



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR AUGUST 30, 2005

NATURAL GAS MARKET NEWS

U.S. natural gas pipeline operators said that suppliers flowing on their systems were still sharply curtailed by Gulf of Mexico producers who shut down offshore rigs ahead of Hurricane Katrina. While only minor storm damage had been reported so far to offshore platforms or pipelines, most still had not even been visually inspected, and industry sources said it could take up to a week to assess fully the impact of Katrina. The Gulf South pipeline reported that between 500 MM and 600 MMcf/d of gas supply was still cut on the pipeline. Several other natural gas pipeline operators were still reporting significant supply reductions on their systems. The largest cut was reported by Williams Cos., which said nearly 1.4 Bcf/d of supply was still shut in on its transcontinental pipeline system, down from 1.5-1.8 Bcf/d Monday. Duke Energy's 5.9 Bcf/d Texas Eastern pipeline has about 380 MMcf/d still shut in, down from 400 MMcf/d.

Southern Natural Gas Pipeline said it has seen a reduction of over 850 MMcf/d in flowing supply as a result of Hurricane Katrina.

Stone Energy announced that due to the adverse weather conditions associated with Katrina, all offshore drilling and production activities in the Gulf of Mexico were suspended as of August 28. Net daily production of approximately 240 MMcf/d was shut in.

GlobalSantaFe Corp. reported that it has accounted for all five of its drilling rigs that were in the direct path of Katrina. Newfield Exploration Co. announced initial findings of an aerial survey of its operations in the eastern Gulf of Mexico. The company's "A" production platform at Main Pass 138 appears to have been lost in the storm. All other Newfield operated structures flown over appear to be intact. Diamond Offshore Drilling reported that the jack-up drilling rig Ocean Warwick could not be found on its drilling location during a search by aircraft. The semisubmersible drilling rig Ocean Voyager broke free from its moorings in the aftermath of Katrina and has been located approximately 9 miles north of its pre-storm location on Mississippi Canyon Block 711. Noble Corp. reported that its semisubmersible Noble Jim Thompson, contracted to Shell Exploration & Production, broke away from its mooring lines and has moved approximately 17 miles north-northeast from its original location.

Generator Problems

ERCOT— TXU Corp. will restart the 553 Mw Sandow #4 coal-fired unit August 31. The unit shut August 29-30 to repair a boiler tube leak.

MAIN— Exelon Generation's 800 Mw Dresden #2 nuclear unit was operating at 77% early today, down from 99% power yesterday. Dresden #3 continues to operate at 99% power.

SERC— Entergy Corp.'s 1,263 Mw Grand Gulf nuclear unit dipped to 75% of capacity by early today as Katrina moved in. It stopped reducing output when the storm moved away. The unit was at full power yesterday.

Entergy Nuclear decreased production to 90% at its 966 Mw River Bend nuclear unit as Katrina came through.

WSCC— Arizona Public Service's 1,243 Mw Palo Verde #1 nuclear unit ramped up to 98% capacity by early today. Yesterday, the unit was operating at 18% after exiting an outage. Palo Verde #2 returned to full power and #3 continues to operate at 99% capacity.

The NRC reported that U.S. nuclear generating capacity was at 94,477 Mw up .65% from Monday and down 1.63% from a year ago.

Devon Energy Corp. said it has begun sending out production and drilling workers to its central Gulf of Mexico production facilities and has begun damage assessments for its eastern Gulf properties.

The Minerals Management Service reported that natural gas shut in production has increased to 8.798 Bcf/d, 87.99% of the daily production of gas in the GOM.

The Farmers' Almanac released its much-followed 2005-2006 winter forecast, using its proprietary formula. Here is the forecast for the U.S.: Northeast: very cold and lots of snow; South: Cold; Mid-Atlantic: Cold; Great Lakes and Midwest: Snowy but mild; Rockies and the Great Plains: Drier than normal; Pacific Northwest and Lower Texas: Wetter than normal.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that nominations sourced on the Nora Line have been restricted to the capacity of the line. No increases in physical receipts sourced on the Nora line will be accepted.

Florida Gas Transmission said that due to hot temperatures and reductions in line pack due to Hurricane Katrina, it is issuing an Overage Alert Day at 5% tolerance.

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 Koran Station, Montpelier to Kosciusko, Kiln to Mobile, East Texas, and Bayou Sale-Napoleonville.

Iroquois Gas Transmission System said that due to the system being at capacity through the Athens Compressor Station, current loans, I.T. and ER/ED downstream of Athens are subject to allocation through the August 30 gas day. Receipts at Brookfield will be available.

Kern River said line pack has returned to normal levels throughout the system. However, Kern River would encourage operators to continue to stay on rate so it can work on imbalances that are out of tolerance.

KM Interstate Gas Transmission said it is at capacity for receipts from Burlington Resources Lost Cabin. Depending on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled. KMITG is also at capacity at the Casper Compressor Station and Northern Natural Milligan.

Natural Gas Pipeline Company of America said Segment 17 is at capacity today. BP Hutchinson is at capacity for deliveries. Natural is also at capacity for gas received in Segment 1 for northbound flow through Compressor Station 155 in Wise County, Texas. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes. Deliveries to Columbia Gulf Chalkley are at capacity.

Texas Eastern Transmission Corp. said that in response to Hurricane Katrina, it has restricted receipts coming from the Venice and Cameron systems. Tetco will continue to take action to ensure physical receipts are commensurate with physical deliveries. Shippers are reminded to closely monitor their supply in the event of interruption due to the storm. The 24-inch system between Longview and Batesville has been sealed to capacity. Receipts between Longview and Batesville will not be accepted.

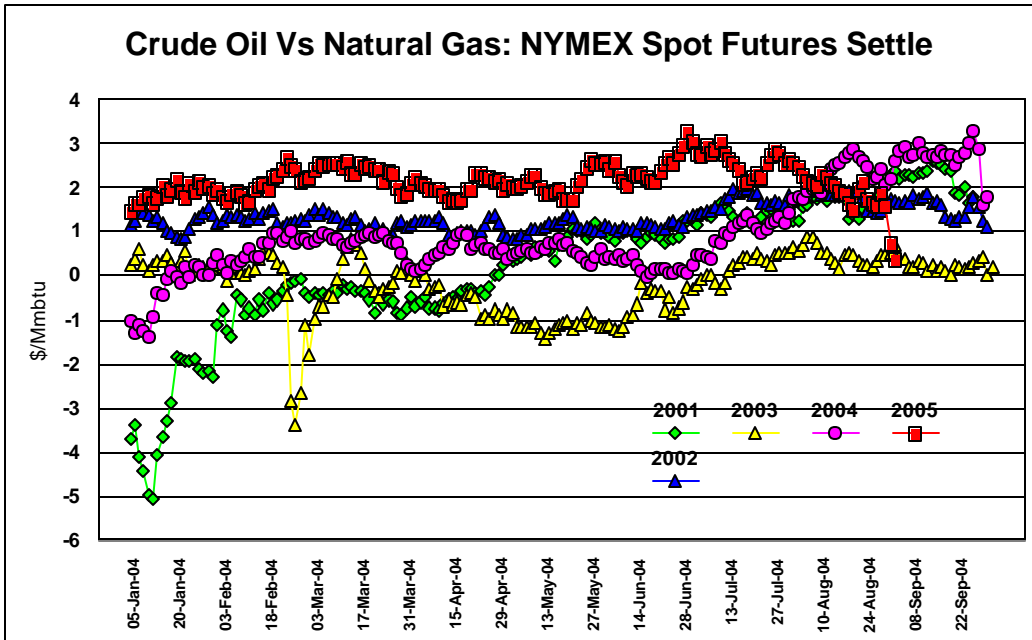
Trunkline Gas Company said that due to Hurricane Katrina, shippers will be required to move their receipt nominations to supply points at which flowing volumes can be confirmed and measurement verified. Delivery nominations will only be scheduled to match confirmed receipts. Shippers and TABS parties are reminded to provide rankings on their nominations.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Seligman maintenance scheduled for August 29-30 has been postponed. Ongoing maintenance at Window Rock on those days will cause a reduction of North Mainline capacity of 35 MMcf/d, instead of 85 MMcf/d. Dumas maintenance scheduled for August 29 through September 1 has also been postponed. There will be no reduction of capacity from Dumas – East on those days.

National Fuel Gas said that the Concord Unit #5 will be shutdown for minor repairs August 31 between 6:00 AM ET and 5:00 PM. This could affect interruptible and/or secondary transportation through Concord Station for Wednesday August 31.

Northwest Pipeline Corp. said that due to a mechanical failure, Northwest Pipeline must complete unplanned maintenance at the Oregon City compressor station. Onsite personnel have returned unit #2 at the station to service but are continuing to work on unit #1, which may require an additional 10 days to repair. NWP has a mobile Saturn compressor package at Oregon City, that when operated in combination with one of the permanent units at Oregon City, brings the capacity to 213 MMcf/d. During the maintenance, NWP will reduce capacity at the Oregon City compressor station to 213 MMcf/d. For gas day today, the scheduled quantity after the Timely cycle totaled 151.3 MMcf/d. Therefore no capacity cuts are expected during the maintenance.



ELECTRIC MARKET NEWS

More than 2.7 million electricity customers were still without power today after Hurricane Katrina pummeled the Gulf Coast and moved into the Tennessee Valley.

Utility operator Entergy said recovering from Hurricane Katrina would be a “long and difficult restoration process” as it faced more than 1 million homes and businesses without

power. The task of bringing back service was complicated, Entergy said, by the fact that large emergency repair crews activated in these circumstances are tied up in Florida helping FPL Group and others recover from their own earlier encounter with Katrina.

The NRC said it is working closely with operators at three nuclear plants to ensure continued safe and secure operations in the aftermath of Katrina. Grand Gulf and River Bend were both operating at reduced power this morning. Waterford 3 was shut down prior to the storm.

The NRC has renewed the operating licenses of the Cook nuclear plant, units #1 and #2, for an additional 20 years.

MARKET COMMENTARY

The October natural gas contract opened up over 41 cents at 11.55 as its first session of trading as the front month contract as news trickled in about the damage caused by Katrina. The MMS increased its shut in natural gas supply, lending a boost to the market. The market traded in a 50 cent range between 11.50 and 12.00. As the oil complex rallied on potential damaged refinery news, natural gas stayed in its range, and settled up 52 cents at 11.659, with a very strong 90,000 contracts booked on the day.

Natural Gas will remain at these elevated levels until production starts significantly coming back on line. It is a very jittery market, and there is no official timeline for getting reports back from production companies. The spike in prices has narrowed the gap between natural gas and crude to well under \$1/MMBtu. Resistance is initially at \$12.00, but any further shut in capacity could easily breach that level. At these new levels, technical points take

second to fundamental supply issues. Support we see initially at today's low \$11.50, followed by yesterday's low of \$10.65. Further support we see at \$10.50 and \$10.00.