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Covanta To Wrap First-Lien Acquisition Debt

Covanta Energy Corp. is set to complete the first-lien portion of its \$1.14 billion acquisition loan for **American Ref-Fuel Holdings** via leads **Goldman Sachs** and **Credit Suisse First Boston**.

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HOUSTON BOUTIQUE READIES B LOAN FORAY FOR LA PALOMA

Complete Energy Holdings plans on financing its acquisition of the 1,021 MW La Paloma Generating via the term loan B market. The investment boutique will pay upfront \$560 million in cash for the plant plus potential adjustments of \$50 million. It hopes to set up debt representing about 70% of the cost, says **Milton Scott**, managing director in Houston. The startup boutique won the auction for the Golden State plant (PFR, 5/16) after a year-long process.

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CSFB TO ARRANGE \$600M FOR KRIEGLE'S EXELON BOSTON DEAL

Credit Suisse First Boston will look to arrange \$600 million in debt financing for **K-Road Ventures'** 3 GW purchase of Exelon Boston Generating facilities. The **William Kriegle**-led venture is expected to complete the acquisition from project finance debt holders in the next few months (PFR, 5/16). **Federal Regulatory Energy Commission** approval is still



An Exelon Boston Plant

(continued on page 11)

CITY OF PORTLAND TAPS MERRILL FOR POSSIBLE PGE BID

The City of Portland has hired **Merrill Lynch** to advise on its potential bid for **Portland General Electric**. The firm was tapped because it has a deep bench of experienced bankers, one of whom had worked with PGE in the past, says **Ken Rust**, cfo for the city. Merrill, which will provide merger and valuation-related services, also offered relatively low fees and has worked in the past with other public entities, he adds. **John Griffith**, the lead banker working with Portland, and **Laurel Coben** and **John Thorndike**, co-heads of the Merrill

(continued on page 12)

WIND DEVELOPER HUNTS FOR PARTNERS

Mountain Wind Power is looking to land equity for two wind projects totaling some 470 MW in Wyoming and Utah. The joint venture between engineering firm **Tasco Engineering** and private investor-backed **TriLateral Energy** is after investors with an appetite for tax credits. **Gary Tassainer**, president at Tasco in Lehi, Utah, says the equity is for a \$520 million, 400 MW facility near Evanston, Wyo., and a \$80 million, 70 MW wind project in, Tooele, Utah.

Mountain Wind is in talks with three possible investors regarding the Wyoming project

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



At Press Time BofA Trader Flips To Barclays

David Kim, a natural gas trader with Bank of America in New York, has taken up a similar post at Barclays Capital.

Kim reports to **Joe Gold**, head of commodities for the Americas. A message left on Kim's voicemail at Barclays in New York was not returned. Calls to Gold and **Robert Baker**, a spokesman for Barclays, also went unreturned, as were calls to **Eric Nobileau**, managing director of commodity sales for BofA, and BofA spokeswoman **Tara Burke**. Kim left Barclays earlier this month, says a trader familiar with the matter.

Kim's move marks the latest in a string of BofA departures over the past year, including natural gas trader **Damian Jee** who joined Barclays last summer (PFR, 7/4), and **Julian Barrowcliffe**, former global head of commodity derivatives, who left to join hedge fund giant **Vega Asset Management** (PFR, 5/2/04).

Meanwhile, Barclays has been building up its commodities operation under Gold, who was previously head of continental European power and gas trading in Barclays' London office.

Covanta Set To Wrap First-Lien Loan Slice

Covanta Energy Corp. is set to complete the first-lien portion of a \$1.14 billion loan via arranger **Goldman Sachs** and **Credit Suisse First Boston**. The loan will be used to fund its \$2 billion acquisition of **American Ref-Fuel Holdings Corp.**, for which the company is assuming \$1.2 billion in debt and paying \$740 million in cash. Calls to **Craig Abolt**, cfo at parent company **Danielson Holding Corp.** in Fairfield, N.J., were not returned.

A second lien was completed in March but the first lien, which consists of a six-year, \$100 million revolver, a seven-year, \$340 million pre-funded letter of credit facility and a seven-year, \$250 million B loan (PFR, 3/28), is being worked out now.

First lien pricing is expected to be set by the end of the week with syndication following shortly thereafter and an early June completion for the entire deal. The first-lien is rated B1 by **Moody's Investors Services** and B+ by **Standard & Poor's**. Those marks typically garners pricing of about 250 to 275 basis points over LIBOR, says one banker.

The \$450 million, eight-year, second-lien tranche, which was wrapped and syndicated at the end of March, will serve as a bridge loan (PFR, 3/28).

Covanta has interests in 55 generation plants with a capacity of more than 2 GW.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? As we enter our 24th year of providing breaking news to the fixed income community, the staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iinews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

RAB Launches Energy Fund With Lock-Up

London-based **RAB Capital** last week launched *RAB Octane*, an energy fund focused on pre-IPO energy companies. This is the first fund launched by the firm to carry a one-year lock-up, says **Marc Popiolek**, spokesman. The fund's pre-IPO focus means it is limited in the number of investments it can make. "This is an illiquid fund, and capacity is linked to the opportunities available," he explained.

Octane, managed by **Gavin Wilson**, opened with \$55 million from investors in the firm's existing energy vehicle, which is also run by Wilson. The new fund has not really been marketed. Although a second round of asset-raising is planned for July, the firm has not yet decided whether to make it available to new investors or to simply allow existing investors to increase their allocations, says Popiolek.

The fund carries a 1.5% management fee coupled with a 20% performance fee with a high-water mark. As with most of RAB's other funds, it has a \$50,000 investment minimum. It has a likely capacity of \$100 million.

UniSource Closes On \$546M Credit Line

UniSource Energy has wrapped syndication of a \$546 million loan at the parent and subsidiary level via arranger **Union Bank of California**. The deal consists of a \$105 million loan split between a \$90 million term loan and a \$15 million secured revolving line of credit at the parent level, a \$401 million letter of credit facility for subsidiary **Tucson Electric Power** and a \$40 million revolver for **UniSource Energy Services**. UniSource spokesman **Joe Salkowski** did not return a call.

Pricing on the parent-level line was flexed down from the pitched pricing of LIBOR plus 2 3/8% to 175 basis points, notes one participating lender. He adds a recent upgrade from **Moody's Investors Service**, which notched up UniSource's debt to Ba2, helped the sponsor snare cheaper financing. Pricing on other portions of the debt remained unchanged and comprises a TEP loan at LIBOR 125 basis points, tied to a grid based on its credit rating. And pricing on the final UES debt is being pitched at LIBOR plus 150 basis points.

Tier one lenders, including **Allied Irish Bank** as documentation agent and **Wells Fargo Bank** as syndication agent, took \$27-30 million slices of the deal. **Bank of Scotland** and **Comerica Bank** to an \$18 million chunk, **US Bank** is participating at the \$13-million level and **Erste Bank**, **LaSalle Bank** and **Sumitomo Bank** took \$12 million portion of the deal. The balance of the debt has been provided by a total of some 20 other lenders. Lending officials either declined to comment or did not return calls.

Dresdner Looks For Utilities Analyst

Dresdner Kleinwort Wasserstein is on the lookout for a utilities analyst to join its London team. The analyst will produce financial models for mergers and acquisitions, debt and equity financing and capital restructuring, says a recruiter familiar with the matter. It could not be determined whether the position was new or existing. **Mark Greenberg** and **Liz Sobol**, co-heads of the energy and utilities team, did not return calls.

The analyst will also be responsible for the valuation of assets, including power plants, and financial accounting related to financing deals, says the headhunter. The analyst will cover sectors including electricity, gas, renewable energy and nuclear energy, encompassing both the regulated and competitive components of the industry.

Golden State Builder Eyes Finance, RFP Break

Developer **PowerWorks** is putting out financing feelers for a \$200 million wind project it hopes to develop in Elmore County, Idaho, even though it has missed the first round of bidding on an RFP by **Idaho Power** which would underpin the project. **Rick Koebbe**, president at PowerWorks in Tracy, Calif., says the shop is hoping to finesse a deal with Idaho Power directly as it simultaneously seeks approvals and permits. **Randy Allphin**, contract administrator at the Idaho Power in Boise, declined to name other interested developers or indicate if it was in talks with PowerWorks.

The developer would leverage the project at a minimum of 50% and bring in an equity investor who can take advantage of production tax credits by 2006, says Koebbe. He declined to say how much equity the company currently has and notes that no formal discussions with equity or debt providers have been initiated. PowerWorks owns and manages about 900 MW of wind generation largely in the Golden State.

Construction by the chosen developer should begin early 2006.

Southern Co. To Stalk Contracted Assets

Southern Company Generation will look to add contracted generation or those where agreements can easily be inked. During an analyst meeting last week at the Reynolds Plantation in Lake Oconee, Ga., **Paul Bowers**, president, said Southern has Virginia and the Carolinas facilities on its radar, but did not identify specific targets. The company has previously said it is evaluating opportunities in Alabama, Georgia, Mississippi and Florida (PFR, 4/15).

Although the Oleander Power Plant, a gas-fired facility in Florida that Southern Co. acquired from **Constellation Energy**

in April, sells power on the spot market, it also has contracts with **Florida Power & Light** and **Seminole Energy**, Bowers notes. "This is not just a merchant situation," he explains.

Southern will not acquire distressed assets. "We don't want to go out and buy someone else's problem," Bowers comments. It also wants assets with familiar, reliable technology, such as the **General Electric** technology used in the Oleander plant.

Spokesman **Michael Tyndall** declined to expand on Bower's remarks or make officials available for comment.

Payback

BNP Hopes To Be Made Whole On Exelon-Boston Sale

BNP Paribas, holding onto just under \$100 million in debt associated with Exelon Boston Generating facilities, expects to be made whole when the plants are sold. As first reported by *PFR*, **K Road Ventures** is lined up to acquire the plants (*PFR*, 5/16). Of the 19-bank lender group that financed the construction \$1.4 billion in non-recourse bank loans associated with the Exelon-developed plants, BNP is one of the last hanging on since most of the distressed paper wound up in hedge fund hands, says one observer.

Exactly how much BNP will pocket once the deal is sealed could not be determined, but it will at least break even, speculates one banker who has spoken to BNP. Officials at the bank declined to comment.

The fleet of generation assets that make up Exelon Boston include Mystic 7,8 and 9, Fore River, all 832 MW gas-fired

plants. **Credit Suisse First Boston** expects to provide debt for the K-Road Ventures' 3GW purchase.

Brascan Eyes More Northeast, Canadian Assets



Richard Legault

Brascan Power is looking for generation assets in the Northeast U.S. and Canada, including the PJM Interconnection region, New England and New York. The Toronto-based independent power producer is also open to acquiring assets in the Pacific Northwest and Brazil, says **Richard Legault**, president and coo. The IPP recently expanded its portfolio with the acquisition of two hydroelectric plants, the 28 MW Piney station in Pennsylvania and the 20 MW Deep Creek station in Maryland, from **Reliant Energy** for \$42 million.

Aside from hydroelectric power, which has traditionally been Brascan Power's focus, it is also looking to diversify by acquiring wind generation, Legault says. The company currently has two such projects in the works in Ontario, including the 50 MW Blue Highlands and the 100 MW Prince.

Brascan searches for assets with long lives that can produce sustainable cash flows, Legault says. "We believe the combination of the two creates long-term value, and we are long-term investors," he comments. Assets must also meet or exceed a specific return threshold, which he declined to disclose.

Sempra Venture Looks To Bump Up Coletto Debt

Sempra Energy and **Carlyle/Riverstone** believe they have pumped sufficient value into a package of generating facilities acquired less than a year ago to merit tweaking the debt associated with the plants. The 50/50 venture, which purchased the portfolio, including Coletto Creek, from **American Electric Power** (*PFR*, 7/12) is looking to dial up its credit facilities by some \$45 million to payout a \$50 million dividend to its institutional investors and trim interest rates, says **Zander Arkin**, v.p. at **Riverstone Holdings** in New York. "Performance has been much better than we expected." The investors in the deal are getting back about half the equity they originally shelled out, he adds.

The existing \$60 million revolver will remain unchanged with pricing of LIBOR plus 2 1/2%. The B loan, which is currently \$193 million and priced at LIBOR plus 2 1/4%, will be increased to \$228 million and cut to 1 3/4%. A \$47 million letter of credit facility will be increased by \$10 million. The pricing is also being

cut by 50 basis points to LIBOR plus 1 3/4% and a \$150 million C loan is being re-priced from LIBOR plus 3 1/2% to LIBOR plus 3 1/4%. Also included is a 101 soft-all protection on the C loan. **Dale Goncher**, director at **Citigroup** in New York, which is leading the deal, declined to comment.

The bank syndicate was meeting as *PFR* was going to press and was expected to approve the re-pricing late last week or early this week.

The partnership has been able to squeeze more output from the portfolio's centerpiece coal-fired Coletto Creek generator. "When we took Coletto on, output was falling fairly low but we have been able to run it at a much higher availability," Arkin says.

"What we're seeing is the revenue line on the project bumping up and the backend refinance risk bumping down," Arkin notes, adding gas prices, which were about \$5.35 in June 2004 when Coletto was acquired has since jumped to \$7.50. A power contract with **Goldman Sachs'** commodity arm, **J. Aron & Company**, for 150 MW of power has also been extended to 2008.

One banker notes that even if the plant stood still it would be

improving in the Electrical Reliability Council Of Texas market given the spiking prices of natural gas and therefore electricity. "Electrical prices and gas prices are up and that, in and of itself, is boosting the outlook on the plant. You also factor in the fact that its operating well and you're looking pretty good," the banker comments.

Moody's Investors Service has put the bank debt ratings on

review for downgrade. The first-lien is rated Ba2 and the second lien Ba3. Expectations are that projected increases in fuel costs will not entirely be offset by reductions in other operating costs. But much of their output for the next several years is under contract.

A Semptra spokesman confirmed the moves but declined further comment.

Corporate Strategies

Entergy Utility Serves Up Five-Year Offering

Entergy Louisiana has launched a \$55 million five-year note offering to refinance a similar amount in maturing pollution-control bonds. The Jefferson, La., utility operation of Entergy Corp. was able to shave some about 200 basis points off the earlier 4.9% notes, says Frank Williford, assistant treasurer in New Orleans. He says the yield curve for five-year notes was evaluated earlier this month and Entergy determined the credit spread would allow it to redeem the pollution-control bonds and refinance at a cheaper rate.

The notes carry a 4.67% coupon and were underwritten by ABN AMRO, which was chosen to lead the deal because it has participated in credit facilities for Entergy Louisiana in the past, Williford says. Bill Hale, an energy banker for ABN in Chicago, did not return a call. The notes, which have a spread of 70 basis points over comparable Treasuries, can be redeemed at any time at a make-whole provision plus 20 basis points.

The notes, which mature June 1 2010, are rated Baa1 by Moody's Investors Service, A- by Standard & Poor's and BBB+ by Fitch Ratings. The older notes had a mandatory redemption date, which is beginning of next month.

AES Knocks Out 8.5% Senior Notes

AES Corp. has wiped out \$112 million of 8.5% senior notes as part of a long-term plan to reduce debt and shore up its balance sheet. AES said earlier this month it plans to pay down \$600 million of debt at the parent level by late 2005 or early 2006 and the redemption of the 8.5% notes is part of that plan, says Jennifer Lowry, director of corporate finance. The notes were redeemed with cash on hand, she adds, declining further comment.

The \$112 million is the first redemption under the debt reduction plan, says Scott Solomon, analyst at Moody's Investors Service in Jersey City, N.J. Parent level debt totaled \$5.4 billion as of March 31, according to the first quarter 10Q and AES hopes the debt reduction plan will enable it to achieve an operating cash flow ratio of 4.5 times its parent-level debt and a credit rating of high BB or low BBB. AES'

debt is currently rated B2 by Moody's and B- by Standard & Poor's and Fitch Ratings.

The notes, which were set to mature in 2007, were callable before Nov. 1 at 101.4 plus accrued and unpaid interest. About \$112 million was the total outstanding amount of notes, which were part of a \$375 million issuance from 1997. JPMorgan Chase and Salomon Brothers led that deal, but it could not be determined which banks led the redemption. The notes were used to pay down indebtedness from AES' 1997 acquisition of Companhia Centro-Oeste de Distribuicao de Energia Eletrica—a Brazilian electric distribution company.

AEP To Issue 5.75% Senior Secureds

American Electric Power plans on issuing \$345 million, 5.75% senior secured notes, as part of a larger equity income unit offering launched three years ago. The hybrid offering, used in large part to repay \$290 million in short-term commercial paper, was issued in June 2002. It includes a requirement to re-issue the note portion by August 16, says Pamela Sutton-Hall, managing director of corporate finance in Columbus, Ohio.

The equity income units consist of a note and a forward purchase agreement in which the holder agrees to purchase common stock for \$50. The advantage of issuing such securities for AEP is that they can be used to provide debt financing but are not accounted for as such in the company's balance sheet, explains Sutton-Hall. These units were treated by ratings agencies as 80% equity and 20% debt, she adds. At the time of issuance, the company was leveraged at 58.5% and was at 57.9% at the end of 2004.

According to the terms of the original June 2002 offering, AEP has had the option of converting the debt portion of the units to equity since mid May. The notes, originally scheduled to be remarketed on May 11, will now be sent to market on June 13, says Sutton-Hall, because the company was undergoing a review of its 10-K by the Securities and Exchange Commission.

Citigroup and Morgan Stanley, who have worked with the utility in the past, are handling the deal. AEP spokeswoman Melissa McHenry says Citigroup helped issue the securities originally.

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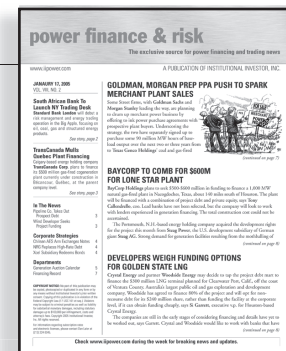


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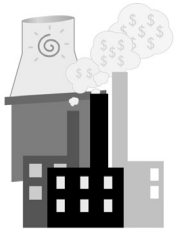


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Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Wolf Hollow	Texas	730	Gas	N/A	Transferred to KBC-led creditor group.
	Termomamonal	Colombia	90	Gas	None	Ongoing.
	Ottana	Italy	140	Gas		
Aquila	Raccoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion. (PFR, 12/27) Complete Energy Has Won The Bidding.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB	Merging With Cinergy In A \$9 Billion Deal.
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas		
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW	Gas		
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	None	Ongoing.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due. Negotiations Are Taking Place With BroadStreet Resources.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Pawtucket	R.I.	67	Gas		Being Shopped To North American Power Group.
	San Joaquin	Calif.	48	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention To Sell.
	Crockett	Calif.	240 (24%)	Gas		

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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW	Gas		
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Sold To Entergy
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Deerfield River	Mass.	89	Hydro	CSFB	-
	Rusail	Oman	730	Gas		
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
InterGen	La Rosita	Mexico	1,100		Citigroup	AIG And Ontario Has Won The Bidding War.
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	El Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			
	Coryton	U.K.	732			
	Rjinmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options
	McAdams Power Station	La.	599	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Asia and Australia

- **OAQ Gazprom** admitted its \$7 billion plan to buy oil producer, **OAQ Rosneft**, will probably fail. "We believe that our merger with, or acquisition of Rosneft, or any other companies the shares of which are owned by the Russian Federation, is unlikely," the gas producer said in its prospectus last week. The government has enough cash to purchase Gazprom shares held by the company's subsidiaries, an alternative preferred by Gazprom, the document continued (*Bloomberg*, 5/17).
- Northeast China's Jilin Province could win the race to develop the country's first nuclear power plant in a non-coastal region. The plant has already been given the OK by the **National Development and Reform Commission**. The plant will be sited at Baishan, 370 kilometers from the provincial capital (*China Daily*, 5/16).
- **Woodside Petroleum** will begin development of a \$7.6 billion liquefied natural gas project off Western Australia next month. A large demand from Asia for LNG, including the recent emergence of India as a potential customer, means Woodside will move on the project at Browse Basin in June, company officials say (*The Age*, Australia, 5/16).

The Americas

- Of the nearly 60 liquefied natural gas import terminals on the drawing board for North America, only six to 10 are likely to be built by 2012, according to **Poten & Partners**. Potens **Gabriel Avgerinos** forecast that one to two new LNG terminals will be built along the West Coast, one to two along the East Coast and four to six along the Gulf Coast (*Rigzone*, 5/16).
- **Nevada Power** of Las Vegas and **Sierra Pacific Power** of Reno issued a request for wind geothermal, hydroelectric and biomass developments. The utilities, subsidiaries of **Sierra Pacific Resources**, are seeking 270 MW of renewable power (*Las Vegas Review-Journal*, 5/13).
- **Florida Power & Light** plans to build a \$1.2 billion natural-gas fired plant in Palm Beach County, Fla., says **Armando Olivera**, president at FPL. The state's largest utility wants to build the 2,200 MW complex to meet burgeoning demand for electric power, especially in the southern region (*South Florida Sun-Sentinel*, 5/14).
- **PPM Energy**, which co-owns Colorado's biggest wind farm in Lamar, wants to double the project's size—making it the nation's

biggest wind farm. Portland, Ore.-based PPM and **Shell WindEnergy** of Amsterdam, jointly own the 162 MW Colorado Green wind farm in Lamar (*Rocky Mountain News*, Colo., 5/14).

- The developer of a wind turbine project proposed for Nantucket Sound won a key victory when a state panel cleared the way for the firm to connect the project to Massachusetts region's electric grid. The state Energy Facilities Siting Board initially surprised developer **Cape Wind Associates** in the fall when it delayed a decision on the 130-turbine project's main power line (*The Patriot Ledger*, Mass., 5/12).
- **Aquila** is pressing hard to ensure that it will be able to fire up a \$140 million power plant nearing completion in Cass County, Kan. The county claims the company began building it in January without gaining a special-use permit. Furthermore, the plant is on land zoned for agricultural use and near newly built \$400,000 homes on 2-acre lots. The utility needs the peaking capacity to replace a deal to buy power from a plant in Pleasant Hill that expires June 30 (*The Business Journal of Kansas City*, 5/15).

Europe and The Middle East

- **Alstom** said it and Chinese partner **Dongfang Electric Group** has won a contract worth more than EURO80 million (\$100 million) to supply two steam turbines for a nuclear power plant in China. Alstom will provide two of its 1-GW Arabelle steam turbines and generator packages to **China Guangdong Nuclear Power Corp.** for its Ling Ao power station in Shenzhen (*Associated Press*, 5/16).
- **Diversified Utility & Energy Trust**, **Alinta Ltd** and **Alcoa**, the owners of the Bunbury to Dampier gas pipeline, have committed to the final A\$430 million needed for a major capacity expansion. The expansion involves the addition of more than 200 kilometres of pipeline to increase the existing capacity by more than 100 terrajoules a day. The fully contracted capacity is expected to become available over the next 20 months (*Sydney Morning Herald*, 5/12).
- The Government of Japan plans to build a 60 MW plant in Samawah, Iraq, the capital of the province of Muthana—the only province without a power plant. The \$100 million project will be built using Japanese grant aid and should be up and running by the end of 2007, Kyodo News wrote citing an unnamed official (*Bloomberg*, 5/15).

HOUSTON BOUTIQUE

(continued from page 1)

WestLB is a lead participant in the financing, that could include an additional one or two leads financial institutions. "This is not coincidental that we won this business. We've been working hard to develop the B-loan portion of our business," says Tom Murray, managing director at WestLB, noting that this deal marks the bank's first foray into term loan B arena. The debt will most likely consist of a first and second lien structure including a term loan, a revolver and letters of credit, market watchers say. Murray declined to comment further. Scott declined to discuss financing specifics.

Two of the plant's four units are contracted to Southern California Edison under a tolling agreement that will last for another two years. The rest of the facility is merchant but Scott is hoping to contract the rest of the output via financial institutions. He would not comment on candidates, but both Goldman Sachs or Morgan Stanley have stated their interest in inking power purchase agreements on merchant facilities (PFR, 1/17). Officials at Goldman and Morgan Stanley declined to comment.

A portion of the La Paloma operation will remain merchant to take advantage of the volatility of the California power market, he adds.

The loan structure could mimic that of the debt related to the

Coletto Creek facility acquired last year by Sempra Energy and Carlyle/Riverstone, which has a similar risk profile (PFR, 3/14), a banker says.

The debt launch should occur shortly before the investment boutique closes the acquisition in the next few months. Complete is run by Scott and Hugh Tarpley, both former Dynegy executives, and ex-Allegheny Energy officials Lori Cuervo and Peter Daily.

—Raquel Pichardo

CSFB

(continued from page 1)

pending but the financing details are expected to be hammered out in July, say bankers following the deal. CSFB officials declined to comment as did officials at Kriegle's shop.

Although still to be finalized, expectations are that about \$800 million of the \$1.4 billion debt attached to the plants will be converted into equity. About \$600 million could be refinanced into debt with at least a two-lien structure including a \$125 million working capital revolver, say officials. The portfolio is owned by some 44 hedge fund groups, including major players such as Citadel Investments, Cargill, Farallon Capital Management, and GLG Partners, who have gradually bought out nearly all of the original project finance bank lenders in the secondary debt market. Officials at the hedge funds either declined

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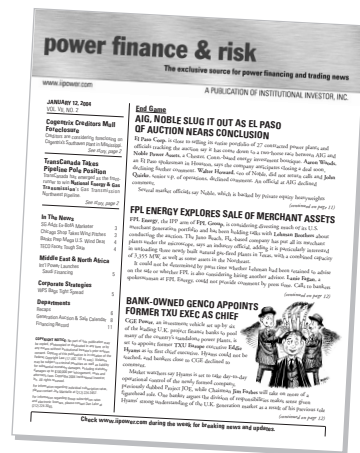
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to comment or did not return messages requesting comment.

The \$125 million revolver likely will consist of a \$75 million letter of credit facility and a \$50 million line of credit to support the plants operations including contracted fuel costs, bankers say. They emphasize none of the funding plans have been cemented and given the number of players still in the mix the structure could be tweaked to appease the debt participants. "It's really a case of having a thousand cooks in the kitchen who all have varying agendas," says one banker. Calls to **BNP Paribas**, which leads the credit group, were not immediately returned.

The Boston portfolio includes Mystic 7, 8 and 9, Fore River, all 832 MW gas-fired plants, along with Mystic 7, a 560 MW oil and gas-fired plant.

—*Mark DeCambre*

WIND DEVELOPER

(continued from page 1)

but Tassainer declined to name them. The project will be developed in two phases with construction beginning in 2006 for the first 200 MW and 2008 for the remainder, says **Donald O'Shei**, operating manager at TriLateral in Sausalito, Calif.

O'Shei says the company is waiting for state-wide transmission issues to be resolved in Wyoming to settle on a power purchase agreement. "The whole state of Wyoming is in need of transmission," says O'Shei, "There's no chance that [the grid] won't be expanded. The question is in what form and in what time frame." The duo is hoping grid issues will be settled by the end of the year with a power purchase agreement signed by the beginning of 2006. The company is in discussions with six utilities regarding a 20-year contract, but Tassainer declined to name them.

The Utah facility is on a parallel path, with equity investors showing interest but no contracts have been inked, says O'Shei.

—*R.P.*

CITY OF PORTLAND

(continued from page 1)

power group, did not return calls.

Rust said he could not speculate on whether the city will actually submit a formal bid for PGE and could not offer a time frame on a decision. **Texas Pacific Group** had submitted a \$2.35 billion bid to acquire PGE from **Enron**, but the deal was nixed by state regulators. Several options for PGE are kicking around in the state legislature, including a regional entity chartered by the state and a mutual company controlled by ratepayers. Rust said he was not sure which, if any, bill would ultimately be successful. Portland has been looking at bidding for some time (PFR, 12/22/03).

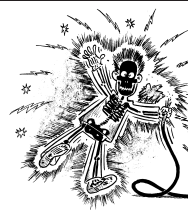
The city attorney's office, which led the search for an advisor, did not have a formal set of criteria for hiring an advisor, Rust says. The city was looking for a bank that would charge a fee of

between \$2.5 million and \$9 million, and Merrill will receive a fee of \$4.5 million, he says. Aside from Merrill, finalists included **Berenson & Co.**, **Coady Diemar Group**, **Gordian Group**, **JPMorgan** and **Lazard Frères**. Bankers with those firms either declined to comment or could not be reached for comment.

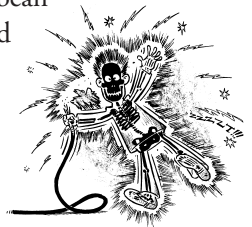
Portland was impressed that Griffith had worked with **Enron** in 2002 on its attempt to sell Portland General Electric to **Northwest Natural Gas**, the Portland-based natural gas distributor, Rust comments. The city tapped **Goldman Sachs** and **Citigroup** last month to lead the financing side of its efforts to acquire PGE.

—*Chirstine Buurma*

Alternating Current



Marcus Da Cunha, senior project developer at **Navitas Energy** in Minnesota, is a scuba junky. The Ipanema Beach native has been diving off the Caribbean coast for 10 years and plans on getting his instructing certification by year-end. "I wanted to go shipwreck diving but operators will only take you if you're an instructor," says Da Cunha. His planned first stop: the *SS Andrea Doria*, the pride of Italy, which collided with Swedish-American *SS Stockholm* on a foggy night in June 1951 while sailing off the coast of Nantucket.



Calendar

Synergy is hosting its annual Energy Trading Central & Eastern Europe conference on May 24-25 at the Novotel Hotel in Budapest. For information email: info@synergy-events.com

Quote Of The Week

"We don't want to go out and buy someone else's problem." —**Paul Bowers**, president of **Southern Company Generation**, on the company's aversion to buying distressed assets (see story, page 3).

One Year Ago In Power Finance & Risk

ArcLight Capital Partners was rumored to be the leading bidder for a portfolio of 12 qualifying facilities being auctioned by **National Energy & Gas Transmission**. [**Denali Power**, a joint venture between ArcLight and **Caithness Energy**, went as far as signing a \$588 million purchase agreement, but the contract was uprooted by a bankruptcy court requirement that the company hold a subsequent auction to up the price. **Goldman Sachs** outbid Denali in the next round, offering \$656 million for the portfolio (PFR, 9/20).]