



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 20, 2006

NATURAL GAS MARKET NEWS

With major winter weather forecasts still not in agreement, it appears that the energy industry will be forced to wait and see what Mother Nature actually has in store this year. Sticking to its winter forecast released earlier this month, the National Oceanic and Atmospheric Administration (NOAA) reiterated on Thursday that it expects this winter to be warmer than the 30-year norm (1971-2000) over much of the nation, yet cooler than last year's very warm winter season.

The Independence Project in the ultra-deepwater Gulf of Mexico (GOM), only a vision three years ago, is eight months away from piping up to 1 Bcf/d of natural gas to U.S. markets. The record-setting collaboration by a midstream operator, four independent producers and an offshore production contractor could serve as a blueprint for other deepwater endeavors in the future.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that 90-degree weather is again forecasted in Florida. Consequently, for the gas day of October 20, FGT would like to notify their customers in FGT's Market Area that it is issuing an Overage Alert Day at 15% tolerance.

Kern River Pipeline said that linepack has returned to normal over its entire system.

PG&E California Gas Transmission has called a system-wide operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system. Tolerance was set at 9%.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing unscheduled maintenance effective immediately on the Burns Offshore Pipeline System until further notice. Gulf South also said that it will be performing scheduled pipeline maintenance on Index 59-FPL 1 beginning October 24, and continuing for approximately three days. To the extent firm service is interrupted, Gulf South will be claiming force majeure for as long as service cannot be performed due to the maintenance activity. Gulf South also said that it will be performing scheduled pigging maintenance on Index 129 West 30-inch from Clarence, Louisiana to near Sterlington, Louisiana beginning

Generator Problems

ERCOT – The 500 Mw Limestone #2 coal-fired power unit is in startup following a maintenance outage.

AEP's 550 Mw Welsh #3 coal-fired power station is in startup following completion of a maintenance outage.

AEP's 690 Mw Oklaunion coal-fired power unit is shut to fix a condenser leak.

MAAC – PPL's 1,115 Mw Susquehanna #2 nuclear unit increased output to 38% capacity. Yesterday the unit was operating at 24% capacity as it returns from a work outage. Susquehanna #1 continues to operate at full power.

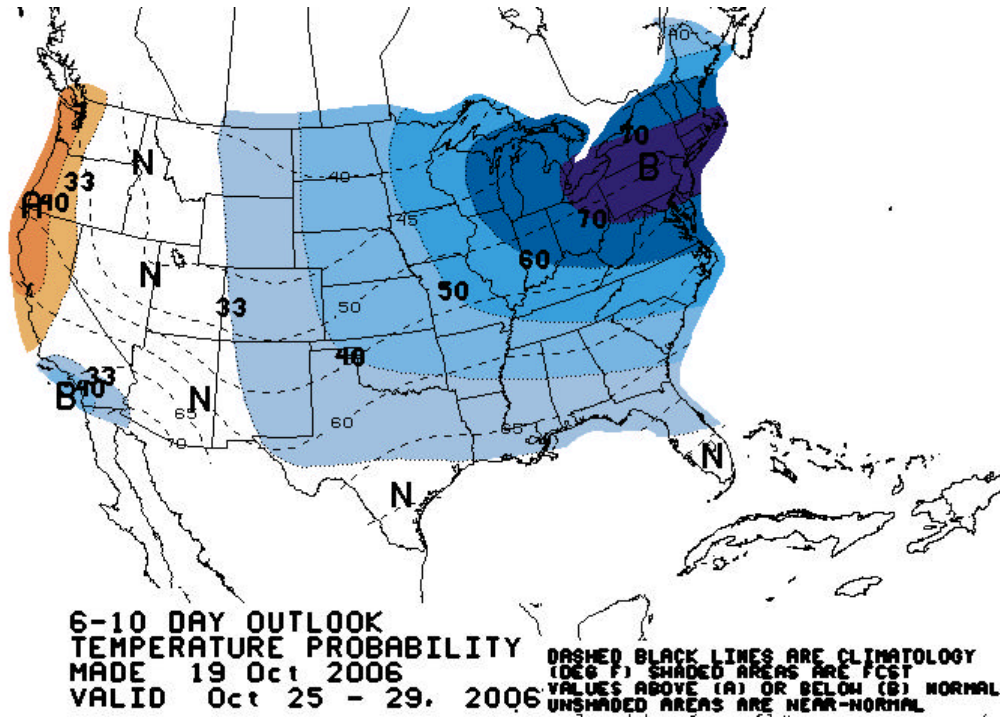
MAIN – Exelon's 1,252 Mw Byron #1 nuclear unit increased output to 90% capacity, up from the 84% level reported yesterday. Byron #2 remains at full power.

MAPP – Nebraska Public Power District's 800 Mw Cooper nuclear unit reduced output to 91% capacity as it prepares for a refueling expected to begin tomorrow.

SERC - Entergy's 968 Mw River Bend nuclear unit automatically shut yesterday from full power in response to a reactor water level signal from an apparent loss of feedwater. The unit was operating at full power.

WSCC – Arizona Public Service's 1,247 Mw Palo Verde #3 nuclear unit was shut manually when lowering hotwell levels caused two condensate pumps to trip. Palo Verde #1 continues to operate at full power and unit #2 remains shut for a refueling.

The NRC reported that 70,627 Mw of nuclear capacity is on line, down 2.71% from Thursday, and 12.49% lower than a year ago.



October 30, and continuing through October 31. Capacity reduction is not expected during the subject maintenance.

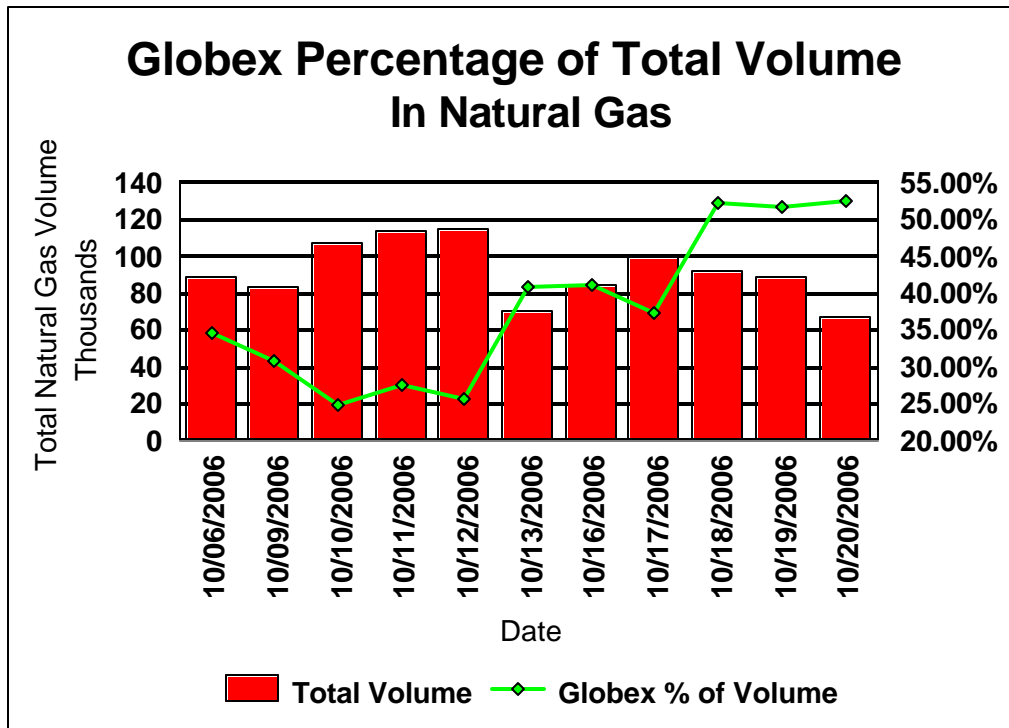
Northwest Pipeline said it has postponed the pig runs from the Pleasant View to Laplata compressor stations that were originally scheduled to be completed on October 24 and 26. Northwest anticipates rescheduling this work sometime in the first week of November but will provide the specific dates this work will be completed when it is available.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Bismarck Compressor Station through October 25. Maximum capacity at the Bismarck Compressor Station will be approximately 35 MMcf/d.

MARKET COMMENTARY

The natural gas market opened 8 cents lower as it assessed its charge through 7.00. On a light volume day, November natural gas chopped between 7.00 and 7.20 for most of the session before breaking up to 7.30 on very light volume. The November contract finished the session up 10.9 cents at 7.241.

Another strong day in the cash markets narrowed the futures premium to just 15-20 cents, as the cold is expected to dip into key consuming regions over the weekend and into the beginning of next week. However the longer 6-10 day forecast calls for a bit of moderating to temperatures for the western half of the country and despite the cool temperatures, we continue to feel that the upside will be limited.



Though this market is building technical strength supported by cool

temperatures, the longer term forecasts still see this winter as being above normal in terms of temperature, and with ample supplies of gas in the ground, we continue to feel this market will back off its uptrend and consolidate as November goes off the board next week. We see support at \$7.00, \$6.81, \$6.40, \$6.22 and \$6.00. We see further support at \$5.75, \$5.55, \$5.46 and \$5.35. We see resistance at \$7.20-\$7.30, \$7.54 and \$8.00.

NYMEX Nat Gas Options Most Active Strikes for October 20, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	2	7	P	7	01/26/2007	0.3756	6,575	62.54
LN	2	7	C	10	01/26/2007	0.6258	5,735	62.03
ON	12	6	C	12	11/27/2006	0.067	4,827	78.23
ON	11	6	P	6.5	10/26/2006	0.065	3,740	85.79
LN	1	7	P	6	12/26/2006	0.0865	3,725	64.18
LN	11	6	P	6	10/26/2006	0.0116	3,700	84.52
LN	11	6	C	8	10/26/2006	0.1033	3,475	92.67
LN	2	7	C	15	01/26/2007	0.1101	3,400	69.48
LN	11	6	P	6.5	10/26/2006	0.065	2,635	86.44
LN	11	6	P	6.75	10/26/2006	0.1243	2,225	87.56
ON	11	6	P	6.75	10/26/2006	0.124	2,081	86.63
LN	11	6	P	7	10/26/2006	0.2127	2,025	88.65
LN	11	6	C	7.25	10/26/2006	0.3233	1,953	87.27
ON	11	6	P	7	10/26/2006	0.213	1,881	87.75
LN	3	7	C	8.5	02/23/2007	1.0938	1,850	55.58
LN	11	6	C	9	10/26/2006	0.0192	1,700	99.67
LN	12	6	P	7.5	11/27/2006	0.4002	1,675	69.93
ON	11	6	C	7.25	10/26/2006	0.323	1,665	88.52
ON	11	6	P	6.25	10/26/2006	0.03	1,645	85.06
LN	11	6	C	7.5	10/26/2006	0.2256	1,575	89.13
LN	1	7	P	7	12/26/2006	0.2725	1,300	63.86
LN	1	7	C	9	12/26/2006	0.699	1,300	59.81
ON	11	6	P	4.5	10/26/2006	0.001	1,290	136.58
LN	3	7	P	6	02/23/2007	0.179	1,175	57.57
ON	11	6	C	8	10/26/2006	0.103	1,130	93.32
LN	11	6	P	7.25	10/26/2006	0.3322	1,100	89.80
ON	11	6	P	6	10/26/2006	0.012	1,076	84.59
LN	3	7	P	7	02/23/2007	0.477	1,075	60.45
LN	2	7	P	6	01/26/2007	0.1427	1,075	62.19
LN	11	6	C	7	10/26/2006	0.4534	1,000	85.90

It is interesting to note the growth in volume that Globex is experiencing over the floor. Today in fact, the spot November contract on Globex traded a volume of 15,000 lots, compared to the 8,000 lots traded on the floor. In the past few sessions, total Globex volume in natural gas has been more than 50% of the total volume in natural gas.