



ENERGY RISK MANAGEMENT

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

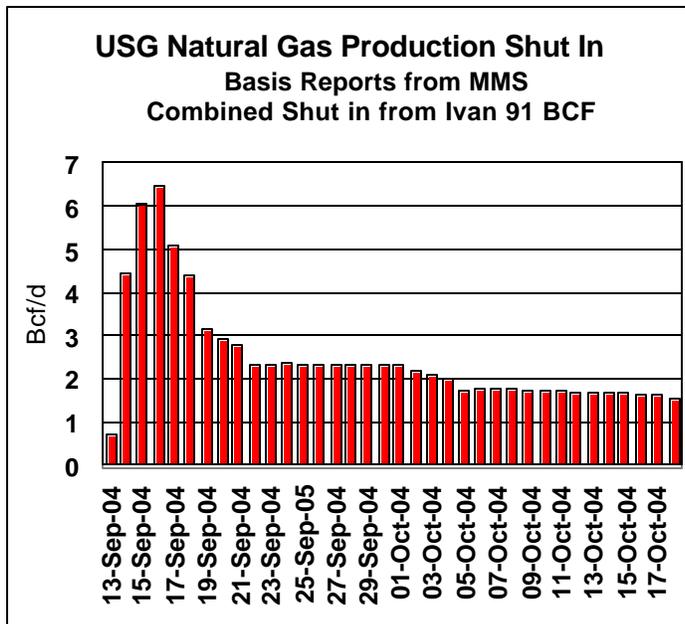
www.e-windham.com

POWER MARKET REPORT FOR OCTOBER 18, 2004

NATURAL GAS MARKET NEWS

The MMS reported some improvement in the amount of production in the Gulf of Mexico still shut in. It reported that there was also still some 1.576 bcf of natural gas shut in, down from 1.699 bcf. On a cumulative basis 91 bcf of natural gas production has been lost.

El Paso Corp. unit Tennessee Gas Pipeline Co. said today it is holding a binding open season for additional firm capacity on its proposed New England expansion project. The open season, which began October 15 and will run through December 15, will weigh potential shipper interest in the pipeline project. El Paso said in a statement the project is designed to deliver 100,000 dekatherms of natural gas per day or 100 MMcf/d on Tennessee's system to the New England region from Gulf Coast supply sources. Tennessee expects to



Generator Problems

ECAR – The 833 Mw Beaver Valley 1 nuclear unit has begun its regularly scheduled refueling outage today. The plant is expected to return to service by mid-November.

NPCC – The 470 Mw Ginna nuclear unit was offline on Saturday to repair a leaking check valve that was in containment. The valve was repaired over the weekend and the plant was put back online this morning. The plant is currently operating at 60% capacity and is expected to regain full power by today.

SERC – The 900 Mw Harris nuclear unit shut on Saturday, October 16, for a refueling and maintenance outage. On Friday, the unit was operating at full power. A return timetable for the unit has yet to be disclosed.

The 1,100 Mw McGuire 1 nuclear unit has cut power to 27% capacity this morning. The unit was running at full power on Friday.

The 710 Mw Robinson 2 reactor returns to full power today. The unit restarted on October 14 after going offline October 12 to repair the packing in a manual valve around a pressurizer spray valve in the reactor coolant system.

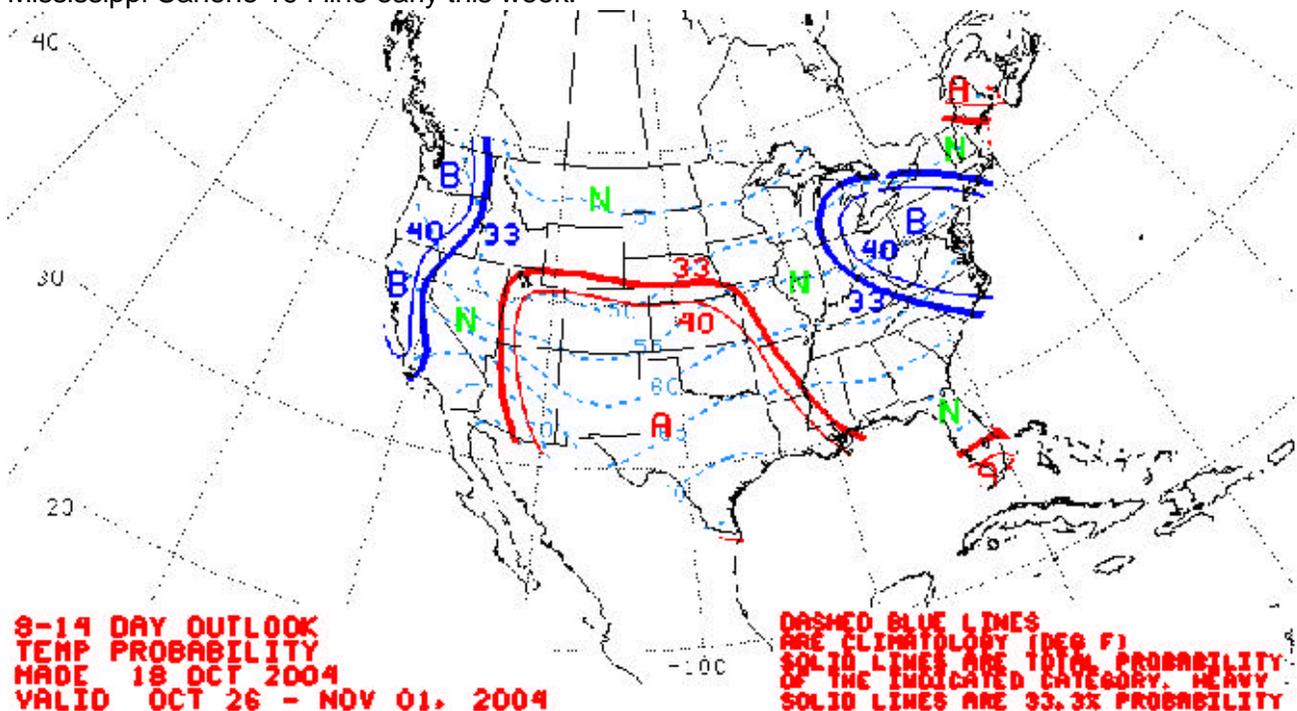
WSCC – Duke's two 755 Mw Moss Landing 6 and 7 natural gas-fired power units shut for planned outages early this morning.

Based on the latest NRC reports, total nuclear generation output this morning reached 82,054 Mw down 2,959 Mw or 3.5% from Friday's levels. Total generation was some 6.07% more than the same date a year ago.

install additional compression and pipeline looping as needed on the north end of the

pipeline system. Pending approval from the FERC, the project is scheduled to begin service in November 2007.

El Paso's Southern Natural Gas Co. said that 417 MMcf of gas is flowing through 46 of 68 receipt points on its Main Pass line, up 7% from late last week. The 22 points upstream of the Toca compressor station remain under force majeure and are not flowing gas. Prior to Hurricane Ivan, about 510 MMcf/d flowed through those points. Southern received 800-850 MMcf/d through all 68 points upstream of its Toca Compressor Station before Ivan. Also today, the company expects to have its Mississippi Canone 194 line early this week.



A former El Paso gas trader pleaded guilty today to one count of false price reporting. Donald Guilbault made his plea before Judge Kenneth Hoyt in the U.S. District Court for the Southern District of Texas, as part of a deal in which he agreed to cooperate with federal investigators. He pleaded guilty to one count of criminal information in connection with a July 28, 2000 e-mail he sent to Platts Inside FERC's Gas Market Report that contained bogus trades. The charge carries a punishment of five years in prison and a \$500,000 fine, but prosecutors could recommend a lesser sentence based on his cooperation. Sentencing has been set for January 24, 2005. Guilbault is one of four El Paso Merchant Energy traders who agreed to plead guilty to false reporting charges earlier this month. Another of the four, Dallas Dean, entered a guilty plea at an October 13 hearing. Another, William Ham, is expected to enter a guilty plea later today and the fourth, Christopher Bakkenist, is expected to enter a guilty plea later this week.

Yankee Gas Services said it was moving forward on a proposed 1.2 Bcf peak shaving LNG facility, which is planned at the company's Eagle Street work center in Waterbury, CT.

Domestic natural gas well completions rose 13% in the third quarter versus a year ago according to the API.

PIPELINE RESTRICTIONS

Trunkline Gas Company stated that due to a tie-in during header expansion of its LNG lateral several restrictions are in place for November 22 through December 6. Meters to be shut in for the entire period include: Lake Charles Ethane Recovery Plant Shrinkage-Cantera, Southwest Manchester Interconnect-Hilcorp, Transport Florida Gas Manchester. The following meters will be shut-in for two days on November 29-30 and will have and capacity limited to the amount of boil-off at the TLNG Plant for the remainder of the outage: LNG at Lake Charles and TGC-Targa Interconnect at Big Lake Road. The following meters will be shut-in for two days November 22-23 and will operate under reduced delivery pressure for 6 days.

Texas Eastern Transmission Corp. said that due to a pipe replacement at Batesville, receipt points between the Longview and Batesville stations have been restricted to the capacity required to run the pigs. No increases of physical supply between Batesville and Longview will be accepted.

PIPELINE MAINTENANCE

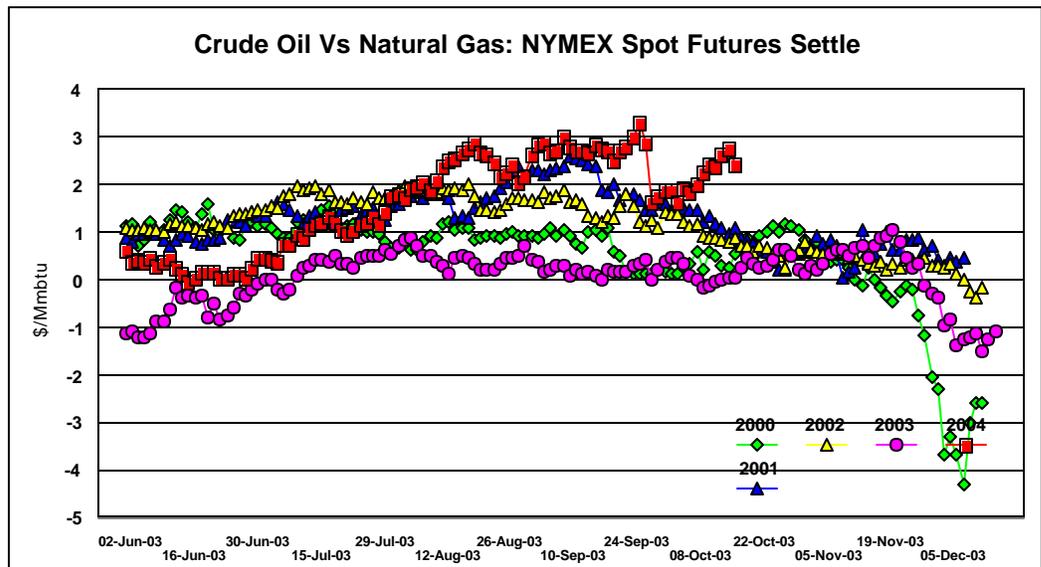
Gulf South Pipeline Company said it will be performing scheduled maintenance on its Hall Summit Unit 3 beginning Tuesday, October 19 and continuing for approximately 5 days. Capacity out of East Texas could be affected as much as 140 MMcf/d during this maintenance. These repairs were originally scheduled to begin today.

ELECTRIC MARKET NEWS

The BPA today rejected a call by a group of Northwest municipal and publicly owned utilities that it delay a November 4th vote on the bylaws of the proposed Grid West Regional Transmission Organization until it is proved the benefits of the RTO will exceed its costs.

MARKET COMMENTARY

The natural gas market opened lower this morning, but prompt buying in the cash market due to short term heating demand seemed to get prices quickly moving higher this morning. Once prices breached Friday's highs it seemed to spark a fresh round of fund buying that pushed



the November contract back over the \$7.00 for the first time since October 11th. The market though found good selling back at these lofty levels and as oil prices began to erode quickly it helped to drag natural gas prices back down once again and prices for much of the afternoon settled into a sideways 10 cent trading range as trading volume diminished.

We continue to feel that with the outlook for moderate temperatures for the next two weeks that the November contract should still be dragged lower by cash prices that will be under pressure as storage levels continue to be overflowing. We therefore remain comfortable with our short position in this

market and look for the November contract to target the \$6.40_46.37 level. We see initial support at \$6.70, \$6.66-\$6.63, \$6.50. Resistance we see at \$7.03, \$7.085, \$7.13, \$7.225, and \$7.44.