The Windham Group

Energy Futures Brokerage

ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR MAY 3, 2006

NATURAL GAS MARKET NEWS

Northern Border Partners announced that one of its subsidiaries has entered into an agreement with a subsidiary of Williams to form a joint venture called Overland Pass Pipeline Company. The joint venture company will build a 750-mile natural gas liquids pipeline from Opal, Wyoming in the southwestern part of the state, to the mid-continent natural gas liquids market center in Conway, Kansas, one of the nation's primary NGL distribution and storage hubs. The pipeline will be designed to transport 110,000 barrels per day of natural gas liquids. Additional pump facilities would increase the capacity to 150,000 barrels per day. Construction of the 14- and 16- inch pipeline is expected to begin in the summer of 2007, with start-up scheduled for early 2008. The pipeline project is estimated to cost approximately $450 million.

Generator Problems

ECAR— FirstEnergy's 946 Mw Davis-Besse nuclear unit stalled and reduced production slightly from 61% to 59%.

ERCOT— TXU Corp.'s 565 Mw Monticello #1 coal-fired power unit shut today for maintenance. Monticello #2 remains shut till late May, and Monticello #3 remains in service.

MAAC— PSEG's 1,050 Mw Hope Creek nuclear unit restarted following a refueling outage, and is warming up offline at 2%.

SERC— Southern Nuclear's 862 Mw Hatch #1 power unit reduced production to 12% and is operating offline following an electrical fire on Monday. Hatch #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 76,172 Mw down .32% from Tuesday and down 5.22% from a year ago.

Industrial natural gas consumers have called on a House appropriations subcommittee to increase the U.S. Forest Service's budget for permit processing by $18 million in fiscal 2007 to spur oil and gas activity in the Rocky Mountain West region.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 25% tolerance.

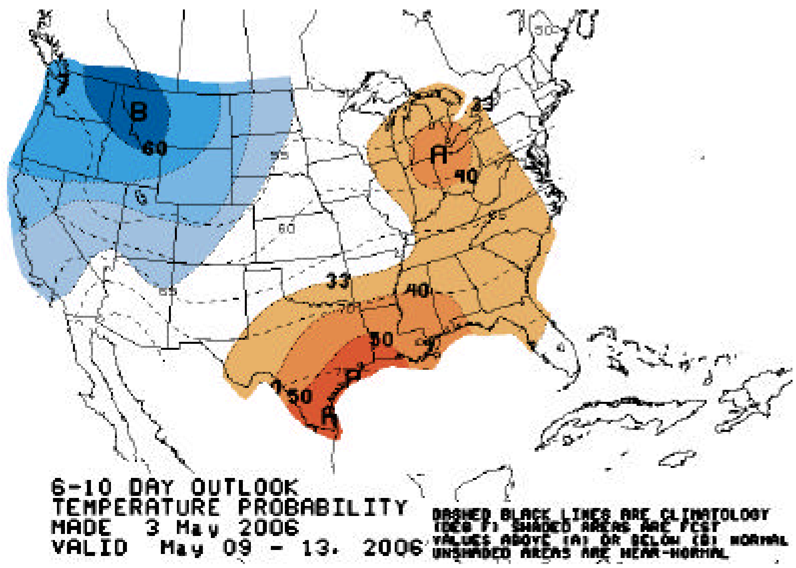
Gulfstream Natural Gas System said that in connection with recent operations that have resulted in actual receipts into the system exceeding actual deliveries out of the system, Gulfstream is currently experiencing high line pack levels. Based on these operating conditions, it is necessary for Gulfstream to issue an Action Alert effective at 9:00 AM ET today to protect the integrity of its system. Gulfstream will manage actual receipts into the system to ensure that actual receipts do not exceed scheduled receipts. Additionally, actual deliveries out of the system must equal at least scheduled deliveries out of the system, regardless of whether any operational variation is allocated to an operational balancing agreement for later imbalance resolution.

Natural Gas Pipeline Company said that it has limited capacity available at Trunkline Lakeside (PIN 900548). Limited interruptible flow, authorized overrun and secondary out-of-path transports are available. Trunkline Lakeside is located in Cameron Parish, Louisiana (Segment 23) in Natural's Louisiana Receipt/Delivery Zone.

Northern Natural Gas Company said that the force majeure continues concerning the Matagorda Offshore Pipeline System that affects the three remaining platforms located in the area of the leak section. Northern has secured the services of a 200-ft dive vessel that will contain all necessary equipment to make repairs on the pipeline. The vessel is presently finishing a job and is scheduled to arrive on-site mid-May to begin the repair process. Barring any weather delays, the repair process is estimated to require two to three weeks to complete.

PIPELINE MAINTENCE

Panhandle Eastern Pipe Line Company said that there is an outage between Gate Valve 207 and Tuscola for ILI modifications n the 200 line. This outage was scheduled to begin May 2 but has been postponed until June 12. Expected duration has been extended to 24 days. Capacity will be limited to 1295 MMcf/d through Houstonia. This scheduled project is part of an ongoing integrity program conducted by Panhandle.



PG&E California Gas Transmission has scheduled general maintenance on the Topock Compressor for May 8-10. Capacity on the Baja Line will be reduced to 1,050 MMcf/d during the work, roughly 92% of capacity.

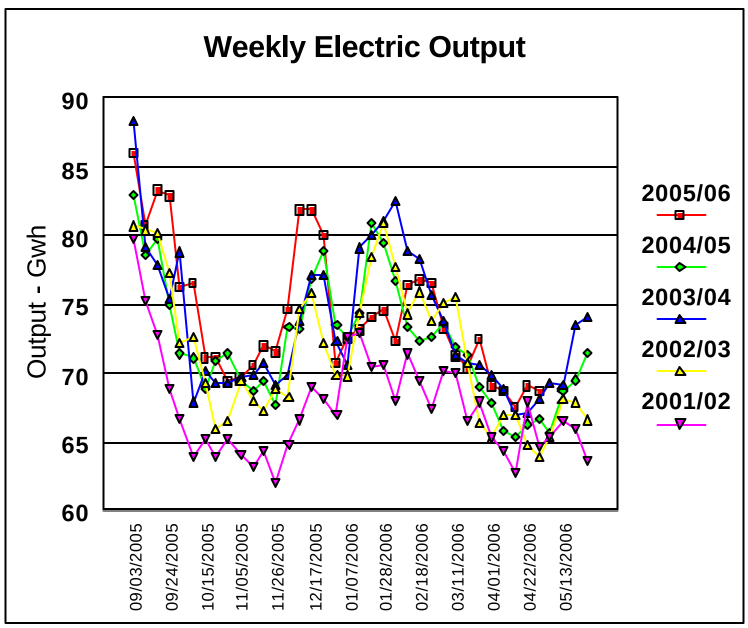
Questar Pipeline Company said that it will be performing maintenance on ML 68 between the Divide Creek and Greasewood facilities. As a result, on gas days May 9-12, the Rifle scheduling point will be reduced to 35 MMcf/d, and deliveries to TransColorado (MAP 297) will not be accepted.

ELECTRIC MARKET NEWS

Chief executives from the three national associations representing electrical utilities delivered a jointly signed letter to the FERC about reliability issues resulting from significant, sustained railroad coal-delivery problems. The American Public Power Association, the National Rural Electric Cooperative Association and the Edison Electric Institute told commissioners they are concerned about the cost and reliability risks of operating under such a situation, and that a minor railroad mishap or equipment failure at a coal mile could have serious consequences today. The three groups said reduced deliveries of coal are already pushing some coal-fired generators to the point of curtailing generation, which could increase utility and consumer costs from more expensive power purchased on the wholesale market.

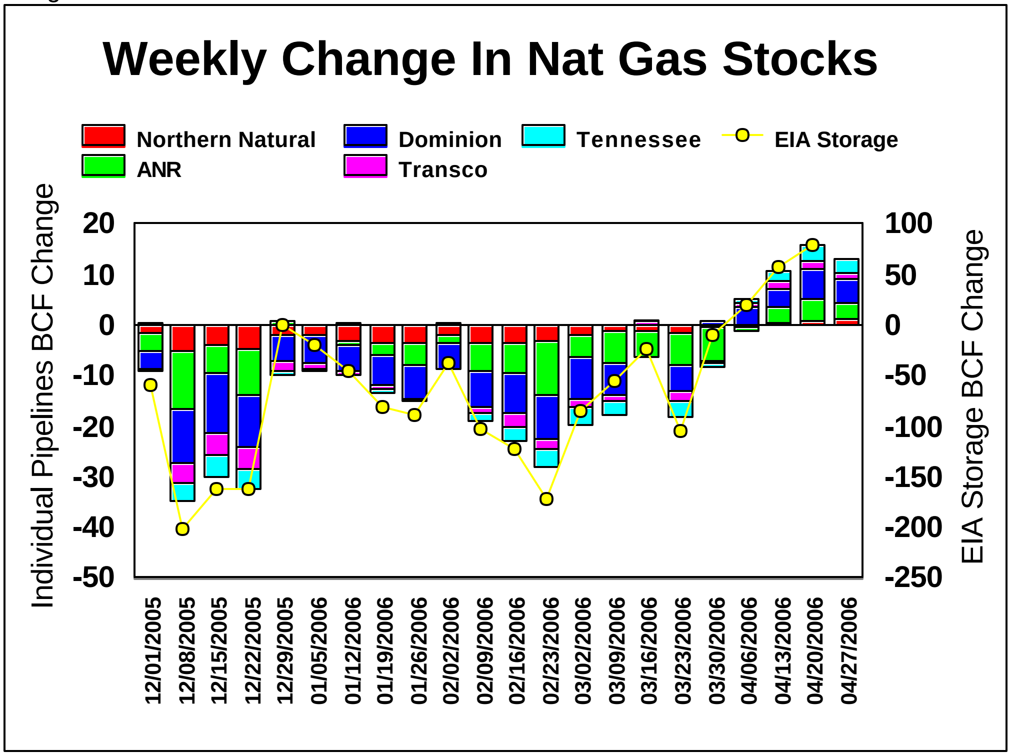
ECONOMIC NEWS

New orders at U.S. factories rose a stronger-than-expected 4.2% in March amid strong demand for transportation equipment, computers and electronic products, and machinery. Wall Street analysts polled by Reuters had forecast a 3.5% factory orders rise. Orders for durable goods advanced even stronger, 6.5% in March, revised up from a 6.1% increase previously reported.



MARKET COMMENTARY

The natural gas market opened 11.6 cents lower as it consolidated within its current range of 6.50-7.00. The front month drifted higher early in the session, back filling the gap from the open. Following the release of the oil complex's inventory statistics, natural gas chopped on either side of the 6.70 level as the petroleum markets pressed lower on surprising builds to inventory. Following a slight bounce in oil, the market again came under pressure around mid day, with crude oil giving back over $2.30 on the day. This second push weighed on natural gas as it moved further into the red, trading to a low of 6.54. The 6.50 level continues to hold as natural gas is waiting to see what summer has to bring. The June contract settled 14 cents lower at 6.606.



It is interesting to note that June natural gas was able to ignore the sell-off in oil for most of the morning partially because the crude-natural gas relationship was so wide. Looking ahead to tomorrow's EIA storage report, estimates are calling for a 62-66 Bcf injection., with our estimate just slightly higher at 69-74 bcf. Last year this report saw a 43 Bcf injection, and the five-year average is a 64 Bcf injection. A much larger than expected report will put the 6.50 level to a test real fast, given the near term bearish fundamentals that exist. We see support at $6.45-$6.50, $6.25 and $6.00. We see resistance at $6.80, $7.00, $7.20 and $7.47. We see further resistance at $7.85, $8.00, $8.28-$8.31 and $8.50.