power finance & risk

The exclusive source for power financing and trading news

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FEBRUARY 3, 2003
VOL. VI, NO. 5

Lehman Appoints New Power Chiefs

Lehman Brothers has promoted **Skip McGee**, head of the global power group in New York, to head of investment banking. **Joe Sauvage** and **Frank Napolitano**, managing directors, have stepped up to become co-heads of power.

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EXELON SEEN CLOSING ON ALLEGHENY PLANTS

Midwest Energy giant Exelon reportedly has entered exclusive talks with **Allegheny Energy Supply** about acquiring two coal-fired plants in Pennsylvania with a combined capacity of 800 MW. The Hagerstown, Md.-based unregulated energy arm of **Allegheny Energy** had been in talks with **Cinergy** and **DTE Energy** about acquiring Armstrong (356 MW) and Mitchell (442 MW), says a New York banker, adding these talks broke down after they submitted bids below Allegheny's expectations. He was unable to provide specific pricing details, nor was he able to say how close the parties are to concluding a deal.

Janice Lantz, an Allegheny spokeswoman, declined comment beyond saying that the company announced last year it was exploring the possibility of divestitures, including some of its power plants. **Donald Kirchoffner**, an Exelon spokesman, **Steven Brash**, a spokesman at Cinergy, and **Amy Allor**, a spokeswoman at DTE, also declined comment.

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Personality Clash

ELLIS DEPARTS CRÉDIT AGRICOLE

Jeremy Ellis, head of project finance-London at **Crédit Agricole Indosuez** and the firm's point person for European power sector deals, has left the French bank. Rival financiers describe the departure as "abrupt" and "unexpected" and add a strained relationship between Ellis and his direct superiors at Crédit Agricole led to his departure. Ellis casts a long shadow over the European project finance market, having previously worked at **Enron** and **Warburg Dillon Read**, and was leading two of the largest deals currently underway in Europe while at Crédit Agricole, rivals add.

Market officials attributed Ellis' departure to a long-running personality clash with his Paris-based boss, **Paul Chivers**, global head of project finance. This antipathy seems finally to have reached a head a little less then two weeks back, they add. Ellis, reached at home last week, declined all comment. Chivers says, "Jeremy left for personal reasons.

(continued on page 8)

UTILITIES EYE EMBATTLED FORMER EDISON PLANT

U.K. utilities **Centrica**, **Scottish & Southern Energy** and **Powergen** reportedly are considering bids for Lakeland/Roosecote, a 220 MW former **Edison Mission Energy** plant in northern England that was placed into receivership at the turn of the year by its bank creditors. Administrator **KPMG** has been charged with liquidating the asset and launched a sale process two weeks back, according to market watchers.

An official at Centrica says, "We would be stupid not to have a sniff," but declined comment on whether it had tabled a bid. Calls to Powergen, SSE and **Mick McLoughlin**, a receiver at KPMG, were not immediately returned.

While most recent U.K. plant auctions—such as the sale of **Entergy**'s Damhead Creek and **NRG Energy**'s Killingholme—have floundered, officials predict a Lakeland sale could be executed in short order. One creditor says a sale should be announced by March.

(continued on page 8)

Dynegy Marketer Joins EDFT

Jonathan Whitehead, an energy marketer at Dynegy in Richmond, U.K., is leaving the embattled energy trader to join **EDF Trading** in London. Whitehead will head up EDFT's European gas origination effort and will also market U.K. & Nordic power, notes a market watcher familiar with his plans. An EDFT official confirms he will join shortly, but was unable to provide further comment. Calls to Dynegy were not returned by press time.

Whithead will join EDFT in April after two months of gardening leaving, mostly spent vacationing in Australia, says the market watcher.

Reliant Sweetens Dutch Financing

Reliant Energy Capital Europe has roughly tripled the pricing for the refinancing of a soon-to-mature EUR600 million ($644 million) project loan in an attempt to get the existing lenders to sign on to the new loan in short order.

A London-based financier who attended the launch meeting late last month notes pricing on the new EUR570 million three-year project loan, which is secured against Reliant's 3.5 GW Benelux generation business, is being priced at a 4% spread over Euribor. He adds the previous loan had a variety of step-up features, but was paying on average a 125 basis point spread. **Barclays Capital** is leading the refinancing.

The financier predicts that the sweet pricing will ensure the original syndicate agrees to the refinancing. He adds ruefully that lenders have little option other than to sign up given the lack of other financing routes open to Reliant. "The last thing the banks want is for parent **Reliant Resources** to walk away from its European obligations and leave the creditors operating the plants." Calls to financiers at Barclays were not returned.

Separately **ABN AMRO** is a arranging a EUR185 million letter of credit facility and EUR185 million revolving credit facility as part of the refinancing effort.

Bank of Ireland Hires CL Financier

David Shepherdson, a senior project financier at **Credit Lyonnais**, last Monday joined **Bank of Ireland** to cover infrastructure finance out of London. Shepherdson, a high profile name in City project finance circles, joined the French bank in 2001. He was previously head of U.K. project finance at **ING Barings** (PFR, 9/10/01). Shepherdson was in meetings last Friday afternoon and could not be reached for comment.

A BoI banker says Shepherdson has been hired to replace **Keith Cottrell**, who left late last year to join **Amey Ventures**.

El Paso Plumps For Portfolio Sale Strategy

Houston-based **El Paso Corp.** intends to offload several U.S. power plants in a bundled package rather than conduct a piecemeal sale of individual assets, but has yet to determine which ones it will put on the block. A New York banker says the recently crystallized strategy should both allow for a speedier cash-raising process and also allow it to mix up some weaker assets with some stronger assets that will be highly sought after. **Salomon Smith Barney** is leading the sale process.

El Paso hired SSB last month to advise on the sale of part of its 8,200 MW power plant portfolio (PFR, 1/27). According to El Paso' Web site, it expects to close approximately $1.4 billion of sales by March and a further $1 billion by year-end. Calls to **Robert Hoglund**, managing director in Salomon's utilities mergers and acquisitions group, and **Mel Scott**, an El Paso spokesman, were not returned.

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Lehman Promotes Power Chief, Appoints New Co-Heads

Skip McGee, head of **Lehman Brothers**' global power group in New York, was promoted earlier this month to head the firm's investment banking division. **Joe Sauvage** and **Frank Napolitano**, managing directors, have stepped up to become co-heads of the group, says Napolitano, adding they will manage a group of 45 bankers in New York and London. McGee replaces **Brad Jack**, who has been promoted to co-chief operating officer alongside incumbent **Joe Gregory**, says a Lehman spokeswoman.

Napolitano, a former **Chase Securities** power banker, joined Lehman in May 1997. Sauvage is a 25-year veteran of the firm. McGee served as the head of the power group for a year and a half. Prior to this stint, he served in a dual position as co-head of natural resources and head of power.

Ex-Dynegy U.K. Officials To Launch Trading, Marketing Shop

A pair of senior Dynegy officials in London have quit to launch an outfit that will trade and market physical and financial wholesale power and gas in the U.K. **Marcello Romano**, co-owner of **Foundation Energy**, says he is launching the shop to fill a gap in the market caused by the retreat of U.S. energy merchants from the U.K. and because other players are sitting on their hands. Romano was until recently head of oil and gas trading for Europe at Dynegy in London.

Foundation Energy will originate customer business and take proprietary positions in the wholesale markets and hopes to start trading in April once it has licenses and equipment in place.

The firm believes it can flourish because, as a smaller player, it has lower overheads than incumbents. In addition, its independence will appeal to smaller energy companies that are reluctant to enter transactions with their larger competitors, Romano explains.

Foundation Energy is looking to raise some GBP25 million ($41 million) in capital, which it will use to support its trading operations. Romano says it is in talks with several investors, including private equity shops, declining further comment on this point.

The firm has no immediate plans to buy generation or pipeline assets but this could follow the successful development of the business, Romano notes. He launched the firm at the beginning of the year with co-owner **Barnaby Reason**, previously director of power and gas origination at Dynegy in London. At present Foundation Energy has one other full time employee and three part timers, all of whom are traders or marketers.

Dynegy is in the process of winding down its trading operation in London.

AIG Snares Senior Origination Official

AIG Energy in Stamford, Conn., has hired **Steven Pike**, senior v.p.-origination at **El Paso Energy** in Denver, in a senior origination position. **Tony Gordon**, executive v.p. and head of global energy, says AIG Energy hopes to complete hiring for its origination group over the next several months and aims to enter wholesale power, gas and oil transactions with energy producers and consumers. Pike did not return calls.

AIG is looking for the best way to deploy its capital and this could include buying generation, pipeline and fuel assets via joint ventures with private equity players, Gordon says, adding that it has already spoken to private equity players.

Gordon, previously a managing director at **Goldman Sachs** in London, joined AIG Energy last year (PFR, 9/30) to spearhead the firm's return to the energy market after its parent sold its 90-strong energy operation to predecessors of **Sempra Energy** in 1997.

Calls to an El Paso spokesman in Houston were not returned by press time.

Morgan Stanley Trader Joins Deutsche Bank

Simon Stanley, v.p.- power and natural gas trading at Morgan Stanley, has joined **Deutsche Bank** to trade energy derivatives. He follows in the footsteps of **Simon Holmes**, another Morgan Stanley gas trader, who joined the German investment bank at the end of last year. Stanley was in between posts and could not be reached for comment and Holmes declined to discuss the matter beyond confirming that Stanley would join imminently.

Stanley's departure coincides with a handful of commodity desk losses at Morgan Stanley in recent weeks. Earlier this month **Susanne Parry**, an oil marketer, left to join **Koch**.

The moves have raised eyebrows because Morgan Stanley's commodity business has long been a bedrock of stability. However, one market watcher notes that staff losses are a common occurrence in the industry following the handout of bonuses, adding Morgan Stanley awarded bonuses last month. **Charlie Rankin**, head of power and gas, referred calls to Morgan Stanley's press office, which was unable to provide details by press time.

RBS Pulls Together Iberian Syndicate

Royal Bank of Scotland is expected to close senior syndication of a EUR700 million ($752 million) project-level financing for **Electricity Supply Board**'s 800 MW Amorebieta project in Spain within the next two weeks with the addition of six or more sub-underwriters. An official close to the deal says the mandated lead arranger has pulled together five lenders, **Bank of Scotland**, **Bank of Tokyo-Mitsubishi**, **Bayerische Landesbank**, **Bank of Ireland**, and **KBC Bank** to take EUR125 million lead arranger tickets. He adds **Allied Irish Bank** and **Fortis Bank** are also considering joining the roster. Take-and-hold commitments will be scaled down to EUR50 million in retail syndication. **Tony Lowe**, a banker at RBoS, did not return calls, and financiers at the other banks either declined comment or did not respond by press time.

Dublin-based ESB will use the proceeds of the loan to finance the construction of the Amorebieta gas-fired power plant near Bilbao, Iberia's first independent power plant (PFR, 1/13). The official notes that both the pricing and fees on the deal have been flexed upwards since RBoS launched the deal earlier this month to garner interest in the project loan. The deal is backed by a 15-year tolling agreement with **Shell España.**

Corporate Strategies

Unsolicited Pitch Pays Dividends For CSFB

Diligent client marketing is paying off for **Credit Suisse First Boston**. The firm's unsolicited calls to power companies' treasury departments has landed CSFB at least two lead bond underwriting slots already this year. On Jan. 15 the investment bank led a $300 million offering for **Pepco Holdings**, **Inc.**, after a preemptive sales call to Treasurer **Tony Kamerick**. The prior week an unsolicited call to **KeySpan** Treasurer **Mike Taunton**, awarded CSFB top billing on a $473 million bond deal for the New York-based utility (PFR, 1/27).

Pepco's Kamerick explains that the Washington, D.C.-based wires company tapped CSFB to run its bond deal after the bank suggested it should refinance soon-to-mature debt well ahead of time, to avoid being entangled in a possible Gulf war induced market meltdown. "CSFB came to us early with the suggestion of getting to the market early because of a possible war with Iraq. We could have waited, but then we would have risked coming into the market at a bad time," says Kamerick.

CSFB has a long standing relationship with Pepco, but its sage and timely advice this time round won it the deal ahead of competitors, explains Kamerick.

Pepco issued $300 million of senior unsecured notes due 2006. Kamerick says there was such a strong demand for the bonds that Pepco ended up upsizing the deal from $200 million. Co-manager were **Banc of America Securities**, **Lazard** and **Scotia Capital**.

The bonds offer a 3.75% coupon and were priced at 99.891 to yield 155 basis points over comparable Treasuries, according to Kamerick. The proceeds are being used partly to call early a one-year $200 million floating-rate senior unsecured note maturing on Feb. 28. The note were issued by subsidiary **Conectiv**. The remaining $100 million will be used to repay some of Pepco's unsecured bonds coming due on June 1 and reduce its outstanding commercial paper, Kamerick says.

According to a recently released report from **Fitch Ratings**, the deal received a BBB plus rating because of its stable cash flow generated by its utility operations combined with its non-regulated generation and marketing subsidiaries. The company's three regulated subsidiaries, **Pepco**, **Atlantic City Electric** and **DPL**, serve 1.8 million customers in Maryland, Virginia, New Jersey, Delaware and the District of Columbia. It also owns about 2,600 MW of capacity through **Conectiv Energy Holdings** in the PJM power pool (Pennsylvania, New Jersey and Maryland).

Sempra Extends Duration

San Diego-based **Sempra Energy** issued $400 million of 10-year senior notes late last week to extend the duration of its debt portfolio and provide capital for a 6,350 MW power plant construction program at its **Sempra Energy Resources** subsidiary. The notes will extend duration by paying down some of Sempra's $685 million of short-term debt, explains **Ralph Richardson**, a company spokesman. He adds, "The notes are being issued now to take advantage of favorable market conditions and the current demand for strong credit issuers like ourselves."

According to Richardson, the A minus/Baa1/A rated bond deal offers a 6% coupon and as priced at 99.658 to yield 6.046%. **J.P. Morgan** and **Salomon Smith Barney** led the deal and co-managers were **Deutsche Bank**, **Scotia Capital** and **SG Cowen**. The deal priced on Jan. 28 and was expected to close on Jan 31. The offering comes off an existing $2 billion shelf filing.

Fitch Ratings assigned an A rating to the issuance to reflect Sempra's solid cash flow from its regulated subsidiaries, **San Diego Gas & Electric** and **Southern California Gas**, and risks associated from its focus on unregulated businesses including energy marketing and trading, power generation and international investments.

Latin America

Lenders Delay Mexican Financing

Lead arrangers **Citibank** and **Mizuho Financial** have yet to release $90 million of funds refinancing **Electricité de France** and **Mitsubishi**'s investment in the 495 MW Altamira Mexican power project, despite closing syndication of the non-recourse loan more than three months ago. Officials close to the matter say concerns over the project's offtake agreement need to be ironed out before funds can be released.

The project sponsors were set to receive the project loan proceeds last October, but the need to clarify business terms in the documentation between Altamira and its offtaker, Mexican utility **Comision Federal de Electricidad,** has slowed down the process, says one official. He adds some regulatory issues involving the Mexican government also need to be worked out. He declined to elaborate on the delays.

The loan was arranged last fall to refinance EdF's and Mitsubishi's $300 million investment in Altamira. The project loan was split into two tranches (PFR, 10/7/02). Under a roughly $90 million commercially syndicated tranche Citibank and Mizuho brought in co-arrangers **Bank of Tokyo-Mitsubishi** and **ING**. **Japan Bank For International Cooperation** also offered approximately $110 million in development financing and **Nippon Export and Investment Insurance** signed on to provide insurance cover for the deal. Proceeds of the larger tranche have already been released to the sponsors, note the official.

Bankers at the firms either declined to comment or did not return calls by press time. Calls to officials at EdF, Mitsubishi and the CFE were not returned.

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin**, Reporter, at (212) 224-3292 or email: alevin@iinews.com*

Sponsor	Project	Project Type	Size (MW)	Cost ($mil)	Country	Advisor/ Financier	Status	PFR Issue
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Is planning $385m in loan and bond financing	1/27/03
CEMIG/CVRD	Aimores & Funil	Hydro	330/180	300	Brazil	Citi	$235m in financing slated for March	1/27/03
EdF, Mitsubishi	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Has wrapped up syndication, but yet to release funds	2/3/03
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a $217M project loan	8/26/02
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Financing delayed until Q4	7/4/02
El Paso	Macae	Gas-fired	400	700-800	Brazil	SocGen	Financing due shortly	7/9/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	Will finance with equity	8/26/02
Iberdrola	La Laguna II	-	500	-	Mexico	-	Looking to tap the bank market in 2003	13/23/02
Iberdrola/Petrobras	Termoacu	Gas-fired	340	-	Brazil	IDB	IDB plans to approve loan	11/11/02
InterGen	Carioba	Gas-fired	945	670	Brazil	Citi	Has put financing on hold	12/9/02
Petrobas	Ibiritermo	Gas-fired	200	200	Brazil	BNP	Expects to sell loan in 2003.	12/16/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a $300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	BBVA Banco Continental/ Banco de Credito	Is planning $100m in loan and bond financing	7/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
Tractebel/Alcoa	Estreito	Hydro	1,087	700	Brazil	None	Is planning $650m in loan and bond financing	1/27/03
Union Fenosa	Naco Nogales	Gas-fired	300	-	Mexico	Citi	Seeking equity partner	10/21/02
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank/BOTM	Banks have provided bridge loan	10/21/02

Financing Record (JANUARY 23 - JANUARY 30)

Bonds

Issue Date	Maturity	Issuer	Amount ($mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Book Manager(s)
1/23/03	2/25/08	EnBW International Finance	293.5	100.3	Fxd Bonds	2.25	-	A2	A+	Bank Von Ernst
1/24/03	2/20/11	Tractebel	54.2	101.27	Fxd Bonds	4.5	-	NR	NR	ING
1/27/03	2/1/13	Entergy Mississippi(Entergy)	100	99.899	Fst Mtg Bonds	5.15	120	Baa1	BBB+	Bank of New York
1/28/03	2/1/13	Sempra Energy	400	99.658	Notes	6	205	Baa1	A-	JPM/SSB

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Deal Value ($m)
1/23/03	-	FS Hydro	-	Italy	Investor Group	-	Italy	-
1/23/03	-	Hidrocantabrico	-	Spain	Red Electrica de Espana	-	Spain	-
1/23/03	1/23/03	Mobil Gas	-	U.K.	TotalFinaElf Gas & Power	-	U.K.	-
1/24/03	-	CE Generation	-	U.S.	TransAlta	-	Canada	240
1/28/03	-	Shenzhen Energy Group	UBS Warburg	China	Huaneng Power Intl	-	China	289.111

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

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.

Europe & Middle East

• **British Energy**, the troubled U.K. nuclear generator, and **Robin Jeffrey**, its ousted ceo, have failed to agree terms for a payoff some two months after they parted ways. Sources close to British Energy admit that Jeffrey is proving hard to dislodge from the board without triggering a large compensation payment (*The Times*, 1/27).

• The U.K. government's energy reform white paper, due for release this spring, will not address the key issues of whether to build more nuclear power stations or restructure wholesale energy trading to make power generation a more viable business (*Financial Times*, 1/28).

Latin America

• Chile's **Enersis** announced it would sell two of its Chilean subsidiaries in March as part of a restructuring plan to reduce its heavy debt. The two subsidiaries up for sale will be the Rio Maipo distributor unit and the Canutillar generator owned by Enersis' **Endesa Chile** unit (*Reuters*, 1/28).

U.S. & Canada

• **AEP** plans to shore up its balance sheet by issuing more stock, slashing its dividend by 40% and selling non-utility assets. Barring a recovery in U.K. power prices, it may also sell, or close, two giant coal-fired power plants in England that it bought for $960 million in the third quarter of 2001. In the most recent quarter, it wrote down their value by $414 million and posted a $35 million operating loss on them (*Wall Street Journal*, 1/27).

• **Xcel Energy** said it lost $123 million in the fourth quarter as lower wholesale power prices contributed to losses at its insolvent power generation unit, **NRG Energy**. The earnings hit compared with a $145 million profit the year before (*Bloomberg*, 1/29).

• The **Federal Energy Regulatory Commission** must give state utility regulators a bigger role in planning transmission projects to win support for FERC's planned rules for electricity markets, according to major U.S. utilities. The FERC faces bitter opposition from Southern and Western states that fear the authority of their state regulators will be usurped (*Reuters*, 1/28).

• **MDU Resources** will mark its entry into the wind-power business with the expected closing this week of a $102.5 million purchase of a Southern California wind farm, an MDU spokesman said. Bismarck, N.D.-based MDU, through its **Centennial Power** subsidiary, will purchase the 67 MW Mountain View wind-power farm near Palm Springs, Calif., from **PG&E**'s **National Energy Group** subsidiary (*Reuters*, 1/28).

• Arlington, Va.-based **AES** expects to record $2.7 billion in charges in the fourth quarter for asset and goodwill impairments relating to its investments in the U.K. and Brazil, as well as terminated construction projects in the U.S. The power producer said that the charges will reduce earnings by $4.96 per share but would not impact its liquidity or violate covenants in its financing agreements (*Reuters*, 1/28).

UTILITIES EYE

(continued from page 1)

The banker notes that most sales have been stymied by the need for buyers to stump up enough cash to pay down plant debt that is greater than the plant's present value. However, Lakeland's relatively light debt load—roughly GBP40 million of project debt—combined with the plant's in-the-money gas supply contract should make this debt-linked floor price easier to attain.

Another official adds the banks even may be willing to accept less than GBP40 million for Lakeland in the belief that they will receive compensation proceeds from the liquidation of **TXU Europe**, the plant's former long-term power purchaser.

Lead agent **Credit Lyonnais** and a small banking syndicate involved in the non-recourse financing for Lakeland let the plant go to the wall at the turn of the year after Edison Mission forfeited ownership. Edison Mission walked out on the combined-cycle gas turbine plant following the collapse of a PPA with TXU Europe.

Market watchers say the bidders consist of incumbent utilities with existing generation portfolios, rather than prospective debutantes such as **Goldman Sachs**, because the plant doesn't have sufficient flexibility to operate on a standalone basis. One potential bidder notes the plant has been run flat out as a baseload generator for many years and has no proven record of flexibility.

—W.A.

EXELON SEEN

(continued from page 1)

Mike Morrell, president of Allegheny Energy Supply, told *PFR* last year it had retained **J.P. Morgan** to advise on the generation sale (PFR, 10/14). Calls to Morrell and **Eric Fornell**, head of the global power group at J.P. Morgan in New York, were not returned by press time.

Joan Goodman, a utility analyst at **Credit Suisse First Boston** in Chicago, says, "It is crucial for Allegheny to move forward with asset sales, given its liquidity crisis. Its debt-to-total capitalization ratio is 66% and most safe utilities are at around 50%." She also says this would be a good purchase for Exelon because it is a powerful company that is looking to grow and is comfortable owning coal-fired generation.

Commenting on the particular assets, Goodman says the plants are not crucial to Allegheny's portfolio. If it sells Armstrong and Mitchell, it will still own 2.2 GW of capacity in Pennsylvania. "Allegheny has a huge presence in this state so selling a couple of facilities there won't make much of a difference," she adds.

David Burks, a utility analyst at **J.J.B. Hilliard W. L. Lyons** in Louisville, Ky., agrees that Allegheny needs to pursue asset sales to shore up its balance sheet, adding it is also facing a tricky round of capital raising and refinancing. Allegheny is in the process of extending about $1 billion in bank lines and adding a new credit facility, says Burks. *—Amanda Levin*

ELLIS DEPARTS

(continued from page 1)

We're all disappointed about that." Chivers declined to discuss his relationship with Ellis.

One market watcher describes Ellis as possessing a freewheeling entrepreneurial spirit that may not have sat well in the formal and bureaucratic surroundings of a French bank. There is bound to be conflict when a superior tries to rein in such a personality, he explains.

A rival project banker takes a slightly different tack, noting personal differences between Chivers and Ellis date back to their time at Enron together and have little to do with Crédit Agricole's working environment. Enron was the embodiment of a freewheeling culture, but they also clashed there, explains the banker. Ellis joined Crédit Agricole from Enron 18 months ago (PFR, 7/16/01). Chivers trod the same path a few months later.

Ellis' departure comes at a busy time for Crédit Agricole. Market watchers note Ellis was the lead banker on Crédit Agricole's recently acquired mandate to arrange some EUR650 million ($700 million) in non-recourse financing for **AES**' Cartahena project in Spain. AES only announced the lead arrangers two weeks back (PFR, 1/27). Ellis was also the point person for Crédit Agricole's financing of **Entergy**'s Maritza plant in Bulgaria. The deal is expected to close this quarter. Ellis' departure won't impact Crédit Agricole's lead position on the deals, says a banker. *—Will Ainger*

Correction & Amplification

Deutsche Bank will retain **Craig Orchant**, head of its New York based project and structured lending group. The size of cutbacks at the bank were misstated in the Jan. 27 issue of *PFR*.

Quote Of The Week

"It is crucial for Allegheny to move forward with asset sales."— **Joan Goodman**, *a utility analyst at* ***Credit Suisse First Boston****, reflecting on* ***Allegheny Energy****'s need to shore up a weak balance sheet (see story, page 1).*

One Year Ago In Power Finance & Risk

America International Group's **AIG Trading** unit was planning a return to energy trading after a four-year hiatus. [The Greenwich, Conn. firm hired **Tony Gordon**, managing director at **Goldman Sachs**, to launch the effort last summer.]