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GMAC, COBANK REIGNITE CALPINE COLO. PLANT REFINANCING

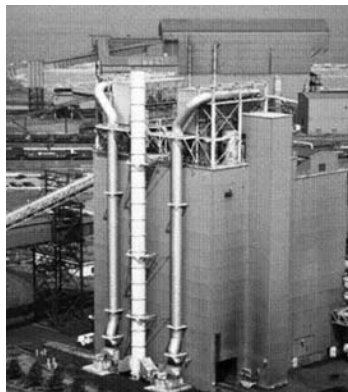
GMAC Commercial Finance and CoBank are attempting to resurrect plans to retool non-recourse construction debt for Calpine-sponsored Blue Spruce Energy Center in Aurora, Colo. Their effort to refinance a \$140 million loan to Calpine from **CSG Investments** (PFR, 10/17) and obtain funds to add capacity at the 300 MW natural-gas fired facility died on the vine with its descent into bankruptcy.

However, the two firms are now looking to push forward and driving the move is **Public Service of Colorado**, a unit of **Xcel Energy**, which is in need of additional MWs in Colorado.

GMAC officials declined to comment and CoBank bankers did not return a call. Calls to

(continued on page 12)

PRIMARY ENERGY AUCTION KICKS OFF



Primary Energy Plant

Lehman Brothers has launched the sale of **American Securities Capital Partners'** stake in Oak Brook, Ill., generator **Primary Energy Ventures**. There will be a two-round auction process and deal trackers say preliminary marketing materials have been issued. Due dates for first- and second-rounds bids could not be determined. **American Securities** hired **Lehman** a few weeks ago to advise it on a sales process (PFR, 2/20).

Calls to **Michael Fisch**, managing director at **American Securities** in New York, **William Johnson**, executive v.p. at **Primary**, and to **Frank Napolitano**, managing director at

(continued on page 12)

UBOC, BARCLAYS ADD SECOND LIEN TO CMS REVOLVER

Union Bank of California and **Barclays Capital** are leading a second lien, \$300 million revolver for **Consumers Energy**, a subsidiary of **CMS Energy**. Commitments for syndication were due last week for the financing, which will be added to revolver the company obtained a year ago. Pricing is set at LIBOR plus 1 1/8. Officials at **Barclays** and **UBoC** either did not comment or did not return calls on the facility, which is set to close sometime this week. Calls to **Thomas Webb**, cfo for **CMS** in Jackson, Mich., were referred to spokesman **Jeff Holyfield**, who did not return a phone call.

The debt has been tentatively rated BB+ by **Standard & Poor's** and Ba1 by **Moody's Investors Service**. **Consumers** completed a \$500 million credit facility last May, led by **Citibank** and **UBoC**, which refinanced existing lines of credit (PFR, 05/30). —*Mari Slater*

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

At Press Time

Gas Plants' Time In The Sun Tenuous

High natural gas prices have spurred combined-cycle natural gas fired facilities in ERCOT and the Western markets to profitability but a recent **Standard & Poor's** report suggests that current available net revenue levels may be difficult to sustain. According to the report short-term gains could evaporate due to the volatile nature of gas markets. **Scott Taylor**, an analyst at S&P in New York, says those prices could encourage more coal facility development, which would eat into gas plant profitability further. He speculates in the longer-term, five or 10 years down the road, plant profits could be significantly undercut as cheaper coal plants crop up.

Landesbank Mulls Project Finance Unit

Landesbank Baden-Wurtemberg is considering launching a project finance unit in New York and hiring an executive to run it. **Verena Weber**, project manager at the bank's Stuttgart headquarters, would not comment.

LBBW has been looking to participate more actively in North American project finance deals in power, oil and gas and infrastructure in the \$25 million range (PFR, 4/11). The German bank was one of the 47 lenders to participate in **Cheniere Energy's** financing for a liquefied natural gas facility in Sabine Pass, La. (PFR, 10/25).

MidAmerican Downsizes Long-Bond Offering

MidAmerican Energy Holdings issued approximately \$1.7 billion in long bonds, slashing a planned \$3.25 billion offering. **Lehman Brothers**, **JPMorgan Chase** and **Royal Bank of Scotland Group** were underwriting what could have been as much as \$5 billion debt offering on behalf of the **Warren Buffett**-energy arm to retire existing notes and help fund its \$9.3 billion takeover of **PacifiCorp** (PFR, 3/13). The offering was expected to close last week. Officials at the banks either declined to comment or did not return calls.

Patrick Goodman, cfo in Des Moines, Iowa, declined to comment. Officials at **PacifiCorp** also did not return calls for comment.

Bankers say **MidAmerican** had been aiming to price the notes in the 120-125 basis point range over comparable Treasuries, but buy-side appetite dictated the neighborhood of 130-140 basis points—too pricey for the frugal **MidAmerican** to issue more than absolutely necessary, one banker.

In lieu of the \$1.5 billion left on the table **Buffett** may funnel cash directly to **MidAmerican**, one official speculates.

The takeover of **PacifiCorp** involves assuming some \$4.3 billion in debt. **MidAmerican** has been positioning for the buyout by re-jiggering revolving debt at the holding and subsidiary levels (PFR, 9/12).

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iinews.com.

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**Institutional
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INTELLIGENCE FIRST

Daiwa Floats Emissions Trading Bond

Daiwa SMBC recently launched a USD40 million AAA rated repackaged bond which contains an emissions rights trading component—a first in the Japanese market. “This is not a huge market but attention is growing in Japan,” says a market official familiar with the deal. The principle of the seven-and-a-half-year note is linked to AAA rated **Federal National Mortgage Association** benchmark notes for which the coupons are passed through an investment vehicle and are used for trading strategies in certified emission reductions. Officials in Daiwa’s structured derivatives department in Tokyo declined all comment.

Wachovia Hires Energy Analyst, Needs More

Wachovia Securities has launched new natural gas coverage, hiring senior analyst **Angela Ho**, who was responsible for covering natural gas companies such as **AGL Resources**, **Pepco Holdings, Inc.**, and **Piedmont Natural Gas Co.** Additional hires will be made in the energy sector, but a spokeswoman declined to comment on specific areas. Ho joined in June from **Merrill Lynch** and is the fifth senior analyst on the energy team, which covers midstream energy, utilities and oilfield services and drilling.

Wachovia has been expanding its energy coverage since last year. Ho works with, among others, senior electric and gas utilities analyst **Samuel Brothwell**, who joined last year, also from Merrill. A Wachovia spokeswoman confirmed the new coverage.

DENA Acquisition Loan Sees Price Flex

Pricing on the **LS Power** acquisition financing for **Duke Energy North America** assets has been flexed down during syndication. Leads **Credit Suisse**, **Goldman Sachs** set the first-lien facilities to LIBOR plus 175 from initial talk of LIBOR plus 250. Pricing on the second-lien term loan comes in at LIBOR plus 350, from LIBOR plus 425. **WestLB** and **Morgan Stanley** also helped arrange the debt. Executives at the banks either did not return calls or declined to comment. LS Power officials did not return a call. The financing is set to close imminently.

The loan package includes an \$850 million, seven-year first-lien term loan with a \$40 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 (PFR, 03/20).

Standard & Poor’s has rated the package BB- and B, for the first and second lien facilities, respectively, while **Moody’s Investors Services** has rated the package Ba3 and B2.

Tyr Venture Eyes Late April Wrap-up For CalPeak

Tyr Energy and **Starwood Energy Investors** expect to finalize the purchase of **Pratt & Whitney’s** CalPeak Power by April 28. Overland Park, Kan.-based Tyr and Greenwich, Conn.-based Starwood submitted an application for approval of the sale to **Federal Energy Regulatory Commission**, which is expected to give a green light around 45 days from the submission, says an official following the acquisition. The CalPeak facilities are El Cajon, Enterprise, Lonestar, Panoche, Vaca and Mission, each about 50 MW. Pratt & Whitney, a **United Technologies** unit, sold the plants directly to the venture.

The portfolio is on the block because Pratt & Whitney is not a generation player and developed the plants to test new technologies (PFR, 10/31). The terms of the deal could not be determined. Calls to Tyr and Pratt & Whitney in East Hartford, Conn., were not returned. Calls to **Steve Zaminski**, associate v.p. at Starwood, also were not returned.

GE, US PowerGen Venture Make Coletto Second Round

An offer from **GE Energy Financial Services** and a joint bid from **Madison Dearborn** and **US Power Generating** are among the bids accepted for the second round of the auction for Coletto Creek. Final offers are due April 10, says **Art Larson**, spokesman for **Sempra Energy**, the parent company of **Sempra Generation**, which owns the 632 MW coal-fired plant in ERCOT with **Carlyle/Riverstone Holdings** through the **Topaz Power Group** joint venture. They decided to sell late last year (PFR, 12/19).

International Power, **Tenaska Power Fund**, **Complete Energy Holdings**, **Oaktree Capital Management** and a joint bid from **AIG HighStar** and **Ontario Teacher’s Pension Plan** have also made the short list (PFR, 3/6). The value of bids accepted for the second round ranged from \$1-1.2 billion.

GE Energy’s presence in the auction is seen as a surprise by some because of the company’s environmental concerns but the giant energy outfit has been ubiquitously taking aim at generation assets of late. It won an auction for **Goldman Sachs’ East Coast Power** (PFR, 3/13), and has also been named as a bidder on **Tenaska Energy’s** sale of its 62% interest in the 830 MW Tenaska Frontier Generating Station (PFR, 3/20).

Andy Katell, spokesman for Stamford, Conn.-based GE

Energy, **Jay Worenklein**, ceo of New York-based US Power Gen, and **Tim Kingston**, managing director at Goldman in New York, all declined to comment. **Stephen Schaefer**, managing director at Carlyle/Riverstone in Houston, and **Patrick Eilers**, director at Chicago-based Madison Dearborn, did not return a call for comment.

Corporate Strategies

Sierra Pacific Taps Mortgage Notes To Nip High Rates

Sierra Pacific Power, a subsidiary of **Sierra Pacific Resources**, has issued \$300 million in 6.014%, 10-year first-mortgage notes to pay down early redemptions of a series of high-interest notes. **Bill Rogers**, corporate treasurer at the parent in Las Vegas, says after refinancing debt, the energy company will have about \$26 million in new money left for capital expenditures. The offering, underwritten by leads **Citigroup** and **UBS Securities**, was priced at 135 basis points over Treasuries.

Proceeds will be used to repay \$173 million outstanding under Sierra Pacific Power's \$250 million revolving credit facility. Funds from the revolver paid down \$110 million of series A medium-term notes and \$58 million series B notes. Costs related to the early redemption totaled \$5 million. Funds also will be used to redeem a total of \$100 million in preferred stock, with redemption premiums totaling an additional \$1 million.

Rogers says the redemptions and debt issuance most likely will complete its capital markets activity for the year. Sierra Pacific Power currently has a 60:40 debt to equity ratio.

In addition to Citi and UBS, **Banc of America Securities** and

Barclays Capital acted in supporting capacities. Rogers says the company has strong financial partnerships with the banks and knew they could execute.

Cinergy Bluegrass State Unit Tackles Short-Term Debt

Union Light Heat & Power, a subsidiary of **Cincinnati Gas & Electric** serving Kentucky, has sold \$115 million in senior unsecured notes to refinance short-term debt it obtained to bankroll generation assets acquired from CG&E. **Todd Shipman**, an analyst at **Standard & Poor's** in New York, says the Covington, Ky.-based Union Light wanted to transition from just buying power from CG&E to owning its own generation. **Steve Brash**, spokesman for **Cinergy** in Cincinnati, the holding entity for both outfits, would not make an official available for comment.

The \$115 million issuance was broken down into two tranches: \$50 million, 5.75% 10-year notes and \$65 million, 6.2% 30-year notes. The 5.75% paper was priced at 103 basis points over Treasuries and the 6.2% note was priced at 143 basis points over Treasuries. Both offerings were underwritten by **KeyBanc Capital Markets**.

The notes were rated BBB by S&P and Baa1 by **Moody's Investors Service**. Brash could not explain why Union Light issued debt in multiple tranches or why it opted to work with KeyBanc.

Union Light's total generation acquired from its parent includes CG&E's 69% share in the 648 MW East Bend No. 2 coal plant in Rabbit Hash, Ky., the 168 MW Miami Fort No. 6 coal plant in North Bend, Ohio, and the 490 MW Woodsdale Generating Station in Trenton, Ohio.



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Southwest Gas To Shop Shares

Southwest Gas plans on issuing \$75-100 million in shares over the next three years. Its first offering, a \$45 million sale, will be completed by **BNY Capital markets** over a two-year period with subsequent issuances to follow. **Ken Kenny**, treasurer, says the sale is part of the Las Vegas-based local gas distribution company's three year, \$778 million capital expenditure program to pay for growth-related costs.

Southwest is opting to issue equity because it has been tapping the debt market to fund growth-related costs and wants to improve its capital structure over the long term. The company is growing at a rate of 5% per year—significantly higher than the national rate of 1.7% for LDCs, says Kenny. “When you look at other utilities, we’re slightly more levered than other gas LDC utilities. That’s part of dealing with growth,” he notes.

Shares will be sold in the open market intermittently at the discretion of BNY, Kenny says. The offerings are not expected to be particularly dilutive since they represent a small percentage of Southwest’s outstanding shares. Southwest’s capital structure breaks down to about 35% common equity, 60% debt, and 5% preferred equity. Its total capitalization stands at a little over \$1 billion.

The rest of its growth effort will be internally funded. BNY was chosen to lead the deal because of its track record as well as

its success with past deals. BNY arranged a \$60 million equity shelf program last year for Southwest.

NiSource Utility Retires Preferreds

Northern Indiana Public Service is redeeming \$81.1 million of preferred shares. **David Vajda**, treasurer at parent **NiSource**, says the move is being made because significant savings can be achieved in a refinancing. Dividends on all but one tranche of the preferreds are not tax deductible, and after-tax savings may approach \$1-1.5 million per year depending on the coupon Northern Indiana obtains in the new debt, he says. The securities can be called without penalty April 14.

The Indiana utility will pay for the redemption with funds from lending arm **NiSource Finance**, which provides inter-company loans to NiSource subs. The lending entity will tap its revolver to provide the loan.

Northern Indiana’s capitalization stands at roughly \$1.7 billion and its debt-to-capitalization ratio is 46:54, including short-term borrowings. **Moody’s Investors Service** rates NiSource and its subsidiaries’ senior unsecured debt Baa3.

Vajda says NiSource Finance may wait until the fall to issue new debt to pay down the funds drawn from an inter-company money pool it provides. NiSource Finance may issue 10-year notes, but there has been no final determination, he adds.

Financing Record (MARCH 15-MARCH 21)

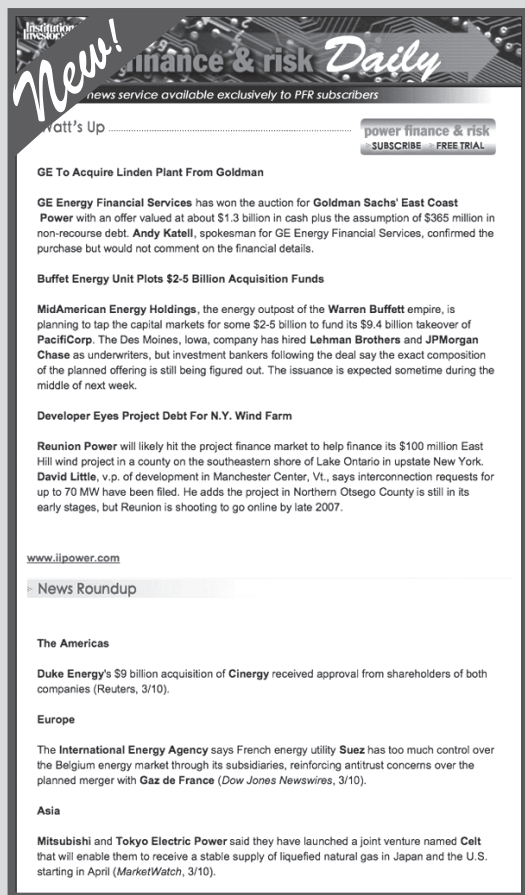
Debt

144A	Issued	Issuer	Business Description	(\$M)	Principal Coupon(%)	Security	Maturity	Price	Offer YTM(%)	Spread	S&P	Moody's	Fitch
No	3/16/06	National Grid PLC	Electric utility, holding co	351.4	1.645	Asset Backd Nts	4/3/36	100	1.645	63	A	A2	NR
Yes	3/16/06	WGL Holdings Inc	Market natural gas	25	5.781	Medium-Term Nts	3/15/36	100	5.781		AA-	A2	AA-
	3/20/06	Sierra Pacific Power Co	Electric,water and gas utility	300	6	Mortgage Notes	5/15/16	99.879	6.016	135	BB	Ba1	BB+
Yes	3/21/06	MidAmerican Energy Holdings Co	Electric utility	1,700.00	6.125	Sr Unsecurd Nts	4/1/36	99.957	6.128	130	BBB+	Baa1	BBB+

M&A

Announced	Effective	Name	Target Industry Sector	Target Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Industry Sector	Nation	Acquiror of Deal (\$mil)
3/15/06	3/15/06	MASSPOWER	Electric, Gas, and Water Distribution	United States	Greenwich Energy Investments		Investment & Commodity Firms,Dealers,Exchanges	United States	
3/15/06		Pridesa	Electric, Gas, and Water Distribution	Spain	Acciona SA		Construction Firms	Spain	180.269
3/15/06		Harbin Shirble Electric-Heat	Electric, Gas, and Water Distribution	China	Harbin Investment Group Co Ltd		Investment & Commodity Firms,Dealers,Exchanges	China	23.981
3/16/06		Elektrostopanstvo na Makedonij	Electric, Gas, and Water Distribution	Macedonia	EVN AG	Citigroup	Electric, Gas, and Water Distribution	Austria	273.959
3/16/06	3/16/06	Energio NV	Electric, Gas, and Water Distribution	Belgium	Theolia Benelux		Construction Firms	France	2.644
3/16/06		Tokyo Gas Co Ltd-Nagano Branch	Electric, Gas, and Water Distribution	Japan	Nagano Toshi Gas		Electric, Gas, and Water Distribution	Japan	
3/20/06		Hyflux Middle East LLC	Electric, Gas, and Water Distribution	Utd Arab Em	Istithmar PJSC		Investment & Commodity Firms,Dealers,Exchanges	Utd Arab Em	
3/21/06		Glow Energy PCL	Electric, Gas, and Water Distribution	Thailand	Ratchaburi Electricity		Electric, Gas, and Water Distribution	Thailand	

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



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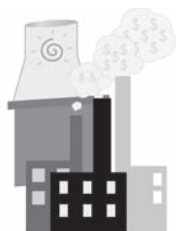
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Generation Auction & Sale Calendar

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		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
	CDECCA	Conn.	62	Gas		Negotiations Are Taking Place With
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	GE Agreed To Purchase Asset.
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

- **MidAmerican Energy** and **Xcel Energy** may be angling to take over **NorthWestern Corp.** (*Billings Gazette*, 3/19).
- **Hillsborough Resources** plans on teaming up with **AES Pacific**, a unit of Arlington, Va.-based **AES Corp.**, to build a coal-fired plant in northeastern British Columbia. The plant, to be named **AESWapiti Energy**, would include a 165 MW generation complex and a 35-km transmission line. It will be operated by **AES** (*Canadian Broadcasting Co.*, 3/21).
- Lexington, Ky.-based **NGAS Resources Inc.** has completed the purchase of a gas pipeline spanning parts of southeastern Kentucky and southwestern Virginia. The 116-mile line was acquired from **Duke Energy Gas Services** (*Associated Press*, 3/22).
- **Entergy Nuclear**, owner of Vermont's only nuclear power plant, will pay the states two largest utilities \$2.4 million to cover the cost of replacement power after a fire occurred at the Vernon facility. **Central Vermont Public Service Corp.** will receive \$1.6 million and **Green Mountain Power Corp.** will receive the balance (*Rutland Herald*, 3/22).
- Pineville, La.-based **Cleco Corp.** said its board has approved construction of a \$1 billion, 600 MW petroleum coke plant at the site of its existing mixed-fuel Rodemacher Power Station (*Associated Press*, 3/22).
- **Hawaiian Electric** wants to burn a blend of ethanol and naphtha at its planned 100 MW plant in Campbell Industrial Park. The plant, still awaiting approval from the state Public Utilities Commission, is scheduled to open in 2009 (*Honolulu Star-Bulletin*, 3/22).
- **Duke Energy** announced its selection of Cherokee County, S.C., as its preferred site for a new nuclear facility (*Expansion Management*, 3/23).

Europe

- CEO **Fulvio Conti** of **Enel** said Italy's largest energy company is committed to expand abroad, but he declined to say whether it will launch a takeover bid for French utility **Suez** (*Dow Jones Newswires*, 3/17).
- An **Endesa** unit said it is acquiring a 25.5% stake in **Olt Offshore**, a company planning to build a liquefied natural gas regasification plant off the Italian coast near Livorno (*AFX News Limited*, 3/17).
- Ukraine's prime minister declared the country must put aside

its concerns about nuclear energy and see it as a means to make money and reduce the ex-Soviet republic's energy dependence on Moscow (*Associated Press*, 3/17).

- Belgian Prime Minister **Guy Verhofstadt** plans to hold talks with **Gaz de France** and **Suez** to seek concessions on their French government-backed merger plan. **Suez** owns **Electrabel**, Belgium's largest power company, and **GDF** holds a sizable stake in its nearest domestic rival, **SPE** (*Dow Jones Newswires*, 3/20).
- Spain's **Gas Natural's** €22 billion bid (\$26.18 billion) for Madrid-based utility **Endesa** has been suspended by a Spanish court on the grounds it may violate European Union competition regulations (*The Wall Street Journal*, 3/21).
- Italian power company **Enel** mapped out an ambitious five-year route to European growth during a strategy presentation in London last week. **Fulvio Conti**, Enel ceo, said international acquisitions will be a key growth driver as he seeks to secure a leading position in the European energy market (*The Wall Street Journal*, 3/23).

Asia

- A Thai court nullified a planned \$850 million initial public offering of state power company **EGAT**, derailing the government's privatization plans. **EGAT** had planned to use the proceeds of its IPO to finance the construction of four new power plants in Thailand and invest in projects in Cambodia, China, Laos and Myanmar (*The Wall Street Journal*, 3/23).

Australia

- **Alinta**, Western Australia's largest natural gas retailer, made a hostile \$5.1 billion bid for **Australian Gas Light**, the nation's largest utility, adding another wrinkle in the cat-and-mouse between the two energy companies. Last week, Australian Gas countered a takeover offer by **Alinta** with one of its own bids to acquire the smaller company (*Bloomberg News*, 3/20).
- **Woodside Petroleum**, the operator of Australia's largest liquefied natural gas project, the North-West Shelf project, said it will shut down one of the project's four LNG processing trains for the three weeks of scheduled maintenance in May (*AFX*, 3/22).

Russia

- Russian President **Vladimir Putin** said plans to build two pipelines to bring natural gas to China have been initiated and agreement with **China National Petroleum Corp.** to jointly develop some of Russia's vast oil and gas reserves has been forged.

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Weekly Recap (cont'd)

CNPC officials also indicated their company might invest in **OAQ Rosneft's** \$20 billion initial public offering, planned for later this year (*The Wall Street Journal*, 3/22).

- Russia wants to play a greater role in developing China's fast-growing nuclear-power industry. Russian Foreign Minister **Sergey Lavrov** said China welcomes increased Russian participation in its nuclear power sector. China has said it plans to build 30 or more nuclear reactors during the next 15 years. It now has nine reactors at two plants (*The Wall Street Journal*, 3/23).

PRIMARY ENERGY

(continued from page 1)

Lehman, were not returned. American Securities is a private-equity investment vehicle for the **Sears, Roebuck** founders family. The shop is looking to sell its stake, which is believed to stand at more than 70%, for about \$440-450 million.

Primary Energy was founded by veteran power financier **Bill Rockford**. It owns and operates four recycled energy projects and has a 50% interest through an investment vehicle in a pulverized coal facility. The facilities are under contracts with **United States Steel**, **Ispat Inland** and **International Steel Group**.—*Peter Roth*

GMAC, COBANK

(continued from page 1)

officials at Xcel in Minneapolis were not immediately returned, nor were calls to San Jose, Calif.-based Calpine.

An official who has spoken to Calpine and the banks say the expansion would help address some of the Xcel unit's demand. Public Service already has a long-term PPA contract through 2013 at the facility and would likely take additional capacity added to the plant, observers say. Exactly how much additional power will be added is not clear.

Still, several hurdles must be overcome before anything

moves forward. Calpine had agreed to provide the turbines for the expansion and operate the plant—both areas of concern given that Calpine is in bankruptcy throes. Since a new manager/operator can be put in place if Calpine can no longer run the plants, the major issue is the turbines, which Calpine would have contributed as equity in the project.

GMAC and CoBank officials are hoping to find out if Calpine can supply the turbines without drawing the ire of the bankruptcy courts. The banks want to move forward with the deal in the next few months but its process of getting clearance is unclear.

Originally, CSG, a unit of Dallas-based **Beal Bank** provided a 15-year loan without general syndication. But the rates and terms of the debt are significantly less attractive than comparable construction loans being arranged now.

It is unclear how GMAC's plans to sell itself will impact its financing unit's business initiatives. —*Mark DeCambre*

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.

- **Midwest Renewable Energy Association** is hosting its 17th annual Renewable Energy and Sustainable Living Fair June 23-25, 2006. The Fair will again be held at the ReNew the Earth Institute, MREA's educational facility, in Custer, Wis. (just 7 miles east of Stevens Point). For additional information contact <http://www.the-mrea.org>.

Quote Of The Week

"When you look at other utilities, we're slightly more levered than other gas LDC utilities. That's part of dealing with growth."—**Ken Kenny**, treasurer of Las Vegas-based **Southwest Gas**, on why the company chose to issue equity over going to the debt market (see story, page 5).

One Year Ago In Power Finance & Risk

Aquila had tapped **Lehman Brothers** and **The Blackstone Group** to act as its advisors on the possible sale of utilities in five states. [WPS Resources bought two of the five utilities Aquila was selling for \$588 million, which it funded by selling common shares and issuing equity (PFR, 12/05).]

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