



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 1, 2005

NATURAL GAS MARKET NEWS

Alaska Gov. Frank Murkowski met with the premiers of three Canadian provinces Monday to discuss the Alaska gas pipeline project, which ultimately will have to run through the Yukon, British Columbia and Alberta. Murkowski said all three premiers "committed to support good faith negotiations between their governments, North Slope oil producers and Canadian pipeline companies to ensure the most expeditious development of the project."

Pat Pope, a top official with Southern Natural Gas Co., on Tuesday said that there is a strong likelihood that the U.S. is going to see far fewer liquefied natural gas (LNG) terminals built "than are being projected even today." He doesn't see any terminals being built on either of the coasts within the U.S. and is "quite pessimistic" about the chances of a terminal being constructed in the Bahamas.

Utilities in the Pacific Northwest appear likely to largely avoid the significant gas price increases that will be seen in the Midwest and eastern United States this winter because of different supply sources. The Northwest Gas Association (NGA) said Tuesday that utility customers can expect much smaller price winter increases than what consumers will be seeing in other regions that are more closely tied to damaged supply infrastructure in the Gulf of Mexico and Gulf Coast.

The Minerals Management Service reported that today's Gulf of Mexico shut-in production is 5.269 Bcf/d. That is equivalent to 52.69% of the daily gas production in the Gulf of Mexico.

Generator Problems

ECAR— FirstEnergy's 873 Mw Davis-Besse nuclear unit ramped up to 78% of capacity by early today. Yesterday, the unit was operating at 25% after exiting a short maintenance outage.

ERCOT— Texas Genco's 1,280 Mw South Texas #2 nuclear unit exited a refueling outage and ramped up to 30% of capacity by early today. The unit shut October 3 for the outage. South Texas #1 continues to operate at full power.

FRCC— FPL's 693 Mw Turkey Point #4 nuclear unit lost offsite power due to the loss of a startup transformer. The unit was not operating and diesel generators kicked on to operate the plant's systems. Turkey Point #3 continues to operate at 60% capacity.

SERC— TVA's 1,114 Mw Browns Ferry #3 nuclear unit shut late yesterday due to a turbine trip. Yesterday, the unit was operating at 99%. Browns Ferry #2 continues to operate at full power.

Dominion Resources' 917 Mw North Anna #2 nuclear unit ramped up to 70% of capacity by early today. Yesterday, the unit was operating at 29% capacity after exiting a refueling outage. North Anna #1 continues to operate at full power.

Dominion Energy's 810 Mw Surry #1 nuclear unit ramped power to full capacity this morning. Surry #2 continues to operate at full power.

WSCC— Southern California Edison's 1,020 Mw Big Creek hydropower unit returned to full service by yesterday afternoon.

Constellation Energy Group's 780 Mw High Desert natural gas-fired power station returned to service by yesterday afternoon. The unit shut for planned work on October 24.

Duke Energy Corp.'s 510 Mw Moss Landing #2 natural gas-fired power station returned to service by yesterday afternoon. All units are now available for service.

The NRC reported that U.S. nuclear generating capacity was at 78,635 Mw up .56% from Monday and up 1.54% from a year ago.

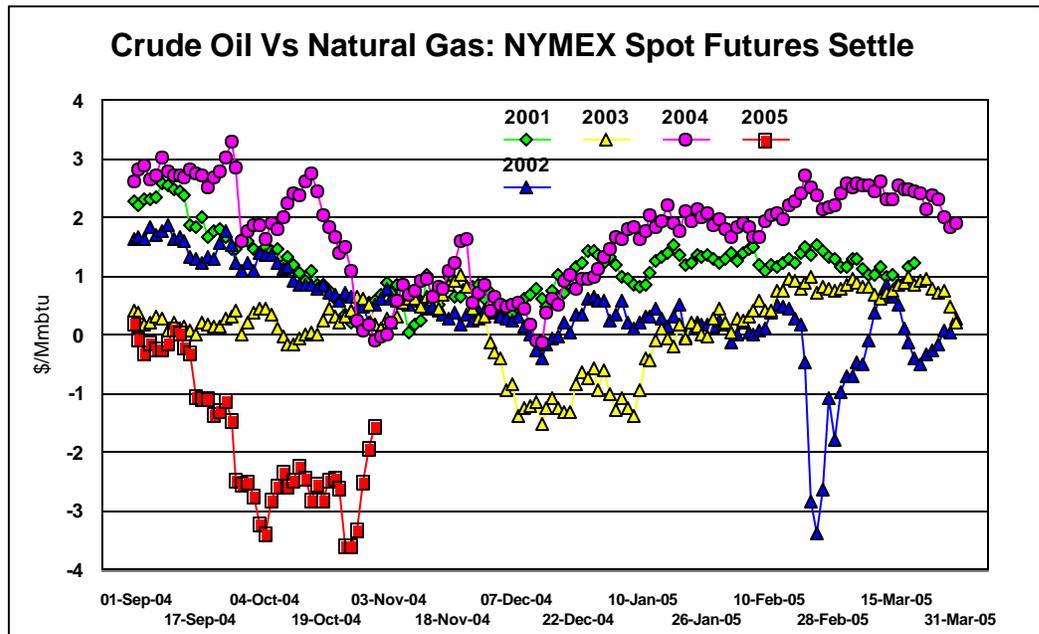
PIPELINE RESTRICTIONS

Centerpoint Gas Transmission has issued an operational alert due to the fact that its storage inventory levels are nearing maximum capacity. With the warm-up forecasted and inventory levels at near maximum, the creation of long imbalances can exacerbate operational problems. Accordingly, CEGT warns its shippers and pool managers to remain in balance on a daily basis.

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

KM Interstate Gas Transmission said effective today and until further notice, it has the following capacity constraints on its system. PIN 6501, SSC Grant will be unavailable for nominations, due to operational conditions. PIN 10086, NNG Lakin Finney will be unavailable for nominations, due to operational conditions. PIN 7221, NGPL Barton will be unavailable for nominations, due to operational conditions.



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. Receipts between Vidor and Gillis have been sealed to capacity. No increases in receipts between the two points will be accepted.

TransColorado Gas Transmission said effective today it does not have any capacity constraints on its system.

PIPELINE MAINTENANCE

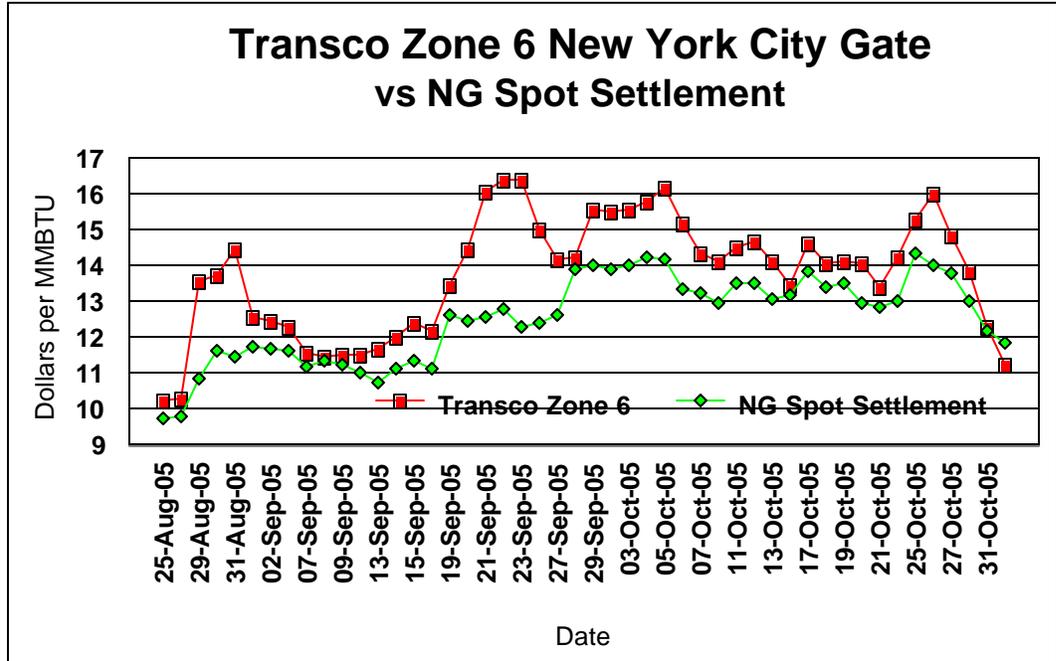
Alliance Pipeline said that mechanical difficulties on Unit #1 at the Carson Creek facility that first came to light on Sunday morning, October 30 have been overcome. As of Cycle #4 yesterday, capacity has been increased back to normal.

Westcoast Energy said the previously posted A Train Process Exchanger Washes will be taking place on November 3-4 at the Pine River Gas Plant. A treatment constraint and Overproduction Charge will be in place for the November 3 and 4 gas days to 85% of firm residue gas treatment service availability. No interruptible residue gas treatment service will be available. Additionally, we are asking upstream customers to reduce their upstream production as much as possible from 8:00 AM PT to 8:00 PM PT to minimize the impact of this event.

Williston Basin Interstate Company said that due to some unscheduled maintenance on Line Section 22, deliveries to Point ID 03820 MDU-Billings Border may be potentially affected on November 2. At this time the company does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

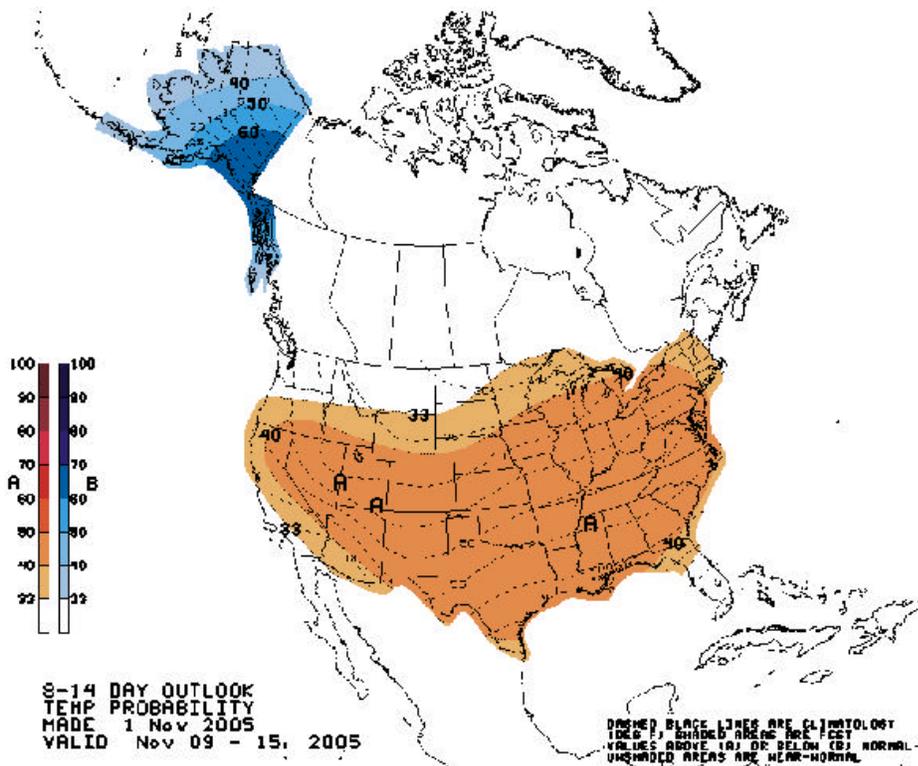
As Florida Power & Light Company begins its eighth full day of restoration since Hurricane Wilma, the company has restored power to 2.5 million or 77% of its 3.2 million customers impacted by the major storm. Nearly 18,000 restoration workers from 33 states and Canada are working from 19 staging sites to restore power to the 726,500 customers remaining out of service.



The Nuclear Regulatory Commission said it will begin conducting additional inspection at Entergy Nuclear's Indian Point Energy Center in Buchanan, N.Y. Through enhanced specialized inspections the NRC will oversee Entergy's efforts to address leakage from the Unit 2 spent fuel pool and reliability issues with the site's alert and notification system (sirens).

ECONOMIC NEWS

The Federal Reserve boosted short-term interest rates for a 12th consecutive time as evidence grows that the central bank intends to slow the economy down to prevent inflation from rising. The Fed, as expected, raised its target for the federal-funds rate, charged on overnight loans between banks, to 4% from 3.75%. It was the 12th consecutive policy meeting at which it had raised the target by a quarter of a percentage point. It also suggested, as it has at all of those meetings that more rate increases are to come. "Elevated energy prices and hurricane-related disruptions in economic activity have temporarily depressed output and employment," the Fed said in the statement accompanying their decision.



MARKET COMMENTARY

The natural gas market continued its downward trend

opening 50.5 cents lower this morning, as bears attack technical support levels. After breaching support today at 12.00, and trading to the 11.68 prominent low from late September, the market chopped its way back above 12.00 to a high of 12.07 on the day. The natural gas cash market continued to crumble, with cash prices moving below futures prices, as mild weather over much of the nation has cut back demand. Storage facilities reported reaching near their maximum levels, meaning there is a lot of gas out there looking for a home, and right now there is no demand to take it with the mild temperatures. Natural gas has slide 18% over the past five sessions, and natural gas' premium to crude oil has slid from \$3.58/mmbtu to \$1.54/mmbtu. December natural gas finished today down 34.5 cents at 11.86.

Despite the recent weakness, traders agreed the market was still nervous about winter supplies, noting the heating season will kick off in November with lower inventories than last year and reduced Gulf Coast production, which still has over 52% shut-in. With the volatility that this market has seen recently, a change in weather is going to send this market higher as winter demand shifts to high gear. Looking ahead to Thursday's EIA storage report, expectations range from a 6 Bcf draw to a 65 Bcf injection, with most looking for a 30 Bcf increase. At these low levels, regardless of the short-term downward trend, it is a buying opportunity, as the macro demand picture will be initiated with a cold snap. We see support at \$11.44-\$11.52, a gap from mid-September, and further support at \$11.25 and \$11.00. We see resistance at \$13.00, \$13.50, and \$14.00. We see further resistance at \$14.50-\$14.63.