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## Progress Plots $1.8B Debt Reduction

**Progress Energy** is planning to pay down $1.8 billion in debt by 2007, with $1 billion to be eliminated this year.

*See story, page 3*

## Wis. Energy To Seek $1B Coal Loan

**We Energies**, subsidiary of Milwaukee-based energy holding company **Wisconsin Energy**, plans to tap the market to fund a $2 billion plant.

*See story, page 4*

### In The News



### Corporate Strategies



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# UNISOURCE TRAWLS FOR LEADS FOR NEW $500M BANK LOAN

**UniSource Energy** is looking to obtain some $500 million in loans in the wake of a failed takeover attempt by **Kohlberg Kravis Roberts & Co.**, **J.P. Morgan Partners** and **Wachovia Capital Partners**. The Tucson, Ariz., company's loans will be at operating companies **Tucson Electric Power** and **UniSource Energy Services**, say bankers following the deal. The holding company has been in talks with banks, including **Union Bank of California** over the past several weeks, but it is unclear if the bank was awarded a mandate.

*(continued on page 12)*

# CITI CLEANS OUT NY COMMODITIES BUSINESS

**Citigroup** has let go two managing directors and six other staffers from its New York-based energy-focus commodities desk businesses as part of its plan to shift the focus of its operations to Houston, according to sister publication *Derivatives Week*. A departing staffer says Citi offered all of them severance packages to leave. **Joe Christinat**, spokesman in New York, declined comment.

**David Byron**, in product development, and **Sean Mulhearn**, in the structured corporate finance group, are the two managing directors who left. Of the other staffers, **Charles Boyer**

*(continued on page 11)*

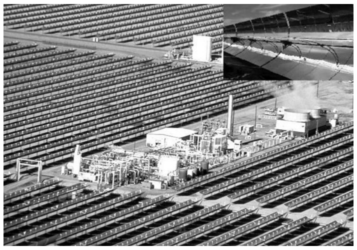
# RAB READIES POWER/ENERGY HEDGE FUND

London-based **RAB Capital** is planning to launch a fund to invest in pre-IPO power/energy companies as it winds down its $1.75 billion global macro fund's remaining assets. **Gavin Wilson** will handle the energy fund while **Harvey Neale** will oversee a separate index futures vehicle, according to sister publication *Alternative Investment News*. Both managers have strong investment experience and RAB sees a lot of opportunities in energy, says **Michael Alen-Buckley**, co-founder and chairman.

"We ceased trading [the macro fund] because the performance was so poor. We've drawn a

*(continued on page 12)*

# DEVELOPER HUNTS FINANCING RAYS FOR LARGEST U.S. SOLAR PROJECT



*Solargenix Plant*

Raleigh, N .C., developer **Solargenix Energy** is seeking project finance debt and equity to bankroll construction of what would be the largest solar plant in the country—a 55 MW solar thermal plant just outside of Las Vegas. The price tag for the facility is about $175 million and the firm hopes to obtain up to 60% in non-recourse debt by early summer, says **Don Points**, director of finance in Raleigh.

*(continued on page 11)*

## Citi Vet Emerges On HSH Project Desk

**Tony Muoser**, ex-managing director at **Citigroup** in New York, has joined the structured finance, energy and infrastructure team at **HSH Nordbank,** as a senior v.p. Muoser, who joined the bank earlier this week, departed from Citi six months ago in late September as a result of a reorganization within the bank (PFR, 11/5). Muoser declined to comment. He reports to **Tom Emmons**, senior v.p. in New York, who heads up the HSH group.

## Developer Seeks Down Under Financing

Melbourne, Australia-based developer **Pacific Hydro** is looking for 65-70% in project debt to fund the development of an A$105 million ($83.2 million), 57.8 MW wind farm in the south of the country. **Kevin Holmes**, cfo, says it will begin to hunt for debt in about six months once the approvals and PPAs have been inked.

The company is already in offtake negotiations with local utilities, says **Andrew Gould**, general manager of strategic and corporate affairs in Melbourne. Gould says Pacific Hydro is looking to structure a PPA contract to around a combination of renewable energy certificates and wholesale market sales, says Gould.

Most of these projects are financed with a syndicate of two or three banks and it is likely that this will be the same, says Holmes. He says they are targeting both Australian and international banks, declining to name them. Its financing plans could change as it is the takeover target of several unidentified bidders, the company announced earlier this year.

## Sempra Stresses It's Open For Acquisitions

**Sempra Energy** is open to asset acquisitions including power plant purchases, executives said during an analyst conference in New York last week. **Donald Felsinger**, president and coo, re-iterated the San Diego-based energy holding company's acquisition criteria but did not identify any specific targets. **Art Larson**, a spokesman for Sempra, could not make officials available for comment ahead of press time.

Sempra is always on the lookout acquisition opportunities, but the company does not need to purchase any assets to complete the objectives of its five-year growth plan, Felsinger says. The company evaluates several criteria in considering potential acquisitions. For example, the unlevered internal rate of return for the purchase must exceed the weighted average cost of capital, explains **Mark Snell**, president of **Sempra Global**, which includes Sempra's IPP and commodities trading arms. In addition, the asset must be accretive in the short term as well as the long term.

Sempra ranks potential acquisition opportunities by expected returns and weights them by risk, Snell says. The company also considers the cost of the asset and the receptiveness of the capital markets to financing the deal.

The company's recent acquisitions include Twin Oaks Power, a 305 MW merchant coal-fired plant purchased in 2002 from **Texas-New Mexico Power Company**, and Coleto Creek, a 632 MW coal-fired plant that Sempra acquired from **American Electric Power** in July in conjunction with New York-based private equity firm **Carlyle/Riverstone**. Snell left open the possibility that Sempra could partner with Carlyle/Riverstone for future acquisitions, saying the private equity firm's equity contribution and operating expertise enabled Sempra to leverage the deal more highly.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**Arigato, Hombre**

## Mitsubishi Team Gets Long On Mexican Construction Debt

**Mitsubishi Corp.** and **Kyushu Electric Power** have obtained $300 million in long-term financing for Tuxpan V—a 495 MW gas-fired plant in southern Mexico. The deal marks the first permanent financing of an independent power project in Mexico completed before construction, says **Dino Barajas**, an attorney with Los Angeles law firm **Paul, Hastings, Janofsky & Walker**, which advised the developers. Obtaining permanent funding prior to wrapping construction is a rarity in most developments in Mexico because of the strict time constraints the government-owned utility, **Comisión Federal de Electricidad**, places on obtaining financing, he adds.

The deal is underpinned by a PPA with CFE for 100% of the output. Under the terms set by the government utility, the developers had three and a half months to complete the financing, about a third of the time it usually takes for a Mexican project to be permanently funded, Barajas says. Mitsubishi and Kyushu were able to obtain long-term funding before construction began because they had completed a similar project in Mexico in 2002, he explains. **Japan Bank of International Cooperation** and **Mizuho Bank**, **Bank of Tokyo-Mitsubishi** and **Standard Chartered Bank** participated in the loan based on the venture's experience completing similar plant Tuxpan II, he says.

The project was financed with a non-recourse facility making up 70% of the deal's cost. The 14-year loan consists of a $126 million tranche led by JBIC, and an $84 million portion led by Mizuho. Barajas declined to disclose the interest rates. Mitsubishi and Kyushu expect to bring the project online by July 2006.

**Sergio Dueñas**, business development director for Mitsubishi in Mexico City, declined to comment. A spokesperson for Kyushu did not immediately return a call for comment

## ABN AMRO Cuts Chi-Town Project Financier

ABN AMRO has let go **Bill Hale**, managing director in Chicago, and also some other power project financiers in the Windy City, according to an industry official. Hale had left the bank so could not be reached for comment and **Patrick Fallon**, spokesman in New York, declined comment nor would he make other executives available for comment.

One industry official says the move is in keeping with ABN's strategy of reducing activity in capital intensive and relatively low-margin non-recourse financing. There has been a question mark over the project finance desk for sometime (PFR, 6/6) with outsiders suggesting the desk had been wound down. However, the firm then landed a lead slot in the fall on **Brascan Corp.**'s $500 million non-recourse deal funding the acquisition of **Reliant Energy** assets (PFR, 9/4).

The names and number of the departed could not be determined. Some executives will remain and **Phillip Graham**, managing director in New York, will handle existing and future deals. ABN's power business is being redirected more toward taking advantage of high energy prices with the increased demand in energy derivatives (PFR, 8/13).

## Progress Eyes $1.8B Debt Reduction

**Progress Energy** is planning to eliminate $1.8 billion in debt by 2007. The first phase of the Raleigh, N.C.-based energy holding company's plan will be to pay down about $1 billion this year, with an eye toward knocking out the remainder over the next two years, said **Robert McGehee**, chairman and ceo, during an analyst meeting in New York last week. Spokesman **Garrick Francis** declined to comment as did **Tom Sullivan**, treasurer.

Progress will fund the initial reduction with proceeds from its $405 million sale of its rail service subsidiary **Progress Rail Services Corp.** to a **JPMorgan Chase** private equity arm. Another roughly $500 million will come from storm cost and deferred fuel recoveries expected by 2007, McGehee explains.

McGehee did not detail how the additional $800 million of debt would be eliminated.

## PPL Plumbs Options For $110M Pollution Bonds

**PPL Corp**. subsidiary **Pennsylvania Power & Light Co**. is contemplating replacing $110 million in long-tenor pollution controlled bonds with cheaper securities. **James Abel**, treasurer at PPL in Allentown, Pa., says the company is reviewing its options with regard to refinancing the debt, which was issued on behalf of Pennsylvania Power by **Lehigh County Industrial Development Authority**. He says it could look to replace the bonds by the second quarter, but declined to provide specific details.

The bonds under consideration include a $55 million series of 6.15% notes issued in 1995 and maturing in 2029 and a $53.2 million chunk of 5.5% bonds issued in 1994 set to expire in 2027. The larger order was lead by **Goldman Sachs** and **Morgan Stanley** while the other series was underwritten by **Credit Suisse First Boston**. Abel declined to identify banks it might work with.

Abel says refinancing debt now makes sense because call premiums on both bonds are not more expensive than getting cheaper debt. The 6.15% bonds call premium goes to 102 in August and call premiums for the 5.5% fell to 101 in mid February. He declined to speculate on pricing it might obtain in refinancing.

A part of the utilities plan might include obtaining an insurance wrap that would insure interest payments on the debt throughout its term. Such a wrap might boost the overall appeal of the debt and make the all-in funding costs some 10 to 30 basis points cheaper, Abel estimates.

# Wis. Energy Brews $1B Coal Financing

**We Energies**, the utility subsidiary of Milwaukee-based energy holding company **Wisconsin Energy**, plans to tap the project debt market to fund a $2 billion power plant project outside of Milwaukee. Previously, it had said it planned to arrange corporate-level bonds if the price was right (PFR, 9/24). The debt, which is expected to total between $700 million and $1 billion, will most likely consist of a construction loan and term loan, although the precise amounts have not yet been determined, says **Jim Schubilske**, assistant treasurer for the holding company.

The construction loan may be issued later this year, while the term loan would be issued around 2009 or 2010 when the plant comes online, Schubilske says. The company is planning to build two 615 MW coal-fired generators in Oak Creek, south of Milwaukee. State regulators require the utility to fund such projects with 55% equity and 45% debt, he explains. Other details of the debt have not yet been determined.

We Energies has relationships with several investment banks, including **Citigroup**, **Goldman Sachs**, **JPMorgan Securities** and **Lehman Brothers**, all of whom will be candidates to lead the deal, Schubilske says.

# Developer Chases Funds For U.K. Wind Troika

**Catamount Energy Limited** is searching for project debt to cover 60-70% of the $95 million construction costs of a trio of wind farms in Scotland and Wales. Catamount, a joint venture between Norwegian electric company **Statkraft** and developer **Catamount Energy Corp.**, has held preliminary discussions with nine interested lenders but no agreements have been set, says **Bruce Peacock**, managing director of Catamount in Rutland, Vt. He declined to identify the parties. Lenders will be selected based on the term of the debt, upfront fees and requirements for a debt service reserve fund, he adds.

Still in the early phases, the venture is focusing on getting permitting and government approvals for some 175 MW of generation: Abercairny, a 66 MW farm in Scotland; Berry Burn Wind Farm, a 79 MW facility just south of Forres in Morey, Scotland and Blaengwen Wind Farm, a 30 MW facility in Wales.

Late last year the developer was looking to raise $70 million for two Scottish facilities (PFR, 12/30) but incorporated the Welsh farm in its plans because it believes demand is growing, Peacock says. Moreover, the U.K. government has instituted a Renewable Obligation credit, which supports new construction.

A PPA covering Abercairney's output is ready to be inked, probably within a month, once approvals are obtained, Peacock says. He would not comment on agreements for the other two sites, but said he hopes to have 100% of the output contracted.

**Two Times A Charm?**

# KGen B-Loan Gets Second Re-Sizing

**KGen Partners** has tinkered with a $475 million seven-year B-loan for the second time in less than two weeks. Originally pitched by lead **Credit Suisse First Boston** as a two-tranche $225 million senior secure A and a $250 million senior secure B loan, the second lien has been sliced by $100 million to $150 million while the first lien was jacked up to $325 million. The adjustments, including resizing two weeks ago (PFR, 3/7), suggest the riskier second lien is a tougher pitch for the bank while demand is robust for the first-lien paper, observers say.

**Arleen Spangler**, utilities energy and project finance analyst at **Standard & Poor's** in New York, says the first lien is now rated B, a drop from its old rating of B+, and the agency maintains a B-rate for the second lien. "We felt that [the KGen deal] was really strong the first go round."

Pricing for the first lien is being pitched at LIBOR plus 262 1/2 basis points while the second lien is at LIBOR plus 900, of which 325 will be in cash while the balance will be payment in kind. The tranches were previously being pitched at LIBOR plus 300 and LIBOR plus 600. The deal is scheduled to close tomorrow.

The original loan was obtained to fund KGen's acquisition of **Duke Energy**'s merchant generation portfolio consisting of nine plants totaling 5,325 MW (PFR, 8/20). Calls to KGen backers **Matlin Patterson Global Opportunities** were not returned by press time.

## Corporate Strategies

# ConEd Tags Bond Proceeds For Cap Ex

**Consolidated Edison of New York** issued $350 million of 5.3% bonds last week to fund its five-year multi-billion dollar capital expenditure program and to wipe short-term debt. The utility, which provides electricity to almost all of the New York metro area, launched the offering to take advantage of prevailing low interest rates, says **John Perkins**, director of corporate finance. "It's a very attractive market right now," he says.

ConEd's cap ex program is aimed at making improvements to the utility's electric, gas and steam transmission and distribution systems. **Chee Mee Hu**, analyst and senior v.p. with **Moody's Investors Service** in New York, says the offering will not impact ConEd's current rating, which stands at A2

Corporate Strategies (cont'd)

for long-term debt. "It's just part of their ongoing investment program," she explains.

The notes mature in 2035. **Citigroup, JPMorgan Securities** and **Wachovia Corp.** were selected as leads based on their experience with energy and utility bond issues, Perkins says.

Proceeds also will be used to pay down all of its outstanding commercial paper, totaling $100 million as of December 31, according to regulatory filings. The average interest rate on the paper is about 2.2%.

## AEP To Bolster Balance Sheet Via $500M Buyback

**American Electric Power** is planning to buy back $500 million in stock to shore up its balance sheet. The energy holding company believes the initiative will keep its debt-to-equity ratio in the 60:40 neighborhood and provide greater flexibility as it maps out funding strategies for new buys, says **Susan Tomasky**, cfo. Primarily, the Columbus, Ohio, company wants to add generation capacity via plant acquisitions, new developments and/or corporate-level purchases.

**Daniele Seitz**, an analyst with **Maxcor Financial** in New York, says AEP's share repurchase, along with recent debt reductions and asset sales, will allow it to take on additional debt without impacting its credit rating. "It's a balanced redeployment of capital," she says of the share repurchase, adding that the buyback also will pave the way for increased earnings growth.

Last week, AEP's board of directors approved the repurchase through 2006, which will be executed based on prevailing market conditions and funded with $300 million of cash on hand. Proceeds from the sale of a $1.1 billion controlling interest, earlier this year, in **Houston Pipe Line Co.** to **Energy Transfer Partners**, a Tulsa, Okla.-based midstream holding company, also will be used to support the buyback.

**Michael Morris**, chairman and ceo, has stated AEP is gearing up for a potential corporate-level acquisition and is eyeing Midwest utilities, including **Louisville Gas & Electric** and **Dayton Power & Light**. As of last Tuesday, the stock closed at $34.63 with a 12-month range of $35.87 and $28.50.

As part of its efforts to maintain liquidity, AEP will also redeem about $800 million of debt this year (PFR, 3/7).

## SCANA, Utility Unit To Work Out $300M In Debt

**SCANA Corp.** and its utility subsidiary **South Carolina Electric & Gas Co.** are retooling some $300 million in existing debt via note issuances and cash on hand. The Columbia, S.C., companies have issued a combined $200 million in bonds in order to replace higher-cost debt, says **John Winn**, director of investor relations at SCANA. The remainder of debt will be wiped out with cash on hand, he adds.

SCANA sold $100 million in three-year, senior unsecured floaters priced at LIBOR plus 15 basis points. Proceeds plus additional cash will redeem $200 million in notes priced at LIBOR plus 45 basis points and originally issued Nov. 15, 2003, Winn says.

Separately, utility subsidiary SCE&G sold a similar quantity in 30-year first-mortgage bonds with coupon of 5.25 %. The bonds were priced at 97.304 on March 1 and are offered to investors at 98.179 with a yield of 5.373%. Proceeds will refinance a series of notes issued a decade ago that carry a 7.625% coupon.

**Banc of America Securities**, **UBS Investment Bank** and **Wachovia Securities** jointly led both deals because they have handled similar deals for the organization.

## Colo. Gas Takes Private Route

**Colorado Interstate Gas Co.**, an **El Paso Corp.**, subsidiary, has privately issued $200 million of senior notes to refinance $180 million in higher-rate debt. The offering redeems 15-year bonds that were coming due in June and carried a 10% coupon, says **Bill Baerg**, manager of investor relations at El Paso's Houston headquarters. He noted that the debt was assumed by El Paso through its merger with Colorado's previous parent **Coastal Corp**.

The 144A transaction was priced at 158 basis points over 10-year Treasuries and carries a coupon of 5.95%. The deal was led by **Citibank** and **Credit Suisse First Boston** and both were chosen because of their relationship with El Paso. The banks shopped the notes primarily to unidentified institutional investors. The offering was being completed as *PFR* went to press.

The balance of proceeds will be used for general corporate purposes, Baerg says. The bonds were given a shadow B- rating by **Standard & Poor's**, matching El Paso's rating. Despite Colorado's ability to generate cash flow, it is El Paso that controls how the pipeline is managed, says **Todd Shipman**, credit analyst at S&P in New York. Baerg was unable to make an executive available for comment.

# Weekly Recap

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

## The Americas

• Nevada will continue to encounter difficulty fostering renewable energy projects until its investor-owned utilities strengthen their finances and become more creditworthy, according to the president of a renewable energy group. **Michael Eckhart**, president of the **American Council on Renewable Energy**, made the comment during the **Power-Gen Renewable Energy** trade show last week in Las Vegas (*Las Vegas Review-Journal*, 3/4).

• State utility regulators did nothing wrong when they gave **Tucson Electric Power Co.** permission to build another coal-fired power plant near Springerville, Ariz., the state Court of Appeals ruled last week. In a unanimous decision, the judges threw out a lawsuit filed by two environmental groups (*Arizona Daily Star*, 3/6).

• **AES Corp.** is continuing plans to use wind power at its Lake Road, N.Y., site to generate electricity, despite local opposition. **Robin Pence**, AES spokeswoman, said the Arlington, Va.,-based company is evaluating plans to construct giant windmills to augment the output of its coal-fired plant (*Buffalo News*, 3/4).

• Massachusetts State Environmental Secretary **Ellen Roy Herzfelder** reluctantly gave the go-ahead to **Cape Wind Associates** for its controversial wind farm off Cape Cod. But before the developer can build, it needs to eliminate or move eight to ten turbines and conduct more environmental studies, Herzfelder ordered (*Boston Globe*, 3/5).

• Rhode Island's Attorney General, **Patrick Lynch,** sued **Keysspan Energy** on Monday over its plan to build an expanded liquefied natural gas terminal in Providence. The lawsuit filed in U.S. District Court claims the state should decide whether the company can expand its facility (*Associated Press*, 3/7).

• With the fate of President **Bush**'s Clear Skies proposal on shaky ground, administration officials are preparing to make similar changes to air pollution rules for power plants. For the third time in three weeks, Senate Republicans on Thursday postponed a pivotal committee hearing on the legislation because they lacked the votes to pass it (*Los Angeles Times,* 3/6).

• There was a fire at natural gas pipeline, just south of Sweetwater, Texas, owned by **Louis Dreyfus Pipeline**. The fire was reported by a local resident and was brought under control by operators who shut down pumps and valves, said **Joseph Rothbauer**, v.p. for Louis (*Sweetwater Reporter*, 3/8).

• Electric utility **El Paso Electric Co.** said **Terry Bassam** resigned as chief financial officer, executive vice president and chief administrative officer, effective March 18. Bassam will become CFO at **Great Plains Energy Inc.**, the holding company for **Kansas City Power & Light Co.** (*Associated Press*, 3/7)

• A businessman decided to call it quits on his plans to build a tire-burning power plant in southeastern Minnesota, saying costs for the required environmental studies and pressure from the community led him to the decision. "We believe it's probably better that we take our project to an area where the investment and jobs will be welcome," said developer **Bob Maust** (*Associated Press,* 3/8).

• Houston-based **Tondu Corp.**, is staking out New Carlisle, Ind., as the site for its new billion dollar power plant. The site was once earmarked by **Allegheny Energy Supply** as the location of a $400 million gas-fired plant (*South Bend Tribune*, 3/8).

## Australia and Asia

• **Unified Energy System of Russia** (RAO) and the **State Grid Corporation of China**, signed a memo last week in a bid to further power cooperation between the two countries, said visiting **Leonid Drachevsky**, vice chairman of RAO (*Xinhua News Agency*, 3/6).

• Australia's **North West Shelf LNG Venture** plans to pair with **Foster Wheeler (WA) Pty. Ltd.** and **WorleyParsons Services Pty. Ltd.** for the engineering, procurement and construction management of a fifth LNG train to be added to the group's liquefaction complex at Karratha. The 4.2 million-ton per year expansion will cost $1.5 billion and should be ready to go in fourth quarter 2008 (*Oil & Gas Journal*, 3/7).

• Malaysia's **Sime Darby Bhd.** had problems inking the gas transportation agreement for its gas turbine power plant being developed in Singapore, said Sime Darby in a statement to **Bursa Malaysia.** The 715 MW plant was scheduled to be fired up September 2006, but now a date is unknown (*Dow Jones,* 3/8).

• A **BP**-led consortium and the Papua government have settled their differences, allowing the construction of the long delayed Tangguh LNG plant in Papua to commence soon. The government has extended BP's production sharing contracts in the three blocks that supply Tangguh — Berau, Muturi and Wiriagar — until 2035. The contracts for the blocks were previously due to end in 2017, 2022 and 2023, respectively (*The Jakarta Post*, 3/10).

# Generation Auction & Sale Calendar

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

| Seller | Plants | Location | MW | Plant Type | Advisor | Status |
|---|---|---|---|---|---|---|
| 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 | Mystic River 7 | Mass. | 560 | Oil/Gas | Lazard | Ongoing. |
| (Exelon developed plants) | Mystic River 8 | Mass. | 832 | Gas | | |
| | Mystic River 9 | Mass. | 832 | Gas | | |
| | Fore River | Mass. | 832 | Gas | | |
| Citi & SocGen-led creditor group | Union | Ark. | 2,200 | Gas | Goldman | Ongoing. |
| (TECO Energy developed plants) | Gila River | Ariz. | 2,300 | Gas | | |
| CMS Energy | Ensenada | Argentina | 128 | Gas | Not chosen | Announced Intention To Sell. |
| | CT Mendoza | Argentina | 520 | Gas | J.P. Morgan | |
| | El Chocon | Argentina | 1,320 | Hydro | J.P. Morgan | |
| Citi-led bank group | Lake Road | Conn. | 840 | Gas | Lehman Bros. | Cargill Bought Dept Portion. (PFR, 12/27) |
| (NEG developed plants) | 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 | Berkshire | Mass. | 261 (56.41%) | Gas | | Final Bids Due. |
| (Merchant assets) | 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 |
| | Balzac | Alberta | 106 | Gas | HSBC | Exit Generation Business. |
| | 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 | | |

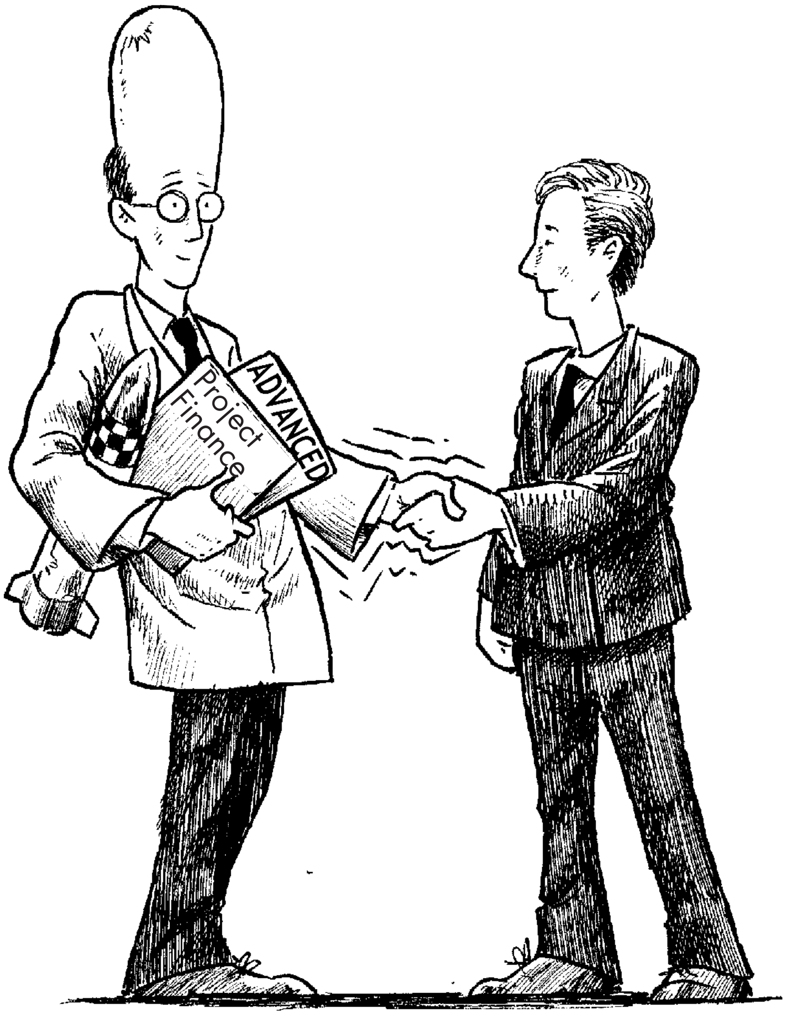
# Generation Auction & Sale Auction (cont'd)

| 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 (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 Ductch /Shell Group | La Rosita | Mexico | 1,100 | | Citigroup | Closing In On Buyer. |
| | 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 (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 Portolio | U.K. | 50 MW | Landfill | RBC Capital Markets | Set To Launch Sale In May. |

# Power Finance & Risk

***Power Finance & Risk*** **will announce its fourth annual power project finance awards on April 25 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. Beyond that the selection criteria is up for grabs. However, you may want to nominate deals based on size, innovative structure or syndication, speed of execution, ability to overcome market challenges. When making your nominations please explain why you are making these choices.

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Nominations must reach *PFR* by March 28.
A shortlist of candidates will be announced in the April 4 issue.

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Please send your nominations to **Mark DeCambre**, managing editor, at **mdecambre@iinews.com**
All correspondence will be treated with confidentiality.

## DEVELOPER HUNTS

*(continued from page 1)*

Solargenix's financial advisor, **Mesirow Financial**, has been in contact with banks, including **NordLB**, observers say. Calls to **Susan Nickey** and **Steve Brinkman**, managing directors at Mesirow's Chicago offices, were not returned. **Sven Wellock**, assistant treasurer at NordLB in New York, declined to comment. The identity of the other banks could not be determined

The project is scheduled to be completed by the beginning of 2006. Twenty-year PPAs have been inked with **Nevada Power** and **Sierra Pacific Power**, says **Gilbert Cohen**, v.p. of engineering and operations at Solargenix. The poor credit quality of the two utilities has made it difficult to secure financing and delayed the initial timeline, he adds.

As a result, Solargenix, the utilities and Nevada officials are in the process of forming a trust that would help the support the PPA even if the utilities fell into bankruptcy. The Temporary Renewable Energy Development Trust is funded by a rate charged to the consumer based on the utilities' power needs.

The charge, which may be reviewed on an annual or semi-annual basis, will be secured in the fund and allocated solely to pay the renewable energy, explains **Jim Tynion**, partner at **Foley & Lardner LLP,** a Milwaukee-based energy law-firm and advisor for Solargenix. "Once the trust is put in place the renewable project should have an easier task of going to the capital markets," added Tynion. The TRED Trust should be finalized in about 30-60 days, Tynion says.

Calls to **Gary Wood**, special project manager of renewable energy at **Sierra Pacific Resources** in Reno, parent company of both utilities, were not returned.

The solar facility, which will act as a peaking plant, is constructed with mirrors used to heat fluids to 725 degrees. The heat transforms the liquid to steam, which powers the steam turbines.

*—Raquel Pichardo*

## CITI CLEANS

*(continued from page 1)*

and **Nick Calabrese** were marketers, **Christian Lemmer** and **Lisa Olafson** were traders, **Matthew Mills** was a product developer and **Ed Hogan** was a structurer. **Stuart Staley**, a managing director and head of the North American commodity derivatives business for gas, power, oil and metals in New York, is staying put, however.

The departures follow that of **Benoit Vallieres**, formerly a Northeast power trader in New York, who left to join **Credit Suisse First Boston** last month (DW, 2/14) and **Eric Strickland** who joined **Susquehanna International Group** in Bala Cynwyd,

# Financing Record (MARCH 2-MARCH 8)

## Debt

| Date | Issuer | Business Description | Amount ($ mil) | Coupon (%) | Security | Maturity | Price | Yield To Maturity | S&P | Moody's | Fitch |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3/2/05 | Colorado Interstate Gas Co | Gas utility holding co | 200 | 5.95 | Senior Notes | 3/15/15 | 100 | 5.95 | B- | B1 | NR |
| 3/7/05 | Consolidated Edison Co of NY | Electric,gas and steam utility | 350 | 5.3 | Fxd/Straight Bd | 3/1/35 | 99.659 | 5.323 | A | A1 | A+ |
| 3/7/05 | Kraftwerke Oberhalsi AG | Electric utility | 110.7 | 2.75 | Fxd/Straight Bd | 4/4/17 | 101.07 | 2.645 | NR | NR | |
| 3/8/05 | Alabama Power(Southern Co Inc) | Electric utility | 250 | 5.65 | Notes | 3/15/35 | 100 | 5.65 | A | A2 | NR |
| 3/8/05 | Kinder Morgan Energy Partners | Own,op natural gas pipelines | 250 | 5.15 | Fxd/Straight Bd | 9/1/15 | 99.995 | 5.151 | BBB+ | Baa1 | BBB+ |
| 3/8/05 | Kinder Morgan Energy Partners | Own,op natural gas pipelines | 500 | 5.8 | Fxd/Straight Bd | 3/15/35 | 99.746 | 5.818 | BBB+ | Baa1 | BBB+ |

Pa., where, like at Citi, he trades West power.

Staley, **Joe Toussaint**, managing director and head of the desk in Houston, and **Jonathan Lindenberg**, who heads structured finance for the Americas in New York, did not return calls.

*—Kristel Halter*

## RAB READIES

*(continued from page 1)*

line under it," says Alen-Buckley. By mid-December, the fund was down approximately 18% in 2004, leading to redemptions which halved its assets to $80 million. "[It was] up a fraction in December and down again in January," he adds. Further redemptions have shrunk the fund to just a few million dollars, some of which is RAB's own capital. The fund was launched in 2000 and had a good year in 2003 with 13.2% returns. But in 2004 things went south, with the fund's managers, **Suresh Wadhwani** and **Peter Chen**, making bad plays on oil and the U.S. dollar.

Wadhwani and Chen have since been asked to leave the firm, he notes. "We told them we no longer want them to run the money." Wadhwani and Chen could not be reached for comment.

*—Robert Murray*

## UNISOURCE TRAWLS

*(continued from page 1)*

Bankers at UBoC declined to comment and several calls to official at UniSource were directed to spokesman **Joe Salkowski**, who did not return calls.

Although details of the loans are still being mapped out, UniSource is hoping to obtain a roughly $400 million letter of credit for its TEP subsidiary and two loans totaling $105 million at the UES: a $90 million term loan and a $15 million secured revolving line of credit. Pricing details could not be obtained, but be the key talking point between UniSource and any prospective bank arrangers.

**Maurice May**, utilities analyst at boutique **Power Insights/Soleil Securities** in Westport, Mass., says the holding company has about $1.1 billion in debt outstanding as of Sept. 30, representing about 71% of it capital structure, and wants to shrink that to 60%. "The loans at the holding level are likely to refinance debt outstanding."

Late last year, UniSource was looking to be acquired by KKR (PFR, 12/3) in the hopes that it might be able to restructure its business, **James Pignatelli**, chairman stated publicly. But upon the takeover failure the company vowed to restructure and delever its subsidiaries.

*—Mark DeCambre*

### Quote Of The Week

*"We felt that [the **KGen Partners**' deal] was really strong the first go round."*—**Arleen Spangler**, *analyst with* ***Standard & Poor's****, on the decreased credit rating of KGen's first lien loan refinancing. (see story, page 4).*

### One Year Ago In Power Finance & Risk

The first high yield B loan to fund construction of a power plant was due to hit the market as PFR was going to press. The 500 MW **Astoria Energy** gas-fired plant needed a $690 million facility to come to fruition. [ The deal, led by **Credit Suisse First Boston**, wrapped in early April and was split between a $500 million first-lien piece priced at 525 basis points over LIBOR, and a $200 million chunk of second lien paper priced a 875 basis points spread (PFR, 4/25). Astoria is currently looking to hit the bond market to refinance the $700 million B loan (PFR, 2/18).]