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Commerzbank Loses PF Chief

Dempsey Gable, senior v.p. and head of energy, utilities and project finance at Commerzbank in New York, has left the German bank.

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TRAFIGURA'S MOONEY SET TO LAUNCH FUND OF FUNDS AT MERRILL

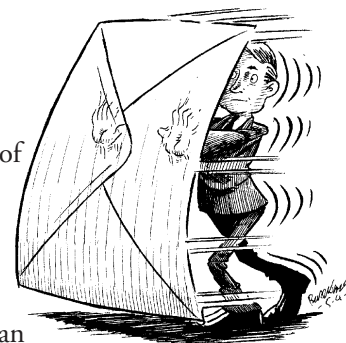
David Mooney, head of power and gas trading at **Trafigura Group** in London, was set to leave the commodity trading firm at the end of last week to join **Merrill Lynch**. As first reported on *PFR's* Web site (www.iipower.com, 5/19), Mooney is being recruited to manage a fund of energy-related commodity hedge funds. One market watcher says Mooney will relocate to New York later this month and be given some \$300 million of mostly Merrill money to invest in existing energy-related hedge funds or bankroll new ventures.

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Pushing The Envelope

CALPINE JACKS UP LEVERAGE IN GROUND-BREAKING B LOAN

Calpine's pending \$655 million B loan is set to test the limits of institutional investors' risk appetite by sharply leveraging up two underlying generation projects, a move that will allow it to claw back some \$185 million of equity capital already sunk into the assets. If successful in refinancing two short-lived and conservatively structured non-recourse bank facilities, the B loan



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BRASCAN PLANS DEBT FINANCING FOR N.Y. ACQUISITION



Richard Legault

Brascan Corp. plans to arrange a roughly \$450 million bridge loan to partly fund its \$900 million acquisition of 769 MW of generation assets from **Reliant Energy** in New York State and will put in place more permanent project-level financing once the acquisition closes. **Richard Legault**, president at **Brascan Power**, explains that post completion, Brascan intends to put in place non-recourse debt financing covering 50-55% of the acquisition price. Brascan likes "asset-specific borrowings," he

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A Rich Seam

TRADERS TURN TO COAL AS LAST UNTAPPED ENERGY MARKET

Energy trading desks, including those at **Semptra Energy Trading**, **Cinergy**, **Morgan Stanley**, **Barclays Capital**, **Deutsche Bank** and **Goldman Sachs**, are looking to launch or beef up coal trading operations in response to soaring volatility. "Coal is the last large energy market that has not been commoditized," according to **Simon Greenshields**, global head of gas & power trading and origination at Morgan Stanley in New York. The

(continued on page 11)

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



At Press Time Southern Co. Aims At \$2.2B Loan Package

Southern Co. has six leads in the market looking to place \$2.2 billion of loan facilities for itself and two utility subsidiaries: **Alabama Power** and **Georgia Power**. The solidly rated Atlanta-based power leviathan is closely managing the deals with certain lenders being asked to sign up across all three deals and others being asked to write tickets on individual loans. "It's a pure, carefully managed relationship deal," says one banker.

Lenders say the loans are chopped into a \$500 million 364-day loan and a \$500 million three-year loan for Southern, \$350 million in 364-day paper and a \$350 million three-year facility for Georgia Power and a \$450 million loan for Alabama Power, further details of which could not be ascertained. The Southern loan carries a fully drawn spread over LIBOR of 50 basis points and Georgia Power carries 40 basis points. The facility is due to close June 8.

The lead line-up mirrors a similar deal last year: **Bank of America** and **Barclays Capital** are leading the Southern Co. leg, **Bank of New York** and **Scotia Capital** have the Alabama Power deal, and **Wachovia** and **Citibank** are leading the Georgia Power loan (PFR, 5/19/03).

Deutsche Bank Seen Hiring U.S. Trading Head

Deutsche Bank has reportedly hired **Gerald Balboa**, formerly v.p. of power trading at **RWE Trading Americas**, in a new position to head up power trading for North America. The appointment suggests the German bank may be looking to ramp up power trading in the U.S., says one market watcher, who notes that until now the bank has focused on oil and gas trading. Calls to Balboa and **Kerim Derhalli**, global head of commodities in London, were not returned.

Balboa joined RWE in Houston in the summer of 2001 from **Tractebel North America**, as the German utility looked to build up a U.S. merchant energy operation. Within two years, RWE had pulled the plug on the operation (PFR, 12/3).

Sempra/Carlyle Sign PPA For Texas Asset

Sempra Energy Partners and **The Carlyle Group/Riverstone Holdings** have reportedly inked a power purchase agreement for part of the output of the 632 MW Coletto Creek plant in Texas, which the pair are set to acquire from **American Electric Power**. PFR was unable to ascertain the identity of the offtaker and calls to SEP and Carlyle went unreturned.

Officials say, however, it is proving more time consuming to sign up a second PPA. Covering the plant's output with investment-grade counterparties was the basis on which banks pitched to lead the secured financing. One official tracking the deal says while the word is the second PPA is proving stickier to land, there is some leeway as the acquisition isn't due to close until July.

J.P. Morgan, **Citigroup** and **Goldman Sachs** recently landed the financing mandate (PFR, 5/10). The trio pitched a \$350 million B-loan with a \$15 million working capital facility and a \$45 million letter-of-credit facility.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Dynegy Touts Pricing On Mega Secured Loan

Dynegy is pitching price talk of around the 325-350 basis point range for the \$600 million six-year term loan chunk of its new \$1.3 billion secured refinancing. Officials say the \$700 million balance has been soft-circled as a three-year revolver by leads **Lehman Brothers, Bank of America, Citigroup, Credit Suisse First Boston** and **J.P. Morgan**. Pricing on the latter component has yet to emerge, says one financier.

The deal will bolster the Houston energy player's liquidity and also refinance debt ahead of a February maturity on an existing \$1.1 billion facility. The new deal will have first-lien security and is earmarked to close this quarter.

DTE Finds Takers For Liquidity Loan

DTE Energy has wrapped a new two-year revolver that frees up cash tied in its trading and hedging book by adding letters of credit. The new \$375 million, two-year revolver will be used to back L/Cs and as such boosts liquidity, one banker explains, noting DTE has been posting cash against its market positions.

Twelve banks signed up for the deal during syndication, writing tickets of \$390 million and allowing DTE to upsize from the \$350 million originally planned. One banker says the strong showing reflects the overall flavor of the deal with an investment-grade credit lining up drawn two-year money.

Barclays Capital and **Citigroup** led the deal (PFR, 5/3). **BNP, Key Bank** and **Scotia Capital** signed on as co-documentation agents.

Trading Exec Leaves Bankrupt Utility

Martin Stanley, head of **TXU Europe's** trading and risk management arm, has left the bankrupt utility some 18 months after the firm was placed in administration. Stanley, who was president of **TXU Europe Energy Trading**, has been working with administrators **Ernst & Young** and **KPMG** to help unwind many of TXU's long-dated energy contracts. News of his departure suggests that TXU may be close to settling claims against various counterparties including **DRAX Power** and **Teesside Power**. Stanley was one of only a few senior **TXU Europe** executives to be retained by the administrators to help advise on the liquidation of the trading business and settlement of claims.

TXU Europe, one of the four largest utilities in the U.K., filed for bankruptcy in October 2002 after its parent TXU Corp. abandoned plans to inject \$700 million of equity funding into the stricken business (PFR, 10/15/02). The bulk of the utility operation was sold to **Powergen** for EUR2.17 billion. Calls to Stanley were not returned.

Dominion Upsizes Loan

Dominion is set to close this week a \$1.5 billion three-year loan, after all 21 banks invited into the planned \$1.25 billion deal signed up. The solid business profile of the Richmond, Va., player coupled with strong banking relationships fueled the successful syndication effort, says one banker. The loan is a refinancing of a 364-day facility, which the company decided to make longer dated to tap into the bank demand for utility paper (PFR, 4/26).

J.P. Morgan and **Barclays Capital** are leads on the facility, under which **Dominion Resources, Consolidated Natural Gas** and **Virginia Electric and Power Co.** all have equal borrowing ability. **Bank of America, Scotia Capital** and **Citigroup** all signed on as co-documentation agents.

The loan is deploying the novel relative-value pricing structure the company pioneered last year. Instead of a standard pricing of LIBOR plus a fixed spread, the drawn pricing on the facility is LIBOR plus the average asset swap spread on three specific publicly traded bonds (PFR, 4/22/03). The theory is banks are more willing to lend when loan margins are more closely tied to risk.

Primary Energy Launches Refi

Primary Energy has launched a \$375 million loan refinancing package earmarked for institutional investors, which will allow it to pay down project-level debt and also fund a \$100 million dividend payment to the sponsor. The seven-year deal is led by **Credit Suisse First Boston** (PFR, 5/3). It refinances the debt associated with 444 MW of inside-the-fence generation assets in Northern Indiana that Primary Energy acquired last year (PFR, 10/21). Calls to **Bill Rockford**, coo at Primary Energy in Oak Brook, Ill., were not returned and a spokesman at CSFB was unable to provide comment by press time.

Market officials say the loan is split between a \$175 million, amortizing first-lien term loan priced around the LIBOR plus 600 basis points level, and a \$200 million, bullet-maturity second-lien term loan, priced at LIBOR plus 9%, with a 2% LIBOR floor. The timeline for wrapping the deal could not be determined.

GE Capital provided \$60 million of new project-level debt for three of the six plants when they were acquired, and Primary Energy assumed \$180 million in debt on the remaining plants. The balance of the acquisition ticket came in equity. One financier notes **American Securities**, a family office founded to manage part of the **Sears Roebuck** fortune, is a partner with Primary Energy in the acquisition.

The plants operate under long-term contracts with major industrial players **United States Steel, Ispat Inland** and **International Steel Group** along Northern Indiana's Steel Coast.

Louis Dreyfus Beefs Up Gas Effort With Two Hires

Louis Dreyfus Energy has hired Greg Shea, director of commodity trading at Royal Bank of Canada, as a senior v.p. to head up energy trading in Canada, and Barry Tycholiz, a marketer at UBS, to lead its natural gas sales and marketing push in Houston.

Shea, based in Calgary, says he joined Louis Dreyfus last month to focus exclusively on energy trading as the market is on the up swing right now. "It's a good time to be trading physical assets," says Shea. Shea reports to Kevin Capone in Louis Dreyfus' Wilton, Conn. headquarters. Tycholiz declined comment.

The appointments reflect Louis Dreyfus' newfound focus on gas trading (PFR, 6/10). Shea says there is potential for new hires to be made covering LNG and power trading in Canada should opportunities arise for Louis Dreyfus to acquire liquids or power assets.

Centrica Hires GE Asset Manager

Anthony Ligato, a financier at GE Capital, has joined Centrica North America to head-up power plant asset management in the company's Houston office. Ligato, who was v.p. in GE's Global Energy Portfolio Group, joined Centrica last month as v.p. of power asset management for North America and reports to Michael Hogan, senior v.p. based in Toronto.

Ligato's appointment comes as Centrica is about to land its first U.S. power plant, the 540 MW Bastrop Energy Center near Austin, Texas. The \$143 million acquisition from FPL Energy is expected to close in late June.

"It's really a perfect match for my background," says Ligato,

who was trained as an engineer, was a general manager at two of General Electric's power plants, received his MBA from Columbia University and then began working in finance at GE Capital. Ligato says the move was a great opportunity to get in on the ground floor of Centrica's generation business. He expects to make additional hires dependent on how many acquisitions the company makes in the coming months.

Gable Exits Top Commerzbank Energy Slot

Dempsey Gable, senior v.p. and head of energy, utilities and project finance at Commerzbank in New York, has left the German bank. Gable says the position was eliminated reflecting the downsized ambitions of Commerzbank in the post-Enron market. At its peak, the Commerzbank energy loan portfolio topped \$4.5 billion and the bank was angling to lead deals for priority clients. Over the last two years, the strategy has changed to be a smaller participant and as deals have been refinanced the portfolio has fallen to around \$1.5 billion, he says. The reduced flow meant less staff were needed.

Harry Uerger, head of Commerz's Atlanta branch, who also covered energy deals in the southwest, has taken up the mantle for all North American energy deals. Citing bank policy, Uerger says he is unable to comment.

Gable, a well-known senior figure on the lending circuit, joined Commerz in 1995 from PanieWebber to set up its first dedicated industry group covering energy. "I'm looking to find another position with a financial institution to use the relationships I've developed over the last 20 years," he says. Over his career, he has held slots at Barclays Capital forerunner Barclays de Zoete Wedd and also Bankers Trust.

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APRIL 4, 2004

BANK-OWNED GENCO EYES GBP2 BILLION LOAN FOR ACQUISITION PUSH

CGE Power, a bank-sponsored genco that's attempting to pool many of the U.K.'s standalone and distressed power plants, is looking to raise roughly GBP2 billion (\$3.7 billion) in bank debt to help fund the purchase of upwards of 8 GW of generation capacity. The cash injection would oil the wheels of acquisition negotiations that have stalled in recent months over the unwillingness of many non-recourse creditors to align

TIMES ONLINE

www.timesonline.co.uk

APRIL 7, 2004

CGE turns to cash for its power plant spree

CGE POWER, a company set up by six leading banks to buy financially distressed UK power stations, is to raise £2 billion of bank debt to fund its proposed spending spree, The Times has learnt.

The move is a change in strategy for the group, which has been trying to buy power stations.

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Corporate Strategies

DTE Taps Structured Debt Mart To Finance DaimlerChrysler Assets

An affiliate of DTE Energy issued \$244 million in senior secured bonds last week to finance its \$288 million purchase of a portfolio of inside-the-fence utility assets supporting manufacturing facilities owned by DaimlerChrysler.

The structured bond offering was issued by special purpose vehicle DTE Energy Center (DTEEC) and is secured against eight utility service contracts paid by a Daimler affiliate. "They're not the typical assets that you see in the project finance world," says Scott Solomon, a Moody's Investors Service analyst, noting that project finance is usually employed for plant construction or refinancing.

The assets DTEEC acquired include eight utility and

production support systems that include electricity distribution networks and waste water pipes.

The 7.4% coupon 20-year bond offering was arranged by Citigroup, Goldman Sachs, BNP Paribas and KeyCorp. DTEEC is a 50/50 joint venture between DTE Energy Services and Goldman Sachs.

The bond offering was rated BBB by Standard & Poor's and Baa2 by Moody's.

The move to sell utility support system assets and give service control of those assets to DTE will allow Daimler to increase its focus on its core business of automobile production, says Mary Gauthier, a DaimlerChrysler spokeswoman. "It's definitely an innovative way to manage these types of systems," says Gauthier.

Dave Meador, cfo at DTE, and Scott Simons, spokesman, did not return calls.

Alliant Offering Highlights Increased Financing Activity

Interstate Power and Light Company's recent \$100 million, 30-year unsecured senior note sale marks the beginning of more frequent debt offerings from the Iowa utility's parent Alliant Energy.

The utility holding company is in a building phase, with new generation plans including construction for Iowa Power and Light and Wisconsin Power and Light expected to total \$650 million. This will be financed with a combination of debt, new equity and retained earnings, says Chris Shoenherr, spokesman. "[Issuing bonds] is going to be more common now than it was perhaps three to four years ago," Shoenherr says. He adds Alliant hopes to maintain a low-40 to high-50 debt-to-equity ratio, rather than going as high as 60%, as it has in the past.

Forays into the debt market will also become more frequent for Alliant given projected capital expenditures of \$700 million this year and \$610 million in 2005.

The recent bond issue, led by Lehman Brothers and Merrill Lynch, left the balance sheet's leverage unchanged as the proceeds refinanced commercial paper and other short-term debt used to finance the construction of Interstate's Emery plant.

Schoenherr says that the company was happy with how the financing went. "Given current market conditions, we were pleased," he says. The debentures have a 6.3% interest rate and were offered at a 105 basis point spread over comparable Treasury bonds.

Alliant chose to refinance the plant's construction costs with corporate-level debt rather than project debt, as it's viewed as a more conservative approach and therefore well suited to a utility.

Duquesne Debt Finances Plant Acquisition

Duquesne Light Co.'s recent \$200 million, 10-year first-mortgage bond issue was put in place to replenish the utility's coffers ahead of the pending acquisition of a \$120 million coal-fired power plant, with the remainder earmarked to refinance short-term hybrid securities that is treated as debt by the rating agencies.

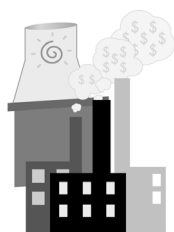
The cash will come in handy should state approval come through for Pittsburgh, Pa.-based Duquesne's pending \$120 million acquisition of the 400 MW Sunbury coal-fired plant from WPS Resources, says Aneesh Prabhu, a Standard & Poor's analyst. Green Bay, Wis.-based WPS announced the Sunbury sale to Duquesne subsidiary Duquesne Power last October.

Prabhu notes that the bond issue—which carries a 5.7% coupon and debuted at a 94 basis point spread over Treasury bonds—is one of several recent changes that Duquesne has made to its capital structure.

"We have been adding equity and reducing debt to strengthen our balance sheet," explains Joe Balaban, spokesman for Duquesne. He notes Duquesne expects to pay down \$150 million in monthly income preferred securities (MIPS) by the end of May with some of the capital coming from the recent bond issue. He adds it's making the move because the ratings agencies no longer view MIPS as 100% equity, but rather look at them as 60-70% equity.

As part of plans to bolster equity, Duquesne issued \$75 million in perpetual preferred stock last month, a type of security that the agencies count as 100% equity.

Balaban says that as of March 31, Duquesne's balance sheet leverage stood at 58%.



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
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Lexicon	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Lexicon	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant has passed up option to purchase portfolio.
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.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhillips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Banks Looking To Divest Ownership.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Hot Spring Energy Facility	Ark.	620	Gas	CSFB	Has agreed sale with Matlin Patterson.
	Murray Energy	Ga.	1,240	Gas		
	Sandersville Energy	Ga.	640	Gas		
	Marshall Energy	Kty.	640	Gas/oil		
	Hinds Energy Facility	Miss.	520	Gas		
	Southaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas		
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
Dynegy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing.
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso North America (Merchant assets)	Bastrop	Texas	543 (50%)	Gas		Final bids due.
	Bayonne	N.J.	186	Gas		
	Berkshire	Mass.	261 (56.41%)	Gas		
	Camden	N.J.	149	Gas		
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Milford	Conn.	540 (45%)	Gas		
	Newark Bay	N.J.	147	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Set to sell majority of QF portfolio to AIG.
	Prime	N.J.	66 (50%)	Gas		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Has received initial non-binding bids.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philippines	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%)	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		
	Otahuhu A	N.Z.	45 (51%)	Gas		
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
	Wairekei	N.Z.	165 (51%)	Steam		
	Paiton	Indonesia	1,230 (40%)	Coal		
	Tri Energy	Thailand	700 (25%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan/Concentric	Agreed sale to Constellation Energy.
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	ArcLight is set to acquire Entergy's 50% stake. Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County Independence	Texas Ark.	550 (70%) 842 (15%)	Gas Coal		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	E&Y (Administrator)	El Paso placed plant in administration.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
InterGen	El Bajjo	Mexico	600 (50%)	Gas	No Advisor	Ongoing.
Killingholme Power	Killingholme B	U.K.	800	Gas	N/A	Banks looking to divest ownership.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
LG&E Power	Van Horn	Texas	41 (33%)	Wind	N/A	Sent out RFP in April.
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Looking to select bidder by June.
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Ongoing.
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
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.
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Gila River Power Station	Ariz.	2,300	Gas	N/A	Considering exiting the merchant energy business.
	Odessa Power Station	Texas	1,000	Gas		
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Union Power Station	Ark.	2,200	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

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

- **ScottishPower** has been granted planning permission to build a GBP100 million underground natural gas storage facility. The project will see around six billion cubic feet of gas stored in up to eight underground caverns near Byley in Cheshire. **Charles Berry**, executive director, says, "The U.K. will soon become a net importer of natural gas and this facility will help provide greater security of supply, particularly at times of peak demand (*Dow Jones*, 5/20).
- **Electricité de France** has started talks with Italian auto maker Fiat and fellow **Edison** shareholders on the terms of financial options in their partnership in Italy's second-largest power company. As things stand, a range of put options could oblige EdF to launch a EUR3.7 billion buyout of Edison next year. Earlier this month, the Italian press reported that EdF offered EUR300 million to other Edison shareholders, asking them to postpone all put options by two years (*Dow Jones*, 5/20).
- U.K. wires outfit **National Grid Transco** faces a GBP1 million fine from energy regulator **Ofgem** for the poor performance of its connections business. Ofgem initially proposed the fine in March after complaints were launched about Transco's frequent failure to provide timely quotations and the company's failure to carry out planned work (*Dow Jones*, 5/20).

U.S. & Canada

- **DPL Inc.** replaced its top officials less than a week after it was revealed that hundreds of files were erased from the chairman's personal laptop computer before he surrendered the machine to internal investigators. Chairman **Peter Forster**, Chief Executive **Stephen Koziar** and interim CFO **Caroline Muhlenkamp** have all left the company (*Dow Jones*, 5/16).
- **Enron** won bankruptcy court approval to extend its financing arrangements to Sept. 3, heading off a potential default on contracts critical to reorganizing the energy giant. A U.S. Bankruptcy Judge signed off an order allowing Enron to push back the termination date on \$25 million in letter-of-credit borrowing. The letters of credit were set to expire May 23 (*Dow Jones*, 5/14).
- **TECO Energy** refinanced project debt supporting its San Jose Power Station in Guatemala. The transaction generated net proceeds of \$40 million and eliminated \$11 million of **TECO Energy** bank letters of credit. The lending group includes 23 Central American banks and a Bermuda-based fund and was led by **Banco Industrial of Guatemala** (*Reuters*, 5/17).
- **Allegheny Energy** agreed to sell its 9% stake in **Ohio Valley Electric Corp.** for undisclosed terms to closely held **Buckeye Power Inc.** Ohio Valley is co-owned by several investor-owned utilities in the Ohio River valley and operates two coal-fired power plants in Ohio and Indiana (*Reuters*, 5/17).
- **Progress Energy**, which owns utilities in the Southeast, agreed to supply power to 12 Georgia electric cooperatives through 2010 (*Bloomberg*, 5/17).
- The municipal utility of Snohomish County, Wash., released transcripts of trader conversations that suggest **Enron** executives knew of plans to milk money from California in the energy crisis of 2000-2001. In the tapes, **Susan Mara**, Enron's California director of regulatory affairs, touted Enron's success in delaying a lowering of energy price caps by state regulators. The utility wants refunds from Enron for its overcharges (*Los Angeles Times*, 5/18).
- **TXU Corp.** signed deals for a 50-50 energy marketing and trading joint venture with **Credit Suisse First Boston** that should be up and running by the fall. TXU will also form a business and computer services company with **Capgemini**, to be called **Capgemini Energy**, in a 10-year deal valued at \$3.5 billion (*Reuters*, 5/18).
- **Duke Energy** will issue 22,449,000 shares of common stock to settle the forward purchase contract component of its equity units that trade on the **New York Stock Exchange**. In March 2001, Duke issued 35 million equity units at \$25 each that will be converted to common stock at the rate of 0.6414 shares of stock per unit (*Reuters*, 5/18).
- St. Louis-based **Peabody Energy Co.** has signed three utilities to invest in a 1,500 MW coal-fired plant in Washington Township, Ill. **Indiana Municipal Power Agency**, **Wolverine Power Cooperative** and **Missouri Joint Municipal Electric Utility Commission**, will each have a one-third interest in the \$2 billion plant (*St. Louis Post-Dispatch*, 5/19).

● **Ex-Enron executive Paula Rieker** is expected to plead guilty to charges of insider trading and to enter into a cooperation agreement to testify for the Enron Task Force. Rieker is charged with knowing about material losses at Enron's Internet business and selling \$629,000 worth of Enron stock before the problems were revealed to the public. Rieker was managing director of investor relations for Enron in mid-2001 when the stock sale occurred (*Houston Chronicle*, 5/19).

● **Florida Power & Light** joined a consortium working to develop a new nuclear power plant in the U.S. The regulated arm of **FPL Group** is the 10th member of **NuStart Energy Development**, which has proposed sharing the estimated \$800 million cost of obtaining a construction and operating license for a new reactor design with the U.S. Department of Energy. The members include **General Electric Co.**, **Electricité de France** and **Southern Co.** (*Reuters*, 5/19).

Financing Record (MAY 13 - MAY 19)

Bonds

Issue Date	Maturity	Issuer	Amount (\$mil)	Offer Price	Coupon (%)	Type of Security	Spread to benchmark	Moody's	S&P	Bookrunner(s)
5/13/04	5/15/14	Ameren	104	99.659	5.5	Fst Mtg Bonds	70	A1	A-	Barclay/Citigroup
5/17/04	4/30/24	DTE Energy	244	100	7.458	Sr Secured Nts	275	Baa2	BBB	Citigroup/Goldman Sachs
5/17/04	6/8/09	Severn Trent	42.9	100	0.935	Fxd/Straight Bd	-	NR	NR	CSFB
5/18/04	5/21/08	Sempra Energy	300	100	Floats	Float Rate Nts	-	Baa1	BBB+	ABN/Citigroup/Deutsche
5/18/04	5/15/09	Sempra Energy	300	99.909	4.75	Notes	90	Baa1	BBB+	ABN/Citigroup/Deutsche
5/19/04	5/28/14	ASM Brescia	600.9	99.304	4.875	Fxd/Straight Bd	50	NR	A+	Barclays/CABOTO/Merrill

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value (\$mil)
5/13/04	-	Middlecreek Gas Prospect	-	U.S.	Lexington Resources	-	U.S.	-
5/14/04	-	Inchun General Energy	-	South Korea	Samchully	-	South Korea	1.772
5/14/04	5/14/04	Michigan Electric Transmission	-	U.S.	Macquarie Essential Assets	-	Canada	-
5/17/04	-	Kalpataru Power Transmission	-	India	Parag M Munot	-	India	1.621
5/17/04	-	Ohio Valley Electric	-	U.S.	Buckeye Power Generating	-	U.S.	-
5/17/04	5/17/04	Pipeline Ppty, Parker County	-	U.S.	Ness Energy International	-	U.S.	-
5/18/04	-	Reliant Energy-Power Plant	Goldman Sachs	U.S.	Brscan	-	Canada	900
5/18/04	-	Hebei Handan Energy	-	China	SP Power Development	-	China	2.825
5/18/04	-	ZE Patnow-Adamow-Konin	-	Poland	RAO Unified Energy System	-	Russian Fed	-

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

TRAFIGURA'S MOONEY

(continued from page 1)

Reached at Trafigura late last week, Mooney declined to comment. Calls to **Kuljinder Chase**, head of energy trading at Merrill in New York, were not returned.

Mooney's departure from Trafigura comes as little surprise to some market watchers. The privately owned firm does not have a credit rating and this lack of external scrutiny is thought to make executing structured energy contracts a tough proposition. "I'm surprised he's lasted this long," says one energy trader. Mooney joined a little over a year ago (PFR, 3/24/03) from **Banc of America Securities** in New York, where he was global head of commodities.

Mooney's new role at Merrill reflects the recent emergence of scores of energy trading hedge funds in both Europe and the U.S. Just last month **Julian Barrowcliffe**, a former cohort of Mooney at BofA, left the bank to join **Vega Asset Management** (PFR, 5/3).

Soaring oil and gas prices this year also have made energy trading a potentially lucrative business.

—Will Ainger

TRADERS TURN

(continued from page 1)

coal markets have become more volatile and entities with exposure to coal prices are therefore more inclined to hedge, he explains. In addition, higher coal prices have also helped enhance the credit quality of producers, which had previously been a sticking point, he adds.

Morgan Stanley is active in the coal trading market in Europe and is looking to expand its presence in the U.S., Greenshields says. "[It] add[s] another arrow to the quiver in the energy sector," he notes.

Similarly, Cinergy recently hired **Vince Stroud**, v.p. coal sales at **Alliant Energy** in Tulsa, Okla., in a new position heading coal procurement and origination in Cincinnati, Ohio. Stroud, who declined comment, was previously v.p. & general manager of the coal business at **Aquila**, which was an active coal trader before the **Enron**-induced collapse in energy trading.

Calls to officials at Sempra, Barclays, Deutsche Bank and Goldman Sachs were not returned by press time.

—Victor Kremer

BRASCAN PLANS

(continued from page 1)

says. Talks with banks on both parts of the financing have yet to begin. The balance of the funds will come from cash at hand.

The Toronto-based player is buying 71 hydroelectric power generating plants, totaling 674 MW, and one 95 MW co-generation facility in upstate New York. **Goldman Sachs** has been running the auction for Reliant's Empire State assets and Brascan was seen as a strong suitor (PFR, 4/19).

Legault says the acquisition should close within the next 90 days. The plants have offtake contracts in place with **Niagara Mohawk** but these are set to expire in September. Brascan's plan is to set up long-term fixed price contracts for the assets as it has done for 60-65% of its assets.

By initially using a corporate bridge facility to fund the debt component of the deal, Brascan also gets a little more time to set up new PPAs for the assets, Legault says. This will make it easier to set up non-recourse financing, but he notes hydro assets aren't as problematic when they are merchant, and Brascan has previously refinanced merchant hydro assets in Canada. "Hydro facilities have extremely low and stable costs. They don't have fuel cost exposure," he says, explaining that worst case scenarios for lenders are therefore less bleak than for traditional generation.

The acquisition will take Brascan's generation portfolio, which is heavily weighted toward hydro, to around 2,600 MW, mostly in the northeast U.S. and Canada. "We think these assets are in a class of their own," Legault enthuses. —*Peter Thompson*

CALPINE JACKS

(continued from page 1)

would mark another body blow for the traditional power project finance community, which is already starved of deal flow.

Leveraging assets and squeezing out cash for the sponsor has become a common feature of the B loan market, but it has been rarely seen in deals covering power generation, say financiers. **Katherine Potter**, spokeswoman at Calpine in San Jose, Calif., says the company cannot comment on the deal because it is bound by private-placement non-disclosure rules.

The seven-year institutional loan underscores the way B loan investors continue to eat into the traditional bank project finance market. The new loan will refinance a \$250 million bank loan for the Rocky Mountain plant in Weld County, Colo., (PFR, 3/1) and a \$230 million facility for the Riverside plant in Beloit, Wis. (PFR, 9/16). After only booking the Riverside deal at the tail end of last year, one banker sarcastically notes that he was hoping to get more than a few months out of the deal before being repaid. Others say project lenders had better get used to this happening when loans pass out of their construction phase as the two

Calpine deals soon will. "As long as the B market is willing to take on the risk, then there is nothing for the commercial banks to do," he says.

The new loan will be secured against two 600 MW power plants and will remain non-recourse to Calpine. Price talk on the paper is around LIBOR plus 500-600 basis points, according to one banker. **Pen Pendleton**, spokesman at **Credit Suisse First Boston**, which is leading the loan, did not provide comment by press time.

Without the refinancing, the bank loan for Riverside would convert to a post-construction loan priced initially at LIBOR plus 275 basis points and Rocky Mountain would have converted to a margin of 325 basis points. Both loans had shorter maturities than the new B loan.

One financier says the deal makes compelling sense for Calpine as both bank loans erred on the conservative side. For instance, the Riverside loan required upfront equity and had a 63/37 debt-to-equity ratio. The B loan allows Calpine to pocket some of the cash at the parent level and take leverage on the assets up to around 90%.

"This [B] market is getting so aggressive," says one lender, who isn't in either of the original deals but tracks B loan deals. Another banker reflects that his institution wouldn't go near the leverage of the new deal, adding it's going to be a few years before a judgment can be made on whether B loan investors have bitten off too much risk. —*P.T.*

Calendar

The **American Council On Renewable Energy** and **Euromoney Energy Events** will hold the *Renewable Energy Finance Forum - Wall Street* on June 23-24 at the **Metropolitan Club** in New York. For further information visit www.euromoneyenergy.com

Quote Of The Week

"Coal is the last large energy market that has not been commoditized." —**Simon Greenshields**, global head of gas & power trading and origination at **Morgan Stanley** in New York, explaining why the bulge-bracket firm is building a New York coal trading team (see story, page 1).

One Year Ago In Power Finance & Risk

ACI Capital, a 100-year old private investment firm that manages capital on behalf of institutions and high-net-worth individuals, was looking to acquire contracted and fully merchant generation assets in the U.S., according to **Kevin Penn**, managing director in New York. [Penn told *PFR* last week that ACI has yet to make any energy acquisitions.]