



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 25, 2005

NATURAL GAS MARKET NEWS

FERC on Thursday called on the U.S. Fish and Wildlife Service (FWS) and National Oceanic and Atmospheric Administration (NOAA) to expedite their review of a \$333 million project to replace aging natural gas delivery capacity on Williams' Northwest Pipeline in western Washington State.

Tankers laden with liquefied natural gas (LNG) navigating the waters of Narragansett Bay in Rhode Island would hurt the state's economy by interfering with recreational boating, the seasonal tourism trade, commercial fishery operations, ferry operations and cruise ships, according to studies released this week.

NorthWestern Energy's natural gas customers in Montana are bracing for a 27% increase to their monthly bills beginning in September, which not only reflects rising fuel costs but also the lack of a credit that had been deducted from statements over the past year.

Generator Problems

ERCOT— W A Parish Electric Generating coal-fired unit #8 will start up after being shut down for un-planned boiler tube leak repair.

MAAC— Mirant Corp. announced that it will temporarily halt power production at all five units of its Potomac River Generating Station by August 24 due to a recent study that showed poor air quality in the area immediately surrounding the plant.

MAIN— Exelon Generation Company said its 900 Mw Dresden #3 nuclear unit scaled back to 75% from 95% today to safely swap the off-gas trains. Dresden #2 remains at full power.

The NRC reported that U.S. nuclear generating capacity was at 94,461 Mw down .22% from Wednesday and down 2.38% from a year ago.

EIA Weekly Report

	08/19/2005	08/12/2005	Net chg	Last Year
Producing Region	746	737	9	780
Consuming East	1452	1406	46	1481
Consuming West	377	372	5	341
Total US	2575	2515	60	2602

*storage figures in Bcf

PIPELINE RESTRICTIONS

El Paso Natural Gas Company said it has cancelled a strained operating condition on a small portion of its natural gas pipeline in the Southwestern U.S. El Paso had issued the warning the past two days this week amid hot weather that stretched supplies. El Paso said linepack, or the inventory of gas in the pipeline at

any given time, was declining as a result of withdrawals that were in excess of scheduled volumes. In addition, the company's Washington Ranch gas storage facility near Carlsbad, New Mexico, was operating at maximum withdrawal capacity. Shippers are urged to bring supplies and demand into balance to minimize the duration of the strained condition and maintain system integrity.

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.

PG&E California Gas Transmission has called a customer-specific operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of low gas supplies on its system.

Weekly Storage Report

19-Aug-05 12-Aug-05 20-Aug-04

East	185.2	176.9	231.6
West	199.5	195.8	197.2
Total	384.7	372.7	428.7

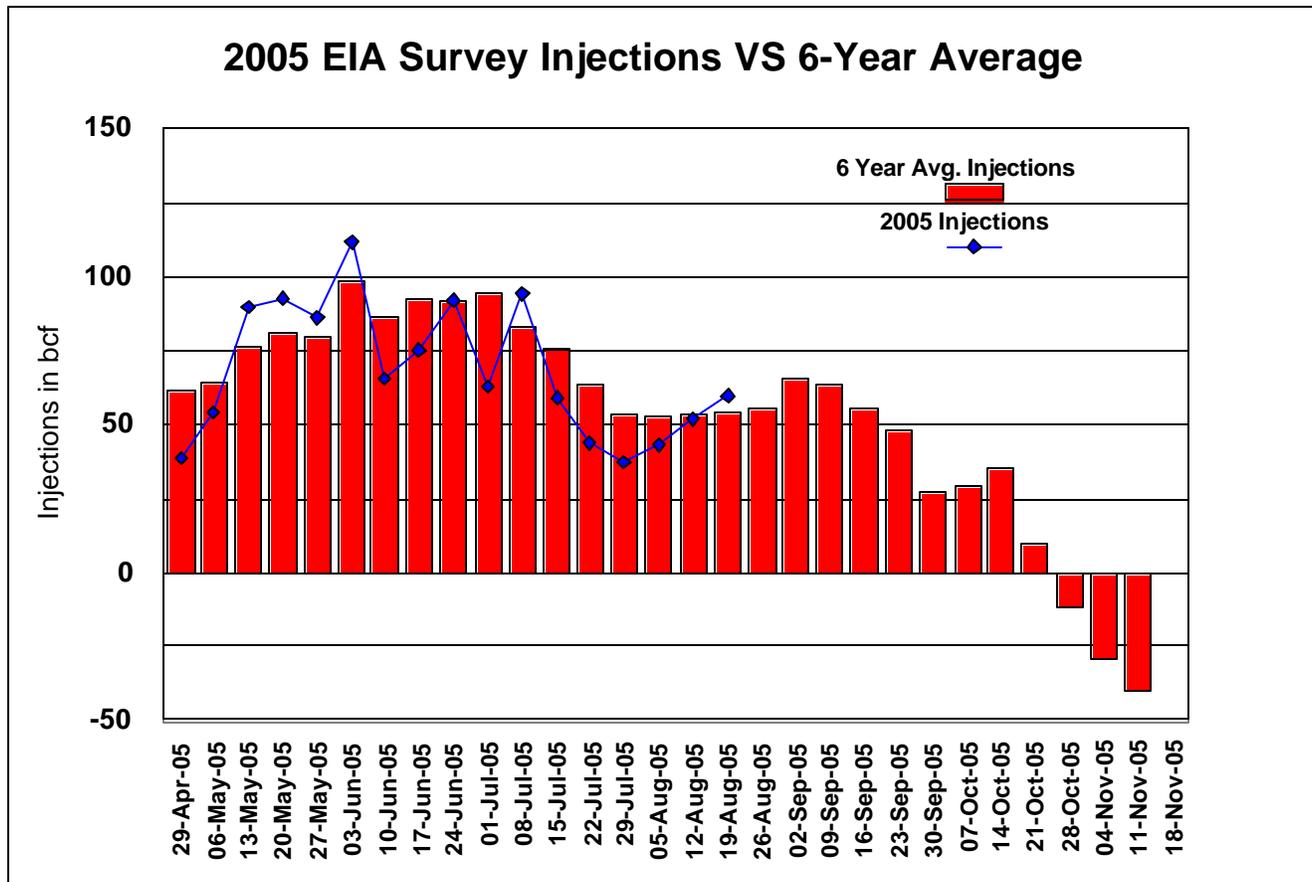
storage figures are in Bcf

PIPELINE MAINTENANCE

Northwest Pipeline said that while completing Vernal District Anomaly Digs, several anomalies were found on the mainline just south of the Rangely Compressor Station. After inspection, NWP has chosen to replace several segments of affected pipe. The segments are located in two separate valve sections of the mainline and will require two 24-hour outages to complete.

Panhandle Eastern Pipeline Company said that the outages for anomaly repairs downstream of Haven have been postponed. Based on current levels of increased pipeline utilization and throughput, Panhandle will continue to schedule off all interruptible nominations upstream of Tuscola until further notice.

Texas Eastern Transmission Corp. said that the completion date for the pipeline work that is ongoing on the Wilcox system has been delayed by one day. The work is now scheduled to be completed late Friday, August 26. Meter stations upstream of Charco compressor station that are currently shut in may resume flow at 9:00 AM ET August 27.

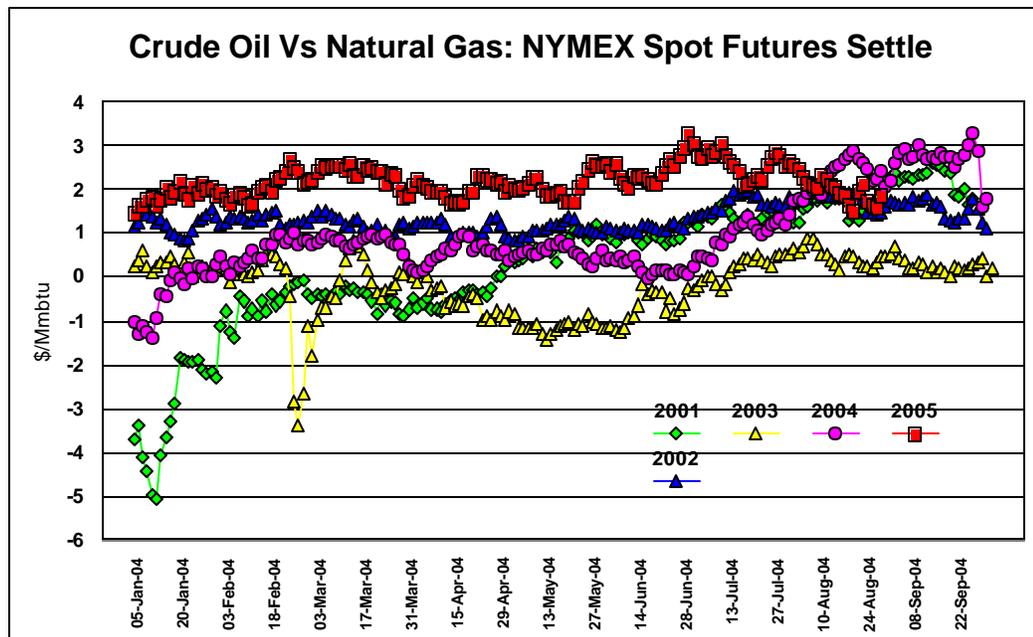
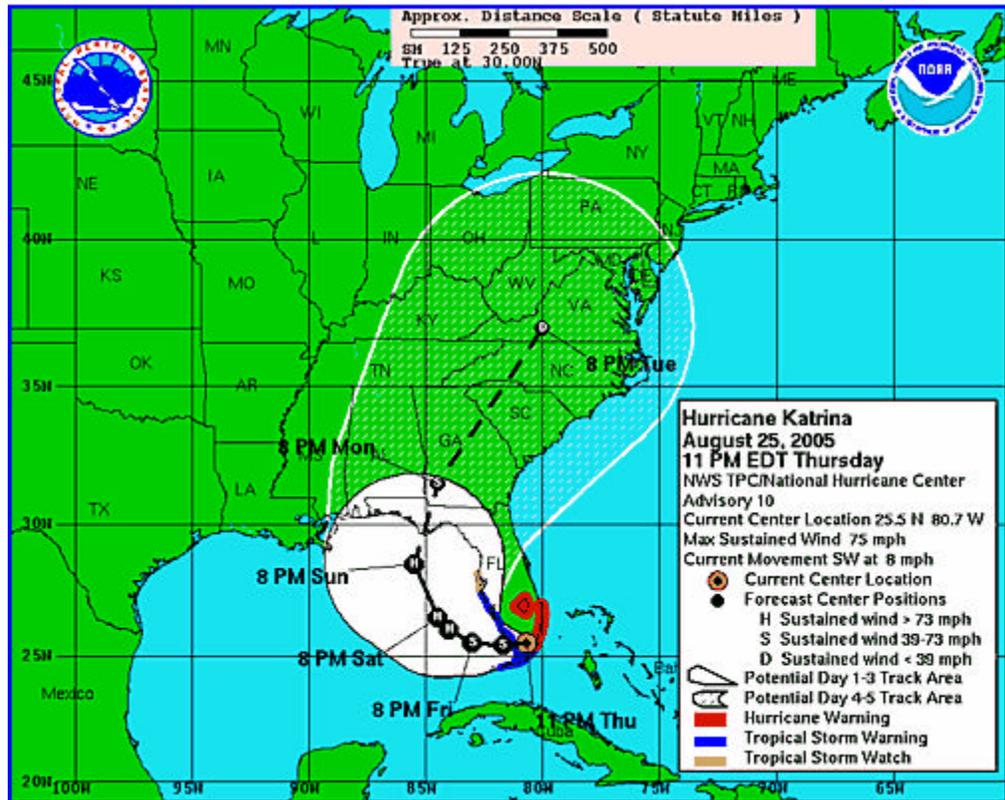


ELECTRIC MARKET NEWS

Florida Power & Light prepared its two Florida nuclear power stations – St. Lucie and Turkey Point – for the approach of Tropical Storm Katrina. FPL declared an unusual event, the lowest of four emergency classifications used by the NRC, due to the expectation of hurricane-force winds within 24 hours. To prepare a nuclear plant for a hurricane, the operator battens down or removes anything that could become a projectile, tests emergency diesel generators and prepares for heavy surf, among other things. All of the reactors were operating at full power early today but could be shut down if hurricane-force winds approach the sites. The wind could damage the transmission system and other equipment outside the reactor buildings but not the reactors themselves.

Also, FPL said it was bracing for numerous power outages since Katrina will likely strike an urban area with significant electrical infrastructure exposure.

Nuclear Regulatory Commission officials say the renewal of the Oyster Creek nuclear plant license hinges on whether the plant can be operated safely. The current operating license for Oyster Creek expires on April 9, 2009. Last month, plant owner Amergen submitted an application for the renewal of the license for up to an additional 20 years. The review process consists of four major components – a safety review, plant inspections, an



independent review by the Advisory Committee on Reactor Safeguards, and an environmental review.

By a more than 2-to-1 margin, Americans now back the development of nuclear power as an alternative to increasingly expensive energy sources like oil. The results of the poll found that 55% now want the U.S. to move towards nuclear energy, with just 24% opposed. That's a hefty jump from last

month when the margin supporting nuclear was 44% to 35%.

MARKET COMMENTARY

The natural gas market opened down over 27 cents on news of Katrina missing the Gulf's production center, and in anticipation of the EIA's storage report. The street was anticipating an injection of 56 Bcf and for the second

straight week, the figure topped expectations coming in with a 60 Bcf storage injection. The market sold down to its low of the day at 9.40 and found support bouncing off that level for the remainder of the morning. At midday, in reaction to the oil complex, the natural gas bulls stepped in and bid the market back above the opening level to the day's high of 9.82 right before the close. The market still settled down on the day at 9.77, off just over 21 cents with 74,000 contracts booked.

Traders will continue to follow Katrina looking for any change in her direction to guide their trades. Elsewhere however, temperatures have become more mild except in Texas, and that has helped to bring the physical natural gas prices back down to earth. We see resistance at \$10.02 and \$10.10. Support we see initially at today's low of \$9.40 followed by the gap at \$9.20-\$9.37 from last weekend. Further support we see at \$8.85.