



POWER MARKET REPORT FOR OCTOBER 21, 2008

NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service reported the status of production shut ins from the Gulf of Mexico in the wake of Hurricane Gustav and Ike. The agency reported as of this morning some 9,838 b/d of crude production has been returned to service since its last status report back on October 16th. But improvements in natural gas production have been harder to find. The agency reported that in fact some 12 MMcf/d more of production has been shut in since last Thursday and as a result 2.717 MMcf/d or 36.7% total production is still off line.

Sonatrach declared a force majeure on LNG shipments from its Arzew plant due to the discovery of a cracked pipeline. The company expects exports to be reduced by 20% below normal levels over the next three months and as a result the company will divert some deliveries to Asia to help meet the shortfall in European shipments.

Generator Problems

ERCOT – Texas Utilities 1150 Mw Comanche Peak #1 was at full power this morning up 8% from yesterday.

SERC – TVA's 1065 Mw Browns Ferry #1 nuclear unit is expected to be taken off line this weekend for planned maintenance. The unit though was at full power this morning.

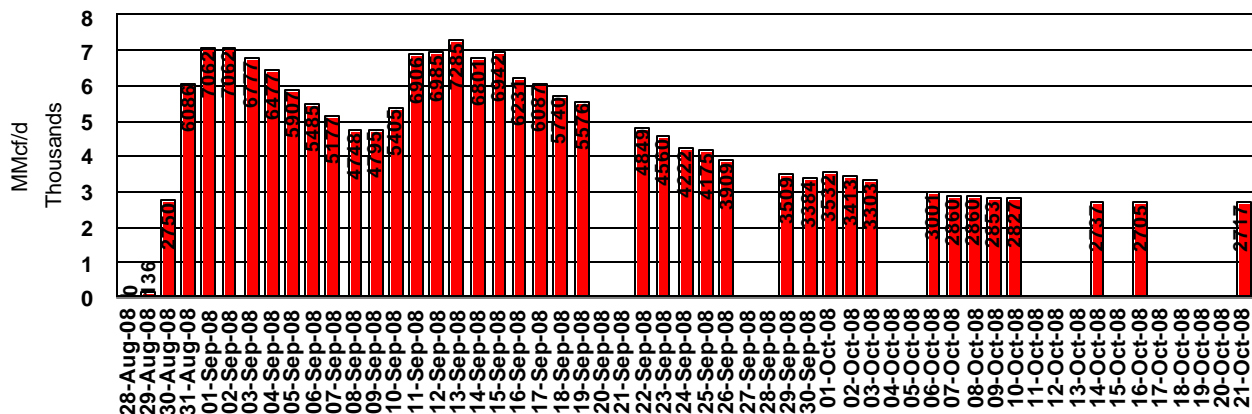
Duke Power's 846 Mw Oconee #2 nuclear unit is expected to be taken off line this weekend for maintenance. The unit was at full power this morning.

Entergy's 1207 Mw Grand Gulf #1 nuclear unit was at 1% power this morning as it begins to ramp back up from its recent maintenance outage.

The NRC reported this morning that some 79,939 Mw of nuclear generating capacity was online this morning, basically unchanged from Monday and up 26% more than the same day a year ago.

Russia, Iran and Qatar said today that the three natural gas producers have agreed to form an OPEC-style organization for gas exporting countries. The group will form a technical committee that will help to lead to ventures in exploration, refining and the sale of natural gas. The group would look to add

USG Offshore Nat Gas Production Shut-ins



member moving forward as well.

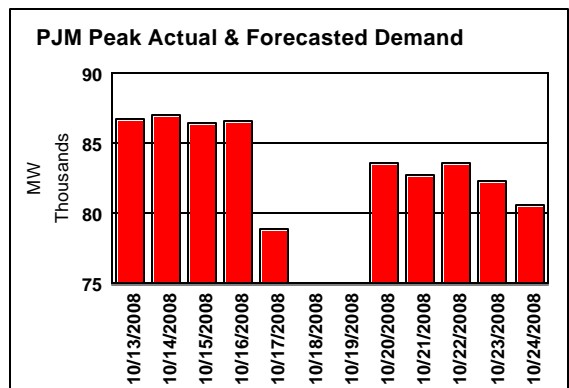
ExxonMobil said today that it has agreed to raise gas supplies from its Russian Sakhalin-1 project to Russia's Far East markets. The company yielded to pressure from Gazprom to prioritize sale for the domestic market. The company will increase gas supplies to the Russian Far Eastern markets by 50% from 2012 in addition to the 3 bcm a year from levels already promised.

| Natural Gas Cash Market | | | | | | |
|--------------------------|------------|---------|-----------|------------------|-----------|-------------|
| ICE Next Day Cash Market | | | | | | |
| | Volume | Avg | Change | Basis | Change | Basis 5-Day |
| Location | Traded | Price | | (As of 12:30 PM) | | Moving Avg |
| Henry Hub | 812,400 | \$6.758 | (\$0.221) | \$0.012 | \$0.139 | (\$0.925) |
| Chicago City Gate | 885,700 | \$6.928 | (\$0.063) | \$0.182 | \$0.165 | (\$0.148) |
| NGPL- TX/OK | 947,500 | \$6.392 | (\$0.165) | (\$0.354) | \$0.063 | (\$0.516) |
| SoCal | 421,000 | \$4.853 | (\$0.237) | (\$1.893) | (\$0.009) | (\$2.399) |
| PG&E Citygate | 395,500 | \$6.381 | (\$0.283) | (\$0.365) | (\$0.055) | (\$0.386) |
| Dominion-South | 350,300 | \$7.203 | (\$0.119) | \$0.456 | \$0.109 | \$0.163 |
| UStTrade Weighted | 17,518,400 | \$6.164 | (\$0.089) | (\$0.582) | \$0.14 | (\$0.925) |

Platts reported this week that due to softening gas prices and tighter credit markets, lease prices in the Marcellus Shale region in Pennsylvania have begun to fall

especially in the northeastern part of the state. Lease payments have dropped by 12-15% but there have been reports of declines by as much as 50-67% in certain regions.

TransCanada said that it is planning an Existing Capacity Open Season on the Canadian Mainline for service starting November 1 and April 1. The open season will begin today and will close October 27th. The company will be accepting bids for Existing Capacity for Firm Transportation Service.

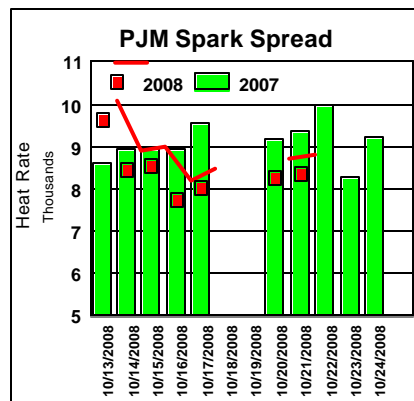


PIPELINE MAINTENANCE

Gulf South Pipeline said that it is performing unscheduled maintenance on the sub-sea tap at Eugene Island Block 95F until further notice.

CIG reported today that it plans to schedule maintenance on its Cheyenne Plains Gas Pipeline at the Cheyenne Plains Compressor Station on November 4-6. One unit at the Cheyenne Plains Jumper on November 4-6 and the Yuma Compressor Station will be out of service November 6th.

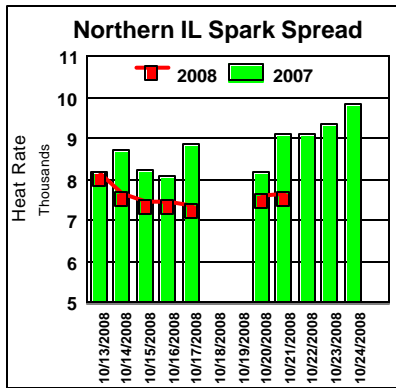
In Wyoming the company reported that one unit at the Laramie Compressor Station will be out of service through December 12th and one unit at the Elk Basin Compressor Station from now through November 14th and again between November 18th-November 20th. In Colorado the company reported its Maxwell Meter Station will be out of service on November 12th and the Niobrara Compressor Station for 12 hours on November 5th. Finally scheduled reservoir maintenance has been planned for the Young Gas Storage from November 10-16. During the test, no injections or withdrawals will be supported.



Sea Robin Pipeline said that its East Cameron 265 platform, which was toppled during Hurricane Ike caused significant damage to its West Leg pipeline. It expects these repairs will now take until December 12th.

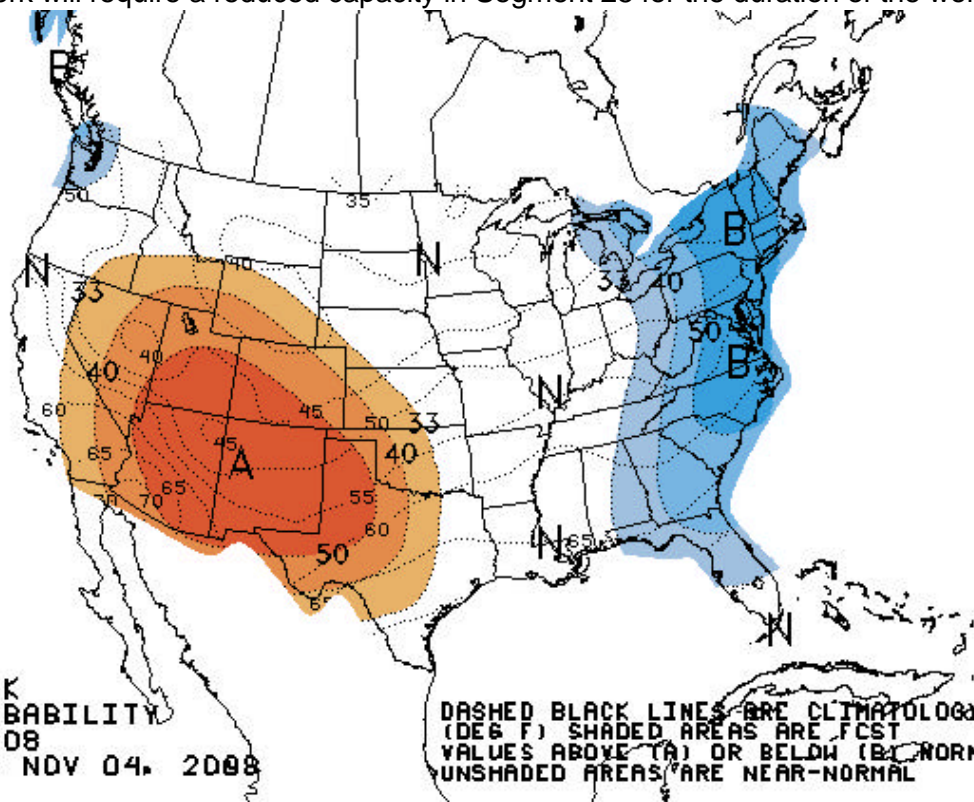
Trunkline Gas Company reported that its T-27 platform, which was toppled during the hurricane caused significant damage to the Trunkline system. The company does not intend to replace the toppled platform, but does intend to make subsea repairs to bring this lateral back into service. The

work on this segment will be done in two steps: the first will include capping the segment in Ship Shoal 274 to allow for flow to recommence from receipt points downstream of Ship Shoal 274 and upstream of T-25. The second phase will include reconnection of location 80261 in Ship Shoal 274 as well as installation of a tie-in valve for a future reconnection to Trapon Transmission Company.



Trailblazer Pipeline said that maintenance on Unit #1 at Station 603 in Kearney County, Nebraska has been scheduled for October 31-November 1st. The company does not expect the work will impact shippers.

NGPL said until November 9th, it will be performing a hydrostatic test on the Amarillo #3 line in Segment 12 of its Amarillo Mainline Receipt Zone. The company has also scheduled to install permanent switch on units 9 and 10 at Station 343 (located in Liberty, Texas) from November 4-6th. This work will require a reduced capacity in Segment 25 for the duration of the work.



Williston Basin Interstate Pipeline said that unplanned maintenance would be performed at the Little Beaver Compressor Station starting today. The company does not expect any restriction to the system. The company also reported that it has scheduled maintenance on Line Section 21 from October 27-November 21 but does not expect any system restrictions as a result of the work.

SONAT said that it has scheduled a shut in test at the Bear Creek Storage Field from today through October 27th and it constitutes a Force majeure event.

ELECTRIC MARKET NEWS

Genscape reported that U.S. power output for the week ending October 16th fell 7.53% from the week before and 8.59% from the same week a year ago.

MARKET COMMENTARY

The natural gas market posted an inside trading session today the first one since September 30th. While prices this morning were weaker helped by general weaker commodity prices, the futures market was able hold above yesterday's lows helped in part by the cash markets that held relative strength due to near term demand for heating needs in the Midwest and eastern U.S. The natural gas market received a boost late in the day as the U.S. Minerals Management Service that production levels of natural gas production shut in from the Gulf of Mexico had not improved over the past five days and in fact had slipped slightly backward.

We continue to look on this market in a supportive light, given the production problems and near term supportive weather outlook. We see near term support tomorrow at \$6.728, \$6.696, \$6.612 and \$6.528. Additional key support we see at \$6.436 and \$6.067. Resistance we see at \$6.928, \$7.012, \$7.087 and \$7.128. Key resistance at the three month trend line is at \$7.626 tomorrow.

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