



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 26, 2006

NATURAL GAS MARKET NEWS

Cheaper Canadian gas and the risk of losing Gulf of Mexico supply because of hurricane damage are two of the factors that have led to a surge in gas flows through the Niagara import point into western New York state. Gas flows at Niagara are nearly 50% higher this June than they were in the comparable year-ago period, said a utility buyer.

Duke Energy Gas Transmission said it was delaying until further notice planned June 29 maintenance at its Egan natural gas storage facility in Louisiana. The Egan salt cavern natural gas storage facility provides gas producers and shippers with 16 Bcf of working gas storage. Egan interconnects with eight major natural gas pipeline systems, including El Paso Corp.'s ANR and Tennessee Gas pipeline systems, Panhandle Energy's Trunkline Gas system and Duke's Texas Eastern pipeline system.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company said that it has repaired the damaged unit on Station 346 in Cameron Parish, Louisiana (Segment 24 of Natural's Louisiana Zone). The force majeure has been lifted. Deliveries to Natural's interconnect with Florida Gas Transmission located in Vermillion Parish, Louisiana will be scheduled to primary firm only as it was scheduled prior to the Force Majeure event. ITS/AOR and secondary Firm transports are not available.

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.

Trailblazer Pipeline said that based on the current level of nominations, effective gas day July 1, it anticipates being at capacity or very close to capacity for gas going eastbound through Compressor Station 602. The scheduling of any ITS/AOR and secondary out-of-path firm transportation will depend on the level of nominations and will only be scheduled to the extent that primary in-path firm and secondary in-path Firm are not fully utilized.

TransColorado Gas Transmission said that a force majeure event occurred at KMITG's Casper Compressor Station in Natrona County, Wyoming on June 24. Repairs are in progress at this time. However, the estimated completion of the repairs is unknown. Effective on the Evening Cycle for gas day June 25, and until further notice the capacity through Segments 10,43 and 720 is limited to 150 MMcf/d. AOR/IT, secondary and/or primary firm quantities may not be fully scheduled.

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit decreased output to 62% capacity. On Friday, the unit was operating at 63% power.

SERC— Tennessee Valley Authority's 1,121 Mw Watts Bar nuclear unit restarted this weekend and has ramped up to 52% capacity.

WSCC— LS Power Group's 739 Mw Moss Landing #6 natural gas-fired power station shut yesterday afternoon. On Friday, the unit was available for service.

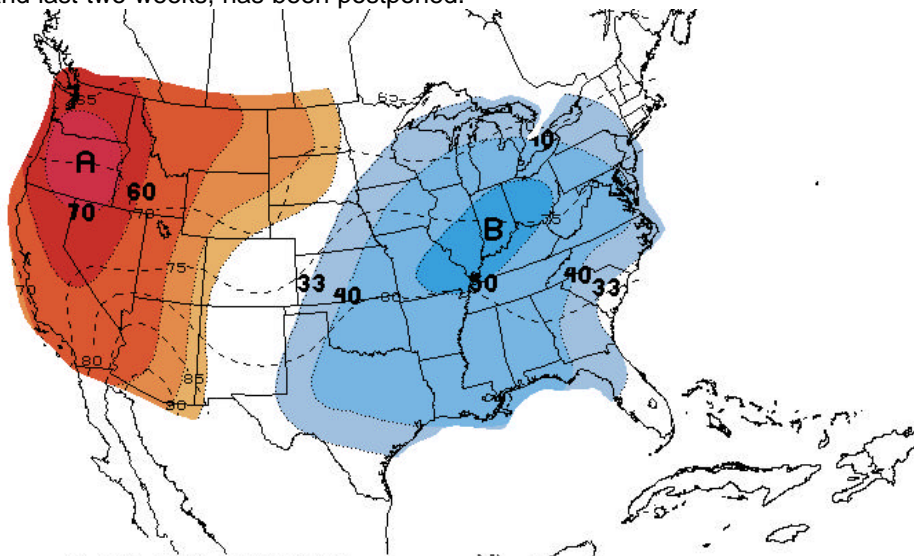
Sempra Energy's 550 Mw Palomar natural gas-fired power station shut Sunday afternoon for unplanned reasons.

AES Corp's 480 Mw Redondo #7 natural gas-fired power station returned to service Friday afternoon. All 8 units at the station are available for service.

The NRC reported that U.S. nuclear generating capacity was at 95,199 Mw up .83% from Friday and up 3.11% from a year ago.

PIPELINE MAINTENCE

Gulf South Pipeline said that scheduled pigging maintenance on Index 296 originally scheduled to begin July 10 and last two weeks, has been postponed.



**6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 26 Jun 2006
VALID Jul 02 - 06, 2006**
DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

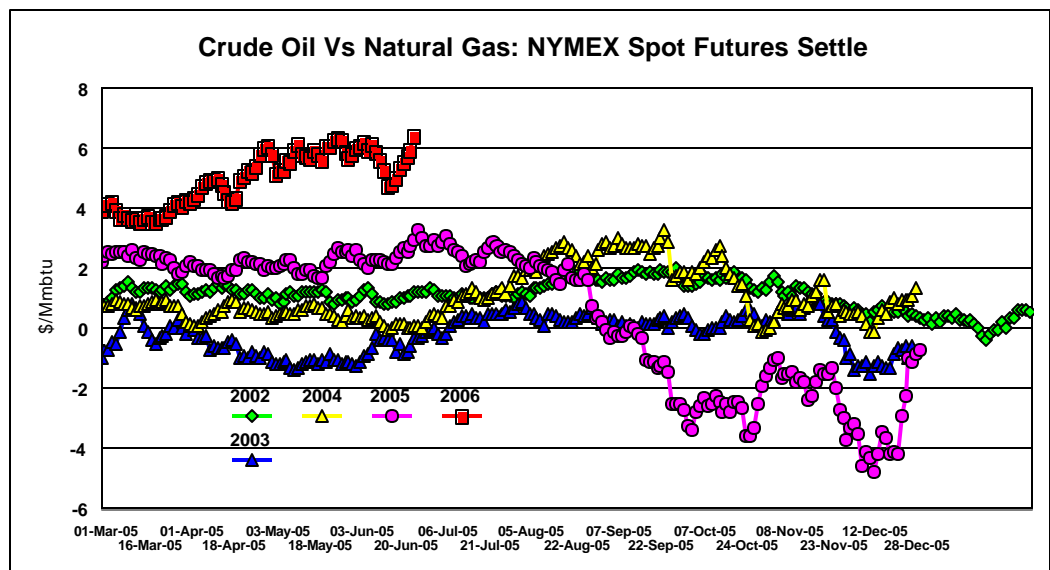
Panhandle Eastern Pipeline Company said that the outage on the Centralia 100 line from Centralia Station to Pleasant Hill Station for anomaly repairs has been completed.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Dickinson Compressor Station June 27-29. At this time, Williston does not anticipate any restrictions to the system. Additionally, planned maintenance will be performed at the Dickinson Station in July, leaving mainline gas flow transfers through Dickinson unavailable for an 8

hour period on July 19. At this time, Williston does not anticipate any restrictions to the system. Williston Basin also said that it has extended the end date on an Elk Basin Compressor project to July 21. Currently, unplanned maintenance is being performed at the Elk Basin Compressor Station on the dehy system. Based upon current volumes, the operator is not anticipating restrictions. Finally Williston said that planned maintenance at the Williston Compressor Station has been postponed until further notice. Planned maintenance was planned for the Williston Station to perform annual DOT panel calibrations. The project was originally planned for June 14-15 with the potential for restrictions in Line Section 6, though Williston Basin said it will try to minimize the effect of any pressure changes.

ELECTRIC MARKET NEWS

TXU Corp. said it signed a 10-year, \$8.7 billion contract for utility infrastructure and management services with Infrastrux Energy Services, a newly created joint venture of TXU and Infrastrux Group. Under the terms of the agreement, which the companies said is the first of its kind in the utility industry, TXU Electric delivery will



contract for design, construction and maintenance services from Infrastrux Energy Services. Infrastrux will be responsible for delivering the services defined by the agreement, which consist of maintenance, construction, power restoration and other service for the utility.

MARKET COMMENTARY

The natural gas market opened 24.7 cents lower amid moderate forecasts in the consuming regions through the first week of July. The front month contracted traded to a high of 6.08, boosted simply by a rallying crude market, but the session ended with natural gas falling back below 6.00, and natural gas's discount to crude oil widening to \$6.41/MMBtu, its widest level of the year. July traded to a low of 5.96 at the close and settled down 25.7 cents at 5.969.

A weekend forecast said that the jet stream would dip, bringing cooler than normal weather to the Northeast over the next two weeks, further softening the summer season's entry into what is traditionally one of the hottest months of the year. Technical support at 5.94 and 5.75-5.80 in addition to general caution ahead of the long holiday weekend may keep July gas supported, though with expiration this week the bears will want to pressure this market extending the lows of natural gas. Also coming into play this week is a storage report that will reflect the sizzling temperatures of last week. Early expectations call for a build of just 40-65 Bcf, comparing bullishly with a 94 Bcf injection last year and the five-year average build of 98 Bcf. This may give the market a second chance at converting the recent hot spell into higher values. We see support at \$5.95, \$5.90, \$5.75 and \$5.70-\$5.71. We see further support at \$5.50. We see resistance at \$6.47, \$6.82, \$7.00 and \$7.33-\$7.37. We see further resistance at \$7.50, \$8.00, \$8.28 and \$8.75.