

# power finance & risk

The exclusive source for power financing and trading news

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## Web Exclusives

**AES's** \$1 billion of non-recourse notes tied to its DRAX power station have been pummeled by the bond market because of fears over the credit-worthiness of the U.K. coal-fired plant and its cash-strapped sponsor. At least one of the tranches is trading more than 50% below face value.

**Scott Putnam**, part of the team that fired up **Hess Energy Trading Co.**'s weather unit, is set to leave the firm, according to an official familiar with his plans.

For the full stories, go to *PFR's* Web site ([www.iipower.com](http://www.iipower.com)).

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## TRANS-ELECT SEEN BUYING DETROIT WIRES BIZ

Trans-Elect, the only for-profit independent transmission company in the U.S., has entered talks with DTE Energy about buying its transmission unit, **International Transmission System Co. (ITS)**, and could announce a deal within the next two weeks, says a banker close to one of the parties. **Lewis Layton**, a DTE spokesman, denied the merger talk. He also refused to comment on the size of ITS, the transmission business of DTE utility arm **Detroit Edison** that was spun off into a separate entity last year to comply with **Federal Energy Regulatory Commission** guidelines. *PFR* was unable to ascertain the likely sale price by press time.

If Trans-Elect is successful in landing DTE's Michigan-based transmission business, it will be a major landmark for the privately owned company. Since it launched back in 1999 with ambitious plans to spend some \$15 billion on transmission assets in the rapidly

*(continued on page 8)*

## FPL HITS THE STREET TO DRUM UP SUPPORT FOR LANDMARK JUMBO REVOLVER

FPL Energy is edging closer to launching a \$2-2.5 billion non-recourse construction revolver, with company officials making the rounds in New York last week to drum up support for the four-plant financing. Bankers see the project loan as a landmark deal because it'll be the largest so far this year in the power sector and also could be one of the last jumbo revolvers for a while, given the scaled back construction plans of many plant developers.

The exact size of the facility hasn't been determined because the company is sounding out the market before finalizing the structure of the five-year loan, says one banker looking at a co-arranger slot. The deal is being penciled in for launch in May, adds another banker who met FPL last week.

Although the pre-launch pitching has been extensive, there has been no price talk as yet.

*(continued on page 8)*

## DUKE ENTERS WEATHER MARKET; EXECUTES FIRST TRADES

Duke Energy has launched a weather derivatives desk and executed its first transactions on the **IntercontinentalExchange (ICE)** April 2. **Dan Cook**, director-financial trading in Salt Lake City, says the desk will incorporate a "healthy mixture" of hedging the energy giant's generation portfolio and taking speculative positions. "There were six trades on ICE products [last Tuesday and] we were participants in most of them," he notes.

The company plans to start out small with basic products, such as average temperature swaps, before gradually moving into seasonal instruments, Cook says. Duke's decision to enter the weather market now is a logical extension of the utility's business. The timing is opportune because the dissolution of **Enron** has led to the dispersal of weather derivatives personnel across the market, resulting in new counterparties launching operations, he

*(continued on page 8)*

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.

## Wash. Player Preps \$220M Facility

Spokane, Wash.-based **Avista**, parent of **Avista Utilities**, is readying a renewal of its \$220 million 364-day corporate revolver. The current facility expires May 29, says spokeswoman **Laurine Jue**. One loan syndicator says a bank meeting is slated for April 10 and the lead arrangers are **Bank Of New York** and **Union Bank Of California**. Avista's Jue was unable to provide details on the launch date or the bank line up by press time and calls to BoNY and UBC were not returned.

## Mirant Looks To Exit Mass. With 1.2 GW Asset Sale

Mirant is looking to exit the Massachusetts generation market and has retained **Credit Suisse First Boston** to shop its three Bay State plants, which have 1,221 MW of combined capacity. A New York banker familiar with the matter says the divestiture is part of Mirant's restructuring plan to unload \$1.6 billion in assets to shore up its balance sheet and maintain its credit rating in the wake of the **Enron** meltdown. **James Peters**, a Mirant spokesman, declined to comment on the matter, except to say that it has already sold \$1.3 billion in assets. Calls to bankers at CSFB were not returned by press time.

The banker says the assets on the block are the Canal plant (1,109 MW) in Sandwich; the Kendall plant (100 MW) in Cambridge and the Martha's Vineyard plant (12 MW). They are all natural gas and oil-fired facilities. According to Mirant's Web site, its only other plant in the New England Power Pool (Nepool) is an 8 MW oil-fired facility in Yarmouth, Maine. It is unclear if this facility is also on the block.

Just this past month, Mirant signed an agreement to sell its

50% stake in Perryville, a 725 MW combined-cycle gas turbine greenfield power project in northern Louisiana, to **Cleco** for \$67.5 million (see related story, page 3). It also agreed to sell **State Line Ventures**, a subsidiary which owns the 515 MW coal-fired State Line power plant in Hammond, Ind., to **Dominion** for \$182 million. In early February Mirant completed the sale of its 44.8% stake in **Bewag**, a Berlin-based utility, for more than \$1 billion to **Vattenfall**.

Mirant has some 14,000 MW of commissioned generation capacity in the U.S., with the bulk of the assets in California, New York and Maryland. Massachusetts is its fourth largest base.

## RBoS Extends Immingham Deadline

Sole underwriter **Royal Bank of Scotland** has pushed back the deadline for submitting responses for its GBP257 million (\$365 million) Immingham loan to April 10 from last Wednesday and is likely to give prospective syndication partners even more time to weigh up the deal, says one banker eyeing a role. Another lender who's studying the deal says the extended Easter weekend holiday in Europe is a contributing factor, but the main reason for the delay is banks' concerns over the strength of the deal given the sickly state of the U.K. generation market. "Project bankers, and more importantly their credit officers, need more time to evaluate the structure," he says.

Eight banks are considering investing at a senior syndication level the 20-year **Conoco Global Power**-sponsored Immingham loan. **Abbey National**, **Bank of Scotland**, **Bank of Tokyo-Mitsubishi**, **Bayerische Landesbank**, **Commerzbank**, **Credit Lyonnais**, **HypoVereinsbank** and **KBC Bank** attended a bank meeting in London for the deal early last month (PFR, 3/11). Calls to RBoS were not returned.

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## Wisconsin Utility To Slice Back Revolver

Wisconsin Energy is planning to renew a 364-day revolver but will downsize the facility from \$500 million to \$300 million. Jeff West, treasurer in Milwaukee, says the smaller size reflects the fact the company has now digested its April 2000 \$1.2 billion acquisition of WICOR. J.P. Morgan will retain the lead slot on the revolver, which is set to mature later this month, West adds.

The company tapped the bond market a year ago in a \$1 billion deal (PFR, 4/2) as part of its plan to take out debt accrued as a result of the acquisition. West says the corporate financing structure is in good shape and so the company doesn't envisage any need to tap the capital markets this year.

### Part II

## KBC Relaunches Perryville With \$120M Target

Lead underwriter KBC Bank has relaunched syndication of a \$252 million non-recourse loan funding the construction of the 725 MW Perryville project and is looking to draw in an additional \$120 million of lending commitments. The loan, which stalled in syndication last summer amid concerns of a flood of paper from co-sponsor Mirant (PFR, 8/6), has been re-structured with a shorter tenor and less gearing. The tenor has been cut to construction plus five years, instead of eight years, and equity in the \$346 million project has been juiced up. The construction period is expected to end this July.

The big question looming over the deal is the investment-grade status of Mirant, which has signed a 20.5-year tolling agreement with the project, says one banker. "The 27% equity reflects the fact people don't think the toll is strong," he says. A KBC banker concedes the off-taker's credit status may concern some lenders, but she adds the loan is well priced with attractive fees. Co-arranger titles and 100 basis points are being offered for \$35 million tickets, a \$25 million commitment bags a lead manager title and 87.5 basis points, and \$15.5 million garners a 75 basis point fee. The facility is structured as a construction loan and is expected to convert into a five-year term loan on or about July 1. The pricing is 150 basis points over LIBOR for the balance of the construction loan and for years one through three of the term loan. The margin steps up to 162.5 basis points for the final two years.

Aside from the restructuring, one banker notes co-sponsor Cleco's move to buy out Mirant from its sponsorship role may also be a positive for the deal. Some banks limit exposures on the basis of sponsor, and Cleco currently has a stronger rating than the Atlanta-based IPP, he notes.

Commitments are due April 29 and the deal is scheduled to close mid-May, says the KBC banker. The original bank line-

up has KBC, ANZ Bank and HypoVereinsbank signed up for \$75 million and Dexia and CIC for \$15 million.

## Duke Eyes Cogentrix

Cogentrix, a privately-held independent power producer in Charlotte, N.C., has been involved in merger talks this past month with fellow Charlotte concern Duke Energy, say New York investment bankers. However, they doubt a deal is likely to be sealed anytime soon. Cogentrix, which is being advised by Goldman Sachs, did not find Duke's offer rich enough for it to forego independence, they explain.

Originally, Cogentrix received three or four bids from potential merger partners after it put itself up for sale, including one from Richmond, Va.-based Dominion, says one banker. But the only bid to pique its interest came from Duke, because it was interested in purchasing the whole of Cogentrix, whereas others bidders were only looking to buy parts of it, he says (PFR, 3/3).

Randy Wheelless, a spokesman at Duke, and Hunter Applewhite, a spokesman at Dominion, declined to comment. Calls to Rachel Bagley, a Cogentrix spokeswoman, were not returned and a banker at Goldman denied that Duke and Cogentrix were in merger talks.

## Fuel Cell Concerns Need Strategic Alliances

Cash-strapped U.S. fuel cell producers need to form strategic alliances with heavyweight industrial concerns to ride out the present funding crisis afflicting the sector, argued bankers at the Strategic Research Institute's Second Annual Fuel Cell Investor Conference in New York late last month. The move is vital for under-funded fuel cell developers because both the public and private equity markets are proving inaccessible.

David Kurzman, an analyst at H.C. Wainwright, recommended fuel cell companies try to partner the likes of General Electric, General Motors and United Technologies in an attempt to broaden their distribution reach and slash their cash burn rate. These industrial heavyweights have massive sales forces and capital, two things fuel cell entities are desperately short of, he explained.

However, Bret Budenbender, v.p. in Lehman Brothers' energy technology group, doubted whether forming alliances is such a priority for large industrial players. "It wouldn't match up with their bottom line [goal], which is to focus on the rating agencies and improve their balance sheets," he said.

Puneet Sanan, v.p. at Fano Securities, said the U.S. government could also prove a savior for the fuel cell industry through tax breaks and other green energy enactments. He noted that just last month President George W. Bush proposed \$3 billion of consumer tax credits for purchasers of fuel cell vehicles over the next decade.

## Element Research Chief To Morgan

Element Re Capital Products's head of weather derivatives research has left the firm and returned to his old stomping ground J.P. Morgan. Bob Henderson joined Morgan two weeks ago as a v.p. focusing on market risk in equity derivatives, says a spokesman for the bank. Element is currently working on filling the vacated slot, says Lynda Clemmons, president. Henderson, who worked on the research side at Morgan before joining Element, was a well-regarded weather player, according to rivals. They added he was an important cog in the success of the Stamford, Conn.-based shop that launched in March 2000.

## J.P. Morgan To Add Bankers, Despite Broad Retrenchment

J.P. Morgan is looking to add up to half a dozen senior executives to its global power group, in the face of broader plans at the blue chip firm to lay off 15-20% of its bankers in an attempt to cut costs. A banker in New York says the decision to divert resources to the power group was made recently after an internal analysis showed the power group performing strongly against other sector specific groups at Morgan. He adds the plan to increase the headcount remains at an early stage, so specific details on positions and geographic locations have yet to be worked out.

Another banker, unfamiliar with the matter, says he's surprised that Morgan would be willing to add staff, but agrees the power sector is one of the hottest sectors right now for investment bankers.

Eric Fornell, managing director and head of power, and Adam Castellani, a spokesman at Morgan, declined to comment.

## Drowning Sorrows?

## DZ, Hypo Score Big In New Orleans

Slim pickings on the new deal front saw attendees at the annual New Orleans Global Power Markets conference take a stronger interest than usual in the other key aspect of the shindig: the quality of the parties. Topping many partygoers' lists was the Germanic Monday night double-header of DZ Bank's early evening soiree, followed by HypoVereinsbank and law firm Bingham Dana's casino event at *Harrah's New Orleans*. "The conference was a bit more light-hearted," says one reveler, reflecting on the preponderance of bankers and the lack of sponsors to chase for business.

The mixture of cuisine at Big Easy institution *Antoine's*—inventor of the Oysters Rockefeller dish—and specialty German beer proved a heady one for DZ. "They've made a name for themselves. It's early enough so that people are still sober and can go on to other things later," says one banker, who followed the pack from *Antoine's* to *Harrah's*. "Monday night was the absolute killer,"

adds another enthusiast.

Dresdner Kleinwort Wasserstein's annual knees-up, often viewed as the week's social highlight, received mixed reviews. Some bankers say the event, held at French Quarter watering hole *Pat O'Brien's*, was off the pace from last year. But after cutting staff a week before last year's party and inducing a major downer for attendees (PFR, 4/15), some bankers say it bounced back in style.

## RWE Readies Bond Roadshow

RWE will launch an extensive investor roadshow on April 10 to drum up support for a EUR5 billion (\$4.4 billion) dual-currency bond offering due to be launched later this month. Analysts say the offering is likely to prove the biggest European utility bond offering to date and will need to be extensively pre-marketed if it is to be executed at attractive spreads. "Clearly one of the issues that may concern bond investors is the scope of [RWE's] future European and U.S. expansion plans," says one fixed-income analyst. He notes Moody's Investors Service and Standard & Poor's put the German utility on negative outlook and creditwatch negative, respectively, March 22 following news of its tie up with U.K. utility Innogy.

A syndicate banker involved in marketing the bond offering says RWE will undertake two concurrent roadshows, one targeting sterling investors and the other focused on buyers of euro-denominated debt. The sterling leg will launch in London on Wednesday, take in Edinburgh on Thursday and close in Frankfurt on Friday. The euro roadshow will also launch in London on Wednesday, take in Munich and Frankfurt on Friday, travel to Madrid and Milan next Monday and close in Amsterdam and Paris on Tuesday. The bond deals are likely to be launched the following day, notes the syndicator.

Bankers and analysts note the primary aim of the deal is to finance some of RWE's recent acquisitions in Europe and the U.S. and transfer debt to the holding company level.

While the exact size, tranching and tenor of the deal have yet to be determined, bankers say dependent on market conditions and investor appetite, RWE would like to raise some EUR5 billion, with at least GBP750 million (EUR1.2) billion funded in the sterling market. RWE is looking to tap the U.K. bond market because two of its recent additions were or will be funded in sterling, explains Marc Watton, fixed-income analyst at BNP Paribas, which will co-lead the euro-denominated offering.

Over the past two years RWE purchased London-based Thames Water for roughly EUR10 billion and has agreed to acquire American Water Works for EUR8.5 billion, Innogy for EUR8.5 billion, and Czech gas supplier Transgas for EUR4.1 billion.

J.P. Morgan and HSBC will underwrite the sterling deal and Westdeutsche Landesbank, Schroder Salomon Smith Barney and BNP will lead the euro-denominated offering.



## Corporate Strategies

### N.Y. Utility Locks In Longer-Term Financing

Central Hudson Gas & Electric used some of the proceeds from a \$69 million offering of medium-term notes, issued March 25, to refinance existing short-term debt. The regulated utility arm of CH Energy paid down some \$10 million of short-term debt, its entire debt load, with proceeds from the new offering. The remainder of the proceeds will be used to maintain and operate existing transmission lines, says **Mona Yee**, an analyst at **Fitch** in New York. She adds the deal was drawn down from a \$100 million shelf registration filed with the **Securities and Exchange Commission** in late February.

**Denise Van Buren**, a CHG&E spokeswoman in Poughkeepsie, says the A2/A rated transaction was priced at par and divided into two tranches of \$36 million and \$33 million. The larger tranche has a 10-year maturity, pays a 6.64% coupon and yields 136 basis points over Treasuries. The smaller tranche has a five-year maturity, pays 5.87% and was priced at par to yield a 122 basis point spread. **J.P. Morgan**, **Bank One Capital Markets** and **Salomon Smith Barney** were the joint book runners on the deal.

CHG&E provides electric and gas services to 333,700 customers in the central Hudson River region of New York.

### DTE Hits Bond Mart To Take Out More MCN Debt

**DTE Energy** tapped the bond market for \$200 million in seven-year 6.65% coupon notes last Wednesday, in its latest effort to pay-down debt associated with its \$3.9 billion acquisition of **MCN Energy**. **Nick Khouri**, treasurer in Detroit, says half of the proceeds are earmarked to refund some of MCN's \$800 million of debt. DTE is calling paper and also replacing maturing debt as it falls due, with the aim of securing tighter spreads and reducing the number of entities in the company that issue paper, he says. The other \$100 million is for general purposes.

The deal follows a \$180 million trust preferred issue placed in January (PFR, 1/20) that was also used to refinance acquisition-associated debt. The latest offering was led by **Credit Suisse First Boston** and co-managed by **Barclays Capital**, **J.P. Morgan** and **Merrill Lynch**. The senior notes were priced at 99.858 to yield 6.675%, a spread of 150 basis points over Treasury bonds.

The MCN acquisition has enhanced DTE's business risk profile, but in the near-term has put pressure on its credit profile, according to a research note by **Bill Ferrara**, a **Standard & Poor's** analyst. DTE has some \$8.5 billion in debt, accounting for over 50% of total capital, according to S&P. The rating agency assigned a BBB rating to the \$200 million offering.



## Latin America

### IDB, BofA Close Brazil Loan

The **Inter-American Development Bank** and **Bank of America** have closed financing on a

\$173 million loan being used to develop **Thermo Bahia**, a 187 MW gas-fired power project in Brazil's Bahia state. **Adriana de Aguinaga**, an investment officer at the IDB in Washington, says the funds were released at the end of March to the project's developers and adds the deal was syndicated to six banks. She declined to reveal the syndicate team or discuss the terms of the transaction.

The non-recourse loan consists of a \$115.5 million 12-year tranche arranged by BofA and a 14-year piece for \$57.7 million from the IDB (PFR, 3/3). The project's developers, which include **ABB Equity Ventures**, **Petrobras** and **A&A Electricity Investment**, provided a further \$32 million as equity capital.

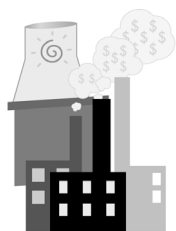
A New York project financier says the loan for **Thermo Bahia** is a landmark deal, being the first gas-fired power plant in Brazil to be financed by the private sector. He also notes the project is significant because Bahia, like the rest of Brazil, has been suffering chronic energy shortages over the past nine

months. "The construction of the plant, which has been under way since July 2000, will help the region become more self-reliant in terms of its energy needs," he says.

### Banking Trio Look To Seal \$280M Loan

Lead arrangers **Banco Bilbao Vizcaya Argentaria**, **Banco Nacional de Desenvolvimento** and the **Inter-American Development Bank** plan to wrap up \$280 million in non-recourse financing by mid-May to fund a 502 MW natural gas-fired power plant in Brazil, dubbed **Termopernambuco**, says **Adriana de Aguinaga**, an investment officer at the IDB.

The plant, located in Brazil's northeastern state of Pernambuco, is being financed with a \$42.4 million loan from the IDB, a \$150 million syndicated loan from BBVA and \$90 million in loans from BNDES (PFR, 2/4). The **Termopernambuco** project is being developed by local utility **Compahnia Energetica de Pernambuco**, whose investors include **Iberdrola**, **BB Banco de Investimento**, and **Previ**. Once constructed, **Iberdrola** will operate the plant.



## Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail [wainger@euromoneyplc.com](mailto:wainger@euromoneyplc.com).

| Seller   | Plants                   | Location             | MW                  | Plant Type               | Advisor                            | Status   |
|--|--------------------------|----------------------|---------------------|--------------------------|------------------------------------|--|
| American Electric Power/<br>Central and Southwest Corp.              | Northeastern units 3 & 4 | Okla.                | 300                 | Coal                     | N/A                                | Reviewing sale strategies.   |
|  | Lon C. Hill              | Texas                | 546                 | Gas                      | -                                  |  |
|  | Nueces Bay               | Texas                | 559                 | Gas                      | -                                  |  |
|  | Ennis S. Joslin          | Texas                | 249                 | Gas                      | -                                  |  |
| ADWEA  | Um Al Nar                | Abu Dhabi            | 1,100               | Gas & Water Desalination | CSFB                               | Expected to send out RFPs in April.  |
| CMS Energy   | Loy Yang                 | Melbourne, Australia | 2,000               | Coal                     | Not chosen                         | Announced intention to sell.   |
|  | Ensenada                 | Argentina            | 128                 | Gas-fired                | J.P. Morgan                        |  |
|  | CT Mendoza               | Argentina            | 520                 | Gas-fired                | J.P. Morgan                        |  |
|  | El Chocón                | Argentina            | 1,320               | Hydroelectric            | J.P. Morgan                        |  |
| Enel   | Interpower               | Italy                | 2,611               | -                        | Lehman, Merrill,<br>CSFB           | -  |
| Enron  | Bahia Las Minas          | Panama               | 355                 | Various                  | PwC<br>(administrator)             | Intention to sell.   |
|  | Puerto Quetzal           | Guatemala            | 110                 | -                        | -                                  |  |
|  | PQPLLC                   | Guatemala            | 124                 | -                        | -                                  |  |
|  | Margarita II             | Nicaragua            | 70.5                | -                        | -                                  |  |
|  | EcoEléctrica             | Puerto Rico          | 507                 | -                        | -                                  |  |
|  | Puerto Plata             | Dominican Republic   | 185                 | -                        | -                                  |  |
|  | Cuiaba                   | Brazil               | 480                 | -                        | -                                  |  |
|  | Nowa Sarzyna             | Poland               | 116                 | -                        | -                                  |  |
|  | Sarlux                   | Italy                | 551                 | -                        | -                                  |  |
|  | Trakya                   | Turkey               | 478                 | -                        | -                                  |  |
|  | Chengdu Cogen            | China                | 284                 | -                        | -                                  |  |
|  | Northern Marianas        | Guam                 | 80                  | -                        | -                                  |  |
|  | Bantagas                 | Philippines          | 110                 | -                        | -                                  |  |
|  | Dabhol                   | India                | 2,184               | -                        | -                                  |  |
|  | Subic Bay                | Philippines          | 116                 | -                        | -                                  |  |
|  | Teesside                 | U.K.                 | 1875                | -                        | -                                  |  |
|  | Wilton                   | U.K.                 | 154                 | -                        | -                                  |  |
| IVO Energy   | Brigg                    | U.K.                 | 240                 | Gas                      | BNP Paribas                        |  |
|  | South Humber             | U.K.                 | 1,240               | Gas                      | -                                  |  |
|  | Grangemouth***           | U.K.                 | 130                 | Gas                      | -                                  |  |
|  | Edenderry                | Ireland              | 120                 | Peat                     | -                                  |  |
| Independent Energy   | Various                  | U.K.                 | 130                 | N/A                      | KPMG                               | KPMG is handling the asset sale after Independent Energy went into receivership. |
| MARCOR Remediation<br>(A broker acting for an<br>undisclosed seller) | -                        | Calif.               | 5.7                 | Wood                     | -                                  | -  |
| Mirant   | Canal                    | Mass.                | 1,109               | Gas & Oil                | CSFB                               | Part of \$1.6B restructuring   |
|  | Kendall                  | Mass.                | 100                 | Gas & Oil                | -                                  |  |
|  | Martha's Vineyard        | Mass.                | 12                  | Gas & Oil                | -                                  |  |
| North Atlantic Energy  | Seabrook*                | N.H.                 | 408                 | Nuclear                  | J.P. Morgan                        | Must be sold by Dec. 2003.   |
| NRG/Xcel   | CEEP                     | Poland               | 10 (10% stake)      | -                        | -                                  | Is currently selecting a financial advisor                                       |
|  | Csepel II                | Hungary              | 389                 | Gas/Oil                  | -                                  |  |
|  | ECK                      | Czech Republic       | 350 (44% stake)     | Coal/Gas/Oil             | -                                  |  |
|  | Enfield                  | U.K.                 | 380 (25%)           | Gas-fired                | -                                  |  |
|  | Killingholme A           | U.K.                 | 680                 | Natural Gas              | -                                  |  |
|  | MIBRAG                   | Germany              | 238 (50% stake)     | Coal                     | -                                  |  |
|  | Gladstone Power          | Australia            | 1,500 (37.5% stake) | Coal                     | -                                  |  |
|  | Flinders                 | Australia            | 760                 | Coal                     | -                                  |  |
|  | Loy Yang A               | Australia            | 2,000 (25% stake)   | Coal                     | -                                  |  |
|  | Hsinchu                  | Taiwan               | 400 (60% stake)     | Gas-fired                | -                                  |  |
|  | Lanco Kondapalli         | India                | 340 (30% stake)     | Gas/Oil                  | -                                  |  |
|  | Collinsville             | Australia            | 192 (50% stake)     | Coal                     | -                                  |  |
|  | TermoRio                 | Brazil               | 1040 (50% stake)    | Gas                      | -                                  |  |
|  | COBEE                    | Bolivia              | 220 (98% stake)     | Hydro/Gas                | -                                  |  |
|  | Itiquira Energetica      | Brazil               | 160 (98% stake)     | Hydro                    | -                                  |  |
|  | Cementos Pacasmayo       | Peru                 | 66                  | Hydro/Oil                | -                                  |  |
|  | Bulo Bulo                | Bolivia              | 90 (60% stake)      | Gas-fired                | -                                  |  |
|  | Cahua                    | Peru                 | 45                  | Hydro                    | -                                  |  |
| Oman (Ministry of Housing,<br>Electricity & Water)                   | Rusail                   | Oman                 | 730                 | Gas                      | -                                  |  |
|  | Ghubratt                 | Oman                 | 507                 | CHP                      | -                                  |  |
|  | Wad Al-Jazzi             | Oman                 | 350                 | Gas                      | -                                  |  |
| Ontario Power Generation   | Lennox                   | Ontario              | 2,140               | Oil, gas                 | Merrill Lynch &<br>Scotia Capital- | Expects to sell Lennox and Lakeview shortly.                                     |
|  | Lakeview                 | Ontario              | 1,140               | Coal                     | -                                  |  |
|  | Atikokan                 | Ontario              | 215                 | Coal                     | -                                  |  |
|  | Thunder Bay              | Ontario              | 310                 | Coal                     | -                                  |  |
|  | Mississagi River         | Ontario              | 490                 | Hydro                    | -                                  |  |

## Generation Auction & Sale Auction (cont'd)

| Seller  | Plants         | Location  | MW               | Plant Type | Advisor       | Status  |
|---|----------------|-----------|------------------|------------|---------------|---|
| Public Service Co. of New Hampshire (Northeast Utilities) | Merrimack      | N.H.      | 475.8            | Coal       | J.P. Morgan   | Subject to approval for rate settlement by PUC and state legislature. |
|   | Newington      | N.H.      | 415              | Oil/gas    | -             |   |
|   | Schiller       | N.H.      | 146.6            | Oil/gas    | -             |   |
|   | Lost Nation    | N.H.      | 19.1             | Diesel     | -             |   |
|   | Merrimack      | N.H.      | 42.2             | Diesel     | -             |   |
|   | Schiller       | N.H.      | 18               | Diesel     | -             |   |
|   | White Lake     | N.H.      | 23               | Diesel     | -             |   |
|   | Amoskeag       | N.H.      | 17.5             | Hydro      | -             |   |
|   | Ayers Island   | N.H.      | 9.1              | Hydro      | -             |   |
|   | Canaan         | Vt.       | 1.1              | Hydro      | -             |   |
|   | Eastman Falls  | N.H.      | 6.5              | Hydro      | -             |   |
|   | Garvins Falls  | N.H.      | 12.1             | Hydro      | -             |   |
|   | Gorham         | N.H.      | 2.1              | Hydro      | -             |   |
|   | Hoolsett       | N.H.      | 1.95             | Hydro      | -             |   |
| Reliant Resources   | Argener        | Argentina | 160              | CHP        | -             |   |
|   |                |           |                  |            |               |   |
| TXU   | Lake Creek     | Texas     | 323              | Gas        | Merrill Lynch | Reviewing sales strategy.   |
|   | Tradinghouse   | Texas     | 1,340            | -          | -             |   |
|   | River Crest    | Texas     | 110              | -          | -             |   |
|   | Mountain Creek | Texas     | 893              | -          | -             |   |
|   | Parkdale       | Texas     | 327              | -          | -             |   |
|   | North Main     | Texas     | 123              | -          | -             | Is looking to sell an undisclosed number of its coal assets.          |
|   | Monticello     | Texas     | 1,900            | Coal       | Merrill Lynch |   |
|   | Martin Lake    | Texas     | 2,250            | -          | -             |   |
|   | Big Brown      | Texas     | 1,150            | -          | -             |   |
|   | Sandow         | Texas     | 545              | -          | -             |   |
| Wisconsin Energy  | Bridgeport     | Conn.     | 1,100 (combined) | -          | -             | Has put up for sale following collapse of NRG deal.                   |
|   | New Haven      | Conn.     | 1,100 (combined) | -          | -             |   |

\* North Atlantic Energy owns 34.8% of Seabrook

\*\*\* Fortum owns 75% of Grangemouth. Mitsubishi owns the remainder.

## Financing Record (MARCH 28 - APRIL 4)

### Bonds

| Date     | Maturity | Issuer                  | Amount | Price  | Type of Security | Coupon (%) | Spread to Treasury | Moody's | S&P  | Book Manager(s)            |
|----------|----------|-------------------------|--------|--------|------------------|------------|--------------------|---------|------|----------------------------|
| 04/01/02 | 04/01/12 | Madison Gas & Electric  | 15     | 100    | MTNs             | 6.58       | 115                | Aa3     | AA-  | Bank One                   |
| 04/01/02 | 04/01/32 | Madison Gas & Electric  | 25     | 100    | MTNs             | 7.12       | 130                | Aa3     | AA-  | Bank One                   |
| 04/01/02 | 04/01/12 | Northeast Utilities     | 263    | 99.49  | Senior Notes     | 7.25       | 199                | Baa1    | BBB  | Barclays Capital           |
| 04/03/02 | 04/15/12 | Allegheny Energy Supply | 650    | 99.822 | Notes            | 8.25       | 294                | Baa1    | BBB+ | BA SEC/JPM                 |
| 04/03/02 | 04/01/42 | Consolidated Edison     | 325    | 100    | PINES            | 7.25       | 150                | A2      | A    | Merrill/Morgan Stanley/SSB |
| 04/03/02 | 04/15/09 | DTE Energy              | 20     | 99.858 | Sr Unsecured Nts | 6.65       | 150                | Baa2    | BBB  | CSFB                       |

### M&A

| Date Announced | Date Effective | Target                       | Target Country | Acquiror                    | Acquiror Country | Value (\$mil) |
|----------------|----------------|------------------------------|----------------|-----------------------------|------------------|---------------|
| 06/15/00       | 06/15/00       | Cemar                        | Brazil         | PPL                         | U.S.             | 305.2         |
| 06/15/00       | 06/15/00       | Freestone Energy Center      | U.S.           | Calpine                     | U.S.             | 208.0         |
| 06/16/00       | -              | Halligan Profits Power Plant | Hong Kong      | DragonField Holdings        | Hong Kong        | 11.5          |
| 06/16/00       | -              | Moravskoslezske Teplarny     | Czech Republic | Spid 2 (Vivendi)            | France           | -             |
| 06/16/00       | -              | Teplarny Karvina             | Czech Republic | Spid 2 (Vivendi)            | France           | -             |
| 06/19/00       | 06/19/00       | Termest                      | Estonia        | Fortum                      | Finland          | -             |
| 06/20/00       | -              | GPU PowerNet                 | Australia      | Singapore Power             | Singapore        | 1264.2        |
| 06/20/00       | -              | Oestkraft                    | Norway         | Hafslund Energi, Din Energi | Norway           | -             |
| 06/21/00       | -              | Chemgas Holding/Van Ommeren  | Netherlands    | Koninklijke Vopak           | Netherlands      | -             |

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

## TRANS-ELECT

(continued from page 1)

deregulating U.S. market, Trans-Elect has only managed to land one U.S. transmission business. Last October it agreed to acquire **Consumers Energy's** 5,400-mile transmission system, **Michigan Electric Transmission Co.**, for some \$290 million. Last July it also bought a 7,200-mile Canadian grid from **AltaLink** for CAD860 million (\$570 million). According to Trans-Elect's Web site, its goal is to acquire at least 10 systems over the next five years and become a leader in the transmission industry.

Washington-based Trans-Elect's latest acquisition will be financed with backing from **CIBC World Markets** and **G.E. Capital**, according to the investment banker, declining further comment on the pricing or terms of the deal. *PFR* was unable to ascertain who is advising either Trans-Elect or DTE. CIBC and **Deutsche Bank** co-advised the wires operator on its Consumers Energy deal.

Calls to **Martin Walicki**, cfo, other Trans-Elect officials, as well as **John Oliver**, a spokesman at G.E., and bankers at CIBC were not returned.

—Amanda Levin Arnold

## FPL HITS

(continued from page 1)

However, one banker expects pricing to start at LIBOR plus 1 5/8%, in line with previous mega-deals, but others think there might be a bump up given the market turmoil over the last quarter.

The revolver will finance the construction of four plants, a 517 MW combined-cycle gas-fired facility in Blythe, Calif.; a 668 MW simple-cycle gas-fired peaker in Calhoun County, Ala.; a 1,789 MW CCGT plant in Forney, Texas, and a 744 MW gas-fired cogeneration plant in Marcus Hook, Pa., says a banker. At least one of the projects, the Alabama peaker, has a contracted off-taker, says the banker, noting that the level of merchant risk could play a huge role in determining banks' appetite for the loan. There is also good diversification across power pools, adds another banker looking at the deal. The projects are set to come on-line in stages between next January and May 2004.

Leads **Citibank** and **Bank of Nova Scotia** have started the preliminary "meet and greet" process with potential co-arrangers, says a Citi official, declining to name the candidates. **Royal Bank of Scotland**, which signed up for FPL's RISEP financing (*PFR*, 3/11), is among those interested in a senior slot, confirms an RBoS banker. The formal launch date won't be set until a consultant report is finalized, the Citi banker adds.

One syndicator notes that even with an element of merchant exposure, Juno Beach, Fla.-based FPL is such a solid sponsor that

support should be strong. "Some people love construction revolvers because they diversify risk, others don't because you can't quantify the risk," says one project lender, who agrees that interest in the launch terms will be high.

—Peter Thompson

## DUKE ENTERS

(continued from page 1)

continues. In addition, Duke will be able to leverage off its internal meteorological department, which provides internal forecasting. Cook says Duke believes this could give the company an advantage over competitors.

Prior to taking on the new role heading up weather derivatives Cook was a senior power trader for the Western U.S. at Duke.

Duke is slow getting into the weather market because it's a relatively conservative organization, according to a market official familiar with the company. "[Cook] is a smart guy. He'll probably do a good job for them," he adds.

—Victor Kremer

## Calendar

- **Global Change Associates** is holding the Green Trading Summit: Emissions, Renewables and Negawatts, May 14-15 at the McGraw-Hill Conference Center in New York. To register, go to [www.global-change.com/conferences.html](http://www.global-change.com/conferences.html)
- **MEED Conferences** will hold its "Qatar 2002" conference on May 15-16 at One Whitehall Place, London. The event will include a panel discussion on structuring future growth in Qatar's power and water sector. To register call 44 (0)20 7505-8564.

## Quote Of The Week

"There were six trades on ICE products [last Tuesday and] we were participants in most of them." —**Dan Cook**, director-financial trading at **Duke Energy** in Salt Lake City, reviewing Duke's first day in the weather derivatives market (see story, page 1).

## One Year Ago In Power Finance & Risk

**XL Capital Assurance** was set to enter the market for providing bond insurance wraps in the power sector, following the addition of veteran power financiers **Phil Henson** from **ING** and **Alistair Buchan** from **Barclays Capital**. [XL wrapped three deals last year, says Henson, and this year wrapped its first Australasian issue for **Meridian Energy** (*PFR*, 3/4)].