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## Alabama Power Preps Bond Deal

**Alabama Power** is planning to launch a \$250 million bond issuance in the next few weeks.

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## NEGT Claim Boosts Southaven Debt

A \$29 million piece of **Southaven Generating** bank debt traded up after an investor took a position on a \$500 million claim that would boost the value of the power project.

*See story, page 2*

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## EXELON TEES UP \$1.4B BOND SALE

**Exelon Corp.** is planning to issue some \$1.4 billion in bonds in the next several weeks to fully fund its \$2 billion pension fund. The bond offering is expected to kick off sometime in mid-March in three tranches, say bankers pitching to underwrite the offering.

The giant Chicago holding company, which is aiming at a \$15 billion merger with **Public Service Enterprise Group**, is hitting up the capital markets to take advantage of strong investor appetite for utility names, says one banker. "Market conditions are good and the all-in financing rates are great for such a significant funding effort," the banker says. Calls to

*(continued on page 12)*

## Second Wind

## FPL PREPS \$450M WIND PORTFOLIO BOND

**FPL Energy** is readying a \$450 million bond backed by a fleet of North American wind generation facilities. The Juno Beach, Fla., company is following a trail it first blazed two years ago when it became the first sponsor to use a wind generation portfolio to back bonds in a \$380 million offering (PFR, 7/28/03). Although no other U.S. sponsors have followed FPL as yet, some industry officials say the current wind generation building boom may eventually mean other developers have the megawatt mass to follow FPL's lead. The vast majority of generation in the sector is financed via single asset non-recourse loans.

*(continued on page 11)*

## NISOURCE PLOTS \$1.1B MERGER REFINANCING



David Vajda

NiSource is planning to refinance \$1.1 billion of debt assumed as a result of its 2000 acquisition of natural gas distributor **Columbia Energy Group**. By redeeming the Columbia Energy notes on Nov. 28, their earliest call date, the Merrillville, Ind., energy holding company hopes to slash its interest rate payments by \$20 million a year, says Mike O'Donnell, cfo.

NiSource has not yet selected banks to lead the issuance, but the

*(continued on page 11)*

## Generation Next

## HOUSTON FIRM LOOKS FOR \$2B TO FUND NEXT-GEN PLANT

**DKRW Energy** is seeking \$2 billion to bankroll a planned 650 MW coal liquefaction plant in southeastern Wyoming which would be the first commercially operated facility of its kind in the U.S. The company has responded to RFPs from Portland-based **PacifiCorp** and Minneapolis-based **Xcel Energy** to provide power, says **Robert Kelly**, principal. He declined to say what stage the firm has reached in the process.

*(continued on page 12)*

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.

## 'Bama Bonds

# Alabama Utility Plots \$250M Bond Issue

Southern Co. utility Alabama Power is preparing to launch a \$250 million bond offering in the next several weeks to fund capital expenditures. Specifically, the issuance will fund the upkeep of generation facilities, says **Randy DeRieux**, assistant treasurer at the Birmingham utility. Capturing low interest rates and locking in long term is a key driver. "When you get in a period of such historically low rates, it makes sense to go to the capital markets," he adds. Long-dated, 30-year bonds will be the likely flavor but specific terms and structures will be hashed out as the utility comes closer to a launch.

An underwriter has not been selected, but Alabama hopes to have one in place in the next few weeks as it eyes a mid-March offering, DeRieux says. "We'll select our underwriters a couple of weeks before we are going to issue the debt. You only need a couple of weeks to get a deal done," he notes. He declined to identify investment bankers with which the utility is holding discussions. "What we're looking for is [an underwriter] that will give us the best competitive pricing and it's always a little different among the institutions," he notes.

**Barclays Capital** has handled similar offerings for the utility, as has **Bank of America**, DeRieux notes. The utility might tap the capital markets later in the year, he adds. "That will depend on what our cash needs are in the summer," he says. Alabama Power provides electricity to 1.3 million homes and businesses in the southern two-thirds of Alabama.

## Southaven Trades On NEGOT Claim

A \$29 million chunk of **Southaven Generating** bank debt traded at 93 3/4 as an investor took a position on a \$500 million claim that would boost the value of the power project. "[The buyer] must believe that this was a valid claim and that therefore they were going to get a huge portion of their value from NEGOT," a trader said.

The claim is related to a tolling agreement through which sponsor-**Cogentrix** sold the rights to the generation capacity of the Miss.-based power project to a **P&E National Energy Group** subsidiary, now known as NEGOT. As PG&E filed for bankruptcy, various defaults were prompted on the Southaven bank facility.

The 810 MW gas-fueled plant was constructed through a six-year \$460 million non-recourse loan. The project entered commercial operation in June 2003. **Crédit Lyonnais**, **ING Barings**, **DZ Bank**, **BNP Paribas** and **HypoVereinsbank** led the credit that financed the power project. Southaven is in the process of being transferred to its lenders. Cogentrix is currently owned by **Goldman Sachs**. A Goldman Sachs spokesman did not return calls.

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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? As we enter our 24<sup>th</sup> year of providing breaking news to the fixed income community, 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](mailto:mdecambre@iinews.com).

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INTELLIGENCE FIRST

## MidAmerican Readies Utility Debt For Iowa Wind

MidAmerican Energy Holdings plans to finance a \$63 million 50 MW expansion of two wind projects in north-central and northwestern Iowa with debt at utility MidAmerican Energy. The financing will most likely be unsecured, says Tom Budler, project manager at the utility in Des Moines. He declined to offer possible financing scenarios.

MidAmerican has invested \$323 million in the wind project with a portion of \$350 million of unsecured notes issued in October going toward its initial construction (PFR, 10/1). "The financing is a normal utility structure," says Budler. "We'll use our capital investments and we'll go the banks." He declined to say how much equity MidAmerican was investing in the development.

The project was developed in response to a request for proposals from state regulators for additional renewable energy generation in Iowa, says Budler. The first phase went online two months ago with the second targeted for completion by Sept. 30. After the expansion, the projects will total 360 MW.

## Lone Star Hedge Fund Kicks Up Energy



John Olson

2003 Houston Energy Partners is looking to grow a \$44 million long/short energy hedge fund over the next year by about \$160 million on a steady diet of distressed power utilities and undervalued energy businesses. Escalating demand for natural gas and continued improvement in utilities allowed the Houston fund to achieve returns in the 40% range in

its inaugural year, encouraging it to raise more cash to deploy in the sector as its existing holdings increase in value, says John Olson, managing partner. "We feel we can grow comfortably," he notes, adding the fund won't be building staff to do this. He declined to say if it would target new investors, talk about fees or disclose the level of its investments.

At this point, the company is bargain hunting in the secondary debt arena, eyeing investments in troubled generating companies such as Mirant Corp., and considering equity plays in AES Corp. "We are very opportunistic and [these names] are mainly perceived to be bargains in the context of their presumed turnaround," Olson says. The fund targets investments from high-net-worth investors aiming for net returns as high as 16%. It also has an appetite for project loans in the secondary market but has not yet seen viable opportunities, he says.

The fund typically maintains a portfolio consisting of about

90% stocks with the remainder in debt. "We invest in a portfolio of stocks, junk bonds and secondary debt in the energy universe," he says. It tends to use put and call options to hedge its bets and bolster returns. The vehicle owns debt associated with El Paso Corp.'s 2000 acquisition of Coastal Corp as well as equity and debt positions in Calpine and Reliant Energy.

## Golden State Developer Seeks 100 MW Farm Funding

Clipper Windpower is hunting for financing for a 100 MW wind farm to be built in Garrett County, Md. The developer is in financing negotiations with several entities and hopes to wrap funding within the next couple of months, says Peter Stricker, v.p. for project development in Carpinteria, Calif. Clipper has a power purchase agreement in place, Stricker says, but he declined to identify the buyer.

Stricker declined to specify the estimated cost of the project or say how much Clipper itself has put up. The developer has had discussions with lenders and has a preference toward obtaining project level debt, he says. He declined to provide further details on the planned financing or identify possible lenders. "We're talking to all sorts of people with respect to the funding," he comments. "It's still a moving target."

The Garrett County site was chosen because it is located on a mountain ridge and has considerable wind resources, says Stricker. Criterion hopes to have the 67-turbine project on line by the end of 2005, he says, with construction to begin as soon as the financing is wrapped. Clipper's engineering staff develops the turbines in-house and holds patents for the technology.

## Brokerage Firm Launches OTC Gas, Power Desk

Evolution Markets, a White Plains, N.Y.-based brokerage firm for the energy and environmental markets, has launched a North American over-the-counter natural gas and power options desk. The firm recruited Trenton Davis and Corey Geraghty as directors to lead the initiative.

Jeff Rosenzweig, managing director of natural gas and power markets, says the brokerage launched the desk to take advantage of a growing market. "There is a perceived increase in volatility in the marketplace in the absence of its original players," he says, explaining power marketers have sold assets to clean up their balance sheets, leading hedge funds and investment banks to move in and pick up the pieces. The number of participants in the market has increased and those new players bring with them a greater risk appetite, he explains.

Davis was formerly a natural gas options broker with GA



**Options**, an energy derivatives brokerage in New York. An official at GA says Davis, who left about four months ago, has not been replaced. Geraghty worked as a power options broker at **Amerex Energy** where he was helping to build the power derivatives desk until about six months ago. An official there says

the shop does not intend to find a replacement.

Despite their specializations, Davis and Geraghty will both trade power and natural gas, alongside **Missy Ellis**, also a director with Evolution. The firm plans to double the desk's size to six brokers from three within six months.

## Corporate Strategies

### TXU Strikes Down Floating-Rate Debt

**TXU Energy** has wiped out \$400 million in floating-rate privately placed bonds. The Dallas merchant arm of Texas Energy giant **TXU Corp.** is retiring the notes as part of a long-term push to whittle away outstanding debt, says **Denise Furey**, senior director and energy analyst at **Fitch Ratings** in New York. She says she does not expect TXU to replace the floating-rate notes with lower-rate debt. **Chris Schein**, spokesman for TXU, was unable to find officials to comment by press time.

The notes were originally issued to pay down convertible shares that came due while the company was in the process of completing several asset sales, she explains. "This was debt that was issued while they were waiting for the dust to settle from the asset sales," she says. "It was never meant to be long-term debt," she notes. Now the sales have been completed, TXU can use the proceeds to pay down the debt, Furey adds.

The callable notes were issued last July with a floating rate of LIBOR plus 78 basis points and were set to mature January 2006. **Credit Suisse First Boston** led the deal, which was rated Baa2 by **Moody's Investors Service** and BBB by **Fitch Ratings** and **Standard & Poor's**.

### Ameren Unit Clips Funding Rate

**Ameren Corp.** utility subsidiary **AmerenUE** has issued \$85 million of senior secured notes in a push to pay down higher-rate debt. Proceeds will be used to redeem short-term paper used to refinance \$85 million of higher-rated debt which matured last December. St. Louis-based **AmerenUE** has been pursuing a long-term strategy to restructure debt and lower interest payments, says **Daniele Seitz**, an analyst with **Maxcor Financial** in New York. "The utility's leverage is very high," Seitz says. **Susan Gallagher**, a spokeswoman for Ameren, declined to make officials available for comment.

The new notes, due Feb. 1, 2020, carry a 5% coupon and were priced at 99.1948. They replace commercial paper obtained to repay \$85 million of 7.375% first mortgage bonds. **Bank of America Securities** and **Wachovia Capital Markets** led the new offering.

AmerenUE has the ability to issue secured notes now because

it has maintained a conservative capital structure with few secured offerings in the past, Seitz says. The new notes were rated A1 by **Moody's Investors Service**, A- by **Standard & Poor's** and A+ by **Fitch Ratings**.

### Detroit Edison Floats \$400M Private Offering

**Detroit Edison Co.** has privately placed \$400 million in first-mortgage bonds, capitalizing on low interest rates. Proceeds will be used to retire a series of 20-year bonds totaling about \$385 million that carried relatively high interest rates ranging from 7.375% to 7.625%. The new bonds will be split equally between 10-year and 30-year debt with the 4.8% 10-year bonds being priced to yield 68 basis points over comparable Treasuries and the 5.45% long bond yielding 87 basis points, says one banker following the offering. Detroit Edison spokesman **Len Singer** declined to make officials available for comment.

"There's very real cash savings," says **Jonathan Cho**, director in the global power group at **Fitch Ratings**, noting the utility is shaving 2.5 % or more in interest on almost \$400 million. "It adds up," the analyst comments. **Barclays Capital** and **Citigroup** led the offering.

The bonds are rated A- by **Fitch Ratings**, A3 by **Moody's Investors Service**, and BBB+ by **Standard & Poor's**. Half the debt was issued as series A senior notes maturing in 2015 and the balance was issued as series B senior notes due 2035.

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## Va. Wind Developer Plots Fargo Financing

Greenlight Energy is considering financing options for a 150 MW North Dakota wind farm estimated to cost up to \$180 million. The Pembina Windfarm, sited about 85 miles northwest of Fargo, may be funded with an all-equity structure but the developer is also talking to lenders about providing project debt, says **Matthew Hantzmon**, managing director in Charlottesville, Va. He declined to name banks or equity participants other than to say they hope to snare financing from firms that have a significant wind farm resumé.

Although the developer is hoping to break ground in the next four or six months, several details need to be ironed out including obtaining necessary permitting and securing a PPA agreement. Several utilities have expressed interest in contracting parcels of power which likely will lead to building the 150 MW project in three phases of about 50 MW each, Hantzmon says, declining to identify the offtake candidates.

Much of the power will be distributed to North Dakota, though, some may be directed to Minnesota. Ultimately, Pembina's completion date will hinge on how soon Greenlight can obtain a contract, Hantzmon adds.

Moreover, the development also is contingent on Congress

extending the energy production tax credit beyond 2005. "The utilities are taking a wait-and-see attitude."

## LNG Builder Looks To Pump Up Mexican Project Debt

DKRW Energy plans to ask lenders to increase leverage on the financing for a \$530 million liquefied natural gas re-gasification and storage terminal in Sonora, Mexico. **Tom White**, a partner at the developer in Houston, says the developer was seeking a 70/30 debt/equity split but is now looking to increase debt. He declined to say how much more debt it will seek or indicate why it was boosting levels. Similar deals have received a lot of attention from the lending community which has been starved for sizable projects. (PFR, 2/7).

White says DKRW is looking to land the funding after contracts for the throughput capacity are in place, hopefully, in about three to four months. **Royal Bank of Scotland** is leading financing. Calls to **Adam Pettifer**, senior v.p. at RBS in Houston, were not returned.

Construction will commence some time in first quarter next year once all permits and approvals are processed but White declined to give a specific date. The project, approximately 200 miles south of downtown Phoenix, should be completed by 2008 and will produce approximately 1.3 cubic feet of gas per day.

## Financing Record (FEBRUARY 3-FEBRUARY 11)

### Debt In Registration

| Expected Date | Maturity | Filing Date | "Rule 144A" | Issuer                | Bookrunner(s)              | Proceeds (\$Mil) | Moody's | S&P |
|---------------|----------|-------------|-------------|-----------------------|----------------------------|------------------|---------|-----|
| 2/11/05       |          | 2/4/05      |             | Holly Energy Partners | UBS-INV-BANK BA-SEC-LLC GS | 150              | Ba3     | B+  |

### Debt

| Date   | Issuer                  | Business Description | Amount (\$Mil) | Coupon (%) | Type of Security | Maturity | Offer Price | Offer Yield To Maturity (%) | Spread To Benchmark | S&P | Moody's | Fitch |
|--------|-------------------------|----------------------|----------------|------------|------------------|----------|-------------|-----------------------------|---------------------|-----|---------|-------|
| 2/3/05 | Entergy Gulf States Inc | Electric utility     | 85             | 6.18       | Fst Mtg Bonds    | 3/1/35   | 99.913      | 6.186                       | 160                 | BBB | Ba1     | BBB   |
| 2/7/05 | Southern Union Co       | Gas utility          | 100            |            | Cvt Pfd Shs      |          | 50          | 5                           |                     | NR  | nr      | NR    |

### M&A

| Date Announced | Date Effective | Target Name                  | Target Nation  | Acquiror Name                  | Acquiror Industry Nation | Rank Value (\$mil) |
|----------------|----------------|------------------------------|----------------|--------------------------------|--------------------------|--------------------|
| 2/3/05         | 2/3/05         | Gas-Invest AS                | Czech Republic | Zarubezhgaz-Erdgashandel GmbH  | Germany                  |                    |
| 2/4/05         |                | Moldavian GRES               | Russian Fed    | RAO Nordic Oy                  | Finland                  |                    |
| 2/7/05         | 2/7/05         | Elektro-Signal Ab            | Sweden         | El & Industrimontage Holding i | Sweden                   |                    |
| 2/7/05         |                | Estgas SpA                   | Italy          | Acegas-APS SpA                 | Italy                    |                    |
| 2/7/05         |                | Synthesis Energy Systems     | United States  | Tambrorine Holdings Inc        | United States            |                    |
| 2/8/05         |                | AMAT SpA                     | Italy          | Amga SpA                       | Italy                    |                    |
| 2/8/05         | 2/8/05         | BPU LNG Inc                  | United States  | Cheniere Energy Inc            | United States            |                    |
| 2/8/05         | 2/8/05         | New Energie GmbH             | Germany        | NVV Niederrheinische           | Germany                  |                    |
| 2/9/05         |                | Torrent Power Generation Ltd | India          | Alstom Ltd                     | India                    | 23.101             |

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

## 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.*

### U.S. & Canada

- **Excelsior Energy** has proposed a \$1 billion, 531 MW coal gasification plant for Mountain Iron, Minn. Excelsior received a \$36 million **Department of Energy** grant late last year for coal gasification (*Associated Press*, 2/8).
- Minnesota's **Laurentian Energy Authority** has entered into a power purchase agreement with **Northern States Power**, a subsidiary of **Xcel Energy**, for two 35 MW plants in the towns of Virginia and Hibbing. The plants are slated to come online by Jan. 1, 2007 (*Mesabi Daily News*, 2/9).
- San Diego's **Sempre Energy** boosted its earnings forecast for 2004, thanks to strong profits from its commodity trading unit. The parent company of **San Diego Gas & Electric** now expects to earn \$3.80 per share – a 17% increase from the high end of its previous range of \$3.15 to \$3.25 a share (*San Diego Union-Tribune*, 2/9).
- **Brascan Corp.** is looking to complement its hydroelectric power production facilities with wind farms. The company is exploring the possibility of building wind farms in New York, where the generation of wind energy is an emerging market (*The Central New York Business Journal*, 2/7).
- New Jersey utilities planned last week to purchase 7,900 MW of electricity through Internet-based auctions run by state regulators. Utility units of **Public Service Enterprise Group**, **FirstEnergy Corp.**, **Pepco Holdings Inc.** and **Consolidated Edison Inc.** will buy enough power to meet about a third of their residential and small commercial customers' needs from June 2005 through May 2008, according to the **New Jersey Board of Public Utilities** (*Dow Jones*, 2/7).
- **American Electric Power** has compiled a short list of three states with the most promising sites for the \$2 billion, next-generation coal-fired power plant the company plans to build, says **Mark Dempsey**, vice president of external affairs for AEP's **Appalachian Power** subsidiary. West Virginia, Ohio and Kentucky have made the list (*Charleston Daily Mail*, 2/4).
- The world's first power plant to use animal dung for fuel is seeking a buyer after being put in administration. Despite having made an operating profit and receiving several million pounds of funding from the government and the European Union,
- **Holsworthy Biogas** in Devon was unable to pay its debt. Devon residents have also complained about the stench. (*Financial Times*, 2/8)

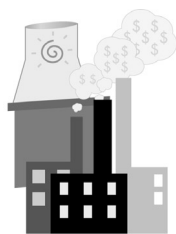
- **TransCanada Corp.**, the natural gas transporter, said it plans on a \$1.7 billion heavy crude oil pipeline from Alberta to Illinois. Trans Canada, the country's largest pipeline company, said it plans on capitalize on growing supplies of heavy oil from oil sands by converting one of its gas lines to move crude and building a line to refineries in the United States (*Reuters* 2/9).
- **Cheniere Energy Inc.** has acquired **BPU LNG Inc.**'s sole asset, a 33.3 percent limited partner interest in **Corpus Christi LNG LP**, for 1 million restricted shares of Cheniere's common stock. The Houston-based developer now owns all of the Corpus LNG limited partner interests (*Houston Business Journal* 2/8).

### Russia & Asia

- Moscow-based **OAO Gazprom** will quadruple spending on pipeline upgrades this year. The company is developing a licensing system to let the country's largest oil companies help develop Russia's gas pipelines, **Skrin** said (*Bloomberg*, 2/8).
- The government of China is pursuing large-scale development of a high-temperature gas-cooled reactor that would weigh in at about 195 MW but would be just one fifth the size of conventional nuclear reactors. Pioneering technology allows the plant to be safer and smaller at one-fifth the size of conventional nuclear reactors. Plans are to have the plant on line by 2010.

### Europe & Middle East

- **Abdullah bin Hamad Al Attiyah**, Minister of Energy in Qatar, has announced that the country is expected to become the largest LNG supply source for the European Union by 2010. A mega project in the UK, the **Qatargas II** project with up to 15.8 MTA exports for 25 years starting in 2008 has been developed, he said in his keynote address to the GCC-EU seminar entitled 'Natural Gas Technologies: Realities and Prospects' (*The Peninsula*, 2/8).
- The French government has told **Electricite de France SA**, the world's largest power company, that it should keep its stake in **Edison SpA** below limits that would trigger a 5.6 billion-euro (\$7.1 billion) forced takeover of the utility (*Bloomberg*, 2/8)
- The Nordic Region's biggest utility, **Vattenfall AB**, has announced that it plans to open a new division in Poland to expand its energy trading (*Bloomberg*, 2/8)
- Argentina's main power generators continued discussions last week regarding the location of the first 800-900 MW natural gas-fired power plant to be funded by the government's **Foninmem** fund. Companies involved in the project include **Total SSAA**, **Endesa**, **AES Corp.** and Brazil's **Petrobras** (*Business News Americas*, 2/8).



## 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@iineews.com](mailto:mdecambre@iineews.com).*

| Seller   | Plants          | Location   | MW           | Plant Type     | Advisor      | Status   |
|--|-----------------|------------|--------------|----------------|--------------|--|
| AES  | Wolf Hollow     | Texas      | 730          | Gas            | N/A          | Transferred to KBC-led creditor group.                       |
|  | Termomamonal    | Colombia   | 90           | Gas            | None         | Ongoing.   |
|  | Ottana          | Italy      | 140          | Gas            |              |  |
| Allegheny Energy Supply  | Armstrong       | Penn.      | 356          | Coal           | J.P. Morgan  | Ongoing.   |
|  | Hatfield        | Penn.      | 1,600 (75%)  | Coal           | Citibank     |  |
|  | Mitchell        | Penn.      | 442          | Coal           | J.P. Morgan  |  |
| Aquila   | Racoon Creek    | Ill.       | 340          | Gas            | Not chosen   | Intention To Sell.   |
|  | Goose Creek     | Ill.       | 340          | Gas            |              |  |
|  | Crossroads      | Miss.      | 340          | Gas            |              |  |
| BP   | Great Yarmouth  | U.K.       | 400          | Gas            | J.P. Morgan  | Intention To Sell.   |
| Black Hills Energy   | Pepperell       | Mass.      | 40           | Gas            | -            | Intention To Sell.   |
| BNP -led bank group<br>(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            |              |  |
| Citi & SocGen-led creditor group<br>(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 Chocón       | Argentina  | 1,320        | Hydro          | J.P. Morgan  |  |
| Citi-led bank group<br>(NEG developed plants)                      | Lake Road       | Conn.      | 840          | Gas            | Lehman Bros. | Cargill Bought Dept Portion. (PFR, 12/27)                    |
|  | La Paloma       | Calif.     | 1,121        | Gas            | Lehman Bros. |  |
| Delta Power  | Lowell Power    | Mass.      | 82           | Gas            | None         | Actively Pursuing A Sale.                                    |
| El Paso Europe   | Enfield         | U.K.       | 396 (25%)    | Gas            | None         | Ongoing.   |
|  | EMA Power       | Hungary    | 70           | Coal           |              |  |
|  | Kladna          | Czech Rep. | 350          | Coal           |              |  |
| El Paso North America<br>(Merchant assets)                         | Berkshire       | Mass.      | 261 (56.41%) | Gas            |              | Final Bids Due.  |
|  | CDECCA          | Conn.      | 62           | Gas            |              |  |
|  | Eagle Point     | N.J.       | 233          | Gas            |              |  |
|  | Fulton          | N.Y.       | 45           | Gas            |              |  |
|  | Pawtucket       | R.I.       | 67           | Gas            |              |  |
|  | Rensselaer      | N.Y.       | 79           | Gas            |              |  |
|  | San Joaquin     | Calif      | 48           | Gas            |              |  |
| EnCana   | Cavalier        | Alberta    | 106          | Gas            | HSBC         | Launched Sale In April. Looking To Exit Generation Business. |
|  | Balzac          | Alberta    | 106          | Gas            | HSBC         |  |
|  | Kingston        | Ontario    | 110 (25%)    | Gas            | HSBC         |  |
| Energy Investors Fund  | Multitrade      | Va.        | 79.5 (60%)   | Biomass        | None         | Intention To Sell.   |
|  | Crockett        | Calif.     | 240 (24%)    | Gas            |              |  |
| 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            |              |  |
| EPRL   | Glanford        | U.K.       | 14           | Poultry Litter | Rothschild   | Ongoing.   |
|  | Thetford        | U.K.       | 39           | Poultry Litter |              |  |
|  | Ely             | U.K.       | 13           | Poultry Litter |              |  |
|  | Westfield       | U.K.       | 10           | Poultry Litter |              |  |
|  | Elean           | U.K.       | 38           | Straw          |              |  |



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## Generation Auction & Sale Auction (cont'd)

| Seller  | Plants                        | Location    | MW        | Plant Type | Advisor             | Status                          |
|---|-------------------------------|-------------|-----------|------------|---------------------|---------------------------------|
| Ernst & Young Corporate Finance                           | Bear Swamp                    | Mass.       | 599       | Hydro      | E&Y                 | Exploring Sale.                 |
| HSBC-led creditor group                                   | Attala                        | Miss.       | 526       | Gas        | HSBC                | Ongoing.                        |
| InterGen  | Larkspur Energy               | Calif.      | 90        | Gas        | Citi                | Ongoing.                        |
|   | Indigo                        | Calif.      | 135       | Gas        | Citi                |                                 |
|   | El Bajio                      | Mexico      | 600 (50%) | Gas        | N/A                 |                                 |
| 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<br>(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             | Ongoing.                        |
|   | Astoria                       | N.Y.        | 1,276     | Gas        |                     |                                 |
|   | Gowanus                       | N.Y.        | 549       | Gas        |                     |                                 |
|   | Narrows                       | N.Y.        | 281       | Gas        |                     |                                 |
| Royal Dutch /Shell Group                                  | La Rosita                     | Mexico      | 1,100     |            | Citigroup           | Closing In OnBuyer.             |
|   | Redbud                        | Okla        | 1,220     |            |                     |                                 |
|   | Cottonwood                    | Texas       | 1,235     |            |                     |                                 |
|   | Magnolia                      | Miss.       | 900       |            |                     |                                 |
|   | Bajio                         | Mexico      | 600       |            |                     |                                 |
|   | Termocali                     | Columbia    | 235       |            |                     |                                 |
|   | Rocksavage                    | U.K.        | 748       |            |                     |                                 |
|   | Spalding                      | U.K.        | 860       |            |                     |                                 |
|   | Coryton                       | U.K.        | 732       |            |                     |                                 |
|   | Rjinmond                      | Netherlands | 820       |            |                     |                                 |
|   | Knapsack                      | Germany     | 790       |            |                     |                                 |
|   | Catadau                       | Spain       | 1,200     |            |                     |                                 |
|   | Meizhou                       | China       | 724       |            |                     |                                 |
|   | Island Power                  | Singapore   | 750       |            |                     |                                 |
|   | Quezon                        | Philippines | 460       |            |                     |                                 |
|   | Callide C                     | Australia   | 920       |            |                     |                                 |
|   | Millmerran                    | Australia   | 880       |            |                     |                                 |
| SG-led bank group<br>(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.                        |
|   | Dell Power Station            | Ark.        | 540       | Gas        |                     |                                 |
|   | McAdams Power Station         | La.         | 599       | Gas        |                     |                                 |
| Tractebel North America                                   | Chehalis                      | Wash.       | 520       | Gas        | N/A                 | Looking To Sell Or Swap.        |
| United Utilities  | Landfill Generation Portfolio | U.K.        | 50 MW     | Landfill   | RBC Capital Markets | Set To Launch Sale In May.      |

# HEDGE FUND WORKSHOP

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## FPL PREPS

(continued from page 1)

The private offering will comprise \$351 million of senior secured notes due 2024 and \$100 million senior secured notes due 2019. **Steve Schauer**, assistant treasurer at FPL, declined comment on the pricing, timing and other specifications of the nine wind facilities backing the deal.

Financing various projects under one umbrella allows developers to alleviate the two main risk factors involved with wind development—wind and technology, explains **Steele Fairbanks**, v.p. of project finance at **SeaWest WindPower** in San Diego. Alleviating the risk in a portfolio also makes the paper attractive to investors. Fairbanks also notes the structure mitigates risks involved with wind resources since the projects are generally spread out geographically. And since the facilities utilize different technologies the chance of serial tech failures is reduced, he adds.

The \$351 million of notes are rated BBB and the \$100 million are rated BB by **Fitch Ratings**. Officials at **Credit Suisse First Boston**, which is running the deal, did not return several calls for comment. Proceeds will allow FPL to recoup its investment on the 534 MW portfolio. The notes are being issued via subsidiaries **FPL Energy National Wind** and **FPL Energy National Wind Portfolio**.

—*Raquel Pichardo*

## NISOURCE PLOTS

(continued from page 1)

lead arrangers will be chosen from a 21-bank syndicate that provided the company with a \$1.25 billion revolver last year, says **David Vajda**, v.p. and treasurer.

A fair market value provision in the notes' indenture agreement will cost the company \$78 million, but NiSource expects the interest rating savings garnered through the refinancing to outweigh the redemption costs over the long term, says O'Donnell.

NiSource will also pay \$14 million in call premiums for the tranches due in 2015 and 2025. The company hopes to refinance the debt at about 5.4%, based on Treasury forward rates for December, says Vajda.

Although the details of the replacement debt have not been finalized, NiSource will most likely divide the debt into three or four tranches, says Vajda. "We don't want to have \$1.1 billion coming due at once," he explains.

The Columbia debt, which was issued in 1995, totaled \$2.5 billion at the time of the merger and was issued in seven tranches. The five outstanding tranches total \$281.5 million each, with maturities ranging from 10 years to 30 years and coupons from 6.8% to 7.62%. The notes are rated Baa2 by **Moody's Investors Service**, BBB by **Standard & Poor's** and

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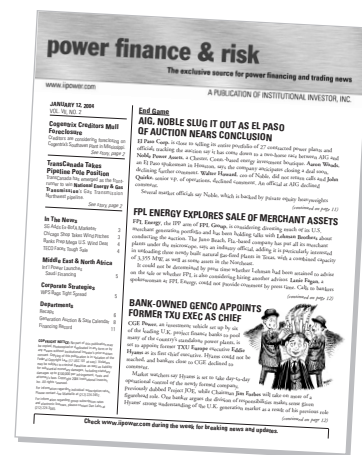
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BBB+ by **Fitch Ratings**.

The debt was issued by Buffalo, N.Y.-based **Marine Midland Bank** as part of Columbia's bankruptcy reorganization plan. Marine was acquired by London's **HSBC Holdings** in 1999. Earlier this year, NiSource announced plans to refinance \$900 million of 7.625% debt (PFR, 12/3) issued in 2000 to pay down higher-rate notes, but the company is waiting until September to execute the deal because of a make-whole provision.

—Christine Buurma

## HOUSTON FIRM

(continued from page 1)

The Houston developer, which is also working with an undisclosed private entity to build a transmission line from the plant, is pounding the pavement for project debt and also wants to land equity funding, Kelly says. Federal and local approvals are also still needed for the project.

The builder hopes to obtain 15-year funding but at the moment it is focused on lining up the permits and approvals. "We're talking to local, state and federal officials and we're confident that they're amenable to the project," he says.

Coal liquefaction involves pulverizing coal and combining it with hydrogen at high temperatures and pressures, turning the coal into a liquid that can be used to generate electricity or create synthetic fuels. About 350 MW will be used to produce electricity to be sold into the generation-starved western markets, says Kelly, while the remaining 300 MW will be used to produce diesel fuel.

So far these next-generation coal plants have only been deployed overseas, in countries including South Africa and Germany. DKRW plans to complete the project, located in Medicine Bow, Wyo., in 2008. The area was chosen because it boasts extensive coal reserves.

—C.B.

## EXELON TEES

(continued from page 1)

**Robert Shapard**, cfo and **Barry Mitchell**, treasurer were directed to a spokeswoman. "We have been making contributions to the pension over the past several years and did not need to fully fund it but it made sense to do it now since our financial performance has been strong," says Exelon representative **Kelly Szabo**, declining to comment further.

The proposed offering is expected to consist of a five-, 10- and 30-year bonds in order to distribute risk and appeal to a wide array of investors, bankers explain. The sale will be marketed primarily to large mutual and pension funds, insurance companies as well as private equity firms.

If market conditions maintain, pricing for the five year will be about 75 basis points over comparable Treasuries and the 10

and 30-year bonds will see pricing in the 90 and 125 basis point range, respectively. The exact structure of the offering will be determined once the company selects underwriters, bankers say. The company maintains a BBB+ long-term credit rating with **Fitch Ratings**.

In the past, **Barclays Capital**, **ABN AMRO**, **UBS**, **Citigroup** and **Wachovia** have worked with Exelon on similar debt and equity issuances but it could not be determined if those banks are attempting to underwrite the deal. Officials at the banks either declined to comment or did not return calls.

—Mark DeCambre

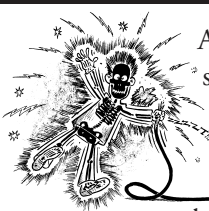
## Quote Of The Week

"We don't want to have \$1.1 billion coming due at once." —**David Vajda**, v.p. and treasurer at **NiSource**, explaining why the **Merrillville, Ind.**, holding company plans on breaking up a large bond offering into three tranches.

## One Year Ago In Power Finance & Risk

Bidders including **Bear Stearns**, **ArcLight Capital Partners**, **AIG Highstar Generation** and **Fortistar** were seen courting a quartet of qualifying facilities put on the auction block by **American Electric Power**. [Bear Stearns acquired the plants in March for \$156 million.]

## Alternating Current



A recent episode of NBC's *Fear Factor* left several major U.S. utilities dismayed and, well, shocked. The episode, which aired late January, depicted people running through a specially constructed maze of electrical wires connected to a substation, receiving non-lethal—but apparently very painful—shocks every time they made contact with a wire. One vocal opponent of the show was **Edison Electric Institute** President **Tom Kuhn**, who wrote a letter to the network expressing concern the show would provoke copycat behavior. "I was prompted to write the letter out of concern that viewers of *Fear Factor* may try to imitate the stunts as depicted on the show, something that could result in very serious injuries or even death," Kuhn says. But he commended NBC for adding several warnings to the program in response to his letter, adding he hopes the notices will deter people from imitating the stunt.

