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The exclusive source for power financing and trading news

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Constellation Weighs Corporate M&A

Constellation Energy is hunting for corporate-level acquisitions as the industry faces increasing consolidation.

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SemGroup To Wrap \$1.45B Revolver

Oklahoma midstream company, SemGroup, is set to close a \$1.45 billion working capital revolver.

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If You Can't Beat'em . . .

LS POWER BUILDS STAKE IN MACHGEN DEBT

LS Power Development has quietly accumulated 20-30% of the \$1.4 billion project debt tied to the MachGen generation fleet, after a bid for the physical assets was scuppered a few weeks ago. The private equity shop, with offices in Manhattan and East Brunswick, N.J., had placed a bid for the 3.7 GW portfolio that was considered a strong contender until several hedge funds acquired



(continued on page 11)

\$1B At Launch

EX-TIGER TRADER FIRES UP COMMODITIES HEDGE FUND

Commodities trader Paul Touradji, an alum of Julian Robertson's famed Tiger Management hedge fund, has launched a hedge fund operation and already raised \$1 billion for a multi-commodity investment vehicle. Touradji Asset Management's fund is the inaugural effort in what could be a series of similar funds, says a person familiar with the shop's strategy. The fund will make investments in natural gas, electricity and petroleum

(continued on page 12)

FIRSTENERGY SEEKS \$2B DEBT LINE

FirstEnergy is looking to replace a \$1 billion, three-year revolver with a \$2 billion, five-year line. The Akron, Ohio, holding company is consolidating an existing parent-level line and subsidiary revolvers at Ohio Edison Company's to allow for greater efficiency and flexibility, says Ellen Raines, spokeswoman. The line could be boosted to \$2.25 billion if the facility is overcommitted, says one banker involved with the deal. Calls to Anthony Alexander, ceo, and Tom Navin, treasurer, were fielded by Raines.

The parent-level loan will have all-in pricing of LIBOR plus 85 basis points and an

(continued on page 11)

COLO. CITY WEIGHS BID FOR AQUILA ASSETS

The City of Pueblo is pondering a bid for Aquila's electric utility assets within its borders to allow it to lower power rates and lure new businesses to the Colorado city of 100,000 people which is nestled in the Rockies. City Manager Dave Galli is currently reviewing financial information pertaining to Aquila, according to Dave Lock, executive director of the Colorado Association of Municipal Utilities, which has recommended that Pueblo bid for the assets. The city had not yet tapped an advisor to lead the potential bid as of last week, Lock says. Galli did not return calls for comment.

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

Alliant Plots Overseas Options

Alliant Energy is exploring sales and joint venture opportunities for its non-regulated overseas assets. At a shareholder meeting last week, CEO **Erroll Davis**, said the company has hired an advisor to plot strategy for investments in China, Brazil and Mexico. Davis and COO, **Bill Harvey**, did not return calls. Spokesman **Scott Smith**, could not make an official available for comment, but says the advisors will present suggestions in the third quarter. The company declined to publicly name its advisor.

A banker familiar with the company's activities says the utility has hired an advisor for each region. "Each market has a unique situation," adds the banker. "The important thing is that they're not putting new money into those investments," says **Scott Solomon**, analyst at **Moody's Investors Service** in Jersey City, N.J. Cash generated from those assets can be divested back into the company's core, domestic utilities, he notes, adding that the divestiture of the unregulated overseas assets leads to a lower risk profile.

In China, a rise in coal prices and a slow moving regulatory body has made it difficult for the company to operate there, said Harvey. According to the company's most recent 10-Q, options being explored are a potential merger and/or sale of the \$182 million businesses. According to filings, the company is exploring either restructuring and repairing its relationship with its Brazilian partners or exiting the market. Harvey said the company will divest Laguna del Mar, a Mexican resort the company acquired as a result of a bankruptcy.

CMS Lands \$800M Revolver

CMS Energy and subsidiary **Consumers Energy** have wrapped \$800 million in fresh five-year credit facilities to refinance existing lines. Twenty-four banks participated in Consumer's \$500 million line and 16 banks were involved with CMS' \$300 million facility, says a banker familiar with the deal. **Thomas Webb**, cfo at CMS in Jackson, Mich., did not return calls and spokesman **Dan Bishop** could not make an official available.

Both entities refinanced one year into a three-year deals to take advantage of favorable interest rates, the banker adds. "It was purely opportunistic," says the banker. Pricing on the CMS deal landed at LIBOR plus 150 basis points, down from LIBOR plus 275 basis points and included a commitment fee of 37.5 basis points, from 50 points (PFR, 4/25). Syndication drew \$900 million in commitments partially due to bankers' expectations that the company would use about 25% of the line, says the banker.

Officials at lead **Citibank**, did not return calls while **Monique Palumbo**, senior v.p. at co-lead at **Union Bank of California** in Los Angeles, declined to comment.

Consumers' new line is priced at LIBOR plus 75 basis points down from LIBOR plus 125 and has a fee of 17.5 points from 22.5 points (PFR, 4/25). The deal, which closed during the middle of this month, was led by **JP Morgan Chase** and **Barclays Capital**. Officials at Barclays declined to comment while **Francois Poirier**, managing director at JPMorgan in New York, did not return calls. The allocation amounts and participating banks on both deals could not be obtained.

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**Institutional
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CoBank Plots Lead Renewable Role



Jake Udris

CoBank is looking to venture more heavily into the renewable generation and arrange deals in the \$5-50 million ballpark. Renewable standard portfolios implemented by certain states, high gas prices and heightened concern about the environment make this a favorable time to make a push, says **Jake Udris**, head of the energy and water

division in Denver. The bank will focus on projects in rural America that supports CoBank's mandate to serve local, regional and national agribusiness customers, he comments.

CoBank has a handful of renewable deals already underway, including wind, biomass and turbines capable of converting waste to energy, says Udris. The first should close within the month, he says. He declined to give details but noted that all projects are contracted.

The bank will sole-lead deals under \$25 million but seek a co-lead for anything above that amount. In August, it participated in a wind deal when it acted as co-arranger in the **Dexia Credit Local**-led deal for **Invenergy's** \$31 million Buffalo Mountain Wind Energy Center (PFR, 8/9).

Shareholders May Stop TXU Downgrade To Junk

Shareholder and bondholder interests appear to be aligned in their concern about **TXU Corp.**'s potential descent to junk, in an unusual occurrence given the recent slew of credit-damaging shareholder initiatives undertaken by corporate America. Stockholders are said to be pressuring the company to take steps to maintain its investment-grade rating, say analysts. This comes after TXU's \$500 million share buyback earlier this month caused **Standard & Poor's** to place the triple-B rated energy company on credit watch negative explained **Tobias Hsieh**, director in the utilities and energy group at S&P. He declined to discuss shareholder plans.

"Often shareholders and bondholders have diverging interests, but in this particular situation there seems to be some equity investor concern about operating a major merchant energy companies with a below investment-grade parent rating," explains **Margaret Jones**, senior v.p. and fixed-income utilities analyst at **ABN AMRO** in New York. Hsieh adds: "TXU is interested in doing something to prevent a downgrade." He declined comment on whether equity holders were pressuring the company to take action. Analysts noted equity holders are pressuring the company to better its credit picture and pointed to TXU's declining stock price as evidence of their dissatisfaction.

TXU's share price fell from a high of \$87.25 around the start

of the month to \$78.99 Thursday, despite its buyback. A call to **Kirk Oliver**, cfo of TXU, was not immediately returned.

BNP Looks To Add In Trading

BNP Paribas is planning to expand its trading desk in London with a product developer to join the energy and commodities group. The bank may also look to make hires for its New York desk, says a headhunter familiar with the matter. A call to **Dominique Remy**, global head of energy and commodities in Paris, was not returned.

On the energy side, BNP's London desk primarily trades gas and power. The product developer will be charged with designing and implementing applications for commodity derivatives trading and will look to enhance the desk's risk management and pricing capabilities, according to the recruiter. The developer will also be responsible for analyzing the commodities trading business.

BNP's London energy trading operation lost a handful of staffers last year (PFR, 9/3/04), including power trading scheduler **Kevin Milgate** and senior operations trader **Hakan Kocayusufpassoglu**.

Constellation Jockeys For Position Amid M&A Flurry

Constellation Energy is on the prowl for corporate-level buys as the energy industry faces increasing consolidation, CEO **Mayo Shattuck** said at the Baltimore-based holding company's annual shareholder meeting last week. "It's obvious that scale matters in any large business, and we'll certainly continue to grow," he said. He did not offer criteria for such acquisitions. Shattuck did not return a call for comment.

In response to a question from a shareholder, he declined to say whether the company would consider acquiring **Pepco Holdings**, which owns utilities in Maryland, New Jersey, Delaware and Washington, D.C. Pepco spokeswoman **Mary-Beth Hutchinson** noted that Pepco and Constellation held extensive merger talks in the late 1990s, but the two companies have changed considerably since then. Pepco merged with **Conectiv** and divested its generation assets in 2002. She declined to speculate on whether the two companies might consider hooking up again.

Consolidation will be a boon to the industry, Shattuck stated. "For the sake of productivity and efficiency, it certainly makes sense to reduce that number [of energy providers]," he commented. Shattuck predicted that number of energy providers in the U.S. will be halved in the next five years as the industry undergoes rapid consolidation. The U.S. has over 100 utilities, while countries such as Japan have far fewer utilities as compared to the size of their populations, he noted.

Colo. Hombres Look To Lasso \$90M For Wind

Prairie Wind Energy is looking for an equity partner to help fund a \$90 million wind farm in Lamar, Colo. The local group, made up of farmers and ranchers, has a 25-year PPA with **Xcel Energy** underpinning the project, says **John Stulp**, vice chairman of Prairie Wind. The developer wants to team up with investors able to provide equity and bring banking relationships to the table. As a small shop it could be challenging for the group to attract lenders otherwise.

Prairie Wind is aiming for debt representing 55% of the deal depending on how much a future equity investor can provide, Stulp says. Ideally, Prairie wants to find investors able to provide cash or offer up turbines in exchange for an equity stake in the development. The wind farm will require some 46 turbines and given the wind development boom there is a dearth of hardware, he notes.

As it stands, the developer is in discussions with two equity investors able to provide sufficient turbines for the 69 MW project but nothing has been inked. Declining to name names, Stulp says it has been courting developers who have stockpiled equipment in advance of identifying sites and obtaining permitting for construction.

The wind farm will be located between two existing wind farms: the Colorado Green project, a 162 MW farm (PFR, 11/6/03,) and the Lamar Utilities Board project which is 4.5 MW.

The company hopes to begin construction in July with the farm running by yearend.

Okie Midstream Outfit To Wrap \$1.45B Line

SemGroup is set to close a \$1.45 billion working capital revolver aimed at helping the midstream energy company bulk up. The funds will support the Tulsa, Okla.-based private outfit's development of storage facilities and pipelines throughout North America, including upstate New York where it has a gas storage facility on the drawing board, says **Brent Cooper**, treasurer. "What we do as a company requires us to make large investments and this working capital revolver will support that activity," he comments.

The **Bank of America**-led facility, which includes two separate term loan B portions, a working capital revolver and a \$50 million line of credit, is expected to be sealed tomorrow. Specifically, the loan is comprised of an \$875million working capital line priced at LIBOR plus 225 basis points. The \$50 million line, bearing the identical terms as the larger facility, is also being obtained for working capital purposes, Cooper notes.

The term loan B portion breaks out into a \$400 million line and a \$175 million slug that will be used to support

SemGroup's acquisition of **Central Alberta Midstream** from **BP Canada Energy Company** and **Chevron Canada Resources**, Cooper says. The smaller term loan is structured so that Canadian entities, such as pension funds and insurance companies, could participate, he explains, noting that it was done largely to address tax deduction issues. Pricing on both term B loans is based on a sliding scale tied to SemGroup's debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratio and is presently set at LIBOR plus 250 basis points, Cooper notes.

Partly owned by **Carlyle/Riverstone** and hedge fund **Ritchie Capital Management**, the private company's bank loans were led by BofA, which acted as administrative agent. **BNP Paribas**, **Bank of Montreal**, **Bank of Oklahoma** and **Bank of Nova Scotia** were also involved. In total, about 26 lenders participated including **Fortis Capital**, **United Financial of Japan**, **Bank of Scotland**, **GE Capital** and **US Bank**.

Bank of America's lead participation in the transaction harks back to its past involvement with SemGroup, as **Fleet Bank**, when it arranged a \$350 million line of credit two years ago. "Two Thousand and Three was a time when our growth was limited because of our structure. We had companies in Canada and in America and we needed a bank that could deal with us in both markets. [BofA] understood our needs," he remarks. A BofA official declined to comment on the deal.

Corporate Strategies

San Diego Gas Pushes Long-Date Debt

San Diego Gas & Electric has issued \$250 million in first-mortgage bonds to help bankroll asset additions and repay shorter-term paper. The 30-year notes have a coupon of 5.35% and mature May 15, 2035. "The yield curve has been very flat and we're close to historic lows," says **Marilyn Burke**, director of corporate finance at parent **Sempra Energy** in San Diego.

The asset additions include power stations with 30-year lives so it is logical to lock in low rates throughout the life of the assets, Burke adds. As of March 31, the utility had \$67 million in commercial paper outstanding obtained as part of its \$700 million capital expenditures plan, which needed to be reworked, says Burke. She would not disclose the terms of its short-term debt.

The first mortgage-bonds are rated A1 by **Moody's Investors Service**, A+ by **Standard & Poor's** and AA by **Fitch Ratings**.

The issuance was led by **Goldman Sachs** and **UBS Investment Bank**. Co-managers were **Banc of America Securities**, **Calyon**, **Deutsche Bank** and **SG Corporate & Investment Bank**. Burke says the banks were chosen because they had provided good execution in the past and also noted that the leads had worked

with the company on refunding tax-exempt debt last year.

In June, San Diego Gas plans on purchasing the approximately \$500 million, 550 MW Palomar generating facility in Escondido, Calif., developed by affiliate **Sempra Generation**, says Burke. The utility is also planning a 500 KV transmission line and the acquisition of another, unidentified plant, according to the company's 10-K. Burke could not provide specifics about possible future issuances.

Canadian Utility Extinguishes High-Rate Notes

Nova Scotia Power has cut interest rates charges in half with the replacement of C\$100 million (\$79 million) of 8.375% medium-term notes. The Halifax-based utility, a subsidiary of holding company **Emera**, issued 4.22% of five-year notes last week to replace the maturing, pricey 10-year notes, says **Zeda Redden**, treasurer for the utility.

Medium-term bonds were chosen because the utility has an existing C\$400 million shelf registration for such notes, Redden explains. The shelf was established in March because issuing bonds under a shelf prospectus entails lower fees than rolling out a separate loan facility or note offering, she added. Prevailing market conditions allow it to issue medium-term notes at relatively low yields.

Scotia Capital led the deal, with **CIBC World Markets**, **BMO Nesbitt Burns**, **RBC Capital Markets** and **TD Securities** acting as co-underwriters. The banks are part of Nova Scotia's credit syndicate and commercial paper program. Redden notes the utility likes to dole out business to its syndicate group and thus selects its lead lender on a rotating basis. Bankers at the firms did not return calls by press time.

Nova Scotia has about C\$1.2 billion of long-term debt and C\$300 million of commercial paper outstanding, Redden says. It does not anticipate reworking additional long-term debt until 2008, when C\$65 million of 5.65% notes are set to mature.

TECO To Scrub Pricey Debt Via \$200M Offering



Gordon Gillette

TECO Energy moved to slash high-rate debt last week, issuing \$200 million in 6.75% notes. The offering, along with cash on hand, has been earmarked to wipe out \$380 million in 10.5% bonds due 2007. Prevailing low interest rates compelled the Tampa, Fla., player to trim its most expensive debt in order to boost cash flow

and bolster its regulated operations, says **Gordon Gillette**, cfo. Although the 10.5% bonds were callable at any time, it made more sense for the company to focus earlier on refinancing some \$2.6 billion in revolvers and term loans coming due from 2003 to 2004, he says.

TECO will continue to pay down some \$500 million of debt due 2007 before its maturity, Gillette says. In December, the company plans to use cash on hand to retire \$100 million in 8.5% trust preferred securities coming due in 2007 and it will redeem the remaining trust preferreds in 2006. TECO also has \$300 million of 6.125% notes due in 2007 outstanding. In total, it has about \$5 billion of debt outstanding, with leverage representing 71% of its capitalization.

The new notes were placed by **Citigroup**, **Morgan Stanley** and **UBS**, which have existing relationships with TECO. Officials with the banks did not return calls. The 10-year notes are priced at 269 basis points over comparable Treasuries and were rated Ba2 by **Moody's Investors Service**, BB by **Standard & Poor's** and BB+ by **Fitch Ratings**. The original 10.5% notes were issued in 2002 to refinance existing debt.

Entergy Ark. Hawks First-Mortgage Bonds

Entergy Arkansas has issued \$100 million in five-year 4.5% first-mortgage bonds to refinance a similar amount of expiring 6.125% notes. The five-year tenor was selected as the Little Rock, Ark., **Entergy Corp.** unit has no other debt coming due in its portfolio in 2010, says **Frank Williford**, assistant treasurer of Entergy Arkansas in New Orleans, La. As of March 31, the utility had \$1.2 billion in long term debt outstanding.

Williford says the utility did not explore other refinancing options and has much of its debt in the form of long-term obligations. "We didn't want to incur short-term debt with what had been long-term debt on our paperwork," he comments. The first-mortgage bonds, which were priced at 99.914, are rated A- by **Standard & Poor's**.

Bank of New York and **Key Bank Capital Markets** were both chosen to lead the new issuance because of their existing relationships with the utility. Moreover, BoNY took part in the original issuance and both have participated in the utilities \$85 million credit facilities, Williford says.

The previous notes, priced at 99.53, had a spread of 155 basis points over comparable Treasuries and were set to expire in July. Proceeds from the original issuance were used for general operational purposes which included working capital expenses and construction expenditures, Williford adds.

Last week Entergy Corp. subsidiary **Entergy Louisiana** shaved some 20 basis points from maturing 4.9% pollution-control bonds, issuing about \$55 million in five-year notes via **ABN AMRO** (PFR, 5/23). ABN has participated on previous credit facilities with the utility, he notes.

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FORMER CFP® HEAD REACHES FUNDS
Charles Schwab's former head of equity research, Richard F. Fink, has joined the investment industry as a consultant to the hedge fund industry.

EX-MACQUARIE DIRECTORS PREP FUND
High profile group of former Macquarie Bank executives including Richard Fink, are preparing to launch a new fund.

bondweek

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U.K.'S GARTHEAD REACHES CREDIT WEDGE FUND
Garthead's former head of credit research, Richard Fink, has joined the investment industry as a consultant to the hedge fund industry.

UNSECURED ATA INVESTORS MAY LOCK OUT
Unsecured ATA investors may be locked out of the market by the new rules of the ATA.

corporate financing week

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RED CROSS EYES ALTERNATIVES, INTERNATIONAL EQUITY
The Red Cross has announced that it is looking for alternative investments to replace its current portfolio of international equity.

MOORE FOUNDATION TO BOOST ALTERNATIVES
The Moore Foundation has announced that it is looking for alternative investments to replace its current portfolio of international equity.

compliance reporter

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NYSE WANTS QUARTERLY COMPLIANCE
NYSE wants to require quarterly compliance reports from all listed companies.

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fund action

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BOARDS SCRAMBLE TO JUSTIFY FUND FEES
Fund boards are scrambling to justify the high fees charged by mutual funds.

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fund marketing alert

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SCHWAB REWINDS REFERRAL
Charles Schwab has announced that it is looking for alternative investments to replace its current portfolio of international equity.

RYDEX TO BUILD MODEL FOR USING OUTSIDE FUNDS
RYDEX has announced that it is looking for alternative investments to replace its current portfolio of international equity.

global money management

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U.K. COUNCIL TENDERS
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money management letter

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LEGISLATION MAY GIVE NEW MEXICO FUNDS GREATER FREEDOM
New Mexico has announced that it is looking for alternative investments to replace its current portfolio of international equity.

MICHIGAN MAY SEARCH MANAGERS
Michigan has announced that it is looking for alternative investments to replace its current portfolio of international equity.

private asset management

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wall street letter

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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.

The Americas

- **ScottishPower** said it is offloading its struggling U.S. subsidiary **PacificCorp** to **MidAmerican Energy Holding Co.** for about \$5.1 billion in cash and \$4.3 billion in net debt and preferred stock. ScottishPower CEO **Ian Russell**, says the utility has struggled amid poor weather conditions that hurt hydro generation (*Wall Street Journal*, 5/25). ScottishPower's US energy unit, **PPM Energy**, said it will buy and build the 150 MW Shiloh wind project in northern California, from **enXco**, an affiliate of **EDF Energies Nouvelles** of France. PPM plans to invest about \$235 on the fully-permitted project and expects it to be profitable upon completion (*AFX-Europe*, 5/23).

- **Alliant Energy** said it plans to slash about 200 corporate and operations support positions in an effort to lower costs. The energy company said it will offer severance packages, including cash payouts based on years of service, when it makes the cuts, the exact number of which will be determined by July 8. Alliant employs about 8,500 people in the U.S. and abroad (*Associated Press*, 5/23).

- An **Enbridge Energy Partners** subsidiary plans to shell out \$19 million on pipeline links in Texas to accommodate an agreement to transport about 100 MMcf/d of natural gas through the **Atmos Energy** intrastate line. New pipelines will be added upstream and downstream of the Atmos system to complete a new link from North Texas to Enbridge's new natural gas transmission line in Bethel, Texas (*Oil & Gas Journal*, 5/24).

- **FPL Energy Colorado Wind** proposed wind farm got a big boost Monday when Adams County officials gave the project a unanimous thumbs-up. Development of the \$80 million wind farm, sited on private property in Denver, is subject to the extension of the production tax credits, landowners' approval and power purchase agreement (*Rocky Mountain News*, 5/24).

- **TXU Corp.** is considering building new coal-fired generating plants as the state's surplus of electricity is expected to lessen through the end of the decade, CEO **John Wilder** told shareholders last week. "A new plant takes four or five years to build, and when you see that Texas's reserve margins are likely to narrow by the end of the decade, it makes sense to take a look at new plants starting now," Wilder says (*Fort Worth Star-Telegram*, 5/21).

- **Duke Power's** nuclear plant on Lake Wylie, N.C., is about to become the first commercial reactor to make electricity from plutonium purposed for nuclear weapons. After a few years of

tests, Duke—alone among U.S. utilities—plans to use the mixed-oxide fuel alongside full-uranium fuel in all four of its nuclear reactors within 20 miles of uptown Charlotte for 15 to 20 years (*The Charlotte Observer*, 5/23).

- A consortium of nuclear power companies announced that **Entergy Nuclear's** River Bend Station is being considered as a site for one of the nation's first advanced nuclear energy plants in 30 years. **NuStart Energy Development** said last week that River Bend is one of six finalists, along with Entergy's Grand Gulf plant near Port Gibson, Miss., to apply for construction and operating licenses (*Advocate*, Baton Rouge, La., 5/23).

- **GE Energy** and **Bechtel Power** have signed an agreement with **American Electric Power** to estimate the cost and equipment needs for building a new power plant using clean-coal technology, the companies announced. If AEP approves the scoping study, the **General Electric** subsidiary and Bechtel will build the country's first commercial-scale integrated gasification combined cycle plant at an estimated cost of \$1 billion (*Charleston Daily Mail*, 5/22).

- **Cape Wind Associates**, the developer of a proposed wind farm in Nantucket Sound, Mass., has selected **Lehman Brothers** to lead an \$800 million financing deal. The project would generate 468 MW, or nearly three-quarters of the total usage in the area at peak periods (*The Patriot Ledger*, 5/22).

- Several groups that have lobbied against the sale of the Kewaunee nuclear plant, owned by **Wisconsin Public Service** and **Wisconsin Energy**, to **Dominion Resources** filed suit last week to block the deal. Opponents said the deal isn't in the public interest because of the impact that the deal could have on the price of electricity after 2013, when contracts signed by the two state utilities are set to expire (*The Milwaukee Journal Sentinel*, 5/20).

Asia

- **El Paso Corp.** has agreed to sell its 50% stake in a power plant in Korea for \$276 million. The company expects to pocket \$110 million in pre-tax gains from the sale of **Korean Independent Energy Corporation** to **Korea Power** (*Market Watch*, 5/20).

- **Posco**, the world's fifth largest steel producer, agreed to buy 50% of **Korea Independent Energy**, South Korea's largest IPP for 291.2 billion won from **Hanwah Chemical**. **Macquarie Bank** on May 20, said that it was leading a group of investors to acquire the other 5% from **El Paso Corp.** (*International Herald Tribune*, 5/24).

Europe and The Middle East

• The Israeli social-economic cabinet, headed by Minister of Finance **Benjamin Netanyahu**, approved construction of the southern section of the natural gas pipeline from Kiryat Gat to Sdom. The **Israel Natural Gas Lines Company Ltd.** will develop the line which will enable the construction of a \$120 million cogeneration facility. Natural gas will become available

for industry and electricity producers in the south in 2007 (*Globes Online*, 5/24).

• Venezuela President **Hugo Chavez** said he is interested in nuclear energy for his country and would like to partner with Iran on nuclear projects. Chavez also said other Latin American countries should do more to develop nuclear programs in search of alternative sources of fuel (*United Press International*, 5/23).

Entergy Mulls \$100M Bond Offering

Entergy Gulf States, a Beaumont, Texas-based utility company, is likely to tap the debt markets for about \$100 million in late June or July to refinance 6.77%, 12-year bonds maturing August 1. **Frank Williford**, assistant treasurer, says underwriters have not yet been chosen.

The company issued \$200 million in 5.7% 10-year notes (BBB+/ Baa3) earlier this month to refinance existing bonds. Entergy Gulf, which wanted to take advantage of the attractive interest environment, used the proceeds to call a series of 8% bonds due in 2014 and 2015, says Williford. **JPMorgan Chase** and **BNP Paribas** led the offering and were chosen because of past relationships with the issuer.

The company's last debt offering was in February for \$85 million, led by **Barclays Capital** and **RBS Greenwich Capital**. Williford says Entergy Gulf liked to rotate its business among the different banks in its credit facility.

Sempra Seals Boosted Coletto B-Loan

Sempra Energy and **Carlyle/Riverstone** have upped pricing on the B-loan portion of a \$978 million refinancing of debt associated with the purchase of a portfolio of projects, including Coletto Creek, from **American Electric Power**. The \$228 million B-loan portion was being ticked up to 200 basis points from pitched pricing of 175 basis points, says a banker following the deal. "At 175 it was iffy. At 200, it was oversubscribed," says **Zander Arkin**, v.p. at **Riverstone Holdings** in New York. Other portions of the debt remained unchanged.

The debt, which includes a \$60 million revolver priced at LIBOR plus 250 basis points was tweaked two weeks ago (PFR, 5/23). The 50/50 joint venture increased its letter of credit to \$57 million, up from \$47 million with pricing being sliced by 50 basis points to LIBOR plus 175. And the \$150 million C Loan portion is priced at LIBOR plus 325, down from LIBOR plus 350. **Dale Goncher**, director at lead **Citigroup** in New York, did not return calls.

The venture is refinancing now because they have increased

the value of the property enough to warrant better pricing, says Arkin. However, the recent flood of junk paper into the market means that pricing may not be as good as it was a few months ago, he adds. Syndication was due to close as PFR went to press and the deal is scheduled to wrap next week.

Commerzbank Coverage Banker Jets

Commerzbank coverage banker **Steve Pottle**, who served as a v.p. on the bank's energy unit, in New York has left the firm. **Andy Campbell**, head of energy banking, confirmed the 20-year energy veteran's departure in late May and says he will not be replaced, declining to comment further. At this point, the energy group consists of a five-person team.

Reached at his home in Scardale, N.Y., Pottle says he expects to land a similar gig with either another bank or at an industry shop focused in the energy field. He declined to comment on the reasons for leaving Commerzbank, where he had worked for roughly four years.

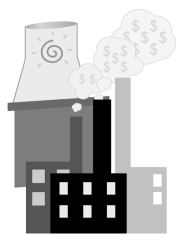
Prior to his Commerzbank stint, Pottle worked with **William Kriegle** at **Sithe Energies** and would consider working with the French-born energy player as he manages his acquisition of Exelon Boston Generating facility (PFR, 5/13). Pottle also worked as an energy banker at **UBS** in the mid 1980s and in the 1990s he worked at **Mizuho Bank** and **Deutsche Bank**.

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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@iinews.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	Racoon 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. Actively Pursuing A Sale.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	
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			
	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		

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		
	Deerfield River	Mass.	89	Hydro		
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		
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 Portfolio	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.

FIRSTENERGY

(continued from page 1)

upfront fee of 17.5 basis points, says another banker familiar with the deal. Raines would not comment on pricing. Leads **Citigroup** and **Barclays** launched the deal May 18 and plan on obtaining commitments by June 3. **KeyBank**, **JPMorgan Chase** and **Wachovia** are co-documentation agents.

Officials at Citigroup did not return calls and Barclays financiers declined to comment. **Sherrie Manson**, senior manager at KeyBank in Cleveland, Ohio, did not return a call, nor did other lending officials.

FirstEnergy decided to refinance now and stretch the tenor to lock in lower rates, says Raines. The one-year-old line was priced at 137.5 basis points over LIBOR and included a facility fee of 30 basis points. In October 2003, the company set up three revolvers for its utility subsidiary Ohio Edison. A one-year, \$125 million was priced at 117.5 basis points over LIBOR, but was refinanced in June and combined into FirstEnergy's existing facility. Another \$250 million line was priced at LIBOR plus 105 basis points and matures in 2005. The third line, a \$125 million revolver, matures in 2006 and was priced at 112.5 basis points over LIBOR.

Bankers involved in the deal say the new facility will include subsidiary borrowing limits, but Raines declined to confirm

how the line will be allocated. She says the company expects to use about 25% of the facility for general corporate purposes. The deal is scheduled to close June 10. FirstEnergy operates seven regulated utilities throughout Ohio, Pennsylvania and New Jersey. It also owns Akron, Ohio-based **American Transmission System**, which owns the transmission lines of the Ohio and one Pennsylvania utility and **FirstEnergy Solutions Corp.**

—Raquel Richardo

LS POWER

(continued from page 1)

some \$800 million in debt (PFR, 4/22) at prices representing a premium to the LS Power offer.

Industry players say LS Power's move is a backend strategy toward ultimately bagging the assets but also note the company, at this point, is happy pocketing the paper and collecting interest payments. "They want to own the asset, but if they can't they'll just hold onto the debt so that they can try and target the debt holders and make another bid," says one energy official following the deal. LS Power's acquisition price could not be determined. Levels for MachGen (formerly known as GenHoldings) paper is the in the 106-108 range, according to traders. Hedge fund investors bought the paper at around

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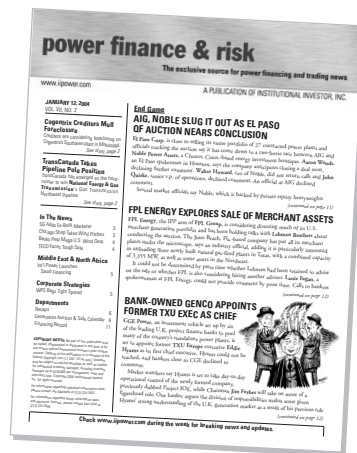
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Officials at LS Power in New York declined to comment and **Roger Bredder**, managing director at **Société Générale**, which leads the creditor group, did not return a call for comment. **The Blackstone Group** was tapped to sell the **PG&E National Energy Group**-developed plants more than a year ago but it is not clear if it is now involved in the sales process (PFR, 3/4).

The fleet consists of Athens (1,080 MW) in New York, Millennium (360 MW) in Massachusetts, Covert (1,170 MW) in Michigan and Harquahala (1,092 MW) in Arizona.

—*Mark DeCambre*

EX-TIGER

(continued from page 1)

products, along with non-energy commodities such as metals, the representative says, noting that it will also invest in energy-related equities. Touradji himself declined to comment directly.

The fund, called *Touradji Global Resources*, is not accepting new investors, says the watcher, noting that it was oversubscribed with \$1.2 billion in tickets. Robertson provided seed capital for the initial launch of the asset management operation although the amount or timing could not be determined. Calls to Robertson were referred to spokesman **Fraser Seitel**, who declined to comment.

Funds are subject to a minimum lock-up period of three years, and there is a 2.5% management fee plus a 25% annual performance fee.

After Tiger, Touradji founded hedge fund **Catequil Asset Management** in 2000. Catequil was a \$1.5 billion commodities fund that was generating about \$30 million annually before performance fees when it closed in 2003. —*Christine Buurma*

COLO. CITY

(continued from page 1)

Pueblo may face stiff competition from **Xcel Energy**, which has also expressed interest in Aquila's Colorado assets. Xcel has PPAs with Aquila and already owns the 660 MW Comanche power plant in Pueblo. Aquila purchased its Colorado assets in 1991 for \$87 million, and the current book value is \$130.5 million, says **Carl Petz**, a spokesman for the Kansas City-based company.

Petz said Aquila expects the bids for the assets will be higher than the book value, but he declined to estimate bids it might obtain. Aquila will favor bidders with experience of utilities operations because they are more likely to receive regulatory approval. A regulatory green light may prove difficult if the utility system is divided into separate municipalities, Petz says.

The city may have an advantage, however because it has a

franchise agreement with Aquila and rights of refusal on utility assets, which ultimately means it must green light any sale to a third party, says Lock.

On the block are Aquila's natural gas operations in Michigan, Minnesota, and Missouri; electric operations in Colorado and Kansas; and **St. Joseph Light & Power** in Missouri. **The Blackstone Group** and **Lehman Brothers** are leading the sales effort. Preliminary bids are due by mid-June. Calls to officials at Lehman and Blackstone were not returned. —*C.B.*

Calendar

- **Energy Ireland** is hosting its *Energy Ireland 2005* confab on June 13-14 at the Burlington Hotel in Dublin. For information call +353 (0)1 661 3755.

Quote Of The Week

"At 175 it was iffy. At 200, it was oversubscribed." —**Zander Arkin**, v.p. of **Riverstone Holdings** in New York, on increasing the pricing on a \$978 million debt refinancing associated with the Coletto Creek power plant (see story, page 8).

One Year Ago In Power Finance & Risk

Dominion was set to wrap a \$1.5 billion, three-year loan meant to refinance a 364-day facility. The deal was led by **JP Morgan** and **Barclays** and included a unique pricing structure based on LIBOR plus the average asset swap spread on three publicly traded bonds. [At the time of close, May 27, 2004, the pricing was reported as LIBOR plus 62.5 basis points and the loan included a 15 basis point commitment fee. The loan was then replaced by \$2.5 billion line priced at LIBOR plus 35 basis points.]

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