



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 11, 2005

NATURAL GAS MARKET NEWS

The American Gas Association reported that there will be enough supplies of U.S. natural gas to meet this winter's demand even with the disruption in offshore gas production caused by the recent hurricanes, but costs will be much higher. Consumers should expect home heating bills to rise roughly 30%-40% this winter over last year. This estimate is lower than the U.S. government's estimate of a 50%-70% increase. AGA said that natural gas stored in underground caverns is on track to reach 3.2 Tcf by November 15, usually the beginning of the winter heating season.

The Minerals Management Service reported that 6.042 Bcf/d of production remains shut-in in the Gulf of Mexico. That is equivalent to 60.42% of the daily gas production in the Gulf of Mexico.

The Northeastern United States this winter is in for colder-than-normal temperatures, while west of the Continental Divide is expected to see milder-than-normal conditions, according to the Winter Forecast released by AccuWeather.com's Long Range Forecast Team, led by Chief Meteorologist Joe Bastardi.

PIPELINE RESTRICTIONS

Colorado Interstate Gas Company said that at the Elk Basin Compressor Station in Wyoming, one unit will be out of service November 1-30. Delivery capacity through the station will be reduced to 90 MMcf/d. Receipt capacity through the station will be reduced to 55 MMcf/d. Deliveries to Elk Basin Meter will be limited to 55 MMcf/d.

Florida Gas Transmission said that due to warm temperatures, 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 linepack over the entire system has returned to normal.

Texas Eastern Transmission Corp. said that as the chemical cleaning progresses on the 20-inch pipeline between Joaquin and Longview, the work necessitates the extension of the originally scheduled end date of October 10 to the revised end date of October 12. During these cleaning runs, all receipts between Joaquin and Longview on the 20-inch pipeline must be shut in. TETCO also said that M1 24-inch and M2 24-inch have been

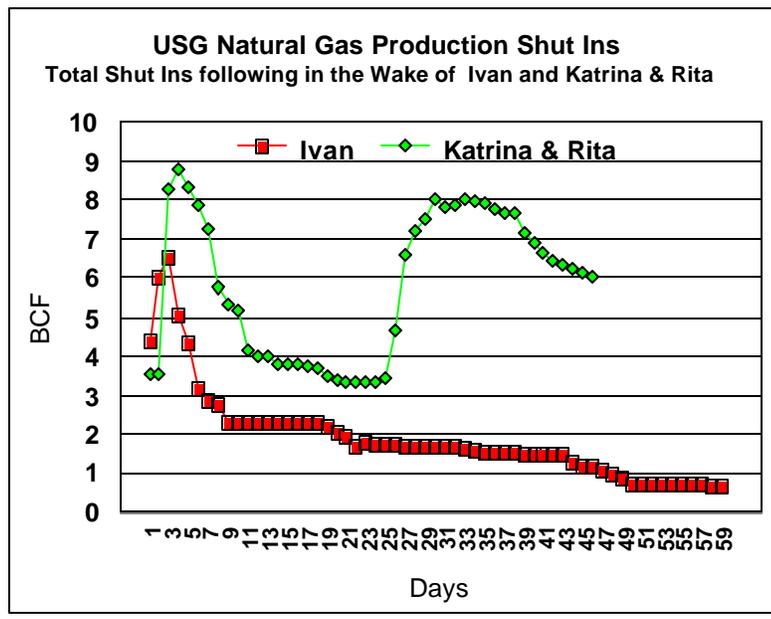
Generator Problems

ERCOT— American Electric Power's 528 Mw Welsh #3 coal-fired unit shut today to repair a boiler tube leak.

SERC— Entergy Corp.'s 500 Mw Nelson #4 natural gas and oil-fired power station returned to service early today following Hurricane Rita.

The NRC reported that U.S. nuclear generating capacity was at 81,789 Mw down 1.37% from Friday and down 3.21% from a year ago.

restricted through the Batesville compressor station. No increases in receipts between Longview and Batesville for delivery outside that area will be accepted.



PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance and unforeseen difficulties at the Fairmount Compressor Station have been completed and resolved and the unit is back online. The Fairmount Compressor is located in North Dakota.

East Tennessee Natural Gas said that routine maintenance at the Nora compressor station has revealed the need to take one unit out of service for one week. ETNG anticipates restrictions on the Nora lateral beginning October 12.

Trunkline Gas Company said that there will be ongoing maintenance and Department of Transportation mandated pipe replacement that will require outages of the Texas System. The final stage of this outage has been rescheduled for October 25-26. This

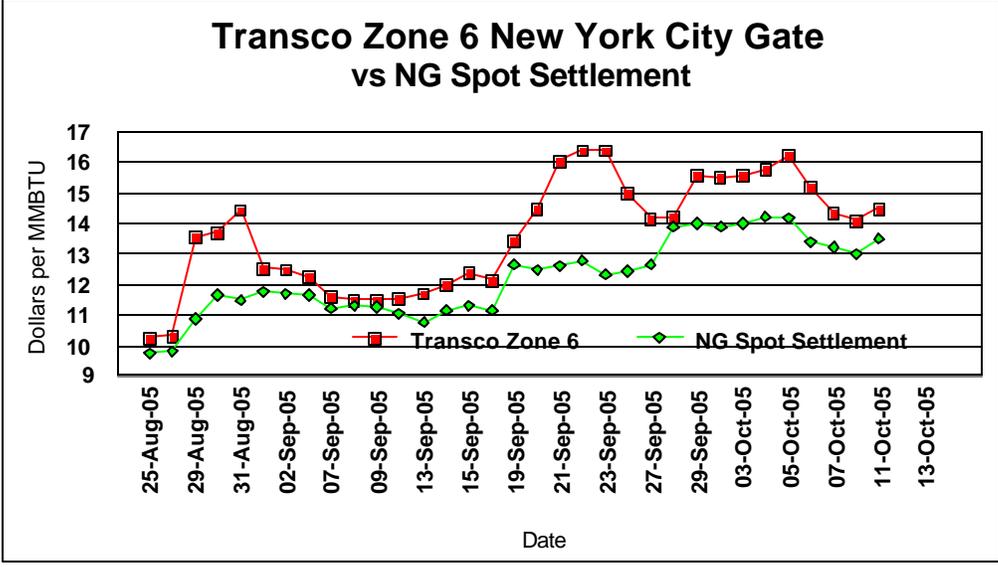
had been postponed due to Hurricane Rita. Nominations through Longville will be limited to 320 MMcf/d and nominations through Cypress will be limited to 150 MMcf/d.

Williston Basin Interstate Pipeline Company said that due to unscheduled maintenance on Line Section 22, deliveries to Point ID 03820 MDU-Billings Border may be potentially affected between October 18 and October 28. At this time Williston does not anticipate any restrictions to the system

ELECTRICITY MARKET NEWS

Entergy Corp. said that in just over two weeks, it has restored service to more than 95%, or nearly 732,000 customers, who lost power due to Hurricane Rita. About 34,000 Entergy customers remain without power due to the late September storm, the second-worst storm to strike the company's four-state utility system in the company's history.

Customer outages due to Hurricane Rita peaked at more than 766,000. In Texas, Entergy's workforce has restored power to more than 90% of the Texas customers left without power by Rita. As of Monday, about 29,124 customers were still without electricity compared to approximately 286,600 after Rita hit on September 24. Entergy hopes to have service fully restored by the end of this week.



Southern Co. said it has signed two long-term wholesale deals with Progress Energy's Florida unit to provide 424 Mw of electric capacity to Progress in Florida. Southern said the electricity will be generated from existing wholesale plant capacity.

MARKET COMMENTARY

The natural gas market opened 24 cents stronger today mirroring the oil complex's bullish response to the IEA's monthly report calling for a resurgence of demand in 2006. Accu Weather reports calling for a below normal winter in the Northeast also helped give the market a boost as it crossed back above the 20-day moving average. The market had a firm start this morning and then moved sideways finding resistance at the 13.50 level around midday. The market backed off to 13.40 in the afternoon before a late day surge rallying above 13.50 to the day's high of 13.59. Natural gas settled at 13.519 up 54.4 cents on the day.

The Gulf's shut-in production continues to make a slow comeback with now just over 60% of the daily production still offline. But with weather reports already calling for a colder than normal winter, the market is making its way back on a bullish track. Settling well above the 20-day moving average confirms that bullish trend. The volatility in the front month though makes it hard to judge the true intentions of the market, but the strength in the back months suggests the underlying bullish theme of this market. Also continued strength in the cash market is lending support to this macro bullish trend across the energy sector. We see support at \$13.00, \$12.60 and \$12.20. We see resistance at \$13.75, \$14.00 and the contract high of \$14.75.