



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR APRIL 12, 2006

NATURAL GAS MARKET NEWS

PG&E Corp. said, along with partners Williams Cos. and Fort Chicago Energy Partners, it has requested a pre-filing review by the Federal Energy Regulatory Commission for a proposed western U.S. natural gas transmission pipeline. The proposed 223-mile Pacific Connector would connect to the proposed Jordan Cove LNG terminal being developed near Coos Bay, Oregon. The pipeline would join Williams' Northwest Pipeline system near Rosenberg, Oregon and tie in near the California-Oregon border to Pacific Gas and Electric Co.'s gas transmission system. The project is slated to begin construction in summer 2009 and scheduled for completion in 2010.

Kinder Morgan said it entered into a long-term, firm transportation agreement with Peoples Energy unit Peoples Gas Light and Coke Co. that will support construction of a \$13 million natural gas line that will serve the Chicago, Illinois market. Peoples contracted for all of the 360 MMcf/d of capacity on the proposed 28-mile Kinder Morgan Illinois Pipeline. The line will run from Beecher, Illinois to Chicago city limits near Burnham, Illinois. The project combines construction of the new pipeline and a long-term capacity lease on Kinder Morgan's Natural Gas Pipeline Co. of America. The line is expected to begin service November 1, 2007. The company said the project is one of several pipeline and storage expansion initiatives under way, which represent an ongoing capital investment of approximately \$148 million.

In a decision that is likely to have widespread repercussions for liquefied natural gas (LNG) suppliers, an administrative law judge (ALJ) Tuesday recommended that FERC approve the more conservative interchangeability standards that Florida Gas Transmission (FGT) proposed to receive Btu-rich regasified LNG in southern Florida for transportation through its 5,000-mile system.

PIPELINE RESTRICTIONS

KM Interstate Gas Transmission said that it is at capacity for deliveries to Panhandle Pony. Based on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled.

Generator Problems

FRCC— Florida Power and Light boosted output at its 760 Mw Turkey Point #3 nuclear unit, increasing production to the 50% level. The unit was operating at 35% yesterday. Turkey Point #4 continues to operate at full power.

MAAC— PPL's 1,180 Mw Susquehanna #1 nuclear unit exited a refueling and maintenance outage and ramped up to 18% capacity. Susquehanna #2 continues to operate at full power.

FirstEnergy's 831 Mw Beaver Valley #2 nuclear unit reduced power to 60% capacity due to a fire protection system failure, there was no fire fortunately. Yesterday, the unit was operating at full power. Beaver Valley #1 remains shut.

Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit increased production to 28% from 10%, as it returns from a refueling outage. Calvert Cliffs #2 continues to operate at full power.

SERC— Dominion Resources' 925 Mw North Anna #1 nuclear unit increased power to 93%. Yesterday, the unit was operating at 69% as it returns from a refueling outage. North Anna #2 continues to operate at full power.

WSCC— Arizona Public Service's 1,314 Mw Palo Verde #2 nuclear unit, which shut down April 10, is on tract to reconnect to the power grid either later today or tomorrow. Palo Verde #1 remains shut since March 18, and Unit #3 shut March 31 for a refueling.

The NRC reported that U.S. nuclear generating capacity was at 77,353 Mw up .41% from Tuesday and up 2.68% from a year ago.

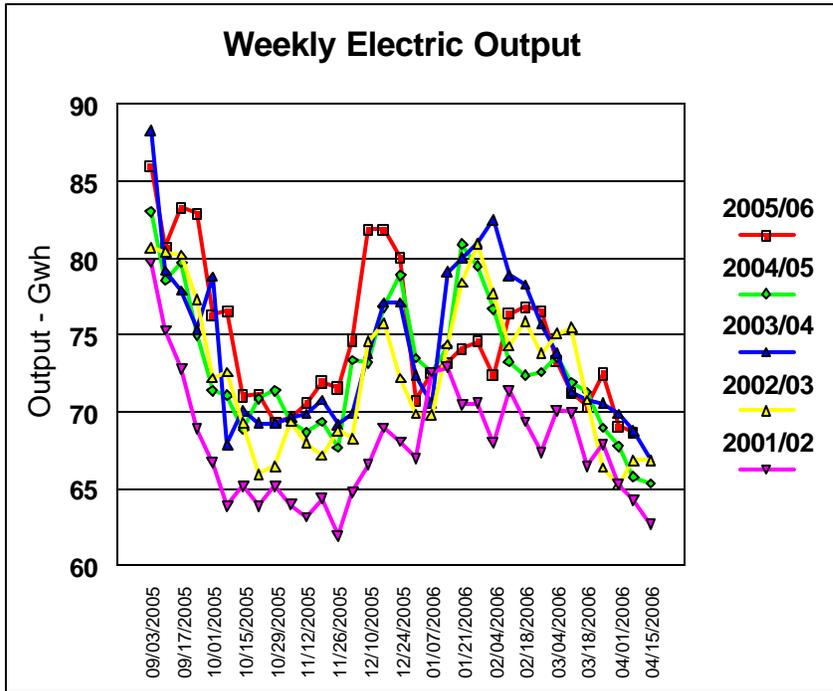
Natural Gas Pipeline Company said it will schedule primary firm deliveries only at Florida-Vermilion. Interruptible flow, authorized overrun and secondary firm transports will not be available. Florida-Vermilion is located in Vermilion Parish, Louisiana (Segment 24) in Natural's Louisiana Zone.

Texas Eastern Transmission 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.

PIPELINE MAINTENANCE

Gulf South Pipeline said that scheduled pigging maintenance – Index 196 Davison 12-inch has been revised again due to contractor availability to occur Monday through Wednesday, April 17-19.

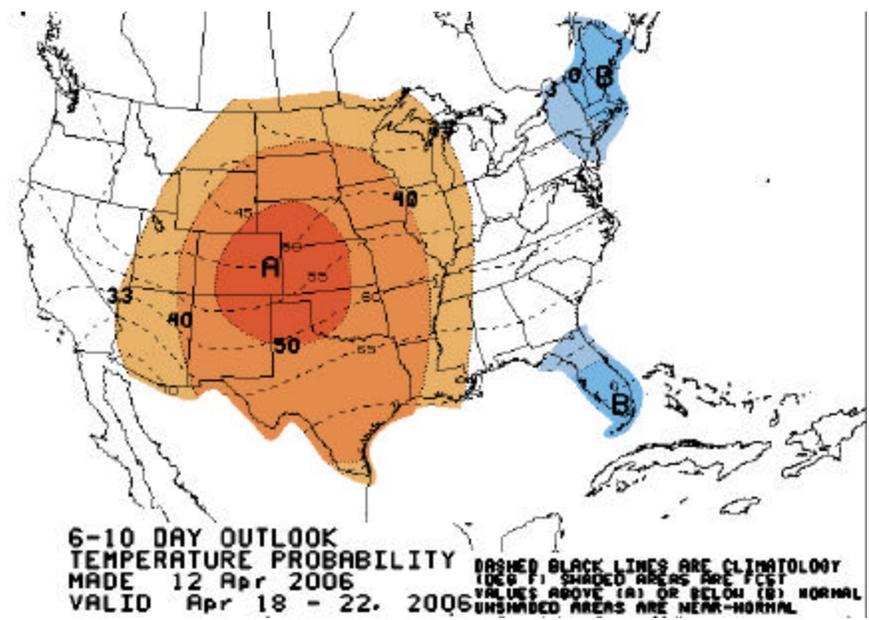
Westcoast Energy said the Duke Energy BC Pipeline and Field Services Customer Interface System will be unavailable from 9:00 PM to 11:59 PM MT on April 24, for system maintenance. During this period, customers will not be able to access the Customer Interface.



Williams Cos.' Transcontinental Gas Pipe Line Corp. said it would lower the North High Island Gathering System lateral in the Gulf of Mexico, isolating all offshore production along the line between June 19 and July 3. The lateral, which typically flows between 300 and 400 MMcf/d, will be out of service for those dates, affecting 29 meters along the line – 23 of which were currently flowing.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that the continental U.S. used 68,696 Gwh of electricity in the week ended April 8, up 4.4% from a year ago and down 0.5% from the previous week.



MARKET COMMENTARY

The natural gas market opened 10.8 cents softer as the dominant oil complex was relatively tame while waiting for its inventory data. Natural gas was again content to mirror crude oil spiking higher after the release of the EIA data to 6.90 and then as crude sunk, due to lack of buying interest above 69.50, natural gas moved off its highs to trade to a low of 6.77. The May contract continues to bide its time in range-bound trading during the shoulder season, with little prospect of breaking out any time soon. May natural gas finished at its lows, down 10 cents at 6.808.

Bearish fundamental, mild weather conditions in the major gas

consuming regions, and little threat of increased cooling demand for at least the next few weeks will continue to limit any upside potential for natural gas. Vulnerability to the downside does exist, especially as crude oil moves away from the 70.00 level and tomorrow we begin to see injections to under ground stocks. Expectations for tomorrow's EIA inventory report range from a build of 14 Bcf to 59 Bcf, with average estimates of a 27 Bcf injection. Our model continues to show an even larger build of 63 Bcf given the heating degree totals of last week. If crude oil does not substantially firm, we expect natural gas to test the March 8 lows nears \$6.65-\$6.66. Further support we see at \$6.62, \$6.45-\$6.50, \$6.13 and \$5.68. We see resistance at \$6.90, \$7.00, \$7.25 and \$7.562. We see further resistance at \$7.62, \$7.58 and \$8.00.

