



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 3, 2005

NATURAL GAS MARKET NEWS

El Paso Corp. unit Tennessee Gas Pipeline Co. said force majeure had been lifted after power to its compressor station 25 in Cleveland, Texas, was restored. El Paso's ANR Pipeline, however, said it was extending force majeure due to Hurricane Rita damage to its South Marsh Island 108D production platform and its interconnected pipeline facilities.

Kinder Morgan's Natural Gas Pipeline Co. of America said it continued to repair damage to facilities caused by Hurricane Rita, adding that a portion of its Louisiana natural gas line remained under force majeure.

Oil and natural gas company W&T Offshore said its initial assessment of the impact of Hurricane Rita showed significant physical damage at five platforms. W&T's pre-Hurricane Katrina and Rita volumes were approximately 245 MMcf/d, reiterating its estimate that 55 MMcf/d additional net production remains shut-in because of Hurricane Katrina. Net daily production of approximately 190 MMcf/d was shut in because of Hurricane Rita. The company is currently producing 24 MMcf/d.

Dr. William Gray of Colorado State University, a noted hurricane forecaster, said in a monthly forecast update that October should produce three tropical storms, which would take the season total to 21 and tie the record for a single season set in 1933. Tropical Storm Stan, which formed on Sunday, was the 18th storm of the season. It hit the Yucatan Peninsula and was moving

Generator Problems

ERCOT— The South Texas 1,280 Mw nuclear unit #2 was shut over the weekend for a refueling and maintenance. On Friday the unit was operating at 90% of capacity. South Texas #1 continues to operate at full power.

TXU Corp. will shut its 553 Mw Sandow #4 coal-fired on October 5 for planned boiler tube cleaning. The unit is due to be in start up October 12-13.

Texas Genco's 766 Mw Limestone #2 coal-fired power station returned to service October 1-2 following a maintenance outage.

AEP's 528 Mw Welsh #1 coal-fired power unit will remain shut from October 1-29 for maintenance.

NPCC— Entergy Corp.'s 985 Mw Indian Point #3 nuclear unit was shut by early Monday. On Friday, the unit was running at 66% power. Indian Point #2 continues to operate at full power.

SERC— Dominion Resources' 917 Mw North Anna #2 nuclear unit was shut by early today for a refueling and maintenance outage. The unit was at full power on Friday. North Anna #1 continues to operate at full power.

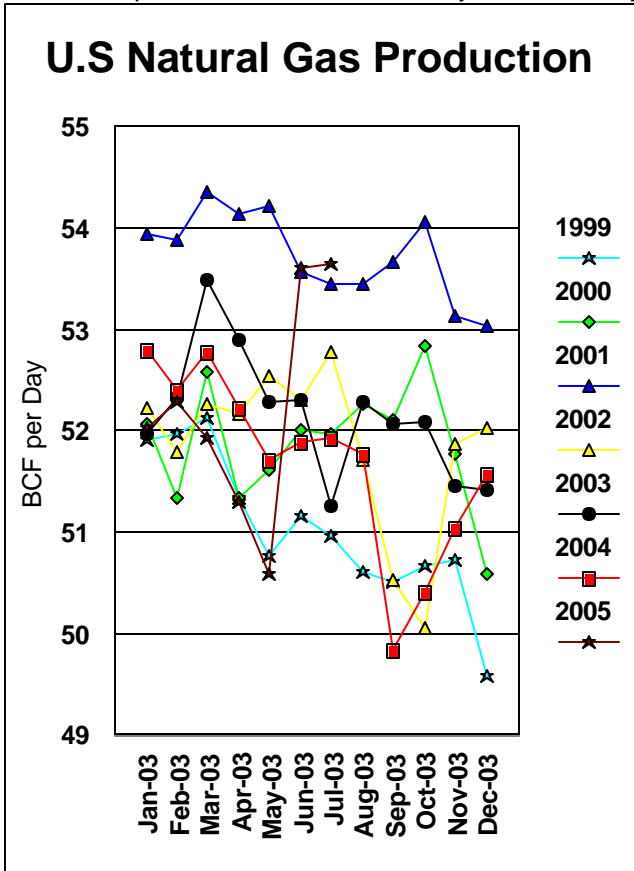
Progress Energy's 900 Mw Harris nuclear unit was operating at 55% power today down from full power on Friday.

WSCC— Arizona Public Service shut its 1,270 Mw Palo Verde #3 this weekend for a refueling and maintenance outage. The unit was at 99% power on Friday. Palo Verde #1 was at 98% and #2 remains at full power.

Canada— Ontario Power Generation's 881 Mw Darlington #1 nuclear unit returned to service early today. The unit shut Friday for a short-term forced outage.

The NRC reported that U.S. nuclear generating capacity was at 82,534 Mw down 5.07% from Friday and down 1.34% from a year ago.

through the Bay of Campeche today toward a second landfall on the Mexican coast on Wednesday. Gray said two of the three October storms would become hurricanes, one of which would be a major hurricane with winds over 110 mph. The season has already seen five major hurricanes, double the long-term average for a season.



The Minerals Management Service reported that today's shut-in gas production is 7.495 Bcf/d, which is equivalent to 74.95% of the daily gas production in the Gulf of Mexico.

The EIA released late Friday its latest monthly Natural Gas Monthly Report. The agency revised upward its production estimate for June 2005 by 4.7% to 53.6 bcf/d. For July the agency estimated that production levels remained basically the same as June, at 53.6 bcf/d, this was some 3.3% higher than the same month a year earlier. Consumption in July was estimated at 51.2 bcf/d. The industrial and residential sectors saw year on year declines of 7.6% and 3.2% respectively. The commercial and electric generating sectors though on the month saw increases of 5.7% and 6.2% respectively. The monthly agency report also estimated month ending natural gas stocks at 2.45 tcf, some 18 bcf higher than the implied inventory number from the government's weekly estimated storage levels.

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.

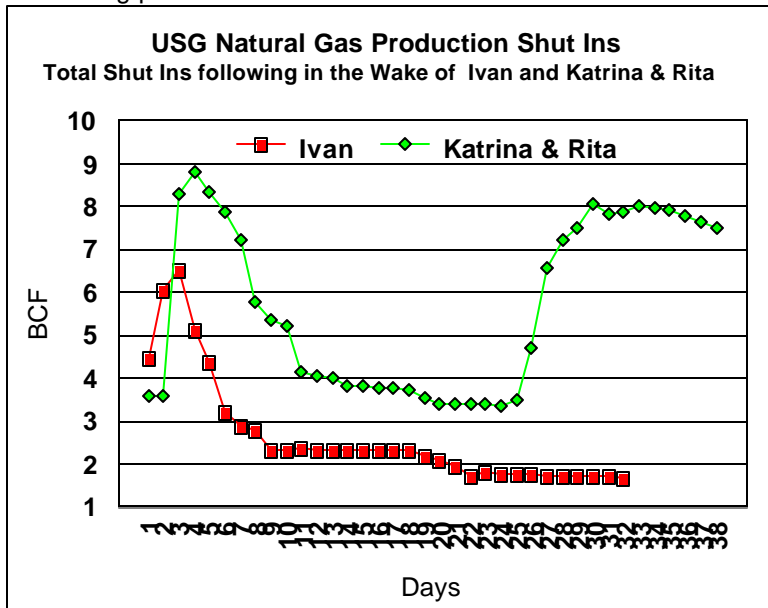
Texas Eastern Transmission Corp. said it has restricted receipts from production that has been shut-in due to Hurricane Rita. Tetco will continue to take action to ensure physical receipts are commensurate with physical deliveries. STX and ETX have been restricted to capacity. M1 24-inch and M2 24-inch have been restricted to capacity through the Batesville compressor station. Nomination increases sourced between the Mont Belvieu compressor station in STX and the Batesville compressor station in M2 24-inch will not be accepted.

Trailblazer Pipeline Company said that it anticipates that capacity will be available for a limited amount of secondary out-of-path transport volumes going eastbound through Compressor Station 602. The scheduling of any interruptible flow and authorized overrun transport volumes will depend on the level of nominations received and will only be scheduled to the extent that Secondary out-of-path and primary in-path are not fully utilized.

PIPELINE MAINTENANCE

Alliance Pipeline said that inspections and maintenance require the Irma Compression Station to be offline for six hours on October 6. This work may impact AOS levels but will be determined closer to the outage date. The Irma Compressor is located in Saskatchewan. Inspections and maintenance require the Fairmount Compression Station to be offline for 14 hours on October 4 and 12 hours on October 5. This work will result in an impact to AOS. The Fairmount Compressor is located in North Dakota. Inspections and maintenance require the Loreburn Compression Station to be offline for 12 hours on October 4 and 12 hours on October 5. This work will result in an impact to AOS. The Loreburn Compressor is located in Saskatchewan.

Questar Pipeline Company said that after examining the problems associated with the mechanical failures at Fidlar Station, it has determined that the station was not fixed through the past weekend. Capacity at the ML 80 scheduling point was reduced to 240 MMcf/d.



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.

ELECTRICITY MARKET NEWS

Fewer than 225,000 Entergy Corp. electric customers in Texas and Louisiana remained without service today, nine days after Rita stormed the Gulf Coast. The company, which restored power to more than 542,000 homes and businesses, said 64,000 customers remained without service in Louisiana and 158,000 in Texas. Entergy repaired the transmission system in the western part of its territory in Texas and not

longer expects to impose rolling blackouts for customers living north of Houston.

Power company Reliant Energy said it will sell three New York City power plants to an investor group led by private equity firms Madison Dearborn and US Power Generating Co. for \$975 million. Reliant said the Astoria, Gowanus and Narrows plants have a combined summer capacity of about 2,100 Mw. The company acquired the plants in February 2002.

NRG Energy, based in Princeton, N.J., will buy Texas Genco, the operator of eight plants in and around Houston, Texas and the owner of a 44% stake in the South Texas Project nuclear power plant. The deal will nearly double the size of NRG's U.S. electricity generating capacity, giving it nearly 24,000 Mw of power plants from coast to coast. The fast growing Texas power market is considered on the country's most lucrative. Texas Genco has buyers for about 82% of the power it will generate over the next three to four years, making it an even more valuable and stable asset.

ECONOMIC NEWS

The Institute for Supply Management said its manufacturing index advanced to 59.4 in September from 53.6 the month before, for the industrial sector's 28th consecutive month of growth. The various components of the report showed strong growth including new orders, the production index, and the employment index. However, also showing growth was the ISM's inflation gauge. The prices index jumped to 78, the highest reading in a year, from 62.5 in August.

MARKET COMMENTARY

The natural gas market opened almost 14 cents stronger today as supply issues linger in the back of many traders' minds, but it was a very quiet session, with today being the first inside trading day since Rita struck. The market traded to its high of the day at 14.18 in the early part of the session, then drifted sideways staying above the 14.00 level for most of the day. The market did break below 14.00 a couple times and posted a day's low of 13.92, but ultimately the market settled up 9.6 cents at 14.017.

The slow return of shut-in production in the Gulf of Mexico has put strong support in the market at the current levels, and with a possible shortage facing the winter heating season, the market will be looking for any near term situation to spike again. We see support at \$13.90, \$13.67 and \$13.37. Further support we see at \$13.00 and \$12.20. We see resistance at \$14.35, \$14.55 and \$15.00.

