



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 19, 2005

NATURAL GAS MARKET NEWS

Kinder Morgan Energy Partners and Sempra Energy have customer commitments for at least half the capacity of their planned \$3 billion, 1,500-mile natural gas pipeline out of the Rockies. This puts the companies a step closer to being the first to build a major pipeline connecting the natural gas-rich Rocky Mountains with other U.S. markets clamoring for more supplies. Two divisions of Calgary, Alberta-based EnCana Corp. have agreed to negotiate for as much as 500 MMcf/d of capacity on the pipeline. The project will also incorporate a 330-mile pipeline that an EnCana subsidiary, Entrega Gas Pipeline, recently started to build in Colorado. Combined with commitments from Sempra for 200 MMcf/d, the Wyoming Natural Gas Pipeline Authority for another 200 MMcf/d and a handful of other big users, the pipeline has customers of about half its planned 2 Bcf/d capacity. The Kinder Morgan-Sempra project, called the Rockies Express Pipeline, will be a 42-inch line running from the Wamsutter Hub in southwest Wyoming to eastern Ohio.

The Minerals Management Service reported that 5.242 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. That is equivalent to 52.42% of the daily gas production in the Gulf of Mexico.

The National Hurricane Center reported that Hurricane Wilma ballooned into a catastrophic Category 5 system overnight, with sustained winds of 175 mph. The storm had a minimum pressure of 884 mb, the lowest pressure ever recorded in an Atlantic hurricane. The storm is located about 150 miles south-southwest of Grand Cayman Island, and is moving west-northwest at 8mph. Wilma is expected to turn northeast during the next 24 hours, with Florida's southwest tip in her sights.

PIPELINE RESTRICTIONS

Generator Problems

ECAR— Consumers Energy's 730 Mw Palisades nuclear unit reduced output to 56% to inspect a turbine vibration problem. Repairs were made and the unit started to increase power.

FRCC— FPL Group's 693 Mw Turkey Point #3 nuclear unit started to exit an outage and ramped up to 2% of capacity by today. The unit shut October 15 due to a problem with a feedwater flow valve. Turkey Point #4 continues to operate at full power.

MAAC— Exelon Corp.'s 1,134 Mw Limerick #2 nuclear unit ramped up to 90% of capacity today. Yesterday, the unit was operating at 24% after exiting an outage. Limerick #1 continues to operate at full power.

Exelon Corp.'s 1,112 Mw Peach Bottom #3 nuclear unit returned to full power today. Yesterday, the unit was operating at 59% after exiting a refueling outage earlier in the week. Peach Bottom #2 continues to operate at full power.

MAIN— Exelon's 1,120 Mw Byron #2 nuclear unit automatically tripped shut early this morning due to low steam generator levels. Byrom #1 continues to operate at full power.

MAPP— Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit increased output to 88% capacity this morning.

SERC— Duke Energy's 1,100 Mw McGuire #1 nuclear unit exited a refueling outage and ramped up to 15% of capacity today. The unit shut September 19 for the refuel. McGuire #2 continues to operate at full power.

Southern Co.'s 1,152 Mw Vogtle #1 nuclear unit started to exit an outage and ramped up to 2% of capacity by early today. Vogtle #2 returned to full power today from 87% yesterday after exiting a refueling outage.

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. Also, Gulf South Pipeline said that due to Duke's shutdown of the Latex Compressor Station, until further notice Gulf South is declaring a force majeure event on the Latex-Sarepta system for the following stations: SLN 4580-Abney, SLN 3407-Greenwood, C/P SLN 10398-Sentell, and C/P SLN 21069-Ardis.

Natural Gas Pipeline Company of America said that capacity is available for deliveries to Florida-Vermilion. Interruptible flow, authorized overrun and secondary transport volumes are available. Florida-Vermilion is located in Vermilion Parish, Louisiana (Segment 24) in Natural's Louisiana Zone.

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 today. 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.

TransColorado Gas Transmission said it is at capacity for deliveries through Segments 300/310. Depending on the level of nominations, interruptible flow, authorized overrun and secondary out-of-path volumes are at risk of not being scheduled.

PIPELINE MAINTENANCE

ANR Pipeline Company said that work continues on its offshore and onshore facilities located in its Southeast Gathering Area to repair any damage resulting from Hurricane Rita. On the Western SEGA System, effective immediately, ANR will increase its capacity through its Grand Chenier facilities to 350 MMcf/d for the SE 3 A

(Grand Chen) – CFTP until further notice. After being inspected and approved, ANR has returned to service the offshore pipeline 30-inch West Cameron 167 line to Grand Chenier, including the interconnection WC 167 ANRPL #29636.

El Paso Natural Gas Company said that Line 1201 downstream of Leupp Station must be shutdown for repairs October 20. This outage in combination with the already scheduled Flagstaff Station maintenance will reduce the capacity of the North Mainline by 130 MMcf/d from a base

Generator Problems

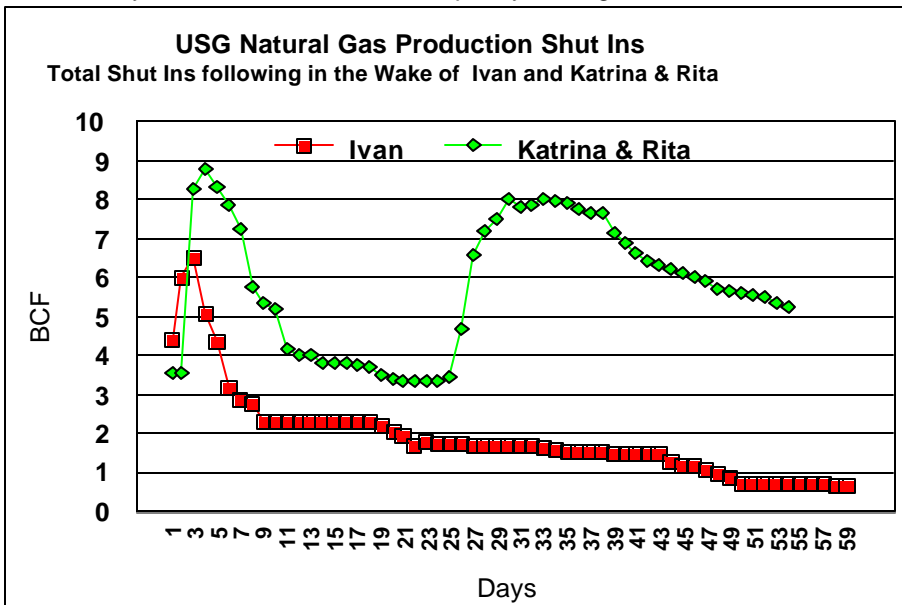
SERC (cont'd)— Entergy's 1,207 Mw Grand Gulf #1 nuclear unit increased production to 25%. The unit was operating offline at 9% yesterday as it returned from a refueling outage.

Canada— Ontario Power Generation shut the 494 mw Lambton #4 coal-fired station for a short-term planned maintenance outage.

Ontario Power Generation shut the 535 Mw Lennox #1 oil- and natural gas-fired station today for a short-term planned maintenance outage.

Ontario Power Generation's 490 Mw Nanticoke #7 coal-fired power station returned to service by early today.

The NRC reported that U.S. nuclear generating capacity was at 76,850 Mw up .45% from Tuesday and down 5.64% from a year ago.



capacity of 2,276 MMcf/d. The castle Dome outage scheduled for October 19 and 20 will be done on October 19 only, reducing the capacity of the Yuma Lateral by 22 Mmcf/d from a base capacity of 42 MMcf/d. Alamo Lake 2 turbine must be taken down to investigate an exhaust leak. On October 25, the capacity of the Havasu Crossover will be reduced due to pigging of Line 1204 on the North Mainline, presenting an opportunity to take Alamo Lake 2 down. The capacity of the Havasu Crossover will be reduced by 40 MMcf/d October 24 and by 100 MMcf/d October 25 from a base capacity of 650 MMcf/d.

Westcoast Energy said that BC Hydro will be having an unplanned power outage on October 24, which will take the Kwoen facility down flat for eight hours from 11:00 PM PT on October 23 to 7:00 AM PT on October 24. An acid gas constraint will be in place for the October 23 gas day to 97% of firm acid gas treatment service availability. No interruptible acid gas treatment service will be available.

Williston Basin Interstate Pipeline Company said that one unit will be down at the Glenn Ullin Compressor between October 24 and October 27 due to maintenance resulting in a maximum capacity at delivery Point ID 01050 No. Border – Glen Ullin of approximately 45 MMcf/d.

ELECTRICITY MARKET NEWS

Pennsylvania Gov. Edward G. Rendell has called on the state legislature, state utility companies and energy providers to provide an additional \$30 million this winter for low income energy assistance because average home heating bills in the state are expected to increase about 48% and the federal Low Income Home Energy Assistance Program (LIHEAP) will be insufficient to cover the increase.

MARKET COMMENTARY

The natural gas market complimented Wilma strengthening to a category 5 overnight by opening 14 cents higher even though the storm is not projected to enter the Gulf's production fields, but rather take aim on Florida's Southwest coast. Today's choppy session was fueled by the oil complex's inventory statistics, which were bearish. Natural gas traded from its high of the day 13.62 to its low 13.38 after the release of the figures, but the bulls would not let oil's figures influence the natural gas market. The market rebounded and held in positive territory through more selling of the oil complex, and moved a bit higher at the end of the day to settle up 12.8 cents at 13.549.

Tomorrow's EIA Storage report will be a factor for this market, as traders assess the supply picture in terms of the upcoming winter. Estimates for tomorrow's report range from 30 Bcf to 72 Bcf injections, with the average being a 57 Bcf injection. The five-year average for this report is an injection of 56 Bcf. A number significantly off the average will send this volatile market to a new level. We see support at \$13.35, \$13.00 and \$12.70. Further support we see at \$12.20. We see resistance at \$14.00, \$14.25 and \$14.75.