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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

MAY 6, 2002
VOL. V, NO. 18

Web Exclusives

Barclays Capital will launch a roughly EUR220 million project loan this week on behalf of **Viridian Powe**r.

A Supreme Court ruling could undermine the **Comision Federal De Electricidad**'s attempts to forge a deregulated power market in Mexico.

For the full stories go to *PFR*'s Web site (www.iipower.com)

CITI SEEN BALKING ON UNDERWRITING FPL JUMBO REVOVLER

FPL Energy's planned $2-2.5 billion construction revolver is in flux because co-lead arranger **Citibank** has reportedly declined to fully underwrite the long-awaited deal. Fellow co-lead **Bank of Nova Scotia** is still working with the Juno, Fla.-based independent power producer, says a Scotia banker, declining further comment. A Citi official declined all comment and calls to FPL were not returned by press time last Friday, but project finance bankers say Citi is now effectively off the deal.

FPL's insistence that the deal be fully underwritten may reflect the fact it agreed the

(continued on page 11)

PPL LOOKS TO OFFLOAD LATIN UTILITY ASSETS

Allentown, Pa.-based **PPL Global** is looking to exit the Brazilian and Chilean distribution markets and has put on the block six utilities in the region covering some 1.5 million customers. A banker familiar with the matter says that within the past month PPL has retained **J.P. Morgan** to shop **Empresas Emel**, a holding company for five distribution companies in Chile, and **Dresdner Kleinwort Wasserstein** for the sale of **Companhia Energetica do Maranhao** (CEMAR), a Brazilian distributor.

George Biechler, a PPL spokesman, declined all comment and **Roger Petersen**,

(continued on page 12)

TRACTEBEL EDGES TOWARD FINANCING LAUNCH; MULLS 'INTERGEN' MODEL

Bankers for **Tractebel North America** are telling project financiers to expect the launch of the company's long-gestated non-recourse construction loan by the end of next month. The structure, which was originally planned as a portfolio deal (PFR, 12/9), may now take the form of four separate loans pitched to bankers on the basis that they must sign up for more than one, says one syndicator.

The banker characterizes this approach as similar to the strategy used by InterGen for

(continued on page 12)

ITALIAN CONSORTIUM TO LAUNCH EUR3.6B ACQUISITION FINANCING

Edipower and its seven mandated lead arrangers at a bank meeting in Milan will launch syndication tomorrow of a EUR3.675 billion ($3.35 billion) 18-month loan to finance the acquisition of **Eurogen** from **Enel**. A banker involved in the transaction says the financing is being divided into a EUR1.8 billion, non-recourse loan secured against Eurogen's generation portfolio and three corporate-level loans.

The lead arrangers, **Barclays Capital**, **Credit Agricole Indosuez**, **Interbanca**, **IntesaBCI**,

(continued on page 11)

Fortum Sub Still Plans Asset Sale

IVO Energy, the London-based arm of Finland's Fortum, is still looking to divest of its U.K. and Ireland power generation assets, but will not be rushed into a fire sale, says **Valorie Kohler**, managing director. She notes that divestiture remains the long-term goal, but adds that falling generation asset prices in the U.K, mean the company will likely hold its fire until the market firms up again.

IVO put its four U.K. and Irish generation assets up for sale some 18 months back, but has so far only managed to sell its stake in one plant, Humber Power, a 1,240 gas-fired power plant (PFR, 6/4) in Northeast England. IVO still owns Brigg, a 240 MW gas-fired plant, Grangemouth, a 130 MW gas-fired plant and Edenderry a 120 MW peat-fired plant. Kohler says Fortum is looking to divest of the plants to refocus its generation portfolio in Scandinavia. She adds IVO will continue to trade the U.K energy markets after it has sold the assets.

NEG Wraps Retail Leg

PG&E National Energy Group has closed the retail end of its jumbo non-recourse plant financing and added $385 million to the $1.075 billion booked in the wholesale round (PFR, 1/7). The additional round has allowed the IPP to add the fourth plant—a 170 MW facility in Covert, Mich.—that it was looking to round out the **Citibank** and **Société Générale**-led financing, says a banker. Banks signing tickets in the wholesale phase were told to get comfortable with either three or four plants in the completed financing. Company officials did not return calls by press time.

The $1.46 billion total was less than the $1.7 billion initially sought, but given the turn in the market in the fourth quarter there was a realization this would be difficult to attain. Seven banks were added in the retail round.

AEP Looks To Renew $2.5B Line

Columbus, Ohio-based **American Electric Power** is renewing a $2.5 billion 364-day revolver through lead arrangers **Citibank** and **J.P. Morgan**. The facility is currently in the market and the company is looking to have it wrapped toward the end of the month, says spokesman **David Hagelin**.

The revolving credit is earmarked as a commercial paper backup. The leads were given the call after AEP surveyed a number of banks ahead of awarding the lead slots. One banker looking at the deal says it will close with little difficulty, given AEP's strong name and bank following. He adds pricing and fees are in line with market levels, but declined to elaborate.

Another Power Analyst Exits Moody's

Andy Jacobyansky, **Moody's Investors Service**'s lead analyst covering embattled IPPs **Calpine** and **Mirant**, has left the agency, joining **Susan Abbott**, managing director for the sector, who also recently departed (PFR, 4/22). A Moody's spokesman confirmed Jacobyansky's departure and says interviews are taking place to find a replacement. He declined comment on the reasons for his exit.

Jacobyansky was the lead analyst on the Moody's call that raised Calpine from a junk rating of Ba1 to an investment-grade Baa3 on Oct. 2, only for the move to be reversed on Dec. 14, notes one power banker. The downgrade of Mirant to junk status last year also resulted in unusually strong rancor in the industry (PFR, 1/14). The spokesman declined to comment on whether the departure of Jacobyansky was connected to the ratings moves.

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Mirant Edges Closer To Sealing Credit Enhancement

Atlanta-based Mirant is homing in on an arrangement that would enhance the credit rating of its trading and marketing arm. CEO **Marce Fuller** told analysts in an earnings conference call late last month, "We have identified a potential structure that would ultimately provide a long-term credit enhancement solution. We are currently involved in active discussions and plan to take the proposed structure to the rating agencies for review." Mirant has been looking at enhancement structures and at teaming up with other institutions for credit support following a rating downgrade last year that took the energy trader into junk territory (PFR, 2/11). Fuller gave no indication of the timeline for enhancement.

The independent power producer has already reduced the amount of collateral it has had to post against energy contracts from a high-water mark of $800 million earlier this year. Fuller said Mirant has been able to cut the collateral levels by adding more netting agreements with counterparties. Before its downgrade, Mirant had $389 million pledged to support its trading business and currently has an additional $240 million tied up.

Ray Hill, cfo, told investors on the conference call that he expects the $240 million figure to be halved once the firm has inked a deal providing credit enhancement.

InterGen Whittles Down Dutch Shortlist

InterGen has whittled down the shortlist of banks to arrange the financing for the construction of an 800 MW combined heat and power plant in Rotterdam, the Netherlands to **BNP Paribas** and **Société Générale**, according to a banker familiar with its plans. **ABN AMRO**, **Credit Lyonnais** and **KBC Bank** had also been in the running to win the mandate (PFR, 4/15). InterGen's decision to opt for a French lender, rather than a Benelux-based institution, surprised another financier as late last year InterGen hinted strongly that it wanted a domestic bank to lead the transaction (PFR, 9/23). Officials at the shortlisted firms either declined to comment or did not return calls. Calls to InterGen also were not returned.

The Rijnmond project is the first independent power project to get the go-ahead in the Netherlands. Until now IPPs have shied away from developing new plants in the region because of the Netherland's tough permitting regime and because of an excess of power supply. Overcapacity in neighboring Germany and **Electricité de France**'s ability to export cheap nuclear power have led to a power glut in the Netherlands. InterGen has surmounted the overcapacity problem by signing a 15-year PPA with local distributor **Nuon**.

U.K. Recycling Firm Plots Non-Recourse Financing

Doncaster, U.K.-based **Waste Recycling Group** is looking to tap the project finance market to fund the development of a waste incinerator and associated power plant at Allington in Kent, southern England, according to an official familiar with its plans. The green-energy and waste-management provider has yet to send out requests for proposals to banks, but has retained **KPMG** to advise on financing. **Hugh Etheridge**, finance director at WRG, and **Uilleam Cameron**, a director at KPMG, declined to comment.

WRG acquired the project as part of its GBP185 million acquisition of **Hanson Waste Management** early last year. *PFR* was unable to determine the size or cost of the project.

RBoS Wins ESB Spanish Mandate

Ireland's state-owned electric utility, the **Electricity Supply Board,** has hired **Royal Bank of Scotland** to arrange financing for the construction of an 800 MW combined-cycle gas-turbine fired power plant in the Basque region of northern Spain. A banker familiar with the matter says RBoS has agreed to fully underwrite financing for the construction of the Amorebieta project. Calls to **Kevin MacDermott**, an ESB spokesman, were not returned.

The Amorebieta project near Bilbao is expected to cost some EUR470 million ($425 million) to build and bankers say the ESB is looking to fund the bulk of the costs through a non-recourse bank loan. RBoS beat competition from two other short-listed firms **BNP Paribas** and **ABN AMRO** (PFR, 4/14) to land the mandate.

DTE Pulls Out Of Trans-Elect Talks

DTE Energy has pulled out of negotiations with Trans-Elect, the only for-profit independent transmission company in the U.S., to sell its Michigan-based wires unit, **International Transmission System Co.**, says an official close to the negotiations. *PFR* could not ascertain the reasons behind DTE's decision to nix the sale, but one market official says its unsurprising to see a utility getting cold feet about divesting its wires business, as such assets are so income-generative. **Lewis Layton**, a DTE spokesman, and Trans-Elect officials did not return calls by press time.

Since Trans-Elect launched back in 1999 with plans to spend some $15 billion on transmission assets in the rapidly deregulating U.S. market, it has only managed to land one U.S. transmission business (PFR, 4/8). 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).

CMS Seeks $750M In Loan Facilities

Dearborn, Mich.-based **CMS Energy** is looking to renew a $450 million 364-day revolver and consolidate a number of **Consumers Energy** facilities into a new $300 million facility, which is split 50/50 between a 364-day revolver and a three-year term loan. Both deals were launched last week, with **Barclays Capital** leading the holding company loan and splitting the duties with **Bank One** on the electric utility facility, says a syndicate official.

Pricing for the CMS revolver is 175 basis points over LIBOR and the Consumers deal has a fully drawn mark of 137.5 over LIBOR. Commitment ranges are $10-50 million across the deals. Both facilities are earmarked for general corporate purposes, the banker says, and commitments will be due around May 22.

Corporate Strategies

KeySpan Rakes In Equity-Linked Funds

Brooklyn, N.Y.-based **KeySpan** launched a $400 million offering of equity-linked notes last week to pay down commercial paper and also to strengthen the power player's balance sheet. **Ken Daly**, an investor relations official, notes KeySpan has a solid single-A rating so it was able to choose the right time to tap the market.

The equity units consist of $50 notes paying a 8.75% coupon and a contract to purchase KeySpan stock in three years. The stock contract will require the holder to purchase the stock in a price range of $35.20-42.36, reflecting the closing price of KeySpan stock last Tuesday and a 20% premium. **J.P. Morgan** was sole book-runner and lead manager. Daly says the company chooses its lead banks on a case-by-case basis after assessing expertise and performance both for other companies and for KeySpan.

Heading down the equity-linked route, rather than a straight common stock offering had a number of advantages, Daly says. First off, the notes get equity treatment from the rating agencies and the coupon is tax deductible. Also, the three-year lag before conversion gives KeySpan time to invest the funds to contribute to earnings, rather than taking an immediate dilution. The main growth areas revolve around increasing customers' conversion from oil to gas in its service territory, Daly explains. Adding generation capacity in New York City and on Long Island is also a focus, he says. The 250 MW Spagnoli Road natural gas-fired facility in Melville, Long Island, is due on line in two summers, a 250 MW expansion to its Ravenswood plant is scheduled for 2003, and 58 MW peaking plant is due to come on line this summer in Port Jefferson.

Sempra Repays Debt With Convertibles

San Diego-based **Sempra Energy** will use much of the proceeds from a $532.5-550 million, five-year mandatory convertible bond sale to pay down some of its $1 billion short-term debt load.

Much of the debt being paid down was incurred by **Sempra Energy Global Enterprises**, its independent power producer subsidiary, to fund the addition of new projects, according to **Michael Clark**, a spokesman. He notes Sempra upsized the deal from an initial $450 million to lock in favorable interest rates and adds that Sempra has a 30-day option whereby it can issue an additional $50 million of hybrid securities.

Commenting on the offering, **Ellen Lapson**, an analyst at **Fitch Ratings** in New York, says, "We view this hybrid security as a strong issue because even if the market turns, the bond offering secures the investor commitment to purchase Sempra stock shares at a future date." She adds that the return to investors will depend on the value of the common stock at the contract settlement date.

According to Clark, the offering, rated A by Fitch, pays a 5.6% coupon and converts into common stock after three years on May 17. The sale closed April 30. **Merrill Lynch** and **Salomon Smith Barney** underwrote the deal.

Latin America

Banks To Seal Financing For Mexican Project

Citibank and **Fuji Bank** plan to seal syndication of a $200 million long-term non-recourse loan next month for the construction of Altamira (495 MW), a combined-cycle gas-turbine plant in northeastern Mexico. A project financier involved in the financing declined to comment on the banks approached or the terms of the loan.

Project sponsors **Electricité de France** and **Mitsubishi** will jointly provide $100 million in equity financing (PFR, 2/11). Altamira will sell all of its output to the **Comision Federal de Electricidad**, Mexico's national power company, under a 25-year power purchase agreement. The CFE awarded EdF and Mitsubishi the tender to build and operate the plant on May 1, last year.

Duke Plots Mexican Expansion

Duke Energy International is actively looking to develop projects in northeastern Mexico along the Texas border, according to a company official. "We see a lot of opportunities to grow in Mexico because it has managed to remain relatively [unscathed] by the regulatory and economic crises that have plagued Latin America. Unlike Brazil, Chile and Argentina, which have been hardest hit, Mexico remains very attractive," he says. The official says Duke is in the process of examining potential opportunities and plans to act over the next several months.

Duke's Latin American generation portfolio consists of 2,307 MW of hydroelectric capacity in Brazil, 548 MW of hydroelectric and thermal generation in Argentina, 275 MW of thermal capacity in El Salvador, 685 MW of thermal and hydroelectric power in Peru, 173 MW of thermal power Ecuador and 126 MW of hydroelectric capacity in Bolivia.

Uruguay Shortlists Two Bidders

Uruguay's state-run power concern, the **Administracion Nacional de Usinas y Transmisiones Electricas**, short-listed two European energy concerns late last month to bid for the right to build, own and operate a $300 million 400 MW natural gas-fired plant, dubbed UTE, says a New York project financier familiar with the matter. He notes four developers were pre-qualified to bid, but says only French oil giant **TotalFinaElf** and Belgian utility **Tractebel** met the necessary technical requirements to progress to the final round.

The short-listed pair must submit final bids by May 31, says the banker, adding the selection process has proved an unusually long and arduous process because of Argentina's economic crisis and currency devaluation. Officials at the Uruguay utility did not return phone calls.

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	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Has hired Citi to lead deal	2/11/02
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 2/11/02	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Expected to seal financing in May.	5/6/02
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
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	SocGen	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

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PFR - APRIL 15

DPL PUTS ITSELF BACK ON THE BLOCK; EYES CINERGY, FIRSTENERGY TIE-UP

Ohio energy concern DPL has put itself up for sale for the second time in two years and has initiated sale discussions with fellow Midwestern utility holding companies Cinergy and FirstEnergy, according to a New York banker. He says DPL has retained **Morgan Stanley** to advise on the sale, adding a tie-up could be announced by late summer. Calls to **Elizabeth McCarthy**, cfo at at DP&L, and bankers at Morgan Stanley were not returned. **Steve Brash**, a spokesman at Cinergy, and **Ralph DiNicola**, a spokesman at FirstEnergy, declined to comment, citing company policy.

APRIL 18

REUTERS .com

Power company DPL back on selling block

U.S. energy group DPL Inc , which a year ago pledged to remain an independent company, is once again looking for a buyer, sources familiar with the situation said on Thursday.

Investment bank Morgan Stanley, which had been hired by DPL to evaluate its strategy when the company

PFR - MARCH 18

XCEL TO PUT AFFILIATE NRG'S INTERNATIONAL ASSETS UP FOR SALE

Xcel Energy is planning to put affiliate **NRG Energy**'s entire 5.4 GW international plant portfolio and trading operations up for sale once their merger is approved and is in the process of selecting banks to advise on the process.

A power sector M&A banker whose firm is courting Xcel for the lucrative sale advisory mandate says the utility began holding a beauty parade with the great and the good of Wall Street last Monday and continued discussions throughout last week. Xcel is looking to recoup some

APRIL 18

THE SUNDAY TIMES

NRG to dump its British assets in £1.3bn sell-off

Lucinda Kemeny

GOLDMAN SACHS has been appointed to find a buyer for the British assets of NRG, the Minneapolis-based energy company, in the first stage of a £1.3 billion worldwide sell-off.

The company owns interests in several power stations and has significant trading business in Britain. But Enron's collapse plunged it into financial difficulty and it is seeking buyers.

In the first two months of this year NRG recorded a $29m loss and was forced to shore up its balance sheet with a $1 billion unsecured revolving credit line.

director for investor relations at Xcel, confirmed that it wants NRG to focus primarily on its domestic operations. "We are not going to keep on anything else. We would expect the gross value of the assets to be worth $1.9 billion and net proceeds to be about $1.1 billion."

NRG bought the gas-fired Killingholme plant in Lincolnshire for more than £400m in 2000. Killingholme accounts

started a spate of credit-rati downgrades. Moody's, the cr it-rating agency, put N under review for a possi downgrade in December, a the company's planned £63 spending spree was put on h to bolster its rating.

"We were at the start of acquisition programme — Enron changed all that," sa the company insider.

It is thought that Xcel wou be keen to sell NRG's Brit assets in one package and t single buyer.

However, the plunging pr

PFR - MARCH 4

BERKSHIRE HATHAWAY EYES BARGAINS IN THE UTILITY SECTOR

Warren Buffett's Berkshire Hathaway, the parent of Des Moines, Iowa-based **MidAmerican Energy Holdings**, is planning to acquire another utility in the Midwest to take advantage of depressed asset prices and broaden its presence in the region. An official who is advising the Sage of Omaha's investment vehicle on the strategy says, "It's a shrewd move on Berkshire's part because it could snap up a utility right now [on the] cheap. The **Enron** situation has made it difficult for companies in the sector to get a hold of capital and since Berkshire has a lot of capital, it's a win-win situation." Officials

MARCH 8

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Warren Buffett offers helping hand to Williams.

By SHEILA MCNULTY

Williams Companies, the US energy group, reported a net loss of $477.7m for 2001 assume the debt from a former telecommunications subsidiary, but the company out strengthen its balance sheet.

The Tulsa, Oklahoma-based company agreed to sell a pipeline to Warren **Buffett**'s empire of companies for $450m. Williams also agreed to raise $275m through the s convertible preferred stock to the Berkshire Hathaway group.

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Power Industry Conference

***Infocast** held its ninth Annual Power Industry Forum at* Le Parker Meridien Hotel *in New York City on April 24-26. Some 100 senior power and gas company executives, bankers and analysts attended. **Amanda Levin Arnold** reports:*

Cinergy Close To Divesting International Biz, Wind Farms

Cincinnati-based Cinergy is on track to announce the sale of its 1 GW international generation portfolio and its 200 MW wind business within the next couple of months. **James Rogers**, president and ceo of Cinergy, says the sale process has gone surprisingly well and notes there are several bidders interested in snapping up the assets.

Cinergy put the generation assets on the block earlier this year and hired **J.P. Morgan** to advise on the sales (PFR, 1/28). The divestiture program is aimed at redistributing more resources to its core Midwest utility business and domestic merchant-trading effort (PFR, 2/18). The proceeds will also be used to pay down debt to strengthen the company's balance sheet.

"The thinking now is that even though a deal might sound great, will it kill my career?"

Cinergy's wind portfolio is predominantly located in Spain, but it also has wind farms in Colorado, California and Wyoming. Meanwhile, its international book is made up primarily of renewable or energy efficient cogeneration plants. The bulk of this capacity is situated in the Czech Republic. It also owns capacity in Spain and the U.K.

Panelists Urge Foreign Suitors To Move Quickly

With many European utilities plotting an expansion across the pond, **Randy McAdams**, principal at **Scott, Madden & Associates** told attendees that foreign energy concerns should act expeditiously to take advantage of the current low valuations of U.S. power companies. "The time to come to the U.S. is now as valuations are great. If they wait too long, they risk a turn in the market," he noted.

In explaining why these potential acquirers may have kept their powder dry, McAdams said they have probably been spooked by the **Enron** debacle and fear further casualties in the power industry. He added that he is very surprised that independent power producers such as **AES** and **Calpine** have not yet been snapped up, given their current low stock valuations.

Edward Tirello, managing director and senior power strategist at **Berenson Minella** in New York, noted Wall Street bankers are actively trying to get foreign players to pull the trigger. "There is a huge opportunity here because you have a group of companies with more than $50 billion to spend on acquisitions. And, if you are a foreign company that wants to become a global player, you must have a presence in the U.S.," he said.

However, **Paul Cavicchi**, president and ceo of Belgian utility **Tractebel**, disagreed that acting quickly was the order of the day. He noted that market valuations are still too high to lure in a lot of foreign players. "Tractebel, **RWE** and **E.on** all have plans to come to the U.S., but the rumor saying that we can buy them here for cheap right now is simply not the case."

Fred Buckman, president and ceo of **Trans-Elect**, agreed with Cavicchi that valuations are not low enough for many foreign players. He said other factors keeping many away are the politics and the complex regulatory environment in the U.S.

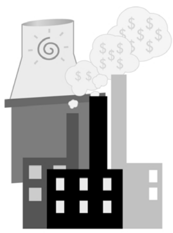
Bankers Must Return To Basics

In the wake of the **Enron** meltdown and rating agency downgrades bankers and analysts must go "back to basics" when evaluating power companies, **Edward Tirello**, managing director and senior power strategist at **Berenson Minella** in New York told attendees. He said, "No one could have possibly foreseen the actions taken by the rating agencies. What we all need to do now is to try to return to companies that have solid earnings and growth."

Tirello noted that Enron only had earnings growth of about 15%, which was similar to that of other energy trading companies. "But analysts and bankers didn't really take note of this. All we did was look at what the company was telling us, which seemed like a lot more than 15%."

Tirello opined that the fall of Enron has changed the whole outlook of analysts and bankers alike, making them much more conservative in the way they go about their business. He said, "Mergers and acquisitions activity has slowed considerably because people are afraid. The thinking now is that even though a deal might sound great, will it kill my career?"

Nevertheless, Tirello said that the shuffling of assets that has arisen from the Enron debacle will cause M&A volume to pick up again. Although there haven't been a lot of assets sold yet, as valuations decline, activity should rise, he forecasted.



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.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
American Electric Power/ 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	Looking to sell plants in 2003.
Central Hudson Gas & Electric	Syracuse	N.Y.	100	CHP	Navigant	Final bids due by late Nov.
	Beaver falls	N.Y.	100	CHP		
	Niagara falls	N.Y.	52	Coal		
Cinergy	Ascoy	Spain	6 (20%)	Wind	J.P. Morgan	Expects to sell assets this summer
	Cinergetika	Czech Rep.	230	CHP		
	Crisa	Spain	6 (95%)	Hydro		
	Desebro	Spain	15 (50%)	Wind		
	Energetika Chropyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Paxareuras	Spain	40	Wind		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
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 Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
DPL	All plants	Ohio	3,500	N/A	Morgan Stanley	
Enel	Eurogen	Italy	7,008	Various	-	Having sold Elettrogen it will sell one of two other generation portfolios shortly.
	Interpower	Italy	2,611	Various	-	
Enron	Nowa Sarzyna	Poland	116		PwC (administrator)	Intention to sell.
	Sarlux	Italy	551			
	Trakya	Turkey	478			
	Chengdu Cogen	China	284			
Enron	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		Looking to refocus in Nordic region.
	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 (A broker acting for an undisclosed seller)	-	Calif.	5.7	Wood	-	-
Niagara Mohawk Power	Nine Mile Point 1	N.Y.	1,614	Nuclear	N/A	Awaiting bids.
	Nine Mile Point 2	N.Y.	1,140	Nuclear	N/A	
North Atlantic Energy	Seabrook*	N.H.	408	Nuclear	N/A	Must be sold by Dec. 2003.
Oman (Ministry of Housing, 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 & 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		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Polish Treasury	Elektroncieplownie Pozpnanskie	Poland	-	CHP	-	Bids due in June.
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		
	Jackman	N.H.	3.55	Hydro		
	Smith	N.H.	14.2	Hydro		
Reliant Resources	Reliant Energy Power Generation Benelux	Netherlands	3,476	Mixture	Merrill Lynch	Is looking to seal sale imminently
	Argener	Argentina	160	CHP	-	-
ScottishPower	Hazelwood	Victoria, Australia	1,600	Coal	CSFB	Final bids due shortly.
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			
	Monticello	Texas	1,900	Coal	Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	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 collaspe 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 (APRIL 25 - MAY 2)

Bonds

Issue Date	Maturity	Issuer	Amount ($mil)	Offer Price	Type of Security	Coupon (%)	Spread to Treas-ury	Moody's	S&P	Bookrunner(s)
04/26/02	12/28/05	Nederlandse Waterschapsbank	200	100.477	Fxd/Straight Bd	4.25	115	Aaa	AAA	BarCap/RBoC
04/30/02	-	KeySpan	400	50	MEDS	-	-	a3	A	J.P. Morgan
05/01/02	05/01/12	Oncor Electric Delivery	700	99.783	Fst Mtg Bonds	6.375	137	A3	BBB+	Lehman
05/01/02	05/01/32	Oncor Electric Delivery	500	99.547	Fst Mtg Bonds	7	158	A3	BBB+	Lehman

M&A

Date Announced	Date Effective	Target	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value ($mil)
04/26/02	-	Genting Sanyen Power	-	Malaysia	Mastika Lagenda	-	Malaysia	63.120
04/26/02	-	Kanto Natural Gas Development	-	Japan	Mitsui	Daiwa Securities	Japan	-
04/26/02	-	Kanto Natural Gas Development	Daiwa Securities SMBC	Japan	Tokyo Electric Power	Daiwa Securities	Japan	15.644
04/26/02	-	Sepang Power Sdn Bhd	-	Malaysia	Mastika Lagenda	-	Malaysia	17.279
04/29/02	-	CILCORP (AES)	Lehman Brothers	U.S.	Ameren	Goldman Sachs	U.S.	1344.938
04/29/02	04/29/02	Edasz	-	Hungary	E.On	-	Germany	-
04/29/02	-	Pennichuck	-	U.S.	Philadelphia Suburban	-	U.S.	78.881
04/30/02	-	Cogentrix	Goldman Sachs	U.S.	Aqua Vie Beverage	Credit Suisse First Boston	U.S.	2627.085
04/30/02	-	Edasz	-	Hungary	E.On	-	Germany	139.038

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

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.

Europe & Middle East

• **British Energy**, the nuclear generator, has won a court ruling allowing it to gain GBP40 million ($56 million) it claims it is owed by **ScottishPower**. The two companies are locked in dispute over a 15-year power supply agreement under which ScottishPower has to buy three quarters of Scotland's nuclear output. ScottishPower claims the contract is costing it about GBP6.5 million a month more than buying from the wholesale market (*Financial Times*, 4/26).

• **E.on** has bought a majority stake in **Edasz**, a Hungarian power supplier, triggering a public bid for the whole company. The move further underlines E.on's interest in the Hungarian energy market and leaves it with control of three power suppliers and a minority stake in a gas supplier (*Financial Time*, 4/29).

• **Viridian**, the Northern Ireland electricity group, has sold **Open + Direct**, its financial services business, for GBP111 million ($162 million) to **Alchemy Partners**, a venture capital company. Sale proceeds will be used to reduce debt and fund development of its core Irish energy business (*Financial Times*, 5/1).

Latin America

• An affiliate of **Enron** has won a bid for 95% control of two state-owned hydroelectric plants in Nicaragua. **Enron Nicaragua** beat out U.S. firm **Coastal Power** when the bids were opened last Tuesday night with an offer of $41.4 million, said **Adolfo Diaz**, a spokesman at **Enel**, Nicaragua's state power company. The two plants have a combined capacity of 100 MW (*Reuters*, 5/1).

U.S & Canada

• **TransAlta**, Canada's largest investor-owned generator, has closed the $545 million sale of its Alberta transmission business, and will funnel the proceeds into its main electricity generation and marketing operations. TransAlta, which announced the sale to a new consortium called **AltaLink** last July, said it would record a gain of CAD0.59 a share (*Reuters*, 4/29).

• **Oncor Electricity Delivery** is planning to sell $1 billion of debt in two parts in the 144a private placement market. The deal is expected to include 10- and 30-year debt (*Reuters*, 4/29).

• **Aquila** has agreed to buy privately held power producer **Cogentrix Energy** for $415 million in cash, nearly doubling its generating capacity (*Reuters*, 4/30).

• Troubled power producer **Calpine** says it has purchased and retired all of the remaining zero-coupon debentures due April 2021 for $685.5 million (*Reuters*, 4/30).

• Columbus, Ohio-based **Kentucky Power** has filed with the **Securities and Exchange Commission** to periodically sell up to $375 million in unsecured notes (*Reuters*, 4/30).

• The European Union Commission approved **General Electric**'s acquisition of the wind turbine business of **Enron**. The Commission said there are no competition issues and cited the distinction between wind turbines and other forms of power generation. **GE Power Systems** agreed in February to acquire the business for $325 million (*Dow Jones*, 4/30).

• **Dynegy** obtained $900 million in bank lines without having to pledge assets, but that was below the $1.2 billion it was seeking, company officials said in a conference call to discuss first-quarter earnings (*Dow Jones*, 4/30).

• The chairman of the **Texas Railroad Commission**, Texas' top oil and gas regulator, says the time isn't right for a merger of his agency with the state power regulator, the **Public Utilities Commission**. **Michael Williams** says he wants to create a **Texas Energy Coordinating Council** that would oversee the two agencies. Consideration of a merger probably won't come until 2005 (*Dow Jones*, 5/1).

• **Playboy** magazine said its nude photo spread showcasing the "Women of **Enron**" will hit news stands July 1. The layout will feature former Enron employees from all over the world, not just from the company's Houston headquarters. The magazine got over 100 responses after announcing a search in March and 10 ladies were eventually photographed (*Reuters*, 5/1).

• Canada's most populous province is committed to selling its power grid, **Hydro One**, but a CAD5.5 billion ($3.5 billion) initial public offering—Canada's biggest yet—may not be the best way to privatize the utility, the **Ontario Energy Ministry** said on Wednesday. "No one is really certain about what form it will take, but we are moving ahead with privatization and that hasn't changed," said an Ontario energy ministry official (*Reuters*, 5/1).

CITI SEEN

(continued from page 1)

financing terms with its banks last year when market conditions were much more favorable. The large size of the non-recourse facility, which would finance the construction of four projects (PFR, 4/7), and the fact that most of the projects involve merchant risk, means getting it fully-underwritten in today's weak market is going to prove far tougher, bankers say. "It's a merchant plant financing in a market that doesn't want to do merchant," says one veteran project financier. "There is a reason [Citi] walked. [FPL] wants non-market terms," adds another banker, referring to the underwriting issue.

As things stand, the deal may not hit the market any time soon. "It's in limbo," says one syndicator involved in the discussions. Market officials say **Royal Bank of Scotland** is now being mentioned as a possible co-lead. RBoS could supply underwriting capacity via its strong balance sheet, but it wouldn't be able to deploy the same level of marketing firepower that a shop the size of Citi can exercise during syndication, says one banker. Calls to RBoS were not returned by press time.

It's possible Citi may still come back to the deal if the structure is changed, says one banker. If not, adding different leads would not deter him from looking at the deal, but the absence of Citi "would not be a recommendation."

—Peter Thompson

ITALIAN CONSORTIUM

(continued from page 1)

Royal Bank of Scotland, **Société Générale** and **Unicredito**, have structured the three corporate facilities as a EUR1.275 billion term loan for Edipower, and a EUR450 million term loan and a EUR150 million revolver for Eurogen. All three corporate facilities and the project debt pay an initial margin of 1% over Euribor and have an 18-month tenor. Commitment fees are 45 basis points for lead arranger tickets of EUR200 million. Arrangers receive 32.5 basis points in fees for commitments of EUR150 million and senior co-arrangers tickets of EUR100 million pay 22.5 basis points.

A banker who plans to look at the deal described the fees, and to a lesser extent the margin, as being "on the tight side." However, the syndicate official says pricing reflects the quality of the underlying assets, the short duration of the deal, and huge appetite for the paper, especially from Italian lending institutions. He adds the deal is a bridge loan that likely will be taken out with a longer dated project loan in the future.

Edipower, a joint venture between **Edison** (40%), **AEM Milano** (13.4%), **AEM Torino** (13.3%), **Atel** (13.3%), Unicredito (10%), Interbanca (5%) and Royal Bank of Scotland (5%), agreed to purchase Eurogen for EUR2.98 billion last month. Eurogen is the largest of the three electric power generators that ENEL is being required to sell as part of the deregulation of the Italian power sector. Eurogen has 7,000 MW of installed generation capacity.

—Will Ainger

TRACTEBEL EDGES

(continued from page 1)

three separate but inter-linked deals last year. In InterGen's deals, bankers pitching for a lead slot on one of the three deals also had to agree to sign up for the other two loans they weren't leading. The novel strategy was widely viewed as a success and won InterGen *PFR*'s award for best U.S. power deal of last year (PFR, 4/15).

Rachel Kilpatrick, a finance official at Tractebel in Houston, says documentation is still being worked on with arrangers **Credit Suisse First Boston** and **ING Barings**, declining to comment further. Calls to CSFB were not returned and a spokesman at ING was unable to provide comment.

The size of the facility and the number of plants to be covered has gyrated between $1.3 billion and $2.5 billion and three to eight plants over the last year. The dollar size of the latest iteration and details of which four plants are being financed could not be determined. One banker says the program approach, rather than a single portfolio deal, allows Tractebel to avoid the need for cross-collateralization, which it was keen to do.

—P.T.

PPL LOOKS

(continued from page 1)

president of PPL Global, did not return phone calls. **Vittorio Perona**, a Dresdner Kleinwort Wasserstein investment banker in London, also refused to discuss the matter and calls to **Charles Wortman**, managing director for Latin American M&A at J.P. Morgan, were not returned.

A Latin America utility analyst in New York speculates that PPL will probably have difficulty unloading these assets as there are a large number of rival energy concerns also looking to divest in the region. Nevertheless, he says that the economic environment in Chile is stable relative to much of Latin America and adds the regulatory environment in Brazil is improving. He was unable to put an exact price tag on the assets given flux in the region, but guesses both companies would be worth $300-350 million apiece.

Regarding CEMAR, another banker attributes its troubles to the electricity rationing in Brazil. "CEMAR was like a boat getting caught in a storm while trying to get its sail fixed. PPL just had a really bad stroke of luck with CEMAR."

However, the banker adds that even though PPL is not putting more money into CEMAR, it has assembled an internal task force devoted to improving its operations. He notes that it has reduced losses from 30% to 20%, cut personnel and retrained existing employees.

Commenting on the divestiture, **Tom Hamlin**, a utility analyst at **Wachovia** in Richmond, Va., says, "In the past, PPL's Latin American assets were a positive contribution, but today they are a drag on earnings. It would probably be a better use of shareholder value for PPL to focus on its other international assets and those in the U.S."

Hamlin adds that PPL may be able to get a good price on the assets because it is not a forced seller, unlike some of its rivals. "PPL is not in a capital bind, so it can probably take its time in selling its Latin American assets. There certainly won't be any kind of yard sale where the company is trying to get rid of things."

Santiago, Chile-based Emel is the third largest distributor in Chile, with some 496,000 customers. PPL, which considers Emel to be the centerpiece of its Latin American operations, bought the company between 1997-1998 and owns more than 95% of it. Emel's subsidiaries include **Emelari** (53,000 customers), **Eliqsa** (60,000), **Elecda** (116,000), **Emelat** (70,000) and **Emelectric** (190,000). CEMAR, headquartered in Sao Luis, Brazil, delivers electricity to 1.04 million customers in the northeastern state of Maranhao. PPL originally purchased a controlling stake in CEMAR in June 2000 and today owns 89.6% of the company.

—Amanda Levin Arnold

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

Quote Of The Week

"The time to come to the U.S. is now as valuations are great. If they wait too long, they risk a turn in the market."—**Randy McAdams**, *principal at* ***Scott, Madden & Associates****, urging European utilities to act quickly in acquiring U.S. rivals as asset prices may begin to rise (see story, page 7).*

One Year Ago In Power Finance & Risk

Swedan's **Vattenfall** was planning to tap the bond market once the two major rating agencies had removed its ratings from creditwatch. [Vattenfall initially began marketing a bond offering in early September, but nixed the deal as a result of 9/11. It eventually issued EUR600 million ($520 million) of bonds on March 22 through lead underwriters **Deutsche Bank** and **ABN AMRO**. The seven-year deal pays a 6% coupon and was priced at 99.54 to yield 6.04% at offer.]