



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 23, 2007

NATURAL GAS MARKET NEWS

FERC Thursday approved a request of Midcontinent Express Pipeline LLC, a joint venture of Kinder Morgan Energy Partners LP and Energy Transfer Partners LP, to begin the pre-filing review under the National Environmental Policy Act for its proposed west-to-east pipeline that will move gas to markets in Florida and the Northeast.

U.K. gas prices at the National Balancing Point jumped again today as the short squeeze seen in the last few days gathered some support from reduced flows through the Langeled and BBL pipelines, and rumors of some field issues.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company announced that effective today and until further notice, Trunkline Lakeside has limited capacity available for deliveries. Limited ITS/AOR and Secondary Firm transports are available. Also today, PEPL Moultrie and MRT-Harrison have limited capacity available for deliveries. Limited ITS/AOR and Secondary Firm transports are available. NGPL said that on the Amarillo System, Segment 13, 14 and 15 are at capacity, while Segment 1 has limited capacity. On the Gulf Coast System, Segment 17 has limited capacity, while Segment 25, 23 and 24 on the Louisiana Line are at capacity.

Texas Eastern Transmission Corp. said that it has extended restrictions for the system today. The company said it has restricted nominations flowing through Sarahsville. Increases in nominations for receipts sourced upstream of Sarahsville for delivery downstream of Sarahsville will not be accepted. In addition, Texas Eastern has restricted nominations sourced in zones STX and ETX for delivery outside that area. No increases in receipts between Little Rock and Mt. Belvieu for delivery outside that area will be accepted.

Tennessee Gas Pipeline said that effective 9:00 AM CT today, due to nominations in excess of the available capacity Tennessee anticipates numerous restrictions. At Carthage Lateral, Tennessee anticipates restricting through approximately 12% of supply to market secondary out of the path nominations. At Station 245, Tennessee anticipates restricting through approximately 34% of supply to market secondary out of the path nominations. At Station 321, Tennessee anticipates restricting through approximately 15% of supply to market secondary out of the path nominations.

PIPELINE MAINTENANCE

Generator Problems

ERCOT – American Electric Power's 528 Mw Welsh 33 coal-fired power station shut for maintenance on auxiliary equipment. The unit is expected to return February 27.

CPS Energy's 585 Mw JK Spruce coal-fired power station shut for a month long maintenance overhaul. The unit is expected to return March 26.

American Electric Power's 690 Mw Oklaunion coal-fired power station will extend the planned maintenance outage to repair a boiler leak. The unit is expected to return February 27.

FRCC – Progress Energy's 870 Mw Crystal River #3 nuclear unit restarted today and is warming up offline at 10%.

Canada – Ontario Power Generation's 494 Mw Lambton #4 coal-fired power station restarted following short-term work.

The NRC reported that 91,545 Mw of nuclear capacity is on line, up .14% from Thursday, and 5.33% higher from a year ago.

NYMEX Nat gas Options Most Active Strikes for February 23, 2007

Symbol	Month	Year	Call/Put	Strike	Exp date	Settle	Volume	IV
LN	4	7	C	11	03/27/2007	0.0076	6,200	52.29
LN	6	7	C	20	05/25/2007	0.0037	2,600	65.68
LN	7	7	C	8	06/26/2007	0.7478	2,200	32.87
LN	6	7	C	8	05/25/2007	0.6192	2,150	35.30
LN	8	7	C	8	07/26/2007	0.8849	2,150	32.40
LN	9	7	C	8	08/28/2007	1.0209	2,150	32.67
LN	10	7	C	8	09/25/2007	1.1964	2,150	34.18
LN	7	7	P	5	06/26/2007	0.0106	1,800	41.91
LN	4	7	C	9	03/27/2007	0.0973	1,500	46.24
LN	8	7	P	5	07/26/2007	0.019	1,500	42.41
LN	9	7	P	5	08/28/2007	0.0368	1,500	44.30
LN	4	7	C	10	03/27/2007	0.0277	1,375	49.72
LN	4	7	C	8	03/27/2007	0.3263	1,350	42.11
LN	10	7	C	10	09/25/2007	0.5718	1,350	40.08
ON	4	7	C	11	03/27/2007	0.008	1,300	53.68
LN	5	7	P	7.5	04/25/2007	0.3535	1,300	45.27
LN	8	7	C	15	07/26/2007	0.0429	1,250	48.35
LN	4	7	P	7.5	03/27/2007	0.2601	1,200	46.09
LN	5	7	C	8	04/25/2007	0.4913	1,150	38.52
LN	4	7	P	6	03/27/2007	0.0097	1,105	47.22
ON	4	7	P	7	03/27/2007	0.103	1,100	43.24
ON	6	7	C	9	05/25/2007	0.307	1,100	42.40
ON	4	7	P	7.5	03/27/2007	0.26	1,058	43.86
LN	6	7	C	10	05/25/2007	0.1483	1,050	41.18
LN	1	8	P	8	12/26/2007	0.6288	1,005	47.18
LN	2	8	P	8	01/28/2008	0.707	1,005	48.41
LN	3	8	P	8	02/26/2008	0.8348	1,005	49.77
LN	4	7	P	5.5	03/27/2007	0.0022	1,000	49.06
LN	5	7	C	10	04/25/2007	0.0872	1,000	44.97
LN	5	7	P	7.75	04/25/2007	0.4685	1,000	45.87
LN	6	7	P	5	05/25/2007	0.0055	1,000	42.99
LN	7	7	C	10	06/26/2007	0.2344	1,000	39.58
LN	8	7	C	10	07/26/2007	0.327	1,000	38.91
LN	9	7	C	10	08/28/2007	0.4398	1,000	39.21
LN	10	7	C	15	09/25/2007	0.1263	1,000	48.61
LN	11	7	P	8	10/26/2007	0.7554	1,000	48.15
LN	12	7	P	8	11/27/2007	0.6325	1,000	46.41

Colorado Interstate Gas Company announced several planned maintenance projects for March. The Greasewood Compressor will be out of service March 6 through March 7, with capacity reduced from 195 MMcf/d to 150 MMcf/d. The Kit Carson Compressor Station will be out of service March 19 through March 23 with capacity reduced from 330 to 270 MMcf/d.

El Paso Natural Gas Company announced several maintenance projects for March. Several pig runs will be done on the San Juan Basin and San Juan Mainline. Capacity on the San Juan Triangle will be reduced by an average of 20 MMcf/d from March 6 through March 16. At the Havasu Crossover, there will be a 4,000 hour inspection March 12 through March 13 at Alamo Lake #1, with 647 MMcf/d shut-in from a base capacity of 670 MMcf/d.

Gulf South Pipeline said that it will be performing scheduled pipeline maintenance on Index 430 tentatively scheduled for February 27 at 7:00 AM CT and continuing for approximately eight hours.

Gulf South also announced its March maintenance schedule. On February 27, Index 430 will undergo maintenance for approximately eight hours. At Index 195, maintenance will effect capacity until further notice. From February 26 through March 7, maintenance at Bistineau Compressor Station Unit #5 will affect capacity by as much as 150 MMcf/d. At Goodrich

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume	Avg	Change	Basis	Change	Basis 5-Day
	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	704,000	\$7.529	\$0.055	(\$0.364)	\$0.100	(\$0.307)
Chicago City Gate	426,600	\$7.458	\$0.035	(\$0.148)	\$0.122	(\$0.249)
NGPL- TX/OK	797,700	\$6.912	\$0.054	(\$0.694)	\$0.141	(\$0.739)
SoCal	666,300	\$7.067	(\$0.039)	(\$0.539)	\$0.048	(\$0.540)
PG&E Citygate	508,900	\$7.593	(\$0.006)	(\$0.013)	\$0.081	(\$0.088)
Dominion-South	221,600	\$8.110	\$0.023	\$0.504	\$0.110	\$0.217
Transco Zone 6	207,300	\$8.352	\$0.004	\$0.746	\$0.091	\$1.474

Compressor Station, units 1, 2 and 3 will be down one unit at a time and capacity could be affected by as much as 50 MMcf/d through March 1. Beginning March 12 and lasting seven days, maintenance will be performed at Longview Compressor Station #1 Unit #2 that will affect capacity by as much as 8 MMcf/d.

KM Interstate Gas Transmission will be performing maintenance at its Casper Compressor Station March 6-16. Capacity through segments 45 and 730 will be limited to 190 MMcf/d. Based on the current level of nominations, AOR/IT and secondary FT quantities are at risk of not being scheduled. Also, KMIGT will be performing maintenance at its WIC Cottonwood interconnect from March 20 through March 30. Nominations to this PIN will not be available during this maintenance. AOR/IT, secondary and primary FT quantities will not be scheduled.

Natural Gas Pipeline Company will perform Phase 2 remediation work for smart pig anomalies on the Arkoma Lateral (segment 16). No restrictions are anticipated. On March 7, 12 and 15 Natural will install sleeves at various locations south of Station 812. On March 21-22, Natural will be replacing a section of pipe on the Arkoma Lateral as part of the ongoing remediation work.

Questar Pipeline Company announced maintenance at Oak Spring #1 will be underway through today. Also, a construction project at Price yard to install a 12-inch flow conditioner is scheduled for February 27 and should last two days.

Trailblazer Pipeline has scheduled a series of pig runs from Station 603 to Station 106, and some capacity will be restricted. On March 6, Trailblazer will run two cleaning pigs back-to-back from station 603 to station 106. ITS/AOR and secondary out-of-path transports will be unavailable in Segment 40.

TransColorado Gas Transmission said that it would be performing maintenance at its Mancos Compressor Station on March 6. Capacity through Segment 250 will be limited to 415 MMcf/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being scheduled.

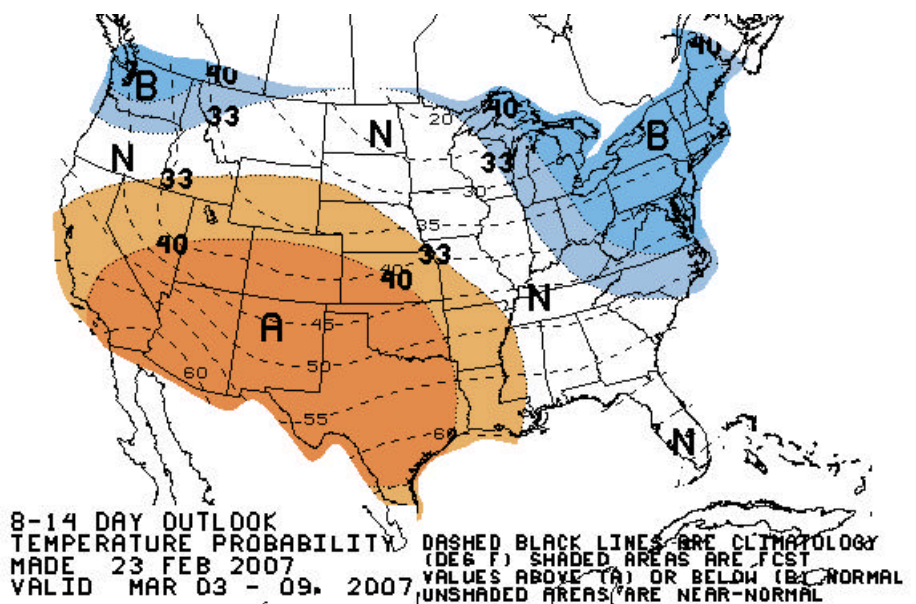
Williston Basin Interstate Pipeline said unplanned maintenance will be performed at the Lovell Compressor Station beginning February 24 and running through March 10. At this time, the pipeline operator does not anticipate any restriction to the system.

ELECTRIC MARKET NEWS

Virginia's State Senate approved an electric utility industry re-regulation bill, apparently clearing the way for the state's experiment with retail competition to end. The measure would, among other things, end the existing cap on retail rates on December 31, 2008, direct Virginia's State Corporation Commission to review utility rates every two years and set the utility's allowable rate of return on equity at a level at least equal to the average of the rates of return allowed for other, similar utilities in the Southeast.

MARKET COMMENTARY

The natural gas market opened 12 cents lower as forecasters called for higher temperatures along the East Coast. The quiet session vacillated in slightly negative territory between 7.60 and 7.70 for most of the session as the market was supported by the rallying crude oil market. In the last 5 minutes of trading, short covering boosted the market from 7.58 to 7.78 as trades covered their last march shorts ahead of Monday's expiration. March natural gas settled up 2.8 cents at 7.755.



Open interest in the March contract continues to be relatively large, with 69,637 contracts as of yesterday, which has been keeping the market supported and might result in some fireworks on Monday as we enter the closing range of trading. As weather forecasts continue to moderate, and storage reports are expected to be less supportive, we feel this market will work its way back to the 7.00 level. We see support at \$7.50, \$7.25, \$7.00, \$6.90, \$6.20 and \$6.00. We see resistance at \$7.80, \$8.00, \$8.28-\$8.35 and \$8.45.