



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 28, 2005

NATURAL GAS MARKET NEWS

The National Weather Service reported that warmer-than-normal temperatures are returning to the northeast and Midwest this week, and therefore total U.S. natural gas heating demand will be almost 12% below normal during the week ending December 3.

The combined impact of 17% below-normal heating degree days (HDD) in the six-week period ending Nov. 18 and various demand destruction effects more than offset the 4.6 Bcf/d of shut ins caused by Hurricanes Katrina and Rita, and U.S. natural gas storage will be above average exiting the heating season, according to separate analyses by two energy consultants.

The Minerals Management Service reported that 3.06 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. That is equivalent to 30.6% of the daily gas production. It is down from 3.196 Bcf/d on Wednesday.

Citing the new federal Energy Policy Act of 2005, parts of which give FERC exclusive siting authority for onshore liquefied natural gas (LNG) terminals, the California Public Utilities Commission dropped its investigation of the Sound Energy Solutions (SES) proposed LNG terminal in Long Beach harbor in a closed session following its business meeting earlier this month (Nov. 18). The state regulators had started the proceeding to examine safety and economic issues.

PIPELINE RESTRICTIONS

Alliance Pipeline said that a mechanical inspection will require the Albert Lea compression station in Minnesota to be offline for eight hours on November 29. System throughput may be impacted but will be determined closer to the outage date. Also, a mechanical inspection will require the Manchester compression station in Iowa to be offline for eight hours on November 30. System throughput may be impacted but will be determined closer to the outage date. Finally, Alliance said that a mechanical inspection will require the Tampico compression station in Iowa to be offline for eight hours on December 1. System throughput may be impacted but will be determined closer to the outage date.

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 on Sarepta to

Generator Problems

ECAR— FirstEnergy Nuclear Operating Company decreased production at its Davis-Besse nuclear unit over the weekend. The unit reported operating at 82% this morning.

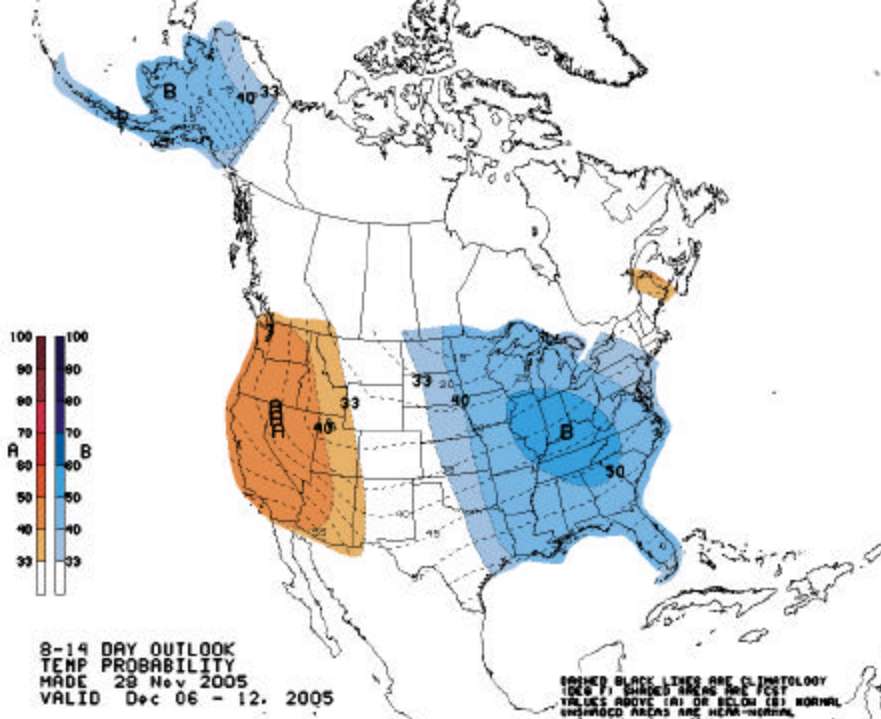
MAIN— Exelon's 900 Mw Dresden #3 nuclear unit has increased output to 97% today. Also, Exelon's 800 Mw Dresden #2 nuclear unit increased power to 97% this morning. The unit was operating at 88% late last week.

Dominion Resources restarted its 574 Mw Kewaunee nuclear unit over the weekend and has since increased power to full capacity.

We Energies restarted its 516 Mw Point Beach #1 nuclear unit over the weekend and has since increased production to full capacity. Point Beach #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 90,462 Mw up 2.20% from Wednesday and up 5.81% from a year ago.

Sterlington 18-inch Index 250; 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, and Lake Charles Receipts – Capacity Area 6.



Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Tetco has scheduled and sealed the M1 24-inch system to capacity. No increases in receipts between Little Rock and Fagus for delivery outside that area will be accepted. Also, Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts sourced at Monroe will be accepted.

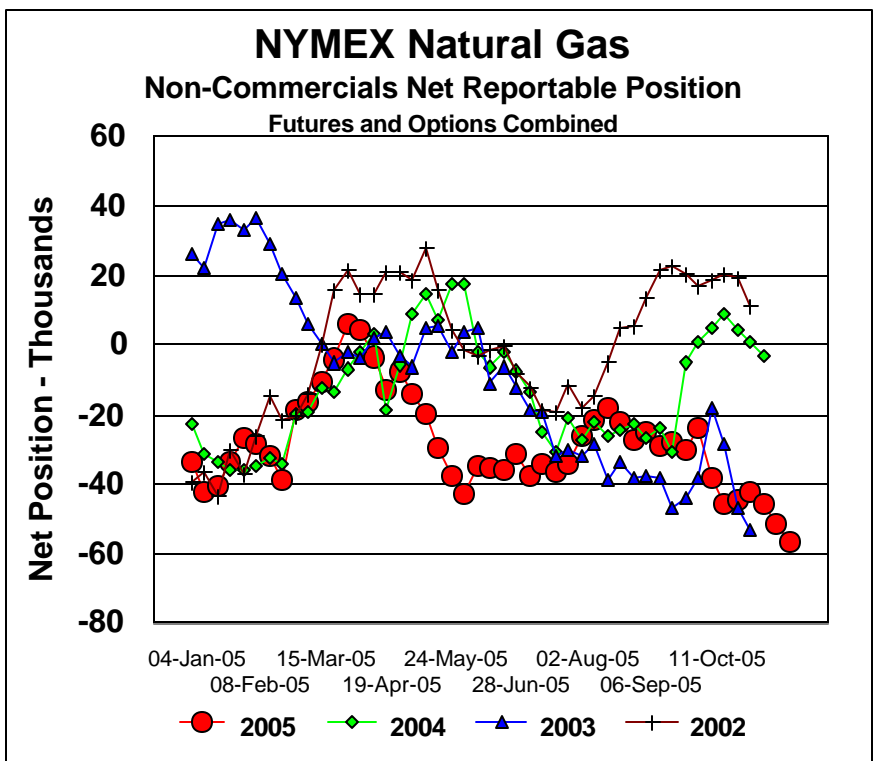
Trailblazer Pipeline Company said that effective for December 1, it anticipates having capacity available for interruptible flow, authorized overrun and secondary out-of-

path firm transportation going eastbound through Compressor Station 602. However, the scheduling of any ITS?AOR and secondary out-of-path Firm Transportation will ultimately depend on the level of nominations received and will only be scheduled to the extent primary in-path firm and secondary in-path firm are not fully utilized.

PIPELINE MAINTENANCE

Alliance Pipeline said that station maintenance will require the Wolf South Meter Station to be offline for two hours starting at 9:00 AM MT on November 29. Station capacity will be lowered to 74.3 MMcf/d. The Wolf South Meter Station is located in Alberta. Alliance also said that the Estlin Compression Station in Saskatchewan will be offline for 96 hours starting at 4:00 AM MT on November 29 to perform mechanical repairs. System throughput will be affected but will be determined closer to the outage date.

TransColorado Gas Transmission recently released its expected slate of maintenance projects for the month of December. TransColorado will be performing various tie-ins at the Greasewood Hub on December 13. During this outage, nominations at



the Greasewood Hub (Segment 200), which includes the following points, will not be accepted: 36100 Questar/Greasewood; 36101 Williams/Greasewood; 36102 Canyon Gas/Greasewood (Rec); 36204 CIG/Greasewood (Rec); 40237 Exxon/Greasewood; 41054 Canyon Gas/Greasewood (Del); and 41781 CIG/Greasewood (Del).

Williston Basin Interstate Pipeline Company said that due to unscheduled maintenance at the Little Beaver Compressor Station on December 7, Receipt Point ID 04018 Baker Area Mainline will be affected by approximately 2 MMcf. Also, maintenance will be performed at the South Midpoint Compressor Station on December 8. Based upon current operating conditions, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 1.5 MMcf/d.

MARKET COMMENTARY

The natural gas market opened 5 cents lower to start the final trading session of the December contract. Pressured by the return of mild temperatures to the consuming regions and a slumping petroleum market, the market had one direction today, down. The December contract traded as low as 10.88, a key support level from late August, and then bounced on short covering to finish at 11.18 down 44 cents on the day. The new spot contract, January, traded to a low of 12.21 before settling down 41.6 cents at 11.634.

With government forecasters calling for the beginning of December to be mostly mild, heating fuels are going to continue to be pressured to give back their large price premiums before the cold returns. The Commitments of Traders report shows that non-commercial traders again increased their net short position by simultaneously reducing long positions and increasing short positions, this week by 5,888 contracts to 49,708 contracts. In the combined futures and options report, non-commercial traders increased their net short positions by 4,902 contracts to 56,489 lots. In January, we see support at \$11.55, \$11.13 and \$11.00. We see further support at \$10.69 and \$10.10. We see resistance at \$12.25, \$12.60 and \$13.03. Further resistance we see at \$13.10 and \$13.38.