



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR DECEMBER 5, 2005**

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

The New Jersey Board of Public Utilities wants to implement a new rule that mandates the installation of excess flow valves on certain high pressure, residential gas pipelines. The BPU announced late Friday the policy would protect the public from potential excavation damage to the entire service line as well as vehicular and other impact damage to meter sets. Under the proposal, utilities would have to survey all of their existing high pressure gas meter sets and provide the appropriate level of enhanced protection of those posing a higher risk from anticipated damage due to vehicular impact.

New Jersey Natural Gas said it filed with New Jersey regulators for a pilot rate program that would encourage conservation and efficiency. New Jersey Natural Gas said the program would run for five years and would eliminate the link between increased usage and growth in its margin recovery.

The U.S. National Weather Service reported that total U.S. natural gas heating demand will be over 19% above normal during the week ending December 10.

The Minerals Management Service reported that 2.716 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. This is equivalent 27.16% of the daily gas production in the Gulf of Mexico.

President Bush, speaking at a construction machinery plant in North Carolina Monday, called for increased construction of liquefied natural gas (LNG) terminals and the opening of Alaska's Arctic National Wildlife Refuge (ANWR) to oil and gas drilling.

The margins on the first month of the natural gas futures contract will increase to \$16,875 from \$14,850 for customers. Margins on the second month will increase to \$17,550 from \$15,525 for customers. Margins on the third month will increase to \$16,875 from \$15,525 for customers. All other months remain unchanged. These changes will become affective following the close of business December 5.

#### **Generator Problems**

**MAIN**— Dominion Resources' 574 Mw Kewaunee nuclear unit returned to full power by early today. On Friday, the unit was operating at 56% of capacity after exiting an outage last week.

**NPCC**— Dominion Resources' 1,130 Mw Millstone #3 nuclear unit exited an outage and ramped up to 47% of capacity by early today. The unit automatically tripped shut December 1 while the company was reducing it to about half power to investigate a small leak in the reactor coolant system. Millstone #2 continues to operate at full power.

**SERC**— Southern Company's 842 Mw Farley #2 nuclear unit exited a refueling outage and ramped up to 47% of capacity by early today. On Friday, the unit was operating at 2% as it started to exit the outage. Farley #1 continues to operate at full power.

**WSCC**— Pacific Gas and Electric said its 1,100 Mw Diablo Canyon #1 nuclear unit is operating at 48% power this morning after restarting Thursday. The unit was warming up at 2% capacity prior to the weekend. Diablo Canyon #2 remains at full power.

**Canada**— Ontario Power Generation's 494 Mw Lambton #2 and #4 coal-fired power units both returned to service by early today.

Ontario Power Generation's 515 Mw Pickering A #4 nuclear unit exited an outage by early today. All of the units, except Unit #6, were operating.

**The NRC reported that U.S. nuclear generating capacity was at 91,691 Mw up 1.75% from Friday and up 10.10% from a year ago.**

**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. In addition, there will be no secondary receipts out of path upstream of station 3104, and no secondary receipts out of path upstream of station 3205.

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

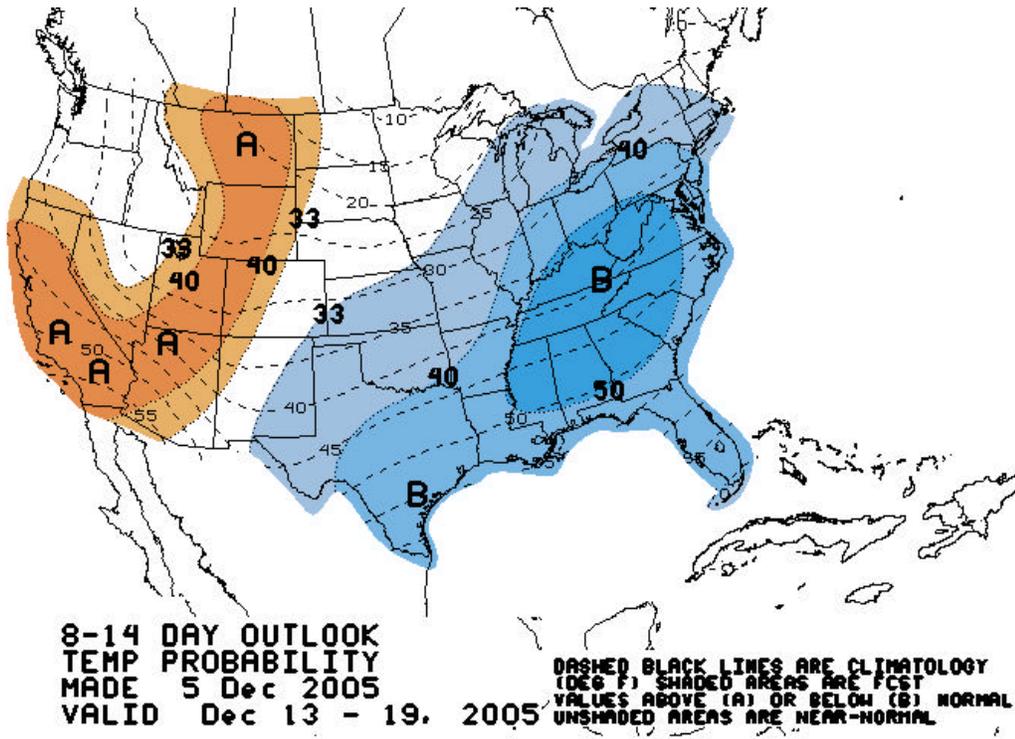
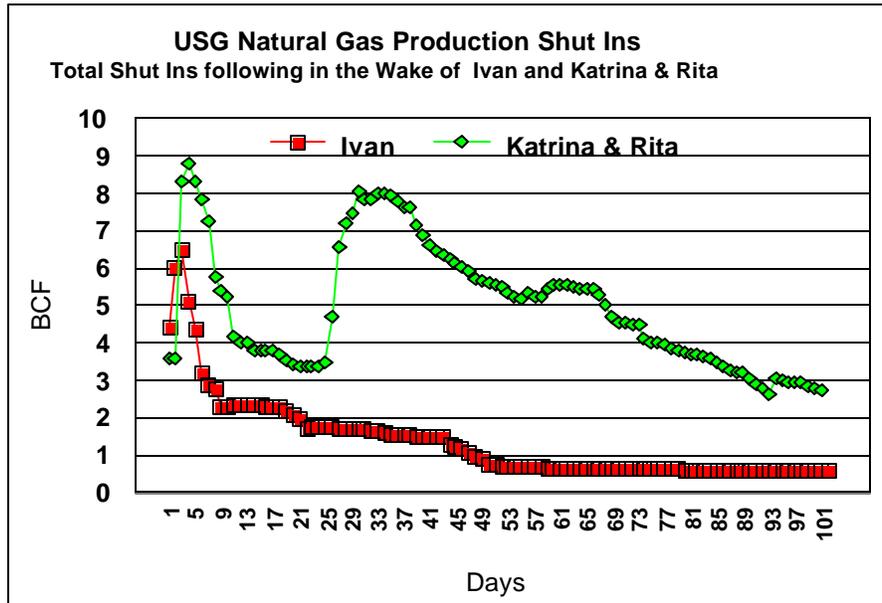
Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

Kern River Pipeline said that line pack is low across its entire system. It requests that all customers to be on rate.

Natural Gas Pipeline Company of America said that Florida Gas Jefferson has limited capacity available for deliveries.

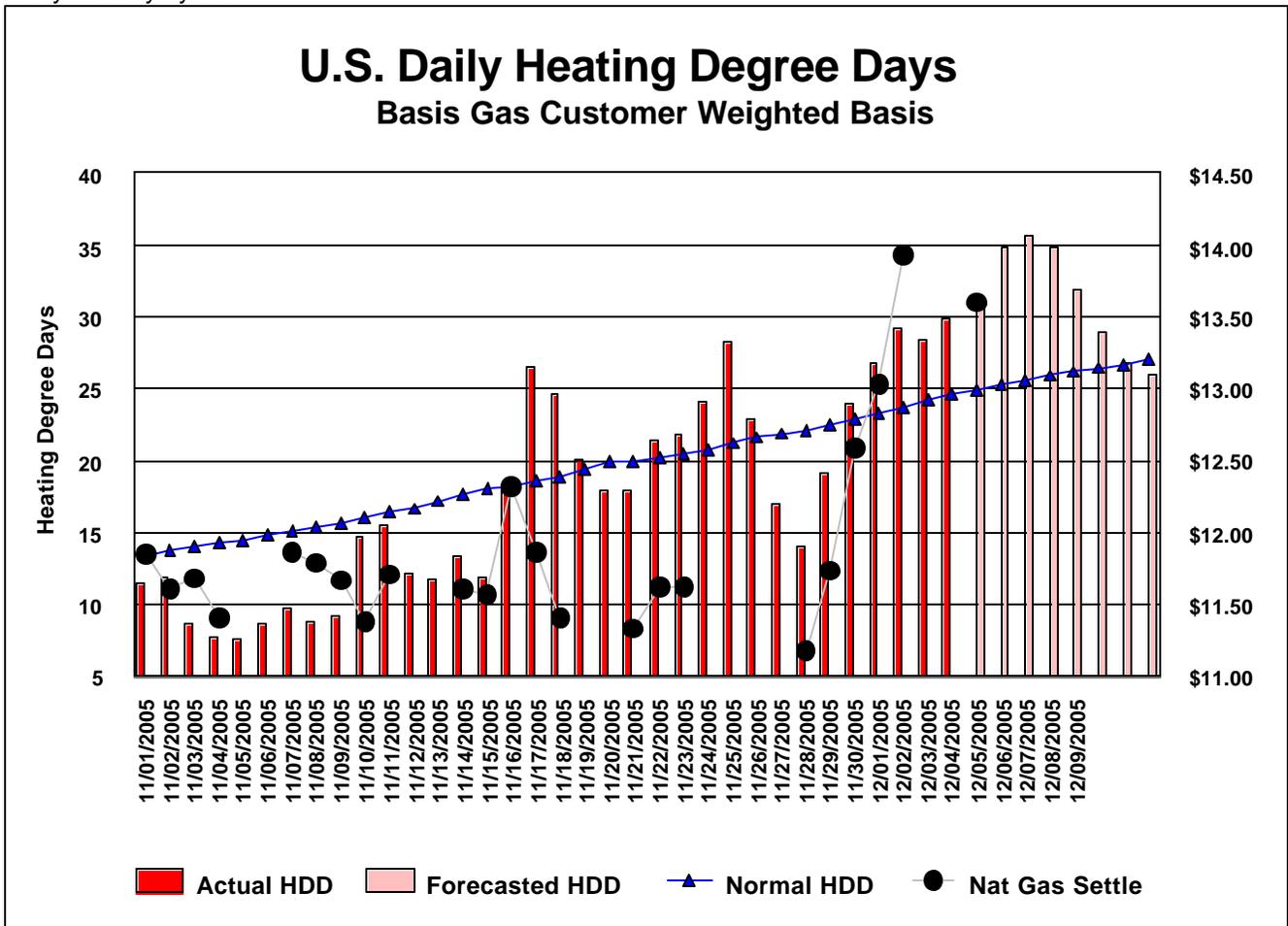
Limited interruptible flow, authorized overrun and secondary firm transportation are available. Florida-Jefferson is located in Jefferson County, Texas (Segment 25) in Natural's Texok Zone.

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



receipts between Little Rock and Batesville for delivery outside that area will be accepted.

Williston Basin Interstate Pipeline said that 1010 Northern Border-Manning is in pipeline Capacity Constraint for today's timely cycle.



**PIPELINE MAINTENANCE**

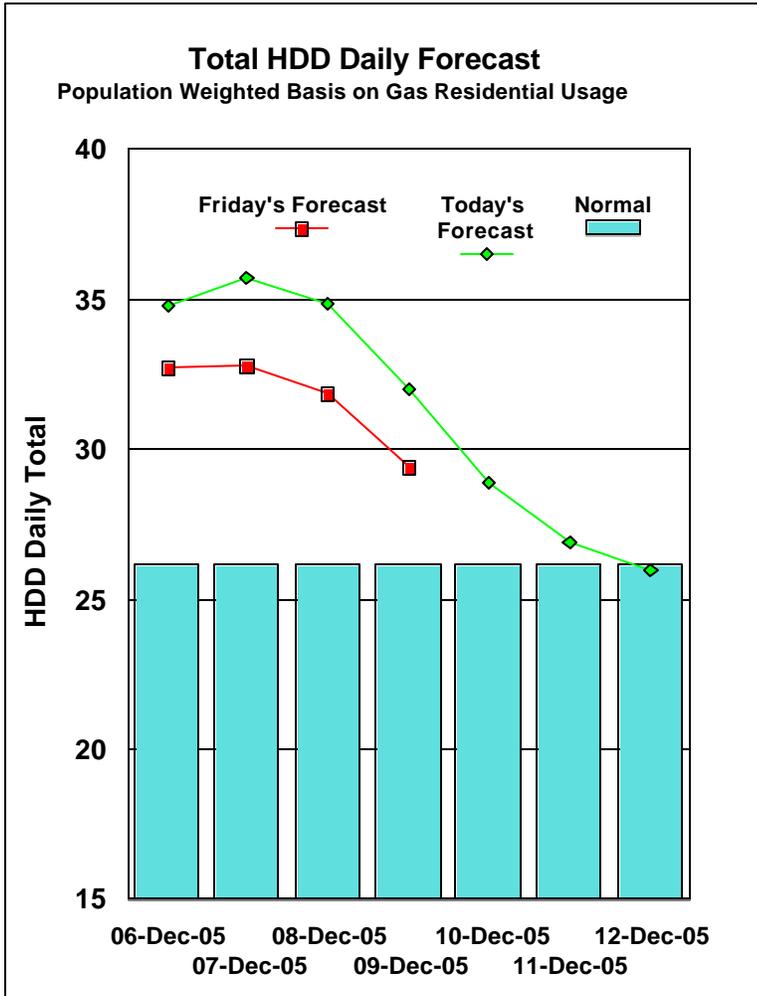
Alliance Pipeline said that minor maintenance will require the Irma Compression Station to be offline for six hours on December 7. AOS may be impacted but will be determined closer to the outage date. The Irma Compressor is located in Saskatchewan. Alliance also said that minor maintenance will require the Towner Compression Station to be offline for six hours on December 6. AOS may be impacted but will be determined closer to the outage date. The Towner Compressor is located in North Dakota. Also, Alliance said that minor maintenance will require the Wimbledon Compression Station to be offline for six hours on December 8. AOS may be impacted but will be determined closer to the outage date. The Wimbledon Compressor is located in North Dakota.

ANR Pipeline Company said that it has completed repairs at its Patterson Compressor Station located in Louisiana following an unforeseen engine outage. However, due to insufficient supply upstream of the Patterson Station affecting ANR's ability to properly load the compression, interconnects between Eunice CS and Patterson CS will continue to experience lower than normal line pressures. The total delivery capacity between Patterson and Eunice will remain at 610 MMcf/d available from December 1-31. Based on current nominations for this segment, it is anticipated that the above reductions will result in the curtailment of IT nominations.

National Fuel Gas has scheduled maintenance at the Ellisburg compressor station starting December 14 and ending December 21. During this period, units 5, 6 and 7 at the station will be out of service. At this time, Nat Fuel does not expect this work to impact shippers or services.

**ELECTRIC MARKET NEWS**

CMS Energy Corp. said it plans to sell its Palisades nuclear power plant near South Haven, Michigan, and sign a long-term power purchase deal with the new owners. The company said it will launch a bid process with an eye toward a sale by 2007.



The Ohio Air Quality Development Authority praised legislation introduced by State Senator Joy Padgett and Representative Jimmy Stewart aimed at enhancing Ohio's attractiveness as the site for the \$1 billion FutureGen project proposed by the U.S. Department of Energy and a coalition of large electric utilities and coal companies. FutureGen will be the nation's first near-zero-pollution power plant. The 275 Mw plant will use coal as its fuel, produce hydrogen for use as a clean fuel source, and test the ability to store large amounts of carbon dioxide deep underground, rather than emitting it into the air.

**MARKET COMMENTARY**

The natural gas market opened 22 cents higher today after overnight action lifted the market above the 14.00 level. Fueled by cold forecasts, the market trended higher reaching a day's high of 14.45 and a six-week spot high. Forecasters changed their tune by the end of the session and started calling for moderated temperatures next week. Profit taking pushed the market lower in the afternoon, where it traded to a low of 13.50 before settling down 27.1 cents at 13.66.

After four straight higher closes, the market was ready to adjust given any sort of moderation in weather reports.

Temperatures in New York and Chicago were expected to remain much below normal this week, then moderate to near or slightly below normal next week, according to the AccuWeather Web site. With New York preparing for the first major storm of the winter, we see any dip in prices as an opportunity to establish new long positions. We see support at \$13.50, \$13.00 and \$12.89. We see further support at \$12.57 and \$12.25. We see resistance at \$14.45, and \$14.80-\$14.85.