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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

FEBRUARY 23, 2004
VOL. VII, NO. 8

Web Exclusives

BNP Paribas is in the final stages of selling **ABB Equity Venture**'s 50% stake in a 190 MW power plant in Brazil. The TermoBahia facility has a 20-year offtake contract with Brazil's **Petrobras**, which also has a 29% stake.

Duke Energy is planning to scale back a maturing revolver by $150 million to $200 million.

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

DRESDNER EXITS PRIVATE EQUITY POWER FUND

Dresdner Bank has divested a private equity power fund manager with over $1 billion in capital three years after acquiring the unit (PFR, 12/25/00). **Dresdner Kleinwort Holdings**, a subsidiary of Dresdner Bank, sold **Energy Investors Funds Group** (EIF) back to EIF's management as a result of an ongoing effort to re-focus on core competencies, such as capital markets and M&A, according to **Karen Laureano-Rikardsen**, a spokeswoman in New York. The firm did not disclose the financial size of

(continued on page 12)

Crossing The Rubicon

DEUTSCHE BANK ANALYST JUMPS TO I-BANKING GROUP

Jay Dobson, an *Institutional Investor*-ranked utility equity analyst at **Deutsche Bank** in New York, is set to switch to the firm's utility investment banking group; a move that is becoming increasingly common on Wall Street. A raft of new regulations has made the divide between investment banking and equity research ever more impregnable and this is encouraging analysts, who at one time

(continued on page 11)

SPANISH WIND DEVELOPER SEEKS NEW INVESTOR

At least three financial investors are reportedly in the hunt to acquire a 24% stake in **Corporación Eólica Cesa** (CESA), one of Spain's largest and fastest growing wind farm developers. Final bids are due early next month and a sale could be sealed shortly thereafter, say officials close to the deal. One market watcher says CESA likely has a market value north of EUR450 million. "It's a very efficient company, with a strong track record and a healthy pipeline of projects."

Dresdner Kleinwort Wasserstein launched a sale process at the end of last year after two

(continued on page 11)

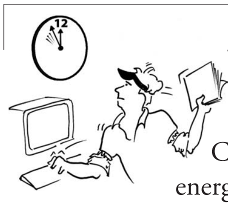
UNISOURCE ACQUISITION FINANCING HITS ROADBLOCK

An effort by the acquirers of **UniSource Energy** to set up $410 million in acquisition financing has hit a hurdle: not enough lenders want to commit to the deal, even after pricing was jacked up during syndication recently. The problem, say financiers, is that the loan drawdown is dependent on regulatory approval of the $3 billion UniSource acquisition. But regulatory foot-dragging could mean banks make a commitment now that isn't drawn for as long as a year, explains one financier. Such uncertainty is making

(continued on page 12)

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

At Press Time



Wachovia Builds Energy Biz

Charlotte, N.C.-based **Wachovia** is looking to build an energy trading desk and will shortly hire a senior natural gas trader, say market watchers. **John Roncevich**, recently installed director of energy derivatives, says the bank does not trade energy as yet but is "considering a range of options" on the gas side. He adds Wachovia has no plans to trade power.

Merrill Lynch Looks To Make N.Y. Hire

Merrill Lynch is looking to hire a senior level investment banker in its New York energy & power group to replace industry veteran **Anthony Leness**, director, who is set to retire this year.

A banker familiar with the process says Merrill Lynch is looking for either a managing director or director to handle the independent power producer sector. "They're not in a huge rush to hire," he says, "but they are interviewing people as they come along." He notes that the bank is worried that the embattled IPP industry will recover and the bulge bracket firm will not have adequate relationship coverage among non-regulated clients.

New York head hunting firm **Whitney Group** is handling the search. **Alicia Lazaro**, in charge of the search at Whitney, declined to comment. **Jessica Oppenheim**, spokeswoman at Merrill Lynch in New York, and Leness did not return calls by press time.

Mizuho Sells Damhead Stake

Japanese banking giant **Mizuho** has divested its non-recourse debt position in Damhead Creek, an 800 MW U.K. power plant that's in the hands of its creditors. Market watchers say its London arm **Mizuho Corporate Bank** recently sold a GBP15 million position around the 99.25 level. Officials at Mizuho declined to comment. *PFR* was unable to ascertain who acquired the stake.

The sale follows a similar move by another of Damhead's original creditors, **Société Générale**. Last month the French bank sold a GBP24 million combination of Damhead's senior and subordinate debt to **Banc of America Securities** and **Deutsche Bank**. Both SG and Mizuho sold Damhead after it price rallied on the back of three bids for the U.K power plant (PFR, 1/19).

The sale suggests Mizuho is unlikely to join the seven project finance banks that have set up **CGE Power**, a new genco, to consolidate their distressed U.K. generation investments, including Damhead. "If it's going to support this venture it would want to stay in these deals," says a rival banker.

Late last year Mizuho also liquidated its GBP43 million position in **Drax Power**'s GBP840 million ($1.55 billion) project loan (PFR, 12/23).

A financer says Mizuho, at one time probably the largest project-level lender to the U.K. generation sector, has debt positions in seven U.K. IPPs; Medway, Rocksavage, Teesside, Barking, Coryton and Shoreham.

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Institutional Investor NEWS
INTELLIGENCE FIRST

NOTICE OF SALE
OF
AN ELECTRIC GENERATING FACILITY

HSBC Bank USA, in its capacity as Lease Indenture Trustee and upon the instruction of certain noteholders, has authorized the sale of its indenture estates, which including the following assets:

- A 526 MW, nominally rated (ISO conditions) natural gas-fired combined cycle electric generating facility located in Attala County, Mississippi (approximately seven 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
  - interconnection equipment; the natural gas pipeline; necessary intake and discharge structures, pipelines and pumping stations; a septic system; and a potable water pipeline.
- Related leasehold interests in real estate, easements, fixtures and improvements.
- Certain project documents, including, without limitation, a Long Term Service Agreement for the turbine generators, a Fuel Interconnection Agreement for the gas pipeline, an Electric Interconnection and Operating Agreement for interconnection with the electrical transmission system, and additional documents, contractual rights, licenses, permits, general intangibles, inventory, accounts, rents and revenues.
- Certain claims against National Energy & Gas Transmission, Inc. (formerly PG&E National Energy Group, Inc.) and Attala Energy Company under a terminated Tolling Agreement entered into with Attala Energy Company, LLC and a related Guarantee by National Entergy & Gas Transmission, Inc. (formerly PG&E National Energy Group, Inc.).

The sale of the indenture estates will be on the 5th day of March, 2004, beginning at 11:00 A.M., or as soon thereafter as practicable, at a public auction to the highest and best bidder for cash. The indenture estates may be sold in their entirety or in one or more separate lots or parcels, through one or multiple sales. The sale and conveyance of the indenture estates will be made without warranty, express or implied. A successful bidder can obtain title to the indenture estates by executing a purchase and sale agreement and obtaining the required approval of the Federal Energy Regulatory Commission under Section 203 of the Federal Power Act.

Persons interested in receiving additional information about the Facility, other assets or claims of the indenture estates, or the terms of sale, should contact Substitute Trustee, J. Clifford Harrison, Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Post Office Box 22567, Jackson Mississippi 39225-2576, Tel: (601) 948-5711 or Vince Hahn at R.W. Beck., Inc., The Corporate Center, 550 Cochituate Road, Framingham, MA 01701; Tel: (508) 935-1864; email: vhahn@rwbeck.com.

Lyonnais Seals Czech Financing

Czech IPP **ECK Generating** has inked an EUR250 million 15-year non-recourse loan with six banks to refinance existing project level debt. ECK's financial advisor **Crédit Lyonnais** was joined by **Bank Austria Creditanstalt, Bayerische Landesbank, ING, KfW,** and a local affiliate of **Société Générale** to round out the lead arranger group. A CL financier says the sextet hope to launch retail syndication at the beginning of March and sell down EUR90-100 million.

Proceeds from the offering will be used to replace a roughly $300 million **International Finance Corp.**-sponsored loan that was put in place seven years back to fund the $400 million refurbishment and expansion of an ECK power plant at Kladno into a 300 MW cogeneration facility.

The refinancing effort reflects a change in ownership at ECK and a more attractive financing environment for the plant (PFR, 11/4). Swiss energy concern **Aare-Tessin Ltd. for Electricity** acquired a 44% stake in ECK from **NRG Energy** in 2002 and last spring doubled its stake to 89% through the acquisition of minority stakes held by **El Paso Energy International**, **TECO Power Services** and **Mosbacher Power Partners**. Local wires utility **Stredoceská Energetická** owns the remaining 11%.

Reliant To Review Options For Orion Debt Takeout

Reliant Resources will be working this year on plans to refinance $1.45 billion in bank loans attached to its **Orion Power** operations. **Mark Jacobs**, cfo, told analysts on a conference call last week that as a general strategy the Houston-based player is looking to flip floating-rate debt into fixed-rate notes. As yet, the company hasn't set definite plans for the Orion loans, in part because they don't mature until November 2005. But, he says refinancing Orion at the holding company level will be worked on this year. "Our desire is to simplify our capital structure and move debt up to the holding company."

The Orion loans, which were led by **Bank of America** and **BNP Paribas** (PFR, 8/30/02), are split between two non-recourse term loans of $974 million at **Orion Power MidWest** and $353 million at **Orion Power New York** and two revolvers of $75 million at Orion Power MidWest and $30 million at Orion Power New York. The loans are currently priced at LIBOR plus 2.75%, rising to LIBOR plus 3.75% at maturity.

Company officials were also quizzed by analysts about the possibility of selling generation assets in New York, which Reliant has reportedly flirted with but recently backed away from (PFR, 2/16). They declined to comment on this point.

NiSource Shaves Loan Pricing

NiSource launched a $1.25 billion loan package at a recent bank meeting in New York and has sliced a few basis points off pricing as the Merrillville, Ind.-based player executes its plan to become a more conservative operation. Reducing leverage and short-term debt have been key objectives for the company and that strategy is in place for the foreseeable future, says one banker who attended the loan's launch meeting.

The package is split between a $500 million 364-day revolver and a $750 million three-year facility, which also contains a $500 million letter of credit facility. Fully drawn pricing is 97.5 basis points, which has been sliced back five basis points from NiSource's previous larger facilities (PFR, 2/16). Commitment fees of 25 basis points are being offered for $100 million tickets and 22.5bp for $50 million tickets.

Barclays Capital, lead and sole bookrunner, and co-lead **Credit Suisse First Boston** are looking for commitments by March 9, with a closing scheduled for March 16.

Midwest District Heating Sale Seen Attracting Niche Players

Dominion Resources announcement last week that it is looking to sell its district heating business, **Cleveland Thermal**, should draw the interest of a select group of bidders looking to bulk up in the niche market. Among others, **Thermal Ventures**, **Primary Energy**, and **Macquarie Bank** are seen as likely suitors. **Carl Avers**, ceo of Thermal Ventures, says his Akron, Ohio-based company will likely bid on the assets. "Utilities are returning to their core business, which puts us in a great position to pick up thermal," he says. Avers believes his company is in a strong position to acquire Cleveland Thermal as he once ran the business as chief executive of New York-based **United Thermal.** It sold Cleveland Thermal in 1991. Calls to **Thomas Casten**, ceo at Oak Brook, Ill.-based Primary Energy, and bankers at Macquarie were not returned.

Avers estimates that Cleveland Thermal is worth less than $50 million in equity, but he declined to specify.

Though Chicago-based Exelon recently sold **Exelon Thermal Technologies** to Macquarie Bank in quick fashion, **Tractebel North America's** attempts to sell its district heating and cooling system, **Trigen**, has dragged on for eight months (PFR, 7/22). Avers says that financial players have shown an interest in these assets and have driven up prices, but such businesses are generally difficult to sell. Potential owners have to receive permission from local utilities as well as major off-takers, such as universities and hospitals, before acquiring the business.

Cleveland Thermal's largest customers include **Cleveland State University** and the city itself, indicating that a sale may prove a drawn out process.

Banks Eye Piece Of Calpine CCFC2 Takeout

Calpine's planned $1.3 billion first-lien term loan is attracting some traditional bank lenders in addition to the usual investors in B loans, institutional debt funds. The deal, which partly refinances the CCFC II non-recourse construction loan, had yet to be priced as *PFR* went to press, but was set to come in around the LIBOR plus 425 basis point mark, says one lender. He notes the quality of the asset coverage and the attractive pricing make the deal worth considering, even though its attached to corporate risk that his bank wouldn't normally look at. "The amount of debt per kilowatt is also so low, its almost a no-brainer," he says.

The $1.3 billion loan was launched along with a $1 billion issue of second priority notes earlier this month (PFR, 2/9). The notes were set to price late last week, around the time the term loan closes and prices, one financier says. After launch, bankers were positive on the prospects for the deal, given the dynamics of the B-loan market and because the 14-plant collateral package has around $3 billion of equity attached.

Deutsche Bank is leading the deal and **Bank of Nova Scotia** is running a separate $200 million revolver.

Secondary Trade

EBRD Finds Takers For Bulgaria Paper

The **European Bank for Reconstruction and Development** has pared back by almost half its debt in Bulgaria's Maritza East III power plant after selling EUR50 million of paper in the secondary market.

Nandita Parshad, senior banker at the EBRD in London, says the development bank recently sold the 15-year paper to **G.E. Capital**, **RZB Bank** and **Fortis Bank**, following reverse enquiries from the three commercial lenders. She explains the sale helped unlock capital on the EBRD's balance sheet and free up credit lines to Bulgaria. The bank has roughly $1.8 billion of capital invested in central and eastern Europe's power, utility and energy sectors.

The EBRD inked a EUR132 million non-recourse loan to an affiliate of **Entergy** last March as part of a roughly EUR345 million loan package to fund the U.S. power company's acquisition and modernization of the 840 MW Maritza lignite coal-fired CHP station (PFR, 3/11). At the time the EBRD sold down a EUR20 million slug to the **Black Sea Trade Development Bank**, says Parshad. Concurrently **Crédit Agricole Indosuez** and **Société Générale** arranged a EUR215 million **MIGA**-covered commercially syndicated loan.

Parshad says three new investors were attracted by the roughly 175 basis point yield advantage on the EBRD facility relative to the commercial loan. The higher yield reflects the lack of MIGA political risk cover on the EBRD tranche, she explains. She declined to reveal the precise yield, but says the 12-year commercial tranche pays 160-180 basis points over LIBOR.

An official at G.E. confirms that the rich yield attracted it to the EBRD facility. Calls to Vienna-based RZB and Fortis were not returned.

FPL Mega-Wind Loan Set For Over-subscription

FPL Energy's $126 million refinancing of the largest wind farm in the U.S. was set to come in twice over-subscribed when it closed late last week. Financiers say syndication for the Stateline non-recourse loan has gone pretty much as expected. "The deal is fundamentally strong and people are hungry for assets," says one banker. The loan was launched to a group of 15 invited FPL banks a few weeks back (PFR, 2/3).

The Juno Beach, Fla., developer is using the 14-year loan to remove from its balance sheet the financing of a 300 MW wind farm located along the Oregon/Washington border. Pricing at LIBOR plus 175 basis points is in line with recent deals and FPL's credit quality is also a draw to the deal, says one banker. He adds the final tally will likely be eight to 10 banks.

Officials at co-lead **Bayerische Landesbank** declined comment and calls to fellow co-lead **ANZ Investment Bank** were not returned.

Ex-Fortis Banker Sets Up Wind Shop

Mohammed Alam, a former project financier in the energy group at **Fortis Capital**, has set up a wind generation advisory boutique and already has landed two mandates. **Alyra Wind Power Finance Advisors** is working with Chicago-based **Invenergy** and Harrison, N.Y.-based **Jasper Energy**, Alam says.

Alam left Fortis a few weeks ago as part of a restructuring (PFR, 2/16).

The Invenergy assignment involves advising the developer on financing for its Buffalo Mountain wind farm project, says Alam. The Chicago firm was earlier this year soliciting bids from project financiers for a loan to fund another wind project in Oliver Springs, Tenn. (PFR, 1/13). Alam referred questions on the project to Invenergy CFO **Jim Murphy**. Calls to Murphy were not returned.

Jasper is looking for a strategic investor in its operations and also in **Chautauqua Windpower,** a subsidiary which is proposing developing a 51 MW wind facility in Chautauqua County, N.Y., says **Bob Paladino**, president. Jasper is working on a portfolio of projects that amount to 600-1,000 MW in the U.S. and internationally. Paladino says he has known Alam for some time given his six-year tenure at Fortis, which was one of the first firms to get involved in U.S. wind financing.

Power Finance & Risk

Power Finance & Risk will announce its third annual power project finance awards on March 29 and we are seeking nominations from our readers for the best deals of last year.

You can make nominations under three categories:

- ❑ Best North or Latin American Deal
- ❑ Best Renewable Energy Deal
- ❑ Best European or Middle East Deal

All nominations must be based on **non-recourse** financing to the **power** sector. Factors to consider include size, innovation in structuring or syndication, speed of execution and creativity in overcoming market challenges. When making nominations, please explain your choices.

Nominations must reach *PFR* by February 23.
A shortlist of candidates will be announced in the March 8 issue.

Please send your nominations to **wainger@euromoneyplc.com**
All correspondence will be treated with confidentiality.

Corporate Strategies

ConEd Switches Tenor To Meet Investor Demand

Fuelled by a strong bond market, **Consolidated Edison Co. of New York** opted to tap the long-end of the yield curve last week as part of a two-tranche $400 million bond offering. A week prior to launching the deal, the Big Apple utility decided to change the make-up of the offering from a single tranche of 10-year paper to a combination of 10- and 30-year notes. "Rates aren't as low as last June, but they're still low and it's a good idea to lock up some long-term money," explains **John Perkins**, director of financial administration at ConEd.

Jeffery Wolinsky, a utility analyst at **Standard & Poor's**, says the rating agency was under the impression that ConEd would issue 10-year bonds, but says ConEd changed its mind at the last minute due to strong market appetite. The move did not change S&P's rating of the deal, he adds.

The proceeds will be used to pay down existing debt and for general corporate purposes, says Perkins, noting ConEd recently called a $150 million series of 7 1/8% debt. It will also likely retire more tranches of expensive debt later this year, including a $275 million series of 7% notes, says Perkins

The 10-year bonds were priced at 99.82 and pay a 4.7% coupon. The 30-year notes pay 5.7% and were priced at 99.73. **Citibank** and **Merrill Lynch**, part of ConEd's group of relationship banks, led the deal.

EDF London Wires Biz Taps Sterling Market

A distribution unit of London-based **EDF Energy** was set to tap the sterling bond market late last week with a roughly GBP350 million ($668 million) offering of 20-year fixed-rate bonds to refinance a similar amount of maturing long-term debt.

Price talk of 80-85 basis points over long-dated gilts, represents a roughly 300 basis point saving over the 8 3/8% coupon bonds that are being paid down. **Steve Bott**, treasurer, says a low interest-rate environment, underpinned by pent-up demand for highly rated sterling deals, explains the pricing differential. **Andrew Moulder**, a credit analyst at **Barclays Capital**, agrees there is strong demand, noting that EDF Energy is the first utility to issue sterling bonds so far this year. Still, a yield north of 80 basis points reflects good value for investors, he argues.

EDF Energy primed the institutional bond market for the offering two weeks back with a road show that took in London, Edinburgh and Glasgow. Bott explains that the borrower, **EDF Energy Network (EPN)**, is a relatively new name, formed out of East Anglia's former wires operator **Eastern Power Networks**, and EDF wanted to explain the new credit to investors. In addition, EDF wanted to differentiate the borrower from its ultimate parent, Paris-based **Electricité de France**, which is set to lose state guarantees later this year and be privatized in 2005. "We are selling our story bottom up. EDF Energy would chug along quite nicely as a standalone business."

After closing the deal, EDF Energy will consider entering an inflation-linked interest-rate swap to peg the firm' borrowing costs against movements in the U.K.'s retail price index (RPI). This makes sense because network tariffs are linked to a pricing formula that incorporates RPI, explains Bott.

EDF Energy is an integrated utility with five million customers and a 100,000 mile distribution network in East Anglia and southern England. EDF Energy Network is rated A/A2 and has a 60% debt-to-regulated asset value ratio.

Alabama Power Adds Debt To Fund Capex

Alabama Power recently issued $200 million in 15-year notes, after originally planning a $150 million offering of seven-year paper. **Randy DeRieux**, assistant treasurer in Birmingham, Ala., says the utility was looking to achieve around 5.5% pricing for the seven-year notes, but flipped to the 15-year end of the curve and landed a 5.125% coupon.

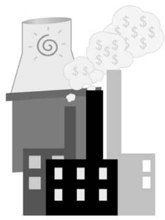
The notes are earmarked for capital expenditiure and to fund increases in construction costs. DeRieux says capex is rising to cover environmental upgrades to satisfy clean air requirements. This is in addition to regular work on transmission and distribution improvements, he says.

Sharon Bonelli, analyst with **Fitch Ratings** in New York, says capex spending was $633 million in 2003, but that is set to hit $791 million this year and $863 million in 2005.

The new debt, rated A by Fitch, was issued at 99.535 to yield 107 basis points over comparable Treasuries. The deal was led by **Wachovia Securities** and **Barclays Capital**.

Barclays has had a regular spot with the utility: it was part of the book-running team that arranged an $350 million bond offering last November (PFR, 11/24), and a $250 million issue of five-year paper earlier in the year (PFR, 5/12).

Alabama Power has stable credit fundamentals, according to Fitch, coupled with an efficient low cost generation fleet, an ability to exchange power with **Southern Co.** affiliates and a constructive regulatory environment. The utility is owned by Southern, which has regulated operations in four states.



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 **Will Ainger**, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Citi	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Citi	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AEP (Contracted)	Mulberry	Fla.	120 (45%)	Gas	CSFB	Plans to pick preferred bidder by late Feb.
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
AEP (Central Texas)	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coleto Creek	Texas	632	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES	Wolf Hollow	Texas	730	gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	gas		
	Termomamonal	Colombia	90	gas		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
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	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant has passed up option to purchase portfolio.
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Banks Looking To Divest Ownership.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Hot Spring Energy Facility	Ark.	620	Gas	CSFB	Launched sale in January.
	Murray Energy	Ga.	1,240	Gas		
	Sandersville Energy	Ga.	640	Gas		
	Marshall Energy	Kty.	640	Gas/oil		
	Hinds Energy Facility	Miss.	520	Gas		
	Southhaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas	J.P. Morgan	-
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
Dynegy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing.
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Set to sell remainder of QF portfolio to AIG.
	Prime	N.J.	66 (50%)	Gas		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Looking to launch asset sale early in 2004.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philipinnes	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		
	Otahuhu A	N.Z.	45 (51%)	Gas		
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
	Wairekei	N.Z.	165 (51%)	Steam		
	Paiton	Indonesia	1,230 (40%)	Coal		
	Tri Energy	Thailand	700 (25%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan/Concentric	Agreed sale to Constellation Energy.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	ArcLight is set to acquire Entergy's 50% stake. Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring Sale.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	E&Y (Administrator)	El Paso placed plant in administration.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Killingholme Power	Killingholme B	U.K.	800	Gas	N/A	Banks Looking To Divest Ownership.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Merloni Elettrodomestici	Teverola	Italy	150	gas	N/A	Is in talks with ArcLight.
	Ferrara	Italy	150	gas		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Ongoing.
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Gila River Power Station	Ariz.	2,300	Gas	N/A	Considering exiting the merchant energy business.
	Odessa Power Station	Texas	1,000	Gas		
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Union Power Station	Ark.	2,200	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In March.

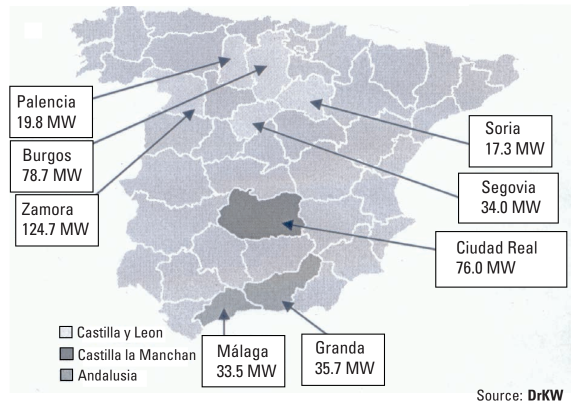
SPANISH WIND

(continued from page 1)

of CESA's four shareholders, Spanish engineering and O&M outfit **Grupo Guascor** (5%) and private investor **Joseba Grajales** (18.75%) decided to exit the business. Officials at Guascor did not return calls and Grajales could not be reached for comment. A banker working on the sale at DrKW declined to comment.

CESA is Spain's fourth largest wind developer with over 420 MW of operational capacity. It owns eight wind farms scattered across Andalusia, Castilla y León and Castilla La Mancha, including the 127 MW Zamora wind farm in northwest Spain.

CESA's Spanish Wind Farm Portfolio



Source: **DrKW**

Perhaps more enticingly for potential investors, it also has 4 GW of projects under development with some 1.5 GW in Italy, Canada and the U.S. According to sales memo circulated to a potential bidders, CESA's asset base is growing by 60% a year, while revenue and EBITDA have grown at an annual clip of 52% and 54%, respectively, in recent years.

The memo continues that CESA's other two investors, private equity shop **Mercapital** (45%) and private investor **Juan Luis Arregui** (31.25%) are looking to grow the company rapidly, "while seeking possible alternatives to create attractive exit routes in the medium term, including an initial public offering."

—Will Ainger

DEUTSCHE BANK

(continued from page 1)

were able to straddle the Chinese Wall between departments with seeming impunity, to make the move.

Ted Meyer, spokesman at **Deutsche Bank**, confirmed the move, but could not provide details by press time. Calls to Dobson were not returned.

Dobson follows in the footsteps of **J.P. Morgan** equity analyst **Jim von Riesemann**, who recently left the firm to join **Lazard Frères** as v.p. in its power & energy investment banking group (PFR, 2/16).

"Sell-side research is done, it's over with, it's awful," comments **James Jungjohan**, a veteran technology analyst at **Canadian Imperial Bank of Commerce.** Last week, after seven years on the equity research desk at CIBC, he was named co-head of technology investment banking.

Reilly Tierney, financial institutions analyst at **Fox-Pitt, Kelton** concurs. "A lot of research analysts were already doing work similar to investment bankers, but with the new regulations they're not allowed to," he says. "I think you'll see more of it, especially in M&A. Analysts can't work at all on M&A deals now," he explains.

And then there is the money. "[Remuneration] is just so much better in banking than in research. I can see why anyone would go over to investment banking," reasons **Benjamin Mark Cole**, author of *The Pied Pipers of Wall Street*.

"On the surface you'd say that analysts need to be skeptical, suspicious and investigative, but [do] not [need to be] salesmen. But in real life we saw that those most highly remunerated analysts were the ones that could sell: **Henry Blodget**, **Jack Grubman** and **Mary Meeker**. Maybe it's a natural move after all," Cole continues.

No doubt the lure of fat investment banking bonuses is driving the trend, but the move also underscores the depressed state of the sell-side research industry. Lambasted by the press, investors and Capitol Hill, research analysts have lost some of their luster since the end of the 1990s bull market.

Dobson joined Deutsche Bank in 2000 after a seven year stint as a utility analyst at **Donaldson, Lufkin & Jenrette**. Dobson's new title could not be discerned by press time, but a rival analyst speculates that he'll land a senior title. "He's well known and prestigious enough to be brought in at a very high level," notes the analyst.

—Nina Sovich & Jessica Sommar

DRESDNER EXITS

(continued from page 1)

its ownership, she adds. **Terry Darby**, managing partner at EIF in New York, was traveling and did not respond to voicemail messages.

The move comes at a time when private equity outfits, such as **ArcLight Capital Partners**, **Texas Pacific Group** and **Kohlberg, Kravis & Roberts**, are taking advantage of deregulation and the dislocation that followed **Enron**'s collapse to snap up generation assets, pipelines and even whole utilities.

EIF was founded in 1987 to make private equity investments in the independent power industry and has so far made more than 65 equity, mezzanine and debt investments. The private equity player recently closed a fund that will invest in the U.S. power market with $250 million in commitments.

Dresdner has been scaling back its balance sheet exposure across the board and is believed to have exited the majority of its North American non-recourse lending positions to the power industry over the last year, according to an industry official. Dresdner's Institutional Restructuring Unit (IRU) sold a portfolio of EUR1.9 billion ($2.4 billion) of North American loans at the end of last year. The portfolio included corporate and project finance level debt across numerous sectors, says **Clas Röhl**, spokesman in Frankfurt. The bank does not break out details of the composition of the portfolio, he adds.

—Victor Kremer

UNISOURCE ACQUISITION

(continued from page 1)

the loan hard to stomach for credit committees, he adds.

The fully underwritten loans is funding a bid by **Saguaro Utility Group**, which numbers **Kohlberg, Kravis & Roberts**, **JPMorgan Partners** and **Wachovia Capital Partners** among its backers, for UniSource.

The $410 million loan package was originally pitched at 350 basis points over LIBOR (PFR, 2/9) with a 50 basis point 'ticking fee' paid to lenders while the facility remains undrawn. Base pricing has been sweetened to a 450 basis point spread, but the deal is still struggling to find commitments, says one banker. Another industry official says commitments are in the sub-$200 million region. The strategy of trying to tap the debt market so far ahead of the consummation of the acquisition is proving a failure, says one financier.

Saguaro is looking for a $360 million, seven-year term loan, and a $50 million, five-year revolver. The leads, including **J.P. Morgan** and **Credit Suisse First Boston**, are still pushing the paper after extending the syndication deadline. A spokesman at Morgan says the hike in the loans' pricing is a response to investor concerns about the delayed draw. He declined comment on current commitment levels but says the deal is still being marketed. A spokesman at CSFB did not provide comment by press time.

While the lead arrangers appear to have misread the appetite of the loan market, financiers say they were following a well-tested strategy. "You issue in the market when you think you can," says one. Launching the deal so far ahead of acquisition approval was aimed at tapping into the currently hot term-loan market.

As part of the Saguaro launch, the banks also pitched a separate $400 million refinancing for UniSource subsidiary **Tucson Electric Power Co.** Lenders say that deal is heavily oversubscribed. The Morgan spokesman says that refinancing is close to closing.

—Peter Thompson

Quote Of The Week

"Sell-side research is done, it's over with, it's awful."—**James Jungjohan**, *co-head of technology investment banking at* ***Canadian Imperial Bank of Commerce****, explaining why he recently left his position as an equity research analyst (see story, page 1).*

One Year Ago In Power Finance & Risk

Dominion Resources was planning to tap the bond market last spring to pay down $200 million of maturing debt. [On March 3 the Richmond, Va., utility issued $600 million in 10- and 30-year bonds through **Salomon Smith Barney** and **Barclays Capital**, yielding 136 and 163 basis points, respectively, over comparable Treasuries. The bulk of the proceeds were used to pay down commercial paper.]