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The exclusive source for power financing and trading news

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Dynegy Midstream Sale Enters Round Two

Dynegy is opening up the second round in the auction of its midstream operations.

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Midstream Player Eyes Public Launch

Regency Gas Services is prepping an initial public offering. The Dallas midstream company will offer master limited partnership units.

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CONSTELLATION EYES HOUSTON MARKETER SHOP ACQUISITION

Constellation Energy is in talks to acquire Epoch Energy, a Houston-based energy marketing and risk management firm helmed by former El Paso executives. Constellation executives have been meeting with Epoch CEO **Tim Bourne**, former president of **El Paso Merchant Energy**, and staffers including former El Paso trader **John Knock** in an effort to hammer out a deal, says a trader familiar with the process. The companies are expected to reach an agreement within the next few weeks, although it could not be determined how much Constellation might offer for Epoch. **Larry McDonnell**, a spokesman for Constellation, declined to comment and could not find officials to comment. Bourne and Knock did not return calls.

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SITHE, NAVAJO NATION PLOT FINANCING FOR MEGA COAL PLANT

Houston-developer **Sithe Global** and the Navajo Nation have been sounding out lenders and investors to back a planned 1,500 MW coal-fired plant in northwestern New Mexico on the Nation's territory. **Freddy Sanches**, cfo at Sithe, says tentative 20-25 years PPAs have been inked with a pair of utilities for two-thirds of the output.

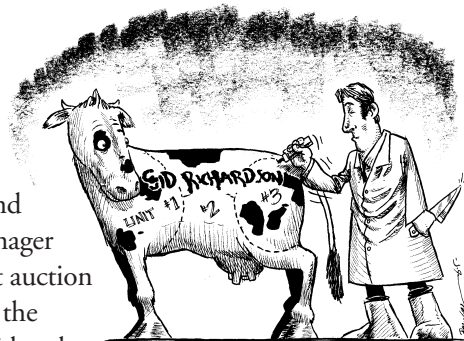
The partners will have a 40% stake in the \$2.4 billion project and they are trying to bring in utilities to fill out the ownership roster, says **Dirk Straussfeld**, senior v.p. at Sithe. Sithe and Navajo plan on leveraging their portion at 70%, he adds. They have been in preliminary discussions with banks, which both executives declined to name. The search for financing will kick off in earnest later this year, or early next once all the PPAs have been obtained.

(continued on page 12)

\$1.5B+ Commodity

LONE STAR STATE MIDSTREAM CO. ON CHOPPING BLOCK

Privately-held **Sid Richardson Energy Services** is searching for a buyer for its midstream operations, worth some \$1.5-2 billion. The Forth Worth, Texas, company thinks it can land top dollar given elevated demand for fossil fuel and in particular natural gas, says **James Swoope**, manager of administration, declining to confirm the target auction price. Swoope says the private investors that own the entity, formed about 50 years ago by namesake Sid and his nephew **Perry Bass**, wants to squeeze out value via a sale while energy remains a hot



(continued on page 12)

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

Constellation Gas Group Plots Houston Touchdown

Constellation Energy's gas trading group is planning a move from Baltimore to Houston. The group has had difficulty retaining talent and is hoping that a jump to the energy trading mecca will help it lure experienced traders, says a trader familiar with the matter. The move is expected to take place later this month. **Max Duckworth**, head of gas trading for the Baltimore-based energy holding company, did not return calls. **Larry McDonnell**, a Constellation spokesman in Baltimore, declined to comment.

Constellation's energy group has seen a number of departures. Gas trader **John Broyles** left the company in April to join UBS (PFR, 4/8) and later Columbus, Ohio-based hedge fund **Alpha Energy Partners** (PFR, 5/13).

Constellation's power group, however, plans on staying in the city, says the trader. The gas and power trading groups at Constellation typically do not act in concert, he adds. Some other high-profile trading shops have also moved to Houston in recent months. Among them is **Citigroup**, which moved to Houston from New York in March (PFR, 3/11).

Citadel Readies European Energy Effort

Hedge fund giant **Citadel Investment Group** is launching a European energy trading effort and has tapped **Karl Robijns**, a former **Goldman Sachs** executive director, to spearhead the operation. **Kathy Beiser**, a spokeswoman for Citadel in Chicago, confirmed the hire and the foray into the European energy market, but she declined further comment and was unable to find officials to comment. Robijns was between jobs and could not be reached. He will report to **Scott Rose**, head of energy trading in Chicago where the fund is based. Rose declined to comment via Beiser and **Michael DuVally**, a spokesman for Goldman, also declined comment.

Robijns will drive Citadel's energy business in the U.K. and Continental Europe. The desk will focus on natural gas, electricity, coal, emissions, crude oil and refined products. Citadel joins a handful of players that have jumped into the energy market as European nations liberalize their markets.

Robijns was a key player in growth of Goldman's London-based crude products business, says one industry trader. Before joining Goldman more than seven years ago, he was a production engineer for **Shell International's** Central North Sea oil production operations.

Citadel has more than \$10 billion in assets under management.

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Institutional Investor NEWS
INTELLIGENCE FIRST

CenterPoint Chief Says It's Open To Hook Ups

CenterPoint Energy will consider corporate-level mergers for both the gas and electric sides of its business and is evaluating several opportunities, CEO **David McClanahan** said at the *RBC Capital Markets 2005 North American Energy Conference* in Boston last week. McClanahan did not specify the potential deals and a message left with his office in Houston was not returned.

McClanahan expects consolidation to continue in the energy industry, but he does not expect the number of utilities in the U.S. to be halved within five years, as some industry watchers have predicted. "We think the driver for consolidation will continue to be unique and strategic considerations, not just consolidation for the sake of consolidation," he said.

McClanahan also said CenterPoint wants to expand its pipeline assets and gas marketing business, although he did not offer specifics. "We've started thinking about what we want to do when we grow up as a company," he quipped.

Sempra Hunts For Gas Marketer

Sempra Energy is seeking a senior gas marketer to cover the Northeast gas market. The staffer will spearhead deals involving both physical and financial natural gas, says a recruiter familiar with Sempra plans. Calls to **Mark Randle**, v.p. of energy risk management at San Diego-based Sempra, were referred to a spokeswoman, who did not immediately return a call. The hire will be based in Stamford, Conn., says the headhunter.

Round Two

Dynegy Hits Second Round For Midstream Sale

Dynegy is moving to the second round in its auction of its midstream operations. Auction trackers say the Houston IPP received a handful of bids ranging from \$2.2-2.3 billion to those approaching its \$3 billion sweet spot. Advisor **Credit Suisse First Boston** will whittle down the bidders, which consist of a bevy of financial institutions and private investors aiming to convert the assets into a master-limited partnership, to four or possibly six finalists, says a banker close to the deal.

The sale is a prelude to the ultimate sale of the entire company, says CEO **Bruce Williamson**, who is in talks with NRG Energy to merge its operations (PFR, 6/6). Spokesman **John Sousa** did not return a call for comment.

Scuttle on the Street points to **Goldman Sachs** units, master-limited partnerships such as **Enbridge Energy Partners** and outfits including **The Williams Co.s** as contenders. Calls to

officials at Goldman were not returned. Williams' spokesman **Kelly Swan** in Tulsa, Okla., declined to comment. **Jim Rennie**, spokesman at Enbridge, also declined comment other than to relay the company's policy: "We don't comment on potential acquisitions or rumors until it's fact."

Allegheny To Wrap Revolver Syndication

Allegheny Energy is set to close syndication of a \$700 million loan with commitments for the five-year loan due as *PFR* went to press. **Citigroup** and **Scotia Bank** co-lead the five-year line which consists of a \$400 million revolver and a \$300 million term loan (PFR, 6/6). Calls to **Suzanne Lewis**, treasurer at the Greenburg, Pa.-based utility holding company were directed to spokesman **Fred Solomon** who declined to comment on participating banks.

Citi and Scotia are providing \$150 million and \$125 million, with co-documentation agents **PNC Bank**, **Banc of America Securities** and **Credit Suisse First Boston** each writing \$100 million tickets. The commitments may decrease as more commitments come in, said one banker following the deal. Officials at Citi and Scotia declined comment.

Pickens Crony Preps Energy Fund

Garrett Smith, who has a long-time connection to Texas oilman and famed corporate raider **T. Boone Pickens**, has started **Spinnerhawk Capital Management**. It will launch a long/short equity natural resources fund next month. The *Spinnerhawk Natural Resources Fund* will invest in equities, commodity futures and derivatives which focus on energy and commodities, says **John Alban**, chief operating officer.

The fund will have a minimum investment of \$1 million and is being pitched to high-net-worth individuals and institutions. Alban said the firm plans to soft-close the fund at \$250 million. It has a 1.5% management fee and a 20% performance fee.

Smith was most recently a portfolio manager at **BP Capital**, the \$2.5 billion Dallas hedge fund firm run by Pickens. His relationship with Pickens stems back to 1989 and he has also worked with him at **Mesa Petroleum** and **Pioneer Natural Resources**. Pickens, who founded Mesa and BP, is likely to invest in Smith's fund, says **Jay Rosser**, a spokesman for BP.

Pickens' career as a corporate raider saw him involved in several high-profile takeover attempts including **Gulf Oil Corp.**, **Phillips Petroleum** and **Unocal Corp.** BP Capital runs two equity funds that invest in stocks of energy and energy-dependent industries and a commodity fund that invests in oil and gas futures.

Developer Seeks Partner For 30 MW N.H. Project

Community Energy is looking for equity investors to participate in a 25-30 MW, \$45 million wind farm. The developer is looking for passive investors, who can take advantage of production tax credits, says **Eric Blank**, executive v.p. The Wayne, Pa., company is in the process of permitting the New Hampshire project, but is already in advanced discussions regarding a power purchase agreement, adds **Jeff Keeler**, director. "We're lucky to be pretty down the road on that," he notes, declining to name the interested power company. The aim is to have the PPA and permitting set by September or October, he adds.

Blank says the developer is looking for an investor to put up 70% of the cost. The company has been in preliminary discussions with possible players but nothing has been inked, he adds. Blank does not anticipate using project debt to fund the project and will bankroll the remainder of the facility with equity earmarked for construction.

Elevated between 2,000-2,400 feet, the farm is sited along the ridgeline of Lempster Mountain. The rough terrain will make construction difficult but the proximity to the transmission grid and the need for power in the area made it a favorable location.

Community Energy operates 182 MW of wind energy throughout the Northeast.

Execs Play Conservative Hand On M&A Prospects

Cfos for major energy companies added a touch of skepticism to the bullish outlook for mergers and acquisitions during a **Goldman Sachs Power & Utility Conference** last week at the Four Seasons in Las Vegas. During a panel discussion "Consolidation is Inevitable: What Near Term Issues Could Cause Deal Activity to Accelerate," the executives predicted companies will remain conservative in evaluating M&A scenarios, despite recent high-profile deals.

Although the corporate-level acquisitions have led to heightened merger discussions, companies will not change the

strict criteria for becoming a party to such deals, said **Geoff Chatas**, cfo at Raleigh, N.C.-based **Progress Energy**. "We haven't seen a sea change [with people] saying, 'Hey, I've got to do a deal because these three have been announced,'" he said. **Leo Denault**, cfo for New Orleans-based **Entergy**, reiterated Chatas' comments in predicting players will remain fairly conservative in evaluating M&A scenarios. "[Investment bankers] keep showing up in my office, eight or nine at a time, saying there's a wave of consolidation coming and dialogue is up. I keep asking, 'Why are you all here, then? You should be in the dialogue,'" Denault said. Calls to the cfos were not returned.

Entergy might consider mergers if the other company has attractive nuclear plants, Denault notes. A repeal of the Public Utility Holding Company Act of 1935 would also go a long way toward facilitating a deal, he added. "Not every nuclear plant we're interested in is right next to us," he said. The company is willing to look at more complicated deal structures, such as joint ventures, to acquire nuclear assets if PUHCA remains on the books, however, Denault said.

Chatas said Progress will most likely look at smaller utilities adjacent to it in evaluating acquisition opportunities. He noted, however, that buying regulated businesses is problematic because the proceeds of such deals are typically eaten away in returning a significant premium to shareholders.

PSEG Unit Looks To Rework Bank Line

PSEG Energy Holdings is refinancing a \$200 million revolver via **Union Bank of California**, trimming capacity by \$50 million. The \$150 million five-year line is being pitched at LIBOR plus 175 basis points and will replace a larger three-year line priced at 300 basis points over LIBOR. Calls to **James Ferland**, president at parent **Public Service Enterprise Group**, were directed to **Paul Rosengren**, spokesman at the Newark, N.J., headquarters, who declined to comment.

Public Service Enterprise Group is winding down non-core businesses in preparation for its merger with **Exelon Corp.** so the \$50 million decrease makes sense. "It's just not a core business for PSEG anymore," says **Robert Hornick**, senior director at **Fitch Ratings** in New York. Subsidiaries of PSEG Energy include **PSEG Global**, a power generation and distribution company, and **PSEG Resources**, an investor in energy-related financial transactions.

Syndication launched June 3 and commitments are due by the end of the month. **Allied Irish**, **Commerzbank**, **Erste Bank** and **Scotia Bank** were among those considering participation. Officials at all banks declined to comment. The 125 basis point reduction in pricing reflects the reduction in size and the fact that the market has become more amenable to financing energy.

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Corporate Strategies

TVA Tees Up \$500M Int'l Bond Offering

Tennessee Valley Authority plans on issuing \$500 million in global bonds today. The 30-year notes carry a coupon of 4.65%, says **John Hoskins**, treasurer at the public power company's Knoxville, Tenn., headquarters. The notes replace a portion of the \$2 billion of 6 3/8% global power bonds issued in 1995, maturing this month. TVA will issue long- or short-term securities to refinance the balance of the debt depending on market conditions as it works out its longer-term debt strategy, he says, declining to outline its plans. The global bonds allowed TVA to tap a wider investment pool, he comments.

Long-term notes were chosen because TVA wanted to match long-term liabilities with assets and the rates were favorable. "The incremental cost of going from five, 10 to 30 years is pretty small right now," comments Hoskins. Issuing global bonds has been a longstanding part of the company's debt strategy. Demand has been strong for such securities with nearly 40 investors identified to participate in the offering including life insurance companies, pension, state and government funds, he notes.

Banc of America Securities and **Morgan Stanley** were tapped to lead the offering because of their ability to attract international and domestic investors, explains Hoskins.

TVA is wholly owned by the government but is financially independent. Since the company cannot issue equity, a large portion of its capital expenditure is debt, Hoskin says. Total debt reaches some \$26 billion.

Portland General Stretches Out Revolvers

Portland General Electric has landed a \$400 million five-year revolver, extending loan maturities. PGE decided to obtain the revolver now because it had a \$50 million credit facility maturing late last month and another \$100 million in 2007, says **Bill Valach**, assistant treasurer at the Portland, Ore.-based utility. The company has not drawn down on the revolvers. "With a strong commercial bank market, we wanted to replace our two revolvers with one new upsized revolver with improved terms and conditions and an increased overall size. This provides PGE with enhanced financial flexibility for five years," Valach comments. The financing is unrelated to **Enron's** plans to divest PGE, he added.

The replaced facilities are a \$50 million, 364-day revolver and a \$100 million three-year revolver, both led by **Banc One Capital Markets**. The \$50 million line was priced at LIBOR plus 110 basis points, and the \$100 million revolver carried an interest rate

of LIBOR plus 107.5 basis points. The new revolver allows PGE to borrow for up to six months at a fixed rate determined at the time of borrowing, or for a longer period at a variable rate also determined at the time of borrowing, he explains.

The interest-rate structure is typical for PGE and is priced off its senior unsecured bond rating. **Moody's Investors Service** recently upgraded the senior secured debt to Baa1 from Baa2, while **Fitch Ratings** rates the debt A-.

The revolver will also be used for working capital purposes, covering collateral requirements through the issuance of letters of credit, and other general corporate purposes, he says. **JPMorgan Chase** was chosen as lead arranger based on the utility's longstanding relationship with Banc One, he explains.

ConEd Goes For 30-Year Floaters

Consolidated Edison Company of New York has issued \$126.3 million in tax-exempt bonds to replace an equal amount of fixed-rate debt. The utility issued floating-rate, 30-year paper that re-prices every seven days and currently carries a 3% coupon. The notes will replace 35-year, 6.1% fixed-rate securities, says **John Perkins**, director of corporate finance in New York. ConEd decided to issue the debt now in preparation for using the proceeds to pay down fixed-rate, taxable bonds, which become redeemable July 1, he explains.

ConEd chose a seven-day rate because a significant portion of its floating-rate debt is 35-day debt and it wanted to diversify obligations, says Perkins. On average, lower interest costs are incurred if the company's total debt is diversified between fixed and floating rates, he adds. About 15% of the **Consolidated Edison** subsidiary's \$6.5 billion debt structure is floating. Furthermore, these multi-modal bonds can be called or restructured at any time, giving the company flexibility while locking in the tax-exempt status for 30-years, he adds.

Pricing on the bonds attempts to track the BMA Municipal Swap Index—a weekly composite of tax-exempt variable-rate bonds. As of June 6, the BMA index sat at 2.6%.

The utility used **Citigroup**, **JPMorgan Chase**, and **Morgan Stanley** to lead three tranches of \$42.1 million each. Having three separate underwriters makes it easy for the company to track the banks' general performance and switch underwriters if necessary, Perkins adds. All three led a similar issuance for the company in 2004, says Perkins.

Also, the company tapped **Wachovia** to arrange a \$126.3 million letter of credit to back the bonds. Perkins would not reveal pricing on the letters. Wachovia was chosen because they are participants in the company's existing revolver. The bonds are rated Aaa by **Moody's Investors Service**.

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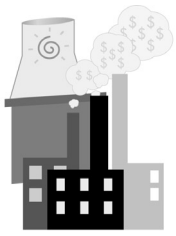
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Institutional Investor NEWS





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		

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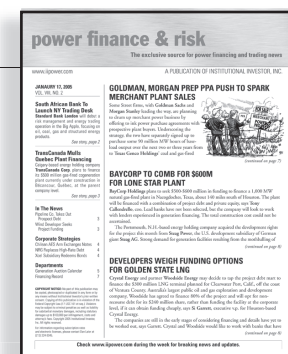


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Investor NEWS

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

- A U.S. bankruptcy court approved the sale of **Mirant Corp.**'s 548 MW power plant in Wrightsville, Ark., to the **Arkansas Electric Cooperative** for \$85 million. Atlanta-based Mirant, which operates 15 GW in the U.S., filed for Chapter 11 bankruptcy protection in July 2002 after it was unable to reach a restructuring agreement with its creditors and bondholders (*Reuters*, 6/7).
- N.Y. Gov. **George Pataki** submitted new Article X legislation for siting power plants which requires all new plants and re-powering projects 80 MW or more to undergo a 12 month review. Last month, the chairman of the **Federal Energy Regulatory Committee** said, during a visit to Albany, N.Y., that the state needed to have a power plant siting law in place or it stands to lose jobs because no major power plants can be approved (*The Albany Business Review*, 6/7).
- **Texas Genco Inc.** will sell up to \$600 million of stock in an initial public offering, raising cash for **Texas Pacific Group**, **Blackstone Group**, **Kohlberg Kravis Robert & Co.** and **Hellman & Friedman LLC**, which bought the company last year. The second largest electricity producer in Texas, will employ **Goldman Sachs** as the sole underwriter (*Bloomberg*, 6/6).
- **FirstEnergy's** stock closed at an all-time high last week. Trading ended the day at \$45.35 on the New York Stock Exchange. The stock got a boost when analyst **Kit Konolige** at **Morgan Stanley** raised his rating of FirstEnergy from "equal-weight/cautious" to "overweight/cautious" before the market opened Thursday (*Akron Beacon Journal*, 6/3).
- A group of public utility companies is planning to build a \$1.4 billion coal-burning power plant in North Florida. The group, led by the **Jacksonville Electric Authority**, is negotiating with land owners to locate the plant in Taylor County and hopes to complete it by 2012 (*Tallahassee Democrat*, 6/3).
- **Aquila** is in such poor financial condition that regulators should consider getting the company to sell all of its Kansas utilities, according to a staff report released Monday. The report to the **Kansas Corporation Commission**, parts of which had been released previously, describes Aquila as being in grave financial condition. Bankruptcy remains a possibility, the report said (*The Kansas City Star*, 6/6).
- The **Vermont Public Service Board** says a plan by the town

of Rockingham to buy the Bellows Falls hydroelectric station is a good deal. Board approval clears the way for the town to hold another vote on the project. If that vote is approved, the town will pay \$72 million for the 49 MW hydro station (*The Associated Press*, 6/6).

Asia and Australia

- **Toho Gas Co.** has inked an agreement to buy up to 500,000 tons of liquefied natural gas a year from **Sakhalin Energy Investment Co.** Sakhalin operates the Sakhalin 2 gas and oil project, which is off the island of Sakhalin in the Russian Far East (*Japan Times*, 6/7).
- **Marubeni Corp.** said it will form a capital alliance with **Gangwon Wind Power Co.**, set up by South Korean bridge equipment maker **Unison Co.**, to build the country's largest wind farm. The 98 MW wind project will be located in Kangwon Province in northeastern South Korea, with operation slated to start in September next year (*Kyodo News*, 6/3).
- The world's first bank-intermediated carbon credit sale has been negotiated by Melbourne-based hydroelectric company **Pacific Hydro**. Under the terms of the deal, **Sustainable Energy** — a joint venture between Pacific Hydro and the **Fiji Electricity Authority** — will sell all the certified emissions reduction credits from its two hydroelectric power projects in Fiji to **ABN AMRO** (*AsiaPulse*, 6/6).

Europe

- **Centrica**, a U.K. electricity and gas supplier, agreed to buy **Oxxio**, a Dutch energy supplier, for up to \$168 million to expand into continental Europe. The company is trying to expand into Europe after losing one million customers in the U.K. last year, following an increase in tariffs (*Bloomberg*, 6/6).
- The Norwegian energy company, **Troms Kraft**, plans to build a wind power plant on the Solovetsky Islands in the White Sea. Existing electricity and heat supplying systems on the islands need modernization. About 900 people constantly live there but in summertime, the number swells to tens of thousands with tourists (*ITAR-TASS*, 6/6).
- The **Department of Natural Resources** is working with utilities to study winds at high elevations to find out if a large commercial wind farm might be possible in Missouri. (*Associated Press*, 6/6).

Financing Record (JUNE 2-JUNE 7)

Bonds

Debt	Date	Issuer	Description	Principal Amount (\$ Mil)	Coupon (%)	Security	Maturity	Offer Price	Offer YTM (%)	Spread	S&P	Moody's	Fitch
-	6/2/05	Appalachian Power Co	Electric utility	150	4.4	Senior Notes	6/1/10	99.81	4.443	80	BBB	Baa2	BBB+
-	6/2/05	Appalachian Power Co	Electric utility	250	5	Senior Notes	6/1/17	99.956	5.005	110	BBB	Baa2	BBB+
-	6/2/05	Florida Power & Light Co(FPL)	Electric utility	300	4.95	Fst Mtg Bonds	6/1/35	99.244	4.999	75	A	Aa3	AA-
144A	6/2/05	TECO Energy Inc	Elec.gas utility	100	Floats	Sr Flt Notes	5/1/10	100	Floats		BB	Ba2	BB+
-	6/6/05	Exelon Corp	Elec.gas utility	400	4.45	Notes	6/15/10	99.906	4.471	75	BBB+	Baa2	BBB+
-	6/6/05	Exelon Corp	Elec.gas utility	800	4.9	Notes	6/15/15	99.858	4.918	97	BBB+	Baa2	BBB+
-	6/6/05	Exelon Corp	Elec.gas utility	500	5.625	Notes	6/15/35	99.74	5.643	140	BBB+	Baa2	BBB+
-	6/7/05	Pepco Holdings Inc	Electric utility	250	Floats	Sr Flt Notes	6/15/10	100	Floats		BBB	Baa2	BBB

M&A

Date Announced	Target Name	Target Sector	Target Nation	Acquiror	Acquiror Industry Sector	Acquiror "Nation"	Value (\$Mil)
6/1/05	Westmont Power (Kenya) Ltd	Electric, Gas, and Water Distribution	Kenya	Kenya Electricity Generating	Electric, Gas, and Water Distribution	Kenya	-
6/1/05	Elsam A/S-Power Plants(5)	Electric, Gas, and Water Distribution	Denmark	Vattenfall AB	Electric, Gas, and Water Distribution	Sweden	-
6/1/05	Elsam A/S	Electric, Gas, and Water Distribution	Denmark	Dansk Olie og Naturgas A/S	Oil and Gas; Petroleum Refining	Denmark	-
6/1/05	Avedore 2 A/S	Electric, Gas, and Water Distribution	Denmark	Dansk Olie og Naturgas A/S	Oil and Gas; Petroleum Refining	Denmark	-
6/2/05	White Rock Utilities Ltd	Electric, Gas, and Water Distribution	Canada	EPCOR Utilities Inc	Electric, Gas, and Water Distribution	Canada	-
6/2/05	NV Nuon-US Renewable Energy	Electric, Gas, and Water Distribution	United States	Renewable Ventures LLC	Credit Institutions	United States	-
6/2/05	South East Asia Energy Co Ltd	Electric, Gas, and Water Distribution	Laos	Bangkok Expressway PCL	Construction Firms	Thailand	0.615
6/2/05	Nutsbedrijf Regio Eindhoven	Electric, Gas, and Water Distribution	Netherlands	Macquarie Euro Infra Fund	Investment & Commodity Firms, Dealers,Exchanges	United Kingdom	98.208
6/3/05	Multi Jaya Persada PT	Electric, Gas, and Water Distribution	Indonesia	KMC Oiltools Bermuda Ltd	Machinery	Singapore	-
6/3/05	Huadian Xinxiang Power Gen	Electric, Gas, and Water Distribution	China	Huadian Power International	Electric, Gas, and Water Distribution	China	-
6/3/05	Anhui Huadian Suzhou Power	Electric, Gas, and Water Distribution	China	Huadian Power International	Electric, Gas, and Water Distribution	China	-
6/6/05	Shantou Elec Power Dvlp Co Ltd	Electric, Gas, and Water Distribution	China	Wedge Group Co Ltd	Investment & Commodity Firms, Dealers,Exchanges	China	-
6/6/05	Oxxio Nederland BV	Electric, Gas, and Water Distribution	Netherlands	Centrica PLC	Electric, Gas, and Water Distribution	United Kingdom	167.995
6/7/05	Wuping County-Dongliu Hydro	Electric, Gas, and Water Distribution	China	Wuping County Zijin Hydro	Electric, Gas, and Water Distribution	China	9.436

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.

Midstream Player Plots IPO

Regency Gas Services LLC is prepping an initial public offering. The Dallas midstream company will offer master limited partnership units, but has not set a target amount it will offer or pricing for the shares, explains an industry official. The entity is owned by **Hicks, Muse, Tate & Furst**, which acquired it in December 2004 for \$405 million. The firm purchased the company to build on it and a IPO now would allow it to grow, notes the watcher.

Jim Hunt, ceo in Dallas, declined comment on any potential IPO as did **Joe Colonna**, partner at Hicks, Muse. The company has been holding a beauty contest of banks asking to underwrite the offering, says one observer, and a decision should be made in two weeks.

Regency is also planning to amend \$290 million in credit lines via lead arranger **UBS**. The new deal should launch in two weeks and close shortly after. Regency will increase a \$40 million, five-year, revolver priced at LIBOR plus 275 basis points; a \$200 million five and a half-year term with similar pricing and a \$50 million, six-year term loan priced at LIBOR

plus 600 basis points. The new financing will increase the term debt portion by \$60 million and the revolver by \$50 million, says **Colonna**. The company is refinancing now to accommodate new projects the company has in the works. A portion of the new line will be used to finance a chunk of the company's \$125 million gas pipeline expansion in Northern Louisiana, says **Stephen Arata**, cfo.

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CONSTELLATION EYES

(continued from page 1)

Epoch would complement Constellation's existing risk management and consulting services, including consulting shop **Fellon-McCord Associates** and the Constellation Energy Projects & Services Group, market watchers say. Marketing firms such as Epoch have found success in filling the void left by large energy companies, such as **Enron** and **El Paso**, which have exited the marketing and risk management arena. Competitors include Houston-based **Mobius Risk Group**, spearheaded by former Enron staffers, and **Epic Merchant Energy**, a Houston shop headed by other former El Paso executives.

As of January 2004, Epoch had about 10 staffers, according to its Web site. Primarily, the firm acts as a marketing agent for energy producers looking to link up with counterparties such as utilities and power generators. It also helps utilities and wholesale consumers procure natural gas and other energy commodities.

The limited partnership's focus has been on small- to medium-sized energy producers who do not have substantial marketing capabilities. The firm does not trade its own book, although it does offer financial hedging for clients. Epoch also helps manage counterparty credit and provides valuations for commodities transactions, along with offering project consulting services for LNG developers.

—Christine Buurma

LONE STAR

(continued from page 1)

commodity. "Mainly the market has appreciated for all gas assets and it's simply an attractive time to sell assets related to pipelines or midstream," he comments.

The midstream outfit consists of **Sid Richardson Energy Services**, **Sid Richardson Pipeline Company** and **Richardson Energy Marketing**, which is composed of a gas and liquids marketing unit, Swoope notes. Sid Richardson operates in the western part of Texas as well as eastern and northern areas of New Mexico and has some 4,000 miles of natural gas pipeline and six natural gas processing plants.

Target buyers would include institutional purchasers, as well as other public or private midstream entities, Swoope adds. Other operations, including **Sid Richardson Carbon Limited** are not on the block, he says.

Auctioneer **Lehman Brothers** is aiming to complete a sale of the assets by early next month, explains Swoope, noting that the family that owns the company could hold on if they are unhappy with offers. He explains that its private owners could also form a master-limited partnership, which could provide steady long-term returns similar to an investment in real estate investment trusts. "I don't think they would shed any tears if they had to

hold onto [the company]," he adds, underscoring, however, that its intention to sell is genuine.

Officials at Lehman Brothers did not return a call for comment.

—Mark DeCambre

SITHE, NAVAJO NATION

(continued from page 1)

Discussions are being held with other utilities to sign up for the remaining power, but nothing has yet crystallized. The equity will be provided by Sithe parent company **Reservoir Capital**, a New York-based investment firm.

Straussfeld concedes there are barriers on the financing front. The sheer size of the project may be a deterrent to some lenders and also the number of parties obtaining their own financing packages adds to the deal complexity.

The plant is close to an existing coal mine and construction is slated to start once financing is obtained. Construction will kick off in 14 months, once financing is obtained and wrap up in the fourth quarter of 2009.

—Raquel Pichardo

Calendar

Platt's 2nd Annual Utility Mergers and Acquisitions Conference will take place June 28-29 at the Millennium 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

"[Investment bankers] keep showing up in my office, eight or nine at a time, saying there's a wave of consolidation coming and dialogue is up. I keep asking, 'Why are you all here, then? You should be in the dialogue.'" —**Leo Denault**, cfo at **Entergy**, on his belief that investment bankers may be overstating the intensity of corporate-level M&A discussions (see story, page 4).

One Year Ago In Power Finance & Risk

Primary Energy was reworking a \$375 million B-loan refinancing package. The seven-year loan was being pitched with a \$200 million first-lien tranche and a \$125 million second lien tranche, against the original targets of \$175 million and \$200 million, respectively. Pricing on the first tranche was said to be around LIBOR plus 400-500 basis points and pricing on the second was around the 9% over LIBOR mark. [The investment boutique pulled the plug on the **Credit Suisse First Boston**-led deal after failing to secure the pricing it wanted (PFR, 7/19).]