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The exclusive source for power financing and trading news

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CME To Build Energy Derivatives Group

The **Chicago Mercantile Exchange** plans to hire a handful of senior research and development executives, including a manager, to build a suite of electronically-traded energy derivatives products over the next few months.

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Pace Global Adds Power In NYC

Project financier veteran **Mary Power** has been hired by Fairfax, Va.-based **Pace Global Services**.

See story, page 4

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GE, ARCLIGHT SQUARE OFF OVER TENASKA FRONTIER

GE Energy Financial Services and ArcLight Capital Partners are in the mix to acquire Tenaska Energy's 62% stake in the 830 MW Tenaska Frontier Generating Station, says a banker familiar with the process.

Second round bids in the auction, which is being run by **Lehman Brothers** and **RBC Capital Markets**, have been submitted. Bidders needed to offer up between \$200-250 million to make it into the second phase and six to nine bidders were vying for the asset located in Shiro, Texas (PFR, 1/30).

Andy Katell, spokesman at GE Energy, would not confirm or deny GE's participation. Calls to **Paul Smith**, managing director at Tenaska in Omaha, Neb., **Dan Revers**, managing

(continued on page 12)

LEADS ROLL OUT DENA PURCHASE LOAN

Credit Suisse and **Goldman Sachs** have launched syndication of the roughly \$1.7 billion loan that will fund **LS Power's** acquisition of merchant assets from **Duke Energy North America**. Officials at the participating banks, which include **WestLB** and **Morgan Stanley**, either did not comment or return messages. **Darpan Kapadia**, managing director at **LS Power** in New York, did not return a call.

Morgan Stanley signed a PPA covering the **DENA** assets in late February, prompting **Morgan** to request a participating role in the deal (PFR, 02/27). **LS Power** agreed to buy the assets, totaling about 6,300 MW of capacity, from **Duke Energy** in January for about \$1.54 billion. It is expected to complete the acquisition this summer.

The loan package includes an \$850 million, seven-year first-lien term loan with a \$40

(continued on page 12)

ENTEGRAP TAPS CITI TO JUICE LC FUNDS

Entegra Group has hired **Citigroup** to add more punch to a letter of credit facility tied to its 4.5 GW generation portfolio. The aim is to boost the facility from about \$200 million to \$350 million and increase a \$30 million working capital facility to about \$50 million so that it can add debt capacity needed to extend a hedging program from 18 months to 29 or 30 months. **Citi** is in the early stages of syndicating the deal for the holding company, which owns the **Gila River Power Station** just south of **Phoenix** and the **Union Power Station** in **El Dorado, Ark.**

Joff Mitchell, managing director of **Kroll Zolfo Cooper** and interim president of facilities, did not return a call for comment. Calls to **Citi** officials were not returned.

Some owners of the plant, primarily hedge funds, are also asking for a restructuring of

(continued on page 12)

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



At Press Time

Lehman Nabs Ex-Merrill Banker

Lehman Brothers has hired Tyler Miller as a v.p. in its investment banking group in New York from Merrill Lynch. The energy banker, who worked primarily as a coverage banker for Merrill, is expected to hold similar duties at Lehman. His purview has included **FPL Group** and **CMS Energy**. He is expected to report to **Joe Savage**, head of Lehman's global power group in New York. A call to **Laurie Coben**, managing director at Merrill Lynch, was not returned.

Miller is expected to start working at Lehman in the next several months once his non-compete contract expires. Calls to Miller and an email message sent to his personal email were not returned nor was a call to Savage.

RBC Banker Exits For Merrill

Geoff Cohen, v.p. in the investment banking group at **RBC Capital Markets** in Toronto, has left the bank for a similar post in **Merrill Lynch Canada** in the same city. Cohen was advising **Tenaska Energy** on its auction of its 62% stake in the 830 MW Tenaska Frontier Generating Station (see related story, page 1) when he left. He did not return a message seeking comment.

Cohen is expected to start working at Merrill this week, says **Annette Borger**, spokeswoman at Merrill. His exact responsibilities could not be determined. **David Dal Bello**, managing director at RBC, declined to comment.

UBS Adds In Energy Banking Group

UBS has hired **Greg Hazelton** as a v.p. in its global power and investment banking unit in New York. The energy banker joins from **Lehman Brothers** where he worked in a similar capacity. He joins his boss **Jim Schaefer**, managing director at UBS, who left Lehman a few weeks ago to help ramp up the power operation. Schaefer was not available for comment and Hazelton declined to comment. A spokesman at UBS also declined to comment.

At Lehman, Hazelton participated in generation asset sales including that of a 840 MW Milford, Conn., plant known as Lake Road, which **US Power Generating Co.** attempted to buy it from its creditors (PFR, 12/25/04).

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**Institutional
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INTELLIGENCE FIRST

PwC Sees Future With Only Handful Of Pan-European Players

Four to five pan-European energy companies may dominate once the European Union adopts a single market for power in July 2007. **Manfred Wiegand**, global utilities leader at **PricewaterhouseCoopers** in Düsseldorf, Germany, says the increasing number and value of power and gas deals in Europe is being driven by companies positioning for the liberalization.

According to a report from PwC, European bids rose 170% by value of the deal by bidder and targets rose 132%. The pace also became frenzied, averaging four deals a week for the year. That represents an additional 20 deals over 2004. The value of generating assets targeted rose 202%, and if extraordinary events like 2004's **National Grid Transco** divestment and last year's **Gaz de France** privatization are excluded, gas deals in Europe rose 4.4% in value.

Wiegand also notes infrastructure funds such as **Macquarie Bank's Macquarie European Infrastructure Fund** and **Babcock & Brown** are making noise on the continent. Macquarie, for instance, has bought 31% of **Wales & West Utilities**, a gas distribution network in the U.K., and 49% of **NRE Holdings**, a gas and electricity distribution company in the Netherlands. He says the unbundling of transmission and delivery from their generation and their retail operations could create even more opportunities for the infrastructure funds.

Leads Wrap LS Power Coal Plant Construction Loan

Merrill Lynch, **Credit Suisse** and **Goldman Sachs** have completed the loan funding LS Power's development of coal-fired facility known as Plum Point in Osceola, Ark.

Eric Crawford, director of project development at LS Power in St. Louis, would not comment about the final terms of the financing. Calls to the lead banks, and co-manager **WestLB**, were not returned.

Originally structured as a one-lien package, the banks restructured the deal down into two. The first lien consists of a \$423 million, eight-year term loan, a \$102 million, eight-year synthetic letter of credit facility and a \$50 million, six-year revolving credit facility. A \$175 million, eight and a half-year second-lien term loan rounds out the second lien. LS Power also increased its equity by about \$20 million, which brought its equity investment to \$225 million. Debt represents about 80% of the cost.

Pricing remained at LIBOR plus 325 basis points. The debt was originally structured as a \$590 million first lien, a

\$105 million term loan for letters of credit and a \$65 million working capital revolver, with about \$205 million of equity (PFR, 2/27). Both **Standard & Poor's** and **Moody's Investors Service** affirmed their original ratings of B and B1, respectively.

Lehman Forecasts Capex Spike

Lehman Brothers expects capital expenditures among utilities to increase by \$15 billion by next year. Capex spending rose to about \$32 billion last year, from \$30 billion in 2004. Lehman expects to see a peak at \$47.3 billion in 2007 because of the peak in environmental spending, according to a research report from analyst **Dan Ford** and his team. A call to Ford in New York was not returned.

The drivers aside from environmental compliance, such as retrofitting existing coal plants with scrubbers, are upgrades for transmission and general infrastructure improvements.

Capex increases will lead to many energy shops to be strapped for cash over the next few years, after enjoying a roughly \$11 billion surplus last year. Coupled with a run-up in fuel, customers are likely to see a 66% increase in rates over the next five years. Increases of this magnitude have not been pushed through since the energy crisis of the last 1970s and the period of nuclear plant additions in the early 1980s, the report notes.

Fueling Up?

CME To Build Energy Derivatives Group

The **Chicago Mercantile Exchange** plans to hire a handful of senior research and development executives, including a manager, to build a suite of electronically-traded energy derivatives products over the next few months. The energy group would be a new division within CME's development staff, which currently focuses mostly on interest rates, stock indexes, foreign exchange and commodities. Currently, no CME professionals are focused exclusively on energy derivatives.

The group would broaden CME's futures offerings beyond ethanol futures, which were developed a year ago by CME's commodities group under Director **John Harangody**, and crude oil and natural gas futures CME developed with **Nymex**, one of the largest energy futures exchanges. CME is likely to hire a few salespeople, particularly those with contacts in the energy industry. Harangody and a spokesman declined to comment on how a new group would affect the Nymex partnership. Nymex officials also declined to comment.

While CME officials would not say what specific products

they plan to develop, analysts and traders believe that the most profitable products would be heating oil and gasoline futures because of energy prices, which are up over 12% over last year. CME officials declined to discuss pricing.

Pace Global Adds Power In Manhattan

Project financier veteran **Mary Power** has been hired by Fairfax, Va.-based **Pace Global Energy Services** as an executive marketing and sales director in its financial and corporate strategic services group. Power, who left **DZ Bank** early this year (PFR, 10/03), will work out of Pace Global's office in New York and report to **Bo Poats**, managing director in Fairfax. Calls to Power's mobile number were not returned and a message left for Poats, who is out of the country, was not returned.

Power, a well known face in project finance circles, had worked at DZ for eight years as a v.p. in its project and structured finance group in New York, and accepted an early retirement package.

Lone Star Shop Plots Equity Hunt For N.Y. Wind Project

Catalyst Renewables Corp., a Dallas-based renewable venture player, will look for an equity partner to help fund a proposed \$70 million, 31 MW wood-fired biomass project in upstate New York. **Derek Benson**, director of business development, says once a power purchase agreement in place, the equity partner will be sought.

Benson declined to forecast how much project debt will be used. "With the energy market, the level of debt will depend on the PPA agreement," he says. Benson says Catalyst is in

discussions with various parties regarding the PPA, declining to name them.

The project, proposed for Oneonta, N.Y., is scheduled to come online by early 2008. Benson says permitting and filings for the project have yet to be submitted, but will be in a few months. He says the company has worked with different financial institutions in the past, but would not say which ones.

Catalyst currently owns and operates a 20 MW biomass facility in Lyons Falls, N.Y., but the company bought the asset, as opposed to developing it.

Conn. Energy Shop Prowls For \$50-75M Assets

Greenwich Energy Investments is looking to make investments of \$50-75 million in the energy sector over the next several years. **J. Sood**, managing partner in Greenwich, Conn., says the firm, founded last year, is looking to hold onto assets for three to seven years. In its crosshairs are assets such as a 240 MW combined-cycle cogeneration facility located in Springfield, Mass., which it acquired last week. Sood declined to talk specifics about its plant acquisition including how much it paid.

"We felt this was an attractively situated asset that would benefit from the recovery of the electricity markets in New England," says Sood. He says this is Greenwich's second investment, following its acquisition in 2005 of a minority interest in **Sinochem Hong Kong**, a fertilizer company.

Known as **MASSPOWER**, the 240 MW facility Greenwich acquired was owned by a consortium including **ArcLight Capital Partners**, **Energy Investors Fund**, **El Paso** and a **Goldman Sachs** unit.



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Corporate Strategies

Nevada Power Calls High Interest-Rate Notes



Bill Rogers

Nevada Power has called \$45 million of 8.5% first-mortgage bonds that mature in January 2023. Bill Rogers, corporate treasurer at parent Sierra Pacific Resources in Las Vegas, says the notes were called because they are high-coupon debt and Nevada Power can lower interest expenses by refinancing. He says the utility will fund the redemption with cash on hand or borrowings from revolvers.

Rogers says the 8.5% notes had not been called until now because the utility was waiting for approval of a financing plan from the **Public Utilities Commission of Nevada**. Now that the plan has been approved, Nevada Power can issue debt to refinance the \$45 million obligation. No specific plans to refinance the \$45 million have been made, however. Rogers says if there is a new issue, it will be in the form of general and refunding mortgage bonds, not first-mortgage bonds. Nevada Power has closed out its first-mortgage indenture, moving the general and refunding notes higher up on the list of debt seniority.

Sierra Pacific is also planning a series of redemptions totaling \$141 million (PFR, 3/27), and last year Nevada Power redeemed \$210 million in bonds, extinguishing \$21 million in annual

interest payments (PFR, 7/3).

Moody's Investors Service rates Nevada Power senior unsecured debt and its first-mortgage bonds Ba1.

Dynegy Frees Up Cash Via \$400M Revolver

Dynegy Inc. has freed up almost \$400 million in cash by completing a \$400 million revolving credit facility that matures in March 2009, amending the last facility that was cash collateralized. Ralph Pellicchia, analyst for Fitch Ratings in New York, says eliminating the need to collateralize the facility frees up the cash. David Byford, spokesman at Dynegy in Houston, would not make an official available.

Since the company recently sold its midstream assets for \$2.4 billion, and had extra cash on hand, Pellicchia explains Dynegy could set up the new facility. The revolver will be available for the company to use for letters of credit and general corporate purposes, he notes. Citigroup and J.P. Morgan were lead arrangers, with Credit Suisse, Lehman Brothers and Banc of America Securities serving as agents. It could not be determined why those banks were chosen. The revolver was priced at LIBOR plus 200 basis points.

Dynegy closed the sale of its midstream natural gas business to Houston-based Targa Resources for \$2.4 billion last October.

Financing Record (MARCH 8 - MARCH 14)

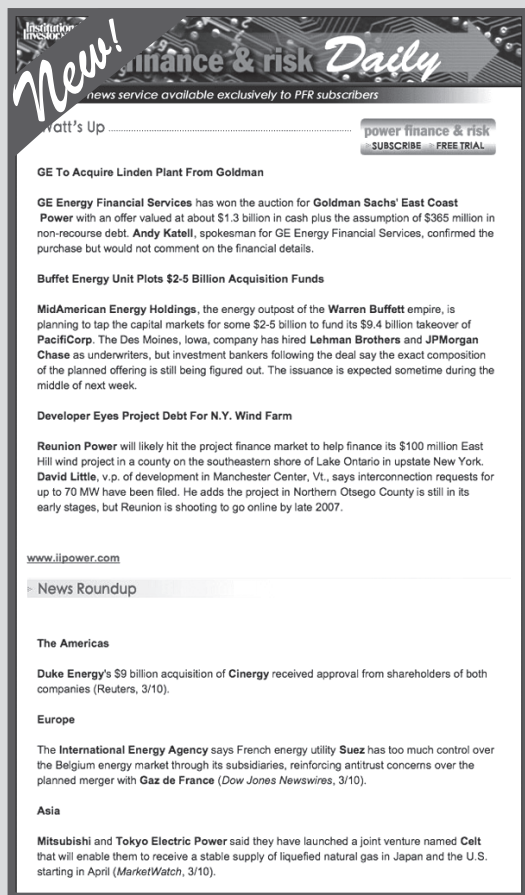
Debt

Issued	Issuer	Business Description	Principal (\$M)	Coupon(%)	Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
3/8/06	Fingrid Oyj	Pvd electricity prodn,distr	29.8	2.475	Medium-Term Nts	5/22/12	100	2.475		AA-	Aa3	NR
3/8/06	National Grid PLC	Electric utility, holding co	894.5	4.125	Fxd/Straight Bd	3/21/13	99.767	4.164	63	A-	Baa1	NR
3/13/06	Boston Edison Co(NStar)	Electric utility	200	5.75	Debentures	3/15/36	98.943	5.825	95	A	A1	AA-

M&A

Announced	Effective	Target	Target Industry Sector	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Industry Sector	Acquiror Nation	Value (\$M)
3/8/06	3/8/06	Granit SA	Electric, Gas, and Water Distribution	Switzerland	Theolia		Construction Firms	France	3.579
3/8/06	3/8/06	Proma Energie AG	Electric, Gas, and Water Distribution	Switzerland	Nordostschweizerische		Electric, Gas, and Water Distribution	Switzerland	
3/9/06		Pakterminal Ltd	Electric, Gas, and Water Distribution	Estonia	ZAO Severstaltrans		Electric, Gas, and Water Distribution	Russian Fed	
3/13/06		Alinta Ltd	Electric, Gas, and Water Distribution	Australia	Australian Gas Light Co	Goldman Sachs JBWere Pty Ltd UBS Investment Bank	Electric, Gas, and Water Distribution	Australia	2,196.57
3/13/06		CDX Gas LLC	Electric, Gas, and Water Distribution	United States	TCW Group Inc	UBS	Investment & Commodity Firms,Dealers,Exchanges	United States	835
3/13/06		Elmontage Hansson	Electric, Gas, and Water Distribution	France	Bravida Prenad AB		Construction Firms	Sweden	
3/13/06		ENEL SpA-Power Distribution	Electric, Gas, and Water Distribution	Italy	Holding Energia & Risorse		Electric, Gas, and Water Distribution	Italy	128.624
3/14/06		San Joaquin Cogen LLC	Electric, Gas, and Water Distribution	United States	MDU Resources Group Inc		Electric, Gas, and Water Distribution	United States	
3/14/06		Sempra Generation-Facilities	Electric, Gas, and Water Distribution	United States	Thermal North America Inc		Investment & Commodity Firms,Dealers,Exchanges	United States	

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



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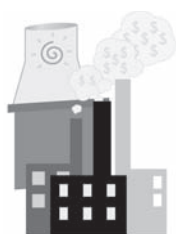
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Generation Auction & Sale Calendar

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
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	In Second Rounds.
	Key Stone	Pa.	-	Coal		
	Conenaugh	Pa.	-	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Definitive Bids Due March 10.
	Orange	Fla.	103	Gas	Bear Stearns	Definitive Bids Due March 10.
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
BNP -led bank group (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		
Carlyle Riverstone/ Sempra Carlyle Riverstone/ Sempra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs Greenhil & Co.	Awaiting Definitive Bids At End Of March Or Early April. Preliminary Marketing Materials Have Been Submitted
	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil		
Citi & SocGen-led creditor group (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 Chocon	Argentina	1,320	Hydro	J.P. Morgan	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27).
	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Delta Power						
El Paso Europe	EMA Power	Hungary	70	Coal		Final Bids Due. Negotiations Are Taking Place With
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		
	CDECCA	Conn.	62	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
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		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW	Gas		

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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Goldman Sachs	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	(see story pg. 1)
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing
KBC-led creditor group Mirant	Milford	Conn.	542	Gas	Lazard	Ongoing.
	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		
InterGen	Redbud	Okla.	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Sold To PNM Resources For \$480 million.
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.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	Ongoing-selling 62%
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

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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

- **Duke Energy's** \$9 billion acquisition of **Cinergy** received approval from shareholders of both companies (*Reuters*, 3/10).
- **Jerry Futch**, former trader for **Reliant Energy**, was sentenced to almost five years in prison for submitting false information about natural gas trades to an industry publication, in what is believed to be the first such case (*Dow Jones Newswires*, 3/15).
- City of Edmonton-owned **Epcor Utilities** and Calgary-based **TransAlta** signed a development agreement for a new power plant west of Alberta's capital city (*Calgary Sun*, 3/15).
- The federal government has agreed to ship natural gas it owns through a pipeline being built to carry Wyoming and Colorado gas to markets in the Midwest and East (*Associated Press*, 3/15).
- Negotiations that led to the pending merger of **Cinergy** and **Duke Energy** involved lots of give-and-take over board seats, executive job titles and severance costs, a recent merger filing shows (*Cincinnati Business Courier*, 3/13).
- **TXU** said **Kirk Oliver**, cfo, and **Eric Peterson**, general counsel, will be leaving the company (*Dow Jones Newswires*, 3/13).
- The energy industry is ratcheting up spending on facilities to import liquefied natural gas into the U.S. in a bet that demand will outstrip already-strong growth estimates (*Wall Street Journal*, 3/14).
- **Duke Power**, a unit of **Duke Energy**, and **Southern Co.** have selected a site in Cherokee County, S.C., for a potential new nuclear plant (*Associated Press*, 3/16).
- **FirstEnergy** entered a pair of 20-year agreements to purchase the combined 250 MW output of two new wind power generation projects being developed in West Virginia by **US Wind Force** and its joint venture partner **Padoma Wind Power** (*Dow Jones Newswires*, 3/16).
- **Sempra Energy** proposed to more than double capacity at its LNG terminal under construction in Mexico, strengthening its position in the race to build the first such plant on North America's Pacific coast (*Dow Jones Newswires*, 3/13).
- Separately, **Sempra** agreed to sell its energy facilities management group to an affiliate of Boston-based **Thermal**

North America, a privately held company, for an undisclosed amount (*Associated Press*, 3/14).

- The presidents of Bolivia and Uruguay announced they will study the possibility of building a pipeline to supply Bolivian natural gas directly to Uruguay and eliminate that country's dependence on gas from Argentina (*Dow Jones Newswires*, 3/13).

Europe

- Finance ministers for Italy and France met to discuss Italian objections to the planned merger of France's **Gaz de France** and **Suez**, amid rising speculation that Italy's **Enel** would mount a competing bid for Suez unless a compromise was reached (*Wall Street Journal*, 3/14).
- The **International Energy Agency** says French energy utility **Suez** has too much control over the Belgium energy market through its subsidiaries, reinforcing antitrust concerns over the planned merger with **Gaz de France** (*Dow Jones Newswires*, 3/10).
- The prime ministers of Spain and France, both of whom are trying to fend off foreign takeover bids in the energy area, called on the EU to come up with a policy to guarantee supplies in the sector (*Dow Jones Newswires*, 3/13).
- France has told European regulators that **Suez** and the state-owned **Gaz de France** felt compelled to accelerate merger talks, with the explicit encouragement of French officials after learning that a foreign bidder intended to break up a company that France felt could become a European champion (*International Herald Tribune*, 3/16).
- **E.ON UK**, a unit of energy utility **E.ON AG**, has created a division at its renewable energy business focusing on marine power generation (*Dow Jones Newswires*, 3/16).

Asia/Australia

- Perth-based **Alinta** said it will likely make another takeover bid for the **Australian Gas Light**, which rejected Alinta's \$6.52 billion all-stock proposal and countered with its own hostile offer (*Wall Street Journal*, 3/15).
- **Australian Gas Light** launched a \$2.02 billion counter bid for energy-sector rival **Alinta**, determined not to be taken over by a company one-third its size (*Wall Street Journal*, 3/13).



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LEADS ROLL

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million delayed draw adjustment, a \$450 million, seven-year first-lien synthetic letter of credit facility and a \$100 million, five-year first lien working capital facility. A \$250 million, eight-year second lien term loan rounds out the package.

Pricing is set at LIBOR plus 250 basis points with a rating of BB- and B, for the first lien and second lien, respectively, by **Standard & Poor's**. The first lien was rated Ba3 by **Moody's Investors Service**, with the second lien being rated B2.

—*Mari Slater*

ENTEGRA TAPS

(continued from page 1)

\$1.325 billion in payment-in-kind debt (PFR, 2/13), but upsizing its revolving capacity was a priority. A discussion about reworking the PIK paper retooling was raised at a meeting of Entegra investors in New York a few weeks ago (PFR, 1/30).

Debt in Entegra—formerly known as **TECO-Panda**—has been trading up slightly over the past few days from 104 to 109 cents on the dollar, but the driver behind the increases could not be determined. Debt in the holding entity has been trading higher since the entity restructured and emerged from bankruptcy in the summer.

Entegra obtained a PPA with **Arizona Public Service** that has engendered confidence in its outlook. The long-term PPA is said to account for approximately one-third of Entegra's generation

capacity. **TECO-Panda**, was a joint venture between **TECO Wholesale Generation** known at the time as **TECO Power Services Corp.**, and **Panda Energy International**. The original financing included \$1.675 billion of non-recourse debt and \$500 million in equity bridge loans.

—*Mark DeCambre*

GE, ARCLIGHT

(continued from page 1)

partner at ArcLight in Boston, and **Jeff Pollard**, managing director at Lehman in New York, were not returned. **David Dal Bello**, managing director at RBC in Toronto, declined to comment.

The sale breaks down into Tenaska's 61.75% limited partnership stake and 0.25% of the general partnership. Tenaska will retain operating and management of the facility which has an offtake contract with a division of **Exelon**, for the entire output until 2020. It began operating in 2000 and is considered one of the more efficient facilities in the region.

—*Peter Roth*

Calendar

- **Platts** will host the 21st Annual Global Power Markets Conference in Las Vegas on April 2-4 at the Bellagio Hotel. For additional information, please contact **Kevin LaPierre** via email at Kevin_lapierre@platts.com, or via phone at 212-904-4358.
- **Euromoney** and the **American Council on Renewable Energy** will host the third annual Renewable Energy Finance Forum-Wall Street in New York at the Waldorf Astoria Hotel June 21-22. For more information, please contact **Glenn Cooney** via phone at +44-0-20-7779-8914.

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Quote Of The Week

"We felt this was an attractively situated asset that would benefit from the recovery of the electricity markets in New England."—**J. Sood**, managing partner at **Greenwich Energy Investments**, on why the private equity firm acquired the **MASSPOWER**, 240 MW facility in Springfield, Mass., (see story, page 4).

One Year Ago In Power Finance & Risk

While speaking at **Morgan Stanley's Global Electricity & Energy Conference**, an executive at **Constellation Energy**, **E. Follin Smith**, cfo at the Baltimore energy company, said it was thinking about acquisitions. [In December, the company announced it was going to merge with **FPL Group**, a deal that would create a company with a market capitalization of approximately \$28 billion, combined annual revenues of \$27 billion and \$57 billion in total assets. The deal is expected sometime over the next several months.]