



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR MAY 22, 2006

NATURAL GAS MARKET NEWS

According to the National Oceanic and Atmospheric Administration, the north Atlantic region should expect a very active hurricane season. The season, which begins June 1, is expected to produce 13 to 16 named storms, with eight to 10 becoming hurricanes, of which four to six could become major hurricanes of Category 3 strength or higher.

Williams Cos. said it received federal regulatory approval to expand its Transco natural gas pipeline into growing northeastern United States markets by November 2007. The \$121 million "Leidy to Long Island" expansion project will bring an additional 100 MMcf/d to the region, or enough to serve about 440,000 homes per day. The 10,500-mile Transco system currently carries about 8.1 Bcf/d from the Gulf Coast to key Southeast and Northeast markets, including major metropolitan areas in New York, New Jersey and Pennsylvania. The expansion project will enlarge existing facilities in New Jersey and Pennsylvania, including adding 12 miles of 42-inch pipeline and a new compressor facility in Old Bridge, New Jersey.

The head of the International Energy Agency, Claude Mandil, warned that Russian gas export monopoly Gazprom might not be able to meet existing supply contracts by the end of the decade because of a lack of investment. Mandil told Reuters that his organization had urged the G8 nations to discuss the creation of a Russian energy regulator at their summit in July as a means of avoiding a supply crunch.

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 posted as high across its entire system. Shippers are asked not to bank or draft gas from the system

Generator Problems

ECAR— Consumers Energy's 798 Mw Palisdes nuclear unit increased production to 85% as of early this morning. On Friday, the unit was operating at 50% capacity.

DTE Energy's 1,111 Mw Fermi #2 nuclear unit shut by early today. On Friday, the unit was operating at full power.

FRCC— FPL's 693 Mw Turkey Point #4 nuclear unit started to exit an outage and ramped up offline to 1% by early today. Turkey Point #3 continues to operate at full power.

MAAC— Exelon's 1,134 Mw Limerick #1 nuclear unit exited an outage and ramped up to 99% capacity. Limerick #2 continues to operate at full power.

PSEG's 1,050 Mw Hope Creek nuclear unit reduced production to 80% capacity by early today.

MAIN— Exelon's 1,162 Mw LaSalle #1 nuclear unit increased output to 88% by this morning. On Friday, the unit was operating at 64% for planned maintenance. LaSalle #2 remains at full power.

Exelon's 867 Mw Quad Cities #1 nuclear unit exited an outage and ramped up to 30% power by early today. Quad Cities #2 continues to operate at 95%.

NPCC— Entergy's 979 Mw Indian Point #2 nuclear unit exited a refueling outage and ramped up to 65% capacity by early today. On Friday, the unit was operating offline at 1%. Indian Point #3 continues to operate at full power.

SERC— Progress Energy's 937 Mw Brunswick #2 nuclear unit shut from full power. Brunswick #1 continues to operate at full power.

Both of Duke Energy's 1,129 Mw Catawba nuclear units shut on May 20 due to the loss of offsite power. Both units are expected to return to service in a couple days.

Entergy Corp.'s 1,270 Mw Grand Gulf nuclear unit reduced output to 57% power by early today. On Friday, the unit was operating at 98% capacity.

PG&E California Gas Transmission has called a customer specific operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system.

Texas Eastern Transmission said that it has scheduled and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

TransColorado Gas Transmission said that it is at capacity for deliveries at PIN 42223 due to operational conditions. Depending on the level of nominations, authorized overrun, interruptible flow and secondary volumes are at risk of not being scheduled.

Generator Problems

SERC (cont'd) — Progress Energy's 900 Mw Harris nuclear unit restarted this weekend, connected to the grid and ramped up to full power.

The Tennessee Valley Authority's 1,100 Mw Browns Ferry #2 nuclear unit shut from full power by early today. Browns Ferry #2 continues to operate at full power.

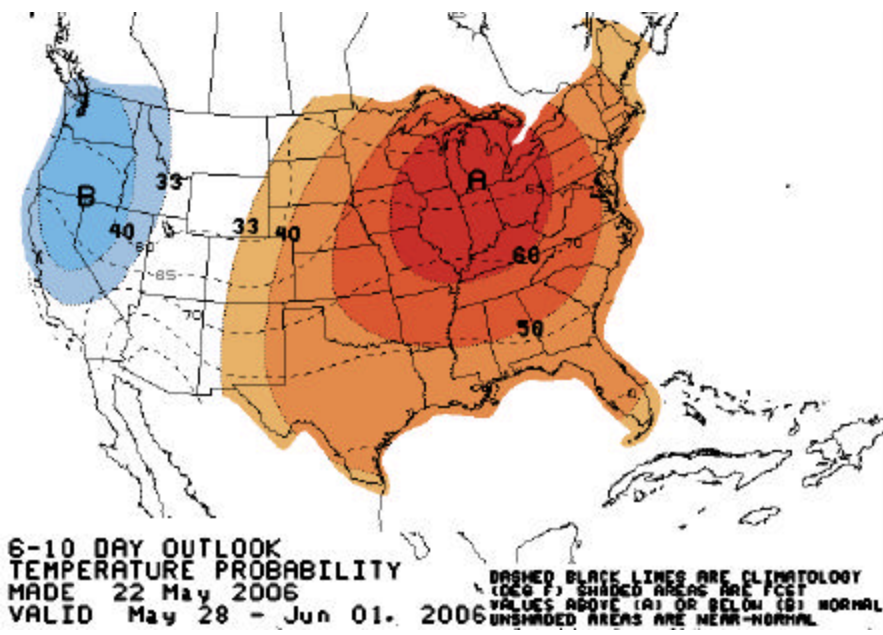
The NRC reported that U.S. nuclear generating capacity was at 81,442 Mw down 2.59% from Friday and down 5.32% from a year ago.

PIPELINE MAINTENANCE

ANR Pipeline said that due to unplanned maintenance projects at various storage area locations, ANR will reduce the capacity into ANRPL Storage Facilities. From May 20 to June 30, capacity will be reduced by 575 MMcf/d, leaving 925 MMcf/d available. Based on current nominations into storage, it is anticipated that the

above reductions will result in the curtailment of firm secondary and IT nominations.

Gulf South Pipeline said that it will be performing scheduled maintenance at Discovery Gas Transmission interconnect beginning May 23, at 9:00 AM ET, continuing for approximately eight hours.



ELECTRIC MARKET NEWS

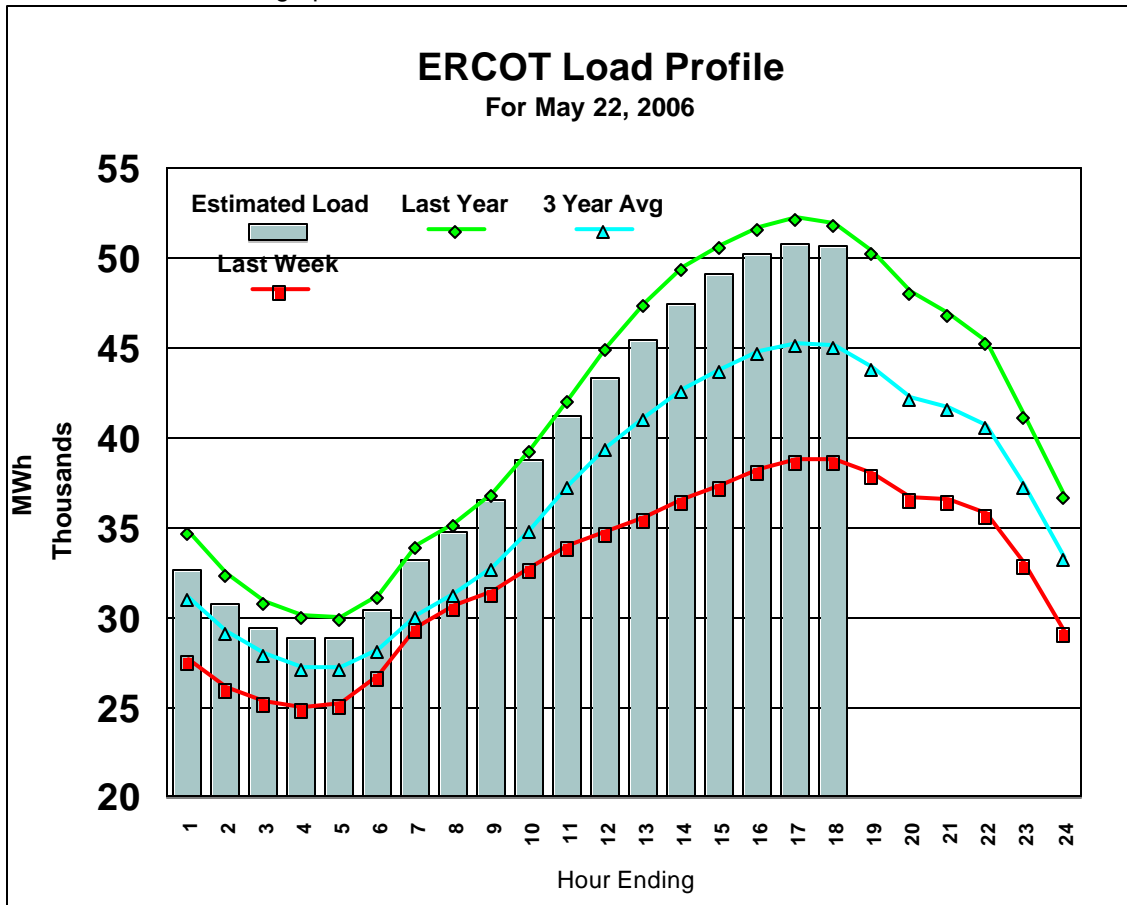
The EIA monthly Electric Power Data report for March 2006 released today said that as March 2006 was warmer than March 2005, year-to-date net generation through March was 1.3% less than in 2005, and generation in March 2006 was 0.3% less than last year.

In fact, year-to-date heating degree-days were down almost 9% through March and for March alone heating degree days were down 7.8% from last year and were 2.2% lower than normal. As a result, year-to-date retail sales of electricity were down 0.4% through March. The average retail price of electricity was up almost 12% though, largely due to higher fuel prices. Coal generation was down 2% year-to-date, while natural gas-fired generation, benefiting from a moderation in gas prices in 2006, actually increased by 3.8% comparing March 2005 to March 2006 and dropped a modest 4.7% year-to-date. In contrast, as a consequence of high oil prices, petroleum liquid-fired generation declined 56.4% year-to-date and dropped 63.6% comparing March 2005 to March 2006.

MARKET COMMENTARY

The natural gas market opened 11.8 cents stronger, boosted by strengthening cash markets in the South and Texas due to raising temperatures. Also boosting the market early today was increased utility demand after several nuclear power plants across the nation shut unexpectedly. June natural gas found early support at 6.04,

and rallied to a high of 6.35 by midday. The market traded between 6.25 and 6.30 for the remainder of the afternoon before settling up 31.4 cents at 6.276.



With just 9 days until the official June 1 beginning of hurricane season, the NOAA released its outlook, calling for a very active hurricane season, adding some pre-season hype to the market. Though the market poked above 6.00, it is still fundamentally and technical controlled by the bears. The sustainability of cooling demand will

dictate whether this market breaks out of its downside bias. Weather forecasts are calling for warmer than normal temperatures across the eastern half of the country, which should keep cash prices elevated. We see support at \$6.00, \$5.85 and \$5.71-\$5.76. We see resistance at \$6.35, \$6.50 and \$7.00. We see further resistance at \$7.12, \$7.20 and \$7.47-\$7.52.

