



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 23, 2005

NATURAL GAS MARKET NEWS

President Bush said today that the U.S., Canada and Mexico need to work in concert to ensure the three countries can adequately tap into the world's natural gas supplies via the growing LNG import market.

Marathon Oil today called on the FERC to order Trailblazer Pipeline to disgorge the "windfall profits" it has gained from Marathon as a result of the unlawful exercise of market power over capacity bidders on its 2002 expansion.

Williams announced today that it has entered into contract with Helmerich & Payne for the operation of 10 new drilling rigs, each for a term of three years. This allows Williams to increase the pace of developing its natural gas reserves in the Piceance Basin of western Colorado while utilizing a new rig design that adds efficiency and increased environmental sensitivity to its operations there. At the end of 2004, Williams' ownership in the Piceance Basin accounted for 61% of the company's 3 Tcf equivalent of total proved domestic reserves and more than half of its estimated 7 Tcf of proved, probable, and possible reserves. Williams plans on increasing its pace of development by drilling approximately 300 wells in the Piceance Basin this year, 450 wells in 2006, and 500 wells in 2007.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that delivery to Midwestern-Kankakee (PIN 25400) in Kankakee County, Illinois will be limited to a reduced scheduling capacity due to HP limitations at Station 201 Herscher Storage through gas day Saturday, March 26. This delivery is in Segment 28 of NGPL's Market Delivery Zone/Iowa-Illinois Receipt Zone. This reduced scheduling capacity should be lifted effective gas day Sunday, March 27 when the additional HP is scheduled to become available. In other news, gas received on Segment 17 in the TexOk Zone is at capacity. NGPL is at capacity for gas received upstream of Compressor Station 15 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line Segments (25,23, and 24) are at capacity for eastbound transport volumes.

Generator Problems

MAAC— PPL Corp.'s 1,140 Mw Susquehanna #2 nuclear unit started to exit a refueling outage and ramped up offline to 3% early today. Susquehanna #1 continues to operate at full power.

MAIN— Exelon Corp.'s 1,144 Mw LaSalle #2 nuclear unit returned to full power early today. The unit was operating at 70% yesterday. LaSalle #1 continues to operate at full power.

NPCC— FPL Group's 1,159 Mw Seabrook nuclear unit shut due to an in operable reactor trip breaker. The company expects the unit to return to service later today. The unit was operating at full capacity on Tuesday. The unit is expected to shut for a refueling in early April.

WSCC— Constellation Energy Group increased the output of the 780 Mw High Desert power station late Tuesday. The unit was curtailed earlier in the day.

Arizona Public Service's 1,243 Mw Palo Verde #1 nuclear unit returned to full power early today. The unit was operating at 58% capacity yesterday after exiting an outage earlier in the week. Palo Verde #2 and #3 continue to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 78,830 Mw today down .31% from Monday and down .42% from a year ago.

Texas Eastern Transmission Corp. said it has been scheduled to capacity in the following zones: STX, ETX, and M1-24. Physical increases between Mount Belvieu and Fagus will not be accepted.

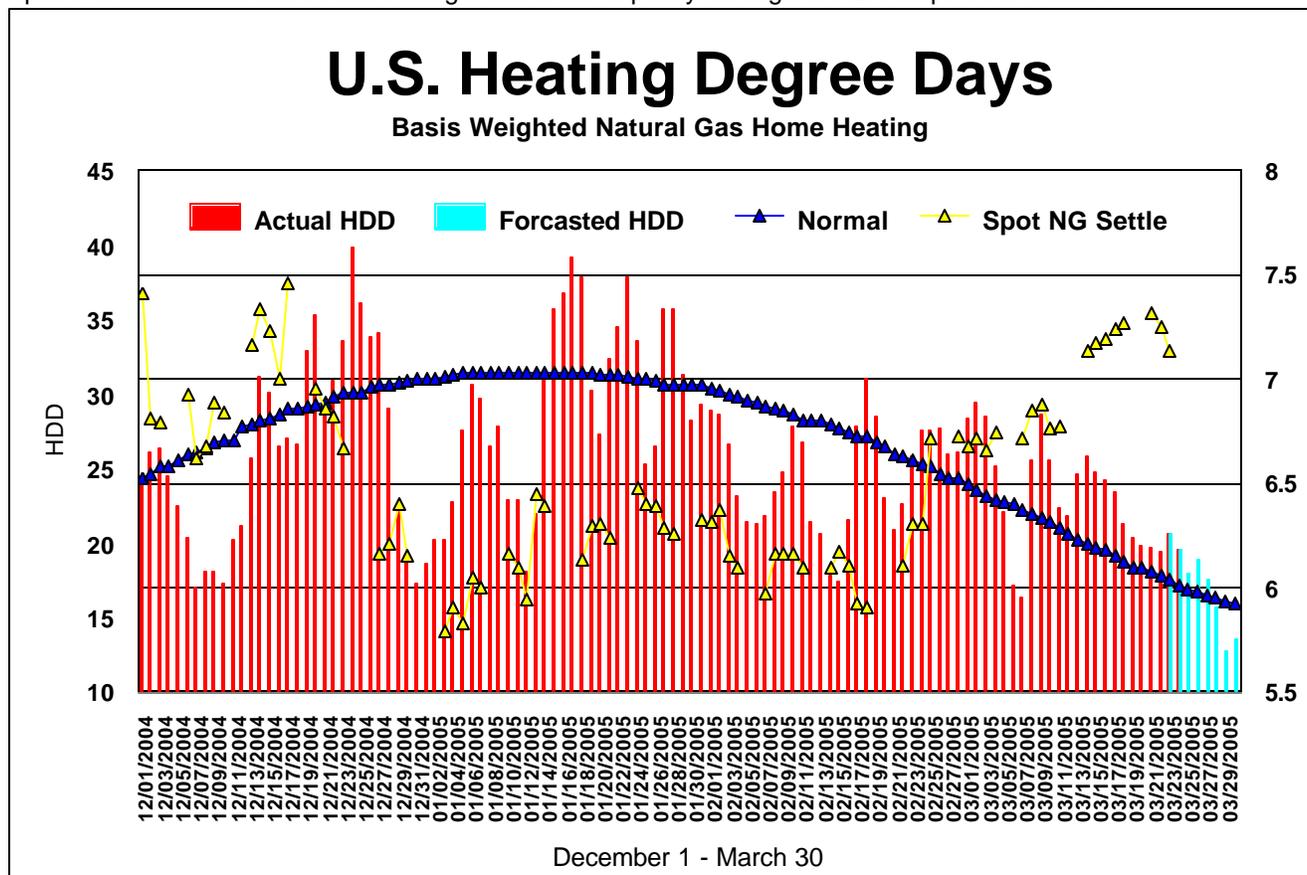
Kern River Pipeline has warned schedulers of high line packs along Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

In an update to the ongoing force majeure situation at several of its compressors, TransColorado said that there is no new information regarding its work schedule. The Dolores compressor unit repair was completed last week. New suction and discharge bottles have been installed and tested on the unit that had been removed from service. The Whitewater compressor repair will be the next to be completed. The estimated in-service date for completion of repairs on all expansion compressor units is April 15. As each unit is repaired, additional capacity may become available before April 15. Currently, Segment 220 is limited to 320 MMcf/d while Segment 240 is flowing 375 MMcf/d. Meanwhile force majeure conditions are still in effect.

Florida Gas Transmission said that due to low linepack and increasing demand, it is issuing an Overage Alert Day at 25% tolerance for today.

PIPELINE MAINTENANCE

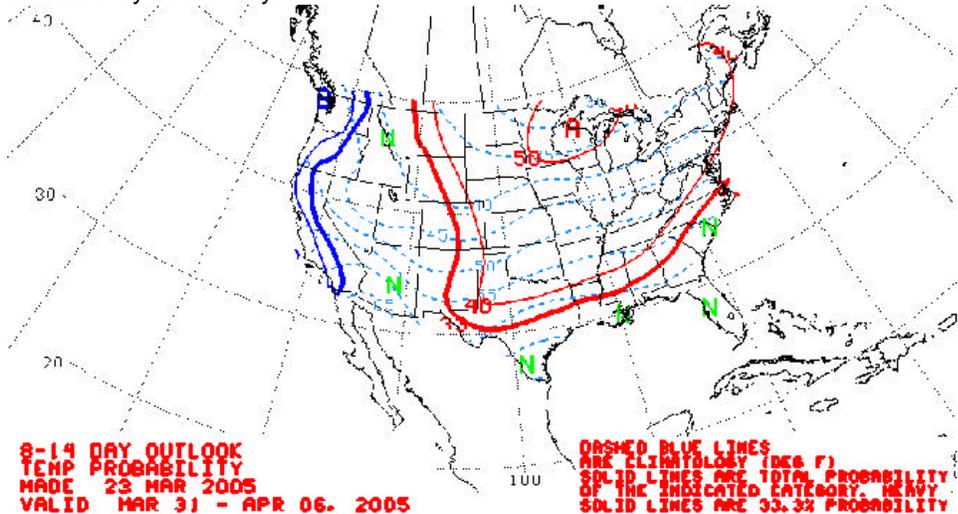
Transwestern said that on April 7, it will be allocating capacity through WT-2 Compressor Station located on the West Texas Lateral down from 550 MMcf/d to approximately 280 MMcf/d due to maintenance at Station 9. On April 8 Transwestern will be increasing back to full capacity through WT-2 Compressor Station.



Natural Gas Pipeline Company of America, has pushed up maintenance at Station 346 in Vermilion Parish, Louisiana to accommodate some other needed station work. Originally scheduled for April 7, the repairs will now happen on April 5. NGPL will be replacing the compressor unit #3 and performing other station maintenance. During this work interruptible flow authorized overrun and secondary out-of-path transports in Segment 24 will be

unavailable. NGPL owns and operates more than 10,000 miles of interstate pipeline that is capable of delivering over 5.7 Bcf of gas on a peak day into the Chicago market and other Midwest markets and more than 1.5 Tcf of gas system-wide on an annual basis.

El Paso Natural Gas Company said that scheduled maintenance at Castle Dome has been completed ahead of schedule. The volume delivered to the Yuma area (DAPSYUM and DSWGYUM) will be returned to normal effective Cycle 1 today.



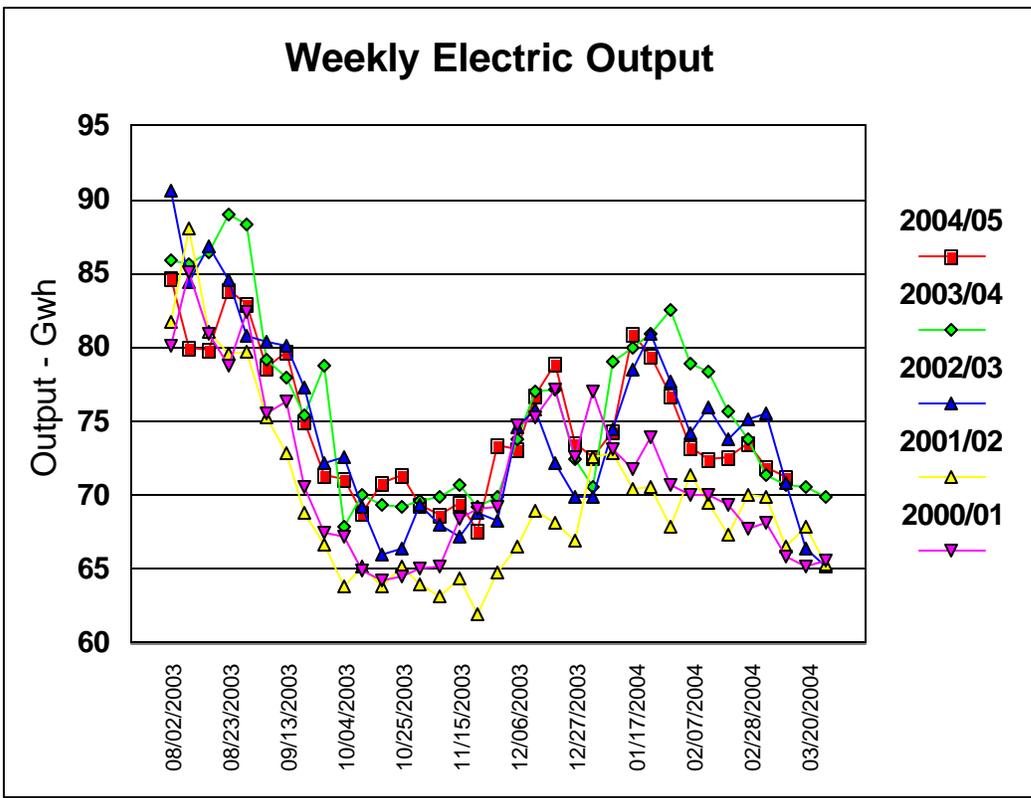
ELECTRICITY MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended March 19 rose 4.4% from the same 2004 week to 71,241 GWh. The Southeast region showed the largest year-on-year percentage increase in output, rising 10.7% to 19,805 GWh. The Pacific Southwest showed the biggest year-on-year percentage decrease in

output, falling 4.6% to 5,052 GWh. For the first 12 weeks of the year, production totaled 892,506 GWh, up 1.4% from the same period last year. For the 52 weeks ended March 19, production rose 2.0% from the corresponding period in 2004 to 3,861,951 GWh.

MARKET COMMENTARY

The natural gas market opened lower this morning as weather forecasts for the next two weeks appeared to continue to moderate, limiting the needs for natural gas as a heating or generating fuel. As the cash markets moved lower coupled with the oil markets cooling, futures remained under pressure and in negative territory for the day. But despite crude oil prices falling to their lowest level since March 2nd, natural gas prices failed to match the oil declines, as values found support early this morning at a month old trend line at



\$7.09-\$7.10. As a result spot WTI 's price premium over natural gas contracted on the day by more than 27 cents per Mmbtu, and fell to its lowest level since mid-February. Final futures volume on the day was 67,000 contracts reflecting the rather ambivalence of traders to step out and breach key support levels without confirmation coming from tomorrow's inventory storage report.

Market expectations for tomorrow's storage report appeared to center around a 95-100 bcf drawdown, with the ICAP storage options auction pointing to a 95 bcf draw down. We continue to look for a 102 bcf drawdown basis tomorrow's report.

We would continue to look for support in this market tomorrow starting at slightly higher levels of \$7.14 followed by \$7.09, \$7.00 and \$6.835.

More distant support we see at \$6.67 and \$6.495. Resistance we see at \$7.25, followed by \$7.34, \$7.38 and \$7.455.

