



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 26, 2005

NATURAL GAS MARKET NEWS

The Henry Hub delivery point remained shut-in today, as damage assessments continue in the Gulf Coast region. Reports over the weekend of the Sabine Pipeline that leads into the Henry Hub having a leak have been denied. Sabine reported that the leak was not on their line. Chevron reported that its Typhoon oil production platform, which was located in deepwater off New Orleans and produces about 60 MMcf of natural gas per day, was severely damaged and severed from its mooring. Transocean also reported a deepwater semisubmersible rig damaged by Katrina came adrift because of Rita.

Some U.S. natural gas pipeline operators said producers in the Gulf of Mexico had begun restoring some supplies cut from their systems. Williams said about 300 MMcf/d had been restored on Transco, leaving about 1.2 Bcf/d still shut in. Loews Corp. said natural gas producers in the Gulf of Mexico had begun restoring some supply cut from its Texas Gas Transmission pipeline last week ahead of Hurricane Rita. At the peak over the weekend, Loews was down about 700 MMcf/d, and today about 150 MMcf of that has come back online. The only damage to the company's facilities reported so far was a downed communications tower in southeast Louisiana.

Enbridge Inc.'s natural gas pipelines on the U.S. Gulf of Mexico were still shut down today with crews only starting to assess facilities following Hurricane Rita. Enbridge pipeline systems in the western Gulf region, called Garden Banks and Stingray, were in the path of the hurricane and the company has yet to determine if they sustained any damage.

The Minerals Management Service reported that at the peak, natural gas producers in the Gulf region had shut in 8.047 Bcf/d, or 80.47% of production on Sunday. By today, the shut-in amount had decreased to 7.843 Bcf/d, or 78.43% of total Gulf production.

U.S. chemical plants escaped Hurricane Rita with little structural damage, but the industry could face disappointing third-quarter results because of lost production time and restart costs. While roofs, pipes and vats

Generator Problems

ECAR— American Electric Power's 1,077 Mw Cook #1 nuclear unit exited an outage and ramped up to 30% of capacity today following maintenance. Cook #2 continues to operate at full power.

MAIN— Exelon Corp.'s 1,162 Mw Byron #2 nuclear unit shut by early today for a planned refueling outage. On Friday the unit was operating at 90%. Byron #1 continues to operate at full power.

Wisconsin Energy Corp.'s 512 Mw Point Beach #1 nuclear unit shut by early today for a planned refueling outage. On Friday, the unit was operating at full power. Point Beach #2 continues to operate at full power.

MAPP— Nebraska Public Power District's 756 Mw Cooper nuclear unit started to exit an outage and ramped up to 1% of capacity by early today. The unit shut Friday to repair an air leak in the main condenser.

SERC— Southern Nuclear Operating Company is currently coasting down its 888 Mw Farley #2 nuclear reactor for a fall refueling and maintenance outage. The unit was operating at 85% power this morning, off 3% from Friday.

The NRC reported that U.S. nuclear generating capacity was at 86,934 Mw down 1.48% from Friday and down .41% from a year ago.

remain intact, the precautionary plant shutdowns ahead of Rita and its bigger sister Katrina have disrupted chemical output along the Gulf of Mexico, home to about 70% of U.S. ethylene production. Ethylene is a key component of most plastics and serves as a building block for many chemicals. The storms have caused indirect damage to the chemical industry by disrupting shipping lines, natural gas supplies and customers.

PIPELINE RESTRICTIONS

El Paso Natural Gas Company said that through a combination of receipt quantities in excess of nomination and takes that are significantly below nomination, its transmission system has been packed over 500 MMcf/d since September 23. The Washington Ranch Storage facility is on injection at maximum capacity. El Paso urges shippers to bring their supplies in balance with their takes. If the situation fails to improve, a declaration of Strained Operating Conditions may be required.

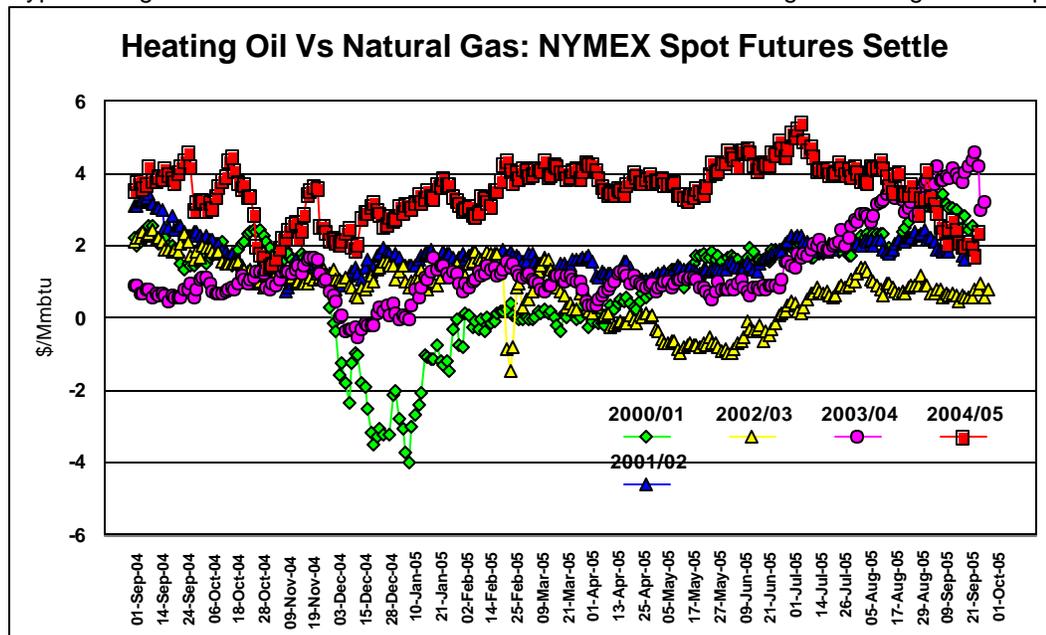
Florida Gas Transmission said that due to hot temperatures and Hurricane Rita shutting in receipt volumes, it is issuing an Overage Alert Day at 20% tolerance.

Gulf South Pipeline has declared a Force Majeure event on the Offshore Eugene Island Burns System until further notice.

Natural Gas Pipeline Company of America said Hurricane Rita has cleared the Texas/Louisiana area and preliminary evaluations indicate that there was no material damage to compressor stations and equipment. However, there are minor issues including the accessibility of the compressor station and several meter locations. Only compressor station 342 remains unavailable for operation. Due to the continuing unavailability of compressor station 342 and the meter location issues, the capacity of the Louisiana Line (Segment 25, 23 and 24) was reduced and the Force Majeure continues.

Texas Eastern Transmission Corp. said it has restricted receipts from production that has been shut-in due to Rita. Tetco will continue to take action to ensure physical receipts are commensurate with physical deliveries. STX, WLA, and ETX have been sealed to capacity. Nomination increases sourced between the Opelousas compressor station in WLA and the Little Rock compressor station in ETX will not be accepted.

Trunkline Gas Company said that due to damage suffered at its Longville Compressor Station related to Rita, compression at the Longville Compressor Station will not be available. Therefore, nominations through the Cypress segment are limited to 165 MMcf/d and 225 MMcf/d through the Longville Compressor Station.



PIPELINE MAINTENANCE

Alliance Pipeline said that regular scheduled maintenance will require the Tampico Compression Station in Illinois to be off-line for 12 hours starting at 9:00 AM CT on September 28. System throughput will be affected and will be determined closer to the outage date. Also, regular scheduled maintenance will require the

Wimbledon Compressor Station in Saskatchewan to be off-line for 140 hours starting 9:00 AM MT on September 27. System throughput will be affected and will be determined closer to the outage date.

Williston Basin Interstate Pipeline Company said one unit is down at the Baker South Compressor Station due to the unscheduled maintenance. Point ID 04018 Baker Area Mainline will be affected by approximately 7 MMcf/d through 5:00 PM PT today.

ELECTRICITY MARKET NEWS

The Department of Energy's Office of Electricity Delivery and Energy Reliability reported that currently 1,265,924 customers are without electric power in Texas, Louisiana, and Mississippi.

Florida's electric reliability watchdog continued its generating capacity advisory for Monday due to the uncertainty of restoration of natural gas production facilities in the Gulf, following Rita. The Florida Reliability Coordinating Council said the advisory urged consumers to conserve power especially by reducing air conditioning during the late afternoon and early evening hours.

The Texas subsidiary of utility company Entergy Corp. will not have to file bankruptcy despite heavy damage in its service area from Rita, the unit's top executive reported on Saturday. Entergy's New Orleans unit filed for bankruptcy of Friday after its service territory was devastated Katrina and it was left without enough liquidity to fund restoration efforts.

MARKET COMMENTARY

The natural gas market opened 57.4 cents lower continuing the downward pressure from Sunday's special session on relatively little concrete information on what sort of condition the offshore facilities were in. The market traded down to a low of 11.68 early in the session and then began a pretty significant upward move as reports filtered in of damage to offshore facilities. The market traded above the 12.00 level around midday and then continued its climb, rallying faster to a high of 12.48 just before the close. The Oil complex, which still had 100% of Gulf production shut-in, moved significantly higher, and natural gas mirrored that move in the afternoon. Natural gas settled up 11.6 cents at 12.44.

Volatility is expected to remain strong for the next few days if not weeks, as traders make sense of the supply chain and exactly what damage exists. The shut-in production has meant lean injections into underground storage for the winter heating season, and traders had that in mind today as the November, December and January contracts realized 45, 47 and 46 cent gains respectively. Further reports of damage assessments will give this market direction and structure. We see support at today's low of \$11.68 followed by \$11.44 and \$10.69. We see resistance at \$12.70, \$13.00 and \$13.15.