



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 21, 2005

NATURAL GAS MARKET NEWS

The National Hurricane Center said as of 5:00 PM ET today, Hurricane Rita has increased into at category 5 storm with sustained winds of 165 mph. The storm is tracking west at 13 mph and is 677 miles east-southeast of Corpus Christi.

Williams Cos. said that U.S. Gulf of Mexico producers had cut about 520 MMcf/d of natural gas supply from its huge Transco pipeline system due to Hurricane Rita.

El Paso Corp. said it intends to shut-in all of its Gulf of Mexico production by late today due to the incoming Hurricane Rita. The company also should complete evacuations of 180 workers, including contract employees from its Gulf of Mexico production sites by today. El Paso's production in the Gulf, which was 205 MMcf/d a day before Katrina, now is running nearly 170 MMcf/d. On its two southern pipelines, curtailments of gas by producers feeding into the Tennessee Gas Pipeline remains around 650 MMcf/d and 550 MMcf/d at Southern Gas Pipeline.

The Minerals Management Service reported that 4.713 Bcf/d of Gulf of Mexico natural gas production has been shut-in in anticipation of Hurricane Rita. That is equivalent to 47.13% of the daily gas production in the Gulf. Yesterday, 35% was shut-in.

Nigeria's LNG plant has resumed normal production after the repair of leaks on its main line transmission pipeline that led to a cut in output last month. The leaks had ignited a 3-day fire that forced the Nigerian LNG Company to shut down two of three gas production trains, and declare a force majeure in August. Nigerian LNG's train four, which is under construction, is running well ahead of its scheduled commissioning next month. Output is set to climb 70% to 18 million tonnes by the middle of next year.

The NYMEX again increased its margin rates for natural gas futures. Margins for the first two months for non-member customers increased from \$13,500 to \$17,550. Margins for the third and fourth months increased from \$13,500 to \$16,875.

PIPELINE RESTRICTIONS

Generator Problems

MAAC— Exelon Generation Company returned production to full power at its 1,143 Mw Limerick #2 nuclear unit today. Limerick #1 remains at full power.

MAIN— Exelon's 1,120 Mw Byron #2 nuclear unit is operating at 80% today as it coasts down for a refueling. The unit was at 92% yesterday. Byron #1 remains at full power.

SERC— TVA's 1,100 Mw Browns Ferry #3 ramped output to 85% capacity today. The unit was at 80% yesterday. Browns Ferry #2 remains at full power.

Canada— Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired power station shut early today. The unit was available for service yesterday.

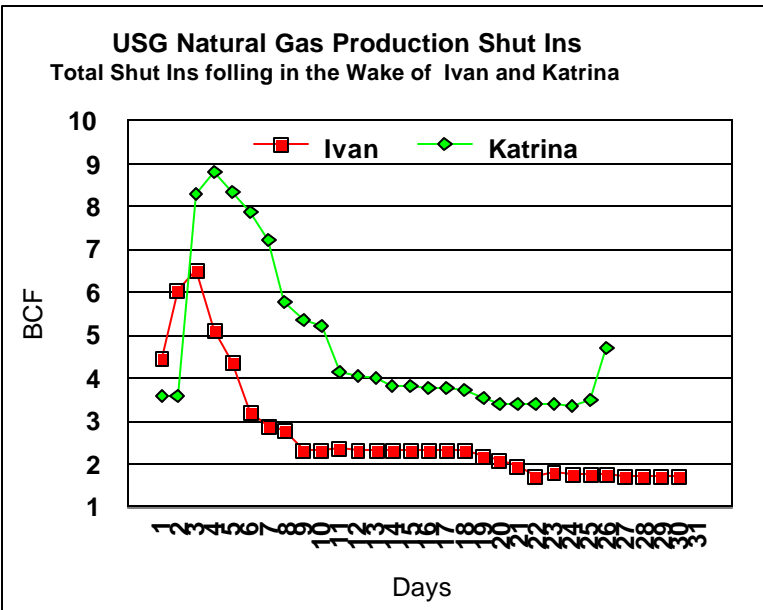
The NRC reported that U.S. nuclear generating capacity was at 89,721 Mw up .21% from Tuesday and down .11% from a year ago.

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 Hall Summit, 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 Mobile; East Texas; and Bayou Sale to Napoleonville.

Florida Gas Transmission said that due to hot temperatures Hurricane Rita shutting in receipt volumes, it is issuing an Overage Alert Day at 25% tolerance.

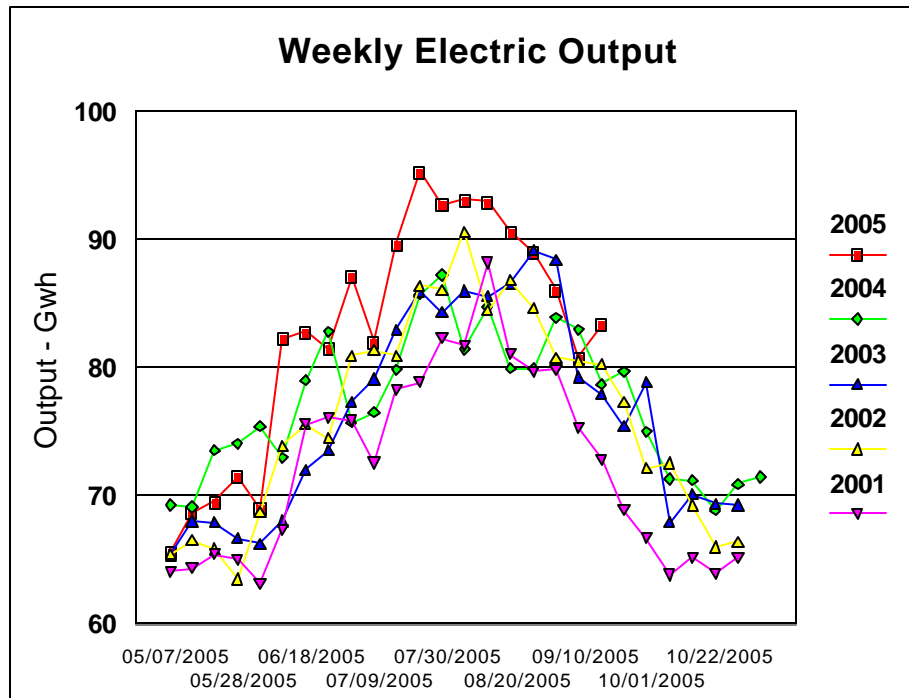
Gulfstream Natural Gas System said that with official weather sources currently projecting Rita to move through the Gulf, flowing supplies of gas into Gulfstream may be impacted. Gulfstream requests that shippers closely coordinate with their suppliers to ensure scheduled services match actual service requirements.

Texas Eastern Transmission Corp. said that it has restricted ETX and the M1 24-inch through the Fagus compressor station due to the scheduled cleaning pigs between Joaquin and Longview. Nomination increases between Joaquin and Fagus will not be accepted



PIPELINE MAINTENANCE

ANR Pipeline Company said it has completed the engine maintenance on its Patterson Compressor Station and the associated capacity restriction has been lifted.



PG&E California Gas Transmission scheduled duct work on the Burney Compressor for September 30. Capacity on the Redwood Line will be reduced to 1,995 MMcf/d, 96% of capacity.

Williston Basin Interstate Pipeline Company said that due to unscheduled maintenance near the Little Beaver Compressor Station, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 250 to 500 Mcf on September 22.

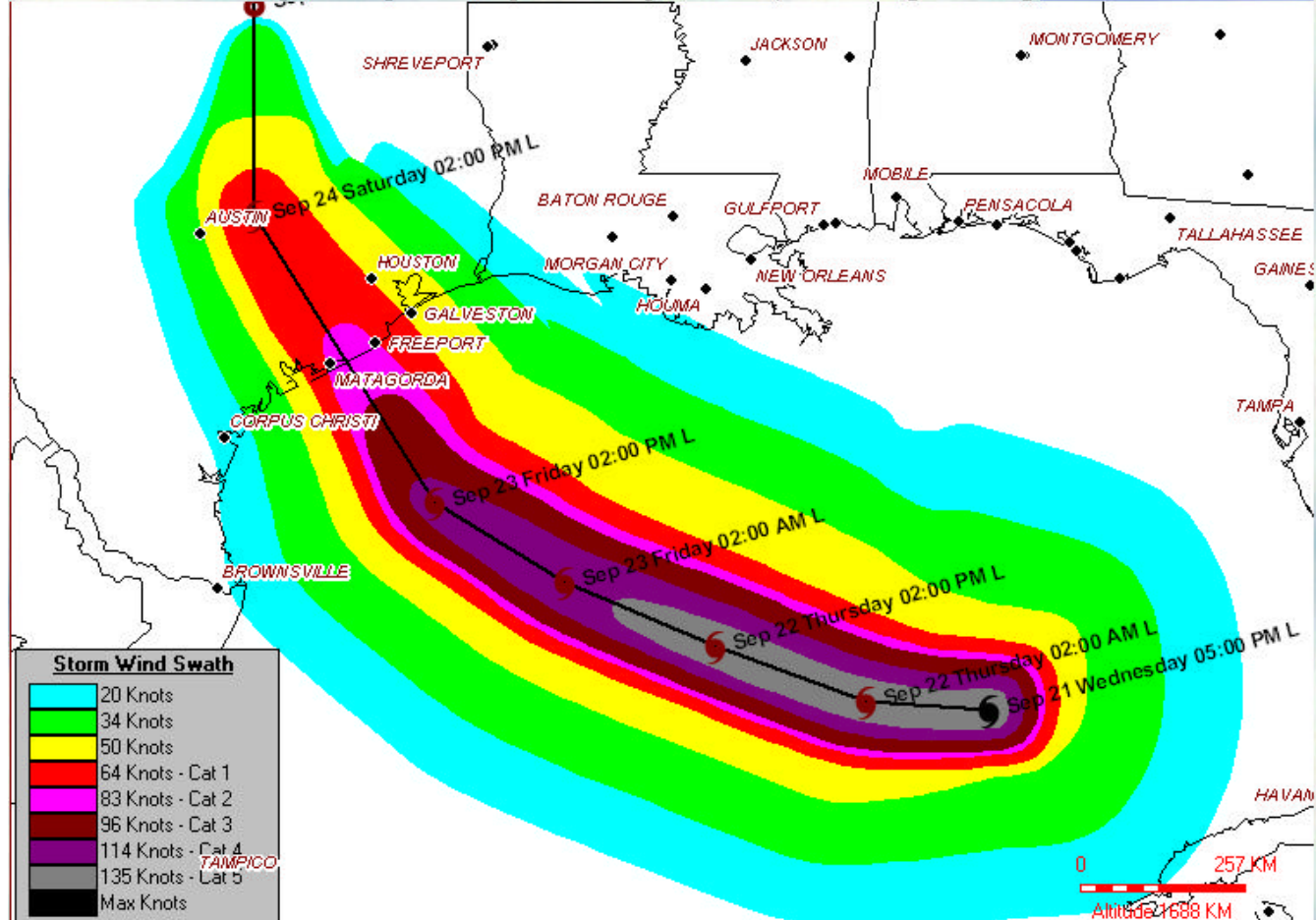
ELECTRIC MARKET NEWS

The U.S. Nuclear Regulatory Commission initiated a special inspection into leakage from the spent pool an Entergy Corp.'s Indian Point #2 nuclear unit. The NRC said the leakage was minimal and does not pose any immediate health or safety concern for members of the public or plant workers. During recent excavation work, several hairline

cracks on concrete walls surrounding the spent pool were identified. The leakage has been very small – less than a pint a day. Samples of soil near the leakage indicate that radioactive contamination is limited to an area in close proximity to the cracking.

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended September 17 climbed 4.6% from the same 2004 week to 83,365 GWh. For the first 38 weeks of the year, production increased 3.6% from the same period last year. For the 52 weeks ended September 17, production rose 3.4% from the corresponding period in 2004.

Wind Swath Forecast Updated 5 pm EDT/4 pm CDT September 21, 2005 Designed Using [Global Tracks Software](#):



As of 8:00 PM ET last night, Florida Power and Light said it has restored service to 122,600 customers in South Florida leaving 3,400 customers without power. FPL expects to essentially complete restoration to all customers by tonight with most still out of service receiving power before then. A total of 126,000 customers have been affected by Hurricane Rita with 97% of those restored within 24 hours.

MARKET COMMENTARY

The natural gas market opened 55.8 cents stronger as Hurricane Rita had increased to a category 4 storm overnight. The market rallied to the day's high, and all time contract high of 13.15 at the open, but then in mirroring the oil complex, trended lower. The inventory figures for oil were bearish and that continued the markets slid to back fill the gap from the open. Natural gas traded down to the day's low of 12.55, filling in the gap from the open. The market then drifted back above 12.80 and moved sideways the remainder of the day as traders are waiting to see exactly where Rita ends up. The market came under pressure again at the close and ended the day up 10.2 cents at 12.594, will a meager 59,000 contracts booked on the day. The winter months showed more weakness, ended the day in the red, with the December contract off 6.9 cents at 13.463.

Shut-in production continues to rise ahead of Rita and even if the storm misses the natural gas infrastructure, that supply will be held up the next two days. The market is not going to move any lower here, until Rita is through with her game. Tomorrow's EIA storage report, though second to Rita, is still of importance looking ahead to winter. Estimates are ranging from a 59 Bcf injection to a 90 Bcf injection, with most estimates centered around a 73 Bcf injection. Last year saw an injection of 72 Bcf and the five-year average for this week is an 80 Bcf injection. We see resistance at \$13.15, \$13.45 and up above at \$14.00. We see support at \$12.30, \$12.21 and \$11.95, followed by \$11.63. Further support we see at \$10.69.