



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JUNE 18, 2007

NATURAL GAS MARKET NEWS

Brazil reportedly is in talks with Qatar Petroleum to secure supplies of LNG to fuel its power plants during the dry season. Brazil relies typically on hydrogenation for 85% of its power generation. Two LNG terminals are currently under construction, with one due in operation by April 2008 and the other during the first quarter of 2009.

The tropical Atlantic looks extremely quiet today, with all the forecasting models looking for this to be a quiet week across the area. Some forecasters though are keeping an eye on the northeastern part of the Gulf of Mexico for this coming weekend for the potential of some development, but at this point the risk looks limited.

PIPELINE RESTRICTIONS

FGT said that it has extended its Overage Alert Day notice due to the continued 90 degree weather expected for its service area. The Overage Alert Day tolerance is set at 25%.

PIPELINE MAINTENANCE

PG&E California Gas Transmission said it will be conducting maintenance work at two locations this week. On the Redwood path, the installation of a pig launcher will reduce capacity by 9% to 1876 Mmbtu/d on June 19th and by 6% on June 20-22nd at 1946 mmbtu/d.

Northwest Pipeline said it was slated to perform maintenance and upgrading work at the Buhl Compressor Station. Work is expected to be completed by the end of the week. Other work slated for this week is at Caldwell, where the company will perform 22-inch M/L Pigging Facility. Work is to be done in conjunction with the Pocatello to Lava pigging facility and

Generator Problems

NPCC – OPG's 494 Mw Lambton #3 coal fired unit returned to service early Monday. The unit had been off line since June 11th.

SERC – TVA's 1155 Mw Browns ferry #1 nuclear unit was at full power this morning up 10% from Friday's operating level.

MAIN – Exelon's 1162 Mw LaSalle #1 nuclear unit was back to 80% of capacity this morning, up 13% from Friday.

FPC – FPL's 693 Mw Turkey Point #3 nuclear unit was exiting a maintenance outage and was up to 7% of capacity this morning. The unit had been off line since June 6th.

MAPP – We Energies 516 Mw Point Beach Nuclear #1 unit remained off line due to a problem with a feed water pump.

WECC – SG&E's 1070 Mw San Onofre #2 nuclear unit was operating at 28% of capacity Monday morning. Operators had taken the unit off line over the weekend.

ERCOT – TXU's 750 Mw Martin Lake #1 coal fired power unit was expected to be restarted over this past weekend. The company reported Saturday that the unit had tripped off line due to a malfunction in the power supply to the emergency trip system.

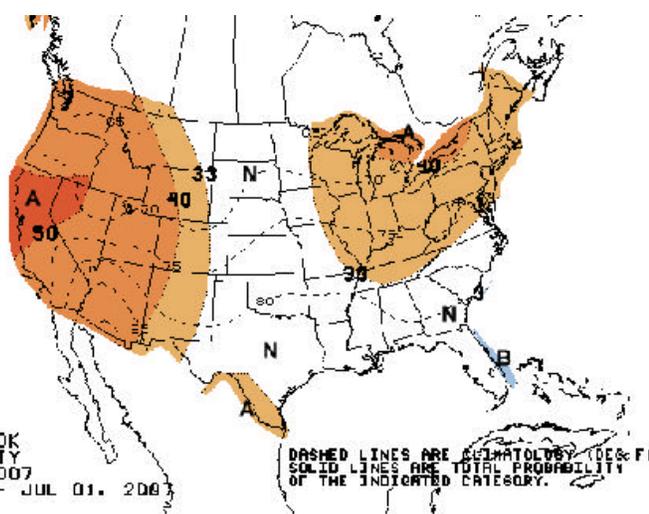
CPS Energy's 405 Mw JT Deely #2 coal fired unit was taken off line to replace a gasket on a valve.

LCRA's 445 Mw Fayette #3 coal fired unit was taken down over the weekend due to a boiler tube leak but was expected to be restarted late Monday or Tuesday.

NRG Energy's 778 Mw Unit #2 Limestone coal fired power station which was taken off line Friday was expected to be restarted late Monday.

The NRC reported that 93,778 Mw of nuclear capacity is on line, down 0.5% from Friday, and up 1.55% from a year ago.

capacity will be reduced by 150 MDth/d. Capacity will be reduced by 175 Mth/d by pigging work between Pocatello C/S/ and Lava C/S. In addition inspections of the Kemmerer Compressor Station will reduce capacity by 33 MDth/d.



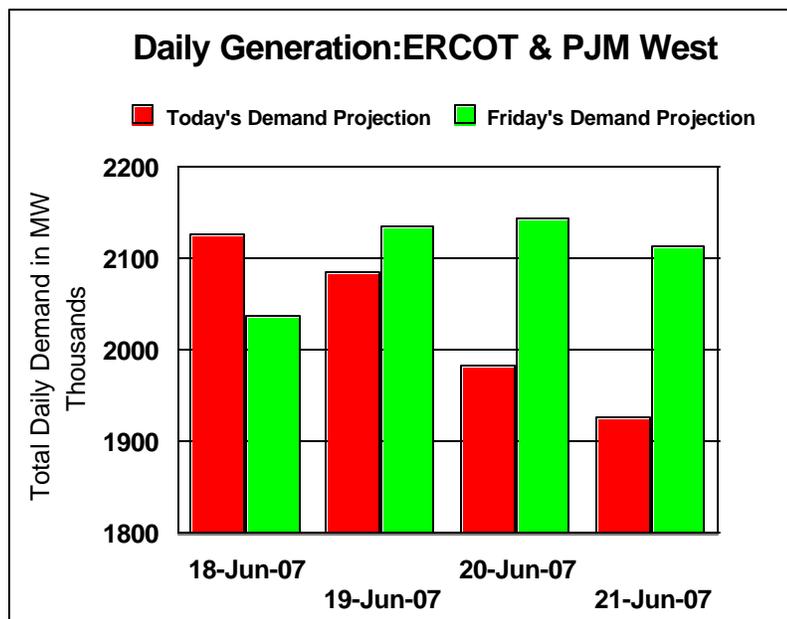
National Fuel Gas Supply said that it will be performing maintenance on the Colden storage line beginning today through July 17th. The work will reduce the capabilities of the company to inject into system storage. During this period injections into the Colden field will be suspended. The company also said it will shut down the Knox Station Production Compression starting the morning of June 19th. All producers must shut in 50% of their production.

Tennessee Gas Pipeline said it was rearing completion of repairs on the 527A-300 line south of West

Delta 27A platform which had a leak.

El Paso Natural Gas said that Dumas #2 was unavailable due to unplanned maintenance that began on June 15th. Reductions are expected to be 30 MMcf/d through today at Dumas East.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,383,300	\$7.697	\$0.113	(\$0.356)	\$0.394	(\$0.580)
Chicago City Gate	415,900	\$7.594	\$0.256	(\$0.144)	\$0.459	(\$0.331)
NGPL- TX/OK	563,900	\$7.367	\$0.297	(\$0.371)	\$0.500	(\$0.590)
SoCal	1,074,000	\$7.263	\$0.621	(\$0.475)	\$0.824	(\$0.821)
PG&E Citygate	620,400	\$7.503	\$0.377	(\$0.235)	\$0.580	(\$0.584)
Dominion-South	414,000	\$8.125	\$0.138	\$0.387	\$0.341	\$0.227
Transco Zone 6	230,000	\$8.549	\$0.370	\$0.811	\$0.573	\$0.414



Southern Natural Gas Pipeline said that the engine that was out of service at the White Castle Compressor Station in South Louisiana has been repaired.

ELECTRIC MARKET NEWS

On Friday, under a deal filed with Pennsylvania Public Utility Commission, PPL Electric Utilities agreed that its industrial and commercial customers would see a reduction in electric bills of 2-5% while residential customers would see 3.8% higher rates. The filing agreement came as a result of a recent court ruling that PPL did not accurately reflect the actual costs for direct customer groups in providing them with power.

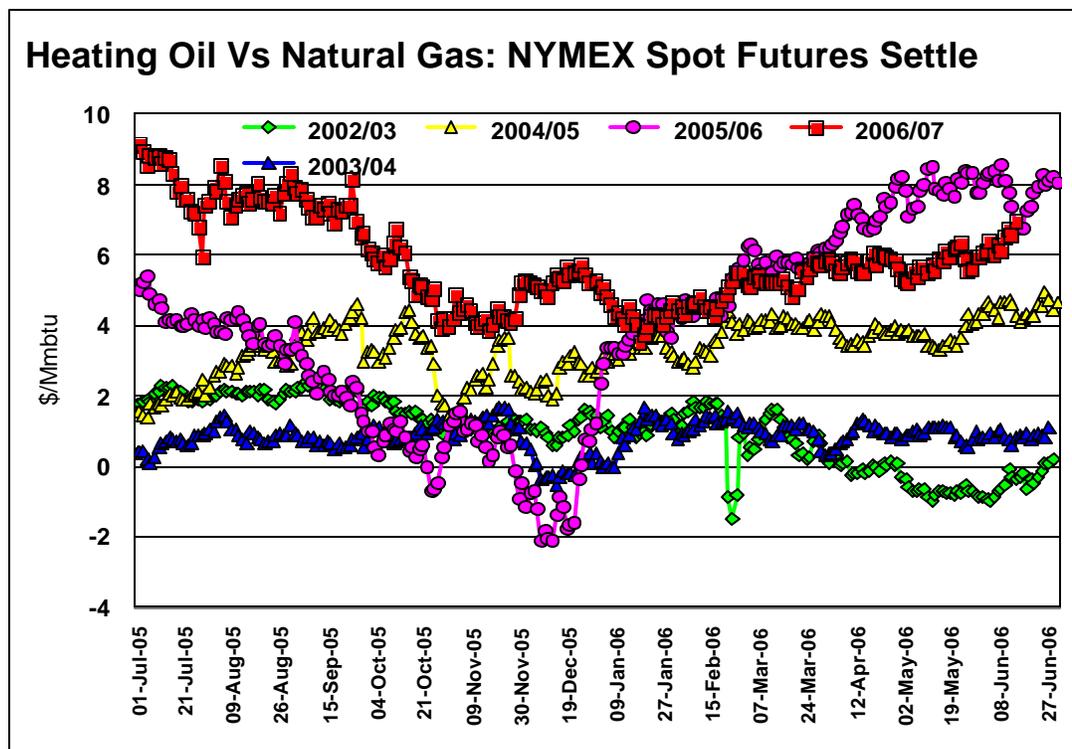
The U.S. Court of Appeals upheld the

FERC's actions when it ordered East Kentucky Power Cooperative to pay some of the costs of running the Midwest Independent Transmission System Operator after it concluded that MISO provides benefits to the co-op.

American Electric Power's Appalachian power unit has filed an application with West Virginia state regulators to build a \$2.23 billion coal fired power plant in New Haven, West Virginia. The facility could be on line by 2012. The site is adjacent to the company's existing Mountaineer plant.

MARKET COMMENTARY

While warmer temperatures for Monday helped to boost spot natural gas prices this morning, the outlook for more moderate temperatures for the remainder of the week, when viewed against load projections forecasted on Friday, appeared to weigh on futures prices as overall electrical load for Monday through Thursday in the key PJM West and ERCOT regions was seen to come in some 3.6% less than as was expected on Friday. Futures received a further fundamental shove lower this morning as most forecasters this morning felt that this week should remain relatively quiet across most of the tropical Atlantic basin as dry dusty air off of Africa to wind shear across the Gulf of Mexico would keep any tropical waves from developing further. The market received additional downside selling pressure as Friday's lows were breached at midday allowing prices to fall further in the afternoon and settle down on its lows for the day.



It is interesting that the price action on Friday has to be seen as wild short covering rally, as the exchange at mid day reported a 7,038 contract decline in total open interest, the largest non-expiration period decline in open interest since mid February.

Traders tomorrow will be faced with the prospects of the \$7.60 area once again being challenged. We feel that with cash prices being firmer today across most

locations coupled with the continued strength of oil prices and in particular heating oil values, we just can not see this natural gas market collapsing. As a result on any challenge of the \$7.60 level we would look for a sale of puts in natural gas that are out of the money. We feel that the September \$6.25 put or October \$6.000 puts would be an interesting sale. Tonight these two contracts settled at 10.8 and 16.6 respectively. We see support tomorrow starting at \$7.659 followed by \$7.561-\$7.55 followed by \$7.49-\$7.48, \$7.302 \$7.28 and \$7.24. Resistance we see starting at \$7.796, \$7.819 \$7.838 followed by \$7.88-\$7.89. More distant resistance we see at \$7.969, \$7.990, \$8.017, \$8.052 and \$8.079.

NYMEX Natural Gas

