

# power finance & risk

The exclusive source for power financing and trading news

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## Fuel Contract Stalls WPS Sale

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*See story, page 3*

## Tenaska Fund Eyes \$1B In Investments

The **Tenaska Power Fund**, an affiliate of Omaha, Neb., IPP **Tenaska Energy**, is looking to acquire more generation assets and invest a total of \$1 billion.

*See story, page 2*

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## PRIVATE EQUITY GIANTS PLOT IPO FOR TEXAS GENCO



The private equity group that acquired Texas Genco from CenterPoint Energy plans to take the IPP public. **GC Power Acquisition**, the vehicle for Kohlberg Kravis Roberts, Texas Pacific Group, The Blackstone Group and Hellman & Friedman, acquired the 14 GW generation player less than a year ago for \$3.65 billion (PFR, 7/24), taking the publicly-listed entity private.

*(continued on page 11)*

## LA PALOMA SALE NEARLY COMPLETE

Auctioneer **Lehman Brothers** reportedly has landed a buyer for La Paloma Generating, a 1,121 MW merchant gas-fired plant in California on the block since last summer. The identity of the buyer could not be determined but the candidate has been in talks with the **Citibank**-led creditor group, which funded the construction and who now owns the plant, over the past few days.

**Stephen Moyer**, director of research at Beverly Hills boutique investment firm **Imperial Capital**, who has been watching the deal, speculates the plant is worth some \$600 per/kw,

*(continued on page 11)*

## Second Time Around

## DEVELOPER HOPES TO LAND \$850M FUNDING FOR IDAHO PLANT

A partnership looking to develop a 520 MW coal gasification facility in Pocatello, Idaho, is hoping to land \$850 million to fund the project. **Ramesh Raman**, president of the Delaware-based partnership **Southeast Idaho Energy**, says the project is in the early stages of development but the group will eventually look for a loan with a five-year tenor to get the project off the ground and could tap the bond market down the road for longer-term debt.

*(continued on page 12)*

## Platts' New Orleans Conference

## COMMODITY PRICES, BELTWAY MUDDY GENERATION OUTLOOK

Surging commodity prices and uncertainty about a Capitol Hill energy policy is creating a foggy picture for U.S. generation, but even so, many players still see a much improved sector from the last few years. That mixed message was center stage at the **Platts' 20<sup>th</sup> Annual Global Power**



*Nawlins Blues*

*(continued on page 4)*

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



## At Press Time Empire State IPP To Build Out Acquisitions Team

Fortistar is looking to develop an acquisitions team by hiring a director and several associates. The White Plains, N.Y., IPP has no dedicated staffers focusing on acquisitions currently, says one headhunter familiar with the matter. Calls to **Mark Comora**, president of Fortistar, were not returned.

The company is targeting assets with long-term cash flows. The acquisitions team would be responsible for financial evaluations, projects currently under development and assisting in the financing.

Fortistar has stakes in 17 power projects totaling 355 MW. The largest projects include a pair of gas-fired facilities in Niagara County, N.Y.: a 200 MW gas-fired plant and the North Tonawanda Project, a 55 MW plant.

## Tenaska Fund Evaluates More Targets



Paul Smith

The *Tenaska Power Fund*, an affiliate of Omaha, Neb., IPP **Tenaska Energy**, is looking to acquire more generation assets and invest a total of \$1 billion. The private equity fund, which was formed in 2003, recently made its second acquisition and is evaluating fossil fuel plants in the **PJM Interconnection Association** region, says **Paul Smith**, senior managing director of **Tenaska Capital Management**, who heads up the fund.

*TPF* is looking at oil, natural gas and coal-fired plants. Although it favors PJM, it is not excluding other regions, says Smith, noting it would consider any interconnection system with a regulatory structure favorable to commercial development. The investment vehicle is looking at peaking, baseload and mid-merit plants across the U.S., says Smith. He declined to identify specific acquisition targets. Ideally, it will target plants that it can extract value from by improving operations.

In late March, *TPF* acquired **Calumet Energy Team** and **CET One**, which are **Wisconsin Energy** subsidiaries that own a 308 MW gas-fired peaking plant in Chicago, for about \$38 million. Tenaska's first acquisition was a 315 MW power plant in Virginia for \$89 million (PFR, 1/21). The fund runs money for financial institutions, pension funds and individuals not affiliated with the company. Smith declined to offer details on the total size of the fund or say whether Tenaska Energy planned a second launch.

### 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 24<sup>th</sup> 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](mailto:mdecambre@iinews.com).

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INTELLIGENCE FIRST

## Landesbank Eyes North America Push

Landesbank Baden-Württemberg is looking to participate more actively in North American project finance deals in power, oil and gas and infrastructure. Ute Schultens, project manager at the bank's Stuttgart headquarters, says LBBW has been mainly focused on its homeland and Europe but it was one of 47 lenders to participate in **Cheniere Energy's** financing for a liquefied natural gas facility in Sabine Pass, La., (PFR, 10/25). She declined to say how much of the \$822 million deal it landed.

LBBW has been eyeing North America for the past several years but the fallout from **Enron** kept the lender away, Schultens adds. The bank plans to participate in the \$25 million range, she notes. She declined to talk about staffing or say if bankers would be added in the U.S.

## WPS Coal Plant Sale Stutters Over Fuel



*Sunbury Plant*

**WPS Resources'** planned sale of the 425 MW Sunbury merchant coal-fired plant in Shamokin Dam, Pa., has stalled because of the lack of a fuel supply contract for coal tailings. WPS is reportedly in the second round of bidding, but potential

buyers are balking at the absence of a contract, says one banker. The company has exhausted a coal tailings stockpile from a nearby mine and has had difficulty obtaining a new supply contract at a reasonable cost, says an M&A banker.

Supply contracts for coal tailings are expensive because the tailings must be transported in trucks rather than railcars, says the banker. The plant's boilers were reconfigured a few years ago to use 25% coal tailings in order to take advantage of the availability of tailings from a mine in the area.

**George Bilicic**, head of the power group at **Lazard Frères**, which is leading the auction, were not returned. **Charles Schrock**, chief operations officer at WPS, did not immediately return a call for comment, and spokesman **Kerry Spees** could not make officials available for comment.

Because Sunbury is a high heat rate plant (i.e., it needs a significant amount of heat and therefore fuel to produce power) obtaining low-cost fuel supply contracts is crucial, says the banker.

The carrying value of Sunbury is about \$117 million, and

the plant has about \$66 million of project debt. Company officials have said they hope to sell the plant this year (PFR, 11/12/04).

## Constellation Trader Jumps To UBS

**John Broyles**, a gas trader with **Constellation Energy**, has joined the UBS gas trading desk in New York as an executive director and natural gas trader. Broyles was with Constellation in Baltimore for about a year and was previously a trader for hedge fund giant **Citadel Investment Group**, says a recruiter familiar with the matter. Broyles will trade East Coast gas for UBS, reporting to **Don Black**, head of the East gas trading desk. Calls to Black were referred to **Allison Chin-Leong**, a UBS spokeswoman, who confirmed the hire. She not able to provide further details. Calls to Broyle and Constellation were not returned.

Last year, **Louise Kitchen**, managing director and head of energy and structured product sales for UBS in New York, said the Swiss bank was focused on expanding its energy desk in an effort to build on trading capabilities in the underlying physical markets (PFR, 10/22/04). Kitchen did not return a call.

## El Paso Pipeline Debt Draws 16-Strong

A group of 16-strong lenders are lining up to finance El Paso's expansion of its Cheyenne Plains pipeline. The \$278 million **WestLB**-led non-recourse syndicate includes **ABN Amro**, **Scotia Bank**, **NordLB**, **Royal Bank of Scotland**, **HypoVereinsbank** and **CIT**, according to an industry official. The other participants could not be identified and allocation amounts could not be determined. Officials at **WestLB** declined to comment. Calls to **Aaron Woods**, spokesman at El Paso in Houston, were not returned.

**Chuck Zabriskie**, managing director at **RBS** in Houston, says the pipeline, which runs from Cheyenne, Wyo., to Greensburg, Kan., is critical in moving gas east from the Rockies, a feat that has been difficult in the past because of a lack of gas transporting pipelines. He declined to say how much **RBS** was allocated or provide details on the debt structure.

The 10-year loan is expected to be priced at 1 3/8% over LIBOR for the first four years, 1 1/2% over for the next three and will settle at 1 5/8% for the remainder of the tenor (PFR, 3/28). The loan is set to close around mid-month. Fifteen different shippers, including Calgary-based **Encana** and Tulsa-based **ONEOK**, are signed on as offtakers.



## Global Power Markets Conference

Some 535 power company executives, financiers, lawyers and consultants turned out for *Platts' 20<sup>th</sup> Annual Global Power Markets Conference* at the Fairmont New Orleans. The attendance uptick, relative to last year's 470 attendees, highlighted the attention the power and energy space has been drawing from established participants as well as fresh faces. Managing Editor **Mark DeCambre** and Associate Reporter **Raquel Pichardo** covered the Big Easy confab:

### COMMODITIES PRICES

(continued from page 1)

the *Platts' 20<sup>th</sup> Annual Global Power Markets Conference* in New Orleans which is widely seen as the sector bellwether.

"It doesn't seem as if anyone has found the magic keys to the kingdom. Everybody's struggling with understanding the markets and financing the next generation of power plants," **Steven Pike**, managing director at **AIG Financial Products**, told attendees. And **Alex Urquhart**, ceo at another industry heavyweight, **GE Commercial Finance Energy Finance Services**, noted recovery is spotty. "We're recovering in certain regions faster than others" he said, noting that in regions such as Entergy there is still a generation capacity glut. "And issues like an energy bill and production tax credits remain unresolved," he added.



(Power Players, from left to right) Managing directors William Chew, Terrence Darby at Energy Investors Funds, Doug Kimmelman at Goldman, James Metcalfe at Lehman and CEOs Alex Urquhart at GE Commercial and Jacob Worenklein at US Power Gen.

Still, many players hold out optimism with the belief that the market has bottomed out. "A year or two ago, there weren't assets changing hands," says **Bo Poats**, v.p. of power and financial services at **PACE Global Energy Services**. But, now there is because there is a confidence in the industry, he notes.

Meanwhile, beleaguered independent generators are dusting themselves off and considering their strategic options. **Bruce Williamson**, ceo of independent power producer **Dynegy**, told attendees that mergers and acquisitions among IPPs could help curb oversupply issues and commodity price vagaries. **David Crane**, ceo of Princeton, N.J. based-**NRG Energy**, said a company the size of NRG, which has a 15 GW portfolio, is still able to compete but sees M&A as a viable option. He says teaming up with another company is not in his immediate plans.

### Entergy Pitches Nuclear Option

**Dan Keuter**, v.p. nuclear business development at **Entergy Nuclear**, is pitching hard for fresh nuclear construction in the U.S. given the nation's dependence on foreign oil and natural gas. Pointing out that demand for fossil fuels is projected to significantly outstrip supply over the next 15 to 20 years, Keuter told attendees the U.S. is in desperate need of a new energy bill facilitating a build-out of nuclear facilities and mitigating risks for developers. Most U.S. nuclear plants were constructed in the 1960s.

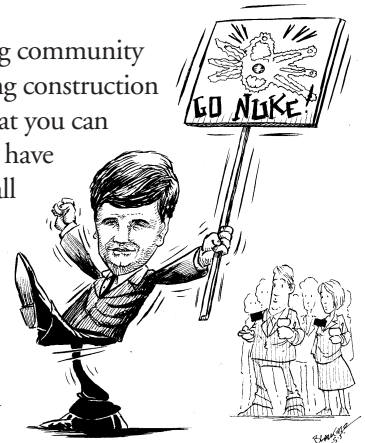
"Why is Entergy so bullish on nuclear? The world needs more energy and there's simply a finite supply," Keuter said, adding public fears about the risk of nuclear energy are unfounded. "People see smoke plumes coming out of plants not realizing its steam. There are no emission pollutants," he noted.

From an efficiency standpoint, the capacity factor (the amount

of power a generation facility actually produces) for nuclear plants is 90% compared to 20-30% for other generation sources. "Considering that these plants need to shut down every 18-20 months to refuel, a greater than 90% capacity rate is strong," Keuter underscores.

Keuter is hoping that the lending community becomes comfortable with providing construction financing. "You have to prove to that you can do it on time and on schedule. You have to build that first plant to make Wall Street comfortable," he said.

With federal policy moving slowly on the issue, the U.S. runs the risk of falling behind other nations, he added. "There are 31 [nuclear plants] under construction worldwide, just not in the U.S."



## Players Diverge On Hedge Funds Staying Power

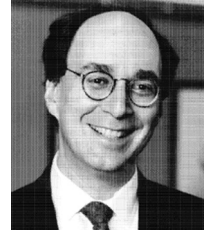
Hedge funds have been circling distressed debt associated with merchant plants over the past several months and officials during one lively session split on whether they'll stick around for the long-term. "I've watched a lot of people enter the market and I wonder what their view is," said **Alex Urquhart**, ceo at **GE Commercial Finance Energy Financial Services**, noting investments in power and energy require expertise and manpower. "We are still wrestling with investments we made 10 years ago," he adds. "You have to be someone who has a long-term view to be in this business."

Promoting a contrarian view, **Jay Worenklein**, ceo at **US Power Generating Co.**, said hedge funds are not just hot money

chasing an attractive return. "[Hedge funds] are long-term investors, they can think long-term. They have assumed the role as lenders to the merchant sector but are happy to own the assets," he explains.

Worenklein couched his remarks by saying not all hedge funds are in it for the long haul, but some of those making plays for secondary plant debt share a long-term view on the power industry.

Since August 2004 to end of March this year, debt related to facilities including LaPaloma Cogeneration Plant, Lake Road, Liberty and Exelon Boston Generating have spiked. Price talk for secondary paper for LaPaloma is at 120 from 80, Lake Road debt jumped from 65 to 85 and Liberty paper has been quoted at 106 from 90, Worenklein noted.



Jay Worenklein

## Seen N' Heard

- After a Sunday night throwing back *Hurricanes* at the annual drink fest at **Pat O'Brien's** a few industry officials capped off the festivities in the wee hours of the morning with jello shots topped off with whipped cream. In true New Orleans fashion, the shots were served up orally by scantily clad women. The O'Brien event, hosted by **Union Bank of California** and **CSG Investments**, left many attendees bleary-eyed for the early morning session—which is now also a fine conference tradition.

- **WestLB** bankers were wheeling and dealing in the Big Easy. When they weren't holding sidebars, they were doubling down at Harrah's New Orleans. During some downtime, managing directors, **Tom Murray** and **Howard Moseson**, and **Ralph Cho**, associate, made a relative killing on roulette and blackjack. Upon last count, Moseson was reportedly up \$500, Murray scored about \$100 and Cho was up \$50.

- "You give away the beads far too easily."—**Ute Schultens**, project finance manager at **Landesbank Baden-Württemberg**, dispensing level-headed advice to one attendee liberally distributing the sacred necklaces to Bourbon St. passersby during CIT's Monday night party at the Royal Sonesta Hotel.

- Fortune's fool . . . ? CIT enlisted the services of two palm readers to entertain power players at their bash. Several

bankers and industry participants including **Maria Rosa Garcia Otero**, director at **Societe Generale** in New York, **Theresa Sanders**, director and coo **Kim Johnson** at **Tyr Energy** in New York, started queuing around one, who was reportedly spot on in her readings. She was overheard at times making such sage comments as, "I'm sensing you're in the power industry."

- Making the rounds . . . **Richard Ashby**, who recently left **Pace Global Energy Services** in Fairfax, Va., (PFR, 4/4), after

working on several major deals including **SCS Energy's** refinancing for a Queens plant, was a virtual networking *Energizer* bunny, showing up at nearly every party. "I'm here for one reason," he joked.

- The go-go days of the power markets may have passed but **Tyr Energy** CEO **Brad Nordholm** doesn't cut corners when entertaining. Schmoozing foreign clients, the Tyr head honcho departed the conference

in style, scoring a stretch limousine to transport his guests to the airport.

- **NRG Energy** CEO **David Crane** got into a lighthearted verbal joust with **Dynegy** CEO **Bruce Williamson** during one lively Q&A about the future of the IPP market. After taking a ribbing from Crane over what the NRG chief viewed as a foolhardy plan to develop new plants in Montana, Williamson launched this salvo, "I must remind you, I'm from Montana, Dave, and we raised a Unabomber."



Bourbon Street

## Corporate Strategies

### Allegheny Looks To Extricate From \$300M In Converts

Beleaguered power player **Allegheny Energy** is looking to take down \$300 million of 11 7/8% convertibles due 2008 in a tender offer that pays holders in stock and cash. The move is aimed at reducing leverage. The Greensburg, Pa., is currently leveraged at 78% and hopes get back an investment grade rating by 2007, says **Fred Solomon**, spokesman. He declined to give a target debt ratio or to provide an official for comment.

The convertibles were issued in 2003 through **Allegheny Capital Trust I**, a trust established to issue debt because at the time the company was not able to file public debt, says **Toby Hsieh**, director at **Standard & Poor's**. He says investment grade companies typically have 50% - 60% debt. The company is rated B+ by S&P. Allegheny used **Wilmington Trust Company** as conversion agents because it led the original issuance, says Solomon.

The tender offer currently consists of 83.33 shares and \$160 in cash for every \$1000 of debt. The securities mature 2008 but the company decided to convert now because it has the cash on hand to include the cash offering, says Solomon.

### EIF Golden State QF Lands 20-Year Funds

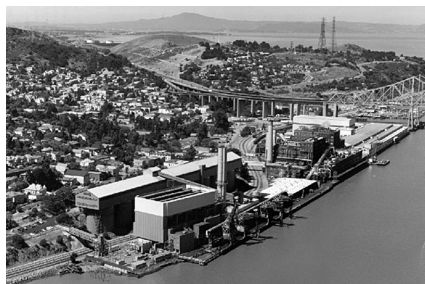
**Crockett Cogeneration**, an **Energy Investors Funds**-backed operation, issued \$295 million of 20-year senior secured notes last month to refinance higher-rate debt. The limited partnership owns the largest QF in the **Pacific Gas & Electric**

system in the form of a 240 MW gas-fired cogeneration facility in Crockett, Calif., just east of San Francisco.

Crockett decided to issue the notes now to take advantage of low interest rates, and long-term notes made sense

because the company has 20 years left on its power purchase agreement, says **Timothy Vincent**, co-head of project finance for North America in New York at **BNP Paribas**, which was sole underwriter.

Proceeds will pay down a \$200 million floating-rate bank loan. The notes were priced at 5.869%, a comparatively low rate reflecting the fact tight corporate spreads have left



*Crockett: Waterfront Views*

investors searching for higher yield in project finance. **Paul Lange**, managing director of debt capital markets for BNP, says, "Investors are willing to do their homework to reach a higher yield."

The deal was rated Baa3 by **Moody's Investors Service** and BBB- by **Standard & Poor's**. Anticipating interest in the notes, BNP targeted both traditional private placement investors and public bond buyers and the placement was nearly four times oversubscribed following a limited roadshow.

The original bank loan for Crockett was set up in 1994 and amended in 1996. Vincent declined to specify pricing for the loan. The plant, which has been operating since 1996, sells power to Pacific Gas & Electric and steam to the **C&H Sugar Company** refinery located adjacent to the plant.

### KeySpan Extends Debt Duration

KeySpan has tapped the bond market for \$307 million to pay down a slug of debt up for refinancing in three years. The new five-year paper carries a 5.8% coupon and was priced at 95 basis points over Treasuries. The proceeds take down six-year notes, which were set to mature in 2008 and carried a coupon of 4.9%. The current flat yield curve meant spreading out the debt and avoiding a refinancing was worth the extra percentage point, says **James Holodak**, assistant treasurer in Brooklyn, N.Y.

The original notes were part of an equity units issuance that also included an equity purchase contract, adds Holodak. The equity units came with an agreement to re-issue the note portion by May 16 and were used to repay commercial paper (PFR, 2/25).

The issuance was led by **Citigroup** and **Wachovia Securities**, who were chosen because they have commitments in the company's revolving credit facility, says Holodak.

### Duke Wraps \$800M Buyback

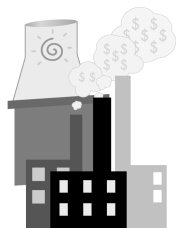
**Duke Energy** has completed an \$823 million common stock repurchase, a move that will soften earnings dilution from the company's sale of its stake in pipeline company **Teppco Partners** and the proposed restructuring of an energy field services venture with **ConocoPhillips**. The Charlotte, N.C.-based energy holding company has already paid down a considerable amount of debt in the past few months (PFR, 8/20) and is now looking to boost returns on equity through the repurchase, says **Robert Hornick**, an analyst with **Fitch Ratings** in New York. **Myron Caldwell**, v.p. and treasurer, did not return a call for comment.

The share buyback is part of the \$2.5 billion stock repurchase plan Duke announced in February (PFR, 3/4), which will be



carried out over a three-year period. Duke received \$770 million from the sale of Teppco to Houston-based EPCO and expects \$1.97 billion from the **Duke Energy Field Services** restructuring, in which Duke will reduce its stake from 69.7% to 50%.

Duke has paid \$27.46 per share of common stock in an initiative led by **Merrill Lynch**. As of last Monday, Duke Energy stock was trading at \$28.40, with a 52-week range of \$28.49 to \$18.85.



## 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@iineews.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Wolf Hollow	Texas	730	Gas	N/A	Transferred to KBC-led creditor group. Ongoing.
	Termomamonal	Colombia	90	Gas	None	
	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 Debt Portion. (PFR, 12/27)
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB	Considering Sale or JV.
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas		
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW	Gas		
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
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		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
	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		
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		
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Sold to Entergy
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			



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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
SG-led bank group (NEG developed plants)	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
STEAG	Millennium	Mass.	360	Gas		
	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.	
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Ongoing.

## 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.*

### Asia

- **Hubei Changyuan Electric Power Development** will join its corporate parent **China Guodian** in investing \$61 million to build a coal-fired power plant in the eastern Chinese province of Jiangxi. Changyuan Electric Power will take a 50% stake in the proposed Huangjinbu power plant. Construction has already been approved by the National Development and Reform Commission (*AFX-Asia*, 4/3).

### North America

- **Aquila** has been forced to nominate to its board of directors a partner in a hedge fund that's a major stockholder in the company. The company is recommending that shareholders elect **Nicholas Singer**, a senior partner in **Cyrus Capital Partners** (*Kansas City Star*, 4/4).
- A \$65 million wind farm planned on Maui would be the largest wind energy project in Hawaii. **Kaheawa Wind Power** expects to complete the wind farm in the first quarter of 2006 at Ukumehame on the southern slopes of the West Maui Mountains (*Associated Press*, 4/4).
- Maryland utility regulators have approved a **Sempra Energy** subsidiary's proposal to build a 600 MW natural gas-fired power plant. The project, at **Alcoa's** aluminum-smelting complex in Frederick County, is projected to cost about \$300 million (*Dow Jones*, 4/4).
- Alaskan Governor **Frank Murkowski** expects a contract to be

signed within the coming months between the state and oil and gas producers and a pipeline company to build the 4.5-billion-cubic-feet-per-day Alaska gas pipeline. He wouldn't be more specific on the timing but said the contract would have to overcome several hurdles, including acceptance by the Alaska state legislature (*Dow Jones*, 4/4).

- As **Sempra Energy** broke ground on its \$800 million liquefied natural gas receiving terminal in Baja California this week, the state's legislature launched an official inquiry into the project. The investigation, which began yesterday, is led by **Guillermo Aldrete Hass**, the leader of the legislature's foreign affairs committee (*San Diego Union-Tribune*, 4/2).

### Europe and The Middle East

- Savings bank **Caja Madrid** has acquired 3.99% of **Endesa SA** on the stock market, raising its stake in the electricity utility to 9% from a previous 5.01%. In a statement, Caja Madrid said it plans to continue increasing its stake in Endesa up to 10% (*AFX-Europe*, 4/4).
- **Nord Pool**, the Norwegian-Swedish energy market exchange, will change its rule breach practices and will not fine **Morgan Stanley**. This is despite the fact that both the **Kredittilsynet**, an independent Norwegian government agency that supervises enterprises and markets, and Norway's economic crime investigator, Okokrim, found that Nord Pool's rules had been breached (*Datamonitor*, 4/4).



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## PRIVATE EQUITY GIANTS

(continued from page 1)

As part of the move—first reported on *PFR's* Web site (www.iipower.com) last Wednesday—market officials say bulge bracket firms have been asked to value the portfolio and suggest how much of the Houston-based operation could be publicly offloaded. The predominantly oil and gas-fired fleet has benefited significantly from the run-up in commodities prices over the last several months, bankers note. “[The venture] wants to know how much of that value they can monetize now,” explains one banker.

Last year, **Morgan Stanley**, **Goldman Sachs**, **Deutsche Bank** and **Citigroup** served as advisors for the original purchase and subsequently provided financing for the blockbuster buyout. It is unclear if those banks will be playing a role in the planned public offering. Officials at the firms did not return calls for comment.

The group put approximately \$753 million of equity into acquiring all of Texas Genco's assets except its South Texas Project Generating Station nuclear plant, which would come later. Just outside of Houston, the plant required separate approval from the **Nuclear Regulatory Commission**, which was recently granted.

An attorney at **Stroock & Stroock & Lavan**, which advised the private equity venture, declined to comment. Officials at the private equity groups either declined to comment or did not

return calls.

Texas Genco is the second largest generator in Texas with 11 plants around Houston. It accounts for 18% of ERCOT and owns and operates 11 coal, lignite, natural gas and oil-fired power plants. Tapped last year to run the Houston-based IPP, CEO **Jack Fusco**, has said he wants to grow the company through new plant construction as well as fresh acquisitions (*PFR*, 7/30). As a public entity, the company will have easier access to capital to fund such plans as well as pay back debt. Calls made to a number listed on Texas Genco's Web site were not answered.

—Mark DeCambre

## LA PALOMA

(continued from page 1)

which would put the total price tag for the facility at more than \$630 million. Calls to officials at Lehman were not returned and **Roger Wood**, managing director at Citi, was unavailable for comment.

Any deal must be approved by its lenders, which could include private equity outfits and hedge funds. Given the tortured path of such proposed sales as **US Generating Company's** bid for Lake Road (*PFR*, 12/27), a deal could still fall off the table, observers point out. Hedge funds have been driving

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# Financing Record (MARCH 30-APRIL 4)

## Debt

Issue Date	Issuer	Business Description	Principal Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	Offer Yield to Maturity (%)	Spread to Benchmark	S&P's	Moody's	Fitch
3/30/05	Kewespo	Cogeneration plant	97.7	4.35	Fxd/Straight Bd	3/30/10	100	4.35				
4/04/05	Connecticut Light and Power Co	Electric and gas utility	100	5	Fst Mtg Bonds	4/01/15	99.404	5.077	65	A-	A3	BBB+
4/04/05	Connecticut Light and Power Co	Electric and gas utility	100	5.625	Fst Mtg Bonds	4/01/35	99.958	5.628	92	A-	A2	BBB+

## M&A

Date Announced	Acquirer Name	Acquirer Nation	Target Name	Target Nation	Value (\$Mil)
3/31/05	Tosa Hatsuden	Japan	Taiheiyo Cement Corp-Tosa IPP	Japan	149.923
4/04/05	E.ON AG	Germany	Electrica Moldova SA	Romania	40.355
4/04/05	E.ON AG	Germany	Electrica Moldova SA	Romania	

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

up the price of the debt trading in the secondary market associated with the project's construction over the past several months. Levels have spiked to 120 from 80 since August 2004.

The **PG&E National Energy Group**-developed power plant has been a potential sale candidate for nearly two years. The plant has been performing well, observers say noting that it has a heat rate of 6,800-7,000 Btu/kwh with comparable plants running at heat rates of 7,000-7,200.

The La Paloma project received its **California Energy Commission** approval in October 1999. —*M.D.*

## DEVELOPER HOPES

(continued from page 1)

Under the name **Energy Development Group**, Raman and his partners permitted and worked on initial stage development of gas projects from 1999-2002. Those plans were derailed however, when the power market collapsed.

**Southeast Idaho Energy** will be hunting for 70% non-recourse debt and an equity infusion to fund the Idaho project. Early stages discussions with local utilities have started on a PPA, but Raman declined to name the interested parties and said specific pricing has not been determined. The plant will also produce hydrogen, sulfur and synthetic gas and purchase agreements for those are still being worked out.

On the equity front, the players will be looking to land institutional investors, such as insurance companies or hedge funds, to participate in the project. About 80% of the equity portion will be covered by institutional players with Southeast handling the rest, says Raman. The group has not yet approached any potential investors or banks since the plant is still in the permitting phase and should be for about another two years, says Raman.

The company will begin discussions with financiers in

about 18 months, Raman estimates, once the permitting process is nearer to completion. Raman was formerly a banker at **Sakura Bank**, **Dresdner Bank** and **The Bank of Tokyo** in New York. He is now a director at Washington based-financial advisors, **Taylor-DeJongh**, which is not associated with this project.

The site was chosen because of its proximity to regional transmission grids and existing infrastructure such as a backup gas pipeline, he says. Seed money for the project was provided by private investors but Raman declines to name them or reveal the amount. He hopes to break ground by the end of 2007 or beginning of 2008. The plant should be running by 2011 or 2012.

—*Raquel Pichardo*

## Quote Of The Week

"It doesn't seem as if anyone has found the magic keys to the kingdom." —**Steven Pike**, managing director at **AIG Financial Products**, on the difficulty of financing power plants in the uncertain commodities environment. (see story, page 4).

## One Year Ago In Power Finance & Risk

**Hydro-Quebec** and **PSEG** were in talks to unload their stakes in **Meiya Power**, one of the largest IPPs in mainland China, to **Asian Infrastructure Fund**, in a move that reflected a general exodus of foreign energy companies from the Asia-Pacific region. [Hydro eventually signed an agreement to sell its 20% stake to **Darby Overseas Investments**, an emerging markets fund headquartered in D.C., while PSEG's negotiations with **Olympus Capital Holdings**, a private equity fund in Hong Kong, fell through (PFR, 5/10). On Jan. 5, Meiya announced that **BTU Power Co.** had bought PSEG's 50% chunk.]