



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 18, 2005

NATURAL GAS MARKET NEWS

The EIA reported that in 2005, more than 8.5 Bcf/d of capacity and 974 miles of pipeline are expected to be added to the U.S. natural gas transmission system, an increase from the expansion last year. Last year, a particularly low year in terms added capacity, the EIA reported that the U.S. added only 6.5 Bcf/d. The report also noted that proposed capacity additions in 2006 and 2007 could result in record additions in those years as several projects are planned as part of proposed U.S. LNG facilities.

The National Hurricane Center reported that the remnants of Tropical Depression 10, which is now a well-defined low pressure system, is centered about 170 miles of the Northern Leeward Islands. Shower and thunderstorm activity has increased near the center of circulation, and upper-level winds have become a little more favorable for this system to re-develop into a Tropical Depression over the next day or so. The system is expected to move West-Northwestward at 10 to 15 mph. Looking into next week, Accu Weather reports that a tropical wave may enter the southern Caribbean and enter the Gulf. Also, Accu Weather noted that the strongest African wave of the season has developed.

Generator Problems

MAAC— Public Service Enterprise Group's 1,049 Mw Hope Creek nuclear unit slipped to 90% of operating capacity early today. The unit climbed to 95% output as operators performed repairs on the feedwater heaters. Yesterday, the unit was operating at full power.

The NRC reported that U.S. nuclear generating capacity was at 95,949 Mw down .13% from Wednesday and up 1.57% from a year ago.

EIA Weekly Report

	08/12/2005	08/05/2005	Net chg	Last Year
Producing Region	737	730	7	762
Consuming East	1406	1365	41	1423
Consuming West	372	368	4	333
Total US	2515	2463	52	2519

*storage figures in Bcf

Texas Gas Transmission is holding a binding open season for new gas transportation capacity from East Texas to Lebanon, Ohio, where the Texas Gas mainline connects with Columbia Gas, Texas Eastern and Dominion. The binding open season, which began Thursday, August 18, and closes Wednesday, August 24, is in response to the interest expressed during a nonbonding open season earlier this year.

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions from Montpelier to Kosciusko, Kiln to Mobile, East Texas, and Bayou Sale – Napoleonville.

Kern River Pipeline said line pack levels are currently high but are no longer at critical levels.

Texas Eastern Transmission Corp. said that due to the previously posted outage between French Lick and Seymour, the 24-inch system between Longview and French Lick has been restricted to capacity. Increases in

physical receipts between Longview and French Lick for delivery outside of this area will not be accepted. Nominations sourced at Monroe Station have been sealed to capacity. No physical increases sourced at Monroe will be accepted.

PIPELINE MAINTENANCE

ANR Pipeline Company said it will continue work on several of its Southwest Mainline compressor stations in the Southwest Southern and Southwest Central Fuel Segments (ML-5 and ML-6). The work will reduce the total SWML capacity from a total of 672 MMcf/d, by the following: 50 MMcf/d from August 15-21; 35 MMcf/d from August 22-29.

Colorado Interstate Gas Company has updated its upcoming maintenance activities. In Wyoming, at the Elk Basin Compressor Station, one unit will be out of service September 1-30. Capacity through the station will be reduced to 90 MMcf/d. Deliveries to Elk Basin Meter will be limited to 55 MMcf/d. At the Cheyenne Compressor Station one unit will be out of service September 26-30, and capacity will be reduced to 550 MMcf/d. At King Compressor Station, one unit will be out of service September 14-16, and capacity through the station will be reduced to 100 MMcf/d.

National Fuel Gas said that Unit 4 at Concord station shut down on August 15 and is in need of repairs. The unit is not expected to be back until August 19. Interruptible and secondary transactions with receipts north of the Concord Compressor Station may be subject to curtailment between August 16-19. At this time Nat Fuel said that it does not anticipate this work to affect primary transactions.

Questar Pipeline Company said that on the evening of August 16, the Fidler Compressor Station sustained electrical damage as a result of lightning strikes. As Questar repairs the facility, scheduling of gas may be affected.

Wyoming Interstate Company said that due to Xpress maintenance planned for Friday, August 19, at approximately 8:30 PM MT, Xpress will be down for about an hour.

ELECTRIC MARKET NEWS

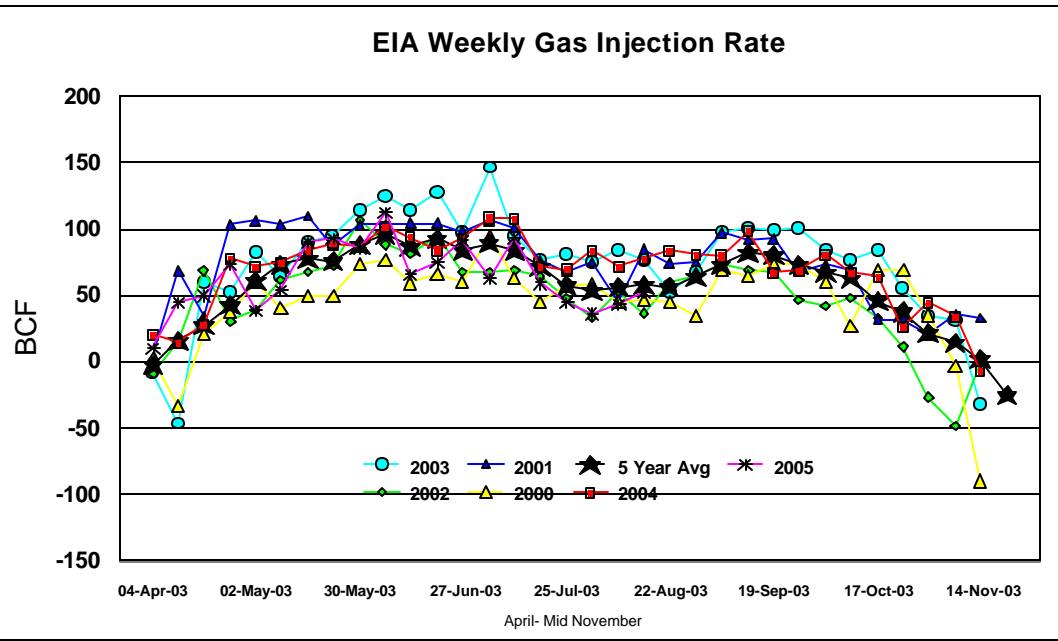
Progress Energy Florida continues to experience record demand for electricity as customers set an unprecedented fifth peak record for usage so far this summer. On Tuesday, August 16, between 5:00 PM MT and 6:00 PM customers used approximately 9,406 MWh of electricity, surpassing the previous peak demand record by 198 MWh.

Canadian Gas Association

Weekly Storage Report

	12-Aug-05	05-Aug-05	13-Aug-04
East	176.9	171.2	218.0
West	195.8	194.0	192.1
Total	372.7	365.2	410.1

storage figures are in Bcf



Florida Power & Light Company confirmed the need to increase its power resources beginning in 2009 to respond to significant growth occurring in Florida, particularly in South Florida. In 2004, FPL added more than 100,000 new customers. Forecasts for increased customer use of electricity and growth are expected to continue

throughout the coming decade. FPL calls for adding four new generating units as outlined in its annually updated, ten-year plan, which was filed with the Florida PSC in April. The first two units are 1,100 Mw natural gas-fired combined-cycle generating units expected to come online in western Palm Beach County in 2009 and 2010. The other two units, 850 Mw advanced technology coal generating units are expected online in 2012 and 2013 in St. Lucie County.

ECONOMIC NEWS

The Conference Board reported Thursday that its composite index of leading indicators rose 0.1% in July to a reading of 138.3, a gain expected by economists. The advance represents a cooling from the upwardly revised 1.2% increase seen during June. The leading index has increased by a 2.2% annual rate over the last half year, and the forward momentum is broad based, the report said.

MARKET COMMENTARY

The natural gas market opened down 15 cents on continued selling from Wednesday in overnight and early morning Access trading. This bearish momentum was further fueled by today's EIA storage report topping the street's expectation of a 45 Bcf injection, with a 52 Bcf injection for last week. The market sold off down to the 9.00 level where it paused for consolidation before breaking through that level at midday, and selling down to a low of 8.85, a 38% retracement from the 9.91 high 5-days ago. Natural gas remained under 9.00 the remainder of the day and settled down 46 cents at 8.928, the biggest one-day decline since April 27, with a very strong 88,000 contracts booked on the day.

Along with the better than expected storage figure, Weather Derivatives reported that cooling needs nationwide will tumble to 20% below average by the middle of next week. Forecasts are signaling that the heat of July and August is behind us and as a result, natural gas is looking at its first weekly decline in a month. Technically, the market has gapped lower signaling a trend change and save a return to sizzling temperatures or a hurricane into the western portion of the Gulf, downside targets of another \$1 is on the horizon. We see resistance at today's gap of \$9.29-\$9.38 and above that at \$9.50. Support we see first at \$8.85 followed by \$8.50 and \$8.226. Much further support we see at \$7.185, the low from July 25.