operating at 10% capacity. North Anna #2 continues to operate at full power.

Southern Nuclear's 1,215 Mw Vogtle #2 unit is back at full power. The unit was operating at 44% capacity yesterday following a restart. Vogtle #1 continues to operate at full power.

WSCC— Ontario Power Generation's 490 Mw Nanticoke #3 coal-fired power returned to service today.

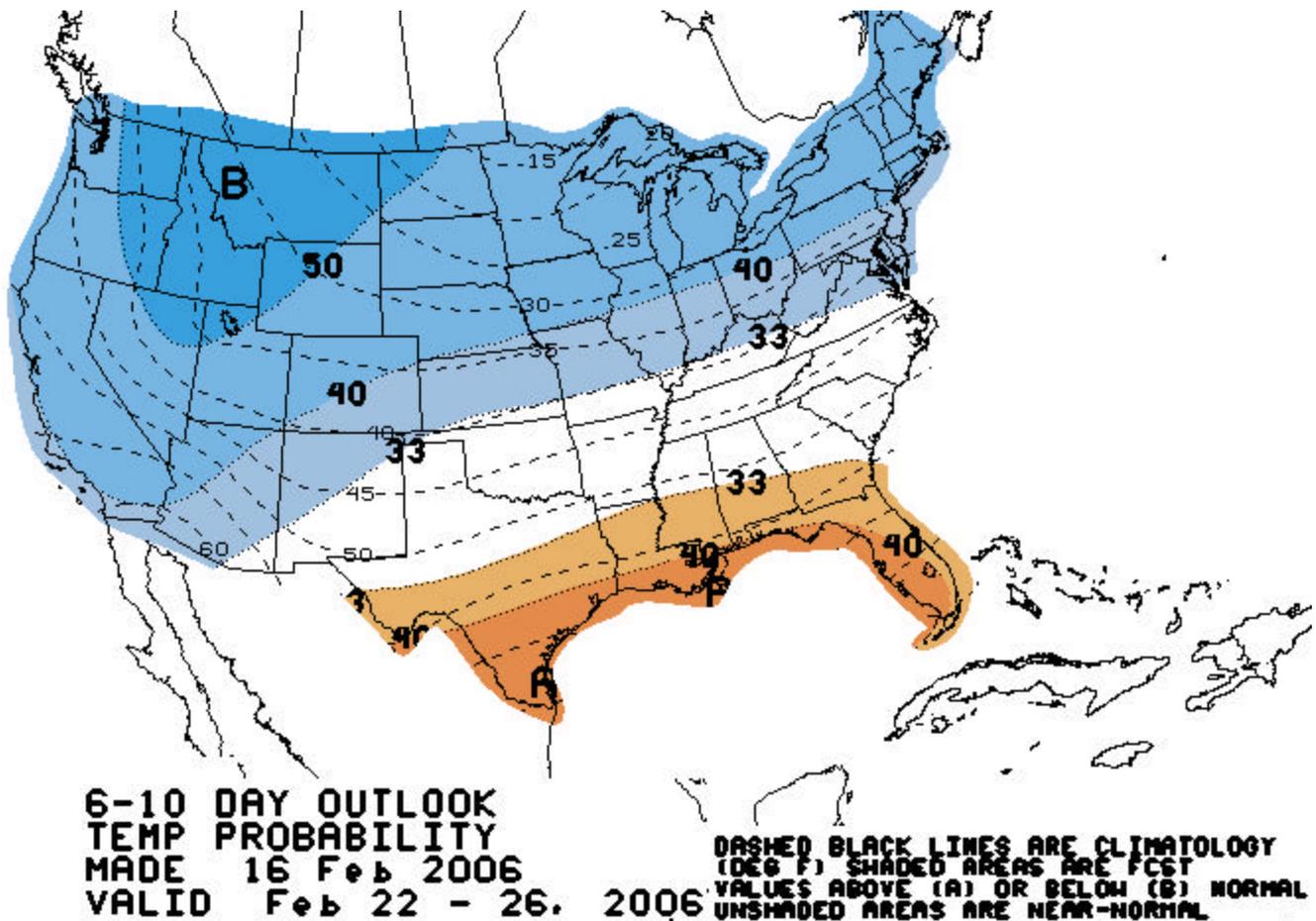
The NRC reported that U.S. nuclear generating capacity was at 89,002 Mw up .33% from Thursday and up .90% from a year ago.

Texas Eastern Transmission Corp. said 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.

TransColorado Gas Transmission said it has capacity available for deliveries through Segments 220 (White Water Compressor to Olathe Compressor) and Segment 240 (Red Vale Compressor to Dolores Compressor). Depending on the level of nominations, IT/AOR and secondary out-of-path volumes may be scheduled.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled maintenance on Clarence Compressor Station Unit #2 beginning March 1 and continuing through the month of April. Capacity through Clarence Compressor Station with Unit #2 unavailable could be reduced as much as 75 MMcf/d, however, with current nominations capacity should not be affected.



ELECTRIC MARKET NEWS

KeySpan Corporation confirmed that it has put itself up for sale and that it was in talks with multiple potential bidders interested in acquiring the power and gas utility.

The planning efforts of the Tennessee Valley Authority to upgrade its transmission system in Middle Tennessee to meet growing power demand are not focused on an alternative that includes the construction of a new substation in southwest Rutherford County and 50 miles of transmission lines.

The U.S. FERC revoked the market-based rate authority of eight companies for failure to comply with regulations requiring electric quarterly reports. Yesterday, the FERC said it put six other companies on notice that the Commission would revoke their market-based rate authority unless they file their reports within 15 days. Those

eight companies are Bravo Energy Resources, Core Equities, HC Power Marketing, Maxim Energy Partners, Mountainview Power, Mt. Carmel Cogen, Phoenix Energy Associates, and USP&G. The six companies given 15 days to file their reports or risk losing their market-based rates have not submitted their reports for the third and fourth quarters of 2005. The companies are Capital Power, Energy Investments Managements, New Light Energy, Premier Energy Marketing, Sprague Energy Corp., and TME Energy Services.

MARKET COMMENTARY

The natural gas market opened 18.6 cents stronger, on expected arctic temperatures coming into the northern third of the country. Also supporting the marked overnight was a firmer oil complex feeling geopolitical pressures. March natural gas traded to a high of 7.36 early in the shortened session, but the supply issue overwhelmed any support in the market, and prices back filled the gap from the open. The March contract traded to a low of 7.09, but rebounded back to positive territory, to settle up 4.8 cents at 7.182.

Traders continue to feel that the coming cold snap won't be enough to trigger even a short-term spike. The failure to hold gains or to break decisively higher even with colder temperatures will just reinforce the larger bearish picture: a market that is still overvalued relative to the glut of supply available. Today's inside trading range suggests that the market is settling into a range and waiting to see what this cold is all about before moving lower on the storage situation. 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. Further resistance we see at \$9.82.

