



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR JULY 21, 2006

NATURAL GAS MARKET NEWS

Southern Union Co.'s Trunkline LNG terminal in Lake Charles, LA, has completed its Phase II expansion project, increasing its peak sendout capacity to 2.1 Bcf/d from 1.5 Bcf/d through the addition of additional pumps, vaporizers and unloading capabilities at the facility's second dock as well as a second 23-mile, 36-inch diameter pipeline to Trunkline's existing mainline between Kaplan, LA, and Longville, LA. Average sendout capacity was increased to 1.8 Bcf/d from 1.2 Bcf/d.

The National Hurricane Center reported that Tropical Storm Beryl is weakening as it heads off towards Nova Scotia, Canada. Beryl passed over Nantucket this morning with wind gusts as high as 44 mph. The NHC reported that no further tropical storm formation is expected through Sunday and private forecasters see poor conditions for any development well into next week.

Despite record-high levels of gas currently in storage, weather remains the primary determinant for how high gas prices will be this winter. The market is currently well supplied due to the mild winter that we experienced and current projections call for a likely storage peak of between 3.375 Tcf and 3.45 Tcf before October. Analysts at FTI Consulting report that as much as 3.6 Tcf is not out of the storage picture, and with supply at these levels, prices will experience a significant decline.

PIPELINE RESTRICTIONS

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

Kern River Pipeline said that line pack has returned to normal throughout the system. However, due to the high summer power load, Kern River requests that operators contact their Marketing and Customer Services Representative in advance for all balancing arrangements and be on rate unless balancing arrangements are made.

Northern Natural Gas Company said that it is experiencing a force majeure situation on the Hobbs 26 suction line to the Plains Turbine. Northern has detected a leak upstream of the Plains Turbine on the Hobbs 26 line. The Pipeline segment containing the leak must be isolated to facilitate repairs. The Altura Gaines receipt point is in the affected area and will be shut-in. Nominated receipt volumes may be allocated. Further postings will include allocation requirements.

Generator Problems

ECAR— DTE's 1,139 Mw Fermi nuclear unit remains offline today, operating at 11% capacity. Yesterday, the unit was operating at 3% capacity.

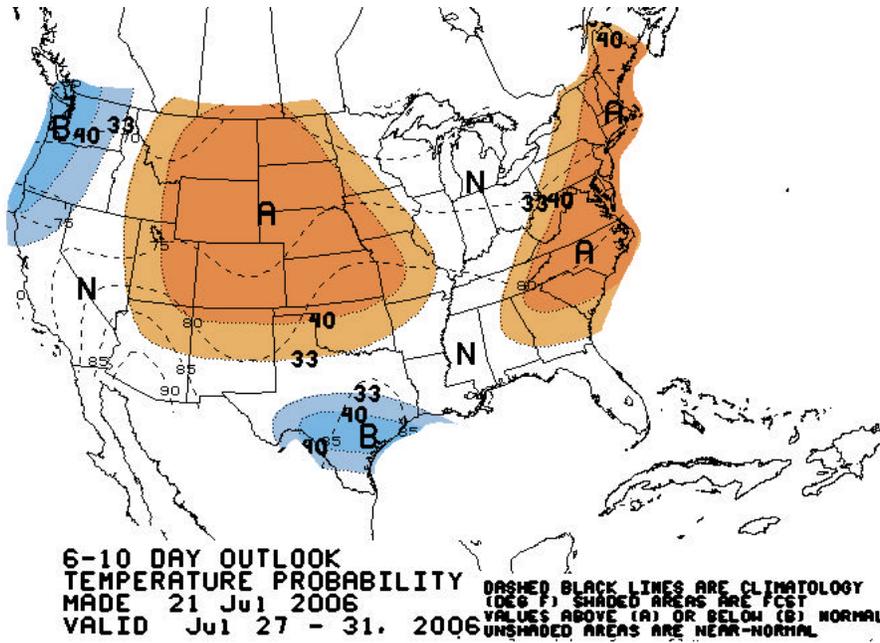
ERCOT— AEP's 750 Mw Welsh coal-fired power station shut for planned maintenance.

WSCC— Energy Northwest's 1,200 Mw Columbia nuclear unit decreased output to 86% capacity.

Canada— Ontario Power Generation's 535 Mw Lennox #2 oil- and natural gas-fired power station shut for short-term maintenance.

The NRC reported that U.S. nuclear generating capacity was at 96,455 Mw down .10% from Thursday and down .76% from a year ago.

Texas Eastern Transmission said that it has restricted and sealed receipts sourced between Little Rock and St. Francisville for deliveries downstream of Batesville. No increases in receipts sourced between Little Rock and Batesville for delivery outside that area will be accepted.



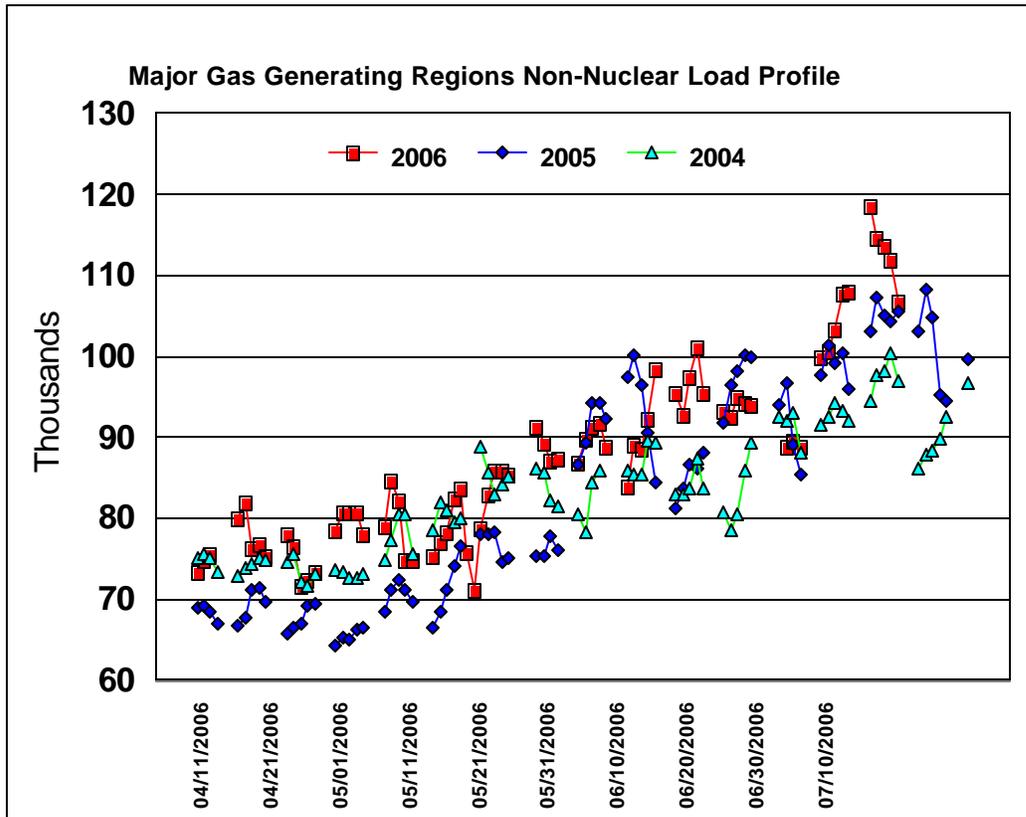
Transcontinental Gas Pipe Line said it is warning all parties upstream of Station 35 that it could call an Operational Flow Order if current conditions do not improve. Transco provided several notices detailing the pigging and replacement work being done on a single line section of its system near compressor station 35, Houston, Texas. The notices required shippers to find alternative markets upstream of the work for any gas receipts that could not be shut-in or redirected.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled maintenance at the Montpelier Compressor Station on all units with 1 unit down at a time

beginning July 31 at 7:00 AM CT and continuing for approximately five days. Capacity through Montpelier Compressor Station could be reduced by as much as 75 MMcf/d during this maintenance.

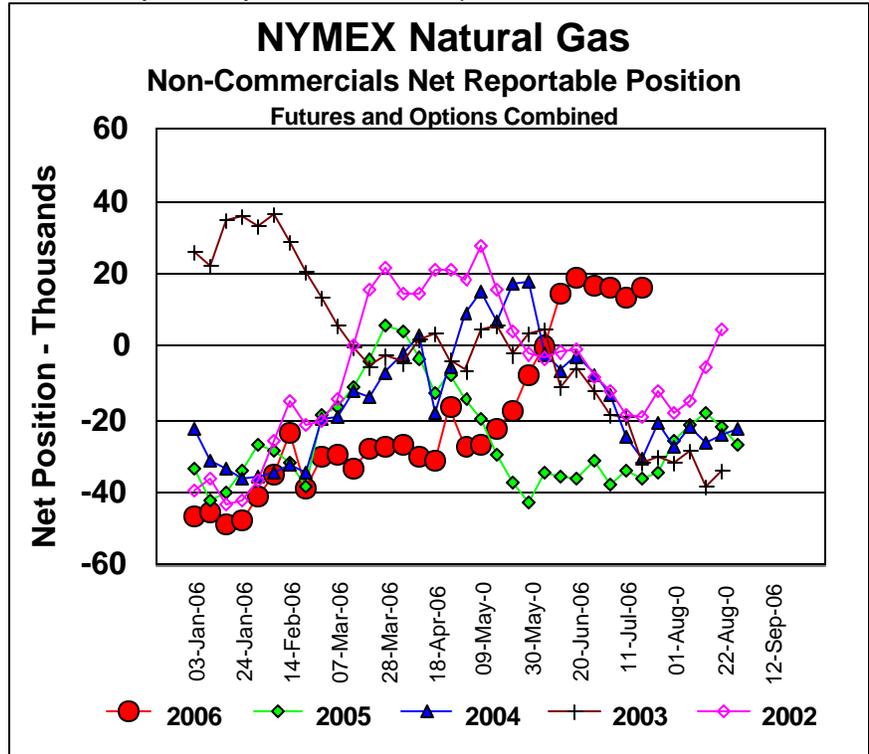
Westcoast Energy said it has experienced a DCS card failure on the #3 Process Train at the Pine River Gas Plant. Train #3 is currently offline and the plant is limited to approximately 50% treatment availability. Maintenance personnel are in the process of troubleshooting the problem and, at this



time, the company is unable to accurately estimate when full flow through the plant can be resumed. Effective immediately, the company has implemented an RGT Constraint to 50% of the RGT Firm Service Contract Volume. No interruptible RGT Service is allowed to flow.

ELECTRIC MARKET NEWS

Vermont Yankee nuclear unit is moving forward with its license extension request, but federal officials still have some more questions. The NRC has presented Yankee with a series of questions about how the plant would react in the event of a flood, earthquake or storm. Entergy wants to extend Yankee's operating license for another 20 years beyond its current expiration of 2012.



U.S. Senator Jim Jeffords, introduced legislation that would nationalize California's carbon dioxide reductions and require the U.S. to get 20% of its electricity from renewable sources by 2020. The Global Warming Pollution Reduction Act of 2006 would require that the U.S. cut its greenhouse gas emissions to 1990 levels between 2010 and 2020. Beginning in 2030, gradual reductions would be further required to ultimately slash emissions to 80% below 1990 levels by 2050.

MARKET COMMENTARY

The natural gas market opened 16.1 cents weaker as milder weekend weather and slipping cash prices weighed on the market. August natural gas traded to a low of 5.88 through most of the morning, but fund buying on this quiet Friday

session boosted prices into the close back above 6.00 and into positive territory. The front month contract traded to a high of 6.15 before settling up 4.8 cents at 6.139.

Natural gas is fumbling around either side of 6.00 as it is unable to gain momentum in either direction. Traders continue to sell rallies given the glut of supply, but with the summer's peak ahead of us, and hurricane season entering the most active months, they also like buying dips. With next week's storage report expected to reflect the past heat wave, that will limit to some extent the down side next week as the August contract expires. We feel that natural gas will continue to chop through its present range of 5.50-6.50 for the remainder of summer and then if no storm takes out Gulf production it will succumb to supply pressures. We see support at \$5.90, \$5.82, \$5.50 and \$5.40. We see resistance at \$6.34, \$6.45, \$6.89 and \$7.12.