



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 21, 2006

NATURAL GAS MARKET NEWS

The National Weather Service predicted that temperatures in the United States Northeast, the world's largest heating oil market, will be above normal in January, while the South, especially in Texas and Florida will be wetter than normal. Conditions could be drier next month in the Midwest however, especially in Indiana. Longer term, U.S. forecasters said there is an equal chance of temperatures being above or below normal in most of the Northeast in February through April. Overall, above-normal January temperatures are predicted across the entire northern half of the United States, including the Great Lakes, Plains states and most of the West.

The FERC approved the 182-mile Millennium pipeline project that would deliver new natural gas supplies to New York and the U.S. Northeast. The \$664 million Millennium project is jointly sponsored by units of NiSource, KeySpan Corp. and DTE Energy. The Millennium project would deliver up to 500 MMcf of gas a day to energy customers through a 182-mile pipeline from Corning, New York, to Ramapo, New York.

Generator Problems

ECAR – FirstEnergy's 1,235 Mw Perry nuclear unit ramped up to 65% power today. The unit was operating at 30% yesterday after exiting an outage.

SERC – Dominion Resources' 800 Mw Surry #1 nuclear unit remains at reduced operations, operating at 71% capacity. Surry #2 remains at full power.

WSCC – Southern California Edison's 1,080 Mw San Onofre #3 nuclear unit increased output to 93% power. Yesterday, the unit was operating at 83% capacity. San Onofre #2 remains at 99% power.

Canada – Ontario Power Generation's 515 Mw Pickering B #6 nuclear unit shut for short-term work by early today. In a separate report, all the reactors in the province would return to service by December 30.

The NRC reported that 92,507 Mw of nuclear capacity is on line, up .50% from Wednesday, but .85% lower from a year ago.

EIA Weekly Report

	12/15/2006	12/08/2006	Net chg	Last Year
Producing Region	941	955	-14	786
Consuming East	1801	1853	-52	1659
Consuming West	425	430	-5	380
Total US	3167	3238	-71	2825

*storage figures in Bcf

Next week, the EIA's natural gas stocks report will be delayed one day to Friday, December 29 at 10:30 AM.

The New York Mercantile Exchange's announcement late Wednesday that it intends to enter the soft agricultural commodity futures markets ruffled more than a few feathers in the

trading world, chiefly those of the New York Board of Trade, which accused Nymex on Thursday of a "transparent attempt to interfere" with Nybot's \$1 billion-plus merger with IntercontinentalExchange.

PIPELINE RESTRICTIONS

Kern River Pipeline said that due to excessive drafting, line pack is currently low from Elberta to the end of the system. All shippers and operators are expected to stay on rate.

Natural Gas Pipeline Company said that effective until further notice, it has limited capacity available for deliveries to ANR South Joliet #2. Limited ITS/AOR and secondary firm transports are available. ANR

Canadian Gas Association

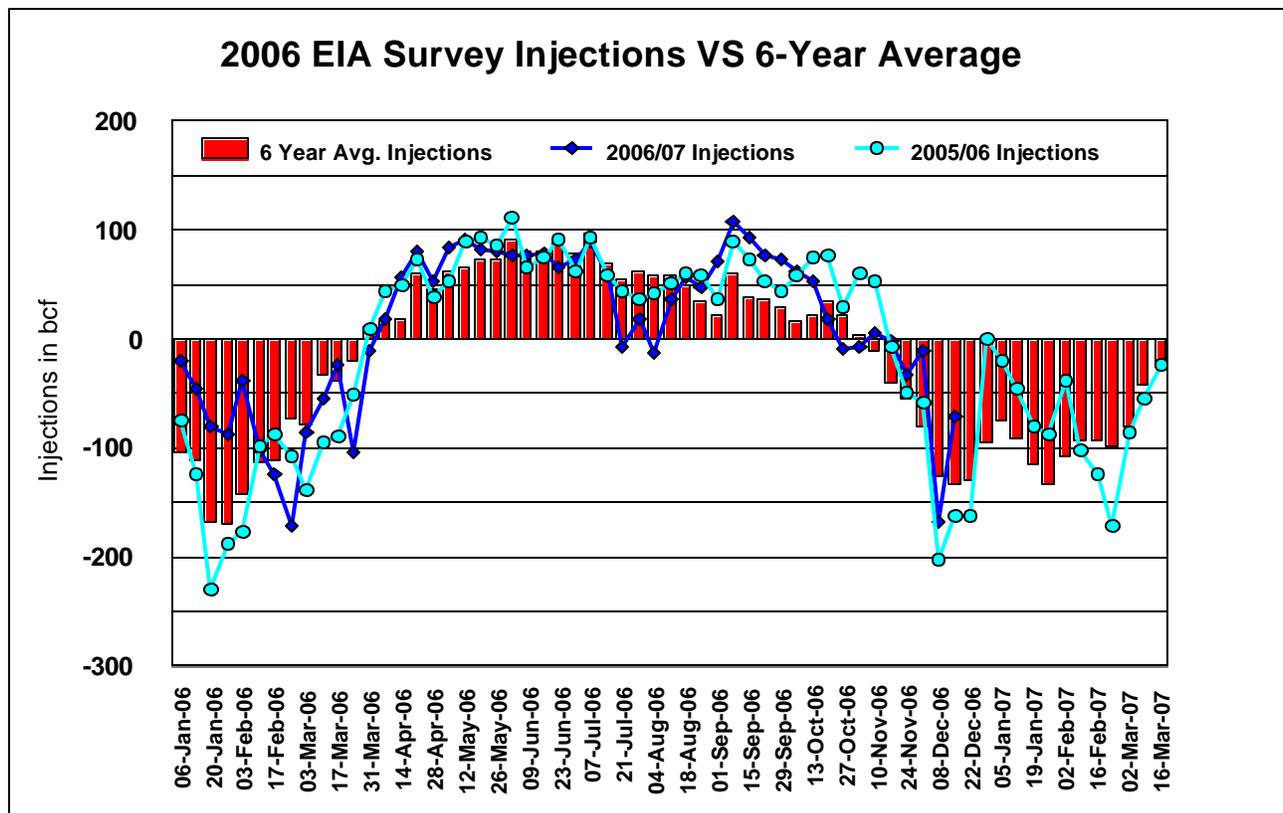
Weekly Storage Report

	15-Dec-06	08-Dec-06	16-Dec-05
East	230.6	233.2	210.9
West	190.7	193.8	205.1
Total	421.3	427.0	415.9

storage figures are in Bcf

South Joliet is located in Will County, Illinois (Segment 33) in Natural's Iowa Illinois Receipt Zone.

Texas Eastern Transmission Corp. said that it has scheduled receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase of receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted.



TransColorado Gas Transmission said that until further notice, TransColorado has limited capacity available for deliveries through Segment 20 (Dolores Compressor Station to Mancos Compressor Station). Depending on the level of nominations, IT/AOR and secondary out-of-path volumes may be scheduled.

Williston Basin Interstate Pipeline Company said that a number of line sections are in pipeline Capacity Constraint. Penalties will be imposed for all those mentioned below. Line Sections include: Cabin Creek-Dichinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; and Belle Creek-Manning.

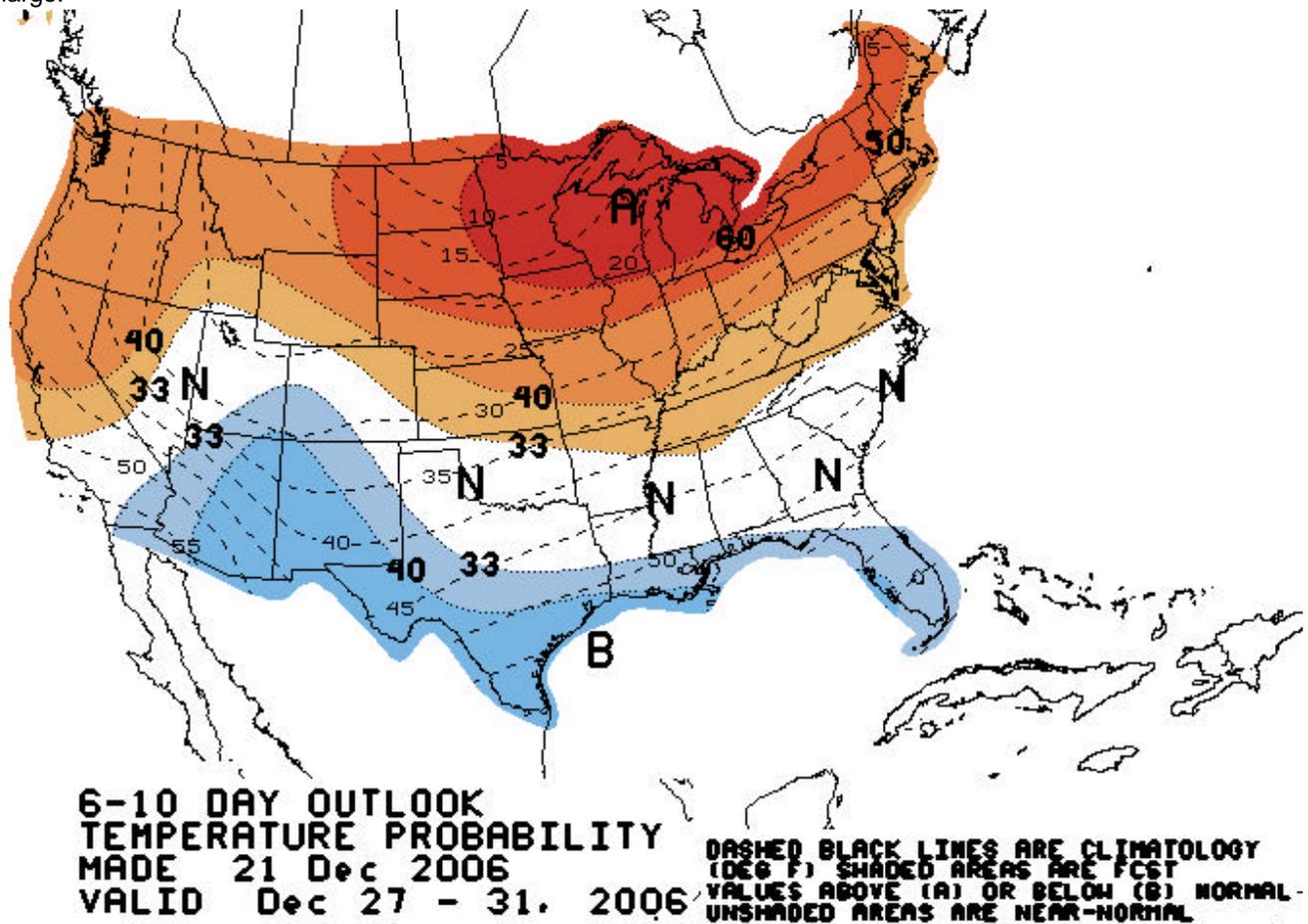
PIPELINE MAINTENANCE

El Paso Natural Gas Company recently announced its preliminary list of maintenance projects for the month of January. On the San Juan Crossover, one unit will be out of service at Roswell Station from December 18 through January 29. From a base capacity of 650 MMcf/d, the estimated capacity reductions resulting from this maintenance will be 15 MMcf/d. On the Havasu Crossover, Wenden 1B 4,000-hour inspection will be performed January 17 through January 18. From a base capacity of 660 MMcf/d, the estimated capacity reduction Resulting from this maintenance will be 30 MMcf/d.

ELECTRIC MARKET NEWS

Minnesota Power said it will remain a member of the Midwest Independent Transmission System Operator following a ruling from state regulators that allows the state's utilities to recover nearly all MISO costs through a fuel clause. Minnesota Power and Xcel Energy had threatened to leave MISO when the Minnesota Public

Utilities Commission ruled in late 2005 that utilities couldn't collect many MISO costs through a monthly fuel charge.



The Northwest River Forecast Center in Portland, Oregon, forecast that the water runoff at the Dalles Dam, on the Columbia River between Oregon and Washington, would average 103% of normal from January through July for the 2006-2007 season.

The Federal Natural Resources minister of Canada, Gary Lunn, said its only a matter of time before Canada builds a nuclear station to help extract oil from the massive tar sands in northern Alberta. Lunn is interested in seeing Atomic Energy of Canada, which builds Candu nuclear reactors, and a private Alberta company form a partnership to build a power station. AECL and Energy Alberta Corp. say nuclear power is the obvious way to produce the massive amounts of super heated steam needed to extract oil from the tar sands.

Dominion Resources' said it would sell three natural gas-fired power plants to affiliates of Tenaska Power Fund and Warburg Pincus. The company said it agreed to sell the 625 Mw Armstrong plant in Shelocta, Pennsylvania, the 600 Mw Troy plant in Luckey, Ohio, and the 313 Mw Pleasants plant in St. Mary's, West Virginia.

MARKET COMMENTARY

The natural gas market opened 9 cents lower as it awaited the release of an expected small draw to stocks. The EIA reported that an unsurprising 71 Bcf was pulled out of the ground last week, which resulted in January natural gas chopping to an intra day low of 6.60. But as the midday weather reports showed a slightly cooler forecast for parts of the consuming regions, January natural gas moved to positive territory, posting an intra day high of 6.86, before settling up 3.1 cents at 6.80.

The nation's total stocks now stand at 3,167 Bcf with the year-on-year surplus increased to 342 Bcf over last year at this time, keeping pressure on the market and the bears in control. With the Christmas Holiday ahead and

expiration of the January contract early next week, many traders are just balancing their books and we expect the market to be relatively muted for the next few sessions. We see support at \$6.80, \$6.55, \$6.48, \$6.23, \$6.00 and \$5.95. We see resistance at \$6.87, \$7.00, \$7.20, \$7.40, \$7.87-\$7.88 and \$8.00.