



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 21, 2006

NATURAL GAS MARKET NEWS

Backers of a multibillion-dollar Latin American natural gas pipeline from Peru's Amazonian rain forest to the U.S. are seeking Bush Administration support for international financing, but environmental questions are complicating the bid. Hunt Oil Co., the project leader is seeking administration backing for as much as \$800 million from the District-based Inter-American Development Bank, which has already agreed to consider it. The project involves an investment of \$2.7 billion to build a pipeline, a gas liquefaction plant, marine terminal and other facilities to export 4.4 million tons of liquid natural gas annually.

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. fell by 19 to 1,591 in the week ended April 21. During the same week last year, there were 1,343. The number of rigs searching for natural gas fell 18 to 1,331.

If U.S. temperatures during the first quarter of this year are any indicator, many regions of the country could be in for a long and hot summer. According to the National Oceanic and Atmospheric Administration (NOAA), the average temperature for the contiguous United States for March (based on preliminary data) was warmer than average.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 20% tolerance.

Kern River Pipeline said that line pack is high on the system from Elberta to Common. Kern River is currently requesting that shippers stay on rate.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it will begin engine maintenance at its St. John Compressor Station located in Indiana in the Northern Fuel Segment (ML-7). After which, ANR will begin engine maintenance at its Bridgman Compressor Station located in Michigan in the Northern Fuel Segment, which will reduce the total St.

Generator Problems

ERCOT— The Coletto Creek coal-fired power station will begin a scheduled maintenance outage today to clean the electrostatic Precipitator.

The Limestone Electric generating station will be shutting down unit #2 to make adjustments, after the unit has recently returned from an outage.

AEP's 530 Mw Welsh #2 coal-fired power unit will expedite maintenance activity to minimize any possible episodes of opacity. The unit will enter start up as soon as equipment is ready.

FRCC— FPL's 839 Mw Lucie #2 nuclear unit will shut by April 24 for a refueling and maintenance outage. Lucie #1 and #2 were operating at full power today.

MAAC— First Energy's 821 Mw Beaver Valley #1 nuclear unit increased output to 65% capacity today. Yesterday, the unit was operating at 29%. Beaver Valley #2 continues to operate at full power.

MAIN— Exelon's 855 Mw Quad Cities #2 nuclear unit increased output to 72%. Yesterday, the unit was operating at 24%. Quad Cities #1 remains unchanged at 85% capacity.

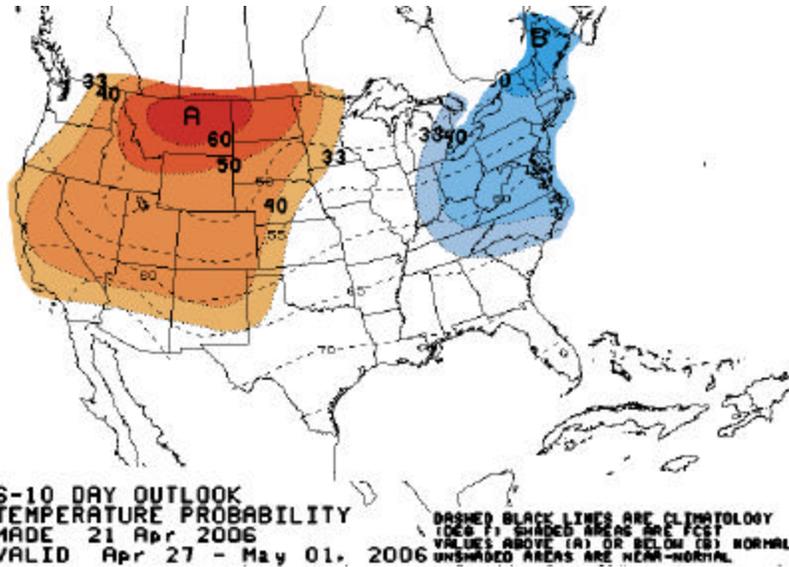
MAAP— The 580 Mw Duane Arnold nuclear unit increased output to 63% capacity. Yesterday, the unit was operating at 57%.

SERC— Entergy's 966 Mw River Bend nuclear unit returned to full power from 67% capacity. Though the unit is expected to shut for a planned refueling this weekend or early next week.

Dominion's 810 Mw Surry #1 nuclear unit is scheduled to go offline April 23 for a refueling. Surry #1 and #2 were both operating at full power today.

The NRC reported that U.S. nuclear generating capacity was at 78,481 Mw up 1.37% from Thursday and up 3.67% from a year ago.

John W-E capacity by the following amounts. From April 21-27, MLS – St. John W-E will be reduced to 115 MMcf/d; From April 27 to May 8, the 22" line will be reduce to 115 MMcf/d; From May 8-26, Bridgman will be reduced to 115 MMcf/d; From April 27 to May 8, St. John MLN – Michigan Leg North – South End will be reduced to 130 MMcf/d. Based on current nominations along the Michigan Leg, it is anticipated that the above reductions may result in the curtailment of firm Secondary and IT nominations.



Gulf South Pipeline said that it will be performing scheduled pigging maintenance on the Burns Offshore Pipeline System beginning today and continuing for approximately one week. The pigging will include the main and various field lines. Due to the nature of pigging operations production shut-in could occur periodically during the maintenance.

Kern River Pipeline said that on June 13, it will complete the required annual test of the Emergency Shut Down system at the Muddy Creek "A" Plant Compressor Station. The ESD test will require a total "A" Plant outage for up to six hours. This work has been coordinated to occur at the same time as the OPAL plant TXP 4

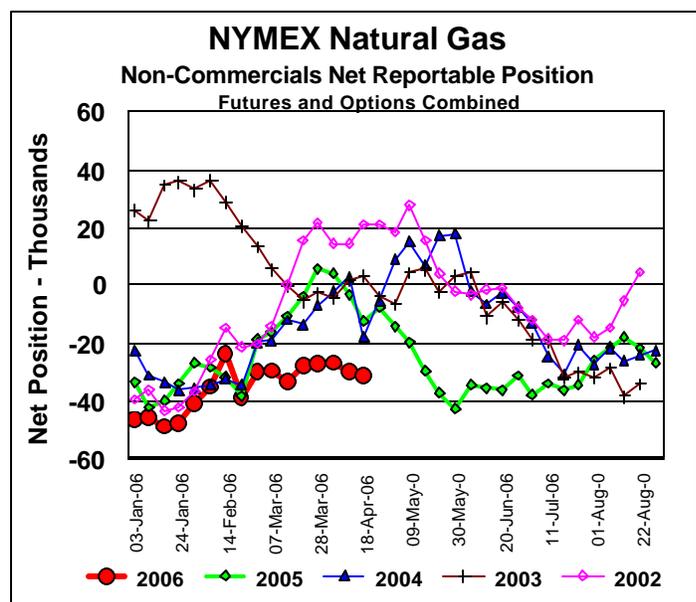
maintenance. Kern River anticipates that there will be no impact to firm transportation. Depending on system utilization, this may effect interruptible transportation through Muddy Creek.

PG&E California Gas Transmission has scheduled general maintenance on the Kettleman Compressor for May 2-5. Capacity on the Baja Line will be reduced to 1,065 MMcf/d during the work, roughly 93% of capacity.

Williston Basin Interstate Pipeline Company said that during the month of April, planned, unplanned and preventative maintenance in the Baker Gathering Field will be performed at the following Compressor Stations on an as needed basis. At the Baker South Compressor Station, unit 2 will take an oil change on April 27. Oil change and miscellaneous maintenance at the Baker Booster Compressor Station, originally planned for April 19, is yet to be rescheduled.

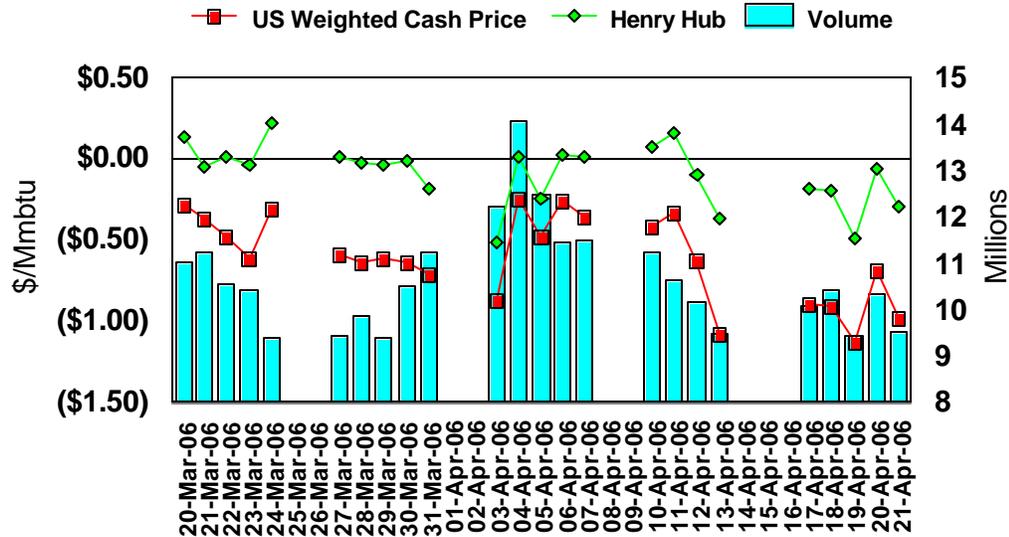
ELECTRIC MARKET NEWS

The Pennsylvania Public Utility Commission voted to propose expanding inspection and maintenance standards for electric transmission and distribution systems. Electric distribution companies operating within Pennsylvania will be required to file, with the PUC, an initial inspection and maintenance plan for upcoming calendar years by October 1, 2007, and every two years thereafter. Information resulting from the August 14, 2003, blackout in the Northeast showed the need for inspection and maintenance standards. One of the causes of the blackout was the failure to adequately manage tree growth along transmission lines. The PUC's proposal calls for minimum inspection and treatment cycles for vegetation management of four years for distribution facilities and five years for transmission facilities; inspections of electric distribution poles every 10 years; monthly inspections of substation equipment,



ICE Next Day Cash Price Minus Nymex Spot Futures

US Price volume weighted traded price
NYMEX Spot price as of 11:30 am



structures and hardware; and overhead line inspections and maintenance standards twice per year in the spring and fall, and on foot every two years.

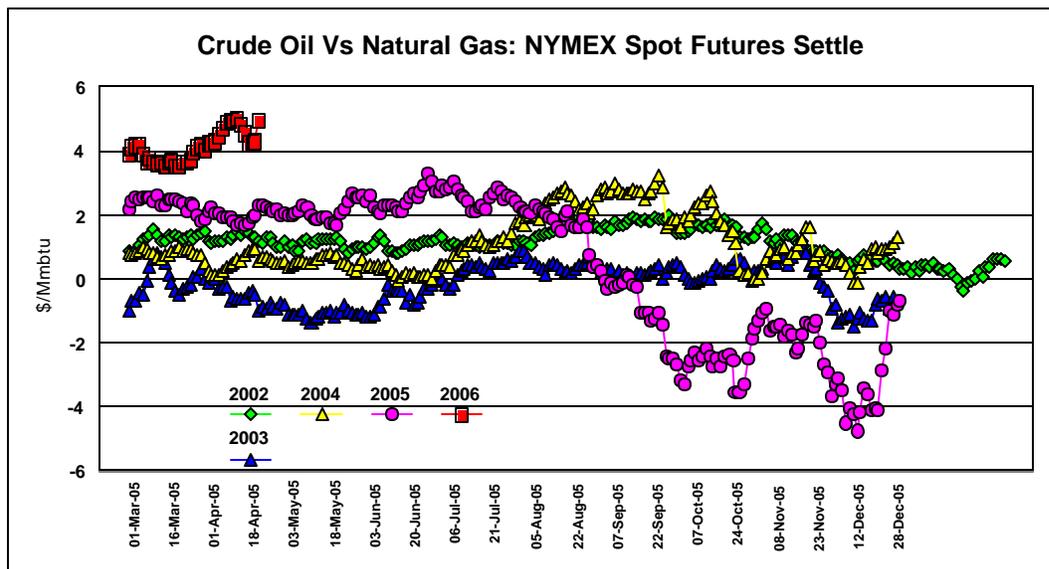
PJM Interconnection and a number of its members have filed a settlement agreement with the FERC establishing a system of stated rates to recover PJM's administrative costs. PJM has requested a June 1 effective date for the new rate structure, which will enhance cost accountability.

The settlement agreement follows a July 2005 filing by PJM that proposed to replace its current system of formula rates, in which the rates members pay vary from month to month, with stated rates that are fixed for a period of years.

MARKET COMMENTARY

The natural gas market opened 23.4 cents lower as it consolidated its prices following an active winning week. The quiet session ahead of the weekend felt pressure from a softening cash market as well as on going bearish fundamentals, allowing the front month to drop as low as 7.83. However, the late rallying in the crude oil market above \$75.00 dragged natural gas higher in sympathy. The front month narrowed its losses to a high of 8.035 before settling at 7.981, down 8.3 cents.

With the May contract due to expire next Wednesday, we expect the market to chop around these levels, struggling to keep a relationship with crude oil. Natural gas will continue to tag along with crude oil during the shoulder season, until some weather inspired fundamentals provide a better picture for the direction of gas,



given cooling generation demand. The Commitment of Traders report showed that non-commercial traders reduced their net short futures position by 4,248 lots, as the market broke out of its month and half range, forcing a short covering rally. In the combined futures and options report, non-commercial traders increased their net short position by 713 contracts. We see support at \$7.84, \$7.67, \$7.36 and \$7.00. Further support we see at \$6.66, \$6.45 and \$6.13. We see resistance at \$8.23-\$8.31, \$8.413 and \$8.818-\$8.95. Further resistance we see at \$9.50 and \$10.50.