



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 14, 2005

NATURAL GAS MARKET NEWS

The National Hurricane Center and AccuWeather reported that the 21st storm of the season, Wilma, was upgraded to a Tropical Storm early today. The storm is located 205 miles southeast of Grand Cayman with winds holding near 40 mph with higher gusts. Wilma is moving erratically, but generally toward the south at close to 5 mph. The models are mixed as to the direction of the storm, but some expect it to enter the Gulf October 21 or 22. Right now the storm is expected to miss the offshore fields and head towards Florida next week.

Private weather forecaster EarthSat said that U.S. households should brace for a frosty winter, particularly in the Northeast. According to EarthSat models, the focus of the coldest anomalies should be more frequently toward the East Coast rather than the Mid-Continent. The EarthSat forecast showed natural gas consumption-weighted heating degree-days averaging about 7.5% greater than last year for December through February. EarthSat said, the forecast will make this winter roughly in line with the 30-year average, but significantly colder than the five and 10-year averages.

The Minerals Management Service reported that 5.498 Bcf/d of natural gas production still remains shut-in in the Gulf of Mexico. That is equivalent to 54.98% of the daily gas production in the Gulf of Mexico.

Generator Problems

FRCC— FPL Group's 693 Mw Turkey Point #3 nuclear unit shut October 15 due to decreasing water level in one of the steam generators. On Friday the unit was operating at full power. Turkey Point #4 continues to operate at full power.

FPL Group's 839 Mw St. Lucie #1 nuclear unit shut by early today for a refueling and maintenance outage. On Friday, the unit was operating at full power. St. Lucie #2 continues to operate at full power.

MAAC— Exelon Corp.'s 1,112 Mw Peach Bottom #3 nuclear unit exited a refueling outage and ramped up to 17% of capacity today. The unit shut September 19. Peach Bottom #2 continues to operate at full power.

MAIN— Exelon Corp.'s 1,162 Mw Byron #2 nuclear unit ramped up to 98% of capacity by early today. On Friday, the unit was running at 28% capacity after exiting a refueling outage. Byron #1 continues to operate at full power.

MAPP— Omaha Public Power District reduced production levels at its 492 Mw Fort Calhoun nuclear unit to 80%.

SERC— Southern Co.'s 842 Mw Farley #2 nuclear unit shut by early today for a 5-week refueling outage. On Friday the unit was operating at 70%. Farley #1 continues to operate at full power.

Southern Co.'s 1,149 Mw Vogtle #2 nuclear unit exited a refueling outage and ramped up to 65% of capacity by early today. The unit shut September 17 for the outage. Vogtle #1 continues to operate at full power.

WSCC— Southern California Edison's 790 Mw Mohave #2 coal-fired power unit returned to service by late Sunday. The unit shut October 10 for unplanned work.

Canada— Ontario Power Generation's 3,920 Mw Nanticoke coal-fired power station shut two 490 Mw units, #6 and #7, and returned the #3 unit to service over the weekend.

The NRC reported that U.S. nuclear generating capacity was at 76,653 Mw down .61% from Friday and down 6.58% from a year ago.

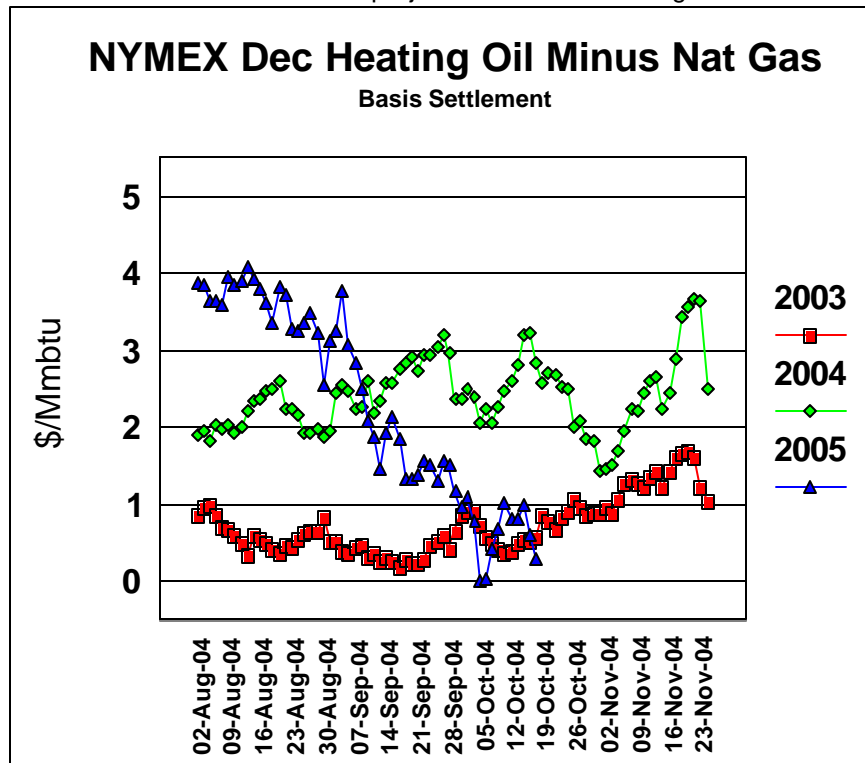
The NYMEX reported this evening that it was lowering its initial margin requirements for its various natural gas futures and swaps contracts. For customers the new initial margin rate was reduced by 15% with the November contract margin now set at \$14,850, with the December and January contract initial margin rates set at \$16,200 and \$16,875 respectively.

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.

Kern River Pipeline said that linepack has returned to normal levels.

Natural Gas Pipeline Company of America said that the force majeure is still in effect due to the pipeline failure that occurred on May 13 on the Gulf Coast #3 Main Line in Harrison County, Texas located in Segment 26 just south of Compressor Station 304. The affected Gulf Coast #3 Main Line is back in service. However, the Gulf Coast #2 Main Line 304 rehab project will continue through November 30.



Texas Eastern Transmission Corp. said that due to the pipe replacements between Pemex and Sante Fe, all meters between the U.S./Mexico border and the replacement location have been restricted to zero. This work is scheduled through October 19. Zones STX and ETX have been restricted to capacity. No increases in receipts between Mont Belvieu and Batesville for delivery outside of that area will be accepted. Zones M1 24-inch and M2 24-inch have been sealed to capacity through the Batesville compressor station. No increases in receipts between Little Rock and Batesville for delivery outside of that area will be accepted

PIPELINE MAINTENANCE

Alliance Pipeline said that minor maintenance will require the Towner Compression Station to be offline for six hours on October 19. AOS may

be impacted but will be determined closer to the outage date. The Towner Compression Station is located in North Dakota.

East Tennessee Natural Gas said that maintenance at the Nora compressor station (Station 3401) has been completed. Consequently, the Nora lateral has been restored to maximum capacity.

El Paso Natural Gas Company said that Bondad Station maintenance scheduled to begin October 18 will begin one day earlier. One unit at a time will be down for mechanical inspections beginning at 8:00 PM MT today and continuing through October 20. The capacity through Bondad Station will be reduced by 70 MMcf/d October 17 and by 135 MMcf/d October 18-20, from a base capacity of 746 MMcf/d.

ELECTRICITY MARKET NEWS

Entergy Corp. was still repairing two 212 Mw gas-fired units at the Sabine station in Texas damaged by Hurricane Rita and the 825 Mw Michoud gas/oil-fired station in Louisiana damaged by Hurricane Katrina. The other three units (3-5) at the 1,890 Mw Sabine station remain available for service. Separately, the company continued to repair the 485 Mw Harrison County gas-fired station in Texas. Harrison shut on May 13 after a ruptured natural gas pipeline damaged the plant.

TransCanada Corp. said it will invest about C\$2.1 billion (\$1.8 billion) in the Bruce Power restarting and refurbishment program. TransCanada's share of the C\$4.25 billion project will be financed through capital contributions over the period of 2005-2011. TransCanada will own 47.4% of the newly formed Bruce Power A Limited Partnership.

MARKET COMMENTARY

The natural gas market opened 63 cents stronger today with the arrival of the 21st named tropical storm of the season, Wilma. With the markets still reeling from the affects of Katrina and Rita, just the rumor of another storm sent markets to the higher end of their range. The trajectory of the storm is very foggy, with various models offering different paths for the storm. Also, the likelihood that Wilma will enter offshore fields is at this point unlikely, but traders do not want to get caught short with the volatility of this market.

Today's activity was relatively quiet, with the storm priced into the opening price. The market traded sideways finding a low at 13.62, and a high of 13.90. Natural Gas settled at 13.887, up 66.8 cents. There is plenty of room to the upside in this skittish market, and the tracking of Wilma will dominate market direction this week. We see support at \$13.55, \$13.00, and \$12.70. Further support we see at \$12.20. We see resistance at \$14.00, \$14.25 and \$14.75.