



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta &  
Zachariah Yurch

**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

### **POWER MARKET REPORT FOR FEBRUARY 24, 2006**

---

#### **NATURAL GAS MARKET NEWS**

Port Barre Investments LLC has filed an application at FERC to build an independent salt-cavern gas storage facility in St. Landry Parish, LA that would handle some of the increased liquefied natural gas (LNG) load due to come into the Gulf Coast region.

Texas Gas Transmission LLC plans to file an application with FERC this spring to begin a \$36 million storage expansion project at its Midland, KY field. The expansion, by 100,000 MMBtu on a daily basis and 9.3 TBtu on a seasonal basis, comes just three months after the company placed in service an 8.2 TBtu storage expansion at the Midland field.

#### **PIPELINE RESTRICTIONS**

Algonquin Gas Transmission said it has scheduled and sealed nominations flowing through the Southeast compressor station. No increases for nominations flowing through Southeast, except for Firm No-Notice nominations, will be accepted.

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 Lake Charles, Capacity Allocation Area 6.

Kern River Pipeline said that its system is experiencing low linepack due to significant drafting. Therefore, it is imperative that operators do not take more gas than is scheduled.

Natural Gas Pipeline Company said that effective today and until further notice, Natural has limited capacity available for deliveries to ANR South Joliet #2 (PIN 904758). Limited ITS/AOR and Secondary Firm transports are available. ANR South Joliet is located in Will County, Illinois (Segment 33) in Natural's Iowa Illinois Receipt Zone.

Northwest Pipeline Corp. said that effective February 24, Northwest will terminate the declared Entitlement issued on February 17, in the all shippers notice #06-017, due to moderate weather forecasts for most of the Pacific Northwest market area. The company said the Blue Lake stress relief excavation was completed at approximately midnight on February 22, and full design capacity through the Columbia River Gorge is expected to be restored soon.

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.

#### **Generator Problems**

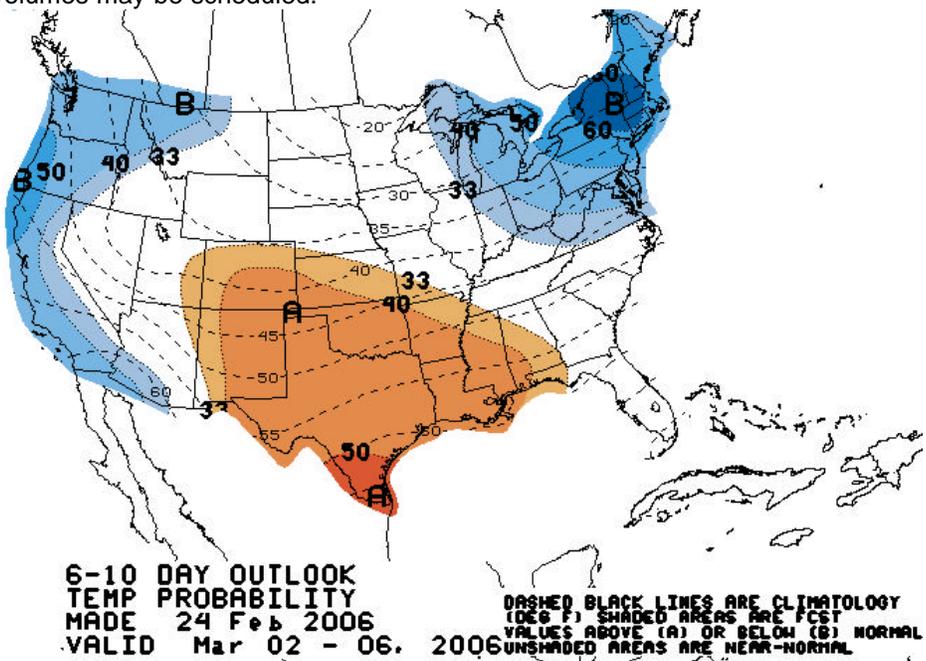
**MAIN**— Exelon Corp.'s 867 Mw Quad Cities #1 nuclear unit started to exit an outage and ramped up to 12% of capacity by early today. Quad Cities #2 continues to operate at 85% power.

**NPCC**— Dominion Resources' 882 Mw Millstone #2 nuclear unit shut by early today after losing faculty of the main feedwater. Yesterday, the unit was operating at full power. Millstone #3 continues to operate at full power.

**SERC**— Tennessee Valley Authority's 1,121 Mw Watts Bar nuclear unit reduced power to 46% capacity. Yesterday, the unit was operating at 88% power yesterday.

**The NRC reported that U.S. nuclear generating capacity was at 86,911 Mw down 1.35% from Thursday and up .98% from a year ago.**

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



**PIPELINE MAINTENANCE**

Questar Pipeline Company said that the maintenance at Fidar Station was completed ahead of schedule. As a result, nominations accepted on ML 80 have returned to 280 MMcf/d beginning cycle 1 today.

Williston Basin Interstate Pipeline Company said that maintenance being performed at the Dickinson Compressor Station Unit #4 will be extended through 9:00 AM MT February 28. This maintenance may potentially affect deliveries in the East Mon-Dak and Sheyenne Sub-Systems, but at current

conditions the company does not anticipate any restrictions to the system. Also, Williston said that due to maintenance on Unit #1 at the Manning Compressor Station, deliveries at Point ID 01010 North Border – Manning may potentially be affected through Friday. At current conditions, Williston does not anticipate restrictions to the system.

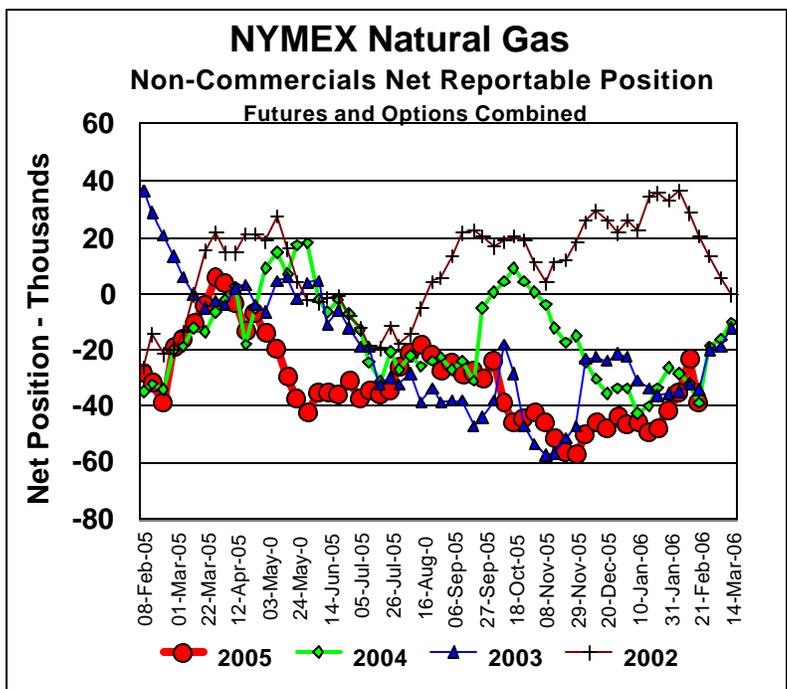
**ELECTRIC MARKET NEWS**

Reliant Energy completed the previously announced sale of its three New York City power plants for approximately \$975 million to Astoria Generating Company Acquisitions, an entity formed by an investor group led by Madison Dearborn Partners and New York City-based US Power Generating Company.

According to date collected exclusively by the BTU newsroom, three or four new nuclear outages are planned in the week ahead, followed by another three outages, bringing to total 13 nuclear units expected offline by mid-March. The seven pending outages will meet six nuclear reactors already offline for refueling across the country.

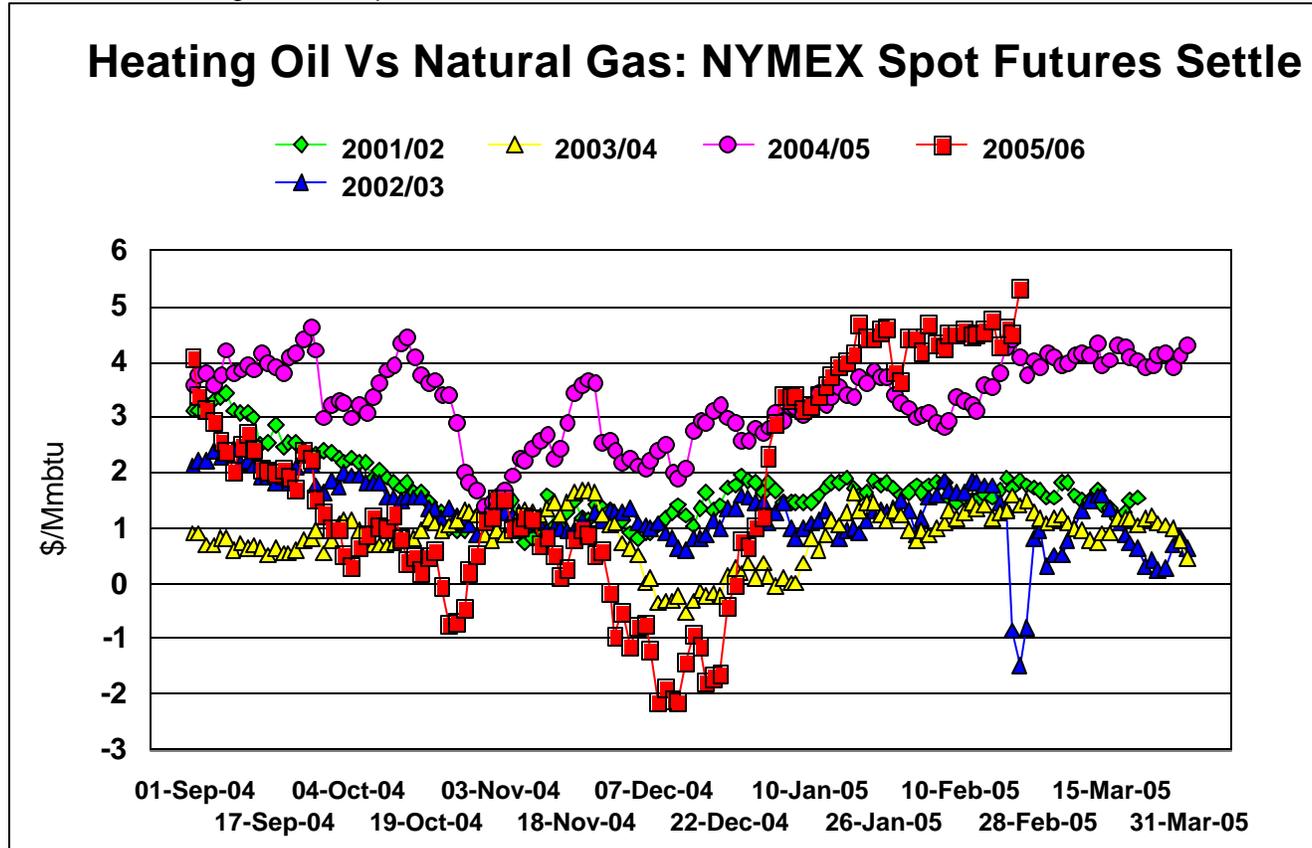
**ECONOMIC NEWS**

Orders to U.S. factories for big-ticket manufactured goods fell by the largest amount in 5 1/2 years in January as demand for commercial aircraft suffered the biggest setback in seven years, the government reported Friday. The Commerce Department said that orders for durable goods, everything from computers to cars, fell by 10.2 percent last month, a much bigger decline than had been expected.



## MARKET COMMENTARY

The natural gas market opened 13.8 cents lower on the last trading for the March contract. Natural gas spent most of the session in negative territory, but did manage to trade to a high of 7.55 supported by the firm oil complex, which was supported by geopolitical unrest. However, March natural gas shrugged off the influence of rallying oil and the prospect of colder temperatures in the last half hour trading. Continued pressure of heavy storage and bearish technical charts influenced prices to move back to their 7 month lows. March traded to a low of 6.90 before going off the board down 34.6 at 7.112. April natural gas traded to a high of 7.63 and a low of 7.225 before settling in as the spot contract down 23 cents at 7.313.



With the market unable to convert what cold temperatures we have into a sustained upward correction, natural gas remains in a bearish trend. Looking ahead to the end of the withdrawal season on April 1, expectations are for there to be 1.7 Tcf in storage, well above 2005's 1.249 Tcf and the 5-year average of 1.043 Tcf. This market has plenty of room to the downside to find a comfortable valuation given the gas in storage. The Commitments of Traders report showed that non-commercial traders increased their net short position by 7,650 contracts in the futures report, and by 15,544 in the combined futures and options report. We see support in the July contract at \$7.11, \$6.83, and \$6.03. Further support we see at \$5.94 and \$5.65. We see resistance at \$7.70, \$8.00, and \$8.30. Further resistance we see at \$8.84 and \$9.03.