



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 23, 2005

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that Hurricane Rita remains a very dangerous Category 3 storm with sustained winds of 125 mph. The storm is due to make land fall late tonight or possibly early Saturday on the Northern Texas Coast near Port Arthur.

The NYMEX declared force majeure on September natural gas deliveries due to the closure of the Sabine Pipeline, which operates the key Henry Hub delivery point in Erath, Louisiana. On Thursday, Sabine shut down a pipeline ahead of Hurricane Rita's expected landfall along the Gulf Coast and declared a force majeure.

Williams Cos. said that U.S. Gulf of Mexico natural gas producers had cut about 1.5 Bcf/d of supply from its huge Transco pipeline system due to Hurricane Rita.

The Minerals Management Service reported today that 7.204 Bcf/d of natural gas production is shut-in in the Gulf. That is equivalent to 72.04% of the daily gas production in the Gulf.

The number of rigs working in the U.S. fell to zero this week as rig owners prepare for Hurricane Rita.

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 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 and Hurricane Rita shutting in receipt volumes, it is issuing an Overage Alert Day at 15% tolerance.

Natural Gas Pipeline Company of America said that Compressor Stations 342 and 343 have been shut-in in response to mandatory personnel evacuations ahead of Hurricane Rita. Compressor Station 302 is still operational at this time, but may be impacted in the near future. Additionally, Compressor Station 346 in Vermillion Parish, Louisiana is currently operational; however it may be impacted by future evacuation orders. The locations of the other stations are: Station 302 Montgomery County, Texas; Station 343 Liberty County,

Generator Problems

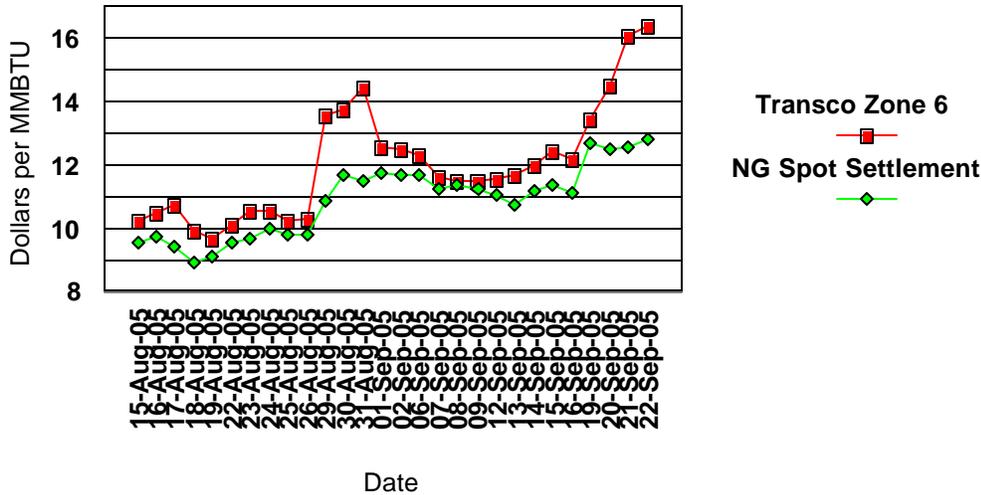
ERCOT— The 2,560 Mw South Texas nuclear station continued to operate as Hurricane Rita approached the coast. It does not appear that they will need to shut the plant, based on the latest projections on the hurricane's course.

MAPP— Nebraska Public Power District's 756 Mw Cooper nuclear unit shut by early today due to a degrading main condenser vacuum.. Yesterday, the unit was operating at full power.

SERC— The Tennessee Valley Authority increased output to 98% at its 1,100 Mw Browns Ferry #3 nuclear unit. The unit was operating at 80% yesterday. Browns Ferry continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 88,239 Mw down .92% from Thursday and down 3.93% from a year ago.

Transco Zone 6 New York City Gate vs NG Spot Settlement



Texas; and Station 342 Cameron Parish, Louisiana. The unavailability of these compressors is a force majeure event due to personnel evacuations or other public safety concerns.

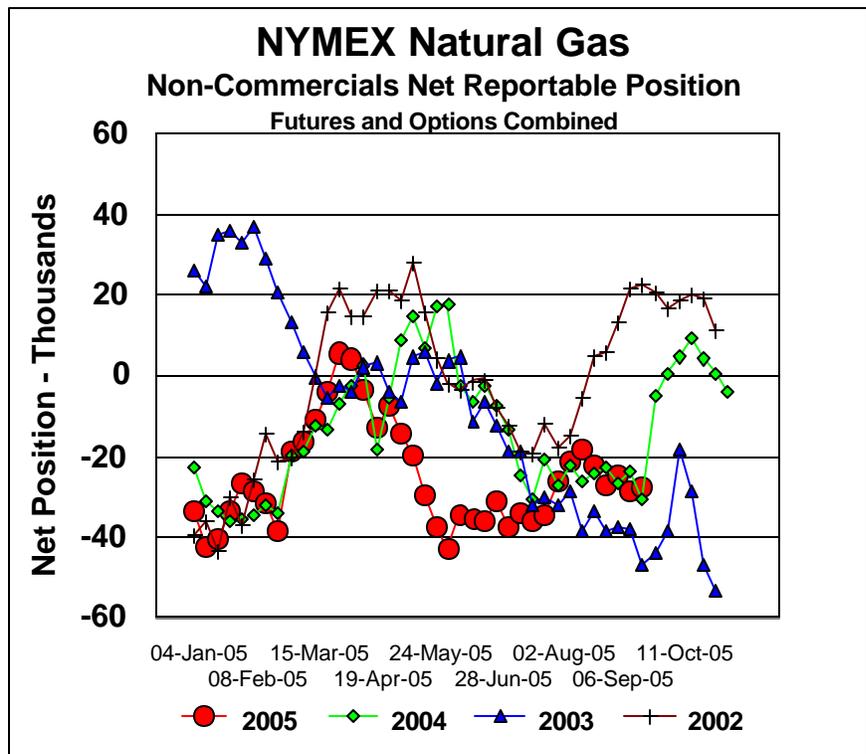
Texas Eastern Transmission Corp. said it has restricted receipts from production that has been shut-in due to Hurricane Rita. Tetco will continue to take

action to ensure physical receipts are commensurate with physical deliveries. Tetco has restricted zones ETX and STX to capacity. Also, zone M2 24-inch and M2 24-inch have been restricted to capacity through the Sarahsville compressor station. Nomination increases for receipts between Vidor and Sarahsville for delivery outside that area will not be accepted.

Trunkline Gas Company said that Hurricane Rita has caused production losses on Trunkline's offshore systems. In the event production connected to Trunkline's offshore system is reduced or shut-in, Trunkline said it will implement the following actions: 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

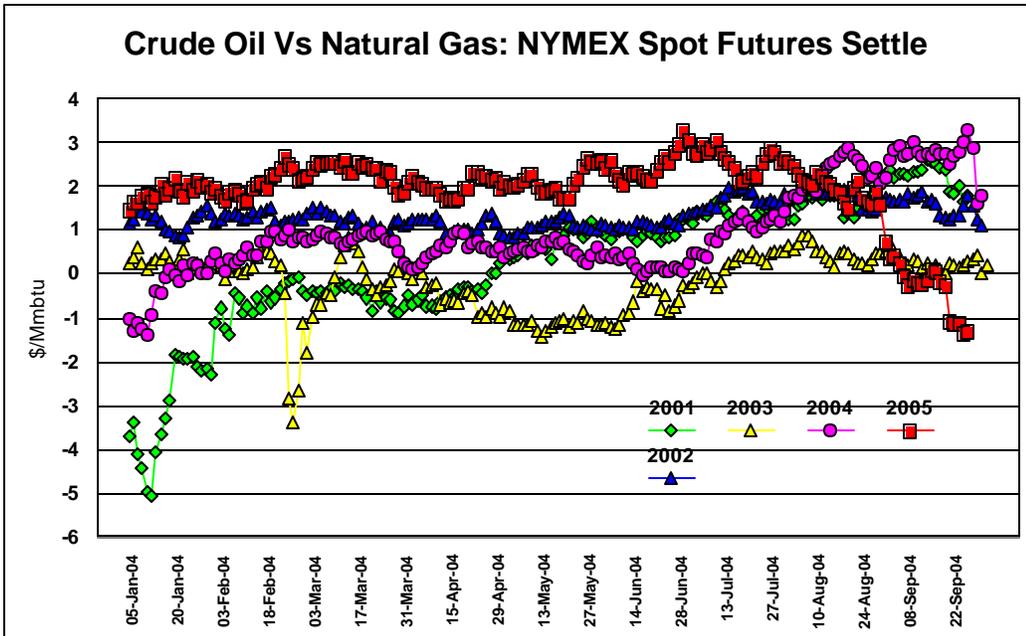
KM Interstate Gas Transmission said that maintenance will be performed at the Fort Union Interconnect from October 3-31. During this outage, the point will not be available for nominations.



TransColorado Gas Transmission said it will be performing maintenance at its Dolores Compressor Station on October 18-20. Capacity through Segment 240 will be limited to 410 MMcf/d. Depending on the level of nominations, AOR/IT and secondary out-of-path volumes are at risk of not being scheduled.

MARKET COMMENTARY

The natural gas market opened down 15 cents, the first lower opening in three days, as Hurricane Rita weakened and set its course at Port Arthur, Texas rather than the energy infrastructures of Houston. The day's high was set at 12.70 right after the open, but the market immediately softened and fell back to the 12.40 level, where it then traded sideways the remainder of the afternoon. The locals had command of the market, knocking it down, as many of the Houston traders were seeking safety. The oil complex weakened at the end of the session, and natural gas gave way too, falling to a day's low of 12.22. Natural gas ended the day down 46.6 cents at 12.324.



The Commitments of Traders Report indicated that non-commercial traders reduced their net short position by 3,500 contracts to 7,281 futures contracts. Most of that change came in the form of new long futures positions. In the combined report, measuring futures and options, non-commercial traders reduced their net short position by 1,163 lots and are net short 27,586 contracts. However,

2,873 short positions were added suggesting that traders were initiating some put positions below the market to protect themselves from a pull back in the market.

The cash markets the last couple of days had been scrambling with large price swings as Rita makes its way to the Gulf production region. Today, trading was quiet due to the force majeure of the Henry Hub delivery point and other physical complications associated with the arrival of Rita. The Transco Zone 6 New York City Gate rallied to an average high yesterday of 16.41, higher than it did post Katrina. We see support at \$12.21, \$12.00, and \$11.92. Further support we see at \$11.63 followed by \$10.69. We see resistance at \$12.70 and \$13.00.