



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR OCTOBER 8, 2004

NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service reported this afternoon that absolutely no progress had been made over the past 24 hours in returning production shut in due to Hurricane Ivan. 475,176 b/d of crude oil production remained off line and 1.775 bcf of gas remained shut in. As a result a cumulative loss of 17,035,766 barrels of crude oil and 74.055 bcf of natural gas production has been lost over the last two weeks. Due to the gusty winds in the region today and expected through the weekend, some repair work was expected to be disrupted, as boats that shuttling repair crews were forced to remain docked due to 15-18 foot seas. The agency estimated that some 1 bcf of the current shut ins should return to service by the end of October. Stone and Shell though have noted it may take until 1Q2005 for some of their shutting production to finally return to service.

The number of rigs searching for oil and gas in the United States fell by 13 to 1,230 last week, oil services firm Baker Hughes confirmed today. During the same week last year, there were 1,109. The number of rigs exploring for oil and gas in Canada rose 90 to 405 compared to 418 last year. The number of rigs in the U.S. Gulf of Mexico fell 2 to 91, while last year there were 102. There were 1,116 U.S. rigs searching on land, 96 offshore and 18 inland. The total North American rig count rose 77 to 1,635, while last year it was 1,527. The number of rigs searching

Generator Problems

MAAC – The 1,148 Mw Peach Bottom nuclear unit 2 restarted this morning and is warming up offline at 11% capacity. The plant was taken offline September 15 for its fall refueling outage.

SERC – The 921 Mw North Anna nuclear unit 1 is currently running at 62% power, boosting power 32% on the day. The plant was operating at 30% power yesterday morning after restarting on Wednesday.

The 800 Mw Surry 2 nuclear unit is operating at 82% capacity, down 18% on the day. A reason for the reduction has yet to be disclosed.

The 830 Mw Brunswick nuclear unit 1 reduced power 30% in order to perform maintenance work on the transmission system and breakers. The unit is operating at 67% capacity today.

SPP – The 966 Mw River Bend nuclear power plant gained 22% on the day operating at 23% capacity on the day. The plant was restarted yesterday and was running at just 1% capacity.

The 1,135 Mw Wolf Creek nuclear plant was taken offline yesterday at 11:48 AM CT after the plant experienced an automatic reactor trip due to a main turbine tip. It has been determined that a lightning strike in the switchyard caused the trip. The unit is expected to be back over the weekend.

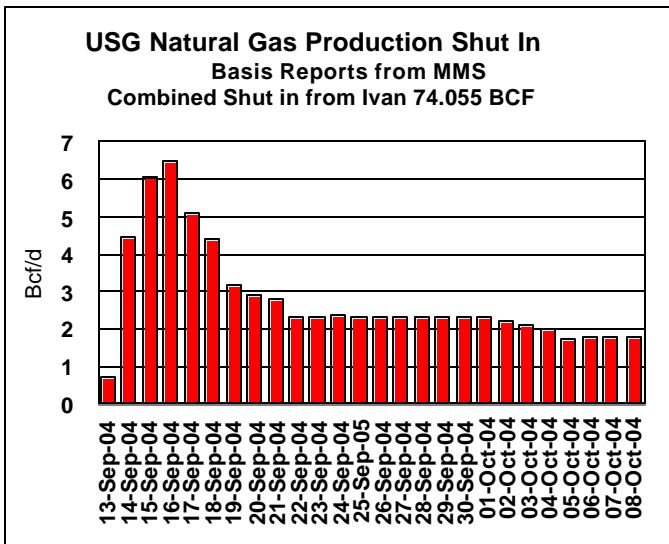
ERCOT – TXU's 750 Mw Martin Lake 3 coal-fired power unit will start up on October 9 following scheduled maintenance.

CANADA – OPG shut its Lambton 1 coal fired unit for shut term planned maintenance.

Based on latest NRC reports, total nuclear generation output this morning reached 84,220 Mw down 918 Mw or 1.1% from yesterday's levels. Total generation was some 7.74% higher than the same date a year ago.

for oil in the United States increased 8 to 169, while the number of rigs searching for gas fell 21 to 1,060. There was one miscellaneous rig, just like last week. There were 337 directional rigs in the United States, 123 horizontal rigs and 770 rigs exploring vertically. Texas lost 14 rigs to 512 and Wyoming added 3 bringing the total to 84.

The National Hurricane Center continued to watch a broad area of low pressure in the Western Gulf of Mexico today. By midday the Center reported that the system had shown some signs of organization over the morning hours and that system was producing winds near tropical storm force over portions of the north-central and northeastern Gulf of Mexico, some 500 miles away from the center of the low. Gusty winds were expected to continue in the region for the next couple of days.



PIPELINE RESTRICTIONS

Texas Eastern Transmission Corp. said that due to pig runs in the STX/ETX, receipt points between Huntsville station and Longview station have been restricted to the capacity required to run the pigs. No increases of physical supply between Huntsville and Longview will be accepted. Also, the 24-inch system between Longview and Fagus has been nominated to

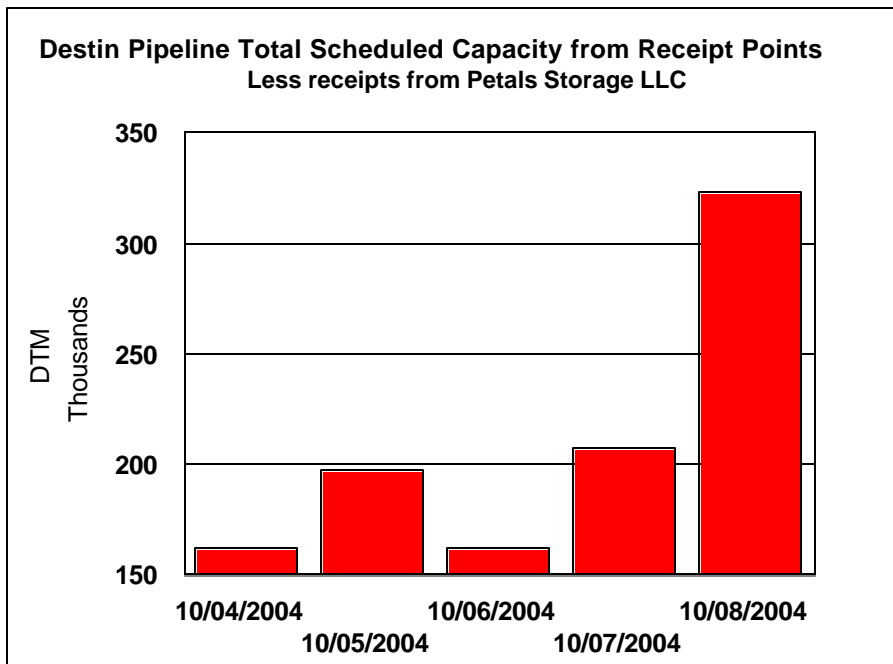
capacity. No increases of physical supply between Longview and Fagus will be accepted.

Transwestern said that for today's Cycle 3, it will raise capacity on P-3 Line from 200 MMcf/d to 263 MMcf/d, which is full capacity. Repairs at Unit 5 have been completed.

PIPELINE MAINTENANCE

Panhandle Eastern Pipeline Company said that Department of Transportation road crossing work on the Hansford 200 Line begins November 9. During this outage, the capacity through Hansford will be reduced by 125 MMcf/d. The estimated completion date for this work is November 11. The affected area is located in Texas.

Natural Gas Pipeline Company of America said it has delayed pipeline tie-in work on Segment 17 at Compressor Station 18 to October 19-21. This project was originally

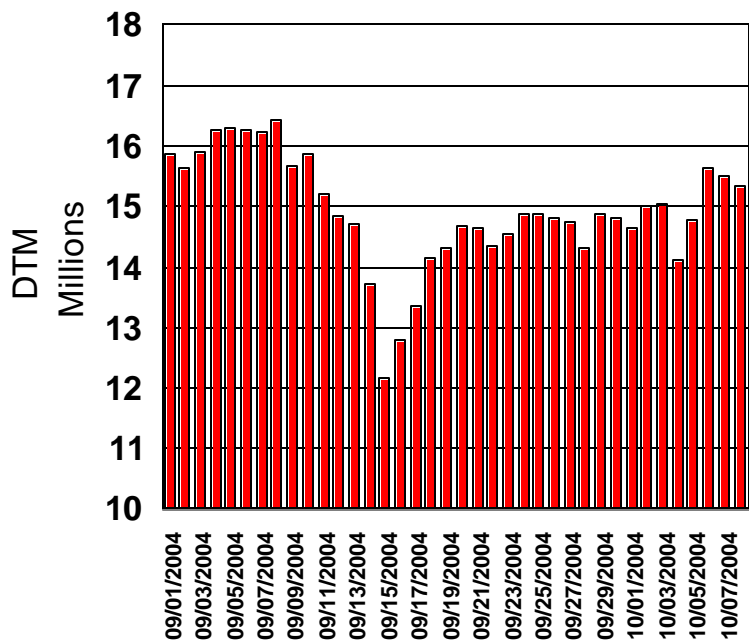


scheduled for October 12-14. NGPL will be performing pipeline maintenance and tie-in work at Compressor Station 802 in Lamar County, Texas. During these gas days the compressor station will

be unavailable. NGPL anticipates the following impacts during this 3-day project. Eastbound through station 802, interruptible flow, authorized overrun and secondary out-of-path transports will be unavailable. Primary firm and secondary firm in-path transports will be at risk of not getting fully scheduled. Westbound through Station 801, ITS/AOR and secondary out-of-path transports that are sourced from either Segment 15, 16 or 17 for deliveries west of station 801 will be unavailable. Primary firm and secondary firm in-path transports that are sourced from either Segment 15, 16 or 17 for deliveries west of Station 801 will be at risk of not getting fully scheduled. Meanwhile, NGPL will require shippers to use firm in-the-path transportation injection into Amarillo NSS.

Combined Pipeline Receipts

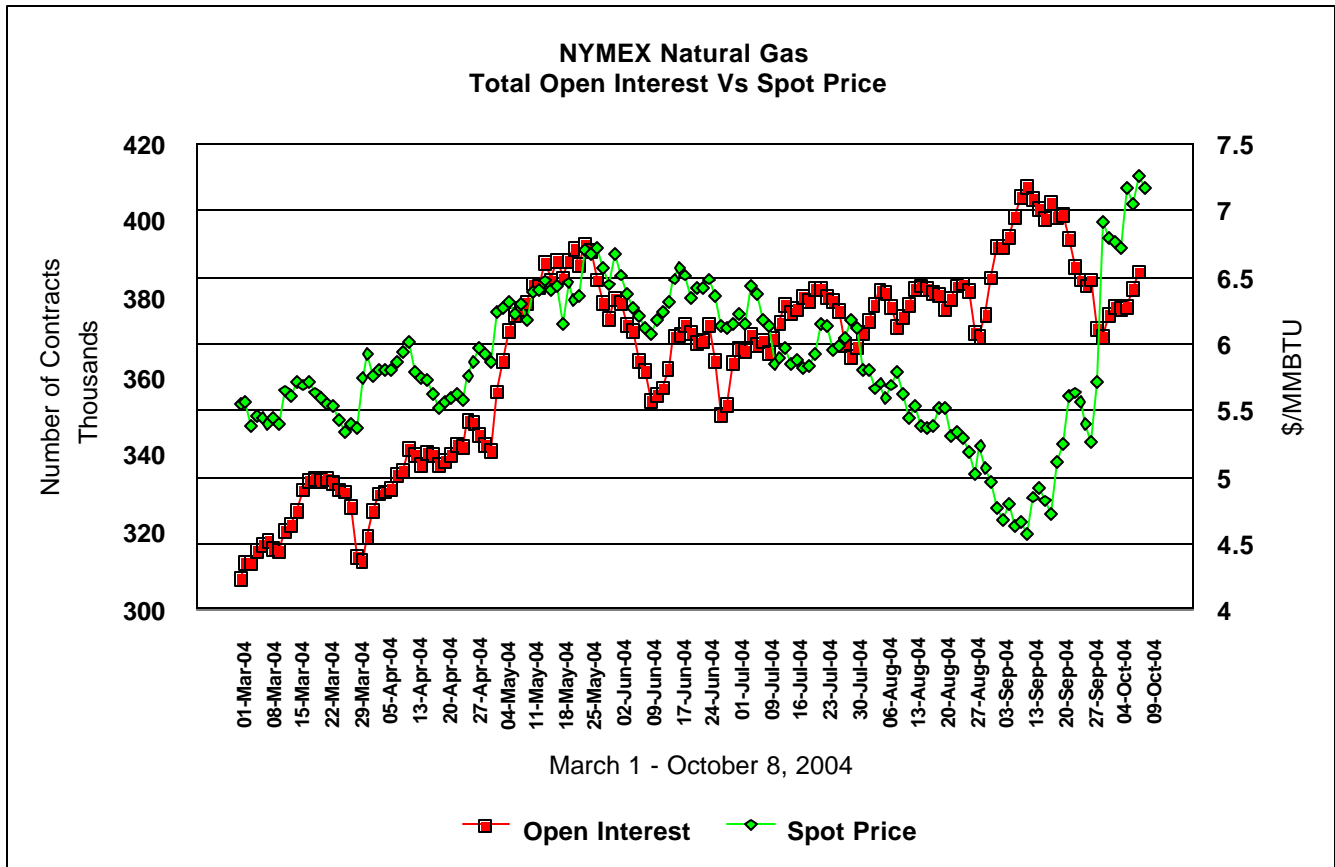
Tennessee, Trunkline, Sea Robin & ANR



El Paso Natural Gas Company recently updated its October maintenance schedule. San Juan Mainline Station will be down for mechanical inspections from October 10-13. A section of Line 1200 between San Juan Mainline and Gallup Stations will be shut down for repairs October 20-26, and a section of Line 1201 will be down in the same area October 27-31. The San Juan Basin and Bondad capacities will be reduced by the following approximate amounts from a base capacity of 2,840 MMcf/d: From October 10-13 – 50 MMcf/d; from October 20-31 – 15 MMcf/d. On the North Mainline, Line 1201 between Hackberry and Topock Stations will be down for installation of pigging facilities October 2-16. The ongoing Flagstaff Station mechanical inspections and turbocharger replacements completed one day early, on October 7. Capacity change effective Cycle 2, October 8. Line 1113

between Hackberry and Topock Stations will be down for installation of pigging facilities October 15-21. Line 1112 between Hackberry and Topock stations will be down for installation of pigging facilities October 21-28. Dilkon B turbine will be down for mechanical inspection October 11 and 12. Navajo 2D turbine will be down for mechanical inspection October 12-13. Leupp 1D turbine will be down for mechanical inspection October 25-26. Individual compressor units will be down for mechanical inspections at various times throughout the month at Window Rock, Leupp and Williams Stations. The North Mainline capacity will be reduced by the following approximate amounts from a base capacity of 2,276 MMcf/d: October 8-10 – 10 MMcf/d; October 11-12 – 105 MMcf/d; October 13 – 80 MMcf/d; October 18-20 – 45 MMcf/d; October 21-24 – 5 MMcf/d; October 25-26 – 70 MMcf/d; October 27-28 – 30 MMcf/d. On the San Juan Crossover, the Belen 2 turbine will be down for mechanical inspection October 18-19. Laguna units will be down, one at a time, for painting October 25-30. The San Juan Crossover capacity will be reduced by the following approximate amounts from a base capacity of 645 MMcf/d: October 18-19 – 30 MMcf/d; October 25-30 – 20 MMcf/d. On the Havasu Crossover, the Dutch Flat Station will be down for annual DOT inspections October 20 with Dutch Flat 2 turbine remaining down October 21. The Havasu Crossover capacity will be reduced by the following approximate amounts from a base capacity of approximately 640 MMcf/d: October 20 – 100 MMcf/d; October 21 – 35 MMcf/d. On the South Mainline, the ongoing Line 1600 pigging facilities work between Gresham and Cornudas Stations has been delayed by rain, and will continue through October 11.

There will be no flow in either direction between Cornudas and Waha during the outage. The South Mainline capacity will be reduced by the following approximate amounts from a base capacity of 2250 MMcf/d: October 4-11 – 727 MMcf/d.



Alliance Pipeline said that regular scheduled maintenance will require the Tampico Compression Station to be offline for 56 hours starting at 9:00 AM CT on October 13. System throughput will be affected and will be determined closer to the outage date. In addition, regular scheduled maintenance will also require the Fairmount Compressor Station to be offline for 48 hours starting at 7:00 AM CT on October 13. System throughput will be affected and will be determined closer to the outage date.

ELECTRIC MARKET NEWS

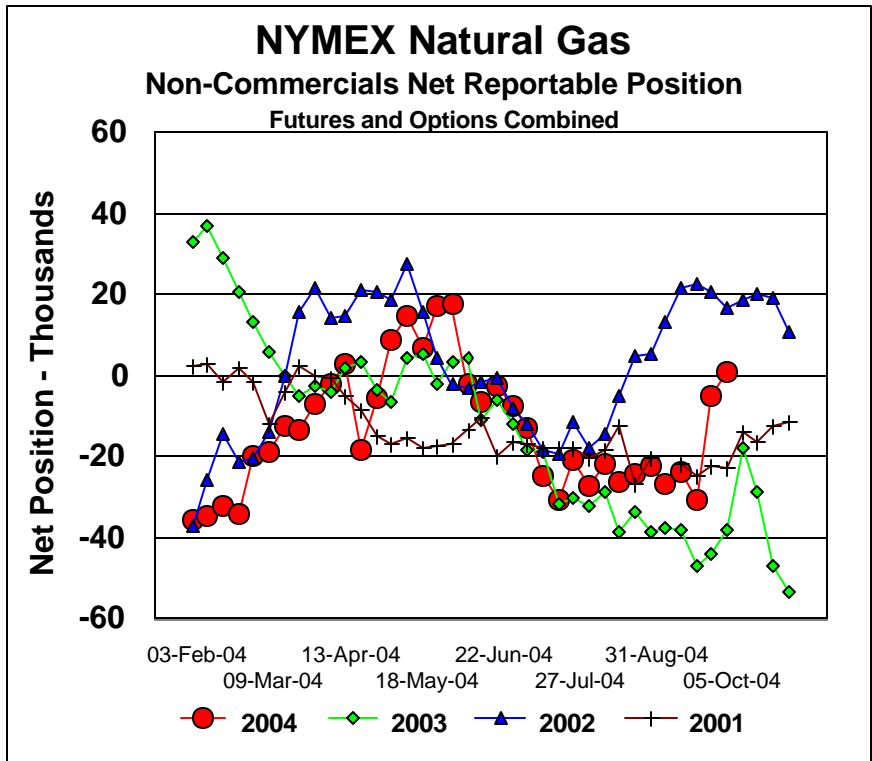
The ISO New England and two of Connecticut's largest electric utilities filed an interim technical feasibility report with the Connecticut Siting Council on a proposed 345 kv Middletown to Norwalk transmission line.

MARKET COMMENTARY

The natural gas futures seemed to be caught between two worlds today. While spot cash prices were plunging in front of the Columbus Day weekend by 75 cents to a dollar, oil prices continued their march higher setting new contract highs in heating oil and crude oil yet again today. As a result it seemed natural gas futures prices were paralyzed as the market posted its first inside trading day since September 20th. While the spot month settled down 9.2 cents the back months were off only 1.4 to 4.8 cents. Final volume on the day reflected traders' lack of commitment to this market with just 56,000 futures traded, with spreads accounting for 57% of the day's volume.

Tonight's Commitment of Traders Report showed that for the period ending October 5th, non-commercials continued to increase their net long positions by 5700-7200 contracts over the period.

This buying trend appears to have continued as open interest in the natural gas futures market grew each day since this Tuesday, jumping by over 9,000 contracts.



We continue to be bearish on the November contract. While the advance of a tropical system through the Gulf today kept sellers to the sidelines going into the weekend, we feel come next week, without any other weather related damage reported that the spot futures contract will again see growing pressure on values. We see resistance Monday at \$7.225, \$7.44, \$7.55, \$7.60 and \$7.895. Support we see at \$7.05, \$6.95, \$6.915 and \$6.87. Additional support we see at \$6.655, and \$6.62-\$6.605.