



## **ENERGY RISK MANAGEMENT**

Howard Rennell & Pat Shigueta  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

### **POWER MARKET REPORT FOR JUNE 2, 2005**

#### **NATURAL GAS MARKET NEWS**

Florida Power and Light announced that it has discontinued its request for proposals for long-term supplies of regasified LNG, which it issued in August 2004. In its RFP, FPL was seeking a 15-25 year firm contract for the supply of natural from international sources. The company said that none of the proposals received presented sufficiently compelling reasons for FPL to proceed with its RFP at this time.

Sempra Energy has broken off talks with Alaska and pulled its funding for a municipal agency seeking to promote a natural gas pipeline through the state. The authority has one of three competing proposals to move natural gas from the oil fields in the northern tier of the state to markets in Canada and the U.S. The state is planning to sell up to \$20 billion in bonds to help the pipeline once a plan is approved.

#### **PIPELINE RESTRICTIONS**

Natural Gas Pipeline of America said that the force majeure is still in effect on the #3 mainline in Segment 26. In other news, NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound.

PG&E California Gas Transmission has called a system-wide 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.

#### **EIA Weekly Report**

	05/27/05	05/20/05	Net chg	Last Year
<b>Producing Region</b>	645	629	16	557
<b>Consuming East</b>	858	799	59	765
<b>Consuming West</b>	275	264	11	230
<b>Total US</b>	1778	1692	86	1552

Alliance Pipeline said that a situation has been identified that will require the Alameda Compression Station in Saskatchewan to be

#### **Generator Problems**

**ERCOT**— AEP's 528 Mw coal-fired power unit will shut June 3-7 for boiler inspection and cleaning.

**MAAC**— AmerGen Energy's 619 Mw Oyster Creek nuclear unit shut early today due to a generator and turbine trip following an offsite electrical transient on a 230-kilovolt transmission line. Yesterday, the unit was operating at full power.

**MAIN**— Exelon Corp.'s 850 Mw Dresden #2 nuclear unit ramped up to 99% of capacity by early today. Yesterday, the unit was operating at 33% after exiting an outage. Dresden #3 continues to operate at 99% of capacity.

Exelon Corp.'s 864 Mw Quad Cities #1 started to exit an outage and ramped up to 9% of capacity by early today. The unit shut May 28 to replace the steam dryer. Quad Cities #2 continues to operate at 95% capacity.

**SERC**— SCANA Corp.'s 966 Mw Summer nuclear unit exited a refueling outage and ramped up to 30% of capacity by early today.

Southern Nuclear Operating Company reported its 883 Mw Hatch #2 at 94% capacity this morning, up 5% from yesterday. Hatch #1 continues to operate at full power.

Dominion Energy increased production back to full power at its 921 Mw North Anna #2 nuclear unit. Yesterday, the unit was operating at 85% to repair a small leak in the condenser. North Anna #1 continues to operate at full power.

TVA's 1,125 Mw Sequoyah #2 nuclear unit returned to full power by early today. Sequoyah #1 continues to operate at full power.

**The NRC reported that U.S. nuclear generating capacity was at 86,666 Mw up .61% from Wednesday and down 4.60% from a year ago.**

shutdown to correct. The shutdown will begin on the morning of June 2 and will require 48 hours to be performed. This will impact system throughput for June 2 and 3. At this time it is anticipated that AOS levels will return to the forecasted June level on the June 4.

Texas Eastern Transmission Corp. said it has scheduled ETX, M1-24-inch, and M2-24-inch to capacity. Nomination increases between Longview and Batesville will not be accepted.

**PIPELINE MAINTENANCE**

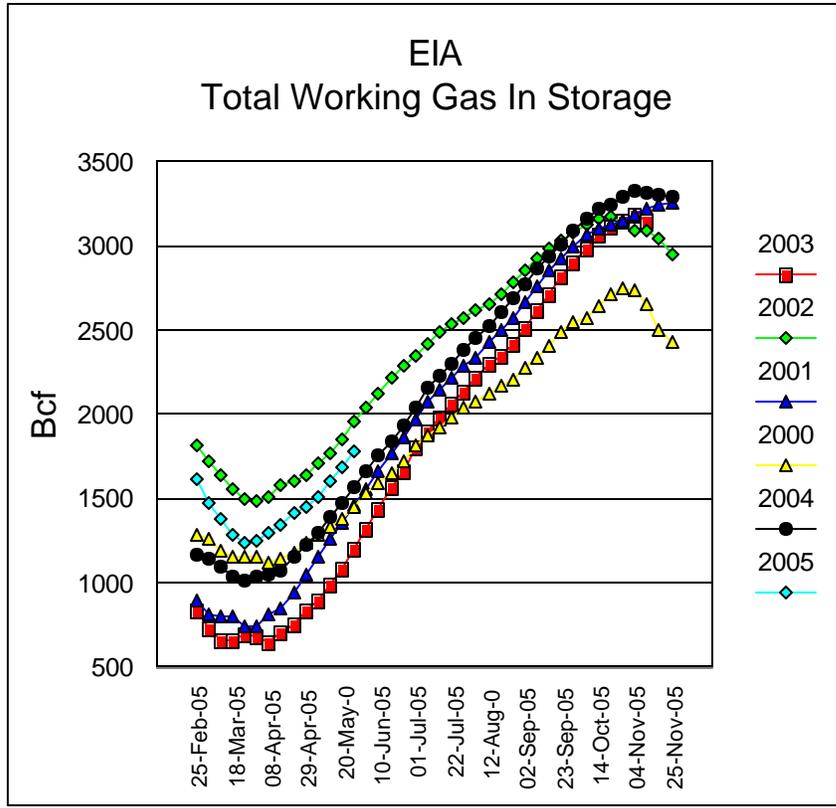
Gulf South Pipeline said it will be performing scheduled maintenance on the Elm Grove 10-inch located in Bossier Parish, Louisiana, beginning June 3, and lasting for one day. Due to this maintenance, Gulf South said that Force Majeure conditions on the Elm Grove 10-inch, Bossier Parish, Louisiana, and will affect its ability to provide service to the following receipt locations during the Force Majeure event: Bomar Caplis, Red Chute and Elm Grove.

Panhandle Eastern Pipe Line Co. said that its E301 Compressor was taken out of service on May 10 for maintenance and was expected to be back in service May 31. However, this job has been extended through June 13. The expected capacity through the Seiling segment will be limited to 270 MMcf/d. At this time, Panhandle does not anticipate impact to customer nominations.

Southern Natural Gas Pipeline said it will be performing pipeline integrity work on its 16-inch Gwinville Pickens Line in Mississippi from June 10 through June 30 instead of June 6 through June 30. While this work is being performed, Southern will not be able to accept nominations at SNG's interconnect with Koch Gateway.

Williston Basin Interstate Pipeline Company has updated its upcoming maintenance plans. Maintenance will be performed at the Worland Compressor Station on June 13-14, and that volumes will be zero at Point ID's 02990 Worland Plant-Devon, 02985 Devon-FR119 and 02986 Devon-Fr119. The volumes may also be restricted in Line Sections 19 and 20 depending on quantities nominated. Due to maintenance at the Elk Basin Compressor Station for the annual ESD shutdown scheduled for June 16, receipts from Line Sections 19, 20 and 21 may be effected depending upon volumes nominated. Relocation of part of the mainline on the Billy Creek to Sheridan Line will be performed on June 7. Due to maintenance at the Baker South Compressor Plant, the capacity at current conditions for Point ID 04018 Baker Area Mainline will be affected by approximately 3 MMcf for gas day June 8. Maintenance will be performed at the Glen Compressor Station with a start date slated for June 20 and a tentative end date posted at July 22. Between June 27 and July 15, a mainline regulator will be installed at the Cabin Creek Compressor Station. There may be potential delivery restrictions in East Mon-Dak and Sheyenne Sub-Systems depending on quantities nominated, however based upon traditional summer time operating conditions, such a restriction is not anticipated at this time.

Canadian Gas Association			
Weekly Storage Report			
	27-May-05	20-May-05	28-May-04
East	92.8	85.5	110.3
West	139.7	133.0	134.2
Total	232.5	218.4	244.5



**ELECTRICITY MARKET NEWS**

The Edison Electric Institute reported electricity production in the continental U.S. for the week ended May 28 fell 3.6% from the same 2004 week to 71,491 GWh. For the first 22 weeks of the year, production totaled 1,568,626 GWh, up 0.6% from the same period last year. In the 52 weeks ended May 28, production rose 1.2% from the corresponding period in 2004.

WPS Resources Corp.'s Wisconsin Public Service Corp. applied to state utility regulators to upgrade emission control equipment at the 337 Mw unit #3 at the Weston power station in Wisconsin. The Green Bay, Wisconsin-based energy company said the \$7.5 million upgrade, if approved, would reduce nitrogen oxide by 40% from existing levels, which already meet current environmental requirements.

Power and gas distributor CenterPoint Energy said it will continue to fight a state regulatory ruling that cut by \$1.3 billion the amount of stranded costs it could recoup under the Texas power deregulation laws. In December, the Public Utility Commission of Texas ruled CenterPoint could recover \$2.3 billion in lost power plant book values, fuel and power price adjustments and other costs. That amount was well below the company's request for \$3.7 billion, and the company has lodged an appeal in the Texas courts to increase its recovery by \$1.3 billion.

Alliant Energy Corp.'s Wisconsin Power and Light Co. said the 300 Mw simple-cycle natural gas-fired Sheboygan Falls Energy Facility entered commercial service on June 1. The plant, which Alliant expects to run primarily during periods of peak demand in the summer months, will increase reliability for WP&L customers.

Entegra Power Group – a new power company owned by a consortium of major banks and investment fund and governed by an independent board of directors with significant experience in energy marketing, power plant operations, regulatory affairs, finance and accounting – officially launched on Wednesday June 1. Entegra owns and operates two of the largest independent power plants in the U.S. The cost to construct these facilities was in excess of \$3 billion. The plants are GE 7FA, natural gas-fired combined cycle facilities, each capable of producing approximately 2,200 Mw of power. The Gila River Power Station is located just south of Phoenix, Arizona, and the Union Power Station is located in southern Arkansas.

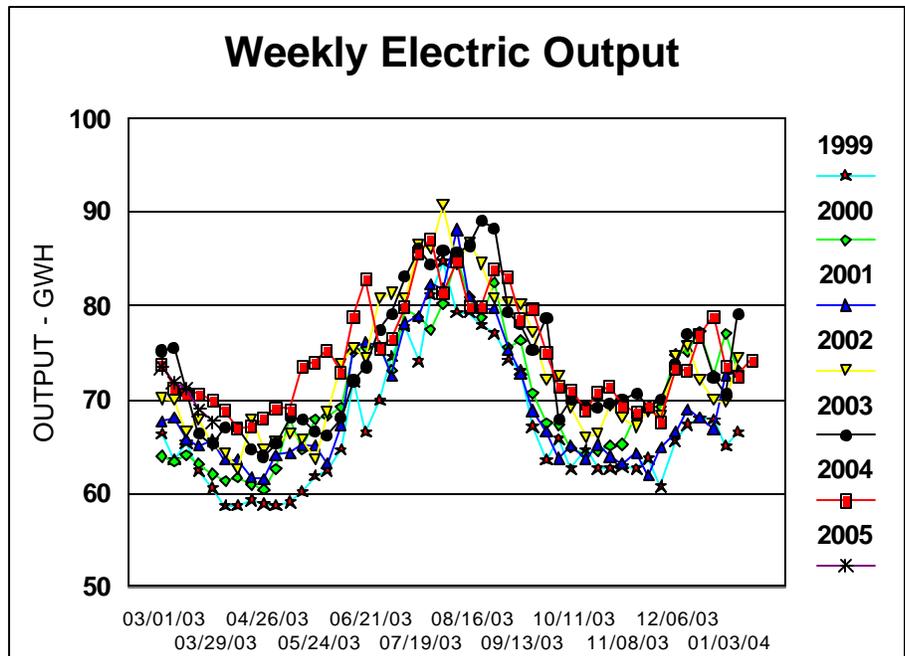
As summer begins, the California Independent System Operator is rolling out new web tools to let consumers know when and how much conservation is needed. The "Today's Outlook" section now includes a Conserve-o-Meter – a clear and concise gauge that pinpoints how much conservation is needed. The ISO is also sponsoring a the Save-A-Watt voluntary load reduction program.

**ECONOMIC NEWS**

U.S. factory orders rose .09% in April, just shy of the street's expectations for a 1.0% gain. Demand for planes and cars rose but orders for some electronic products and nondurables dropped. March factory orders were revised sharply higher to a 0.7% advance from the previously reported 0.1% gain.

**MARKET COMMENTARY**

The natural gas market, similar to the oil market, retraced some of Wednesday's gains and opened down more than 10 cents at \$6.68. It remained range bound between \$6.71 and \$6.68 as traders awaited the release of the EIA storage report. The market posted a low of \$6.66 but quickly



bounced off that level following the report which showed a build of 86 bcf, slightly lower than the 90 bcf the market was expecting. The market was also well supported by the continued strength in the oil complex as the heating oil market remained the driving force. The natural gas market quickly breached yesterday's high and rallied to \$6.95, where it held some resistance before further buying pushed the market to a high of \$7.02, a level not seen since late April. It later retraced some of its gains ahead of the close and settled up 3 cents at \$6.819. Volume in the natural gas market was excellent with over 120,000 lots booked on the day.

The natural gas market will likely continue to retrace today's early gains on Friday. However the market, which breached its resistance levels, may remain supported and continue to trade higher especially if the oil complex regains its strength ahead of the weekend. Technically, the market is seen finding support at \$6.80, followed by its low of \$6.66 followed by \$6.575, \$6.47 and \$6.38. Resistance is however seen at \$7.02, \$7.085, \$7.15 and \$7.275-\$7.31.