



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 21, 2006

NATURAL GAS MARKET NEWS

The U.S. National Hurricane Center does not expect a tropical storm to form in the Atlantic through Thursday. In a tropical weather outlook, the Center said an area of scattered showers and a few thunderstorms extend from the Bahamas eastward into the Atlantic for a few hundred miles. The NHC, however, said the weather system shows no signs of organization and upper-level winds are unfavorable for any significant development to occur. Forecasters though look for this area of unsettled weather to drift toward Florida this weekend and some possible tropical development is possible, but according to current forecasting models, if development does occur it is expected to remain on the Atlantic side of Florida.

The U.S. EIA said in its International Energy Outlook for 2006 that worldwide demand for coal will outpace growth in natural gas use between 2003 and 2030 as rising gas prices make coal increasingly cost-competitive, particularly in the electric power sector. While the agency projected that natural gas consumption will increase 2.4% a year from 2003-2030, it forecasted that coal demand over the same period will grow at a slightly higher rate of 2.5%. The projection marks the first time since EIA began publishing worldwide outlooks for energy use in 1990 that demand for coal is projected to grow faster than demand for gas.

Kinder Morgan Energy Partners and Sempra Pipelines & Storage announced the start of a binding open season to solicit support to extend the Rockies Express Pipeline east from its currently proposed terminus at the Clarington Hub in Monroe County, Ohio, to Oakford, Pennsylvania. The approximately 100-mile pipeline extension would also pass through Waynesburg Pa., and is designed to provide up to 1.8 Bcf/d of firm transportation capacity. The open season, which began June 20, will end July 14. The extension is expected to begin service January 1, 2010.

The U.S. Minerals Management Service reported today that USG production of oil and gas continued recover slowly from last year's hurricane damage. While the agency had said the June 1st report would be its final storm damage report, it released another today, given the fact that there had been "substantial improvement" in production numbers. It now estimated that since the start of the month some 47,918 b/d and 163.58 mmcf/d of offshore production was returned to service.

PIPELINE RESTRICTIONS

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit increased output to 64% power. Yesterday, the unit was operating at 57% power.

MAAC— PPL's 1,115 Mw Susquehanna #1 nuclear unit increased output to 89% today, up from 85% yesterday. Susquehanna #2 continues to operate at full power.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit increased output to 87% today. Yesterday, the unit was operating at 85% capacity. Brunswick #2 continues to operate at full power.

Duke Power Company's 846 Mw Oconee #1 nuclear unit has restarted and ramped up to 46% capacity. Oconee #2 and #3 continue to operate at full power.

WSCC— Reliant Energy's 741 Mw Ormond Beach #1 natural gas-fired power unit shut for planned work by yesterday afternoon. Ormond Beach #2 remains available for service.

The NRC reported that U.S. nuclear generating capacity was at 93,906 Mw up .53% from Tuesday and up .40% from a year ago.

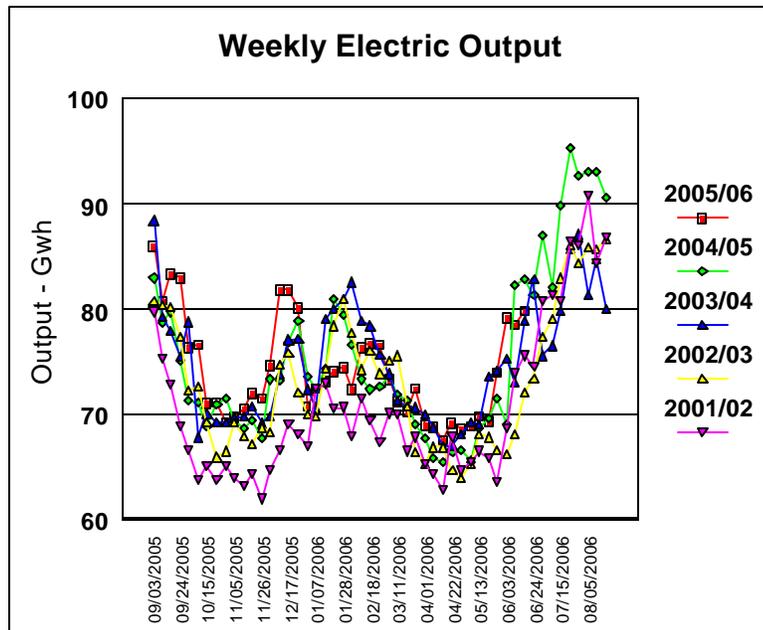
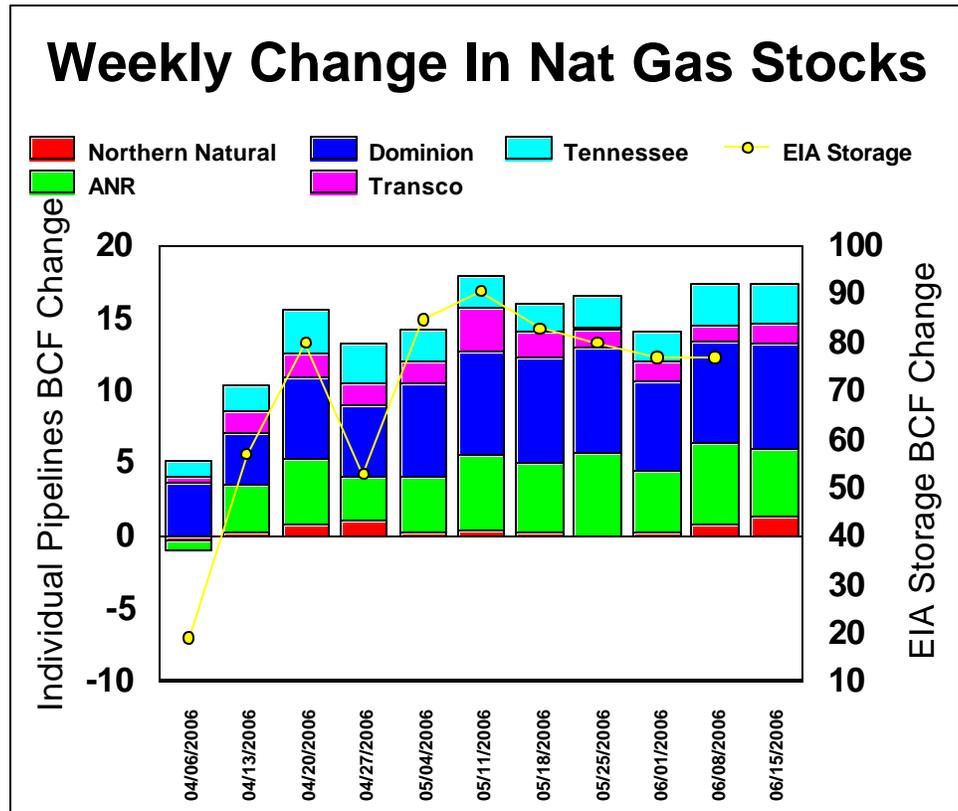
Algonquin Gas Transmission said Tennessee Bas Mahwah has been scheduled to capacity on its system.

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 25% tolerance.

Questar Pipeline Company said that beginning today, Clay Basin injection capacity will be lowered to 350 MMcf/d.

Sea Robin Pipeline said that the Sea Robin Processing Plant outage has been extended through today. Sea Robin has received notification from Texas Gas Transmission that they will accept nominations at the Sea Robin interconnect during the Sea Robin Processing Plant outage for Tuesday.

Texas Eastern Transmission said that it has scheduled and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Circleville for delivery outside that area will not be accepted. Tetco has also restricted and sealed receipts between Longview and Little Rock in zone ETX. No increases in receipts between Longview and Little Rock for delivery outside that area will be accepted.



TransColorado Gas Transmission said until further notice, it is at capacity for deliveries through Segment 300. Depending on the level of nominations, IT/AOR and secondary out-of-path volumes are at risk of not being scheduled.

PIPELINE MAINTENCE

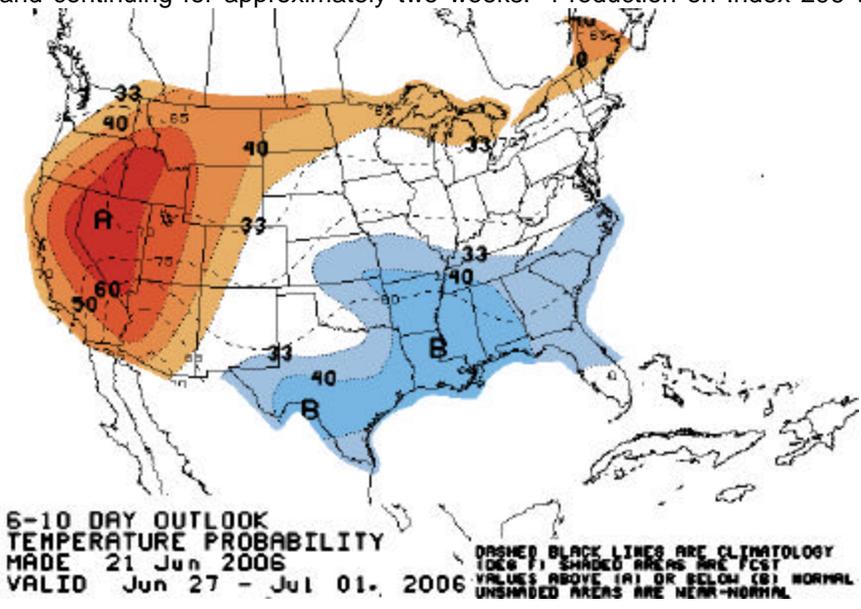
El Paso Natural Gas Company said that in the San Juan Basin, Gallup B turbine will be down for mechanical inspection July 24-28, reducing the capacity of the San Juan Basin by 125 MMcf/d from a base capacity of 2800 MMcf/d. On the San Juan Crossover, the ongoing Belen 2 Force Majeure compressor repair will continue through July 15, reducing the capacity of the San Juan Crossover by 30 MMcf/d from a base capacity of 620 MMcf/d. On the Havasu Crossover, Line 1104 will be pigged between Franconia Junction and

Alamo Lake Station July 18-20. On the South Mainline, Cornudas B turbine will be down for overhaul July 9-28.

Gulf South Pipeline said that it will be performing scheduled pigging maintenance on Index 296 beginning July 10 and continuing for approximately two weeks. Production on Index 296 will be shut in during this maintenance.

As much as 25 MMcf/d of production on the New Orleans Low Pressure System will be shut in during this maintenance.

Northwest Pipeline said the pigging facilities installation near the Vernal Compressor Station was completed as scheduled on June 20. As a result, the Declared Deficiency Period will end when design capacity is restored. The Vernal Compressor Station has been set to its north-flow design capacity of 333 MMcf/d for Gas Day June 21.



ELECTRIC MARKET NEWS

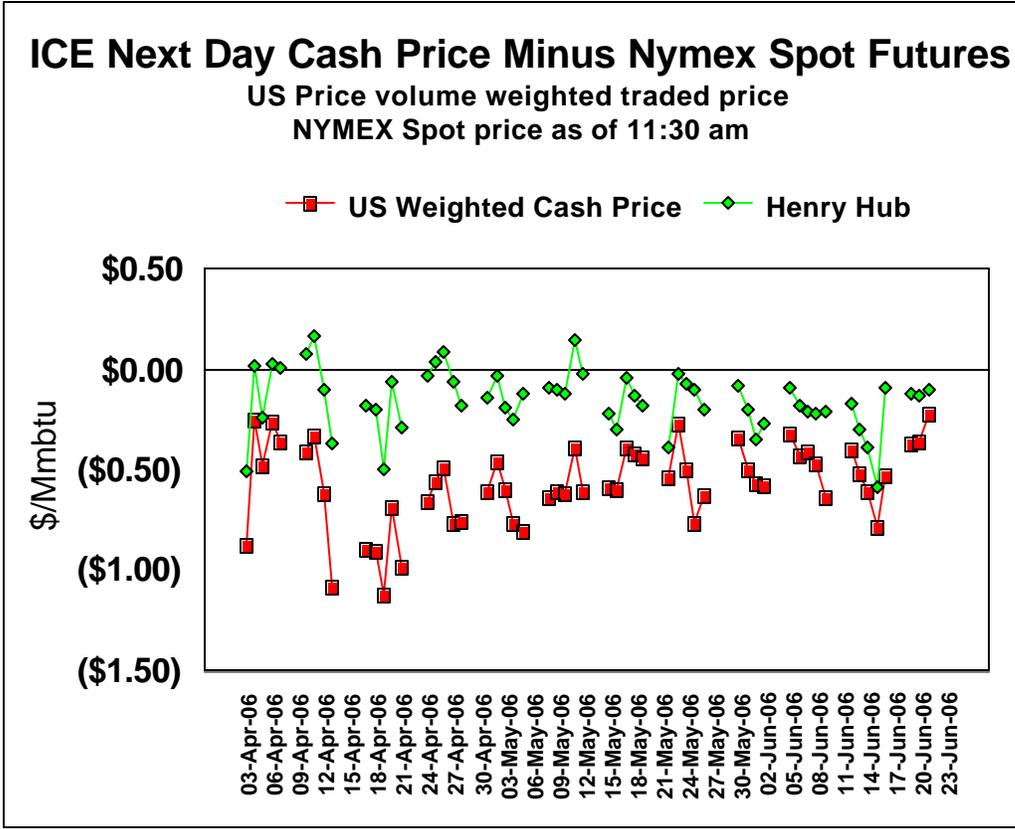
Oklahoma Gas & Electric said the U.S. FERC has determined the company has fully satisfied all of the

mitigation requirements associated with its 2004 acquisition of a 77% stake in the 520 Mw natural gas-fired McClain independent power plant near Newcastle, Oklahoma. To secure FERC approval for its purchase of the McClain plant stake, OG&E agreed to expand its electric transmission system, including upgrades at three substations totaling about \$35 million.

The five-member Florida Public Service Commission has voted to allow Tampa Electric Company to take steps to increase the reliability of its emission control facilities, or scrubbers, at its Big Bend power plant in southeastern Hillsborough County. The project is designed to improve the reliability of the scrubbers so that TECO can continue to operate its plant continuously to comply with a Clean Air Act Consent Decree with the Environmental Protection Agency.

MARKET COMMENTARY

The natural gas market opened 6.8 cents higher as it consolidated



following two sessions of declines. Despite the rally in crude oil, natural gas held its ground in modestly positive territory as it awaits tomorrow's EIA storage report. The market found support at 6.50 and chopped as high as 6.68 before settling up 8.6 cents at 6.588.

With no real cooling demand in key consuming regions and a clear forecast in the tropics for the time being, natural gas had a quiet session, maintaining its 6.50-6.70 range. The recent warm temperatures that the Northeast and Midwest experienced are enough to support the market here as it awaits a most likely supportive storage figure. Estimates call for a build of between 68-90 Bcf, compared to an injection of 79 Bcf last year and the five-year average build of 95 Bcf. Average estimates center on a build of 78-80 Bcf. We see support at \$6.47, \$6.35 and \$6.00. We see continued support at \$5.90 and \$5.71-\$5.70. We see resistance at \$6.82, \$7.00, \$7.37 and \$7.50. We see further resistance at \$8.00, \$8.28 and \$8.75.