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Abbott Leaves Moody's

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ENRON LOOKS TO RETAIN LATAM ASSETS POST BANKRUPTCY

Enron Global Services has decided against unloading its portfolio of assets in Central and South America and is looking to keep them as an integral part of a new entity that will be spun off and operate apart from the bankrupt energy trader. A New York banker familiar with Enron's asset sale U-turn says the assets have been taken off the block because Enron has not been able to find buyers willing to purchase them at acceptably high prices. He was unable to put a price tag on the assets. **John Ambler**, an Enron spokesman in

(continued on page 2)

EdF SEEN BUYING OUT LOUIS DREYFUS TRADING JOINT VENTURE

EDF Trading (EDFT) the London-headquartered joint venture between **Electricité de France** (EdF) and **Louis Dreyfus,** is likely to be broken up shortly as EdF looks to fly solo in Europe's increasingly deregulated power and gas markets. A senior power trader familiar with EdF's plans says France's state-owned utility is looking to buy out Louis Dreyfus' stake by the end of next month. **Francis Herve**, ceo of EDFT in London, declined to comment, as did **Marianne Costello**, a spokeswoman for Louis Dreyfus in New York.

(continued on page 8)

TXU TARGETS SOUTHWESTERN POWER GIANTS

TXU has held preliminary acquisition discussions with two fellow southwestern power giants **Entergy** and **OGE Energy**, according to a New York banker familiar with the matter. He says talks have been ongoing for a couple of months, but have not progressed far enough for TXU to retain an investment-banking advisor. **Tim Hogan**, a TXU spokesman, declined to comment, except to say the Dallas-based company intends to reduce its presence in the Lone Star State and expand elsewhere in North America.

(continued on page 8)

CHICAGO HEDGE FUND LOOKS TO HIRE ENERGY TEAM

Citadel Investments, a multi-strategy hedge fund based in Chicago with $6-7 billion in assets, is reportedly looking to hire a team of energy traders and has held talks with several former **Enron** employees, according to officials familiar with the firm's plans. The secretive fund has seven trading desks, but is not believed to be active in power trading. **Scott Rafferty**, an investor relations official at Citadel, declined all comment.

The move would make sense, according to market official in New York. "The energy markets have been rocking and rolling this quarter," he added.

—Victor Kremer

Abbott Leaves Moody's

Susan Abbott, managing director at **Moody's Investors Service**, has left the credit rating agency. Abbott, who was most closely identified with the rancorous downgrade of power traders such as **Mirant** and **Calpine** late last year, had recently been responsible for developing the agency's methodology in tackling the sector (PFR, 1/14).

Fran Laserson, a spokeswoman at Moody's in New York, declined to comment on the matter except to say that Abbott resigned two weeks ago. She had worked at the agency for 10 years. Abbott's replacement is **Daniel Gates**, managing director of project finance, who has been promoted internally.

Lazard Snags M&A Banker

Lazard has hired **Peter Marquis**, formerly v.p. in the global power and utilities group at **Morgan Stanley** in New York, in a new position as v.p. covering power sector mergers & acquisitions. Marquis says he joined Lazard because the position provides him the opportunity to focus purely on strategic advisory services, whereas at Morgan Stanley he covered a broader menu of financial products.

At Lazard, Marquis reports to **George Bilicic**, managing director. Bilicic says Lazard hired Marquis because he has tremendous deal judgement and works well with his clients. Marquis left the bulge bracket U.S. investment bank a few months ago and started at Lazard on April 15.

At Morgan Stanley Marquis represented, among others, **RWE** in its purchase of **American Water Works** and **Northeast Utilities** in the recently terminated merger with **Consolidated Edison**. At Morgan Stanley, he reported to **Jeff Holzschuh**, head of the power group. Holzschuh declined to comment on the matter.

Lazard and its recently installed ceo **Bruce Wasserstein** began rebuilding the bank's power franchise last month with the hire of Bilicic from **Merrill Lynch**.

ENRON LOOKS

(continued from page 1)

Houston, confirmed that Enron is developing a plan to separate some of its assets from the bankrupt entity and create a new company. He says that Enron will propose a plan to its creditor committee in May, but declined further comment.

The banker says, "The prospect of selling these assets at rock bottom prices would likely cause a major loss for Enron, so its plan is to hold onto them." He speculates that Enron's assets in Latin America could potentially turn around in five to 10 years as sentiment in the region improves.

A Latin American utility analyst in New York disagrees. "The environment in Latin America is awful, the worst I've seen in years. It makes more sense for Enron to sell the assets for cheap and get out." He adds it's surprising that Enron would choose to hold onto its assets for the long-term, considering it owes its creditors anywhere between $60-100 billion.

Enron first began to shop its Latin American assets shortly before it filed for Chapter 11 bankruptcy in early December and retained **Credit Suisse First Boston** to advise on the sale (PFR, 1/20). Calls to **Ronnie Hawkins**, head of Latin American utilities at CSFB, and **John Gallagher**, a spokesman at the firm, were not returned.

In Latin America, Enron has nearly 2,000 MW of generating capacity, 9,000 kilometers of pipelines and utilities that serve about 2.1 million residential and industrial customers. The businesses are located in Panama, Guatemala, Nicaragua, the Dominican Republic, Colombia, Venezuela, Argentina, Brazil and Bolivia.

—Amanda Levin Arnold

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Goldman Trades Teeside Credit

Goldman Sachs' distressed asset trading desk in London has begun making a market in the GBP795 million non-recourse loan tied to **Enron**'s refinancing of its 42% holding in the 1,725 MW Teeside power plant in northern England. A London-based project financier says Goldman is looking to sell the credit some 50% below face value and is also willing to buy the paper below this level.

Goldman's foray into European non-recourse power loan trading, reflects increased volatility and opportunity for profit in the sector, since the collapse of Enron, explain power sector bankers. "We're seeing a lot more paper being offered but it's not clear if liquidity is picking up," notes one financier. Another banker adds that the sellers are those banks overly exposed to U.K. merchant power project loans. Many of these have or are close to breaking their covenants because of falling power prices in the U.K. (PFR, 4/1).

HETCO Quant Heads West

Scott Putnam, the chief weather quant at **Hess Energy Trading Co.**, is exiting the weather industry and joining a San Francisco-based bio-tech outfit, according to an industry official. Rumors of his impending departure have been circulating in the tight-knit weather market over the last couple of weeks (PFR, 4/8). Repeated calls to Putnam were not returned and HETCO officials declined comment. Putnam was part of the original gang of four from **Koch Entergy Trading** who kick-started the HETCO weather desk (PFR, 5/9/00). **Amit Bhattacharyya**, who recently joined the team from **Louis Dreyfus**, will take on some of Putnam's responsibilities.

ABN Drops Utility Analyst

As part of broader plans to retrench from the U.S. equity markets, **ABN AMRO** late last month handed a pink slip to **Paul Patterson**, its New York-based utility analyst. An ABN spokesman says Patterson's departure is one of 550 job cuts at the bank. He adds that the entire equity business was relatively small, lost money and was weak competitively.

Some of the power companies Patterson covered were **American Electric Power**, **Dominion Resources**, **DPL**, **DTE Energy**, **El Paso**, **Exelon**, **Entergy**, **Pinnacle West** and **TECO Energy**. According to the spokesman, Patterson had been with the firm for about eight months and prior to that was a utility analyst at **Credit Suisse First Boston**.

While at ABN, Patterson reported to **Margot Vignola**, head of equity research, who also left ABN earlier this month. Vignola could not be reached for comment and calls to Patterson at home were not returned by press time.

Panda Plots Longer-Term Contracts

Dallas-based **Panda Energy International** is looking to increase the proportion of long-term power contracts in its portfolio, but only when forward prices have recovered. **Dave Freeman**, senior v.p., told delegates at **The Power Marketing Association**'s annual spring conference in Las Vegas last week that the IPP is looking to increase the maturity of contracts, but that it doesn't make sense to lock-in at current low levels. "When the market gets back some equilibrium we will lock in aggressively," he said.

Freeman, who joined Panda from **Aquila** last fall to head up commodity transactions, says there is an imbalance among IPPs toward short-term contracts. This reflects the view that many felt they were giving away the upside on power prices to counterparties in tolling agreements.

Credit Takes Center Stage In Trading Landscape

Credit issues are at the forefront of all facets of the power marketing industry, as firms come to terms with the collapse of **Enron** and the fallout from the California crisis. Credit questions are changing everything from the substance of PPA negotiations to the coverage that players can tap in the credit insurance market, power officials say.

Dave Freeman, senior v.p. at **Panda Energy International**, told delegates at the Power Marketing Association's annual spring trading conference that in some ways the commercial terms of a power contract aren't taking center stage in talks between counter-parties. "Sixty percent of negotiation is over credit," he said of the current contract process. He traces the roots of this as far back as the California power crisis, and also the state's subsequent bid to sign contracts to alleviate the potential for future price spikes. Many players balked at signing up with a state-sanctioned entity because of questions about its creditworthiness, he says. As political pressure increases on those IPPs that signed contracts—such as **Calpine**—to renegotiate, those who made the decision to pass are feeling vindicated.

Another facet to the credit crackdown is being felt in the nascent market for credit insurance against counterparty default. **Scott Ettien**, v.p. at **NCM Americas**, noted that after Enron's collapse the insurer had a three-month moratorium on writing credit insurance in the power sector. It has re-entered the market, but only for insuring against the default of investment-grade counterparties, whereas before it also covered lower rated risks, he said.

N.Y. Power Boutique Looks To Wrap Loan

FORTISTAR, a White Plains, N.Y.-based independent power marketer, is looking to close syndication of a $100 million non-recourse facility shortly, but some bankers say the deal has had problems attracting commitments. The facility, led by **Bank of Nova Scotia**, will fund an acquisition, says **Mark Comora**, president at FORTISTAR, declining to comment on the target.

One banker says the deal, which was launched earlier this year, may have had to be restructured after failing to draw in $100 million of commitments. Comora declined comment on the syndication, except to say that he expects the deal to close shortly. FORTISTAR, which owns or manages 290 MW at 17 plants, may have had some problems with the market's lack of familiarity with its name, says another banker. Scotia bankers declined to comment.

Banks Home In On Closing Magnolia

Syndication of **InterGen**'s $430 million Magnolia non-recourse loan facility is close to wrapping up. Leads **ABN AMRO** and **Credit Lyonnais** have signed up **Bank of Ireland** and **Sumitomo Bank** for retail tickets and are waiting on a final commitment that would take the retail round total to $55 million, says one syndicator. The 10-year project loan, which funds construction of a 900 MW gas-fired plant near Memphis, Tenn., has 14 banks already committed following a wholesale round that closed Dec. 9 (PFR, 12/23). The banker says that given the strong line-up in the first round, selling down $55 million at the retail level is in line with initial expectations.

Missouri Utility Hires Lehman For Equity Issue

Joplin, Mo.-based **Empire District Electric** has hired **Lehman Brothers** as the sole bookrunner for a $50 million secondary stock offering this June. **Amy Bass**, a spokeswoman at the company, says a few other banks will be invited at the co-arranger level and pricing should occur on May 17. Bankers at Lehman Brothers declined all comment on the matter.

Bass says the proceeds of the upcoming offering will primarily be used to repay $37.5 million in first mortgage bonds that were issued in July 1992 and mature in July. The Baa1/A- rated 7.5% bond offering was led by a precursor of **Salomon Smith Barney**. Bass says the remaining proceeds will likely be used to pay down short-term debt.

Empire District Electric is an investor-owned utility providing electric services to about 150,000 customers in southwest Missouri, southeast Kansas, northeast Oklahoma and northwest Arkansas. It's also offers security, fiber optics, lighting and water services to its customers.

Empire District Electric has a $427 million market capitalization. Its stock closed last Tuesday at $21.70 and has a 12-month trading range of $18.26-21.99.

Allegheny To Split Funding Costs

Allegheny Energy Supply, the unregulated generation subsidiary of **Allegheny Energy**, will likely split the $540 million cost of building a 1,080 MW combined-cycle gas turbine plant in La Paz County equally between debt and equity capital. **Michael Grandillo**, a company spokesman, notes that the Hagerstown, Md.-based energy concern is still in the process of determining the exact form of financing for the newly launched project and could not provide further details.

Grandillo says construction is scheduled to begin late this year and the project is slated to come on line either late 2004 or early 2005. He says that once operational, the plant will sell generation into the Arizona market and other states located in the Western Systems Power Pool.

Grandillo says Allegheny's final hurdle before construction can begin is to secure an air permit from the **Arizona Department of Environmental Quality**. He expects Allegheny to receive the permit by September. On April 8, Allegheny received a certificate of environmental compatibility from the **Arizona Corporation Commission**.

Norwegian Concern Raises EUR40M

Energos, a Norwegian distributive generation concern, tapped the private equity market earlier this month for EUR40 million ($36 million) to finance the expansion of its business across Europe.

An official close to the transaction notes Stavanger-based Energos retained **J.P. Morgan** to advise on the funding and tapped **Global Innovation Partners**, **Norsk Hydro** and **Venturos**, among others, for capital. Venturos was already the largest shareholder with over just over 50% of the company. **Morten Berg**, managing director at Energos, was unavailable for comment and a J.P. Morgan banker declined to comment.

Energos builds, operates and owns small power and steam generation units on behalf of large industrial and municipal clients. Its units—typically in the 5-10 MW range—are fueled by household waste. The company operates three units in Norway and one in Germany and is looking to expand elsewhere in Scandinavia, Austria and Switzerland. Its German operations are a joint venture with local utility **E.on**.

Energos' next fund raising venture is likely to be an initial public offering. However, with its coffers now replenished, any floatation could be some time off, notes the official. He adds the private equity deal marks one of the few successfully placed energy tech transactions of the past year.

Three Sign Up For Avista Facility

Lead arrangers **Bank of New York** and **Union Bank of California** have launched a $220 million revolver for Avista. **FleetBoston** and **Wells Fargo** have signed up for $30 million tickets apiece. Following a New York bank meeting April 10 (PFR, 4/8), **Bank Hapoalim** also has signed a $10 million commitment, according a UBoC official. Fees on the 364-day revolver are 25 basis points for $20 million and 12.5 for $10 million, and the aim is to wrap the deal May 15, he adds.

The loan replaces a facility maturing May 29 that was led by **Toronto-Dominion Bank**. A syndicate official says Spokane, Wash.-based Avista, parent of **Avista Utilities**, held an RFP process and UBoC and BoNY won out on the basis of pricing and also a simplified covenant structure.

Corporate Strategies

DQE Utility Taps Bond Mart To Fund Calls

Duquesne Light last Monday wrapped up a $200 million note issue that will fund the early calling of two $100 million issues maturing in 2003 and 2004. With a general consensus in the market that rates are probably at their low point, the regulated transmission and distribution utility decided to lock in rates with first-mortgage bonds due April 15, 2012, says a spokesman at parent **DQE** in Pittsburgh. The issues being taken out are callable at par with no associated premium.

The 6.7% coupon notes were priced two weeks ago at 99.899%, and settled last Monday. Finance officials see the offer pricing as tight, says the spokesman, reflecting an investor flight to quality that is putting strongly-rated first-mortgage bonds in demand. **Fitch Ratings** assigned the notes a BBB rating.

DQE aims to provide titles on capital markets deals for banks that support its revolving credit facility, says the spokesman. As a result the $200 million deal had eight banks on the team: **Salomon Smith Barney**, **Wachovia** and **Bank One** as co-leads, and co-arrangers **ABN AMRO**, **Bank of Tokyo Mitsubishi**, **Mellon Bank**, **National City Bank** and **The Bank of New York**.

Indiana Municipal Funds Plant Upgrades

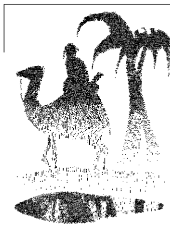
The **Indiana Municipal Power Agency** (IMPA) intends to use the proceeds from a $65 million offering of 20-year revenue bonds issued last week to expand and improve the environmental performance of three power plants in Kentucky and Indiana, according to **Chris Retig**, cfo.

The plants include the Trimble County facility in Kentucky and the Gibson Five Unit in Indiana, which will both be upgraded with NOx reducing equipment. The other plant is the Anderson facility in Indianapolis, which will be doubled in size from 82 MW to 164 MW.

Commenting on the IMPA's decision to tap the market now, Retig says, "We anticipate that rates will go up during the third quarter of 2002 so we wanted to get out there now to minimize our expenses." He adds that it chose revenue bonds, in particular, because they provide tax exempt benefits.

The bond offering was led by **Salomon Smith Barney** and co-managed by **Bank One Capital Markets**, **Goldman Sachs**, **J.P. Morgan**, **Morgan Stanley** and **City Securities Corp.**, a local securities firm in Indiana.

The municipal agency was created in 1980 and provides wholesale electricity to 32 member utilities located throughout Indiana that serve some 260,000 customers. The IMPA and its utilities own a total of 555 MW of generating capacity.



Middle East & North Africa

ADWEA Shortlists Nine Bidders

The **Abu Dhabi Water & Electricity Authority** (ADWEA) has shortlisted nine companies or consortia to bid for Um Al Nar, a power and water desalination project near Abu Dhabi City. The shortlisted bidders are German utilities **STEAG** and **RWE**, **AES**, **Marubeni**, **EDF International**, **TotalFinaElf**, **Korea Electric Power Co**. and two consortia comprising **Tractebel** and **Enel Power** and **International Power**, **Mitsui** and **Tokyo Electric Co.**, say bankers.

One banker who's advising one of the bidders in the tender says ADWEA shortlisted the developers earlier this month and is looking to whittle down the short-list to two bidders by the end of Q3. ADWEA plans to sell Um Al Nar, a power and water desalination provider to an international developer and require the buyer to add extra capacity as part of the sale agreement. ADWEA wants to increase capacity to 1,750 MW and 150 million gallons of desalinated water a day, from its current load of 1,100 MW and 80 million gallons (1/27).

RWE's bid marks the German utility's first foray into the Middle Eastern market (PFR, 2/11). The banker says its experience running both water and power utilities in Europe and the U.S. could count in its favor, and more than offset its inexperience in the region, but he adds the IP and Tractebel-led consortia are probably the front runners at this early stage. **Dean Hudson**, a banker at ADWEA's financial advisor **Credit Suisse First Boston**, declined to comment.

Latin America

CFE Readies May Auctions

Mexico's **Comision Federal De Electricidad** will next month award contracts to develop two independent power plants with a combined capacity of 920 MW. **Eugenio Laris Alanis**, director for new projects at the CFE, says the next project to be auctioned is La Laguna II, a 450 MW combined-cycle gas-fired plant, on May 15. Alanis says two international plant developers have been short-listed to build, own and operate the project. Next on the block is the 479 MW Tuxpan V CCGT project on May 22. Four developers are in the running to develop the latter plant. Alanis declined to name the bidders, but a banker says one of the short-listed companies is **TransAlta**, Canada's largest un-regulated generation concern, which has announced it is looking to expand its IPP portfolio elsewhere in America. **Daniel Pigeon**, head of investor relations, did not return calls.

Both projects being tendered next month are part of the CFE's ambitious plan to auction off some 5.5 GW of power projects, by year-end. The largest project for this year, the 1.02 GW Altamira V plant, will be auctioned in August. Alanis says the roll-out plan reflects Mexico's need to add 3 GW of capacity each year to meet growing demand (PFR, 3/5). Last year demand for power grew by 7%. Since the CFE launched Mexico's IPP program in the mid-1990s it has awarded 25 contracts—covering a combined 10 GW of capacity—of which six of the plants are already online.

AES Delays Sale Of LatAm Assets

Arlington, Va.-based AES has put the sale of its Latin American power portfolio on the backburner until later this year because of the large amount of generation capacity already on the block in the region and low interest from potential buyers.

A New York banker familiar with the matter says that despite the postponement, AES remains very interested in selling these assets, as part of plans to shore up its balance sheet and improve its credit rating. **Morgan Stanley** is advising AES on the sale. Bankers at Morgan Stanley declined to comment and calls to **Kenneth Woodcock**, a spokesman at AES, were not returned.

AES' assets in Latin America account for approximately 39% of the international power producer's revenues (PFR, 3/3). At the end of February, AES announced a restructuring plan that included divesting between $1-1.5 billion of underperforming assets in both Latin America and the U.S.

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin Arnold**, Reporter, at (212) 224-3292 or email: alevin@iinews.com*

Sponsor	Project	Project Type	Size (MW)	Cost ($mil)	Country	Advisor/ Financier	Status	PFR Issue
ABB	Thermo Bahia	Gas-fired	187	205	Brazil	IDB/BofA	Launched $173M loan	3/4/02
Alcoa/CVRD/Cossea	Santa Isabel	Hydro	1,087	650 - 750	Brazil	Citi	Prepping bond & loan	4/15/02
CEMIG/CVRD	Amiores/Funil	Hydro	510	235	Brazil	Citi	Prepping deal for June	4/15/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Compahnia Energetica de Pernambuco	Termopernambuco	Gas-fired	520	403.5	Brazil	IADB/BBVA/BNDES	Syndication due shortly	12/24/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pederneiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
Electricité de France	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Prepped $200M loan	2/11/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a $217M project loan	3/4/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Closing $340M in financing	3/4/02
El Paso	Macae	Gas-fired	400	700-800	Brazil	-	Refinancing with a project loan	3/11/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	IADB has offered assistance to relaunch the stalled project	6/9/01
Iberdrola, Banco de Brazil, Previ	Termo Pernambuco	Gas-fired	540	350	Brazil	IDB, BBVA	Expects to bring project on line by 2002	3/26/01

Sponsor	Project	Project Type	Size (MW)	Cost ($mil)	Country	Advisor/ Financier	Status	PFR Issue
InterGen	La Rosita I & II	Gas-fired	1,060	Mexico	Citi, BNP, EDC, SocGen, KBC, ANZ	-	Plan to Launch general syndication in March	2/25/02
InterGen	Carioba	Gas-fired	945	670	Brazil	-	Project delayed until Q1 of 2003	2/25/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a $300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	J.P. Morgan	Considering taking out a $100M loan to fund the acquisition	9/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	-	In the process of arranging a corporate loan	3/11/02
Union Fenosa	La Laguna II		450	-	Mexico	-	-	7/2/01
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank, BOTM	Expects to bring plant on line by 2003	6/4/01

Financing Record (MARCH 11 - MARCH 17)

Bonds

Date	Maturity	Issuer	Amount	Price	Type of Security	Coupon (%)	Spread to Treasuries	Moody's	S&P	Book Manager9s)
04/11/02	04/15/07	Progress Energy	350	99.962	Senior Notes	6.050	190	Baa1	BBB	BofA/SSB
04/11/02	04/15/12	Progress Energy	450	99.893	Senior Notes	6.850	165	Baa1	BBB	BofA/SSB
04/12/02	04/16/04	Duke Capital	100	100	Mdm Trm Fl Nts	Floats	-	A3	A	GS
04/12/02	10/27/03	GIE Suez Alliance	706.2	99.954	Float Rate Nts	Floats	-	A2	A-	CMCIC/HSBC/SocGen

M&A

Date Announced	Date Effective	Target	Target Country	Acquiror	Acquiror Country	Value ($mil)
04/11/02	04/11/02	Actelios	Italy	Undisclosed	Unknown	-
04/11/02	04/11/02	Szczecinska Energetyka Cieplna	Poland	Investor Group	Germany	26.428
04/12/02	04/12/02	Coast Mountain Power	Canada	Synex Energy Resources	Canada	-
04/15/02	-	North American Geo Power	U.S.	Cambridge Energy	U.S.	-
04/15/02	-	Seabrook Nuclear Power Plant	U.S.	FPL Group	U.S.	836.600

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

EdF SEEN

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Market watchers in London say its makes sense for EdF to end the joint venture now because it has acquired sufficient experience trading energy in a deregulated market to walk on its own two feet. When they set up the J.V. in 1999, EDF had no experience trading power in a competitive market, because in France EdF enjoyed a virtual monopoly over generation and supply. "Now that it knows how to trade, why would it need Louis Dreyfus?" questions one power trader.

EDFT is primarily run by EdF staff—unlike in the early days of the partnership when seasoned Dreyfus executives, shipped in from the U.S., pulled the strings and ran the trading desks—so any restructuring of ownership is unlikely to lead to a dramatic reshuffling of personnel.

Of more interest to the market is the price EdF is forced to stump up to buy out Louis Dreyfus. "If it has been smart it will have signed a pre-nuptial," quips one senior trader. He notes that **Duke Energy** had to pay an "exorbitant" sum to buy Louis Dreyfus out of an earlier venture in the U.S.

In June 1997, three years after setting up **Duke/Louis Dreyfus**, another trading J.V., Duke paid $247 million to buy Louis Dreyfus' 50% stake in the Wilton, Conn., based-business.

At launch back in 1997 EdF owned 66.7% of EDFT, with Louis Dreyfus owning the remainder. The pair initially invested EUR30 million in the business. Since then it has grown to become one of the largest power and gas trading shops in London.

—Will Ainger

TXU TARGETS

(continued from page 1)

Morgan Stewart and **Brian Alford**, spokesmen at Entergy and OGE, respectively, would not comment, citing company policy.

A tie-up with Entergy or OGE would create an energy company valued at $23 billion or $16 billion, respectively, given their current market capitalization. TXU had a market value of $14.46 billion as of last Wednesday. TXU and Entergy have also held separate merger discussions with **Xcel Energy** (PFR, 2/4). Bankers say that in the post-**Enron** world it seems that everybody is talking to everybody about a tie-up.

Although unaware of TXU's plans, analysts contacted by *PFR* say that either OGE or Entergy would be a good fit. **David Burks**, utility analyst at **J.J.B. Hilliard W. L. Lyons** in Louisville, Ky., says that all three of them have contiguous service territories and OGE and Entergy are both solid companies.

Michael Worms, a utility analyst at **Gerard Klauer Mattison** in New York, says that even though TXU hasn't historically grown through mergers, it would be a good time to make a move considering that its stock is trading at an all-time high. As of last Wednesday, TXU was trading at $55.21 with a 52-week high of $55.70 and a low of $40.80.

Oklahoma City- based OGE is the parent to **Oklahoma Gas & Electric**, an electric utility with 700,000 customers, and **Enogex**, a gas pipeline company. Entergy, headquartered in New Orleans owns more than 30,000 MW of generating capacity and has about 2.6 million customers.

TXU is also on the prowl for power plants in North America (PFR, 4/15), and has amassed a $1.4-1.6 billion warchest to fund bolt-on additions. Specifically, it is seeking to bid on some of the domestic generation assets being sold by **AES** and **NRG Energy**. TXU is looking to strike within the next two months to take advantage of falling valuations for generation assets.

—A.L.A.

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

- **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

"Sixty percent of negotiation is over credit."—**Dave Freeman**, *senior v.p. at* ***Panda Energy International****, commenting on traders' preoccupation with counter-party credit-worthiness (see story, page 3).*

One Year Ago In Power Finance & Risk

Edison Mission Energy, the unregulated generation arm of **Edison International**, was thought to be facing at least a GBP250 million ($360 million) hit to find a buyer for two plants it was selling in the U.K. because of tough market conditions and a preponderance of sellers in the market. [Edison International announced taking a $1.15 billion one-off charge on Oct. 18 related to its disposal of the company's Fiddlers Ferry and Ferrybridge coal-fired stations. The assets were sold earlier that month to **American Electric Power** for half the GBP1.3 billion Edison paid in 1999.]

