

power finance & risk

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Exelon To Unload Mexican Plants

Exelon is looking to unload its stake in two Mexican plants it acquired as a result of its 49.9% purchase of **Sithe Energies** in 2000.

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Morgan Shakeup May Affect Commodities Plans

The recent management shakeup at **Morgan Stanley** could impact the expansion plans in place for commodities trading.

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EXELON, PSEG LINE UP PLANT SALES

Exelon and **Public Service Enterprise Group** will shed two coal-fired and two gas-fired plants to appease regulators about market share issues resulting from their planned merger. On the block will be Exelon's 1.5 GW Eddystone facility near Philadelphia and PSEG's 775 MW gas-fired cogeneration plant in Linden, N.J. **Stephan Segouin**, v.p. of corporate development and head of mergers and acquisitions for Exelon, declined to comment. Calls to **Paul Rosengren**, a spokesman at PSEG, were not returned.

Company officials in late March met at New York's Marriot Marquis to hear pitches from

(continued on page 11)

DEUTSCHE BANK BIGGIE JUMPS TO CAXTON

Deutsche Bank trading bigwig **Robert Jonke**, who was named commodity chief in 2003, has jumped over to **Caxton Associates**, the \$11 billion hedge fund run by industry luminary **Bruce Kovner**. New York-based Caxton is the largest hedge fund in the world and has a strong commodities focus, which includes power trading. Calls to Jonke were not returned nor were calls to **Tanya Styblo Beder**, managing director at Caxton. Jonke left in mid March and has not yet been replaced.

(continued on page 12)

DEVELOPERS COMB FINANCING FOR \$400M GOLDEN STATE HYDRO UNIT

Developers **Nevada Hydro Co.** and the **Elsinore Valley Municipal Water District** are searching for debt and equity for a \$400 million hydroelectric plant above Lake Elsinore in southern California. The venture hopes to leverage the nascent 500 MW LEAPS project by about 70-80%, says **Rexford Waite**, v.p. at Nevada Hydro in Vista, Calif.

The developers want construction financing that automatically converts into permanent

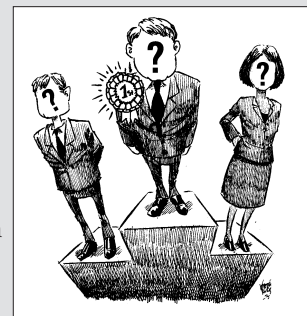
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PFR Project Finance Awards

CALPINE, ASTORIA PLANT DEALS LAND FINANCING NOMINATIONS

A funky \$2.4 billion non-recourse loan sponsored by Calpine, **SCS Energy's** \$700 million B-loan financing for its 1 GW Astoria plant and **GC Power Acquisition's** loan for **Texas Genco Holdings** are among the handful of North American deals to draw nominations for **PFR's** Fourth Annual Power Project Finance Awards. Six transactions booked in 2004 are in the running for the top prize which will be revealed April 25.

For full awards coverage, see page 6.



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

Xcel Pitches \$1B Revolver Package

Xcel Energy is syndicating a \$1 billion in senior unsecured facilities to refinance short-term debt at subsidiaries **Public Service Company of Colorado**, **Northern States Power Co.** and **Southwestern Public Service**. The revolvers replace 364-day facilities totaling \$775 million with new five-year lines, says **George Tyson**, treasurer at Xcel in Minneapolis. Proceeds will be used for capital expenditures, says Tyson. He declined to comment on pricing details.

Public Service and Northern States will take \$450 million and \$325 million portions. Pricing will be 15 basis points over LIBOR undrawn, 57 1/2 points first drawn and 70 basis points fully drawn, according to a banker familiar with the deal. Southwestern's \$225 million revolver will be priced at 1/8 over LIBOR undrawn, 47 1/2 first drawn and 60 basis points fully drawn. **Wells Fargo Bank** is sole lead arranger and bookrunner for the Northern States. **Scott Bjelde**, v.p. at Wells Fargo in Minneapolis, declined to comment. **JP Morgan** and **Bank of New York** acted as co-leads and joint bookrunners for Public Service and Southwestern Public. Officials at both banks declined to comment.

The deal was launched March 24 and is scheduled to close the third week in April. About 25 banks might ultimately be asked to participate, says one industry watcher.

Public Service's debt is rated Baa1 by **Moody's Investor Services** and BBB- by **Standard & Poor's**. Northern's debt is rated A3 by Moody's and BBB- by S&P and Southwestern's debt is rated Baa1 by Moody's and BBB by S&P.

Exelon To Bid Hasta Luego To Mexican Units

Exelon is looking to unload its stake in two Mexican plants it acquired as a result of its 49.9% purchase of **Sithe Energies** (PFR, 6/23/03) in 2000. Exelon is selling its position to focus more closely on its U.S. assets, says an official close to the matter. Paris-based developer **Alstom France** owns the remaining stake in the plants. **Severine Gagneraud**, a spokeswoman for Alstom, did not return calls. **Stephan Segouin**, v.p. of corporate development and head of mergers and acquisitions for Exelon, declined to comment.

The Mexican assets include twin 230 MW coke-fired plants known as **Termoeléctrica del Golfo** and **Termoeléctrica Penoles** in the central state of San Luis Potosí. The Golfo plant provides power to five Mexican cement companies under long-term PPAs, while Penoles sells power to metals refinery **Met-Mex Peñoles**. Both built in 2004, Golfo was constructed for about \$369 million and Penoles cost about \$260 million to develop.

An Exelon team led by CFO **Barry Mitchell** is considering **ABN AMRO**, **BNP Paribas**, **Citigroup** and **Credit Suisse First Boston** to lead the sale, says the official. Exelon plans to select the lead bank or banks next month.

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? As we enter our 24th year of providing breaking news to the fixed income community, the staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iinews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Leads Near Close For \$300M Southwest Line

Lead arrangers **Bank of New York** and **Banc of America** are set to wrap syndication of a \$300 million unsecured revolving credit facility for **Southwest Gas**. The five-year revolver, which is anticipated to close Wednesday, replaces an existing \$250 million, three-year facility inked last May, says a banker following the deal. Calls to **George Biehl**, cfo at the natural gas utility in Las Vegas, were not returned.

The new line has an unused fee of 15 bps over LIBOR and a spread of LIBOR plus 62 1/2 for first drawn and a utilization fee of 1/8, compared to the old facility which had a 20 basis points undrawn fee, a 15 basis point utilization fee and a 7/8 first drawn fee. According to documents filed with the **Securities and Exchange Commission**, about \$150 million of the original line was earmarked for general corporate purposes while the remainder was pegged for short-term funding.

JP Morgan, **Key Bank** and **Union Bank of California** acted as documentation agents on the deal. Bank allocations could not be determined. Other banks involved in the syndication include **KBC**, **US Bank** and **Mellon Bank**.

Calpine Syndication Rolls For Texas, Minn. Facilities

Calpine has launched retail syndication of a \$503 million project loan via leads **Calyon** and **CoBank** for a pair of contracted, natural-gas fired plants in Texas and Minnesota. The debt for vehicle **Steamboat Holdings** includes a \$466 million term loan and a \$37 million letter of credit to fund construction of the Mankato and Freeport facilities. Commitments are expected mid-month with about 15 lenders expected to participate, one banker says. A message left with **Bob Kelly**, cfo in San Jose, Calif., was not returned, nor was a call to **Brian Harenza**, v.p. of finance.

The five-year loans are priced at LIBOR plus 175 basis points escalating to a 200 basis point spread as it matures. Tier one lenders will take \$35 million slices of the deal, tier two lenders will take \$25 million chunks with \$15 million portions being handed out to the remaining institutions, the banker explains.

A phalanx of lenders, including **United Financial of Japan**,



Mankato Plant

HypoVereinsbank and **HSH Nordbank**, all of which have worked with the San Jose, Calif.-based IPP in the past are co-arrangers (PFR, 1/24). Officials at the banks either declined to comment or did not return calls.

Underpinning the construction of the Mankato and Freeport projects are long-term power purchase agreements supplied by **Dow Chemical**, which inked a 25-year agreement at the 250 MW Freeport facility and **Xcel Energy**, which has a 20-year PPA in place at the 365 MW Mankato Power project. Both plants are expected to be fired up in 2006.

Allied Irish Plots Houston Shop

Allied Irish Bank plans to open an office in Houston focused on its growing energy and utilities unit. The Dublin-headquartered lender, which launched its project finance operation in New York about four years ago, wants to be closer to the action where many of the major energy outfits are based, says **Vaughn Buck**, head of the energy and utilities group in New York. "You miss a lot of deals when you're not in Houston. You can see half of your clients just eating lunch," he quips. The plan is to hire one or two v.p.-level executives, he notes, and it has yet to hold discussions with candidates.

AIB has been seeing a steady increase in its U.S. energy business lending portfolio, which presently is at about \$800 million, Buck says. "What we have done is upsized our tickets," he comments, adding it recently took a \$50 million slice of a loan for an energy holding company. He declined to identify the deal given that it had not closed.

Last year, the bank hired **Rob Moyle** as a senior banker in New York from **Dresdner Kleinwort Wasserstein** (PFR, 3/21/04).

NRG Chases Debt, Equity For Big Cajun

NRG Energy is hunting for equity partners and limited-recourse financing to fund an expansion of its 675 MW Big Cajun coal-fired facility in Point Coupee Parish, La., **David Crane**, president, told analysts during a conference call late last week the \$1.2 billion project should be fully permitted soon, without providing further details. **Meredith Moore**, spokeswoman at the IPP's Princeton, N.J., headquarters was unable to comment by press time.

A timetable for construction will depend on how quickly NRG can obtain a PPA and snare financing, Crane said, adding it hopes to begin construction by year-end or early 2006.

NRG has a conservative debt-to-equity ratio and sufficient cash flow to warrant the project, comments **Daniele Seitz**, v.p. and senior analyst at **Maxcor Financial** in New York.

Power Duo Exits Pace Global

A pair of executives running the Pace Global Energy Services power and energy due diligence unit has left the Fairfax, Va., consultant. Managing director **Richard Ashby** and **Paul Meyers**, v.p., departed last week. The reason for the departures could not be determined. Contacted on his mobile phone, Ashby declined to comment while Meyers could not be reached. Calls to CEO **Tim Sutherland** were not returned.

Ashby, who worked at the firm for about five years, and Meyers, who put in about 15 years, consulted on several high-profile deals during their tenure including **Calyon's** refinancing of the initial construction phase of a 1 GW Queens plant for **Astoria Energy** (PFR, 3/28).

Cantor Sees Utilities Opportunity

Marc Blazer, head of **Cantor Fitzgerald's** growing investment banking team, is betting on an increased pickup in business coming from the utilities sector in the next few years. He just hired **ABN Amro's Brent Lewis** to be a managing director specializing in utilities and structured finance. Lewis joins **Scott Sommers**, a utilities managing director based in Los Angeles, who joined from **Mellon Bank** in December. The new hire will also add debt and structured finance capabilities to the group which has so far has been almost exclusively focused on equity capital markets transactions.

"[The utilities sector] will be ramping up their capex over the next few years" as they move to replace and upgrade outmoded infrastructure, says Blazer, adding demand for power outstrips supply in many parts of the country. A utilities specialist at another firm agreed there are large financing requirements going forward as utility players move to upgrade inefficient plants, but adds the top priority is likely to be in financing transmission upgrades.

Lehman ABS Pro Joins Beltway Startup

John Fernando, a senior v.p. in **Lehman Brothers'** asset-backed securities group, has joined as a partner at **Viafinance**, a startup in Washington, D.C., that will specialize in securitizing legal fees and other esoteric assets as well as providing advisory services for electric utilities.

"We're buying legal fees from attorneys and turning around and accessing the capital markets to fund the acquisitions," says Fernando. **Michael Maher**, one of the firm's three partners, will be particularly useful in finding new business as he is the president of the **Association of Trial Lawyers of America** and was involved in bringing government lawsuits against tobacco companies, he adds. The third partner, founder **Frank Gren**,

formerly worked at **Galway Partners**, an executive search firm, and prior to that at **Morgan Stanley**.

Viafinance's other line of business, which will be more relevant to Fernando area of expertise, will be in providing advisory services to state utilities on structured financing techniques for stranded costs and transition bond sales.

Developer Looks For Ariz. Wind Farm Equity

Verde Resources, a subsidiary of British Columbia-based developer **Western Wind Energy**, is on the prowl for an equity investor to take a stake in a 15 MW wind facility in Arizona. The firm is looking to sell a 99% interest, says **Mike Boyd**, president in Tucson, declining to release specifics about potential returns. Verde is looking for an investor who wants to utilize the production tax credit, he adds.

Several investors have shown interest in the \$18 million Kingman project, which is located between the town of Kingman and Lake Meade, but Boyd declined to identify parties. The investor will enter the scene in about six to nine months once the permitting process is complete, he adds. Boyd says the farm is fully contracted under a 10-year PPA with **Arizona Public Service**. The company also plans to bid on a **Tucson Electric Power** request for proposal for 30 MW, he adds, noting that this would be served from the Kingman site which has the potential for 400 MW if necessary.

Exelon Seeks Analyst, Trading Slots

Exelon is looking to hire several analysts and traders who will be based in Boston and Kennett Square, Pa. The Chicago-based energy holding company is seeking two fuels traders and two operations area analysts, in addition to analysts in fuel, risk and a financial planning, says a recruiter familiar with Exelon's plans. It was not clear if these are new or existing positions. **Gary Snodgrass**, executive v.p. and chief human resources officer, did not immediately return a call for comment.

The fuels analyst will be responsible for developing short-term forecasts for domestic and international coal, oil, natural gas and emissions markets, while the fuel traders will price transactions among other duties. The risk staffer will be part of **Exelon Generation** wholesale power marketing and trading group.

The operations area analysts will conduct financial analysis and accounting for various operations areas within **Exelon Power**, the unit that oversees Exelon's fossil, hydro and renewable energy projects, while the financial planning analyst will lead long-term planning and benchmarking efforts.

Corporate Strategies

EIF Goes Private For Bay Area Plant

Energy Investors Fund has privately placed \$295 million in 20-year senior secured notes to refinance debt associated with its 240 MW Crockett Cogeneration facility. The fund manager's previous loan matured in 2014 and had onerous cash reserve requirements, says **Mark Segel**, partner at its Boston offices. The new bonds mature in 2025, one year prior to the expiration of the plant's power purchase agreement with **Pacific Gas & Electric Company**, he says. The Crockett is located in Crockett, Calif., just outside of San Francisco.

The bonds were priced at 140 basis points over Treasuries, Segel says, declining to provide specifics about the offering including the coupon. "The interest rate wasn't the driver," he notes. "The driver was stretching the maturity date to better coincide with the power purchase agreement." **BNP Paribas** led the deal because it has worked with Energy Investors on past financings related to Crockett, he adds.

The offering's favorable rating, Baa3 and BBB by **Moody's Investor Services** and **Standard & Poor's** respectively, spurred demand, says **Timothy Vincent**, director of project finance at BNP in New York. The bonds were placed with a mix of undisclosed insurance companies and retail buyers, says Segel.

Mining Co. Lands Plant Debt



Thomas Mahoney

Newmont Mining has issued \$600 million in bonds to fund the construction of a planned 200 MW inside-the-fence coal-fired plant in Boulder Valley, Colo. The Denver-based gold mining outfit tapped the 30-year 5 7/8% notes because it was an attractive long-term financing option despite volatility in corporate bond spreads over the past few

weeks, says **Thomas Mahoney**, v.p. and treasurer. Newmont also was encouraged by an upgrade of its credit rating by **Standard & Poor's** and **Moody's Investors Service**, to at BBB+ and Baa1.

The gold miner chose a 30-year bond in order to match its debt terms with the expected life of its planned coal facility. "The incremental delta between the 20-year and the 30-year bond was also small," Mahoney adds, explaining why he chose to lock in at a longer maturity with a slightly higher coupon over issuing a shorter-termed note. Among its financing possibilities, the company also considered project debt but viewed that option as a more costly alternative to issuing bonds.

Proceeds will fund the \$420 million plant, with the remainder pegged for capital expenditures including upgrades to a mining project in Ghana. Its bond offering was led by joint bookrunners

Citigroup and **JPMorgan Chase**, which have been longtime relationship banks, according to Mahoney. **UBS** was a joint lead manager on the deal.

Permits and approvals for the Nevada facility are still being hashed out as is an agreement with Reno-based **Sierra Pacific Power Company** to plug the plant into its local grid and provide backup power, notes Mahoney. Groundbreaking should in the second half with completion slated for 2008.

Consumers Takes Aim At High-Rates

Consumers Energy has issued \$300 million of first-mortgage bonds to pay down higher-rate debt. The Jackson, Mich., utility arm of **CMS Energy** is taking advantage of prevailing low interest rates and extending the tenor of its existing debt, particularly in light of the **Federal Reserve Board's** plans to raise rates at a measured pace, says **Jonathan Cho**, director of the global power group at **Fitch Ratings** in New York. **Jeff Holyfield**, CMS Energy spokesman, declined comment on the company's plans.

Proceeds will be used to pay down almost all of its outstanding 6.25%, five-year senior notes due 2006. The new notes carry a 5.25% coupon and are priced at 99.604. The bonds, which mature in 2020, are callable at make-whole plus 20 bps.

Barclays Capital, **JPMorgan Securities** and **Merrill Lynch** led the offering.

Progress Utility Takes Out Debt

Progress Energy Carolinas has placed \$500 million in first-mortgage bonds to expunge maturing higher-rate debt and pay down commercial paper. The bulk of the debt at the utility subsidiary of **Progress Energy**, outstanding debt was set to mature April 1, says **Sharon Bonelli**, an analyst for **Fitch Ratings** in New York. **Tom Sullivan**, treasurer at Progress in Raleigh, N.C., was on vacation last week and could not be reached. **Garrick Francis**, a spokesman for the company, did not immediately return a call for comment.

The notes were divided into \$300 million 10-year notes with a 5.15% coupon and \$200 million in 30-year notes bearing 5.7% coupon. Progress most likely decided to stagger the maturities, in light of the relatively attractive pricing available for longer-term debt, Bonelli explains. **Citigroup** and **JPMorgan Securities** led the deal, which was priced at 99.905 for the 10-year and 99.741 for the 30-year.

Progress Energy Carolinas has \$90 million of commercial paper outstanding. The new notes will replace \$300 million of five-year senior notes priced at 7.5%. The issuance is not expected to impact Progress Energy Carolinas' bond ratings.

PFR'S FOURTH ANNUAL POWER PROJECT FINANCE AWARDS

THE NOMINATIONS



PFR is unveiling the nominations for its annual awards recognizing the most innovative and noteworthy project finance deals.

Power project finance is nowhere near reaching the stellar heights of the late 1990s, particularly in the North American market. But the signs of life are getting stronger as this year's nominations attest. A number of big ticket deals hit the market in 2004 and they also invariably landed in the B-loan market. While some project finance purists bemoan the shift, others are jumping in and signing up for what remains non-recourse asset-based financing.

Winners will be unveiled in our April 25 issue. To have your say e-mail Managing Editor Mark DeCambre at mdecambre@iinews.com.

Best Americas

Sponsor: **Calpine**

Assets: 14 U.S. Generating Plants

Lead: **Morgan Stanley**



Calpine's \$2.4 billion package of secured loans and notes refinanced its mega-construction revolver CCFC II and the refi won plaudits from financiers who at the very least cite its size. But the deal for subsidiary **Calpine Generating Co.** also got the thumbs up from some

because of its structure and the difficult genesis it had to overcome. The debt deployed a spark spread hedges, which have been wrapped into refinancings before, but they aren't routine and have not been deployed in a deal of this size before.

The deal was a reworking of a planned **Deutsche Bank**-led refinancing (PFR, 2/9/04). The San Jose, Calif., IPP pulled that offering as investors balked at the spread. Even with that troubled lineage, the CalGen paper was placed by new lead **Morgan Stanley**. On the negative side Calpine paid up: the \$680 million third priority loan was priced at LIBOR plus 900 basis points, and the equivalent \$150 million of notes carried a 11.5% coupon (PFR, 3/29/04).

Sponsor: GC Power Acquisition

Asset: Texas Genco Holdings

Leads: **Goldman Sachs, Morgan Stanley**

The \$3.5 billion financing backing the acquisition of **Texas Genco Holdings**, which owns a 14.2 GW generation fleet in Texas, was a watershed deal. The B loan underscored the increasing blurring of the line between the formerly separate high-yield and traditional non-recourse markets, bankers say.

The financing supported the acquisition by GC Power Acquisition a vehicle for a private equity backers **The Blackstone Group, Hellman & Friedman, Kohlberg Kravis Roberts & Co.** and **Texas Pacific Group** (PFR, 10/18). "This deal is more

representative than any other deal of LBO funds coming into the utility markets," says **Dan Morash**, managing director at **CIT Group** in New York, which was a joint bookrunner along with **Deutsche Bank**.

Sponsor: **SCS Energy**

Asset: 500MW Astoria Energy

Lead: **Credit Suisse First Boston**

The \$700 million Astoria deal was the first high-yield B loan to fund the construction of a generation facility (PFR, 3/8). That's a landmark in itself some say. "If you were taking bets in Vegas around the early parts of 2004, you would've gotten great odds betting in favor of the deal," says **Steve Greenwald**, managing director at lead CSFB, referring to the skepticism is some parts of the market the deal would get done at all.



Astoria Energy

The loan 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 at an 875

"If you were taking bets in Vegas around the early parts of 2004, you would've gotten great odds betting in favor of the deal."

—**Steve Greenwald** managing director at lead CSFB

basis points spread. The deal financed the construction of a 500 MW facility in Queens, New York City.

PFR'S FOURTH ANNUAL POWER PROJECT FINANCE AWARDS

THE NOMINATIONS

Sponsor: **Mitsubishi, Kyushu Electric Power**

Project: Tuxpan V

Leads: **Bank of Tokyo-Mitsubishi, Mizuho** and **Standard Chartered Bank**



Tuxpan Plant

The \$300 million construction financing for the 495 MW Tuxpan V project in Veracruz, Mexico gets props from market participants largely because it is the first independent power project to get permanent

financing in Mexico before construction was even wrapped (PFR, 3/11). Completing power projects south of the border still involves a lot of hand wringing given the government owned **Comisión Federal de Electricidad's** restrictions and timetable.

Under the terms set by the government utility, the developers had three and a half months to ink financing. That represents about a third of the time it usually takes for a Mexican project to be permanently funded. Tuxpan V is underpinned by a Power Purchase Agreement with CFE for 100% of the output.

Best Renewables

Sponsor: **Brascan**

Assets: Upstate New York Hydro Plants

Leads: **ABN Amro, Citigroup**

The \$500 million loan marked the first post-**Enron** merchant non-recourse deal, according to its supporters. Sponsor Brascan used the proceeds partly to bankroll the acquisition of \$900 million of 71 hydro assets from **Reliant Energy**. The **BPC NY Holding** loan has a two-year maturity and will be refinanced in the bond market (PFR, 9/3).

While the merchant description is correct the package is far from the classic pre-**Enron** merchant deal, which the market doesn't expect to see again. Its maturity is too short and the portfolio isn't gas-fired and so has no commodity input risk.

Sponsor: **Ormat Technology**

Asset: 132.5 MW **Ormat Funding Corp.**

Lead: **Lehman Brothers**



Ormat Geothermal Plant

Ormat Funding Corp., a subsidiary of Sparks, Nev.-based **Ormat Technology**, managed to place \$190 million of 8.25 % non-recourse notes despite having a sub-investment grade offtaker and the fact it deployed a relatively

unfamiliar technology. "There was a lot working against it," says **Jack Paris**, v.p. in the global power group at lead Lehman.

The holding company, Ormat Funding, owns five geothermal plants spread throughout Nevada and California: Steamboat I/II, 5.3 MW; Steamboat II/III, 28.6 MW; Ormesa,

52.4 MW; Brady, 20.4 MW and Mammoth, 25.8 MW. Proceeds from the 17-year notes were used to acquire the projects, pay down debt and enhance existing projects. The first time issuer was working under a strict time constraint, needing to secure proceeds for the acquisition of its Steamboat facility. Lehman closed the private deal in February 2004.

Sponsor: Consortium led by **Empresas ICA Sociedad Controladora**

Asset: 750MW Plant in Nayarit, Mexico

Leads: **WestLB, Citigroup**



El Cajon

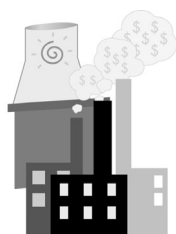
The hydroelectric plant is the largest in Mexico and was financed through a \$683 million loan and the first major bond transaction for a Mexican project since 1998. WestLB led the loan and teamed up with Citi for a \$230 million senior secured

note offering for **Constructora Internacional de Infraestructura** to help fund the two-unit, 750 MW plant.

The sponsor was a consortium led by Mexican construction company **Empresas ICA Sociedad Controladora** (PFR, 3/24).

Last Shot

PFR will post nominations for Best European and Middle East project finance awards in the power sector on April 18. Send submissions to **Mark DeCambre**, managing editor, at mdecambre@iineews.com.



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		
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 (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (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	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Dept Portion. (PFR, 12/27)
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	None	Ongoing.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif.	48	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April. Looking To Exit Generation Business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention To Sell.
	Crockett	Calif.	240 (24%)	Gas		
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		

Generation Auction & Sale Calendar (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.
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		
InterGen	La Rosita	Mexico	1,100		Citigroup	Closing In On Buyer.
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	El 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 Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.

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.

North America

- **Chevron Pipe Line Co.** denied allegations that a 70-year-old, leaky gas pipeline in East Texas was the cause of nearby residents' bleeding bladders, nausea and chronic headaches. Close to 300 property owners in Angelina County have joined the lawsuit against Chevron, alleging the company knew the old leaks polluted soil, groundwater and air with benzene, lead and other harmful chemicals (*Associated Press*, 3/28).

- The mega wind farm **MidAmerican Energy Co.** is erecting in Iowa will cover the next 20 years, earn the Des Moines-based utility more than \$300 million in tax benefits (*Omaha World-Herald*, 3/28).

- **Mirant** wants to file a \$1.6 billion fraudulent conveyance lawsuit against former parent **Southern Co.** The bankrupt Atlanta IPP plans to sue Southern over stock transfers and a loan repayment before and after Southern spun it off in 2001, court documents show (*The Deal*, 3/28).

- A subsidiary of **Enbridge Inc.** has bought the remaining 20% it didn't already own in **Garden Banks Gas Pipeline LLC**, a pipeline which connects natural gas from offshore Louisiana with four interstate pipelines. **Enbridge (Offshore) Gas Transmission LLC**, a subsidiary of the Calgary-based energy distributor, bought the stake from an affiliate of **Amerada Hess** (*Canadian Press*, 3/28).

- **Wisconsin Energy** and Wisconsin state regulators asked the state Supreme Court to give the green light to build two coal-fired power plants at the site of an existing plant in the Milwaukee suburbs. A Dane County judge had previously decided to pull the plug on the project after he found the **Public Service Commission** failed to follow state law in approving it (*Associated Press*, 3/30).

Asia

- China's **State Grid**, which owns and operates more than half the country's power grid, decided to cancel plans to sell 11 power plants, said a person familiar with the situation, since the chief wants to keep a grip on the money-making plants and ensure electricity supply. Last year, the company decided to sell the plants in an effort to raise about \$2 billion to fund its cash starved transmission grids (*The Standard*, 3/31).

- Indian Petroleum Minister **Mani Shankar Aiyar** is toying with the idea of routing an Iran-India gas pipeline through thickly populated areas of Pakistan to minimize the risk of terrorist attacks. Aiyar suggested gas should move along the Makran coast, past Guadar, through Hub Chowk, into Karachi and beyond to Umarkot and from there to Munnabau-Kokharabad crossing, ministry officials said (*Malayala Manorama*, 3/30).

- China has begun operating a trash-fueled power plant in Chongqing Municipality in the country's southwest region. The plant is expected to run off of the areas daily waste but local experts worry the plant may have problems receiving trash that has been properly processed (*China View*, 3/28).

- Negotiations concerning the import of 1,000 MW of electricity from Tajikistan will be held between the Pakistani and Tajik authorities next week in Tajikistan. A delegation led by Pakistan's minister for water and power, **Liaquat Ali Jatoi**, is visiting Tajikistan on the invitation of the Tajikistan to discuss the matter (*AsiaPulse*, 3/28).

- Despite the government's firm resolve to make Taiwan a nuclear-free country, it will be impossible for it to phase out nuclear power in the next 10 years, Minister of Economic Affairs **Ho Mei-yueh** said last week. Ho made the remarks at the Legislative Yuan after opposition New Party legislator Lai Shyh-bao raised questions about the government's nuclear power policy during an interpellation session (*BBC Monitoring Asia Pacific*, 3/28).

Europe and The Middle East

- Just one day after repairs to the route connecting an oilfield west of Kirkuk to a refinery in Baiji, attackers blew up the pipeline that transfers the commodity. Oil exports from Kiruk to Turkey have been shut down due to attacks. Iraqi officials estimate that losses resulting from attacks fall between \$7 billion and \$8 billion since the fall of **Saddam Hussein's** government in April (*Aljazeera.net*, 3/27).

- Spanish company **Acciona** made a \$700 million friendly takeover bid for **Pacific Hydro** but is headed for a wrangle with the Australian wind farm group's largest shareholder. The offer is conditional on 90% shareholder acceptance as well as **Foreign Investment Review Board** and regulatory approvals (*The Daily Telegraph*, 3/30).

Morgan Stanley Shuffle May Impact Its Commodity Plans

The recent management shakeup at Morgan Stanley could impact the expansion plans in place for commodities trading, which includes power. **Simon Greenshields**, global head of gas, power trading and originations in Purchase, N.Y., says executives will be powwowing about strategy. "We will get together and figure out how we will execute the business," says Greenshields. "As with any changes, we need to adapt."

The 215-strong commodities desk has been in a growth mode over the past few years and had been eyeing a build-up of its power and energy in response to oil and gas volatility (PFR, 3/28). But last week's announcement by CEO **Phil Purcell**, naming COO **Stephen Crawford** and fixed-income head **Zoe Cruz** as co-presidents to replace President **Stephan Newhouse**, created a domino effect. Global commodity head **Neal Shear** was promoted to head of fixed income and 20-year Morgan Stanley veteran **John Shapiro**, who had worked alongside Shear, has been named new commodities head.

"We will revisit our plans to see if we need to make any further adjustments in light of recent developments," Greenshields says. Slack performance in its brokerage business makes Morgan Stanley's commodities operation a key unit, observers say.

EXELON, PSEG

(continued from page 1)

M&A bankers at **Credit Suisse First Boston**, **Lazard Frères**, **Citigroup**, **Deutsche Bank** and **Bank of America**, all hoping to land the sales assignment. Although **JPMorgan Chase** and **Lehman Brothers**, which advised on the corporate-level merger, did not attend the meeting, they also are being considered, one banker says. The companies will hold second round interviews in Chicago early next month. **Lazard**, **Citigroup**, **JPMorgan** and **Lehman** are considered frontrunners to lead the deal, says the official. Bank officials did not return calls for comment. The bank interviews are being led by **Mac McFarland**, v.p. at Exelon, who did not return calls.

Because of concerns over a potential conflict of interest, the companies favor firms that do not have strong energy trading operations. "We don't want [banks] helping us sell these plants and then trading against them," says one participant. By late May, Exelon and PSEG also intend to pinpoint another two additional plants they will divest, focusing on peaking and mid-merit facilities. The companies will probably sell an additional gas plant and coal-fired plant, according to the official.

A handful of energy players have been vocal about their

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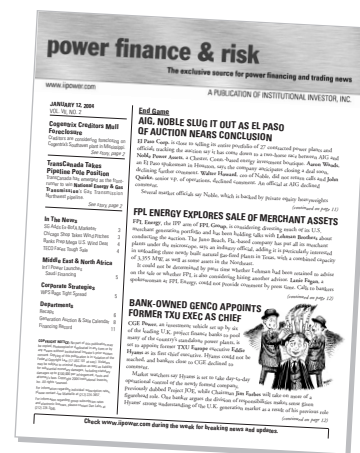
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Financing Record (MARCH 23 -MARCH 29)

Debt

Issue Date	Issuer	Business Description	Amount (\$ Mil)	Coupon (%)	Security	Maturity	Offer Price	YTM (%)	Spread	S&P	Moody's	Fitch
3/23/05	PNM Resources Inc	Electric utility	215		Mand Cvt Pfd St		50	6.75		NR	NR	NR
3/29/05	KeySpan Corp	Pvd gas,electric svcs	300	5.803	Notes	4/1/35	100	5.803	95	A	A3	A-

interest in plants Exelon might shed as a part its merger. Along with Semptra Global (PFR, 3/18), TXU, NRG Energy and Carlyle/Riverstone have also courted Exelon about its plants, observers say. **Chris Schein**, a spokesman for TXU, declined to comment. **Meredith Moore**, a spokeswoman for NRG, and **Michael Hoffman**, a managing director with Carlyle/Riverstone, did not return calls.

—Christine Buurma

DEUTSCHE BANK

(continued from page 1)

He was named commodities head when Deutsche Bank reshuffled the global commodity group to focus on the energy business and North America. He was previously an oil trader with Cargill Investor Services in New York.

—C.B.

DEVELOPERS COMB

(continued from page 1)

funding with a 20- or 30-year tenor, he says. Calls to **Mary Brown**, spokeswoman at the Water District, were not returned.

David Kates, project manager and financial advisor at Nevada Hydro, says the team has been discussing tolling agreements with **Coral Energy**. Waite also notes discussions with prospects about PPAs are also being held but declined to identify parties. A combination of a PPA, tolling agreement and merchant operation is a possibility. Calls to Coral officials in Houston offices went unreturned.

Funding for a transmission line to be constructed has been secured by a rate increase by Elsinore Valley, says Waite, and the lines should be operational by mid 2007 with the two-phase project going on line between 2009-2010. The company expects

Federal Energy Regulatory Committee approval for both projects around March 2006.

A handful of Native American tribes have contacted the venture about providing on the deal but Waite declined to name them or say how much they were interested in putting up.

—Raquel Pichardo

Alternating Current

Waterlogged

There's no place like home for **Vaughn Buck**, head of the energy and utilities group at **Allied Irish Bank**. For five days of the week, the affable and outspoken Buck calls a 30-foot Catalina docked at Lincoln Harbor Marina on the Hudson River home. "It's cheap rent," he jokes, noting he pays some \$350 for the



A Catalina (But Not Buck's)

Marina slip. The AIB pro, who took a gig in Maryland in early 2001, opted not to uproot his family when AIB tapped him to be its head in New York three years ago.

Quote Of The Week

"You miss a lot of deals when you're not in Houston. You can see half of your clients just eating lunch."—**Vaughn Buck**, head of the energy and utilities group at **Allied Irish Bank** in New York, on the bank's decision to open an office in the Lone Star State focusing on growing its energy and utilities unit (see story, page 3).

One Year Ago In Power Finance & Risk

TNP Enterprises, the parent of Texas-New Mexico Power, had put itself up for sale and hired **Goldman Sachs** to advise. Once word of the sale leaked, more than half a dozen utilities and private equity firms had approached TNP saying they'd be interested in acquiring the company. [PNM Resources agreed to purchase Fort Worth, Texas-based TNP in July for \$189 million (PFR, 3/14). At the time, PNM said regulatory approval for the acquisition could take up to a year.]

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