



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 16, 2008

NATURAL GAS MARKET NEWS

Anadarko Petroleum said today that production has been successfully ramped up to a gross rate of about 900 million cubic feet at the Independence Hub in the Gulf of Mexico. The company said "repairs to the Independence Trail export pipeline system and subsequent testing were successful." As a result the company was able to return production to pre-shut-in levels.

The Deputy CEO of Gazprom said today that Russia is not interested in a gas exporters forum becoming an OPEC-like group. He noted that he does not see interest in such an organization in either the medium or long term because the gas market is totally different from that of oil. Meanwhile the company said it has dropped plans to produce LNG on the Yamal peninsula. The company had been looking to develop this region jointly by Royal Dutch Shell. Gazprom noted that the weather conditions for this Arctic area would make it to complicated to export by tanker from the region.

Weather forecasters continue to see the Atlantic basin as being very quiet, as very dry air aloft with African dust appears will be keeping the eastern tropical Atlantic quiet for the time being. None of the computer forecasting models show any potential of tropical development for the next 5-7 days.

The National Climatic Center said today the combined average global land and ocean surface temperatures for the period of March through May ranked as the seventh warmest.

Generator Problems

SERC – SCE&'s has restarted its 1,000 Mw Summer nuclear unit over the weekend and it was at 77% capacity this morning. The unit has been off line since April 25th for a refueling outage.

Duke Energy's 1129 Mw Catawba #1 nuclear unit is expected to return later this month after its seven week refueling outage.

NPCC – OPG's coal fired Nanticoke 7 generating unit returned to service today, while the 490 Mw Nanticoke 5 coal fired generating unit was taken off line for short term maintenance work.

WSCC – Dynergy's 739 Mw Unit #7 at the Moss Landing natural gas fired power plant returned to service Sunday afternoon after being taken off line on Friday.

The NRC reported that 95,740 Mw of nuclear capacity is online, basically unchanged from Thursday and some 1.58% higher than the same date in 2007..

| Natural Gas Cash Market | | | | | | |
|--------------------------|---------------|--------------|---------|------------------|-----------|-------------------|
| ICE Next Day Cash Market | | | | | | |
| | Volume | Avg | Change | Basis | Change | Basis 5-Day |
| <u>Location</u> | <u>Traded</u> | <u>Price</u> | | (As of 12:30 PM) | | <u>Moving Avg</u> |
| Henry Hub | 815,400 | \$12.732 | \$0.225 | (\$0.198) | \$0.163 | (\$0.712) |
| Chicago City Gate | 508,900 | \$12.696 | \$0.298 | (\$0.234) | \$0.030 | (\$0.217) |
| NGPL- TX/OK | 837,800 | \$12.205 | \$0.238 | (\$0.725) | (\$0.030) | (\$0.674) |
| SoCal | 937,700 | \$12.055 | \$1.286 | (\$0.875) | \$1.018 | (\$1.252) |
| PG&E Citygate | 965,500 | \$12.382 | \$0.418 | (\$0.548) | \$0.150 | (\$0.669) |
| Dominion-South | 282,300 | \$13.387 | \$0.345 | \$0.457 | \$0.077 | \$0.490 |
| USTrade Weighted | 20,008,900 | \$12.246 | \$0.431 | (\$0.684) | \$0.16 | (\$0.712) |

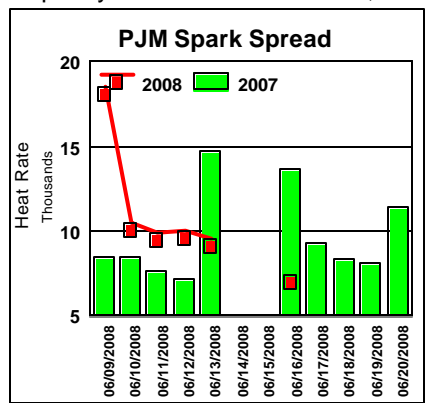
Texas Gas Transmission reported that it has entered into a 10-year transportation agreement with Chesapeake Energy to transport additional volumes on the company's Fayetteville Lateral. The agreement

increases the long-term commitments on the lateral to 1.3 bcf/d by 2010 from a previously announced capacity of 1.2 bcf/d. Subject to FERC approval it would require the company to build additional compression facilities. The

company expects the first 60 miles of the Lateral to be in service by the third quarter and the remainder with an initial capacity 800,000 Mcf/d to be in service during the first quarter of next year and expanded to 1.3 bcf/d by 2010. During the first year of the lateral being in service, Chesapeake's firm capacity commitment will rise to 200,000 mcf/d from an initial 75,000 Mcf/d. The producer's commitment then will reduce to 100,000 Mcf/d in the second year and thereafter.

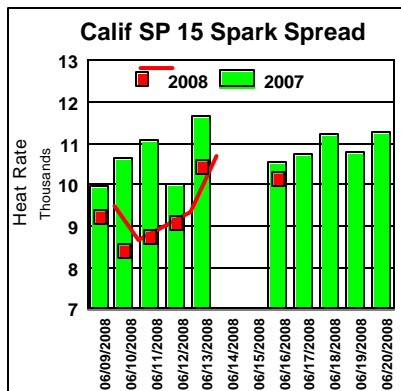
PIPELINE MAINTENANCE

TranColorado Gas Transmission noted it has two maintenance projects planned for this week. The first it will be performing meter cleanings at its El Paso Blanco delivery point for 810 hours on June 17 and June 18th. Capacity will be limited to 266,000 Dth/d. Based on current level of nominations, AOR/IT, Secondary in and out of path, and Primary quantities are at risk. The company will also be doing work at the Mancos Compressor Station from June 17-June 19th. Capacity through Segment 220 will be limited to 325,000 Dth and Segment 240 will be limited to 375,000 Dth/d. based on current nominations, AOR/IT, secondary and primary FT quantities are at risk.

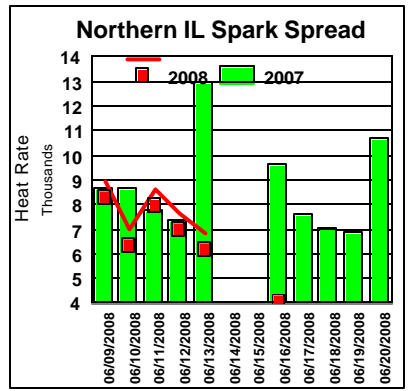


KMIGT said that there would be a capacity reduction on Segment 775 as it performs maintenance at its Laton Compressor Station on June 19th. Capacity through Segment 775 will be limited to 235,000 Dth. Based on current nominations AOR/IT, secondary and primary FT quantities are at risk.

Gulf South Pipeline said that it would perform scheduled pigging operations on Index 132 beginning at MP9 Brule, LA to MP 49 Lirette, LA. on June 18th and last for three weeks. AT this point the company does not expect any affect to capacity or flow rates.



Enbridge Offshore Pipelines reported that it began repairs to its 16 inch Mantra Ray lateral on Friday, June 13th and is on target to complete work within 10-14 days. During this time period the lateral will be shut in.

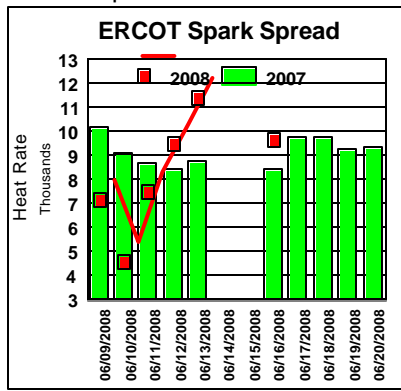


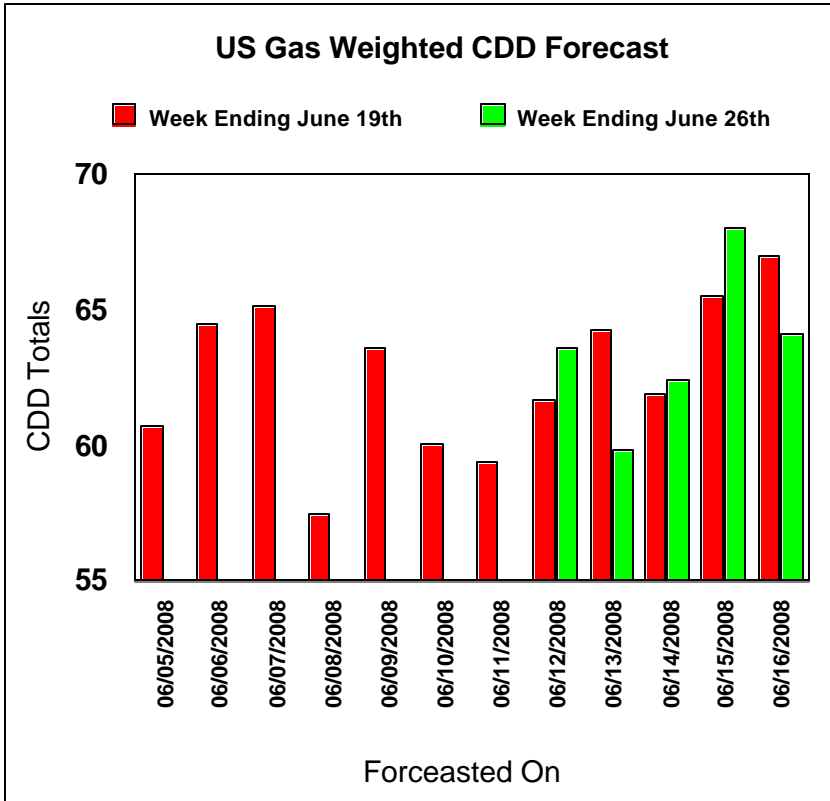
Alliance Pipeline said that two maintenance projects are set for this week. The first will be inspections and maintenance on the Morinville Compression Station that will require it to be offline for 24 hours on June 17th. System throughput AOS will be affected but will be determined closer to the outage. Routine inspections and maintenance will require the Gold Creek compressor station to be offline for five hours on June 19th. Station capacity will be lowered to 950 e3m3.

ELECTRIC MARKET NEWS

Genscape reported that for the week ending June 12th U.S. power generation was up 15.35% from the week before and up 10.17% higher than the same week a year ago.

The NRC said it plans additional oversight of the Cooper nuclear station as a result of the recent review of deficiencies in the plant's fire protection plan.





Seminole Electric Cooperative's plan for a new clean coal generating unit received a boost today, as a Florida appeal's court ordered the state's Department of Environmental Protection to issue a final order granting site certification for Unit #3, which will be built at the Seminole Generating Station in Putnam County, Florida. The 750 Mw generating unit has been on hold since August 2007, when state regulators denied the certification needed to move forward.

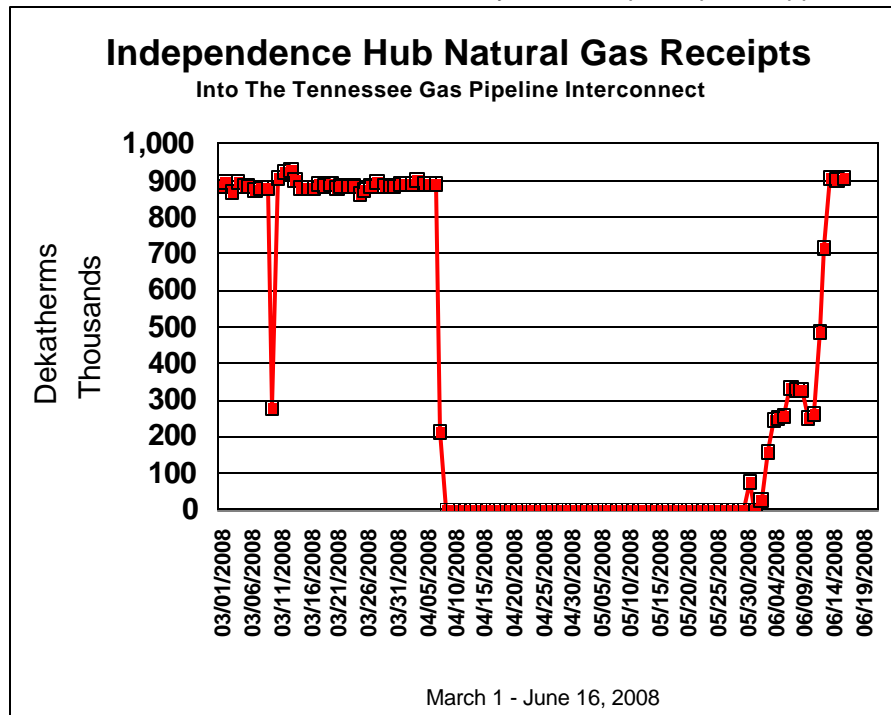
BPA said the California-Oregon AC Intertie would be limited to 2450 Mw capacity north-south until Thursday evening for work on the BPA-Malin 500 Kv shut capacitor Group 4.

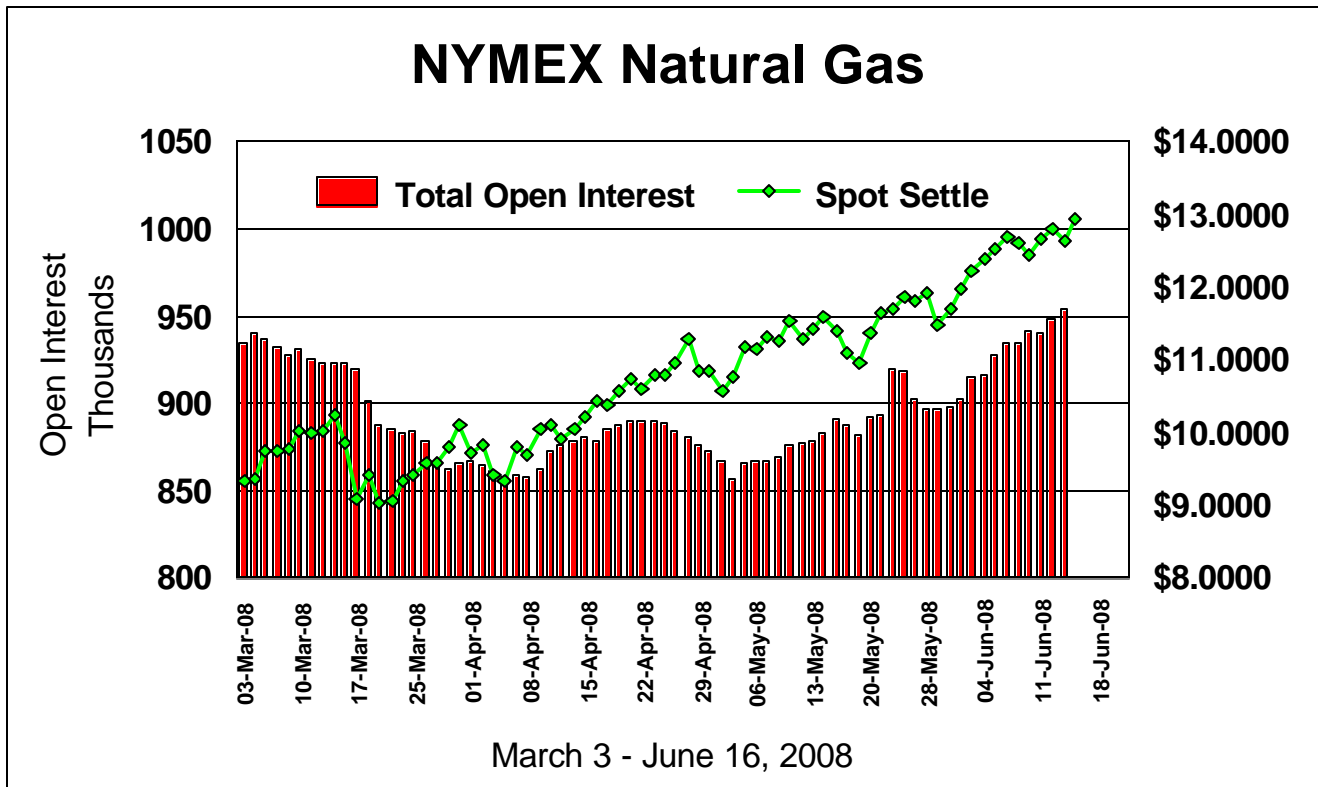
The head of power industry's association said over the weekend that the U.S. electric power industry must avoid becoming the taxman in any future legislative efforts to reduce greenhouse gas emissions through a market-based plan.

MARKET COMMENTARY

The natural gas market started out early this morning nearly at unchanged levels but as crude prices soared higher natural gas values moved up as well. Natural gas traders also found comfort on weather forecasts out through next week that appeared a bit hotter than had been discussed on Friday. Market participants appeared to look past the news that the Independence Hub was back to basically normal production levels over this weekend. While the bulls appeared to run out of the oil market in the late morning and into the afternoon, natural gas values basically held their ground and moved in a sideways pattern and as a result was able to finish up the session some 30 cents better on the day.

Today's open interest report showed that total contracts open in the natural gas market jumped on Friday by 5,692 lots. This was the 10th time out of the last 11 trading sessions that open interest has grown in natural gas and has to be seen as the continued march of new buyers coming into this market.





This market just does not want to give us the opportunity to get in on the long side. Despite the news of the return of the Independence hub the bulls remain in control of this market. But if today's sell off in the crude can continue tomorrow and if the spark spreads remain modest then we think there might be a little profit taking in the natural tomorrow that could allow prices to back slide a bit. We see initial support at \$12.679, \$12.424, \$12.394. Additional support we see at \$12.269, \$12.21, \$12.026 and \$11.983. Resistance we see at \$13.09, \$13.244 and \$13.50.