



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR SEPTEMBER 29, 2005

NATURAL GAS MARKET NEWS

Information about how much damage Hurricane Rita inflicted on Gulf Coast onshore and offshore infrastructure continued to be somewhat of a mystery on Wednesday, with some producers continuing to assess their operations, while others began to restaff platforms. The Henry Hub natural gas delivery point operated by Sabine Pipe Line LLC remained under force majeure for the seventh day in a row because of power outages and flooding. Sabine said that the main station yard had been drained of standing water, but the ground continued to be saturated. No time table is yet available for bringing the Henry Hub facilities back into operation. And Chevron Corp. reported its deepwater Typhoon platform was turned upside down in the storm.

Hurricane Katrina may have been devastating onshore, but Hurricane Rita apparently caused more damage offshore to oil and natural gas rigs, according to two offshore data services. Katrina stormed through a mature exploratory region in the eastern Gulf of Mexico, while Rita stormed through the western Gulf, which is home to a lot of new exploration and production activity. The MMS further reported that Katrina did more damage to underwater pipelines than previously thought. Also, damage to processing facilities remains an issue along with the personnel to man those facilities, who are taking care of their personal situations.

Generator Problems

ERCOT— The Limestone Electric unit #2 tripped offline due to a MFT on high drum level. This was the result of a lightning strike causing a false reading on the drum level indicator, which tripped the BFPT's and the main turbine.

The Oklaunion Power station shut down for boiler cleaning, inspection and repairs. The unit is expected back in service October 3.

Texas Genco's 766 Mw Limestone #2 coal-fired power station tripped offline today due to a lightning strike.

SERC— Southern Nuclear Operating Company's 888 Mw Farley #2 nuclear unit is scheduled to shut October 1 for an extended fall refueling and maintenance outage. Farley #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 88,426 Mw down .008% from Wednesday and up 2.69% from a year ago.

EIA Weekly Report

	09/23/2005	09/16/2005	Net chg	Last Year
Producing Region	783	783	0	865
Consuming East	1698	1651	47	1745
Consuming West	404	398	6	391
Total US	2885	2832	53	3001

*storage figures in Bcf

The U.S. House Energy and Commerce Committee late yesterday abandoned a proposal that would have given the U.S. Federal Energy Regulatory Commission authority over offshore natural gas gathering lines. Chairman Joe Barton (R-Texas) included the provision in a broader bill drafted by House Republicans that would provide regulatory relief to encourage the oil industry to invest in new refineries and would relax clean air requirements for power plants, refiners and industrial polluters. Barton's gas gathering provision granting FERC direct ratemaking authority had been a long-time goal of the commission, which has characterized the lack of federal oversight as a regulatory gap in the Natural Gas Act. FERC officials have argued that owners of some gathering lines charge monopoly rents, contributing to higher prices.

Duke Energy's natural gas storage facilities in Louisiana and Texas lifted force majeure declarations and returned to full operation today. The facilities had returned to service on Monday, but injection capabilities were limited after both declared force majeure last week ahead of Hurricane Rita hitting the U.S. Gulf Coast.

The Minerals Management Service reported that 7.979 Bcf/d of natural gas production is shut-in in the Gulf of Mexico, a slight decrease from yesterday, which saw 8.027 Bcf/d shut-in. Today's shut-in amount is 79.79% of the daily gas production in the GOM.

Canadian Gas Association

Weekly Storage Report

	23-Sep-05	16-Sep-05	24-Sep-04
East	226.4	218.9	262.4
West	242.0	238.6	212.1
Total	468.4	457.4	474.5

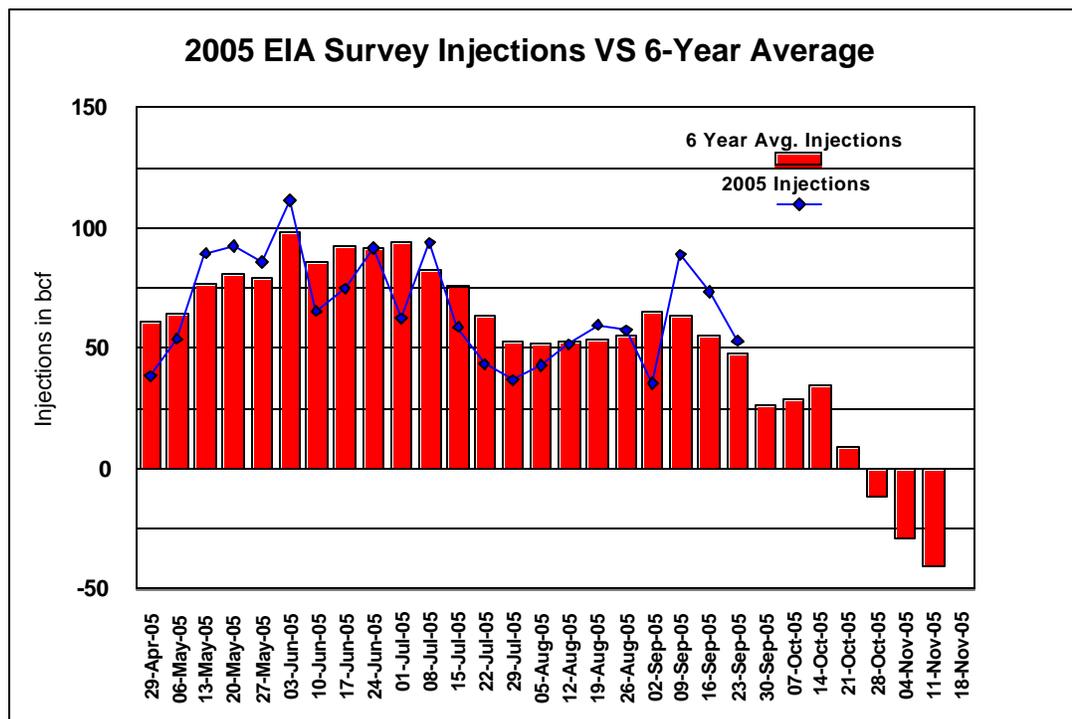
storage figures are in Bcf

The National Hurricane Center continues to report that a broad area of low pressure covers much of the western Caribbean Sea between Jamaica, The Cayman Islands, and Honduras. Thunderstorm activity with this system is scattered over a large area and has not been able to consolidate overnight. However, upper-level winds are gradually becoming more favorable for development and this system has the potential to become a tropical depression during the next day or so as it moves to the west-northwest or northwest at about 10 mph.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to hot temperatures and Hurricane Rita shutting in receipt volumes, it is issuing an Overage Alert Day at 50% 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 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.



Kern River Pipeline said that it is currently experiencing high linepack levels across its entire system. It warns shippers to refrain from banking. KM Interstate Gas Transmission said it is at capacity for deliveries to Northern Natural Milligan. Based on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled.

Natural Gas Pipeline Company

of America said that 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 to take action to ensure physical receipts are commensurate with physical deliveries. STX and ETX have been restricted to capacity. M1

24-inch and M2 24-inch have been restricted to capacity through the Sarahsville compressor station. WLA has been sealed to capacity from Vidor to Gillis. Nomination increases sourced between the Gillis compressor station in WLA and the Sarahsville compressor station in M2 24-inch will not be accepted.

PIPELINE MAINTENANCE

Gulf South Pipeline said it will be performing unscheduled maintenance on the Olla Compressor Station Unit #2 beginning immediately and continuing until further notice. Capacity through the Olla Compressor Station could be affected as much as 200 MMcf for the duration of this maintenance.

PG&E California Gas Transmission has scheduled work on the Delevan K-1 Compressor from October 24 to November 5. Capacity on the Redwood Line will be reduced to 2,010-2,065 MMcf/d, roughly 98% of capacity.

ELECTRICITY MARKET NEWS

Entergy Corp. restored electric service to more than 400,000 homes and businesses left in the dark by Hurricane Rita five days ago, leaving more than 350,000 still without power in Texas and Louisiana. Entergy reported that 121,000 customers remained without service in Louisiana and 230,000 remained out in Texas. Entergy noted, however, that the outages in Louisiana did not include more than 156,000 customers in the New Orleans area who were unable to accept service following Hurricane Katrina due to significant repair or reconstruction requirements. Entergy said its transmission system has extensive damage with about 271 lines and 263 substations out of service. Entergy Corp. also said it is working to get a 500-kV line connected to a bulk substation to get more power into the company's western service territory. The bulk of the physical restoration to the line was completed last night, and now crews are working on the multi-phase switching process into Entergy's grid.

California's power grid operator urged homes and businesses in Southern California to conserve electricity today as hot weather boosted the demand to run air conditioners, stressing the power system. The California Independent System Operator said the more consumers conserve, the more flexibility it has to avoid possible reliability problems. The ISO also noted fires burning in several locations pose a possible threat to transmission facilities in the southern part of the state. Meteorologists forecast high temperatures in Los Angeles would reach well above normal levels in the mid 90s with the humidity making it feel like more than 100 degrees.

MARKET COMMENTARY

The jittery natural gas market opened 22 cents higher today in anticipation of the EIA's weekly storage report. With expectations centering around a 63 Bcf injection, the actual 53 Bcf injection put the market on a roller coaster. Natural gas traded through positive and negative territory today, posting a low on the day at 13.90 and finding resistance at the 14.50 level, but was able to reach 14.55 as the high on the session. The market finished the day up 9.6 cents at 14.196, another all-time high settlement.

The market will continue to stay volatile as the Gulf production questions continue to be answered and the energy infrastructure gets back on its feet. The tropical wave that the National Hurricane Center is tracking near Jamaica has everybody weary of selling the market here. If anything develops and moves into the Gulf, we could see prices another dollar or two higher. It is going to take some concrete fundamentals to get the market to recede. We see light resistance at \$14.60 followed by \$15.00. We see support at \$13.67, \$13.51 and \$12.94. Further support we see at \$12.20.