



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR SEPTEMBER 14, 2005

NATURAL GAS MARKET NEWS

Despite gas prices hovering near \$11 currently and averaging \$7.17/MMBtu so far this year (Henry Hub cash bidweek) mainly on fears of a supply shortage, the Potential Gas Committee's latest report on the nation's gas resources shows a total available gas resource of 1,308.3 Tcf, or nearly 70 years of gas supply produced near the current annual rate. The problem, according to the American Gas Association (AGA), is accessing that supply.

Offering no respite from the current tightness in the natural gas market and the off-the-chart high prices, the United States could be in for a "Polar Coaster" this winter, according to the 2006 *Farmers' Almanac*.

The Minerals Management Service reported that Gulf of Mexico natural gas production increased slightly today, with only 3.518 Bcf/d shut-in, or 35.18% of total daily production.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to hot temperatures and reductions from Hurricane Katrina shut-ins, it is issuing an Overage Alert Day at 15% 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 East Texas – Koran Area; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; West 30 North; Montpelier to Kosciusko; Kiln to Mobil; East Texas; and Bayou Sale to Napoleonville.

Gulfstream Natural Gas System said that it continues to experience low line pack levels, so it is issuing an Action Alert to protect the integrity of its system. This Action Alert began yesterday and will remain in effect until further notice.

Generator Problems

MAAC— Exelon Corp.'s 1,112 Mw Peach Bottom #2 nuclear unit ramped up to 82% of capacity by early today. Yesterday, the unit was operating at 43%. Peach Bottom #3 continues to operate at 88% as it coasts down for a refueling outage.

PSEG Nuclear scaled back output to 80% early this morning at its 1,100 Mw Hope Creek nuclear unit to perform planned maintenance. The unit was operating at full power yesterday.

MAIN— Exelon Corp.'s 850 Mw Dresden #2 nuclear unit started to exit an outage and ramped up to 9% of capacity by early today. Dresden #3 continues to operate at full power.

NPCC— Entergy Corp.'s 825 Mw FitzPatrick nuclear unit automatically tripped today due to low reactor vessel water level during planned maintenance. Yesterday, the unit was operating at full power.

SERC— Entergy Corp.'s 1,089 Mw Waterford #3 nuclear unit in Louisiana exited its Katrina outage and ramped up to 68% of capacity by early today.

WSCC— Southern California Edison Co.'s 790 Mw Mohave #1 coal-fired power station returned to service by late yesterday. The unit shut September 8 for unplanned reasons.

The NRC reported that U.S. nuclear generating capacity was at 93,165 Mw up .015% from Tuesday and up 3.05% from a year ago.

Natural Gas Pipeline Company of America said that capacity is available in Segment 18 for gas received to be transported eastbound. ITS/AOR and Secondary out-of-path transport volumes are available. Segment 18 is located in the South Texas-Gulf Coast Zone in Jim Hogg County, Texas

Texas Eastern Transmission said that gas sourced in STX, ETX for delivery outside of these zones have been restricted to capacity. M1 24-inch has been sealed to capacity. Increases in physical receipts between Mont Belvieu and Fagus will not be accepted.

TransColorado Gas Transmission said it has limited capacity available for receipts from Williams Production Raccoon Hollow. Depending on the level of nominations, IT/AOR and secondary volumes may be scheduled.

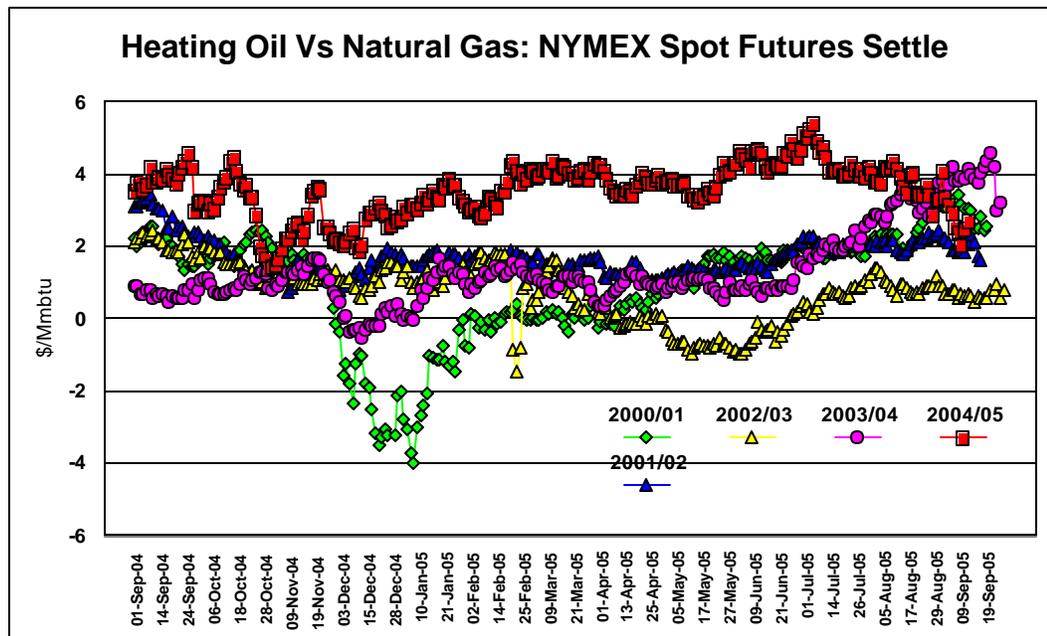
PIPELINE MAINTENANCE

Kern River Pipeline said that TEPPCO has scheduled maintenance at their Falcon Station in the Jonah Gathering Field for September 14 and September 21. Each day's work will require an estimated curtailment of 325 MMcf. Because most of the gas comes to Kern River either through the Opal or the Pioneer Receipt Points, there will be an impact to Kern shippers, said the company.

National Fuel Gas said it has scheduled pipe replacements on line L between Warren, Pennsylvania and the three-point station that may restrict receipt from production points into the line from September 13 through October 7. Texas Eastern Transmission Corp. said that Fall cleaning pig runs between Provident City and Joaquin that were previously scheduled from September 15-19, will now take place on September 18 and 19 only. Receipts on the 24-inch system downstream of Longview will be restricted, and receipts between Huntsville and Longview will have extensive restrictions. All receipts on the 20-inch line between Joaquin and Longview must be shut in for the duration of the maintenance. These pig runs are now scheduled for September 20-26.

Williston Basin Interstate Pipeline Company said that the Baker South Compressor Station Unit #1 will be down until 12:00 PM MT today. Point ID 04018 Baker Area Mainline will be affected by approximately 1.3 MMcf for today's flow. This announcement came in addition to news yesterday that the Baker South Compressor Station

Unit #2 would be down periodically on September 12-13 due to unplanned maintenance. The earlier announcement affected Point ID 04018 Baker Area Mainline by approximately 4.5 MMcf for gas day September 13.



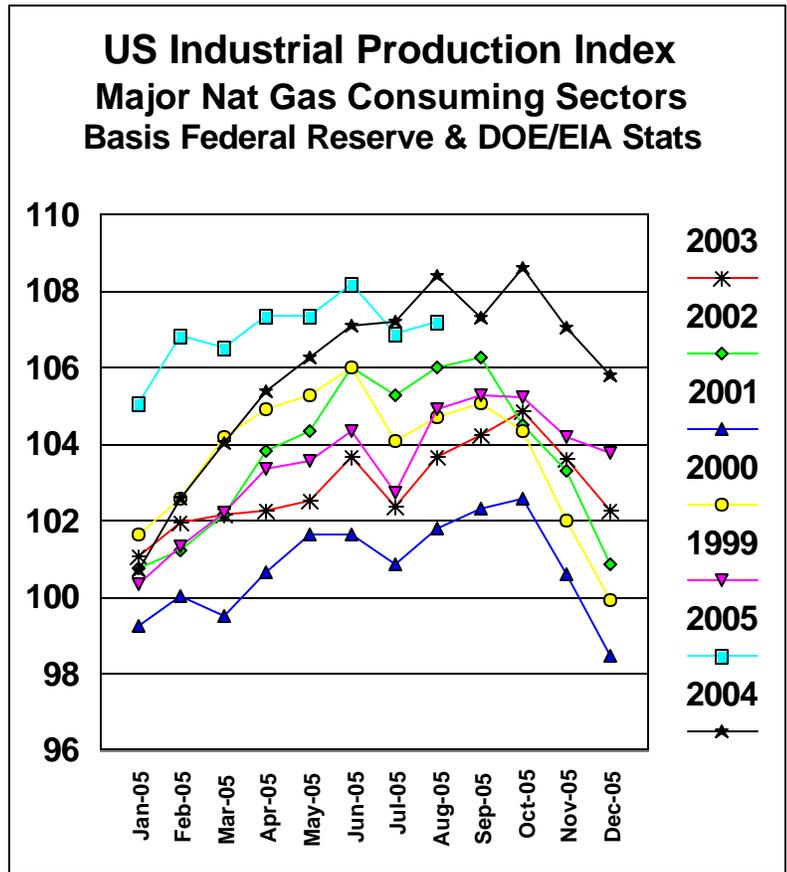
ELECTRIC MARKET NEWS

Progress Energy Carolinas reported that approximately 34,100 of its customers lost power as wind and rain

from Hurricane Ophelia swept along the Carolinas' coast. Most of the outages were concentrated in the utility's eastern service area, near the coast. It is still not known whether the company's transmission system had sustained any significant damage.

Texas regulators are scheduled to hold an emergency meeting Wednesday to discuss the extent to which the state's electric retail providers should be able to recover post-Hurricane Katrina increases in natural gas prices in their electric rates. A number of utilities already have pledged not to include Katrina price spikes in their calculations.

Fewer than 400,000 electricity customers still lacked power 16 days after Hurricane Katrina pummeled the U.S. Gulf Coast in Louisiana and Mississippi. About 319,000 of the homes and businesses in Louisiana, or 29%, remained without power, while Mississippi had about 84,000 customers still with no service.



Duke Energy said it expects to generate more than \$500 million in cash in its exit from its merchant generating business, Duke Energy North America. The company also said that it plans to sell DENA's generating assets in the Western and Northeastern U.S. separately from the unit's trading book, which it expects will facilitate deals. The company has had problems selling the DENA assets due to the size and complexity of some positions in the trading book. Duke said that proceeds from the sale of generating assets are expected to more than offset projected losses from exiting the unit's trading book.

Duquesne Light of Pittsburgh announced that it is investing more than \$500 million in the region's electric infrastructure to replace aging circuits and equipment and to improve power capacity. Duquesne Light is replacing facilities and electric equipment that have served residents of Allegheny and Beaver counties for decades, but now are nearing the end of their useful operating lives.

ECONOMIC NEWS

The industrial production figure released today showed that output from U.S. factories, mines and utilities rose by a smaller-than-expected 0.1% in August as Hurricane Katrina curtailed production at the end of the month. The street had forecast a 0.3% rise in output. For those industrial sectors that as a group account for the majority of natural gas industrial demand, there was a 0.3% expansion in August versus July on a non-seasonally adjusted basis. But when compared to a year ago the group's overall activity was some 1.12% lower. The primary metal sector should the greatest decline on a year on year basis, off nearly 8% from a year ago.

U.S. retail sales suffered the sharpest drop in more than three years during August as plunging demand for cars overwhelmed higher gasoline station receipts. Retail sales decreased a seasonally adjusted 2.1%, after climbing an unrevised 1.8% in July, the Commerce Department reported. The sales decline was the sharpest since demand tumbled 2.9% in November 2001. It was also a more severe drop than the 1.3% economists had expected.

MARKET COMMENTARY

The natural gas market opened up 21 cents as the petroleum complex began to rebound ahead of its inventory figures. The continued slow recovery of Gulf gas production also lent support to the market, which broke out of its down ward trend since the Katrina spike. The mixed inventory figures shot the markets to their daily lows and

they then rebounded quickly and continued their upward trend from overnight. Natural gas posted the day's low at \$10.90 after the figure and then rebounded back above the \$11.00 level. Natural gas traded on either side of the \$11.00 level for the remainder of the session and then rallied to the day's high of \$11.20 on the close, mirroring the oil complex. Natural gas settled up over 40 cents at \$11.166.

Tomorrow's EIA Storage report is the first real report reflecting what producers have been able to bring back on line since Katrina shut-in almost 90% of daily production. The street is looking for an injection of around 59 Bcf, well below last year's injection for this week of 99 Bcf. We see support initially at \$11.00 followed by \$10.65. Further support we see at \$10.01. On the upside, we see resistance first at \$11.38, followed by \$11.47 and \$11.80. More distant resistance we see at \$12.25.