



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 31, 2005

NATURAL GAS MARKET NEWS

Mexico's energy regulator believes planned natural gas storage facilities in Mexico could cushion against the volatility that has sent local natural gas prices soaring since Hurricane Katrina. The president of the CRE regulator, Dionisio Perez-Jacome, said the body could grant permits in just over three months for two private sector applications to build underground natural gas storage facilities in Mexico.

Petro-Canada is confident of implementing its \$1.3 billion plan for a LNG terminal near St. Petersburg, Russia. The company signed a memorandum of understanding with Russian gas monopoly Gazprom a year ago, when the two firms said they would study the possibility of building the plant at the port of Ust-Luga on the Baltic Sea. Last month a local Russian politician said the plant would be implemented together with Gazprom's plans for a pipeline under the Baltic Sea to Germany, and in 2007 rather than the previously mentioned date of 2009. The proposed plant would ship LNG to the Cacouna joint terminal near Quebec. The Ust-Luga would plant would have a capacity of 3.5 Million tonnes of LNG per year.

Transcontinental Gas Pipe Line (Transco) said Monday it is holding an open season to test market interest in the Sentinel Expansion Project, which would provide additional firm transportation capacity for gas entering the system from the Pleasant Valley receipt point, the Leidy Hub or any other receipt points downstream of those locations. The open season ends Dec. 2.

PIPELINE RESTRICTIONS

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 reduction on the Tyler 12-inch Index 8 / Palestine 8-inch Index 11&70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North;

Generator Problems

ECAR— FirstEnergy Corp.'s 873 Mw Davis-Besse nuclear unit exited an outage and ramped up to 14% capacity today. The unit shut on Friday for maintenance work.

FRCC— Progress Energy's 838 Mw Crystal River #3 nuclear unit shut October 29 for a refueling outage. The unit was operating at 82% capacity Friday.

FPL Group's 839 Mw St. Lucie #2 nuclear unit returned to full power today. On Friday, the unit was operating at 64% of capacity.

MAAC— Exelon Corp.'s 1,112 Mw Peach Bottom #3 nuclear unit dipped to 71% of capacity by early today. On Friday, the unit was operating at full power. Peach Bottom #2 continues to operate at full power.

PPL Corp.'s 1,140 Mw Susquehanna #1 nuclear unit shut over the weekend for up to three weeks on maintenance to improve the operation of the unit's control rods. Susquehanna #2 continues to operate at full power.

MAIN—Exelon's 800 Mw Dresden #2 nuclear unit shut this morning. The unit was operating at 98% capacity on Sunday. Dresden #3 is operating at 99% capacity.

NPCC— Dominion Resources' 1,130 Mw Millstone #3 nuclear unit returned to full power by early today. On Friday, the unit was operating at 27% of capacity after exiting a refueling outage. Millstone #2 continues to operate at full power.

Entergy Corp.'s 684 Mw Pilgrim nuclear unit returned to full power by early today. The unit was reduced to 60% power late last week for thermal condenser back wash cleaning.

Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko; Kiln to Mobile

Kern River Pipeline said that line pack levels have returned to normal on its entire system.

PG&E California Gas Transmission said that dates for the capacity reduction at Kern River Meter Station have been moved out to November 14-17. The capacity will be reduced to 400 MMcf/d for that time period. This reduction is necessary to perform meter upgrades.

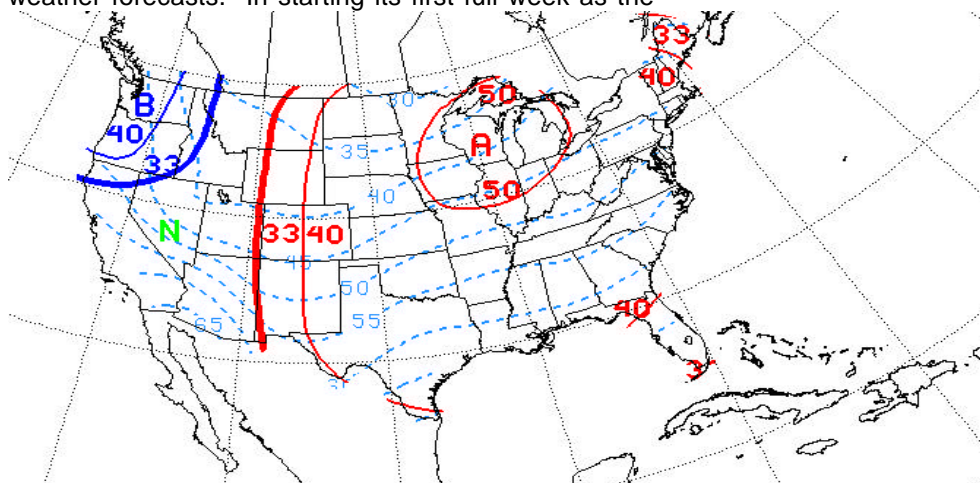
Texas Eastern Transmission said that Zones STX and ETX have been restricted to capacity. No increases in receipts between Mt Belvieu and Little Rock for delivery outside that area will be accepted. Zones M1 24-inch and M2 24-inch have been sealed to capacity through the Batesville compressor station. No increases in receipts between Little Rock and Batesville for delivery outside of that area will be accepted.

PIPELINE MAINTENANCE

National Fuel Gas said 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.

MARKET COMMENTARY

The natural gas market opened down 63.5 cents, as traders continue to focus on unsupportive near term weather forecasts. In starting its first full week as the



**6-10 DAY OUTLOOK
TEMP PROBABILITY
MADE 31 OCT 2005
VALID NOV 06 - 10, 2005**
**DASHED BLUE LINES
ARE CLIMATOLOGY (DEG F)
SOLID LINES ARE TOTAL PROBABILITY
OF THE INDICATED CATEGORY. HEAVY
SOLID LINES ARE 33.3% PROBABILITY**

tentatively returning hurricane premium, is at the levels it was between hurricanes

Generator Problems

SERC— Southern Co.'s 856 Mw Hatch #1 nuclear unit shut on Saturday due to a fire in a transformer outside the turbine building. Hatch #2 continues to operate at full power.

Dominion's 917 Mw North Anna #2 nuclear unit exited a refueling outage and ramped up to 29% of capacity by early today. The unit shut on October 2 for the refueling. North Anna #1 continues to operate at full power.

Dominion's 810 Mw Surry #1 nuclear unit exited an outage and ramped up to 80% of capacity by early today. The unit shut October 19 to investigate a vibration in one of the unit's three coolant pumps. Surry #2 continues to operate at full power.

Progress Energy's 900 Mw Brunswick #2 nuclear unit returned to full power. Brunswick #1 continues to operate at full power.

Progress Energy's 710 Mw Robinson #2 nuclear unit returned to full power over the weekend.

WSCC— Duke Energy's 510 Mw Moss Landing #2 natural gas-fired power unit shut for a planned work Sunday afternoon.

Canada— Ontario Power Generation's 494 Mw Lambton #2 coal-fired power unit shut by early today for a planned short-term outage.

Ontario Power Generation shut unit #3 at its 3,920 Nanticoke coal-fired power station, and restarted units #2 and #8.

The NRC reported that U.S. nuclear generating capacity was at 78,199 Mw down 2.61% from Friday and up .63% from a year ago.

front contract, December got off to a bearish start, trading to a low of 12.14 on the day. This is the first time the December contract has traded this low since mid September. Also important to note is that the market has moved below the 12.70 support level, which has held the last two weeks. The market moved sideways the remainder of the day trading between 12.20 and 12.30 before settling down 85 cents at 12.205.

The market, slowly and Katrina and Rita. A large

technical gap exists between 10.75 and 11.10 and that might be the next downside target given no bullish weather sets in for a while. If selling momentum subsides, the market can easily see itself back above the 12.70 level and into 13.00. We see support at \$12.00, \$11.80 and \$11.10. We see resistance at \$13.00, \$13.60 and \$14.00. Further resistance we see at \$14.50 and \$15.00.