



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JULY 7, 2006

NATURAL GAS MARKET NEWS

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. fell seven to 1,659 in the week ending July 7. The number of rigs searching for oil fell 7 to 295, while the number of rigs searching for gas stayed at 1,359.

Three natural gas pipeline affiliates -- a small interstate and two intrastates -- have asked FERC for approval to combine their facilities to form one new interstate system to better serve the Missouri and Illinois gas markets.

PIPELINE RESTRICTIONS

Kern River Pipeline said that line pack is posted as high along the entire system. Kern River requests that shippers not bank on the system.

Natural Gas Pipeline Company said that a force majeure event occurred on Natural's Gulf Coast #3 Main Line in Panola County, Texas (Segment 26). On July 5, Natural identified third party damage to its pipeline in segment 26. Due to safety concerns, Natural has isolated and took this portion of the line out of service. Natural does not anticipate any impact to scheduling transports in Segment 26 due to this unplanned outage.

Generator Problems

ERCOT— TXU Corp.'s 575 Mw Big Brown #2 coal-fired power station shut yesterday to fix a boiler tube leak. The unit is expected to return to service in three or four days.

MAIN— Exelon's 867 Mw Dresden #2 nuclear unit ramped up to 93% of capacity. Yesterday, the unit was operating at 18% capacity after exiting an outage.

SERC— American Electric Power's 800 Mw Big Sandy #2 coal-fired power station shut early today to fix a tube leak. The unit is expected to return to service around July 10.

WSCC— APS's 1,243 Mw Palo Verde #1 nuclear unit restarted and is expected to resume contributing power to the grid later today.

Four Corners 750 Mw coal-fired unit 4 is expected to return to service early next week.

The NRC reported that U.S. nuclear generating capacity was at 94,759 Mw up .79% from Thursday and up 2.30% from a year ago.

EIA Weekly Report

	06/30/2006	06/23/2006	Net chg	Last Year
Producing Region	844	827	17	712
Consuming East	1409	1359	50	1137
Consuming West	362	356	6	340
Total US	2615	2542	73	2190

*storage figures in Bcf

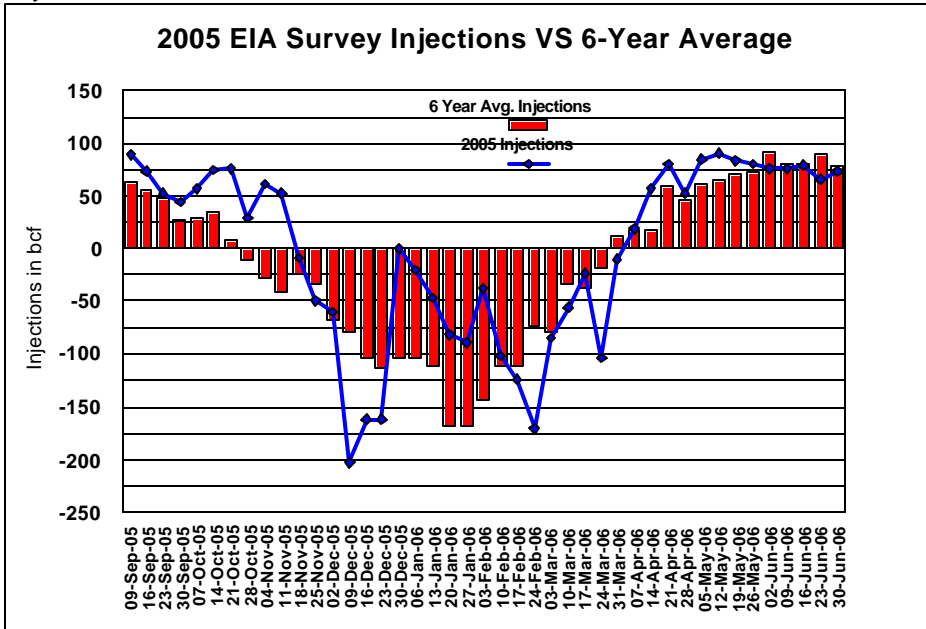
will continue until further notice. Due to this maintenance, capacity through the Longview Compressor Station #2 could be affected by as much as 25 MMcf/d.

Transcontinental Gas Pipe Line said it has been informed by Williams Field Services of work that will be done at the Cameron Meadows processing facility which will require that production on the West Cameron Lateral be shut-in. This work planned by Williams Field Services at the Cameron Meadows processing facility is being done in conjunction with the outage affecting production on Transco's North High Island Gathering system.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it has begun performing unscheduled compressor maintenance on Bistineau Compressor Station that will last three days. The Injection Capacity on Bistineau will be reduced by 50 MMcf/d during the maintenance on this unit. Gulf South also said that it has begun performing unscheduled compressor maintenance on Longview Compressor Station #2, Unit #3 and

Williston Basin Interstate Pipeline Company said reciprocating compressors will be down through today due to unplanned maintenance at the Cabin Creek Compressor Station. At this time, Williston Basin does not anticipate any restriction to scheduled volumes.



ELECTRIC MARKET NEWS

Electricity prices in eastern North America for Monday jumped with the usual Monday premium and forecasts for warmer weather and stronger cooling demand. Peak prices at the PJM Western Hub jumped more than \$20, or 47%, to \$65-70 per megawatt hour.

MidAmerican Energy Company's electric transmission grid now has increased capability to handle higher electric demand when summer temperatures heat up. The 345 kV transmission line, which connects the Council

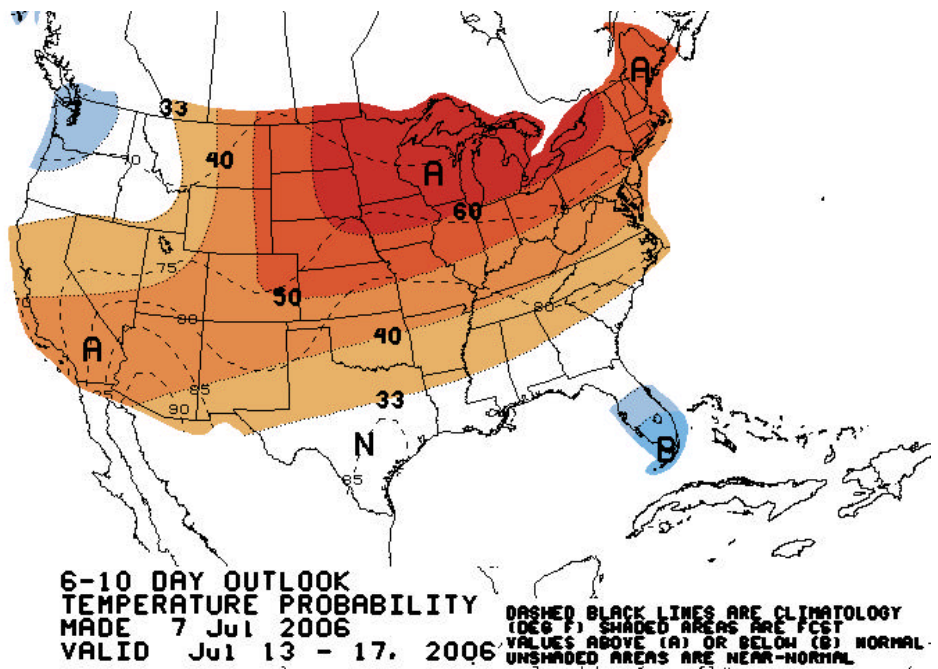
Bluffs Energy Center and a new electric substation in Grimes northwest of Des Moines, was energized June 28 and placed in service will before its scheduled September completion. The primary purpose of the 124 mile line is to deliver the electric output of the new Council Bluffs Energy Center Unit 4 when it is online the summer of 2007.

National Grid PLC will give customers in New York a 7% discount on the supply cost of electricity and natural gas if they switch to an alternative energy supplier. The program, called New Choices, would foster New York State's effort to boost customer participation in competitive retain energy markets.

US FERC chairman Kelliher said he expects the agency will approve as early as September a number of the 102 reliability standards proposed by the North American Electric Reliability Council. Kelliher's goal is to make enforceable those standards that will meet the statutory test before the summer of 2007.

ECONOMIC NEWS

The Labor Department reported that employers added more jobs to the economy in June, but the closely watched government report showed a weaker labor market than Wall Street predicted. There was a net gain of 121,000 jobs for the U.S. economy, up from the revised



92,000 gain posted in May. The street has called for a gain of 160,000. The unemployment rate stayed at 4.6%, in line with forecasts.

MARKET COMMENTARY

The natural gas market opened a couple pennies lower as it awaited the release of the EIA's storage report. The figure came in within expectations, and with a weak cash market and no immediate weather, the market sold off, extending its 2-year low to 5.47 my mid day. August natural gas held support here for the remainder of the day even as the oil complex, led by crude oil, returned some of the week's gains. August natural gas finished the day down 14.1 cents at 5.523.

Total Stocks now stand at 2,615 Bcf, 425 Bcf higher than last year at this time, and 591 Bcf higher than the 5-year average of 2,024 Bcf. The market is searching for demand, and with forecasts calling for hot temperatures coming into key consuming regions such as Chicago next week, we expect the cash markets to firm and the futures to make some upside traction given the oversold feel of the market. We see support at \$5.50, \$5.40, \$5.00 and \$4.80. We see resistance at \$5.75, \$5.84, \$6.00, \$6.10 and \$6.33-\$6.37. We see further \$6.89 and \$7.12.