



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 29, 2004

NATURAL GAS MARKET NEWS

ChevronTexaco said that its oil and gas production facilities and operations in Indonesia and Thailand were unaffected by the tragic earthquake and tsunamis that struck South Asia earlier this week.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. Also, all Louisiana Line segments 25, 23, and 24 are at capacity for eastbound transport volumes. NGPL is at capacity for transportation going northbound through and downstream of Compressor Stations 109 and 110 (Segment 14) and through Compressor Station 801 (Segment 15).

Texas Eastern Transmission said that the Mail Pass line 40-B will be available for service effective today. The Monroe Line has been nominated to capacity. Receipts in STX, ETX, and M1-24 have been nominated to capacity.

Algonquin Gas Transmission said that due to cold weather forecasts, no due shipper gas is available. In addition, nominations for deliveries to Tennessee Gas Mendon have exceeded the receipt nominations. AGT has restricted the delivery nominations to match the level of receipts.

PIPELINE MAINTENANCE

El Paso Natural Gas said that effective as of cycle 4 yesterday, the Unauthorized Overpull Penalty situation is no longer in effect.

Transwestern said that work on the #1 unit at the Crawford Compressor has been completed. Capacity will be returned to 65 MMcf/d from 35 MMcf/d.

Gulf South Pipeline Co. said it will be performing scheduled maintenance on Index 8, beginning 6pm ET Dec. 30, and continuing for 12 hours. Due to this maintenance, Gulf South said that Force Majeure conditions on Index 8 will affect Gulf South's ability to provide service to: Water Injection Plant at Wright Mountain; Basa Resources, Denton and Kelly CPMoonrock Field CP; and Overton Field CP.

ELECTRICITY MARKET NEWS

Generator Problems

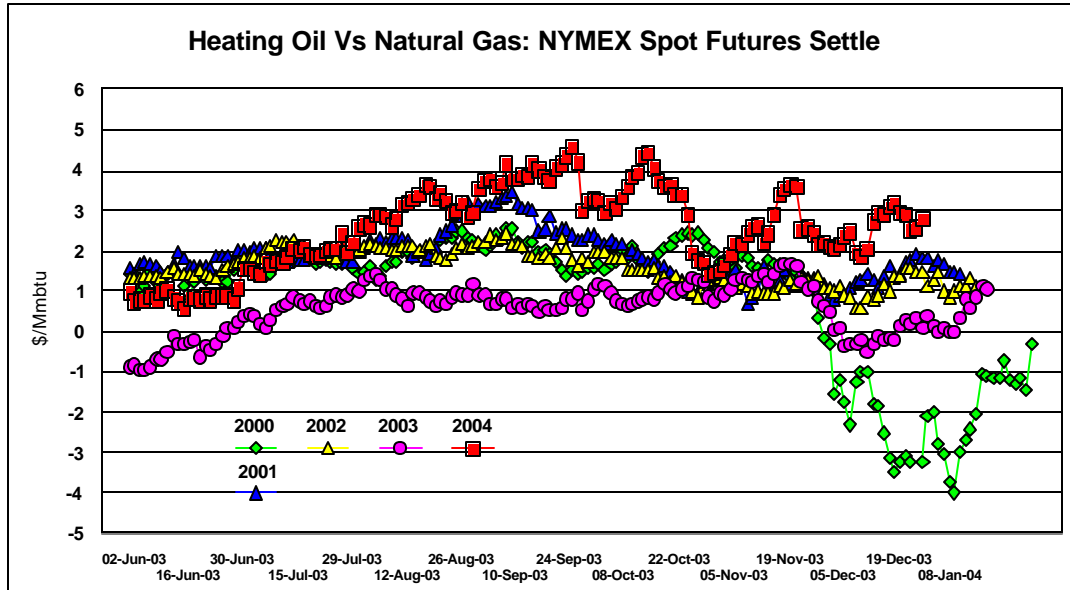
ECAR – First Energy boosted its 1,260 Mw Perry unit 7% to 67%, as it comes out of an outage from an automatic scram.

FRCC – FPL manually shut its 693 Mw Turkey Point #3 due to a generator exciter cooling water leak. The unit was at full power yesterday. Turkey Point #4 continued to operate at full power.

MAAC – Exelon ramped up its 1,148 Mw Peach Bottom #2 unit 7% to 74%. Reasons for yesterday's reduction were not available. Peach Bottom #3 remains at full power.

WSCC – Southern California Edison boosted its San Onofre #3 unit 22%, working it online at 40%. San Onofre #2 operating at full power.

The NRC reported that U.S. nuclear generating capacity was at 91,360 Mw today down .33% from Tuesday.

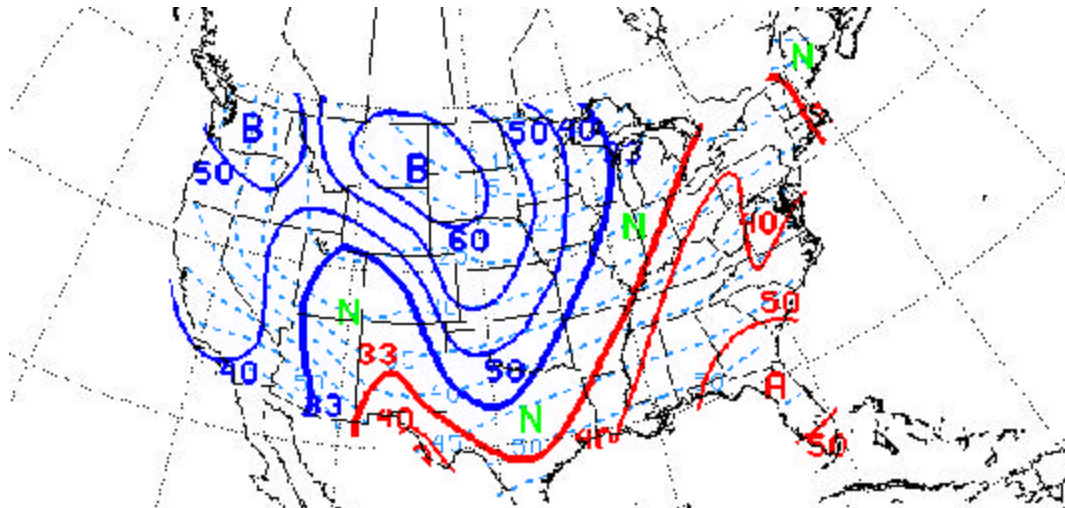


State Regulators awarded Constellation Energy, Independence Power Marketing and Select Energy a tender to supply standard offer power for small customers at two Maine Utilities. Constellation will supply Central Maine Power's residential and small non-residential customers under three schedules, providing one-third of the load for one-year, one-third for two years

and one-third for three years. Customers will pay 6.947 cts/kWh for the power beginning Mar.1. Independence and Select will sell power to Bangor Hydro-Electric, with Independence providing one-third of the small class load for one year and Select Energy providing one-third for two years and one-third for three years. Customers will pay 7.1365 cts/kWh, beginning Mar. 1. Suppliers are required to serve the utilities' standard load rather than seek a specific amount of power. Electricity Sales for small customers in 2003 totaled 4.6-mil MWh, with more than 99% for standard offer service.

MARKET COMMENTARY

The February natural gas contract in its first session as the spot contract, continued to trade within Monday's trading range of \$6.20 to \$6.51. The market opened down about 9 cents at \$6.25 and quickly posted its intraday low of \$6.225. However the market traded to an early high of \$6.35 amid the early rally in the crude market following the release of the weekly petroleum inventory reports but just as quickly gave up its gains and tested its low once again. The market, which failed to breach its support, erased its losses and rallied to \$6.42, where it found some resistance as it settled in a trading range from \$6.42 to \$6.36 for most of the afternoon. However the market posted an intraday of \$6.44 ahead of the close. The natural gas market seemed to struggle to trade



higher while the oil complex saw a sharp rally late in the session. The February natural gas contract settled up 6.1 cents at \$6.402. Volume was light with only 33,000 lots booked on the day.

The natural gas market during Thursday's shortened trading session will seek direction from the EIA natural gas storage report. The market appears to

**8-14 DAY OUTLOOK
TEMP PROBABILITY
MADE 29 DEC 2004
VALID JAN 06 - 12, 2005**

**DASHED BLUE LINES
ARE CLIMATOLOGY (DEG F)
SOLID LINES ARE TOTAL PROBABILITY
OF THE INDICATED CATEGORY. HEAVY
SOLID LINES ARE 33.3% PROBABILITY**

be looking for the report to show a draw of about 175 bcf. For the same week last year, storage fell by 80 bcf while on average over the past five years, inventories have fallen by 126 bcf. Technically, the market is seen finding resistance at its double top of \$6.44 followed \$6.51 and \$6.69, where it would backfill its previous gap. However support is seen at its low of 6.225, followed by 6.20 and 5.90.

Please note the NYMEX will close early at 1 pm Thursday and remained closed until Monday, January 3rd. Access trading however will resume on Sunday evening at 7 pm. Also, please note that we will not issue a market report on Thursday evening ahead of the New Year.

Happy New Year!