



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 13, 2006

NATURAL GAS MARKET NEWS

Citing the recent "success" of the Dominion East Ohio rate auction in August, the Office of the Ohio Consumers' Counsel said Wednesday it has recommended that the Public Utilities Commission of Ohio implement a wholesale auction in spring 2007 to achieve lower natural gas rates for customers of Columbia Gas of Ohio. For its part, Columbia Gas of Ohio said it is nowhere near sold on the idea.

Producers exceeded their initial exploration and production spending plans this year in every region of the United States, resulting in a 38% jump in spending compared to levels in 2005, according to a survey by Citigroup analyst Geoff Kiebertz. Producers also overspent in Canada (15.6% growth) and overseas (24.2% growth), resulting in about 26.4% total spending growth compared to an initial expectation of 14.1% growth.

Private forecaster EarthSat today issued a supportive temperature forecast as it called for normal to below normal temperatures.

PIPELINE RESTRICTIONS

Kern River Pipeline said line pack exists from Elberta to the Common Facility. Shippers and operators are asked to stay on rate.

PIPELINE MAINTENANCE

ANR Pipeline Company said that due to unplanned engine outages, ANR will begin engine repairs at its St. John Compressor Station located in Indiana in the Northern Fuel Segment (ML-7). This will reduce the total St. John W-E capacity by 115 MMcf/d through December 18.

Gulf South Pipeline said that the current scheduled maintenance on Bistineau Compressor Station Unit #3 has been extended to continue through January 4. Capacity on injections to the Bistineau Storage Field will be reduced by 75 MMcf for the duration of the maintenance. Capacity on withdrawals from the Bistineau Storage Field should not be affected during this maintenance. Gulf South also said that the current unscheduled maintenance on the Goodrich Compressor Station Unit #5 is anticipated to continue through December 15. Capacity through the Goodrich Compressor Station could be reduced by as much as 50 MMcf/d.

Generator Problems

FRCC – FPL's 760 Mw Turkey Point #4 nuclear unit ramped output to 57% capacity today as it returns from a refueling outage. Turkey Point #3 remains at full power.

MAAC – Constellation Energy's 873 Mw Calvert Cliffs #1 nuclear unit shut from full power during turbine control maintenance to replace circuit cards. Calvert Cliffs #2 continues to operate at full power.

MAPP – Dominion Resources' 591 Mw Kewaunee nuclear unit increased output to 99% capacity. The unit was operating at 46% over the weekend.

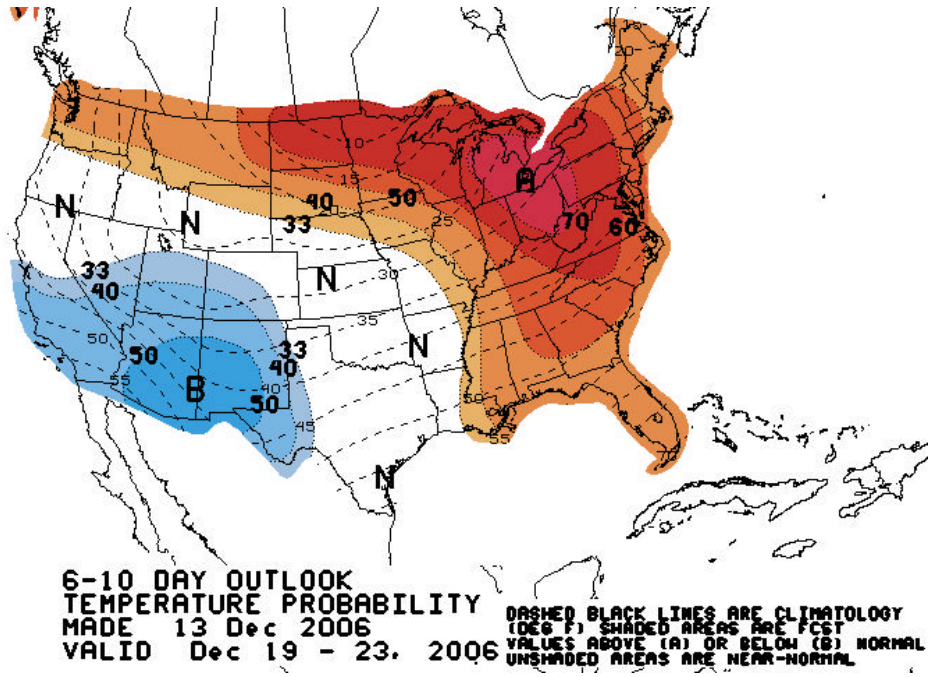
SERC – Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit returned to full power today. Yesterday, the unit was operating at 91% capacity. Browns Ferry #2 continues to operate at full power.

Tennessee Valley Authority's 1,121 Mw Watts Bar nuclear unit increased output to 95% capacity. Yesterday, the unit was operating at 93% capacity.

WSCC – Southern California Edison's 1,080 Mw San Onofre #3 nuclear unit is offline at 0%. Yesterday, the unit was trying to reconnect to the grid and was operating at 25% capacity. Unit #2 remains at full power.

The NRC reported that 89,212 Mw of nuclear capacity is on line, down .68% from Tuesday, and 2.88% lower from a year ago.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Worland Compressor Station from December 18 through December 21. At this time, the company does not anticipate any restriction to the system.



ELECTRIC MARKET NEWS

Minnesota Governor Tim Pawlenty is calling on the state's electric utilities to include carbon dioxide emission offsets for any new fossil fueled power plants in an effort to reduce greenhouse gas emissions. Pawlenty asked the Center for Climate Strategies to help Minnesota begin a discussion with affected parties to develop a plan to aggressively reduce GHG emissions in Minnesota. In addition, the governor called for the state's renewable energy objective to be expanded so that 25% of electric sales come from renewable resources by 2025, up from 10% by 2015.

The AES Corporation announced today that AES Westover, a 126 Mw coal-fired facility near Binghamton, N.Y., will begin installation of state-of-the-art multi-emissions control technology on its 84 Mw Unit #8 in early 2007. AES will invest \$50 million in the project, which is expected to be completed by the end of 2008.

MARKET COMMENTARY

The natural gas market opened 16 cents higher today, supported by cooler weather moving into the West and expectations for a substantial drawdown in tomorrow's inventory report. January natural gas climbed up the charts on the tail of the bullish oil inventory reports, trading to a high of 7.785. Natural gas then pulled back off the highs and chopped in its daily range of 7.60-7.70 before settling up 24.3 cents at 7.673.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	638,900	\$7.211	\$0.281	(\$0.462)	\$0.038	(\$0.353)
Chicago City Gate	609,400	\$7.222	\$0.228	(\$0.475)	(\$0.024)	(\$0.410)
NGPL- TX/OK	494,200	\$6.786	\$0.237	(\$0.911)	(\$0.015)	(\$0.891)
SoCal	539,300	\$7.170	\$0.318	(\$0.527)	\$0.066	(\$0.575)
PG&E Citygate	678,900	\$7.562	\$0.236	(\$0.135)	(\$0.016)	(\$0.192)
Dominion-South	339,000	\$7.406	\$0.386	(\$0.291)	\$0.134	(\$0.230)
Transco Zone 6	239,600	\$7.850	\$0.372	\$0.153	\$0.120	\$0.335

Short Covering ahead of tomorrow's expected triple digit draw from storage initially boosted the market, but forecasts for some cooler temperatures entering the West and Southwest parts of the country beginning next week, kept the market elevated above 7.60. Expectations range from 120-170 Bcf with an average expectation of 145 to 150 Bcf. Our heating degree-day model is on the lower end of expectations as we are looking for a 121 Bcf withdraw. Despite the short-term support, the market still has to contend with almost wholly mild conditions in the consuming regions, which will lift the year-on-year storage surplus keeping downward pressure on the market. We see support at \$7.33, \$7.22, \$7.13, \$7.00, \$6.75 and \$6.40. We see resistance at \$7.87-\$7.88, \$8.00, \$8.13, \$8.29-\$8.30, \$8.70 and \$9.05.

NYMEX Nat Gas Options Most Active Strikes for December 13,2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
ON	1	7	P	8	12/26/2006	0.542	6,634	60.45
LN	6	7	C	14	05/25/2007	0.0824	4,000	51.39
LN	4	7	C	8	03/27/2007	0.6771	3,003	44.51
LN	1	7	C	8	12/26/2006	0.2153	2,950	58.83
LN	1	7	P	8	12/26/2006	0.5417	2,775	62.83
LN	4	7	C	15	03/27/2007	0.0218	2,400	57.79
LN	4	7	C	14	03/27/2007	0.0307	2,000	55.70
LN	4	7	P	4.5	03/27/2007	0.0124	2,000	51.64
LN	5	7	C	14	04/25/2007	0.0507	2,000	52.91
ON	5	7	C	8.5	04/25/2007	0.616	2,000	49.68
LN	7	7	C	14	06/26/2007	0.1151	2,000	49.19
LN	8	7	C	14	07/26/2007	0.1719	2,000	49.39
LN	9	7	C	14	08/28/2007	0.2377	2,000	49.43
LN	10	7	C	14	09/25/2007	0.3159	2,000	49.77
LN	4	7	C	7.75	03/27/2007	0.7735	1,900	43.61
ON	2	7	P	8	01/26/2007	0.759	1,720	60.00
LN	4	7	C	13	03/27/2007	0.0477	1,700	54.08
LN	5	7	C	13	04/25/2007	0.0781	1,700	51.92
LN	5	7	C	15	04/25/2007	0.0336	1,700	53.87
LN	6	7	C	13	05/25/2007	0.1194	1,700	50.36
LN	6	7	C	15	05/25/2007	0.058	1,700	52.39
ON	3	7	P	8	02/23/2007	0.904	1,485	59.33
ON	1	7	C	8	12/26/2006	0.215	1,451	60.29
LN	1	7	C	7.9	12/26/2006	0.249	1,400	58.38
LN	1	7	C	9	12/26/2006	0.0426	1,350	62.75
LN	2	7	P	6.5	01/26/2007	0.1336	1,240	58.39
LN	1	7	C	8.5	12/26/2006	0.099	1,125	60.91
LN	3	7	P	6.75	02/23/2007	0.2915	1,100	57.77
LN	3	7	C	9	02/23/2007	0.4362	1,100	58.04
LN	4	7	P	6.75	03/27/2007	0.3559	1,100	52.04
LN	2	7	P	6	01/26/2007	0.0553	1,050	57.64
LN	1	7	C	8.25	12/26/2006	0.1474	1,030	59.89
LN	3	7	C	8.75	02/23/2007	0.4963	1,000	57.21
LN	3	7	C	11	02/23/2007	0.1611	1,000	63.62
LN	4	7	C	8.75	03/27/2007	0.4508	1,000	46.70
LN	4	7	C	9	03/27/2007	0.3931	1,000	47.31
ON	4	7	C	9	03/27/2007	0.394	1,000	51.32
LN	5	7	C	8.75	04/25/2007	0.5419	1,000	44.61
LN	5	8	C	20	04/25/2008	0.038	1,000	34.66
LN	6	7	C	8.75	05/25/2007	0.6426	1,000	42.74
LN	7	7	C	8.75	06/26/2007	0.758	1,000	41.28
LN	8	7	C	8.75	07/26/2007	0.8772	1,000	40.89
LN	9	7	C	8.75	08/28/2007	0.9848	1,000	40.24
LN	10	7	C	8.75	09/25/2007	1.1206	1,000	40.25
LN	10	7	C	18	09/25/2007	0.1399	1,000	53.09