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ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 27, 2007

NATURAL GAS MARKET NEWS

Gulf Crossing Pipeline Co. LLC, a subsidiary of Boardwalk Pipeline Partners LP, has filed applications to build a major pipeline that would transport natural gas from supply regions in Texas and Oklahoma to the Perryville Hub.

Look for lower natural gas prices in the third quarter compared to the second due to high storage inventories, strong production in the Rockies and Texas and liquefied natural gas (LNG) supplies, which tend to peak in the summer months, said Canaccord Adams in a Wednesday note.

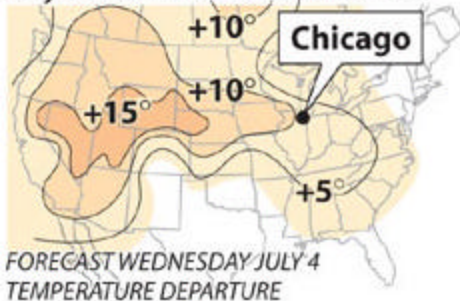
Despite already being a month into the official Atlantic hurricane season with only two named storms and faced with data that a storm-supporting La Nina event might fail to materialize, WSI Corp. said in its 2007 seasonal tropical outlook update that for the time being it still expects the tropical season to have 15 named storms, eight hurricanes and four intense hurricanes (Category 3 or greater).

PIPELINE RESTRICTIONS

Northwest Pipeline said that due to favorable working conditions resulting in an accelerated work plan, the company expects the anomaly investigations near Muddy Creek Compressor to be completed this evening. The Declared Deficiency Period will end when design capacity is restored. The Muddy Creek North Constraint Point will be set to its north-flow design capacity of 652,000 Dth/d for gas day June 28.

Heat to stream into Midwest off blistering Western U.S. air mass next week

July 4: How much above normal?



PIPELINE MAINTENANCE

ANR Pipeline Company said that as a result of an inspection, the company must perform work at the Midwestern Joliet Meter Station in the Northern Fuel Segment (ML-7). Effective immediately, the meter station will be shut-in until further notice and ANR will not be accepting any volumes or nominations at the following locations: 4194 Joliet, 48641 Joliet. ANR also said that it will continue pipeline inspection digs along its Willow Run lateral, north of the Defiance Compressor Station located in Michigan and Ohio in the Northern Fuel Segment. Capacities will be reduced at the Willow Run by 135 MMcf/d from June 25-29; 0 MMcf/d from June 30 – July 15; 205 MMcf/d from July 16-31 and 295 MMcf/d from August 1-31.

El Paso Natural Gas Company said that the Line 1203 smart pig was postponed until today due to a valving problem. Line 1203 capacity will be reduced 64 MMcf/d.

Generator Problems

ECAR – FirstEnergy's 1,260 Mw Perry nuclear unit ramped output to 92% capacity today. The unit was operating at 60% capacity yesterday.

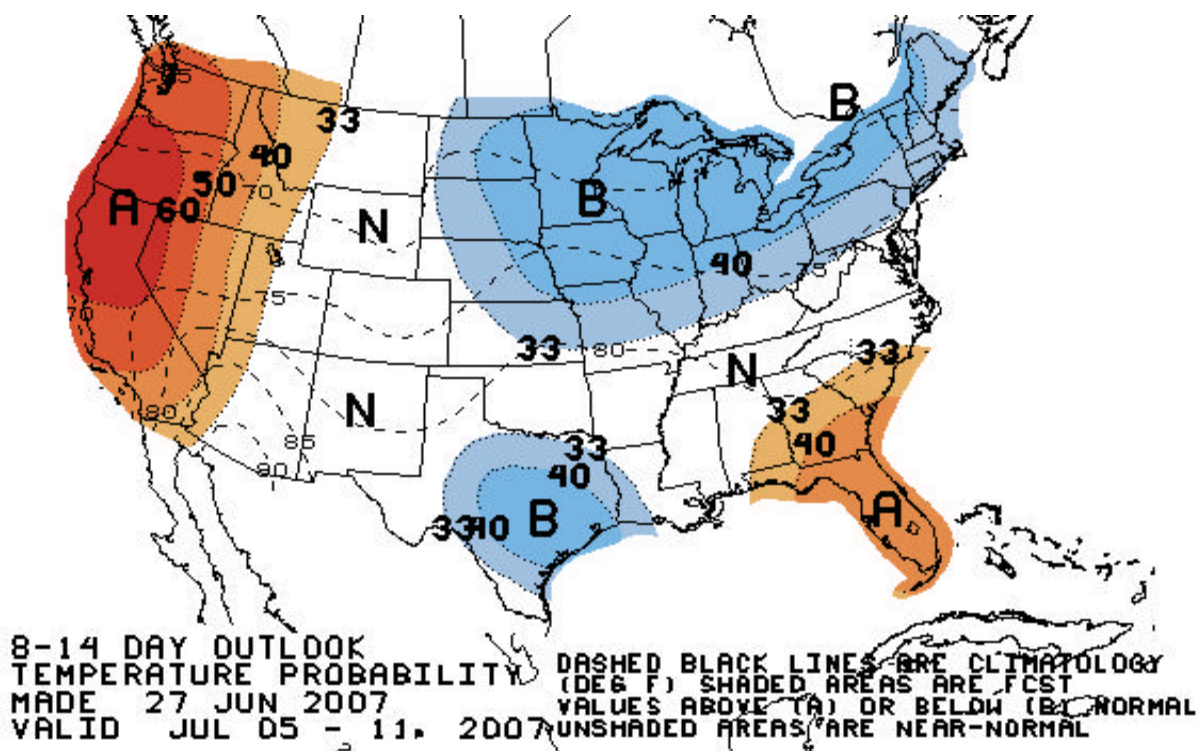
SERC – TVA's 1,155 Mw Browns Ferry #1 nuclear unit ramped up to 86% capacity. The unit restarted yesterday after tripping off line over the weekend. Browns Ferry #2 and #3 continue to operate at full power.

WSCC – Energy Northwest's 1,200 Mw Columbia nuclear unit reduced output to 40% today as it returns from a refueling outage.

The NRC reported that 95,264 Mw of nuclear capacity is on line, up 1.12% from Tuesday, and off .39% from a year ago.

ELECTRIC MARKET NEWS

The U.S. Department of Energy will provide up to \$51.8 million for five cost-shared projects designed to help speed a modernization of the country's electricity transmission system. The agency said research funded under the grand will advance the development and application of high-temperature superconductors, which have the potential to alleviate congestion on the grid.



MARKET COMMENTARY

The natural gas market sank early today on continued bearish technicals, trading to a five-month spot continuation chart low of 6.736. Current hot temperatures in the Northeast boosted cash prices and that overflowed into futures as the session got rolling, lifting the expiring July contract to 6.94. The middle of the session saw some lack luster trading as the front month moved sideways between 6.82 and 6.86. Natural gas came back to life in the closing range, as last minute shorts covered up their July positions, boosting prices to 7.965. The July contract went off the board at 6.929. The incoming spot month, August, settled up 8.1 cents at 7.083.

The market is oversold after shedding some 13% in the previous seven sessions and a bit of a correction was needed. Winter months tightened things up a bit today with the January and February contracts up 9.9 and 9.4 cents respectively. The high range close today after posting a new low, signals that some follow through buying is possible tomorrow. However, high stock levels, near record LNG imports and the lack of sustained heat will keep the market on the defensive until warmer weather kicks up air conditioning demand or a Gulf Coast storm disrupts growing supplies. Also, the upcoming U.S. Independence Day Holiday is typically one of the weakest demand periods of the year due to industrial and commercial shut downs, so prices going forward will be suppressed. Expectations for tomorrow's EIA inventory report call for an increase of 83 Bcf compared to last year's 68 Bcf build and the five-year average gain of 92 Bcf. With stocks running 18% above the five-year average, prevailing thoughts are that it is a comfortable cushion to meet summer cooling demand or offset any storm-related supply disruptions. For the August, we see support at \$6.90, \$6.789 and \$6.71. We see resistance at \$7.174-\$7.18 a gap from earlier this week and then \$7.207, \$7.285 and \$7.455.