



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 20, 2005

NATURAL GAS MARKET NEWS

Despite already pushing gas and oil price forecasts well past Wall Street consensus estimates, analysts at Raymond James & Associates once again raised their short-term predictions for crude and natural gas prices based largely on low OPEC productive capacity, maturing non-OPEC production areas and a much tighter line between oil and natural gas. The analysts at Raymond James expect \$8/mmbtu average Henry Hub prices next year.

Meteorologists at the private weather forecaster WSI said today that they are looking for warmer than normal temperatures for most regions of the United States in July and August, except for North and South Dakota and Minnesota which could see cooler than normal temperatures.

The Climate Prediction Center reported this morning that for the week ending June 18th, the U.S. saw some 57 cooling degree-days, some 16% higher than normal, but some 15% less than the prior week. For the week ending June

Generator Problems

ERCOT— TXU Corp.'s 560 Mw Big Brown #1 coal-fired power station shut June 18 to repair a boiler tube leak. The unit is expected to return to service today.

TXU Corp.'s 553 Mw Sandow #4 coal fired unit shut and returned to service over the weekend due to the loss of a flame signal to the combustion control system.

MAAC— Public Service Enterprise Group's 1,049 Mw Hope Creek nuclear unit exited an outage and ramped up to 90% of capacity by early today. On Friday, the unit was operating at 8% of capacity after restarting earlier in the week.

MAIN— Ameren Corp.'s 1,137 Mw Callaway nuclear unit exited an outage and ramped up to 99% of capacity by early Monday. The unit shut June 16 because an electrical problem affecting a safety-related battery.

MAPP— The Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit ramped up power to 98% capacity as of this morning. The unit was at 85% Friday.

NPCC— Constellation Energy Group's 620 Mw Nine Mile Point #1 nuclear unit ramped up to 85% of capacity by early today. Friday, the unit was at 45% to perform planned maintenance. Nine Mile Point #2 continues to operate at full power.

SERC— Southern Co.'s 833 Mw Farley #1 nuclear unit shut over the weekend and expects it back later today. Friday, the unit was operating at full power. Farley #2 continued to operate at full power.

Arizona Public Service's 740 Mw Four Coroners coal-fired power station returned to service by early today following boiler tube leak repairs. The unit shut June 16.

WSCC— Calpine Corp.'s 605 Mw Metcalf natural gas-fired station shut late Sunday. The unit was available for service on Friday.

Duke Energy Corp.'s 739 Mw Moss Landing #6 and #7 natural gas-fired units both returned to service late Sunday after being shut June 13 to prepare the units to run during the peak summer air conditioning season.

Canada— Ontario Power Generation's 535 Mw Lennox #2 and #4 oil- and natural gas-fired units both returned to service by early today. All units are available for service.

The NRC reported that U.S. nuclear generating capacity was at 92,544 Mw up 1.97% from Friday and down 1.22% from a year ago.

25th, the CPC is forecasting some 63 CDD.

Excelerate Energy's officials said today that they hope to load at least one of its two working tankers by the first week of July with about 3 billion cubic feet of LNG. The company to date has only delivered one cargo into its new Energy Bridge terminal, which was back on March 19th. The company originally had hoped to be delivering one cargo per month into the facility.

Tennessee Gas Pipeline Co. said that it has begun an open season for the Corning Extension project that would provide transportation service from the Gulf Coast to an interconnect with the proposed Millennium Pipeline in Corning, NY.

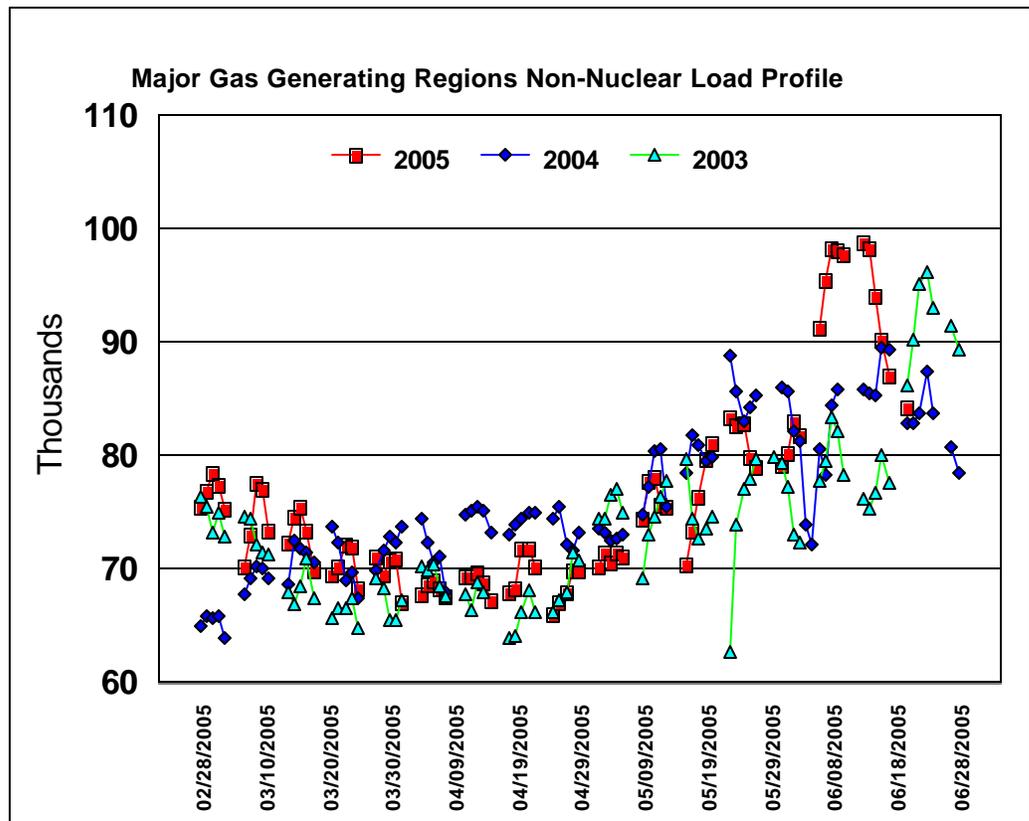
ANR Pipeline is holding an open season to test market interest in a Wisconsin/Illinois 2007 Expansion Project, which would include expansion of its mainline and lateral in the states of Wisconsin and Illinois.

EnCana Corp. has decided to sell its natural gas storage business by way of a competitive auction process or an initial public offering. Its gas storage business is North America's largest independent gas storage network. The assets are in key gas producing and consuming regions and are linked to intercontinental pipelines. EnCana Gas Storage has about 174 Bcf of working capacity at five facilities in Alberta, California and Oklahoma.

PIPELINE RESTRICTIONS

Kern River Pipeline said line pack levels remain within normal parameters but are getting close to high. Operators should be on rate unless balancing arrangements have been made.

KM Interstate Gas Transmission noted that it issued an Advisory Notice on March 2 concerning its discovery of cracks on several of the pulsation bottles on six Cheyenne Market Center compressor units at three compressor stations: Huntsman (2); Rockport (2); and Kimball (2). The units are not available for service for



operational and safety reasons. The remaining compressor units on the KMIGT system are not impacted and remain in service. Based on existing nominations and current operating conditions, KMIGT does not anticipate that firm services will be curtailed. KMIGT currently estimates that one of the units will be back in service no later than July 1. The five other impacted units will be in service during the weeks that follow. The advisory notice will remain in effect until all units are repaired.

PIPELINE MAINTENANCE

Panhandle Eastern Pipeline Company said that the outage on the Satanta 18-inch Grant County line for hot tap installation and anomaly digs, which was scheduled to begin July 5 has been reset to begin June 27. The outage is expected to last all five days. All receipts upstream of Satanta Station will be shut in during this outage.

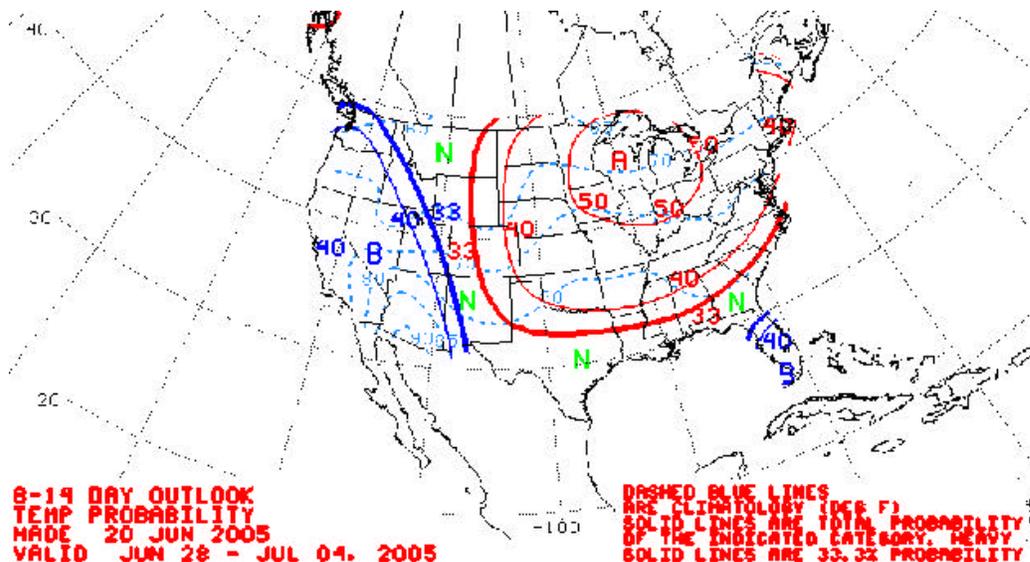
TransColorado Gas Transmission said that during the month of July, TransColorado and CIG will conduct joint maintenance activities at the CIG Greasewood 41781 point. All primary firm quantities will be scheduled. Based on current operating conditions and nomination levels, TransColorado does not anticipate any schedule reductions to interruptible flow, authorized overrun and secondary quantities, however, such scheduling reductions could occur should these conditions change.

ELECTRICITY MARKET NEWS

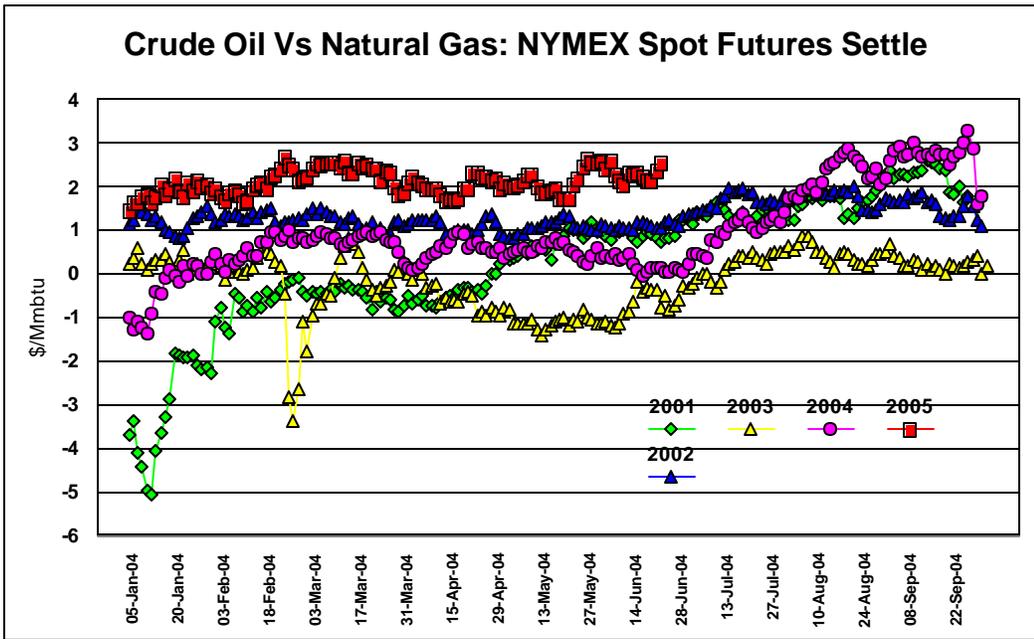
BPA reported that transmission capacity on the California/Oregon AC power line will rise by 200 Mw to 3200 Mw on Tuesday while the Pacific DC power line will remain steady at 2900 MW.

MARKET COMMENTARY

The natural gas market gapped higher this morning helped in part by the continued bullish move in the oil markets. But the natural gas market quickly came under pressure as generation needs, especially in the ERCOT region were off substantially from last week's levels. Prices at mid morning dropped some 30 cents before finding support at the \$7.50 level. While prices spent much of the remainder of the day attempting to rally back as oil prices surged even higher, values were only able to retrace 50% of the morning's sell off and as a result still settled lower on the day. This was the first lower settlement out of the last four trading sessions.



Crude Oil Vs Natural Gas: NYMEX Spot Futures Settle



This market appears will continue to be following in the wake of the oil markets for the next several days as natural gas traders await this week's EIA storage report. But with the prospects for the return of warmer than normal temperatures for much of the nation along with the possibility of a tropical disturbance forming in the Gulf later in the week or early next weekend, according to Accuweather

forecasters, this should prevent natural gas from collapsing even if oil prices retraced some of its recent gains. We see support again tomorrow at \$7.50 followed \$7.47-\$7.45, \$7.34-\$7.315 and \$7.20. Resistance we see at \$7.80, \$7.85, \$7.90 and \$8.04.

