

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JANUARY 16, 2006

VOL. IX, NO. 2

Mizuho Acquires Ex-UFJ Financier

Mizuho Bank has hired **Chris Stolarski** as a senior v.p. in its project finance group in New York.

See story, page 5

In the News

Morgan, Goldman To Launch Orion Acquisition Loan	3
FX Concepts Sees Spike In Commodity Prices	3
Dominion Gas Properties Advance To Second Round	3
Credit Suisse Revisits Natural Gas Coverage	5
Phase Two Of East Coast Power Sale Kicks Off	5

Corporate Strategies

PSEG Arm Calls Floating-Rate Securities	4
Southern Co. Aims To Cut Short-Terms	4
OG&E To Wipe CP Via Bond Placement	4
Oneok Redeems \$300M Via Asset Sale Cash	4

Departments

Financing Record	5
Weekly Recap	7
Generation Auction & Sale Calendar	8

COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2006 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

TXU Delivers

TXU TEES UP STAKE IN \$10B UNIT

TXU is looking to sell or spin-off a 20-50% stake in its \$10 billion transmission and delivery business. One official tracking the company says it has launched an unusually discreet marketing of the TXU Delivery with bids due last week. **Lehman Brothers** and **Credit Suisse First Boston** are handling the sale. Calls to officials at Lehman and CSFB were not returned. Calls seeking comments from TXU CEO **John Wilder** in Dallas were directed to spokesman **Chris Schein**, who declined to comment on "market rumor."

Possible bidders could not be learned, but the usual private equity investors as well as hedge funds are expected to take an interest.



(continued on page 11)

Top O' The Market

SEMPRA PONDERES GENERATION OFFLOAD

Sempra Energy is contemplating offloading the bulk of its generation assets in order to focus on areas such as liquefied natural gas and gas storage, where it sees a bright future. The San Diego energy holding company already has put in motion plans to sell its interest in plants in the ERCOT market, but according to M&A bankers who have spoken to Sempra execs, it is assessing its entire portfolio and trying to gauge possible values. "Their view is that this is the top of the market and if they can sell, they will," says one banker. A call to **Art Larson**, spokesman at Sempra, was not returned.

Via subsidiary **Sempra Generation**, the holding entity owns El Dorado Energy in Boulder City, Nev., Elks Hill Power in Taft Calif., Mesquite Power in Arlington, Ariz.,

(continued on page 11)

CSFB, GOLDMAN, WESTLB TO LEAD \$1.6B LS POWER ACQUISITION LOAN

Credit Suisse First Boston, **Goldman Sachs** and **WestLB** will arrange a \$1.6 billion acquisition financing package on behalf of **LS Power** for its acquisition of **Duke Energy's** 6.2 GW merchant portfolio. The financing package is expected to consist of a B loan, synthetic letter of credit facility and a revolver. While the breakdown of the financing could not be determined, the pricing will start in the range of 200 basis points over LIBOR, one banker says, noting that pricing is subject to change due to ratings.

LS Power is still awaiting regulatory approval and as a result the financing will not be wrapped for another three to four months, officials say. Duke kicked off the sale of its assets

(continued on page 12)

Check www.iipower.com during the week for breaking news and updates.



At Press Time Initial Bids For Coletto Creek Draw Near

First round bids for **Sempra Generation** and **Carlyle/Riverstone Holdings'** auction of its jointly owned 632 MW coal-fired Coletto Creek Power Station are due in about a month. Calls to **Art Larson**, spokesman at Sempra and **Stephen Schaefer**, managing director at Riverstone in Houston, were not returned. **Pete Labbat**, managing director at **Goldman Sachs** in New York, which is running the sales process, also did not return a call for comment.

Sempra decided to sell the plant, which is held in the **Topaz Power Group** joint venture along with Riverstone, late last year (PFR, 12/19). The identities of prospective bidders could not be ascertained, nor could a price range for potential bids.

Parties Sign Up To Cash Settle Calpine CDS Index Trades

A total of 323 parties signed up to the Calpine credit default swap protocol designed by the **International Swaps and Derivatives Association** to cash settle CDS index trades. Parties had until last Thursday to sign up to the program. An auction will be held tomorrow to determine a final settlement price.

The number of adherents was significantly smaller than the 571 that signed up to the **Delphi** CDS protocol. **Louise Marshall**, spokeswoman for ISDA, said that fewer signed up to the protocol because the association allowed investment managers to sign up, rather than requiring individual funds within an investment management firm to adhere. Marshall said that based on the number of entities within each fund that signed up to the Delphi protocol the truer number of adherents would have been closer to 500 had the association required individual funds to sign up.

A source familiar with the protocol said that Calpine may also have fewer adherents because it is a less liquid name than Delphi. "Calpine was no way as near as big an event as Delphi," he says. He adds that in comparison to Delphi, Calpine is less prevalent in collateralized debt obligations. "Calpine was not as popular in CDOs. The name was not so liquid."

The Calpine protocol also excludes Calpine's 7.75% '15 convertible notes – an aspect that may have discouraged parties that own these bonds from participating in the protocol, said the source. The protocol explicitly excluded these bonds because they contain unusual provisions that make them subordinate to senior unsecured debt.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iinews.com.

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 439-1090

MARK DeCambre
Managing Editor
(212) 224-3293

PETER ROTH
Associate Reporter
(212) 224-3226

MARI SLATER
Associate Reporter
(212) 224-3116

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING,
KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER,
BRIAN STONE, JAMES BAMBARA
Associates

JENNY LO
Web Production & Design Manager

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

JONATHAN WRIGHT
Advertising Director
(212) 224-3566
jwright@iinews.com

PAT BERTUCCI, ADRIENNE BILLS,
PHILIP COX, MAGGIE DIAZ
Associate Publishers

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

DAVID HOM
Associate Marketing Manager
(212) 224-3896

VINCENT YESENOSKY
Senior Fulfillment Manager
(212) 224-3096

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,545 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR
Director of Sales (212) 224-3045

TOM GANNAGE-STEWART
Account Executive [London]
(44-20) 7779-8998

KEN LERNER
Account Executive
(212) 224-3043

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

DEWEY PALMIERI
Reprint & Permission Manager
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Chief Operating Officer

ROBERT TONCHUK
Director/Central Operations & Fulfillment

Customer Service: PO Box 5016,
Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6910
E-mail: customerservice@iinews.com

Editorial Offices: 225 Park Avenue
South, New York, NY 10003.
Tel: 1-212-224-3293
Email: mdecambre@iinews.com

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2006
Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

TXU Weighs New Unit As Part Of Plant Sale

TXU subsidiary TXU Power is considering a plan to sell a 50% interest in a to-be-formed subsidiary that will hold approximately 6.25 GW of coal-fired assets. Such a holding company likely would be comprised of the roughly 1.1 GW Big Brown Steam Electric Station, 2.25 GW Martin Lake Steam Electric Station, say officials familiar with the Dallas company's thinking. According to one official, teasers on the sale of the assets have been distributed to potential bidders, with full-blown marketing materials to follow. A call to **Chris Schein**, spokesman for TXU, was not returned.

The to-be-formed entity also would house two plants that will be developed or upgraded: the planned 1.7 GW Oak Grove, which is not yet permitted and a 545 MW Sandow Steam Electric Station Unit 4, which is expected to double in size.

TXU is keeping a close eye on the planned sale of Coletto Creek by **Sempra Energy** and **Carlyle/Riverstone Holdings**, and on Sempra's sale of Twin Oaks, both of which are coal-fired plants in ERCOT (PFR, 1/9).

Leads To Launch Orion Acquisition Loan

Morgan Stanley and **Goldman Sachs** will lead a bank meeting Tuesday morning at the Waldorf-Astoria in New York to launch syndication of a B-loan loan for **Madison Dearborn Partners** and **US Power Generating Co.**'s acquisition of **Orion Power** assets. The planned \$950 million financing, will consist of a term loan B working capital revolver and letter of credit facilities and be pitched to banks and institutional investors looking to take pieces. Specifics on pricing are expected to emerge at the bank meeting.

Calls to officials at Morgan Stanley and Goldman were not returned, nor were calls to **David Mosher**, managing director at Madison Dearborn in Chicago, and US Power Gen's head, **Jacob Worenklein** in New York.

The project has received some regulatory approvals, but is still subject to New York State approval, which is anticipated either later this month or early February. According to bankers, this flexibility allows the leads to extend the syndication if needed, or even accelerate it. **Merrill Lynch** and **BNP Paribas** are also participating in the deal.

Madison and US Power Gen agreed to pay \$975 million for the generating facilities, which includes **Reliant Energy's** Orion Power known as Astoria and Narrows. The facilities have about 2.2 GW of capacity, with the Astoria plant accounting for 24% of power consumed in New York City.

Reliant plans to use the proceeds from the asset sale to pay down debt (PFR, 11/07).

FX Concepts Predicts Commodity Prices Spikes

New York-based currency manager FX Concepts, in a recent investor letter, anticipates a looser U.S. Federal Reserve monetary policy that will combine with increased global demand to send commodity prices, which include natural gas and power, higher.

The currency manager sees particularly crude oil surging to new heights. "The price of oil should climb dramatically, passing the \$70 [per barrel] level it saw last summer," the letter predicts. CIO **John Taylor, Jr.**, whose name was attached to the letter, did not return calls by press time.

The looser Fed policy has already been priced into the interest, equity and commodity markets, Taylor wrote. "All of these markets agree and they are speaking emphatically," says the letter. "We are nervous because we cannot quite believe what [these] prices...are telling us, which is that the Fed's tightening process is over—or will be after Jan. 31."

The Fed's own language, reflected in the minutes of its most recent meeting, is perfectly consistent with this, Taylor added. "They said that 'policy should no longer be characterized as accommodative' and seemed to imply that rates were at or above the neutral level. Without further strong data, the Fed would be stopping 'its firming steps' soon."

Dominion Gas Properties Sale Hits Second Round

Dominion Resources' auction of two of its gas distribution properties is in its second round. According to trackers of the deal, auctioneers **Goldman Sachs** will take second round bids in early February. The auction consists of gas distribution assets **Dominion Peoples** in Pittsburgh and **Dominion Hope** in Clarksburg, W.Va., which were acquired along with another gas distribution facility in Ohio in Dominion's merger with **Consolidated Natural Gas Company**.

Calls to **Pete Labbat**, managing director at Goldman in New York, and **Thomas Chewing**, cfo at **Dominion** in Richmond, Va., were not returned.

Observers indicate that **Duquesne Light Holdings** and Chicago-based **People's Energy** have separately considered making a play for the assets, says a banker with knowledge of the auction. **James Wilson**, chief strategic officer, at Duquesne in Pittsburgh, did not return a call for comment. People's spokeswoman **Elizabeth Castro**, in Chicago, was unable to make an official available for comment.

Credit Suisse Relaunches Natural Gas Coverage

Credit Suisse relaunched equity coverage of natural gas companies last week. Analyst **Carl Kirst** covers companies such as El Paso Corp, Northwest Natural Gas Co. and Kinder Morgan, Inc. He joined the Houston office in May. Kirst worked at **Dennard, Rupp, Gray & Easterly** for over two years and at **Merrill Lynch** for two years. Coverage was dropped when analyst **Faisal Khan** left for **Citigroup** in March. A spokeswoman confirmed the coverage. Kirst did not return calls for comment.

Mizuho Lands Ex-UFJ Project Chief

Mizuho Bank has hired **Chris Stolarski** as a senior v.p. in its project finance group in New York. His role at Mizuho could not be determined. Stolarski, who started at the bank last week, declined to comment.

Stolarski was the head of **UFJ Bank's** project finance group in New York, prior to its merger with **Bank of Tokyo-Mitsubishi**. He was hired more than a year ago to grow UFJ's non-recourse

business (PFR, 6/21/04). The merger was completed at the beginning of this year. Before UFJ, Stolarski worked at **Bayerische Landesbank**. Calls to BoTM-UFJ were not returned.

Meet & Greet?

Goldman Looks To Next Phase In N.J. Sale

Goldman Sachs' **East Coast Power**, the holding entity for a 940 MW cogeneration facility in Linden, N.J., plans on taking second round offers for the plant in February 15. A banker close to the deal says East Coast Power officials will be available for full day one-on-ones so that prospective buyers can complete due diligence. A call to **Pete Labbat**, managing director at Goldman in New York, who is participating in marketing efforts, was not returned.

Initial bids are said to have been in the \$1.1-1.2 billion range (PFR, 1/9). The plant has a long-term PPA with **Consolidated Edison of New York** for 645 MW through 2017. The auction has drawn a number of investors interested in acquiring the qualified asset since its PPA means its income stream is predictable.

Corporate Strategies

Southern Co. Looks To Cut Short-Term Rates

Southern Co., via its subsidiary **Southern Company Capital Funding Inc.**, is aiming to cut interest rate payments by repurchasing around \$67 million of debt. The buyback was slated to wrap Friday. **David Brooks**, managing director of capital markets in Atlanta, says the move cuts rates on short-term debt to about 4%. "We're retiring securities that pay 8.19% and 8.14% and we'll finance with commercial paper with 4.5% interest rates," he explains.

The tender offer includes two different securities, Brooks says, and Southern offered to buy back up to \$200 million. Its repurchase program will include \$60 million of the 8.19% securities and about \$7 million of the 8.14% securities. The securities were sold through separate trusts. **Southern Company Capital Trust I** sold the 8.19% securities originally, while **Southern Company Capital Trust II** sold the 8.14% securities. Both capital securities started accruing interest in 1997.

Buying the securities back now, which are not callable until next year, will come at a cost of about three percentage points, Brooks says. He adds the premiums were worth it because Southern will be saving in the long-run. The commercial paper used to refinance the buyback will be rolled over into long-term debt eventually, but Brooks could not specify timing.

Citigroup advised Southern on the repurchase. "We know [Citi's] very good at debt repurchases and we've worked with them in years past," he adds.

PSEG Arm Calls Floating-Rate Securities

Public Service Enterprise Group is calling \$150 million of floating rate capital securities issued via its **Enterprise Capital Trust II** funding trust. **Mort Plawner**, treasurer at the Newark, N.J.-based holding company, says PSEG has been wiping out those securities, which were issued as a type of preferred equity, because ratings agencies view capital securities more as debt than they have in the past. The treasurer says PSEG swapped the floating rate coupon after issuing the securities in 1998 and pays a fixed rate of about 7.2%. The company saw strong cash flow in the third quarter, he notes.

Plawner says PSEG called two tranches of these types of securities totaling \$375 million in 2005. Another \$180 million tranche, which is not callable until 2007, remains outstanding and another \$460 million maturing in 2008 is not callable early.

The official notes that PSEG does not plan to replace the to-be-retired \$150 million with a new offering. **Moody's Investors Service** rates preferred stock issued through PSEG's **Enterprise Capital Trust II Baa3**.

Oneok Asset Auctions Fuel \$300M Debt Retirement

Oneok has redeemed \$300 million of 7 3/4%-year notes set to mature in August with cash from asset sales. The Tulsa, Okla.-based energy company bought back the notes in order to cut interest payments, says **Mark Smith**, manager of treasury and financial services. The cost saving is estimated to be around \$1.45 million. The bonds, which were redeemed north of par at 101.907%, carried a make-whole provision.

Smith says Oneok has been cutting debt with proceeds from asset sales, including the sale of oil and gas production company **TXOK Acquisition** and midstream assets to separate entities, for roughly \$1.1 billion.

Following Oneok's acquisition in July of the natural gas liquids businesses owned by several **Koch** companies for approximately \$1.35 billion, it continued to shave debt in an effort to bring its debt-to-capitalization ratio closer to 50:50. According to Oneok's calculations, that ratio stood at 52:48 at the end of last year.

Oneok does not intend to issue new long-term debt to replace this issue. Its next long-term debt maturity is in 2008. Most of the company's notes are issued with a make-whole premium, with some callable at par, says Smith.

A \$1.2 billion revolver is held with a consortium of 15 banks led by **Bank of America** and **Citigroup**, and it is generally used as a backstop for commercial paper. Oneok also has a bridge loan through Citi and UBS. Participation in the revolver is one of a number of factors looked at when deciding which banks are selected for debt offerings. Other factors include the bank's

ability to issue into the market and their ability to place paper, says Smith. **Moody's Investors Service** rates Oneok's senior unsecured debt Baa2.

OG&E Places Bonds To Pay Down CP

Oklahoma Gas & Electric has tapped the bond market for \$220 million to take down short term obligations. The refinancing was delayed because it was in the middle of a rate case that was not settled until last month, explains one New York analyst. **Deborah Fleming**, treasurer for the Okalahoma City-based parent company **OGE Energy Corp.**, declined to comment on the offering. Proceeds of the issuance will repay commercial paper and short-term borrowings incurred to fund the repurchase of \$110 million of 7.125% senior notes due Oct. 15, 2005, and an identical amount in 7.30% notes due at the same time.

OG&E filed with the **Oklahoma Corporation Commission** for an \$89 million increase in base rates last May. The OCC issued an order allowing for a \$42.3 million increase in rates and a 10.75% return on equity, based on a capital structure consisting of 55.7% equity and 44.3% debt. The new rates will become effective this month.

The bonds were \$110 million in 5.15%, 10-year notes and \$110 million of 5.75%, 30-year notes. The 10-year notes were priced at 83 basis points over comparable Treasuries and the 30-year notes priced at 123 basis points over the long bond. Mixing up maturities offers the company greater flexibility, according to the analyst.

Bank of New York Co., **JPMorgan Chase** and **Wachovia Corp.** handled the 10-year and JP Morgan, **RBS Greenwich Capital** and Wachovia completed the long bond sale.

Financing Record (JANUARY 4-JANUARY 10)

Debt

Rule 144A	Issue Date	Issuer	Business Description	Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
	1/4/06	Oklahoma Gas & Electric Co	Electric utility	110	5.15	Sr Unsecurd Nts	1/15/16	99.674	5.192		BBB+	A2	AA-
	1/4/06	Oklahoma Gas & Electric Co	Electric utility	110	5.75	Sr Unsecurd Nts	1/15/36	99.588	5.779		BBB+	A2	AA-
No	1/10/06	Electrabel SA	Electric utility	1,205.90		Mdm-Trm Fl Nts	4/26/07	99.97			NR	A3	NR
Yes	1/10/06	Nevada Power Co	Electric utility	210	5.95	Mortgage Bonds	3/15/16	99.741	5.984	155	BB	Ba1	BB+
	1/10/06	Progress Energy Inc	Electric utility	100		Float Rate Nts	1/15/10	100			BBB-	Baa2	BBB-
	1/10/06	Progress Energy Inc	Electric utility	300	5.625	Notes	1/15/16	99.81	5.65	123	BBB-	Baa2	BBB-
	1/10/06	Virginia Electric & Power Co	Electric utility	450	5.4	Sr Unsecurd Nts	1/15/16	99.74	5.434	100	BBB	A3	BBB+
	1/10/06	Virginia Electric & Power Co	Electric utility	550	6	Sr Unsecurd Nts	1/15/36	99.792	6.015	140	BBB	A3	BBB+

M&A

Date Announced	Target Name	Target Advisors	Target Industry	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Industry Sect	Acquiror Nation	Value (\$M)
1/9/06	Duke Energy-Cert Power Assets	Goldman Sachs & Co	Credit Suisse First Boston	Electric, Gas, and Water Distribution	United States	LS Power Equity Partners LLC	Investment & Commodity Firms,Dealers,Exchanges	United States	1,540.00
1/9/06	OSTWIND Verwaltungs GmbH-Cottb		Electric, Gas, and Water Distribution	Germany	GW Energi A/S		Electric, Gas, and Water Distribution	Denmark	41.697

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.



You want news from over 40 of the best sources in the industry, in one place?

Your success depends on knowing where to look for vital news and information...

InstitutionalInvestor.com gives you:

- *Award-winning editorial*
- *Groundbreaking news*
- *Comprehensive coverage*
- *Analysis*
- *Rankings*
- *Archives*
- *Email alerts*
- *and more...*

**Institutional
Investor.com**

Visit www.InstitutionalInvestor.com today.

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

The Americas

- Canada's federal government has ordered a full environmental study of the proposed \$5 billion **Keltic Petrochemicals Inc.** liquefied natural gas project in northeast Nova Scotia. Halifax-based Keltic's proposal includes petrochemical plants, a wharf, LNG terminal, LNG storage and regasification facilities, and an electrical co-generation facility (*The Globe and Mail*, 01/05/06).
- **Duke Energy** is near a deal to sell part of its power generation operation in North America for about \$1.5 billion to **LS Power Group**. The sale includes plants in the Northeast and West that have about 6,100 MW of generating capacity fueled by natural gas. Duke announced its intention to sell the plants as well as its portfolio of derivative contracts in September (*The New York Times*, 01/09).
- **Calpine Corp.** will ask for zoning changes for an Oregon location that could be used as a liquefied natural gas terminal, but analysts doubt the bankrupt power producer will go forward with the pricey plan. The step is part of Calpine's effort to win needed permits and regulatory approvals to build an LNG terminal with a capacity of 1 billion cubic feet of gas a day (*Reuters*, 1/10).
- The first cargo of liquefied natural gas from **Atlantic LNG's** newest production train in Trinidad and Tobago was loaded this week for delivery to **BP** in Britain. **BP Trinidad and Tobago** said the cargo from Atlantic LNG's \$1.3 billion Train 4, one of the world's largest liquefaction plants, was to be shipped to BP's regasification capacity at the Isle of Grain (*Reuters*, 01/10).
- **Nevada Power Co.**, a subsidiary of **Sierra Pacific Resources**, has completed the purchase of a 75% interest in the 560 MW Silverhawk power plant from **Pinnacle West Capital Corp.** and two other companies for \$208 million. The **Southern Nevada Water Authority** owns the remaining 25% interest in the natural gas-fired power station (*Reuters*, 01/10).
- **ArcLight Capital Partners** is fund-raising for its third energy fund, two years after raising \$1.6 billion for its predecessor. Prospective investors say ArcLight is already laying the groundwork for ArcLight Energy Partners Fund III LP, which is due in the market this year with an estimated target of around \$2 billion (*DowJones LBO Wire*, 01/11).
- Voters in Robbinston, Maine, voted last week to approve a referendum question that gives Washington, D.C.-based **Downeast LNG** the green light to move forward with plans to build a \$400 million terminal (*Bangor Daily News*, 01/11).

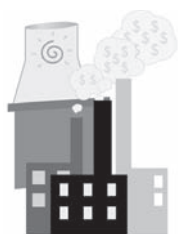
- **Sempra LNG Corp.**, plans to expand the production capacity of its Cameron LNG regasification terminal, under construction 15 miles south of Lake Charles, La. It has received **Federal Energy Regulatory Commission** approval to begin the pre-filing process for the proposed \$250 million expansion and intends to start work in 2007 for completion in 2010 (*Oil & Gas Journal*, 01/11).
- **Sempra Generation** hopes to build a \$1.4 billion, 600 MW coal-fired plant in southern Idaho. The company is in the initial stages of a multi-year permitting process. As proposed, the plant is a merchant plant and as such the project would not be subject to review by the **Idaho Public Utilities Commission** (*Idaho Mountain Express*, 01/11).
- **UIL Holdings**, parent of electric utility **The United Illuminated Company**, has named **James P. Torgeson** president, effective Jan. 23. Torgeson will replace **Nathaniel D. Woodson**, who will remain chairman and chief executive until sometime in 2006, when he'll leave due to the company's mandatory retirement age of 65 (*The Wall Street Journal*, 01/11).

Europe

- French President **Jacques Chirac** has announced plans for more nuclear power stations in the wake of rising energy prices. No new large power plants have been built in the country since 1993 and it needs to replace those that will go out of service over the next two decades (*EuroNews*, 01/05/06).
- **Royal Dutch Shell** has been approached by parties interested in taking a stake in its Hazira liquefied natural gas import terminal in India. The Hazira terminal started operating last year and was designed to import 5 million tons of liquefied natural gas per year (*Reuters*, 01/09).

Asia and Russia

- Japan's **Mitsubishi Heavy Industries** is the front-runner to purchase nuclear-energy concern **Westinghouse Electric Co.** for more than \$2.5 billion, in a deal that could be wrapped up in about a month. Pittsburgh-based Westinghouse is owned by British-government subsidiary **British Nuclear Fuels**. The acquisition would give Mitsubishi technology that has been used to build reactors around the world and that Mitsubishi had licensed from Westinghouse for years to build reactors in Japan (*The Wall Street Journal*, 01/06/06).



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	In Second Rounds.
	Key Stone	Pa.	-	Coal		
	Conenough	Pa.	-	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Intention to sell
	Orange	Fla.	103	Gas	Bear Stearns	Intention to sell
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Carlyle Riverstone/ Sempra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs	First-round Bids Due Mid-Jan.
Carlyle Riverstone/ Sempra	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil	Greenhil & Co.	Preliminary Marketing Materials Have Been Submitted
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27).
	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Delta Power						
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB	LS Power Has Won An Auction For Approximately \$1.48-1.54B
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas	Goldman Sachs	
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW			
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
El Paso Europe	EMA Power	Hungary	70	Coal		Final Bids Due.
El Paso North America	Berkshire	Mass.	261 (56.41%)	Gas		

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
(Merchant assets)	CDECCA	Conn.	62	Gas		Negotiations Are Taking Place With HSBC Launched Sale In April.
	EnCana	Cavalier	Alberta	106	Gas	
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW	Gas		
Goldman Sachs	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	2nd round bids due mid-February
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Madison Dearborn And US Power Gen. Have Won A Bid To Acquire The Assets.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
InterGen	Redbud	Okla	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Ongoing
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	Ongoing-selling 62%
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.



**Tired of fighting over the latest
newsletter copy?**
Here's a simple, painless solution:
The Corporate Access Program.

- Instant, online access to breaking news, feature stories, league tables, rankings, search listings and online archives.
- Information- and user-specific plans tailored to meet your company's needs and bottom line.
- An opportunity to limit your worries about copyright infringement.
- Business leads and insights into regulatory outlooks.

**For information or a proposal, contact
Daniel Lalor at 212-224-3045 or dlalor@iinews.com**

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

INSTITUTIONAL INVESTOR NEWS / 225 PARK AVENUE SOUTH / NEW YORK, NY 10003
WWW.IINEWS.COM

CMS Nuclear Auction To Kick Off Soon

The offer memorandum for CMS Energy's auction of its 798 MW Palisades nuclear power plant is expected to be distributed within the next two weeks. John Reed, ceo of Concentric Energy Advisors, the auction manager for CMS, says the auction will have a single round of bids, which he expects will be due at the end of June, the original target date. He says there has been a high level of interest and adds that both strategic and financial bidders likely will take a run at the plant.

The Palisades nuclear operation is located near South Haven, Mich. Jeff Holyfield, spokesman for CMS in Jackson, Mich., referred questions to Concentric. Holyfield has said that sales by other members of the Nuclear Management Company, which manage the facility, helped prompt the auction (PFR, 12/12).

SEMPRA PONDERERS

(continued from page 1)

Termoeléctrica de Mexicali, in Mexicali, Baja California, Mexico. The plants along with Palomar Energy, which is under construction in Escondido, Calif., all fall under the non-utility umbrella of Semptra Global.

Presently up for auction are Semptra's plants jointly owned with

Carlyle/Riverstone in ERCOT (PFR, 12/12), which include Topaz Power Group—assets acquired from American Electric Power in March 2004 (PFR, 3/14/2004). Semptra is also selling eight district and heating and cooling plants in Nevada and California known as Bunker Hill, Boeing and Disneyland Hotel (PFR, 12/26).

Over the past few years, Semptra has plowed billions into LNG facilities in North America (PFR, 11/20/04). A dearth of LNG facilities has ignited development activity. Semptra is slated to construct an LNG project that will cost some \$700 million near Lake Charles, La., one of a number of such projects it has on deck. —M.D.

TXU TEES

(continued from page 1)

TXU has toyed with the notion of offloading at least a portion of its transmission assets and sees a disposition as a method toward further streamlining its operations and providing value to its shareholders. Chatter revolving around the company auctioning its assets, last year, was publicly quashed by the company.

One official familiar with the company's plans says TXU wants to see what kind of price the assets will fetch. Plan B is to spin off 20-50% of TXU Delivery in a stock offering, one banker explains, noting that it could aim to use offers from the auction to set a price for a possible spin off. —Mark DeCambre

SUBSCRIPTION ORDER FORM

www.iipower.com

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,245*. Once I have subscribed I can select a permanent User ID and Password to www.iipower.com at no extra charge.

NAME _____			B400101
TITLE _____			FIRM
ADDRESS _____			
CITY/STATE _____		POSTAL CODE/ZIP _____	COUNTRY _____
TEL _____		FAX _____	E-MAIL _____

Options for payment:

- ☐ Bill me ☐ Check enclosed (please make check payable to Institutional Investor News)
☐ I am paying by credit card: ☐ Visa ☐ Amex ☐ Mastercard

CREDIT CARD NUMBER _____ EXPIRATION DATE _____ SIGNATURE _____

The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.

- () Please tick if you object to contact by telephone.
 () Please tick if you object to contact by fax.

- () Please tick if you object to contact by email.
 () Please tick if you do not want us to share your information with other reputable businesses.

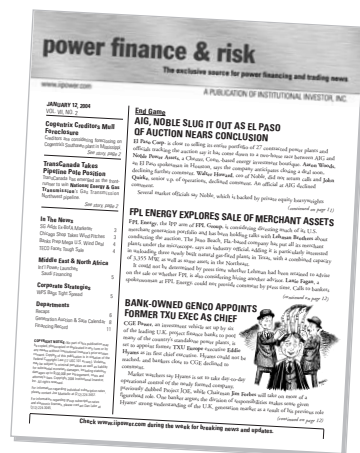
* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.

Institutional Investor NEWS
INTELLIGENCE FIRST

UNITED STATES
Tel: 1-212-224-3570
Fax: 1-615-377-0525
Email: customerservice@iinews.com
Mail: Institutional Investor News
P.O. Box 5016
Brentwood, TN 37024-5016

UNITED KINGDOM
Tel: 44 20 7779 8998
Fax: 44 20 7779 8619
Email: tgstewart@euromoneyplc.com
Mail: Thomas Gannagé-Stewart
Institutional Investor News
Nestor House, Playhouse Yard
London, EC4V 5EX, England

HONG KONG
Tel: 852 2842 6910
Fax: 852 2543 7617
Email: edealia.cheung@euromoneyasia.com
Mail: Edealia Cheung
Institutional Investor News
17/F, Printing House, 6 Duddell Street
Central, Hong Kong



CSFB, GOLDMAN

(continued from page 1)

late September (PFR, 09/26). Officials at WestLB and CSFB declined to comment and calls to Goldman were not returned.

WestLB acted as sole financial advisor for LS Power, while CSFB and Goldman arranged staple financing said to be in the \$800 million range, which will be included in the overall acquisition financing.

East Brunswick, N.J.-based LS Power agreed to pay about \$1.54 billion for Charlotte, N.C.-based Duke's Duke Energy North America generation assets outside the Midwest. WestLB acted as the sole financial advisor to LS Power on the sale.

Darpan Kapadia, managing director at LS Power in New York, would not comment.

—*Mari Slater*

Calendar

- The **Edison Electric Institute** will host its International Utility Conference in London on February 20-23 at the London Hilton on Park Lane. For additional information please contact **Debra Henry**, via email at dhenry@eei.org or via phone at (202) 508-5496 or **Mari Smallwood**, via email at msmallwood@eei.org or via phone at (202) 508-5501.

- **Euromoney** is holding its USA Power and Utility Finance Conference in Las Vegas on February 16-17 at the MGM Grand Hotel. For additional information please call toll free at 1-800-437-9997 or 1-212-224-3570, for New York, or 44-0-20-7779-8999 for London.

- **Platt's** is holding its 4th Annual Gas Storage Outlook Conference January 19-20 in Houston. For additional information, please call 1-866-355-2930, or 1-781-860-6100 if calling from outside the U.S., or email registration@platts.com.

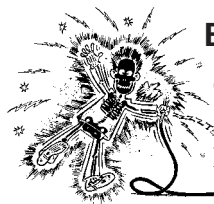
- The **International Energy Finance Forum** is being held in London January 17-18 at the Waldorf Hotel. For additional information, contact **Thomson Financial** at 44-0-20-7369-7454 or email neil.clasper@thomson.com.

- **Euromoney** is holding a Renewable Energy Finance Forum March 13-14 in Berlin at The Hilton. For additional information, please call 44-0-20-7779-8103, or email energyevents@euromoneyplc.com

Quote Of The Week

"The price of oil should climb dramatically, passing the \$70 [per barrel] level it saw last summer."—**John Taylor, Jr.**, CIO of FX Concepts, in an investor letter anticipating a looser **U.S. Federal Reserve** monetary policy that will combine with increased global demand to send commodity prices, which include natural gas and power (see story, page 3).

Alternating Current



BayerLB Banker Rides In Style

Car enthusiast **Oliver Hildebrand**, syndications manager at **Bayerische Landesbank** in New York likes to ride in style. The BLB banker shells out \$10,500 a year to Manhattan's exclusive **Classic Car Club** in order to have access to a fleet of sleek cars. Hildebrand can select from Ferraris to vintage **Ford Mustangs**. The club, located at 250 Hudson St., houses dozens of American and European roadsters and sports cars. Hildebrand says the price is worth all of the fun.



One Year Ago In Power Finance & Risk

Goldman Sachs and **Morgan Stanley** were planning on finding merchant power business by offering to ink power purchase agreements with prospective plant buyers. [The two have since signed power purchase agreements for high-profile deals, including Morgan signing PPAs for some of the assets in the Orion portfolio and La Paloma. Goldman, via its subsidiary **J. Aron & Co.**, is an offtaker in the Wolf Hollow deal, and had even agreed to sign a PPA contract on the **Duke Energy North America** assets.]

For More Benefits Visit Our Web Site

As a *Power Finance & Risk* subscriber, you're entitled to access the *Power Finance & Risk* Web site absolutely free! Go to www.iipower.com and discover the added value to your subscription, including:

- **Breaking News**—stories are posted as we get them. Check www.iipower.com during the week for the hottest power news.
- **Breaking News E-mail Alerts**—your advance notice of the hottest stories as they break.
- **Additional Content**—in-depth statistics, ratings and rankings available online.
- **Earlier delivery**—each issue of *Power Finance & Risk* is available in full on the Web site every Friday at 4pm EST.
- **Generation Sale & Auction Calendar**—access a searchable archive that includes all the stories and features from past issues of *Power Finance & Risk*.
- **Printer-Friendly Stories**—click on the "printer-friendly version" link at the bottom of the story to get a clean copy of the article to print, with no irregular page breaks or uneven margins.

To set up your subscriber password, please contact us at customerservice@iinews.com or at 1-800-715-9195 between 8 a.m. and 6 p.m. EST.