



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JUNE 1, 2006

NATURAL GAS MARKET NEWS

The U.S. National Hurricane Center reported that on this first day of the Atlantic hurricane season, it did not expect a tropical cyclone to form through Friday.

Private weather forecaster reported that it expects 15 tropical storms for 2006. Of those, nine are expected to become hurricanes, with five of those becoming major hurricanes with sustained winds of at least 111 miles per hour.

Daybreak Oil and Gas announced it has initiated construction of the pipeline connecting the Tensas "F1" Well in Louisiana to a gas sales pipeline. Daybreak is anticipating the pipeline to be completed over the next several days and will flow test the well into the pipeline upon completion. Daybreak has also entered into a contract to sell production from this well and anticipates production to begin this month.

CenterPoint Energy and Duke Energy Corp. said they plan to build a natural gas pipeline linking supplies from Texas and the Rocky Mountain region to the Midwest and East Coast. Under a memorandum of understanding signed by the two companies' pipeline units, the 1,600 mile pipeline, the Mid-Continent Crossing, could be in service as soon as the fourth quarter of 2008. The 42-inch and 36-inch pipeline, which would use existing right-of-way space for much of its length, would have a capacity of 1.5-1.75 Bcf/d

EIA Weekly Report

	05/26/2006	05/19/2006	Net chg	Last Year
Producing Region	768	753	15	643
Consuming East	1169	1119	50	850
Consuming West	306	291	15	273
Total US	2243	2163	80	1766

normal on the north end of the system and low from Elberta to the end of facilities. Shippers are requested to stay on rate.

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit increased to full power today. Yesterday, the unit was operating at 83% capacity.

ERCOT— AEP's 528 Mw Welsh #3 coal-fired power station shut for maintenance June 1-5.

NPCC— Entergy's 844 Mw FitzPatrick nuclear unit returned to full power by early today. Yesterday, the unit was operating at 75% to work on the condenser.

SERC— Progress Energy's 900 Mw Brunswick #2 nuclear unit ramped up to 75% power by early today. Yesterday, the unit was operating at 30%. Brunswick #1 continues to operate at full power.

TVA's 1,232 Mw Cumberland coal-fired power unit shut May 29 and is expected to return over this coming weekend.

Entergy's 1,270 Mw Grand Gulf nuclear unit ramped up to 87% power by early today. Yesterday, the unit was operating at 29% after exiting an outage.

WSCC— PG&E's 1,100 Mw Diablo Canyon #2 nuclear unit returned to full power. Diablo Canyon #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 89,585 Mw up 1.55% from Wednesday and up 3.37% from a year ago.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 20% tolerance.

Kern River Pipeline said that line pack is posted as normal on the north end of the system and low from Elberta to the end of facilities. Shippers are requested to stay on rate.

Natural Gas Pipeline Company said that a gas quality problem has been reported at the receipt from Enogex-WAGGS-Wheeler in Wheeler County, Texas (Segment 6 of Natural's MidContinent Zone). Effective today and continuing until further notice, transport scheduling at this point will be unavailable.

Canadian Gas Association

Weekly Storage Report

	26-May-06	19-May-06	27-May-05
East	129.1	121.1	92.8
West	145.4	137.8	139.7
Total	274.5	252.0	232.5

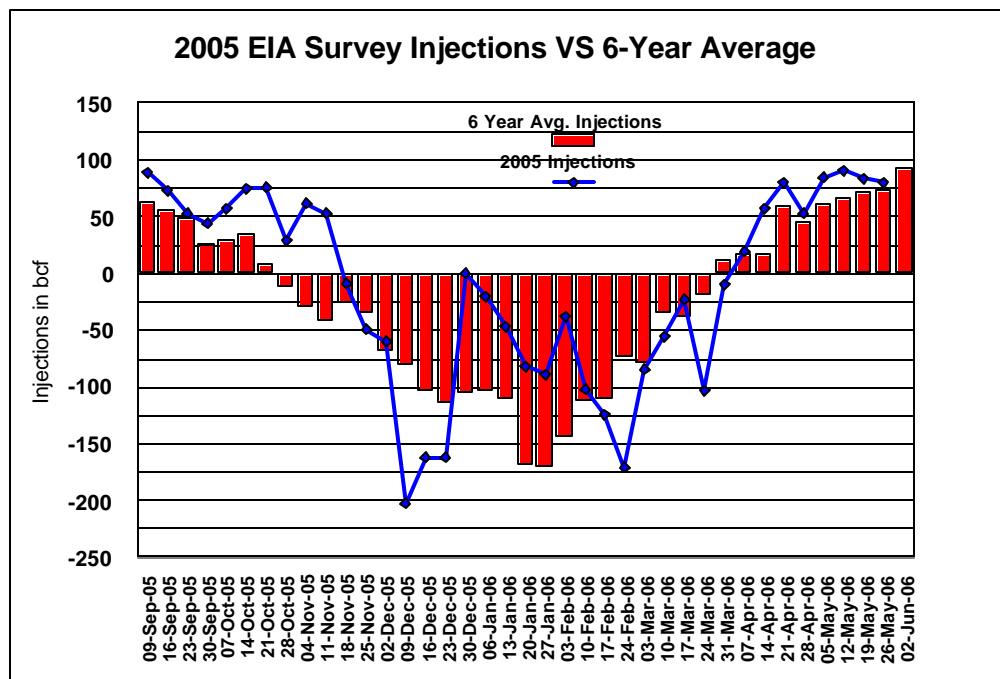
storage figures are in Bcf

Westcoast Energy said it is implementing a raw gas constraint to 95% of firm residue treatment service at the McMahon Gas Plant for the June 1 and June 2 gas days. The constraint, which will start at 8:00 AM PT this morning with OPC charges in effect, is an attempt to reduce the field pressures upstream of McMahon Gas Plant during the next two days as the company continues to repair the reboiler leaks.

PIPELINE MAINTENANCE

Northwest Pipeline Co. said that due to a materials shipping delay, the Vernal district pigging facility installations scheduled for June 16 have been delayed until June 19. On June 19, the M/L between the Vernal C/S and the

Green River C/S will be isolated and blown down. Currently, the outage is expected to last for 24 hours. Northwest's system is not looped in this section and the available capacity during the outage will be zero. If the firm nominations through this section of the mainline do not net to zero, Northwest will declare a deficiency period and cut nominations accordingly.



Williston Basin Interstate Pipeline said there will be maintenance at the Saco Compressor Station on June 13. Maximum capacity at Receipt Point

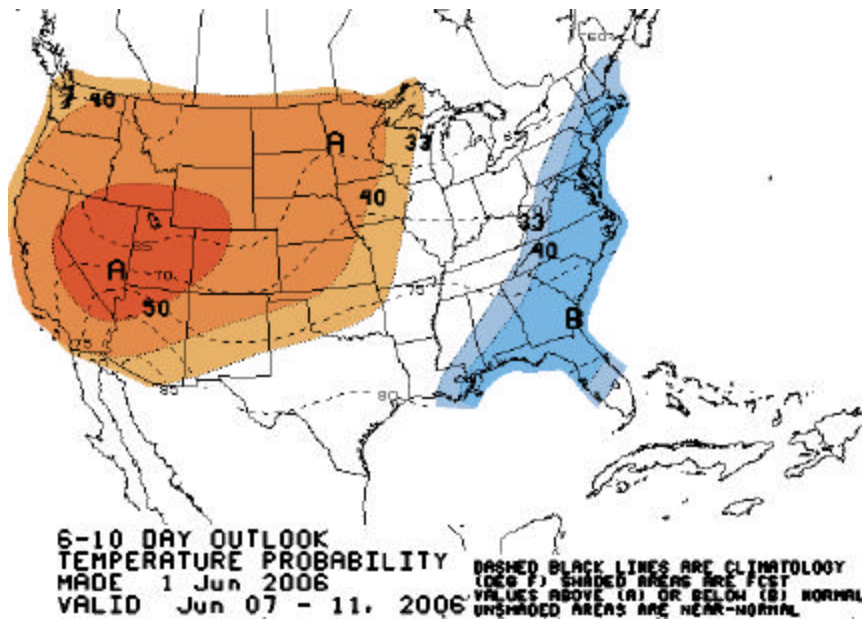
ID 00885 Bowdoin will be approximately 8 MMcf. Maximum capacity at the Saco Compressor Station will be approximately 23 MMcf.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended May 27 rose 3.4% from the same 2005 week to 73,935 GWh. For the first 21 weeks of the year, production increased 1% from last year. For the 52 weeks ended May 27, production was up 3.9% from the corresponding period.

The New York Independent System Operator expects New Yorkers to set a new peak for the electricity usage this summer. The NYISO released a peak load forecast of 33,295 Mw. If the record is achieved, it would be the first time since 1996 and 1997 that a new record has been set in consecutive years. Last summer's load peaked at 32,075 Mw on July 26, breaking a then week-old record of 31,741.

The Kentucky Public Service Commission authorized the state's two largest electric utilities to withdraw from the Midwest Independent System Operator. The PSC ruled that allowing LG&E and KU to withdraw from MISO would serve the interests of their customers by reducing costs and maintaining local control over key aspects of the utilities' operations.



American Electric Power's Public Service Co. of Oklahoma will reduce its fuel-cost adjustment on customer's June bills, lowering the average bill by 6.9%. The change, the second this year, reflects lower costs of natural gas which surged last year. The fuel-cost adjustment will fall to 1.02 cents per kilowatt-hour from 1.65 cents. The monthly bill for a customer who uses 1,000 kilowatt-hours will fall by \$6.28, or 6.9%. In April, PSO reduced the fuel factor from 2.5 cents per/kwh.

Sempra Energy's San Diego Gas & Electric subsidiary said it will purchase 20 Mw of biomass electricity generated by tree trimmings and other waste. Bull

Moose Energy will gasify waste material at a power plant expected to be located in San Diego County. The plant will operate a clean burning system to divert several hundred tons of waste a day from landfills.

ERCOT said that the state's summer reserve margin will shrink below the minimum level needed to avoid blackouts by 2008 as growing electric demand outpaces construction of new power plants. ERCOT's latest calculation of reserve-margin – the amount of electricity available above the projected peak – shows the amount will fall to 11.8% by 2008. The grid operator has set 12.5% as the minimum reserve needed in July and August when power demand soars to run air conditioners. The margin will fall further to 8.9% in 2009, 7.2% in 2010 and 4.9% in 2011. ERCOT said the reserve this summer will be 16.9%, higher than in 2005, as more than 2,100 Mw previously mothballed generation will be able to operate. Next summer, the reserve margin is expected to slip to 15.2%.

The NRC has approved the transfer of operating license for Salem, Hope Creek and Peach Bottom nuclear power plants from Public Service Enterprise Group Nuclear to Exelon Generation Company, due to the pending merger of the licensees' parent company.

MARKET COMMENTARY

The natural gas market opened unchanged as it awaited the EIA's inventory report. Expectations were calling for a build of 88 Bcf, but the actual figure came in as an 80 Bcf build to stocks, which set off another session of short covering. July natural gas rallied to 6.63, where it paused until continuing higher just after midday to a session high of 6.725. Natural gas was also supported by rallying petroleum complex, but as buying interest and support gave away in oil, so too did natural gas return much of its gains. July gas sunk briefly into negative territory, with a daily low of 6.35, but recovered to settle up 6.4 cents at 6.448.

After this week's report, the nation's total storage now stands at 2,243 Bcf, 477 Bcf over last year at this time and 706 Bcf above the five-year average. With temperatures expected to moderate over the next few days and the sagging oil market, there was little ammunition to keep this market to the upside. We expect the bears to regain control and pressure the market until cooling demand returns. We see support at \$6.35, \$6.11 and \$6.05. We see further support at \$5.86, \$5.75 and \$5.70-\$5.71. We see resistance at \$6.72, \$6.76 and \$7.00. We see further resistance at \$7.12 and \$7.37.