

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JUNE 6, 2005
VOL. VIII, NO. 22

E.ON Ponders Acquisitions

Germany energy giant E.ON will consider corporate-level acquisitions above \$5 billion, although it is not currently weighing any specific targets.

See story, page 5

Lehman, Blackstone Set Clocks For Aquila Bids

Advisor **Lehman Brothers** and **The Blackstone Group** plan to request first-round bids for a quintet of **Aquila**-owned utilities in two weeks.

See story, page 3

In the News

EIF Gears Up For Crockett Sale	3
UBS Scopes Energy Hires	3
Covanta To Wrap Loan Package	3
Canadian Fund Mulls Plant Buys	4
FPL Hunts For Storage Trader	4

Corporate Strategies

SoCal Ed. To Wipe Out 8% Debt	4
Mass. Utility Washes Pricey Notes	5
Pepeco Subs Pushes Low-Rate Notes	5

Departments

Financing Record	4
Generation Auction Calendar	7
Weekly Recap	10

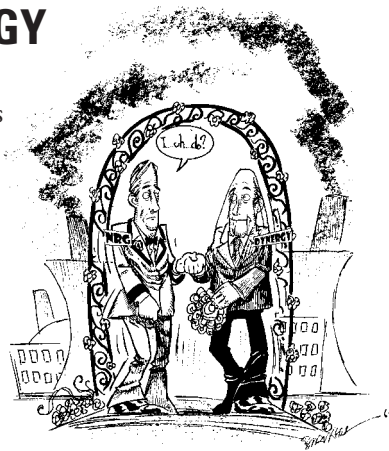
COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2005 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

NRG TALKS TAKEOVER OF DYNEGY

NRG Energy is in negotiations to acquire Dynegy.

According to officials following the discussions, executives at the IPPs are interested in marrying their dominant base-load coal facilities scattered across North America and are hoping to hammer out an agreement soon. A combined entity would boast a more than 25 GW generation fleet, as first reported on *PFR's* web site last Thursday. It is believed NRG would offer to pay a 15% premium, or about \$5.20, which could translate into a more than \$2 billion purchase. Houston-based Dynegy's shares closed last Wednesday at \$4.61.



(continued on page 11)

LEHMAN READIES ENERGY TRADING EFFORT

Lehman Brothers is looking to build a New York-based operation that will trade physical power, natural gas and oil, along with energy derivatives. The firm is scoping hires at the managing director, senior v.p. and v.p. levels, although it has not yet determined the size the desk will be, says a headhunter close to the matter.

Patrick Whalen, global head of trading for Lehman in New York, and **Frank Napolitano**, co-head of global power, did not return calls. **Kerrie Cohen**, a spokeswoman for the firm, declined to comment.

Lehman has not had a significant commodities trading presence in recent memory, but the firm believes its expertise in fixed-income, derivatives and energy investment banking will translate to a successful trading business, traders say. Energy trading offers a viable means

(continued on page 12)

ALLEGHENY TARGETS \$700M LOAN

Allegheny Energy is looking to set up a five-year, \$700 million loan to repay higher rate debt and maturing bonds. **Scotia Capital** and **Citigroup** are syndicating the deal for the Greensburg, Pa., utility holding company, which is being pitched at LIBOR plus 200 basis points, says a banker following the deal. Calls to **Paul Evanson**, ceo, and **Suzanne Lewis**, treasurer, were not returned. Allegheny spokesman **Fred Solomon** confirmed the move but declined to verify pricing.

The new five-year line consists of a \$400 million revolver and a \$300 million term loan, comments Solomon. Bankers say the leads included a 50 basis point commitment fee and an equal up-front fee. Tickets of \$50 million or more warrant an up-front fee of 75 basis points, says one banker. Proceeds will be used to refinance an existing \$200 million revolver and a

(continued on page 11)

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

Crosstex Preps Equity, Debt Funding For Pipeline

Crosstex Energy will issue stock and tap an existing bank facility to fund construction of a proposed \$225 million pipeline project in Louisiana, says **Bill Davis**, cfo in Dallas. Financing will be evenly split between the two sources, he adds, with the share issuance in two stages: in third quarter and then six months later. The company plans to expand its Crosstex LIG pipeline system to access natural gas production in Northwest Louisiana and to receive up to 700 million cubic feet of natural gas per day from East Texas.

Davis says while a \$250 million revolver led by **Banc of America Securities** will be used initially, debt will eventually be in the form of long-term financing. He declined to give further details. He declined to name planned underwriters for the equity and would only say the company will choose from its existing bank group.

The expansion of the 2,000 mile system will be built in two equal phases. Phase one should be in place by mid 2006 and cost about \$120 million, said **Barry Davis**, ceo, on a conference call regarding the project last week. This will tap natural gas within the state, he explained. Phase two could be completed in mid 2007. He underscored that completion is contingent on the construction of **Kinder Morgan Energy Partners'** Carthage pipeline that will bring gas from East Texas. Construction for each phase is expected to last about six months.

Developer Susses Out Wind Financing

Windland, a Boise, Idaho-based developer, is sounding out prospects for debt and equity financing for two planned Idaho projects totaling 325 MW, ahead of landing PPAs for the facilities. The developer is participating in two separate RFPs requested by **Idaho Power** which is looking for 200 MW and **PacifiCorp.**, which is asking for 1,400 MW by 2014.

Idaho Power will announce winning bids by the end of the month, says **Dennis Lopez**, spokesman, declining to comment further. **David Eskelsen**, spokesman at **PacifiCorp** in Salt Lake City, declined to provide a date at which winners would be announced.

The Windland has partnered with **Shell WindEnergy** in a 50/50 joint venture to develop a 125 MW farm in Power County and a 200 MW facility at Cotterell Mountain with a combined estimated cost of \$422 million. **Roald Dorskland**, president of Windland, says the facilities are slated to be running by the end of 2006. ShellWind officials could not be reached at its Amsterdam headquarters before press time.

In preparation for the development, Windland has been in preliminary discussion with equity and debt players, Dorskland says. The company is looking for equity partners who are able to take advantage of the production tax credits and banks willing to offer financing. Windland has considered allowing more than one equity player to enter but declined to say how much of a stake Windland will keep. Dorskland declined to name or number interested equity investors or name potential lenders it has contacted but hopes to have financing finalized within two to three months.

Windland hopes to break ground in spring of 2006, says Dorskland. Both farms should be running by the end of next year.

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 525-6978

MARK DeCambre
Managing Editor
(212) 224-3293

CHRISTINE BUURMA
Reporter
(212) 224-3116

RAQUEL PICHARDO
Associate Reporter
(212) 224-3226

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV, MELISSA ENSMINGER, BRIAN STONE, THEO BILL
Associates

JENNY LO
Web Production & Design Manager

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

ERIK VANDERKOLK
Group Publisher, Advertising Sales
(212) 224-3179
evanderkolk@institutionalinvestor.com

PAT BERTUCCI, MAGGIE DIAZ, TAMARA WARD
Associate Publishers

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

BRIAN McTIGUE
Marketing Manager
(212) 224-3522

DAVID HOM
Associate Marketing Manager
(212) 224-3896

JON BENTLEY
European Marketing Manager [London]
(44-20) 7779-8023

VINCENT YESENOSKY
Senior Fulfillment Manager
(212) 224-3096

SUBSCRIPTIONS/ELECTRONIC LICENSES

One year - \$2,545 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR
Director of Sales (212) 224-3045

THOMAS GANNAGE-STEWART
Account Executive [London]
(44-20) 7779-8998

SABEENA NAYYAR
Account Executive [Hong Kong]
(852) 2842-6929

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@investor.net

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Director of Finance and Operations

ROBERT TONCHUK
Director of Central Fulfillment

Customer Service: PO Box 5016, Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6950
E-mail: customerservice@iinvestor.com

Editorial Offices: 225 Park Avenue South, New York, NY 10003.
Tel: 1-212-224-3293
Email: mdecambre@iinvestor.com

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2005 Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

Institutional Investor NEWS
INTELLIGENCE FIRST

EIF Tees Up Sale Of Crockett Stake

Energy Investors Fund expects to kick off the sale process for a 24% stake in the 240 MW, gas-fired plant Crockett Cogeneration facility this week. The private equity shop has begun pre-screening bidders and will approach utilities, funds and financial companies about the San Francisco asset, says one market official. Calls to **Mark Segel**, partner in Boston, went unreturned.

Last month, EIF tapped **BNP Paribas** to lead the sale (PFR, 5/16). Calls to officials at the bank went unreturned. "It should be a quicky," says the industry observer of the sale process but estimates of the sale price could not be ascertained. EIF just refinanced debt associated with the Crockett plant so the information about the plant out in the marketplace is fresh, the market official comments. About three months ago, BNP served as sole underwriter for the placement of \$295 million of 20-year senior secured notes for EIF (PFR, 4/11).

The company owns about 53% of the plant but the 24% chunk was held in the company's *Energy Investors Fund, L.P.* and *Energy Investors Fund II, L.P.*, both of which are maturing and need to be liquidated, says the official. EIF's *United States Power Fund, L.P.*, which owns the remaining stake, will not be selling since the fund has a 10-year hold period, which does not expire until 2012.

The facility has a PPA with **Pacific Gas & Electric** which terminates in 2026.

E.ON Mulls Corporate-Level Buys

German energy giant E.ON will consider corporate-level acquisitions above \$5 billion, but the company does not currently have any specific buys on its radar, CEO **Wulf Bernotat** said during **Deutsche Bank's** German Corporate Conference in Frankfurt last week. "There are no concrete projects in the pipeline," he said. E.ON may look to expand its U.S. holdings in the future using **Louisville Gas and Electric** as a springboard into the American market, although the company is currently focused solely on expanding in Europe, Bernotat said.

Of interest for the energy company are areas including Russia and other Eastern European nations, Wulf commented. E.ON spokesman **Peter Blau** in Dusseldorf did not return a call. E.ON had previously considered divesting LG&E (PFR, 10/8/04), but ultimately decided to keep the profitable utility.

At a strategic planning session earlier this year, E.ON officials discussed potential expansions into the Asia-Pacific region, the Far East and Latin America, but decided none of those plans were currently viable, Bernotat said. E.ON is also weighing an entry into the liquefied natural gas market, although it has not yet determined what its role in the growing industry would be.

E.ON sees LNG as a significantly faster-growing market than traditional gas transmission and distribution, the CEO said.

UBS Hunts For Energy Hires

UBS Securities is looking to make a handful of energy hires in its Stamford, Conn. and London offices. The Swiss bank wants to hire an energy business analyst and an energy trading coordinator for Stamford and a commodities analyst for London, says a recruiter familiar with the matter. It could not be determined whether the positions are new or existing ones. **Ben Daitch**, director of global energy for UBS in New York, did not return a call.

Covanta Looks To Wrap Syndication

Covanta Energy is hoping to wrap syndication of the first-lien portion of its \$1.14 billion loan package this week. Leads **Goldman Sachs** and **Credit Suisse First Boston** are expecting to draw in about six banks and 50 institutional players, according to industry officials. Calls to **Craig Abolt**, cfo at parent company **Danielson Holding Corp.** in Fairfield, N.J., were not returned. Officials at Goldman declined to comment while financiers at CSFB did not return calls.

The first-line 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, 5/23).

Pricing on the first-lien is close to the 300 basis points over LIBOR mark but has not yet been set, says one banker involved. A second-lien component has already wrapped.

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

Show Me The Money!

Lehman/Blackstone Set Mid-June Bid Date For Aquila

Lehman Brothers and **The Blackstone Group** plan on taking first-round bids for the auction of five Aquila-owned utilities in two weeks. A banker close the deal says the Kansas City-based player will then evaluate offers and determine whether to shed the assets or to hold onto them. "This is a serious offer but if they don't get what they want they won't sell," the banker notes. Calls to Aquila officials were not immediately returned. Aquila CEO **Richard Green** announced during an earnings conference several months ago it is weighing the sales of utilities worth more than \$800 million to cut debt.

The utilities on the block include Missouri's **St. Joseph Light & Power**, **Missouri Gas**, **Michigan Gas**, **Minnesota Gas**, **Colorado Electric** and **Kansas Electric**.

The target date for the completion of the sale is August or September (PFR, 3/25). Officials at Lehman declined to comment on the auction and Blackstone bankers did not return calls for comment.

The sale will help Aquila maintain its credit rating, which stands at B2 from **Moody's Investors Service** and B- from **Fitch Ratings** and **Standard & Poor's**.

Canadian Fund Eyes Plant Acquisitions

Epcor Power is weighing power plant buys in Ontario, Alberta, British Columbia and the Pacific Northwest. The private equity fund, which is being created by **Epcor Utilities** acquisition of a stake in a **TransCanada Power** fund, will look at biomass and hydro plants in an effort to diversify the current holdings, which are largely gas-fired, said **Brian Vaasjo**, executive v.p. for Epcor Utilities, during an analyst conference call last week. A call to Vaasjo was not returned.

The new fund will focus on acquiring assets that are substantially contracted, Vaasjo said. Other criteria for plant acquisitions include stable and predictable cash flows, risk profiles similar to the assets Epcor already owns, and predictable capital expenditures for the assets, he explained.

Epcor acquired TransCanada Corp.'s one-third stake in TransCanada Power for C\$529 million and took control of the business through the acquisition of its general partner. The TransCanada Power fund currently owns 11 power generation assets in North America with a total capacity of 774 MW. The acquisition will give Epcor access to the equity markets through the fund's listing on the **Toronto Stock Exchange**.

Epcor Utilities is an Edmonton, Alberta-based municipal utility owned by the city of Edmonton.

FPL Utility Scopes Storage Trader

Florida Power & Light is on the lookout for a storage trader to join its Juno, Fla., office. The trader will be responsible for purchasing, selling and optimizing storage assets, including natural gas storage facilities, says a headhunter familiar with the matter. It could not be determined whether the position was new or existing. Florida Power & Light is a utility owned by **FPL Group**. **Pat Davis**, a spokeswoman for the utility, could not locate an official to comment and declined to comment herself.

Corporate Strategies

SoCal Edison To Eliminate 8% Series

Southern California Edison is planning to wipe out a series of 8% bonds due 2007 and replace the notes with lower-rate debt. The utility is redeeming the \$317 million issue early because the bonds are among the company's most expensive interest. Moreover, the recent rally in the bond market has left long-term Treasury rates at historic lows, says **George Tabata**, manager of financing for the Rosemead, Calif.-based utility.

SoCal Edison has not yet determined when it will issue the replacement notes, Tabata says. He declined to give an estimate of the new notes' maturity and interest rate. The utility plans to redeem the notes June 30 at a call premium of make-whole plus 50 basis points. Banks will not be required for the redemption.

The existing notes were issued in 2003 as part of an exchange offer to replace a similar amount of higher-rate debt. They were rated A3 by **Moody's Investors Services** and BBB+ by **Fitch Ratings** and **Standard & Poor's**.

Financing Record (MAY 25–MAY 30)

Debt

Maturity	Issue Date	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	OfferYield (%)	Moody Rating	Standard & Poor's	Rating	Book Manager(s)
5/25/05	National Grid Transco PLC	Electric utility, holding co	75	4.585	Fxd/Straight Bd	97.6	4.869	A-	Baa1	NR	

M&A

Date Announced	Date Effective	Target Name	Target Country	Acquiror	Acquiror Industry Sector	Acquiror Country	Value (\$mil)
5/25/05	Soltek Powersource Ltd	Electric, Gas, and Water Distribution	Canada	Carmanah Technologies Corp	Electronic and Electrical Equipment	Canada	9.494
5/26/05	Hydro Kraft AB	Electric, Gas, and Water Distribution	Sweden		Electric, Gas, and Water Distribution	Switzerland	
5/26/05	Jiangsu Huaneng Huaiyin Power	Electric, Gas, and Water Distribution	China	Huaneng Power Intl Inc	Electric, Gas, and Water Distribution	China	26.613
5/27/05	Waterford Energy Ctr, Waterford	Electric, Gas, and Water Distribution	United States	Columbus Southern Power Co	Electric, Gas, and Water Distribution	United States	220
5/28/05	Calpine Corp- Saltend Energy	Electric, Gas, and Water Distribution	United Kingdom	Investor Group	Investment & Commodity Firms, Dealers, Exchanges	United Kingdom	912.4
5/30/05	Gujarat Paguthan Energy Corp	Electric, Gas, and Water Distribution	India	BG Group PLC	Oil and Gas; Petroleum Refining	United Kingdom	

Coporate Strategies (cont'd)

Mass. Utility Knocks Out Debt Via Parent Loan

Massachusetts Electric is set to wipe out \$10 million in 30-year, 7.63% notes at their earliest call date with a loan from its parent. The Westborough, Mass.-based utility subsidiary of **National Grid Transco** decided to redeem the bonds after determining it would be cheaper to borrow a similar amount directly from its parent and use the proceeds to eliminate the notes. **Bob Seega**, assistant treasurer for the utility, says it anticipates cheaper rates for the utility even when the call premium on the notes is taken into account.

"One of the advantages of being a subsidiary of a very large company is that we can borrow money from them," Seega comments. National Grid Transco is a major U.K. transmission company based in London. Massachusetts Electric will borrow \$10 million from the parent company at the prevailing 30-day commercial paper rate on June 27, Seega says. He declined to estimate the cost savings or speculate on rates.

The notes will be redeemed at 103.82 on June 27. The utility does not plan on using a bank to redeem the notes given the relatively small size of the issue and does not plan to replace them with additional debt, Seega comments.

The notes were issued in 1995 by **Credit Suisse First Boston**. They were issued as part of a \$100 million medium-term note program used to fund ongoing construction, Seega says. The

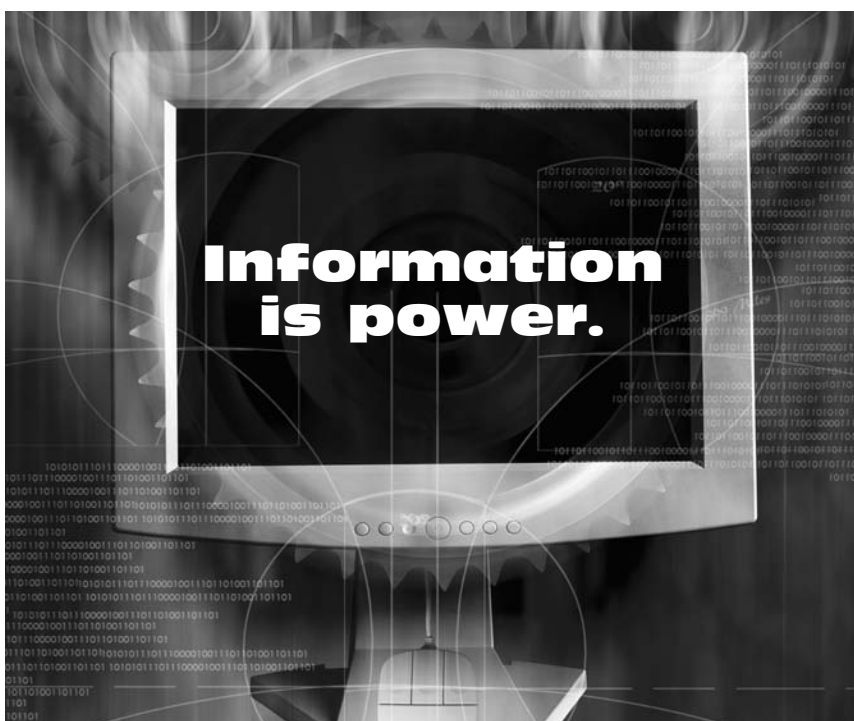
notes were rated A1 by Moody's Investors Service and A+ by Standard & Poor's.

Pepco Subs Float Low-Rate Notes

Delmarva Power & Light and **Potomac Electric Power** have issued a combined \$275 million in notes to pay down higher-rate debt. Delmarva has issued \$100 million and Potomac Electric \$175 million in bonds, says **Tony Kamerick**, treasurer at the parent **Pepco Holdings** in Washington, D.C.

Delmarva, a Delaware utility, issued senior secured notes, due 2015 to replace 30-year 7.71% notes issued in 1995. It decided to issue the notes now because it wanted to take advantage of the earliest call option, says Kamerick. Potomac Electric, an electric utility that serves the Beltway, issued 30-year, 5.4% notes to replace an equal amount of debt issued in 1995. A \$100 million chunk will replace 6.5% maturing notes, says Kamerick. The remainder will replace \$75 million in 7.3%, 30-year notes, which also had an impending call option. "Based on rates, it was an economic thing," he adds.

The company issued notes with varying tenors to spread out maturity dates, says Kamerick. He says the original notes were probably issued to pay down higher-rate debt or commercial paper. **Merrill Lynch** and **Credit Suisse First Boston** were both chosen to lead the deal because they are participants in the parent company's existing credit facility, notes Kamerick.



Your success depends on knowing where to look for vital news and information.

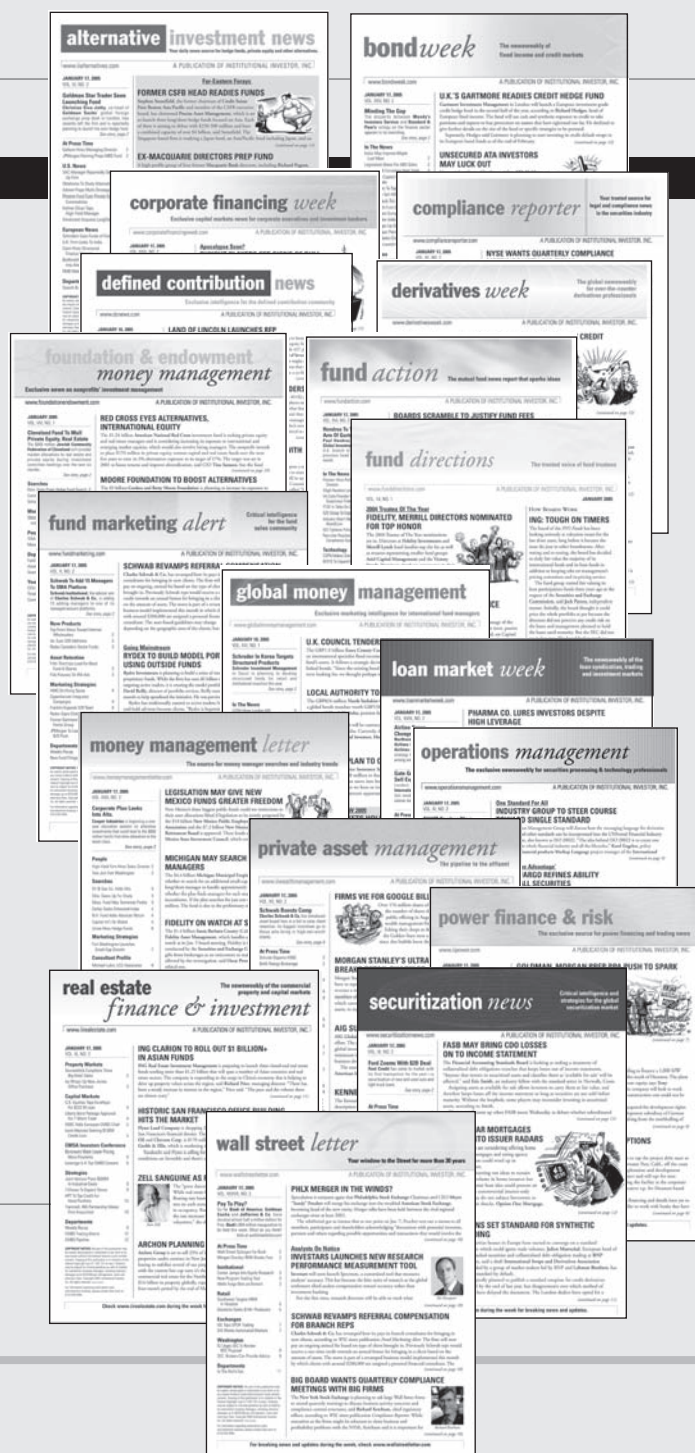
Reliable news makes the difference and Institutional Investor's ground breaking editorial has been around for 37 years.

Find out why...

**Institutional
Investor.com**

Visit www.InstitutionalInvestor.com today.

Targeted, Paid Readership Maximum Flexibility Cost-Efficient



The Source for Investment and Financial News
Relied upon by Industry Decision Makers.

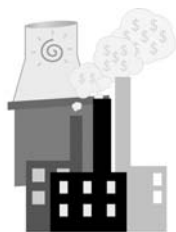
Targeting the financial markets? No matter what segment of the market, **II News** publications reach the audience you're looking for. Our readers pay an average of \$1695 to read this targeted news so you can be sure they read every issue.

Multiple products or multiple targets? *No problem.* Any ad you run in any **II News** publication counts toward a frequency discount, affording you flexibility to target multiple markets and save.

Get your custom promotional plan today!

Call Erik Vander Kolk at 212-224-3179 or email evanderkolk@institutionalinvestor.com

**Institutional
Investor NEWS**



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	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) Delta Power	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.	
	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	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		



www.iinews.com

Get Specialized Market Information From A Source You Trust.



Exclusive news on the primary and secondary corporate loan markets including:

- Syndicated Loans
- Secondary Trading
- CLOs

Exclusive power financing and trading news including:

- M&A
- Project Finance
- Power Trading & Risk Management



Exclusive news on commercial property and real estate capital markets including:

- Property Sales & Acquisitions
- Commercial Mortgage-Backed Securities
- Real Estate Investment Funds

GET A SAMPLE ISSUE TODAY!
Call Ken Lerner at 212-224-3043

Institutional
Investor NEWS

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.

The Americas

- **Bechtel** said a U.S. judge issued a court order allowing it to lay claim to shares of the Dabhol power plant owned by a company based in India. US District Judge **Lewis Kaplan** of the Southern District of New York ruled Bechtel could seize the assets after the Indian company failed to meet an arbitration court set deadline on Friday to pay Bechtel \$123 million (*Economic Times*, 6/1).
- Major utilities still want federal regulators to hold a hearing on **Exelon Corp.**'s proposed purchase of **Public Service Enterprise Group**, arguing the two companies still haven't proposed sufficient measures to lessen their combined market power. A **Federal Energy Regulatory Commission** hearing would delay closing the \$12 billion deal (*Associated Press*, 5/31).
- Construction and engineering company **Shaw Group** received a \$500 million contract from **Duke Power**, a unit of utility operator **Duke Energy Corp.**, to retrofit coal-fired generating units at a North Carolina power plant with pollutant-controlling scrubbers. The companies said engineering is already underway and they expect the project to be finished by 2008 (*Associated Press*, 5/31).
- The **Rosebud Sioux Tribe** is seeking financing for a wind farm on its reservation in south central South Dakota, a tribal official says. **Tony Rogers**, tribal utility director, said the \$42 million, 30 MW project would be built near St. Francis in Todd County (*Associated Press*, 5/31).
- Four new power plants costing more than \$900 million will be online this summer to address Wisconsin's growing appetite for electricity. All fueled by natural gas, the new plants are in Madison, Kaukauna, Sheboygan Falls and Port Washington. Together, they will generate nearly 1.3 GW of electricity—enough to supply nearly 650,000 homes, according to state **Public Service Commission** estimates (*Milwaukee Journal Sentinel*, 5/29).

Asia and Australia

- **Singapore Power** said it has completed the sale of its Australian merchant energy business, **MEB**, to **CLP Power Australia Energy**, a wholly-owned unit of Hong Kong's **CLP**

Holdings. In March, Singapore Power said its unit **SPI Australia Group** would divest MEB to CLP Power Australia Energy for A\$2.13 billion (*AFX-Europe*, 5/31).

- China plans to pour CNY400 billion into building about 31, 1 GW nuclear power plants by 2020. The nuclear power plants will be mainly set up in six coastal provinces and autonomous regions and one city, including Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Guangxi, and Shanghai (*SinoCast*, 5/31).
- The Japanese government has decided to build a 60 MW power plant in the southern Iraq city of Samawah as part of its support for the postwar reconstruction of Iraq. Japan has pledged to provide grant aid worth \$1.5 billion dollars, or about 162 billion yen, to assist the reconstruction process, and about 12.7 billion yen will be allocated for the power plant construction (*Jiji Press*, Tokyo, 5/27).

Europe

- **Centrica** will take a stake in Belgium's second-largest electricity supplier, **Societe Publique d'Electricite**, to kick off its long-awaited assault on the Continental market. In partnership with **Gaz de France**, Centrica will buy a 60% stake in SPE for about GBP275 million (*Mail on Sunday*, London, 5/30).
- A little more than a month after approving the \$993 million Middletown-to-Norwalk electric transmission line, the **Connecticut Siting Council** is facing three appeals in three state courts. The town of Woodbridge, Ezra Academy, Congregation B'nai Jacob, the Jewish Community Center of Greater New Haven Inc. and the Jewish Federation of Greater New Haven Inc. filed the latest appeal of the decision Thursday in New Haven Superior Court (*Connecticut Post*, 5/27).
- **Enel SpA** and **Electricite de France** have signed a memorandum of understanding opening up the French market to the Italian group, EDF's CEO **Pierre Gadonneix** said. Enel did not give a figure for its share on the French market, but sources close to the matter said it will have a 2-3% share (*AFX-Europe*, 5/30).

ALLEGHENY TARGETS

(continued from page 1)

\$100 million term loan issued in March 2004, says Solomon. Both are priced at LIBOR plus 300 basis points. The term loan portion will refinance \$300 million of 7.75% notes issued in 2000 and maturing in August, says Solomon.

The existing three-year debt was issued by the same leads and was originally used to refinance debt. The company wanted to stretch the tenor of the loan to five years in order to decrease annual interest expenses and free-up cash flow, says Solomon.

Another banker says the company is able to shave 100 basis points because of recent debt reductions and sales of non-core assets by the holding company. "It's a nice turnaround story," says the banker. It has sold various assets including the 656 MW Lincoln generating facility (PFR, 12/27).

PNC Bank, Banc of America Securities and Credit Suisse First Boston are co-documentation agents, says a banker involved in the deal. Calls to officials at PNC and CSFB went unreturned, as did calls to Lucine Kirchhoff, managing director and head of loan syndications at BofA. On May 24, about 20 banks were invited to participate with some 10-15 banks expected to sign on, says the financier. Bankers say commitments are due June 7 and the deal should close mid-month. —Raquel Pichardo

NRG TALKS

(continued from page 1)

Calls to NRG CEO David Crane in Princeton, N.J., were directed to spokeswoman Meredith Moore, who declined to comment. "We don't ever comment on market rumors."

Dynegy CEO Bruce Williamson was unavailable for comment and calls to CFO Nick Caruso were directed to spokesman at John Sousa, who echoed Moore's statement. Officials at Credit Suisse First Boston and JPMorgan Chase, which are advising on the deal, declined to comment.

Industry veteran Jacob Worenklein, ceo at US Power Generating Company in New York, who is not involved in the deal, believes an NRG/Dynegy merger would prove a balanced combination. "An NRG/Dynegy transaction would create a well-balanced company with excellent management and with over 25,000-MW's in multiple regions with diversified fuel sources. It would provide enormous long-term value to shareholders."

Timing for the plans are unclear but industry observers say the two are moving toward making a link up a reality in the next few months. The merger would likely result in the shuttering of Dynegy's Houston headquarters and a move of the bulk of the staff to new digs NRG set up in Princeton N.J., observers say.

But the combination is contingent on Dynegy performing



**You want news from
over 40 of the best
sources in the industry,
in one place?**

**Your success depends on
knowing where to look for
vital news and information...**

InstitutionalInvestor.com gives you:

- Award-winning editorial
- Groundbreaking news
- Comprehensive coverage
- Analysis
- Rankings
- Archives
- Email alerts
- and more...

**Institutional
Investor.com**

Visit www.InstitutionalInvestor.com today.

some major housecleaning, including offloading a considerable chunk of its ancillary energy business. A big part of that strategy, which is intended to shrink the company's debt load, is shedding its midstream assets. Dynegy is aiming to pocket \$2.5-3 billion for the properties and is moving toward completing the auction quickly in preparation for a possible merger.

In early May, Dynegy announced it wanted to sell its gas processing business, which is being handled by CSFB, and CEO Williamson has made it public over the past several months that it has been courting buyers. At this point, it owns some 13 GW in base-load, peaker and hydro plants.

Meanwhile, NRG has been seeking a merger candidate to beef up its operations and has been seen targeting beleaguered Mirant, which is emerging from bankruptcy. A merger with Dynegy likely would sate its merger hunger. NRG owns more than 15 GW in capacity including plants in Australia and Europe. —Mark DeCambre

LEHMAN READIES

(continued from page 1)

to generate returns in a lackluster equity environment, one trader says. "Equities have been so flat lately that banks have to find other ways to make the money," he says. A number of financial players are launching or have launched desks (PFR, 12/28).

—Christine Buurma

Calendar

- **Platts' 2nd Annual Utility Mergers and Acquisitions Conference** will take place June 28-29 at the Millenium Broadway Hotel in New York, N.Y. Topics include investment opportunities for the merchant power sector and the effects of state and federal regulatory challenges on M&A. For more information, call 1-866-355-2930.

Quote Of The Week

"One of the advantages of being a subsidiary of a very large company is that we can borrow money from them." —**Bob Seega**, assistant treasurer for **Massachusetts Electric**, on the utility's plans to pay down debt with a loan from **National Grid Transco** (see story, page 5).

One Year Ago In Power Finance & Risk

Macquarie was rumored to be the only financial investor still competing for Bedminster, N.J.-based NUI Corp., a gas utility and energy trader that put itself up for sale in October 2003. [Late last year, **AGL Resources** announced that it had completed the acquisition of NUI for \$13.70 per share in cash totaling \$332 million and the assumption of NUI's debt.]

SUBSCRIPTION ORDER FORM

www.iipower.com

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,195*. Once I have subscribed I can select a permanent User ID and Password to www.iipower.com at no extra charge.

NAME B400601

TITLE FIRM

ADDRESS

CITY/STATE POSTAL CODE/ZIP COUNTRY

TEL FAX E-MAIL

Options for payment:

- ☐ Bill me ☐ Check enclosed (please make check payable to Institutional Investor News)
☐ I am paying by credit card: ☐ Visa ☐ Amex ☐ Mastercard

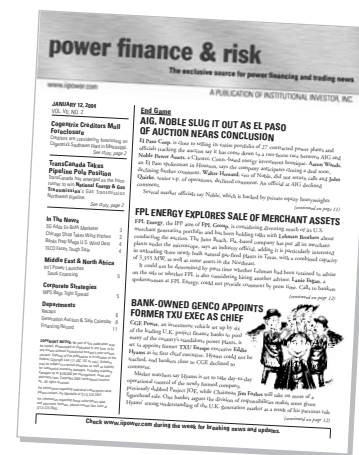
CREDIT CARD NUMBER EXPIRATION DATE SIGNATURE

The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.

- () Please tick if you object to contact by telephone.
 () Please tick if you object to contact by fax.

- () Please tick if you object to contact by email.
 () Please tick if you do not want us to share your information with other reputable businesses.

* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.



Institutional Investor NEWS
 INTELLIGENCE FIRST

UNITED STATES
 Tel: 1-212-224-3570
 Fax: 1-615-377-0525
 Email: customerservice@iinvestor.com
 Mail: Institutional Investor News
 P.O. Box 5016
 Brentwood, TN 37024-5016

UNITED KINGDOM
 Tel: 44 20 7779 8998
 Fax: 44 20 7779 8619
 Email: tgstewart@euromoneyplc.com
 Mail: Thomas Gannag-Stewart
 Institutional Investor News
 Nestor House, Playhouse Yard
 London, EC4V 5EX, England

HONG KONG
 Tel: 852 2842 6929
 Fax: 852 2153 5930
 Email: nayyars@iinvestor.com
 Mail: Sabeena Nayyar
 Institutional Investor News
 17/F, Printing House, 6 Duddell Street
 Central, Hong Kong