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The exclusive source for power financing and trading news

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Credit Suisse Markets Texas Storage Concern

Arcapita-backed Falcon Gas Storage has put itself up for sale via Credit Suisse.

(See story, page 2)

Calpine To Sell 512 MW Ohio Plant

Miller Buckfire is due to kick off the sale of **Calpine Corp.**'s Fremont Energy Center in Sandusky County, Ohio, this week.

(See story, page 7)

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Options Open

LS POWER TARGETS DEBT FOR 800 MW LONE STAR PROJECT

LS Power is hunting for financing to support construction of Sandy Creek, an 800 MW supercritical pulverized coal plant in Riesel, Texas. The New York-based private equity shop has asked banks to submit financing proposals assuming a merchant financing until it can lock up power purchase arrangements for 100% of the output. **Joe Esteves**, managing director, said, "We are exploring different financing options for the construction of the plant and are in the midst of negotiating a number of commercial arrangements, including power

(continued on page 8)

WYATT TO RESUSCITATE FIVE PLANTS

New Coastal, the vehicle of colorful oil & gas veteran **Oscar S. Wyatt Jr.**, is repowering up to five idled gas-fired plants in southern Texas. It recently mandated **Calyon** to lead financing for the effort.

Calls to CFO **Bill Phelps** were referred to **Roy Hart**, head of project development, who said the capital cost of the rollout would be under \$100 million. He added that just about all of the units will have offtake contracts, but declined to disclose the counterparties.

The idled sites were purchased last December from **Topaz Power Group**, a 50/50 joint

(continued on page 8)

Morgan On Board

VERMONT UTILITY SEEKS SUITORS

Central Vermont Public Service, the largest of the state's 23 utilities, is reviewing its strategic options, including an outright sale, and has asked **Morgan Stanley** to determine market interest by the end of the month. A decision is expected sometime this summer.

The Rutland-based company has a market cap of about \$300 million and serves more than 151,000 customers. It owns a net interest in 70 MW of predominantly hydro capacity in the summer, or 86 MW in the winter, and related transmission and distribution assets.

(continued on page 8)

SOUTH AFRICA DRAWS BIDDERS FOR 1GW OF PEAKERS

A tender process being run by the South African government under which IPPs will be given the opportunity to build, own and operate 1GW of open-cycle gas peaking capacity, has drawn interest from five international development consortia.

The bidders are AES, France's **Suez Energy International**, U.K.-based **International Power**, India's **Tata Power** and Malaysia's **YTL Group**. AES is supported on the financing side by **Rand Merchant Bank**; Tata by **Standard Bank**; Suez by **Investec** and **Nedbank**, with **Société**

(continued on page 8)

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

At Press Time

Texas Midstream Player Taps Credit Suisse To Run Auction

Arcapita-sponsored **Falcon Gas Storage Co.** has put itself up for sale and tapped Credit Suisse to advise. Teasers were dispatched last week to a wide array of buyers. It is not known why the Houston company is selling and calls to **John Hopper**, ceo, and the auctioneer were not returned. The assets are likely to be attractive to the growing number of master limited partnerships in the midstream sector.

Falcon Gas recently inked a \$335 million loan to fund its subsidiary **NorTex Gas Storage Co.**'s expansion of two underground storage units: Hill-Lake, a 10 Bcf facility in Eastland County linking to a 17-mile pipeline being upsized to 11 Bcf unit; and Worsham-Steed, a 14.5 Bcf facility in Jack County being boosted to 16.5 Bcf (PFR, 12/01). Also under development via its **Mobay Storage Hub** affiliate is a 50 Bcf gas storage project in southern Alabama with 1 Bcf per day of injection and withdrawal capacity and a 63-mile pipeline that will run through the western edge of the Barnett Shale linking up with the North Texas Pipeline.

Canadian Fund Puts Generation, Transmission Assets On Block

Canadian power income fund **Atlantic Power Corp.** has reportedly retained an investment bank to shop its interests in a diversified portfolio of 15 generation projects and one transmission line, located primarily in major U.S. markets. The generation was at one time part of **Aquila**'s merchant fleet and the transmission is high-profile Path 15 in California (for the full list of assets, go to www.iipower.com).

The identity of the advisory firm could not be learned and calls to **Barry Welch**, CEO of Atlantic in Boston, were not returned. The rationale behind the move could not be determined, but observers say it is not driven by impending Canadian tax changes that have driven other income funds such as **Boralex Power** to hoist for-sale signs. Atlantic already has a corporate structure, so this shouldn't be a factor.

The assets were purchased from Aquila by **ArcLight Capital Partners'** **Teton Power** affiliate in March 2004 for \$257 million. ArcLight later sold out via an initial public offering as Atlantic Power Corp. in November 2004 and a series of public and private offerings in 2005 and 2006.

Bids Taken For European Wind Vehicle

Lexicon Partners took indicative offers last week for **Englefield Capital**'s stake in a 391 MW wind energy vehicle known as **Zephyr Investments**. The London corporate finance boutique began marketing the European portfolio late last month and is now compiling a shortlist. Principals there declined to identify any of the bidders and calls to **Edmund Lazarus**, founding partner at Englefield, were not immediately returned.

Zephyr is reportedly worth about £650 million (\$1.3 billion) and has more than £300 million of debt. Englefield provided one-third of the capital upon launching it in February 2004 and later bought in two partners—**RWE's npower**, which purchases power from the U.K. sites, and **First Islamic Investment Bank**, now **Arcapita**.

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Institutional Investor NEWS
INTELLIGENCE FIRST

White Creek Club Lands Two Banks

HSH Nordbank has enlisted **Dexia Crédit Local** and **BayernLB** for a club deal providing \$352 million in construction financing for the 205 MW White Creek Wind project in southern Washington. **Mizuho Corporate Bank** and **Sumitomo Mitsui Banking Corp.** also are close to signing up, bankers say. Officials at HSH and the other banks declined comment or did not return calls.

Debt supporting construction of White Creek is expected to be divided equally among the five banks. HSH began to shop the loan in April (PFR, 4/27). White Creek was formed by four local utilities, each of which has a 20-year offtake agreement with the facility, and is expected to be operating by early 2008.

Miss. Storage Concern Taps Merrill To Shop Facility

Developers of **Mississippi Hub**, a 12 turns-per-year natural gas salt cavern storage facility at the Bond Salt Dome in Simpson County, Miss., are looking to flip the project and have retained **Merrill Lynch** to sound out potential buyers.

Adrian Ortlieb, a business development associate in Lafayette, La., confirmed the sale process but declined to comment on what the start-up hopes to fetch for the facility, which has multiple interconnections and is strategically placed to access supply from the Gulf coast through north Texas and deliver to markets as far afield as the Northeast and Florida.

Mississippi Hub received approval for the 12 bcf of working capacity on Feb. 15 and construction began last month. Phase one, 6 bcf, is expected to be in service in the fourth quarter of next year, and phase two, 7.5 bcf, to be in service in the second quarter of 2010.

Canadian Utility Rebuffs Approaches For New Brunswick Pipe

Canadian energy company **Emera** has rejected a number of unsolicited offers to buy its **New Brunswick Pipeline**, even as it awaits **National Energy Board** approval to begin building the 145-km pipe. "There have been plenty of people knocking on our doors offering to pay 130% of what it's going to cost," says **Kevin Colvey**, director of business development. "We want to keep the asset as it's in our back yard."

The pipeline, whose sole customer is **Repsol**, is slated to be operational within 12-18 months. It will deliver natural gas from the planned Canaport liquefied natural gas receiving and re-gasification terminal near Saint John to markets in Canada and the Northeast U.S. The project could take up to 80% leverage, Colvey says, but Emera intends to invest 40% equity in the C\$350 million (\$317 million) project. A construction

loan will be sought for the 60% debt, which Emera subsequently plans to flip into a project-specific loan or add it onto its corporate balance sheet.

Emera also has a 12.9% stake in the 1,400-km Maritimes and Northeast pipeline, alongside managing partner **Spectra Energy** (77.53%) and **Exxon Mobil Canada** (9.55%). It expects to receive approval for New Brunswick at the half-year point, says spokeswoman **Nancy MacLeod**.

Babcock Lines Up \$800M Turbine Loan

Babcock & Brown is auditioning banks for financing to support turbine purchases for roughly 600 MW of U.S. projects next year, say deal trackers. The wind developer is looking to mandate two to four lenders on an expected \$800 million package, but the precise amount and structuring of the transaction still needs to be hammered out.

Kathleen Alderfer, a spokeswoman in San Francisco, declined to comment on the borrowing plans or make an official available, but confirmed Babcock intends to build 700-900 MW of greenfield capacity next year. More than 30 projects across 11 states are envisaged, with Texas, New Mexico, California, Colorado, Illinois and Pennsylvania among the preferred locations. Babcock agreed May 10 to purchase 118 of **Mitsubishi's** 2.4 MW turbines for installation next year in projects primarily in the Southwest. The transaction value was not disclosed.

J-Power Plots Loans For Calif. Peakers

J-Power USA Development Co. is looking for financing for 86.5 MW of capacity it plans to start building in San Diego County, Calif. **John Salyer**, ceo in Chicago, says the company aims to finance the \$90 million project with about 70% debt, noting the project is straightforward enough to be done as a traditional project finance deal and meet financial close by the end of this summer.

The company, whose parent is Tokyo-listed **J-Power**, has a number of solid banking relationships, Salyer says, but would prefer to compare options from three to five banks than go out to a wide universe of lenders. **Mizuho Corporate Bank**, **Dexia Crédit Local**, **Royal Bank of Scotland**, **Union Bank of California** and **JPMorgan Chase** are potential candidates, he said. Only one bank will score the mandate.

J-Power was one of two bidders awarded a 25-year power purchase agreement with **San Diego Gas & Electric**. J-Power will build two, simple-cycle gas peakers on SDG&E property at the utility's Pala substation in San Diego County.

Having awarded a separate contract to **Wellhead Power**, which will develop a 46.5 MW simple-cycle, gas-fired turbine adjacent to a substation in southern Orange County, SDG&E still needs to award 120 MW of contracts to meet its target of 250 MW.

Corporate Strategies

Con Ed Bolsters Regulated Subs Via Share Issue

Consolidated Edison raised \$560 million by selling 11 million of its common shares last Wednesday and will plough the proceeds into its regulated utility subsidiaries, **Consolidated Edison of New York** and **Orange and Rockland Utilities**. The company is spending \$1.9 billion this year on replacing substations and other small- to medium-sized construction projects, partly in a bid to prevent a recurrence of last summer's 10-day power outage in Queens, N.Y.

Con Ed has been issuing a fair amount of debt over the past year, explains **John Perkins**, director of corporate finance, so it decided to issue equity in anticipation of approaching the debt markets again this year and maintain its target 50:50 debt-to-capital ratio. Its series 1997 B, 6.45% debentures fall due on December 1.

The company also has a pending rate case, where it is asking for an average 11.6% increase in Con Edison of New York customers' bills to take effect April 1 next year. "We're looking to the rate case to allow Con Ed to achieve ratios that are appropriate for its current rating. Absent that, there could be a downgrade," says **Kenneth Farer**, director at **Standard & Poor's** in New York, which rates the company A with a negative outlook.

JPMorgan Securities was selected to underwrite the share offering, which priced at \$50.73 per unit, having auditioned alongside a handful of other firms. **Citigroup** led Con Ed's issuance of nearly 10 million shares last September, which generated \$450 million. As of March 31, it had 258 million shares outstanding.

PSEG Calls Floaters With Asset Sale Proceeds

Public Service Enterprise Group called in \$375 million of floating-rate bonds May 15 and plans to fund the redemption with proceeds from the sale of its 1.24 GW Lawrenceburg, Ind., plant. The sale gave PSEG the cash to reduce debt by calling the notes before their September 2008 maturity, says **Brad Huntington**, assistant treasurer in Newark, N.J.

PSEG's **PSEG Power** subsidiary agreed to sell the gas-fired facility to **American Electric Power's AEP Generating** in January for \$325 million, and tax-liability reductions put the net value of the transaction at closer to \$425 million. In March, PSEG Power began paying dividends to its parent with the cash, allowing it to call the notes at par plus accrued

and unpaid interest. **US Bank National Association** served as the redemption agent.

The notes paid interest at 37.5 basis points over LIBOR, totalling 5.73% this quarter from 4.29% at issue in September 2005. Huntington says PSEG still has floating rate-notes at its **Public Service Electric & Gas** utility, which likes to keep a mix of fixed- and floating-rate notes to minimize its interest over the long-term.

Public Service Electric & Gas recently sold \$350 million in 30-year bonds to reduce short-term debt used to pay \$113 million maturing in January and cover other working capital expenses. The 5.8% notes were offered May 7 via relationship banks **Banc of America Securities**, **JPMorgan** and **Wachovia Securities**, and were assigned an A rating from **Fitch Ratings** and A- from **Standard & Poor's**.

Wisconsin Energy Sells Hybrids To Fund Generation Rollout



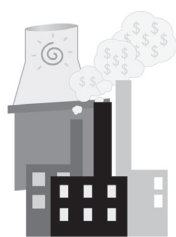
Jeff West

Wisconsin Energy has sold \$500 million in 60-year junior subordinated notes to help fund construction projects. It plans to spend about \$3.2 billion over the next three years, explains **Jeff West**, treasurer in Milwaukee, Wis., and chose the hybrids, which get 50-75% equity credit, to keep debt comfortably under a self-imposed 61.5% cap.

Proceeds will repay short-term indebtedness incurred developing three plants that are part of the company's \$6 billion **Power the Future** plan. It now plans to spend some \$2 billion building a 575 MW gas-fired unit at its Port Washington plant, to come online next summer, and two, 615 MW supercritical pulverized coal units at its existing Oak Creek facility, to become operation in mid-2009 and mid-2010, respectively.

The junior notes bear 6.25% interest for 10 years, before switching to a floating rate of LIBOR plus 211.25 basis points. The hybrid offering—Wisconsin Energy's first—gives it flexibility as it finances the build program and upgrades existing facilities, explains West, noting it had previously opted for trust preferred securities. The new notes may be redeemed after 2017 or before with a make-whole premium, but West says they are expected to be a permanent part of the company's capital structure.

JPMorgan Securities and **Citigroup** were selected as joint bookrunners for their experience with hybrids, while **Banc of America Securities** and **Deutsche Bank Securities** served as co-managers. The notes are rated BBB+ by **Fitch Ratings**.



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales, which is updated on a weekly basis. 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 **Katy Burne**, Managing Editor, at (212) 224-3165 or e-mail kburne@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES Corp.	Delano Mendota	Central Valley, Calif. Central Valley, Calif.	57 25	Biomass Biomass	Bodington & Co.	Teasers dispatched early Jan. (PFR, 1/29).
AIG Highstar Capital (Northern Star Generating)	13 plants	U.S. portfolio, concentrated in Florida and Pennsylvania	2,378 (1,600)	Gas, coal and waste coal	Lehman Brothers	UBS Infrastructure Asset Management unit to acquire AIG's 50% stake for an undisclosed sum.
ArcLight Capital Partners	Crete Energy Venture Lincoln Generating	Crete, Ill. Manhattan, Ill.	203 (50%) 656 (90%)	Gas Gas	N/A N/A	Sale options being explored (PFR, 4/23).
Astoria Energy	Astoria plant	Queens, N.Y.	500 MW; 1 GW permitted	Gas	N/A	Owners fielding offers. Suez Energy acquiring a 30% stake (PFR 9/29).
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Boralex Power Income Fund	Kingsey Falls Senneterre Dolbeau Beauport Buckingham Forestville Rimouski Saint-Lambert Hudson South Glens	Québec Québec Québec Québec Québec Québec Québec New York New York	31 34.6 28 4.5 9.9 12.7 3.6 6 45.8 13.9	Gas Cogen Biomass Biomass Hydro Hydro Hydro Hydro Hydro Hydro Hydro	Genuity Capital Markets	First round bids due June 4.
Calpine	Acadia Energy Center	Eunice, La.	1,016 (50%)	Gas	Miller Buckfire	July 30 auction. Co-owner Cleco Corp. is stalking horse with \$145 million agreement.
City of Vernon	Malburg Generating Station Palo Verde Power Hoover Upgrading Related transmission	Southern Calif. Southern Calif. Southern Calif. Southern Calif.	134 11 22	Gas Nuclear Hydro	Lehman Brothers	Two-stage auction. Assets being offered debt-free, with promise of 15-year PPA with seller.
Conduit Capital	Various	Latin America Caribbean	939 net ownership	Diverse	BNP Paribas	Final bids due later this month (PFR 4/16).
Con Ed Development	CEEMI CEEMI expansion Newington Energy Ada Cogeneration Lakewood Ocean Peaking Power Rock Springs Genor Ever Power Wind	Springfield, Mass. Springfield, Mass. Newington, N.H. Ada, Mich. Lakewood, N.J. Lakewood, N.J. Rising Sun, Md. Puerto Barrios, Guatemala NEPOOL, NY, PJM	185 96 525 (99.5%) 29 (48%) 246 (80%) 339 670 (50%) 42 (49.5%) 500 planned	Gas, Oil, Hydro Gas, Oil Gas Gas Gas Gas Gas Oil Wind	Morgan Stanley	Teasers dispatched mid April.
Desert Power	Desert Power plant	Rowley, Utah	65 installed 100 planned	Gas	Miller Buckfire	Set for July 27 auction (PFR, 4/05).
Dynegy	Bluegrass Heard County Lyondell	Oldham County, Ky. Heard County, Ga. Channelview, Texas	573 539 600	Gas Gas Gas	JPMorgan Chase	Final bids were due May 10. Seller hopes to fetch between \$200-500 million in asset sales this year (PFR 2/5).
DTE Energy	Georgetown 4 Crete Energy Venture East China River Rouge	Indianapolis, Ind. Crete, Ill. East China, Mich. Detroit, Mich.	80 304 (50%) 320 240	Gas Gas Gas Gas	N/A	Indianapolis Power & Light to acquire Sales process initiated, final bids due Q2 Seller exploring options, including outright sale On books at scrap value, decommissioned.
Electricite de France Internationalunit Controladora del Golfo	Saltillo Anahuac (RB2) Lomas de Real (RB3) Valle Hermoso (RB4) Electricidad Aguila de Altamira Gasoducto del Rio	Ramos Arizpe, Coahuila Valle Hermoso, Tamaulipas Valle Hermoso, Tamaulipas Valle Hermoso, Tamaulipas Altamira 54 km pipeline	248 495 495 500 495 (51%) 330,000M Btu/D	Gas Gas Gas Gas Gas Gas	JPMorgan Chase	First round bids were due early April (PFR, 4/16).
Entergy Corp.	50% stake in Top Deer Wind Ventures RS Cogen Roy S. Nelson Warren Power Harrison Independence Robert Ritchie Offtake Contract	Worth County, Iowa Carsen County, Texas Lake Charles, La. Westlake, La. Vicksburg, Miss. Marshall, Texas Newark, Ark. Helena, Ark. Sam Rayburn Power Agency	40 40 212 60 225 335 121 544 50-80	Wind Gas Gas Gas/Oil Gas Gas Coal Gas/Oil	New Harbor	Seller wants about \$500 million for the assets. Bidders shortlisted to about 10 financial players, (PFR, 2/8).

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
General Electric	Baglan Bay	Port Talbot, Wales	510	Gas	Lexicon Partners	Books due next week.
GE Energy	Green County plant	Jenka, Okla.	795	Gas	N/A	Bids due May 2.
Financial Services	Birchwood	Fredericksburg, Va.	242	Coal	N/A	Tyr said to be interested in acquiring (PFR, 2/12/07).
	Lake Benton I	Minnesota	107	Wind	N/A	AES said to be a frontrunner.
	Storm Lake II	Iowa	80	Wind		
Globeleq	Emerging market portfolio	Asia, Africa, Americas	2,082	Mixed	Lehman Brothers	Firm bids were due early May. Ashmore Energy and IP said to have partnered up on indicative bid (PFR, 2/9).
Goldman Sachs	Horizon	Houston, Texas		Wind	N/A	Energias de Portugal to acquire for estimated \$2.93B, of which \$2.5B will be debt led by Barclays (PFR, 3/27).
(Cogentrix Energy)	Wind Energy					
	Indiantown	Martin County, Fla.	355	Coal	Goldman Sachs	Teasers sent May 10, (PFR 5/14). Indicative offers due next month.
	Logan	Logan Township, N.J.	218	Coal		
	Cottage Grove	Cottage Grove, Minn.	245 (35%)	Gas/Oil		
	Whitewater	Whitewater, Wis.	236.5 (35%)	Gas/Oil		
	Scrubgrass	Venango County, Pa.	85 (50%)	Coal/Waste		
	Selkirk	Selkirk, N.Y.	345 (47.2%)	Gas		
	Northampton	Northampton County, Pa.	112 (80%)	Coal/Waste		
	Quachita	Sterlington, La.	804 (80%)	Gas		
	Carneys Point	Carneys Point, N.J.	262 (60%)	Coal		
	Richmond	Richmond, Va.	209 (80%)	Coal		
	Rocky Mount	Rocky Mount, N.C.	118 (80%)	Coal		
	Morgantown	Morgantown, Va.	60 (15%)	Coal/Waste		
	Plains End I, II	Golden, Colo.	182 (80%)	Gas		
	Rathdrum	Rathdrum, Idaho	275	Gas		
Greenwich Energy Investments	Masspower	Springfield, Mass.	258	Gas	Miller Buckfire	BG North America beat Arcapita to the asset in a deal worth circa \$150 million (PFR, 3/28).
LS Power	Shady Hills	Shady Hills, Fla.	477	Gas/Oil	N/A	GE Energy Financial Services to acquire. Barclays offering a staple financing (PFR, 4/20).
MDU Resources	Brush Power (1&3)	Brush, Colo.	213	Gas	Goldman Sachs	Natrual Gas Partners and industry executive
IPP unit, Centennial	Hardin Generating	Hardin, Mont.	116	Coal		Paul Prager to acquire for \$636 million. Barclays Capital
Energy Resources	Hartwell Generating	Hartwell, Ga.	310	Gas		and Goldman Sachs to lead acquisition finance.
	Mountain View	San Geronio	66.6	Wind		
	Power Partners	Pass, Calif.				
	San Joaquin Cogen	Lathrop, Calif.	48	Gas		
Mirant Corp.	Diverse U.S. assets	PJM, NEPOOL, Calif.	10,650	Various	JPMorgan	Company weighing sale or merger, (PFR 4/5).
Mirant	Curacao Utilities (25%)	Curacao	133	Asphalt	JPMorgan	Marubeni to acquire for \$1.082 billion, including
	Grand Bahama	Grand Bahama Island	151	Oil		\$350 million in debt, and power purchase obligations of about \$153 million.
	Power Co. (55%)					
	Jamaica Public	Jamaica	621	Oil/Hydro		
	Service Co. (80%)					
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
Mirant (NY-Gen)	Mongaup Generating Plant	Mongaup, N.Y.	4	Hydro	N/A	Being acquired by Alliance Energy for \$5.1 million. Sale to close by September 1.
	Swinging Bridge Generating Plant	Mongaup, N.Y.	12	Hydro		
	Rio Generating Plant	Mongaup, N.Y.	9	Hydro		
	Hillburn	Hillburn, N.Y.	51	Gas/Jet fuel		
	Shoemaker	Middletown, N.Y.	44	Gas/Jet fuel		
Multifuels (Sowood Capital Management)	Freebird	Lamar County, Ala.	9 bcf	Gas storage	N/A	Timeline unclear.
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan	Seller will fetch \$480 million in sale of generation to ArcLight Capital Partners and contract portfolio to Constellation Energy Commodities Group.
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		
PSEG Global	Electroandes	Andean region, Peru	180	Hydro	JPMorgan	Seller has received reverse enquiries and is determining wider interest.
			437 miles	Transmission		
Reliant Energy	IndianRiver	Titusville, Fla.	587	Oil/Gas	JPMorgan	Indicative bids were taken April 10. JP Morgan doing a staple financing, said to be in the \$1 billion range (PFR, 2/26).
	Osceola Generating Station	Holopaw, Fla.	470	Gas (peaker)		
	Bighorn Generating Station	Las Vegas, Nev.	598	Gas		
	Choctaw Generating Station	French Camp, Miss.	804	Gas (mothballed)		
	Channelview	Lyondell, Texas	830	Gas	Houlihan LoKey	Bids due early next month.
Tyche Power Partners	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen	N/A	Owners reportedly soliciting interest in 50% stake (PFR, 4/18). Balance held by B-41 Associates.

UBoC Reshuffles Power Team In Wake Of Park Elevation

Union Bank of California has restructured its power and utilities group after **Henry Park**, head of renewable energy and infrastructure finance in Los Angeles, was appointed head of merchant banking at the institution, a newly formed position overseeing the private capital, mezzanine finance and leveraged buyout operations. Park, who joined UBoCs power group in 1998 from **Credit Suisse**, confirmed the move but declined to comment further.

Park, who was named to his previous position in February, will not be replaced. Four bankers that reported into him will be folded into the group's three remaining teams, which are organized by client and led by senior v.p.s **Kevin Zitar**, **Alex Wernberg** and **Robert Olson**, also in Los Angeles.

Lea Power Debt Closes In On Wrap

Commitments are trickling in for debt supporting construction of **Lea Power Partners'** 604 MW gas-fired plant in Hobbs, N.M. **Calyon** and **Lehman Brothers** are leading the deal (PFR, 4/13) and will allocate tickets of \$25-35 million this week, say market watchers. Officials at the leads declined comment and sponsor **ArcLight Capital Partners** did not return calls.

About \$430 million in letter-of-credit facilities support a \$327.1 million of senior notes due 2033. One facility, a \$307 million construction wrap letter of credit priced at LIBOR plus 162.5, stepping up to 275 if drawn. The facility expires at the earlier of the completion date or in March 2009. Four ancillary LCs totaling \$122 million round out the package, priced at 150-162.5 over LIBOR, supporting debt service reserve, interconnection, performance and working capital.

The sponsors contributed \$34 million in equity to the project, which went into construction in April. The tenor on the bonds matches a 25-year tolling agreement with **Xcel Energy** subsidiary **Southwestern Public Service Co.**

Dynegy Returns To Loan Market

Dynegy is tapping the bank loan market for another add-on, the second time it has come to market in the last three months.

Citigroup is the lead agent on an additional \$500 million for the Houston-based player's existing letter-of-credit facility and **JPMorgan** is leading a \$150 million add-on to an existing revolver. Both are priced at LIBOR plus 1 1/2%, consistent with the company's recent refinancing in March. The deal launched last Monday.

As of March, the company has a five-year, \$850 million revolver; a six-year, \$400 million letter-of-credit facility; and a

six-year, \$70 million term loan. A financing official and spokesman declined comment.

Moody's Investors Service recently affirmed the ratings of Dynegy's bank loans at Ba1, including the add-ons. It also assigned a B2 rating to the company's planned issuance of \$1.1 billion in senior unsecured notes, proceeds from which will refinance at the holding-company level \$1.8 billion in project debt taken on when acquiring **LS Power Group's** power generation assets. The offering was today upsized to \$1.65 billion to repay additional project debt tied to its LSP Gen Finance, Kendall and Ontelaunee facilities. Rounding out the package was a \$1.1 billion tranche, due 2019 and priced at 7.75%, and a \$550 million chunk, due 2015 with a 7.5% coupon.

Calyon Loses Head of Commodities

Rudy Dautel, head of commodities, sales and trading at Calyon in New York, left the firm last week. His destination could not be learned, and a spokeswoman and official that worked for him were both unable to comment. The desk, which includes power and natural gas, will be run on an interim basis by **Neil Rothwell**, head of trading.

Before joining Calyon, Dautel was head of trading for **BHP Billiton**, the mining and natural resource company (PFR, 9/08/2003). At Calyon he reported to **Francois Pages**, executive v.p. of capital markets, investment banking and brokerage.

Calpine Advisor Preps Ohio Asset Sale

New York restructuring advisor **Miller Buckfire** is due to kick off the sale of **Calpine Corp.'s** 512 MW Fremont Energy Center in Sandusky County, Ohio, on Monday. The San Jose, Calif., IPP aimed to bring the unit into commercial operation in May 2003, but halted construction when it was 70% complete. Officials at the seller and auctioneer did not provide immediate comment.

Fremont will be subject to a formal auction in the bankruptcy courts. Calpine acquired development rights to build, own and operate a 540 MW natural gas-fired, combined-cycle generating facility on the Sandusky Township site in May 2000 from **Buckeye Energy Projects**. It was due to be capable of achieving 760 MW of power output in the winter and use low emissions equipment.

The merchant plant, estimated to cost \$340 million, was its first foray into the East Central Area Reliability Council and Ohio power markets. It is interconnected between the PJM and MISO markets via transmission systems operated by **FirstEnergy** and **American Electric Power**.

VERMONT UTILITY

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Spokesman **Steve Costello** declined to comment on the strategic review, as did officials at Morgan Stanley. Logical suitors include **Energy Capital Partners**, which owns 1,442 MW of hydro- and coal-fired merchant generation purchased from **Northeast Utilities** (PFR, 10/23), and **Constellation Energy** unit **Baltimore Gas & Electric**.

CVPS is understood to be putting itself in play because valuations for New England assets are at an all-time high and because the size of its balance sheet positions it better for consolidation than competition with rival players. As of May 17, its share price was \$35.43 and it was rated BB+ with a stable outlook by **Standard & Poor's**. —K.B.

WYATT TO

(continued from page 1)

venture between **Sempra Energy** and **Carlyle/Riverstone**. They are 450 MW Victoria to the south west of Houston, which is already under construction and due to be back online by mid 2008; 530 MW Lon C. Hill in Corpus Christi; 182 MW JL Bates in Palmview and 255 MW La Palma in San Benito. The company also has the rights to a fifth site, 250 MW ES Joslin near Port Lavaca, which it plans to convert to a solid fuel-fired plant.

Coastal Corp., Wyatt's earlier oil and gas concern, merged with **El Paso** in January 2001 in a transaction valued at \$24 billion. —K.B.

SOUTH AFRICA

(continued from page 1)

Générale taking an arranger role; IP is partnered up with a fund affiliated with **Macquarie Bank** and is backed by **HSBC**; and **YTL** is being advised by **Fieldstone**, with financing underwritten by **Barclays** affiliate **Absa Capital**, **Citibank** and local asset manager **Futuregrowth**.

On the drawing board is a 600 MW facility near Durban in KwaZulu-Natal and 400 MW in Port Elizabeth on the Eastern Cape, the combined cost of which will be in the \$500-700 million range. Both will be contracted under 15-year agreements to state-run utility **Eskom**, providing lenders with some comfort on the debt servicing front, but potentially presenting some challenges surrounding single borrower limits. One deal tracker said there is enough appetite locally to fund a fairly significant rand-denominated tranche, thereby avoiding financing a large portion offshore with the consequent foreign exchange risk. Final bids with

underwriting commitments are due June 29.

Bish Chakraborty, executive director at **Tata Africa**, confirmed the company's plan to participate, but said it is only going after the 400 MW plant because it is waiting to develop baseload capacity. Officials at the banks and press officials for the remaining sponsors either declined comment or did not return calls. —K.B.

LS POWER

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purchase agreements and sales of ownership interest."

LS Power's most recent construction financing was for 665 MW Plum Point, another pulverized coal plant near Osceola, Ark. That was initially financed in the B loan market, when only a small portion of the output was contracted and the balance was hedged. The \$755 million package was led by **Credit Suisse**, **Goldman Sachs**, **Merrill Lynch** and **Morgan Stanley**, with pricing of LIBOR plus 325 basis points (PFR, 3/20/06). LS Power later locked up a 30-year PPA with the **Missouri Joint Municipal Electric Utility Commission** and was able to complete an \$817 million refinancing last month, advised by **Barclays Capital** (PFR, 4/5). —Katy Burne

Calendar

- **Edison Electric Institute** presents the *EEI Annual Convention/Expo*, June 17-19, at the Hyatt Regency Denver at the Colorado Convention Center. Call 1-800-233-1234 to register.
- **International Quality & Productivity Center** presents the *Carbon Trading Finance Summer Seminar*, July 30-31 at The Westin New York Times Square, New York, NY. Call 1-800-882-8684 to register.

Quote Of The Week

"There have been plenty of people knocking on our doors offering to pay 130% of what it's going to cost, but we want to keep the asset as it's in our back yard." —**Kevin Colvey**, director of business development at **Emera**, on the unsolicited interest in its New Brunswick Pipeline (see story, page 3).

One Year Ago In Power Finance & Risk

Exelon hired **Lazard** to help it reevaluate its roughly \$12 billion bid to acquire **Public Service Energy Group**, wanting an independent valuation because the merger was stuck in regulatory limbo. [The deal was called off in September, when the two withdrew their merger approval applications after giving it more than 19 months with the **New Jersey Board of Public Utilities**.]