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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

FEBRUARY 2, 2004

VOL. VII, NO. 5

Web Exclusives

Public Service Gas & Electric is looking to tap the bond market with a stranded cost securitization this spring.

National Energy & Gas Transmission has shortlisted several bidders as it looks to execute a quick sale of a pipeline.

FPL Energy has launched a \$126 million non-recourse loan to refinance its Stalene wind farm.

For the full stories go to *PFR's* Web site (www.iipower.com)

At Press Time

Constellation Puts Hawaii Plant
On The Block 2

London Boutique Eyes Renewables 2

In The News

Alabama Plant Goes Under
The Hammer 3

Latin America

EDF Wraps Rio Bravo Debt 4

Middle East & North Africa

Saudi Deal Finds Takers 5

Corporate Strategies

NRG Takes Seconds 5

Departments

Recaps 6

Financing Record 7

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AEP TEXAS AUCTION REACHES HOME STRAIGHT

Fort Worth-based **Texas Pacific Group** and a joint venture between **Sempra Energy** and New York private equity shop **Riverstone Holdings** are thought to be on a shortlist of two to acquire the bulk of a 12-plant 4.5 GW merchant portfolio in Texas being sold by **American Electric Power**. **Owen Blinksilver**, a TPG spokesman, declined to comment. Calls to **Michael Hoffman**, a managing director at Riverstone in New York, were not returned.

The auction is believed to have become a two-horse race after **Morgan Stanley's** New York-based commodity trading group decided to withdraw, according to a Morgan Stanley
(continued on page 8)

FORMER AIRLINE HONCHO EMERGES AS FRONTRUNNER FOR TXU TOP SLOT

Dallas-based **TXU** is set to appoint a new chief executive imminently and market watchers says **Greg Brenneman**, formerly ceo of **PwC Consulting** and before that coo of Houston-based **Continental Airlines**, has emerged as the favorite to fill **Erle Nye's** shoes. **Carol Peters**, spokeswoman for **TXU**, says the energy company expects to announce a new ceo ahead of its annual general meeting in May, declining further



(continued on page 8)

ARCLIGHT SET TO ACQUIRE ENTERGY STAKE IN ILLINOIS PLANT

ArcLight Capital Partners is close to acquiring **Entergy Asset Management's** 50% interest in a fully contracted 320 MW gas-fired plant in Crete, Ill. A deal is likely to be sealed within the next few days, say officials close to the deal. They declined to comment on the likely price. **DTE Energy**, which owns the other 50% and operates the plant, will retain its stake. **Morgan Stewart**, spokesman at **Entergy**, declined to comment and calls

(continued on page 8)

BMO CASHES IN DRAX POSITION

Canadian investment bank **BMO Nesbitt Burns** has unwound a GBP42 million (\$76 million) non-recourse loan position in **Drax**, a 4 GW power plant in northeast England that its creditors foreclosed on last fall. The stake was reportedly bought by the distressed loan trading desks at **Goldman Sachs** and **Merrill Lynch**. Calls to **Goldman** and **Merrill** were not returned. It remains unclear whether they subsequently flipped the positions to other investors.

A **BMO** banker says the Montreal-based bank decided to cash in its **DRAX** position early last week to profit from a sharp rise in the plant's debt value. **BMO** sold its position at 94% of face value, say market watchers, adding the debt has soared 30% in the last three months.

(continued on page 7)

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



At Press Time

Constellation Looks To Unload Hawaii Investment

Constellation Energy is looking to divest a 50% interest in a 30 MW geothermal plant located in Puna, Hawaii, and has hired **Credit Suisse First Boston** to handle the sale. A banker familiar with the plant posits that Sparks, Nev.-based **ORMAT Nevada, Inc.**, which developed the project and owns the other 50%, is a likely acquirer. Calls to **Rany Raviv**, head of project development at ORMAT, were not returned. Bankers at CSFB declined to comment.

Over the past year ORMAT has acquired a series of geo-thermal plants, after it switched its strategy from project development to asset acquisition. In December, ORMAT closed a \$254 million deal to buy **Covanta Energy's** geothermal units, beating out rivals in a bankruptcy auction. Bankers say the company is actively hunting for more geo-thermal assets and intends to fund its growth with private equity money from Israel and bond financing in both the U.S. and Israeli capital markets. ORMAT is headquartered in Israel.

London Private Equity Fund Eyes Renewable Push

Hg Capital, a London-based private equity firm with over EUR1.1 billion (\$1.35 billion) under management, is looking to build a renewable energy portfolio and has begun putting in place an investment team to make the push.

Market watchers says Hg has hired **Tom Murley**, an energy sector portfolio manager at **Dresdner Kleinwort Capital** in London and previously a managing director at the **European Investment Fund**, to lead the effort. Murley joins Hg, formerly called **Mercury Private Equity**, this week. Murley declined to comment, as did **Emma Tinker**, an Hg executive also looking at the renewable sector.

Hg Capital was spun out of **Merrill Lynch Investment Managers** in December 2000. The firm has no investments in the generation market.

Belgian Bank Readies North American Energy Trading Effort

Belgium's **Fortis Bank** is preparing to launch a North American natural gas, oil and oil products trading operation in New York and has hired **David Jones**, previously a managing director at **AIG Energy Trading** in Greenwich, Conn., to lead the effort. It could not be determined whether the operation will trade physical or financial contracts, but it is not expected to cover the electricity market. Jones declined comment.

Fortis is likely looking to set up a speculative trading operation since it is not thought to have a significant customer business in North America on which it can draw, according to a trading head in New York.

Jones left AIG around the time the insurance company hired **Tony Gordon** from **Goldman Sachs** to re-launch its energy trading operation (PFR, 9/30/02). Prior to AIG Jones held positions at **Statoil Marketing and Trading** and **Hess Energy Trading Co.**

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EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

VICTOR KREMER
Executive Editor [London]
(44 20) 7303-1748

WILL AINGER
Managing Editor [London]
(44 20) 7303-1735

PETER THOMPSON
Senior Reporter [Chicago]
(773) 525-6978

NINA SOVICH
Associate Reporter [New York]
(212) 224-3226

ARADHNA DAYAL
Hong Kong Bureau Chief
(852) 2912-8009

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

ROCHELLE BRETON
Editorial Assistant

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

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Associates

JENNY LO
Senior Web Production Designer

TIMOTHY O'SHAUGHNESSY
Web Production Designer

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

MIKE McCAFFERY
Publisher, Director of Advertising Sales
(212) 224-3534
mmccaffery@iineews.com

NAZNEEN KANGA
Publisher
(212) 224-3005
nkanga@iineews.com

PAT BERTUCCI, MAGGIE DIAZ, KRISTIN HEBERT, TAMARA WARD
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Reprint Manager (212) 224-3205
amalik@iinvestor.net

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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 6950
E-mail: customerservice@iineews.com

Editorial Offices: Nestor House,
Playhouse Yard, London, EC4V 5EX,
England. Tel: (44 20) 7303-1735
Email: wainger@euromoneyplc.com

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Institutional Investor NEWS
INTELLIGENCE FIRST

Former Southern Biz Looks To Unwind

Mobile Energy Services, a former subsidiary of **Southern Co.**, is close to selling its only asset, a 110 MW inside-the-fence plant in Mobile, Ala., that serves a tissue factory. Detroit-based **DTE Energy** and Oak Brook, Ill.-based **Primary Energy Holdings** are both seen as leading contenders, say market watchers. The plant, which carries only \$1 million in debt, is expected to fetch northward of \$30 million, says one market watcher. Mobile CEO **Jim Stewart** confirmed that a sales process is underway, but declined comment on likely bidders. Calls to **William Rockford**, coo of Primary Energy and **Len Singer**, spokesman at DTE, were not returned.

Mobile, Ala.-based Mobile Energy Services emerged from Chapter 11 on Dec. 16 and Stewart, who was put in charge of restructuring the company three years ago, expects to liquidate the company once a sale has been concluded, says the market watcher.

Credit Suisse First Boston is the majority equity holder in the plant and will pocket the proceeds after a sale. Prior to bankruptcy, CSFB was the majority debt holder and its interest was converted to equity when the company emerged from bankruptcy.

Stewart explains that the facility, which produces 2.5 million pounds of steam a year, has a 16-year off-take agreement with Dallas-based tissue manufacturer **Kimberly-Clark**. "It's one of

the few very profitable plants out there," says Stewart. Nonetheless, the facility is only operating at 30% capacity right now and adding additional capacity would entail firing up existing gas-fired burners, he explains.

Atlanta-based Southern bought the plant in 1994. However, when Mobile Energy Services' main energy client, a pulp paper plant operated by **Kimberly-Clark**, was shut down in 1999, the company filed for Chapter 11 bankruptcy protection. Mobile Energy Services does not own or operate any other power plants.

NRG Retains Int'l Biz

NRG Energy, the newly recapitalized Minneapolis-based IPP, has taken its international power plant business off the sales block. The move follows NRG's emergence from bankruptcy protection last December.

A senior NRG official says the company intends to retain its 25% stake in the 380 MW Enfield plant just north of London and roughly 500 MW of net capacity in Germany. The IPP also owns some 2 GW of generation in Australia and 420 MW in Latin America.

NRG's former parent **Xcel Energy** almost two years back hired **Goldman Sachs**, **ABN AMRO** and **Deutsche Bank** to divest its international portfolio (PFR, 4/15/02).

Advertisement

NOTICE OF INTENT TO SELL ELECTRIC GENERATING FACILITY

HSBC Bank USA, in its capacity as Lease Indenture Trustee and upon the instruction of certain noteholders, intends to foreclose and sell at public auction on a date to be determined the following electric generating facility:

- ## 526 MW, nominally rated (ISO conditions) natural gas-fired combined cycle electric generating facility.
- ## Located in Attala County, Mississippi (approx. 7 miles from the town of Kosciusko).
- ## The Facility consists of:
 - a "two on one" combined cycle arrangement, including two 170 MW GE Frame 7FA advanced combustion turbine generators
 - two heat recovery steam generators fitted with selective catalytic reduction
 - a 190 MW GE steam turbine electric generator
 - steam surface condenser
 - cooling towers and necessary pumping, piping and auxiliaries for a complete power production facility.
- ## Facility includes interconnection equipment; the natural gas pipeline; necessary intake and discharge structures, pipelines and pumping stations; a septic system; and a potable water pipeline.

No sale may occur until the Federal Energy Regulatory Commission grants approval under section 203 of the Federal Power Act. Persons interested in receiving more information about the Facility, or the terms of sale, should contact Vince Hahn at R.W. Beck., Inc., The Corporate Center, 550 Cochituate Road, Framingham, MA 01701; Tel: (508) 935-1864; email: vhahn@rwbeck.com.

UGI Plans \$230M Stock Issuance

Pennsylvanian utility holding company **UGI Corp.** plans to issue \$230 million in stock this April to fund its \$650 million purchase of an 81.5% stake in French propane gas company **AGZ Holding**. The company plans to pay for the purchase with \$100 million in existing cash, the new equity capital and the assumption of AGZ debt, says one financier. **Brenda Blake**, spokeswoman at UGI, says **Credit Suisse First Boston** and **Citigroup** will underwrite the equity offering this spring, but declined to comment on the size of the deal.

Through the acquisition, UGI will take control of AGZ's **Antargaz**, a propane distribution company in France that serves 220,000 customers.

Though the transaction is expected to close on April 1, the financier cautions that both parties have yet to receive approval from the **Works Council of Antargaz**, a labor union.

UGI is a Valley Forge, Penn.-based holding company with three subsidiaries: **AmeriGas Partners**, a propane company, **UGI Utilities**, a gas and electric utility serving eastern Pennsylvania, and **UGI Enterprises**, an energy services and development company.

Trinidad Utility Seeks \$200M Pipeline Financing

The **National Gas Company of Trinidad and Tobago** is looking for \$200 million of 15-year debt financing to fund the construction of a pipeline that will feed a liquefied natural gas station at Point Fortin, Trinidad, that is being expanded by **Atlantic LNG Co.** Bankers say NGC has issued an RFP and is looking for responses by the end of this week.

The Caribbean utility is looking to drive a hard bargain with banks to fund the roughly 45 mile natural gas pipeline, say bankers, noting it has a price target in the 200 basis points over LIBOR range. They add it also has stipulated that banks cannot club up to bid and that it won't pay for political risk insurance.

Despite this, financiers say there will likely be strong competition for the deal. One banker notes the pipeline will have 20-year contracts with some blue-chip multinational energy giants who are part owners of Atlantic LNG, including **BP**, **British Gas** and **Repsol**. Also, LNG-related deals are seen by many project financiers as a key growth, particularly given the slumbering market for new gas-fired generation. "People are really eager about LNG," says one banker.

NGC will look at private placement pitches in addition to bank debt. **BNP Paribas** is advising NGC on the financing.

Goldman To Refresh Cogentrix Financing

Goldman Sachs is launching a \$215 million term-loan to refinance existing debt at **Cogentrix Energy**, the Charlotte, N.C., IPP it recently acquired in a \$2.4 billion deal. The loan was set to hit the market last Friday as *PFR* went to press, along with a \$60 million revolver led by **BNP Paribas** and **Union Bank of California**. One financier says the refinancing will pay off an existing loan and also some notes. He was unable to provide further details. The term loan will have a five-year tenor and the revolver a three-year maturity. The financier says price talk has yet to emerge. A spokesman at Goldman declined to comment and **Mark Wisniewski**, a spokesman at BNP in New York, was unable to ascertain details. Calls to UBoC were not returned.

Before the announcement of the acquisition by Goldman, Cogentrix last fall landed a new corporate level loan via **Citigroup** and **ANZ Investment Bank** after securing the deal against its equity interests in its generation portfolio (PFR, 10/13). The precise size of that loan and whether it will be refinanced could not be determined by press time. Goldman paid \$115 million and assumed \$2.3 billion in debt to land the IPP's 26 plant portfolio.



Latin America

EDF Mexico Loan Seen Closing After Flex

EDF International's \$465 million non-recourse financing for its Rio Bravo III & IV projects in northeastern Mexico has reportedly closed, after pricing was jacked higher, according to a banker tracking the deal.

The interest rate on the loan has been sweetened 50 basis points, a decision that leaves pricing at a 237.5 basis point spread over LIBOR just post construction and at 325 basis points over LIBOR during the tail-end of the 14-year deal, the banker says. Calls to lead arranger **Société Générale** were not returned.

The deal was launched to a sluggish reception last summer and bankers were expecting some sort of restructuring given the lackluster response (PFR, 10/6). The spread at the time wasn't sufficient for such a long tenor and large deal, bankers argued.

Rio Bravo III (495 MW) and Rio Bravo IV (500 MW) are located in Matamoros and both have 25-year offtake contracts with Mexico's state-owned **Comision Federal de Electricidad**. The **International Finance Corp.** is backing an A tranche for the debt component.



Middle East & North Africa

Saudi Deal Draws Interest

An **International Power**-led consortium is set to sign up eight banks within the next two weeks to round out syndication of a \$510 million non-recourse loan funding the construction of four inside-the-fence plants in Saudi Arabia. Most of the appetite is coming from regional lenders, though **Crédit Agricole Indosuez** is expected to come on board, says one market watcher.

The deal is being led by **Saudi American Bank** (Samba), an affiliate of **Citibank**, **Banque Saudi Fransi**, an affiliate of CAI, and **Arab National Bank** (PFR, 1/11). A joint venture between IP and the Riyadh construction firm **Saudi Oger** won a **Saudi Aramco** mandate in December to build four CHP plants with some 1,074 MW of generation capacity.

Corporate Strategies

NRG Taps Into Strong Bond Mart

NRG Energy added to its recent \$1.25 billion offering of second-priority lien notes with an additional \$475 million issue to take advantage of strong investor demand for fixed-income paper. One market official describes the deal as a tack-on to the \$1.25 billion post-bankruptcy financing that was placed Dec. 17. Both issues carry an 8% coupon and mature in 2013, he adds.

As part of the earlier December financing, the Minneapolis-based IPP also set up \$1.45 billion in loan facilities, split between a \$1.2 billion senior secured term loan and a \$250 million revolver.

Arleen Spangler, credit analyst at **Standard & Poor's** in New York, says NRG took the plunge with the additional \$475 million offering after deciding it could lock in more debt at a fixed rate. The proceeds will be used to pay off a chunk of the floating-rate term-loan debt, she says. Calls to **Lesla Bader**, spokeswoman at NRG, were not returned.

NRG has already benefited from the strong upswing in investor interest in the sector. Its immediate post Chapter 11 financing goal was to land \$2.2 billion, but the number was ratcheted up by \$500 million before the December launch. The planned \$950 million senior secured B term loan was increased to \$1.2 billion, and second priority lien notes, originally sized at \$1 billion, were upped to \$1.25 billion (PFR, 1/5). "The market is pretty strong at the moment," reflects S&P's Spangler.

The \$475 million notes, yielding a spread of 381 basis

points over comparable Treasuries at offer, were rated B plus by S&P. **Credit Suisse First Boston** was bookrunner for the deal.

NU Eyes Debt Mart To Fund \$730M T&D Upgrades

Northeast Utilities is looking to fund the bulk of \$730 million of transmission and distribution investments at its New England utility operations through the bond market. The Berlin, Conn., company has earmarked around \$200 million of cash to inject as equity into the regulated units, but it will also tap the fixed-income mart in three separate issues. "[The] program will entail raising a lot of additional capital," **John Forsgren**, cfo, told analysts last week.

The first step is a \$75 million private placement of 10-year 4.8% notes by **Yankee Gas Services**, its natural gas distribution operation in Connecticut. The deal was expected to wrap toward the end of last week as *PFR* went to press. Around mid-year **Connecticut Light and Power** will sell up to \$250 million of first-mortgage bonds, according to Forsgren. Later in the year **Public Service Co. of New Hampshire** will also issue debt, its first bond offering since emerging from bankruptcy in 1991, Forsgren told analysts. **Jeff Kotkin**, head of investor relations, says NU has yet to assign underwriting roles for the later two deals.

FP&L Replaces Short-Term Debt

Juno Beach, Fla.-based **Florida Power & Light** issued \$240 million in 31-year first-mortgage bonds last week in order to pay down short-term debt associated with the construction of power plants. **Donna DiDinato**, an analyst at **Fitch Ratings** in New York, says the move better allows the Florida utility to mirror the maturity of its debt against the expected life of its power stations. "The trend these days is to issue paper that falls in line with the length of the project," she explains. **Kathy Beilhart**, a Treasury department manager at FP&L, did not return calls.

FP&L, which serves a growing population in Florida, will need to build new plants and expand existing facilities to meeting a pickup in demand, and retaining too much commercial paper could raise questions about the soundness of its balance sheet and its ability to finance this expansion, explains DiDinato.

The new paper carries a coupon of 5.65% and was sold at 99.724. This compares against coupons of between 1-2% on its commercial paper. **Banc of America Securities** and **J.P. Morgan** led the deal and co-managers included **ABN AMRO**, **Banc One Capital Markets**, **Lazard Frères**, **McDonald Investments**, **Scotia Capital**, and **The Royal Bank of Scotland**.

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.

Asia

- India's biggest private conglomerate, the **Reliance Group**, plans to build the world's largest gas-fired power plant. Reliance Vice Chairman **Anil Ambani** told a news conference that the 3.5 GW power project will reduce the chronic shortage of electricity in the northern state of Uttar Pradesh and is slated to cost some \$2.2 billion to build (*Reuters*, 1/27).

Europe & Middle East

- Albania will launch construction of a fossil fuel power plant by mid-year after securing \$100 million from three multilateral lenders. The **World Bank** will provide \$25 million and the **European Investment Bank** and the **European Bank for Reconstruction and Development** will each give \$37.5 million to the project. The **Albanian Electro-Energetical Corp.** plans to invest \$12 million during the first phase of construction (*Associated Press*, 1/26).
- **Enel** plans to sell some EUR500 million to EUR1 billion of bonds to retail investors shortly, a move that would lift a segment of the market battered by scandals at the **Parmalat** and **Cirio** food groups. The offering would be Enel's first retail debt offering since 1993. According to **Antonio Fazio**, Italy's central bank governor, about 115,000 Italian bondholders have been hurt by Parmalat's slide into bankruptcy and by the default of Cirio, another food group, in 2002 (*Financial Times*, 1/28).

Latin America

- **FPL Group** has signed a deal giving it the option to buy development rights to a liquefied natural gas terminal in the Bahamas from **El Paso Corp.** The Juno Beach, Fla., company will decide whether to exercise the option based on negotiations over permits, environmental concerns and long-term commitments for a substantial percentage of the gas sales from the terminal (*Reuters*, 1/23).

U.S. & Canada

- New York City will require about 25% more generation capacity by 2008 and new power plants should be built and old facilities retrofitted to meet the rising demand, according to a **New York City Energy Policy Task Force** report (*Reuters*, 1/21).

- Houston-based **CenterPoint Energy** says it intends to pursue alternatives to monetize its majority interest in **Texas Genco**, which include seeking another purchaser. **Reliant Resources** recently told CenterPoint Energy that it won't exercise an option to purchase CenterPoint's 81% interest in Texas Genco (*Reuters*, 1/23).

- **Progress Energy** President and COO **Robert McGehee** will take over as chief executive when incumbent **William Cavanaugh** retires March 1. The utility holding company says the 65-year-old Cavanaugh plans to remain chairman until May. The Progress board plans to meet in May and will name a new chairman at that time (*Dow Jones*, 1/23).

- **DTE Energy** recommended shareholders reject an offer by Canada's **TRC Capital Corp.** to buy up to 3 million DTE shares. TRC is offering \$38.30 a share for about 1.78% percent of DTE's equity. The mini-tender was launched on Dec. 30 (*Reuters*, 1/23).

- The **Federal Energy Regulatory Commission** will focus this year on preventing utilities from unfairly dominating the markets they serve and pushing prices above competitive levels. The commission is concerned local utilities could monopolize local markets by purchasing distressed power plants and selling power to themselves rather than entering into long-term supply contracts with power producers, according to FERC Chairman **Pat Wood** (*Dow Jones*, 1/26).

- London-based **International Power** has mothballed its 1,100 MW Hays gas-fired power station in Texas. The indefinite closure of the two-year old plant was prompted by low wholesale prices in the Lone Star State (*Dow Jones*, 1/28).

- Furthering its reach into U.S. wholesale power trading, Swiss-based **UBS** has closed a deal to buy a raft of energy contracts from the U.S. affiliate of German utility **RWE** (*Dow Jones*, 1/27).

- **Cleco** subsidiary **Perryville Energy Partners** has reached an agreement to sell its 718 MW Perryville power plant to a subsidiary of **Entergy**. As part of the sales process, the project companies, PEP and Perryville Energy Holdings, filed voluntary petitions for protection under Chapter 11 (*Reuters*, 1/28).

BMO CASHES

(continued from page 1)

They also speculate that BMO is washing its hands of Drax to avoid being drawn into a potentially bitter dispute that's brewing over how best to divest the plant. Some lenders want to see Drax incorporated into a new bank-owned generation

company, CGE Power, in return for debt in the new entity. Other creditors would like to see Drax sold to an existing generator for cash (PFR, 1/26).

BMO is one of several original creditors to AES DRAX, including Mizuho (PFR, 12/22) and Fortis Bank, to have liquidated their positions recently. The reshuffle has left the plant's long-term destiny in the hands of a motley

Financing Record (JANUARY 21 - JANUARY 28)

Bonds

Issue Date	Maturity	Issuer	Nation	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
1/23/04	2/3/14	Instituto Costarricense	Costa Rica	60	100	Fxd/Straight Bd	6.45	-	NR	NR	CSFB
1/26/04	2/1/35	Florida Power & Light Co(FPL)	U.S.	240	99.724	Fst Mtg Bonds	5.65	73	Aa3	A	Banc of America Securities/JP Morgan
1/28/04	2/12/06	Iberdrola	Cayman Islands	62.1	100	Float Rate Nts	Floats	-	A2	A+	Citigroup

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
1/24/04	-	ESTAG	-	Austria	Verbund	-	Austria	-
1/26/04	-	Luoyang Wuzhou Gas	-	China	Sino Prosper Gas	-	Hong Kong	2.238
1/27/04	-	Geothermal Power Plants,Nevada	-	U.S.	Ormat	-	Israel	55
1/27/04	-	Perryville Energy-Power	-	U.S.	Entergy Louisiana (Entergy)	-	U.S.	170
1/27/04	-	Northern Utility	-	Malaysia	Tenaga Nasional	-	Malaysia	-

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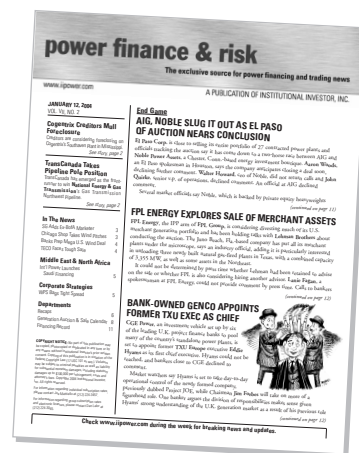
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Institutional Investor News
P.O. Box 5016
Brentwood, TN 37024-5016

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

HONG KONG
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Fax: 852 2973 6260
Email: hellera@iinewsits.com
Adi Heller
Institutional Investor News
5/F, Printing House, 6 Duddell Street
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assortment of commercial lenders, investment banks and hedge funds. The make-up of the creditor committee now includes a slew of distressed debt investors, including **Värde Partners**, **Cargill Financial Markets** and affiliates of **George Soros' Quantum Fund**.

—*Molly Sell & W.A.*

ARCLIGHT SET

(continued from page 1)

to **Robb Turner**, director at ArcLight in New York, were not returned.

The deal further underscores ArcLight's appetite for contracted power stations. Just last month the private equity outfit acquired **Duke Energy's** 103 MW **Compagnie Thermique du Rouvray** combined heat and power plant in northwest France (PFR, 12/16). Since raising a \$950 million energy fund at the end of 2002, ArcLight has acquired stakes in 12 power plants from **Aquila** and **Calpine's** 70% stake in the **Auburndale** power plant, near Tampa, Fla. Indeed the firm has been so deal-hungry that it's already raising a second fund, **ArcLight Capital Partners II**.

Market watchers say the Crete investment is being funded through ArcLight's new fund, which has a \$1.2 billion target size and is expected to close this summer.

The deal is the first divestiture of a seven plant unregulated generation portfolio put up for sale by **Entergy** last September (PFR, 9/29). One market watcher says the firm is not close to selling any other assets, though he admits there has been some interest in **RS Cogen**, a 425 MW CHP plant in Louisiana.

—*Nina Sovich*

AEP TEXAS

(continued from page 1)

official, and long-time frontrunner **Centrica** deemed the stakes had gotten too high, say market watchers. **Centrica** has done pretty well staying short generation in the U.K., and the weakness of Texas' wholesale power market could afford it similar benefits, explained one official.

AEP had initially been looking to sell its Lone Star State merchant book as a single lot but has now carved out its 25% stake in the 630 MW South Texas nuclear facility and 4.8% stake in the 54 MW **Oklahoma** plant into separate auctions. The remaining 10 plants, including the much sought after 632 MW **Coletto Creek** coal station are being sold together.

TPG has become an active player in the power industry, bidding on, among other assets, **Enron's Portland General**

Electric utility (PFR, 12/22) and AEP's **Fiddler's Ferry** and **Ferrybridge** power plants in the U.K.

Riverstone, an affiliate of **The Carlyle Group**, is less well known in the power markets. The company was set up in 2001 with some \$222 million of equity commitments to invest in the energy sector. Having made several oil and gas investments it raised additional capital in 2002.

Melissa McHenry, a spokeswoman at AEP, did not return calls, but recently told *PFR* to expect a sales announcement this month (PFR, 1/19). Calls to **Sempra** were not returned.

Separately, AEP is believed to have drawn up a shortlist of bidders for a portfolio of qualifying facilities. For the full story, go to *PFR's* Web site (www.iipower.com).

—*Will Ainger*

FORMER AIRLINE

(continued from page 1)

comment. **Brenneman** could not be reached. **Nye** announced last May his plans to retire.

Brenneman became president and coo of **Continental** in 1995, shortly after the embattled airline emerged from Chapter 11 bankruptcy protection, and is widely credited with turning the operation around and slashing costs.

After leaving **Continental** in 2001, **Brenneman** returned to his Houston-based consulting and private equity firm, **TurnWorks**, before taking the helm at **PricewaterhouseCoopers'** consulting arm the following year. **IBM** bought **PwC Consulting** a few months later, and **Brenneman** returned to **TurnWorks**.

A head-hunter familiar with the deal notes that **Brenneman** has a reputation for turning around distressed companies and **TXU**, which is burdened with debt and was recently forced to divest its European operation to avoid a credit downgrade, fits the bill.

Brenneman's arrival at **TXU** could spark a bout of rebranding, if his track record is anything to go by. While he ran **PwC Consulting**, the firm changed its name to "**Monday**", hoping to evoke an image of crisp efficiency and early week vigor. "It took a lot of balls to put that name on the table," says **Andy Altman**, creative director at San Francisco brand consultant **A Hundred Monkeys**. "We could definitely do something with **TXU**."

—*N.S.*

Quote Of The Week

"The market is pretty strong at the moment."—**Arleen Spangler**, credit analyst at **Standard & Poor's** in New York, reflecting on **NRG Energy's** ability to raise some \$1.7 billion in the bond market after emerging from bankruptcy (see story, page 5).