



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR OCTOBER 27, 2005**

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#### **NATURAL GAS MARKET NEWS**

Sen. Jack Reed (D-RI) on Thursday called on the executives of nine leading energy companies to contribute a portion of their quarterly profits to assist low-income customers and senior citizens in dealing with expected higher energy costs this winter.

The Minerals Management Service reported that 5.559 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. That is equivalent to 55.59% of the daily gas production in the Gulf.

Sixteen natural gas processing plants in Louisiana and Texas that had a pre-hurricane flow volume of 5.45 Bcf/d remain shut down, according to information supplied by Energy Secretary Samuel Bodman to a Senate panel Thursday.

#### **PIPELINE RESTRICTIONS**

East Tennessee Natural Gas said that nominations delivering downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke have been restricted to capacity. No increases will be accepted in this section.

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 levels have returned to normal on 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.

#### **Generator Problems**

**MAIN**— Exelon Generation Company's 1,162 Mw LaSalle #1 nuclear unit reduced power yesterday to conduct control rod pattern adjustments overnight. The unit has since returned to full power. LaSalle #2 continues to operate at full power

**NPCC**— Entergy Corp.'s 684 Mw Pilgrim #1 nuclear unit reduced power to 60% early today for thermal condenser backwash cleaning.

**SERC**— Progress Energy's 900 Mw Brunswick #2 nuclear unit increased power to 97% following weekend work. The unit was operating at 85% yesterday. Brunswick #1 continues to operate at full power.

Progress Energy's 710 Mw Robinson #2 nuclear unit ramped up to 65% power this morning. Yesterday the unit was operating at 49% power.

**Canada**— Ontario Power Generation shut the two 535 Mw units #3 and #4 at the Lennox oil- and natural gas-fired power station early today for short-term planned outages. Unit #2 shut September 1 for a planned maintenance outage, leaving unit #1 the only unit available for service.

**The NRC reported that U.S. nuclear generating capacity was at 78,556 Mw down .37% from Wednesday and up 1.18% from a year ago.**

Texas Eastern Transmission said that Zones STX and ETX have been restricted to capacity. No increases in receipts between Mt Belvieu and Little Rock for delivery outside 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**

Florida Gas Transmission will be performing pipeline maintenance on the mainline just downstream of Compressor Station #6 near Vidor, Texas starting November 7. The maintenance is scheduled to be completed by November 14. During this work FGT will schedule up to approximately 200 MMcf/d through Compressor Station #6. During normal operations FGT schedules up to 300 MMcf/d.

Also, FGT will be performing pipeline maintenance on the mainline just downstream of Compressor Station #7 near Eunice, Louisiana starting November 9 through November 11. During this work, FGT will schedule up to approximately 250 MMcf/d through Compressor Station #7. During normal operations FGT schedules up to 435 MMcf/d. FGT will also be performing maintenance on one of the large compressors located at Compressor Station #9 near Franklinton, Louisiana starting November 1 and continuing until the end of December. During this work FGT will schedule up to approximately 1,150 MMcf/d through Compressor Station #9. During normal operations FGT schedules up to 1,350 MMcf/d.

**EIA Weekly Report**

	10/21/2005	10/14/2005	Net chg	Last Year
<b>Producing Region</b>	839	820	19	922
<b>Consuming East</b>	1868	1819	49	1875
<b>Consuming West</b>	432	423	9	417
<b>Total US</b>	3139	3062	77	3214

\*storage figures in Bcf

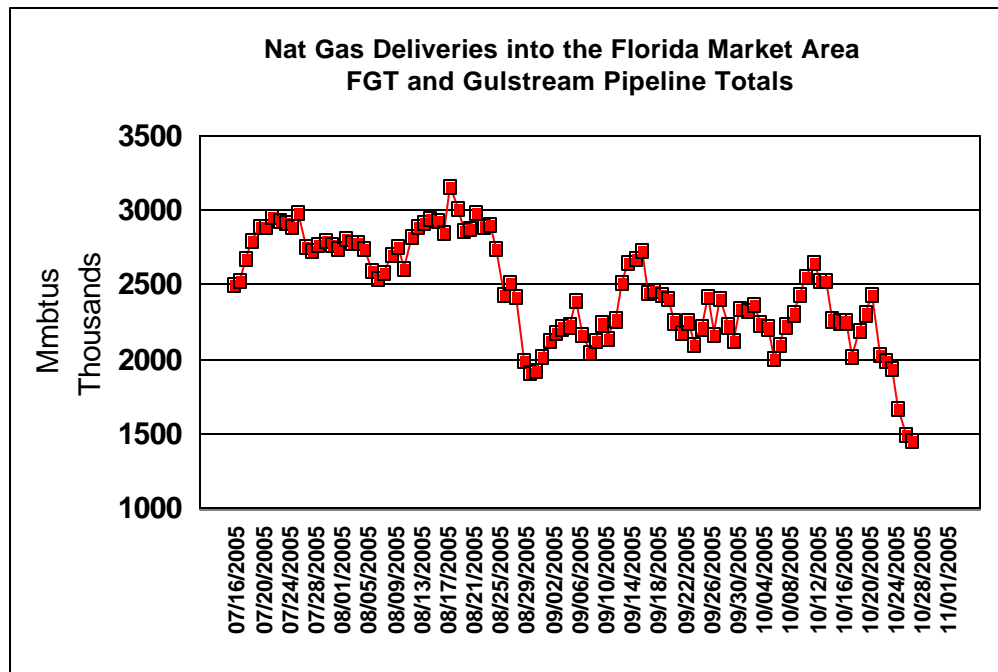
**Canadian Gas Association**

**Weekly Storage Report**

	21-Oct-05	14-Oct-05	22-Oct-04
<b>East</b>	244.6	242.8	245.9
<b>West</b>	253.3	250.9	221.6
<b>Total</b>	497.8	493.7	467.5

storage figures are in Bcf

National Fuel Gas recently scheduled two maintenance projects over the next two weeks. The Heath Compressor station will be down for maintenance from November 7-10. During this period production behind the station will be shut in. In addition, the Knox Compressor station will be down for maintenance on October 27 from 8:00 AM ET through late afternoon. During this period 50% of production behind the station will be shut in.



Natural Gas Pipeline Company of America said that a small leak had been detected on a lateral in Wheeler County, Texas. Natural made arrangements to repair this leak, and the affected lateral is back in service.

**ELECTRIC MARKET NEWS**

Florida Power & Light restored power to 1.1 million customers, leaving 2.1 million still without service following Wilma. FPL said it had already mobilized more than 8,200 workers to restore power and

expected another 2,600 to arrive by Monday. The company has not provided an estimate of the cost of the damage and restoration effort. FPL reiterated that it had restored most of the power to customers along the Gulf Coast, and would likely restore service to a majority of its customers by November 8. The company expected 95% of customers to have power restored by November 15.

**MARKET COMMENTARY**

The November and December natural gas contracts opened up down 36 and 31 cents respectively as they awaited the much-anticipated EIA storage report. The report surpassed expectations of a 65 Bcf injection, with an actual 77 Bcf injection, topping last year's injection and the 5-year average for this report. This puts the total working gas in storage at 3.139 Tcf ahead of the winter heating season, and ahead of the 5-year average for working gas in storage, which is 3.054 Tcf. Natural gas traded lower following the release with November reaching 13.30 and December reaching 13.44 as lows on the day. The remainder of the session was relatively quiet even with the expiring November contract, and the market traded sideways. Some choppiness at the end of the day can be attributed to expiration jitters, but natural gas held its 13.50 level, and narrowed its losses, as the market remains discouraged by the slow pace of recovery. The November contract finished down 20.8 cents at 13.832, and the new spot December contract settled down 37.6 cents at 13.684 with an average 76,000 contracts exchanging hands.

With a little bit of temperature moderation and storage at a fairly comfortable level, the new front month will move sideways and a bit lower. The market however remains extremely weather vulnerable, as demonstrated by Tuesday's performance. Any retracement to the bottom of this range, the 12.70-13.00 level, is an opportunity to sell some out of the money puts or initiate a long futures position a head of a serious cold snap. We see support at \$13.50, \$13.30 and \$13.00. Further support we see at \$12.97 and \$12.70. We see resistance at \$14.00, \$14.50 and \$15.00. Further resistance we see at the contract high of \$15.25.

