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Constellation Appoints New Treasurer

Constellation Energy has reshuffled its finance team with the appointment of development manager **Jeanne Blondia** as treasurer.

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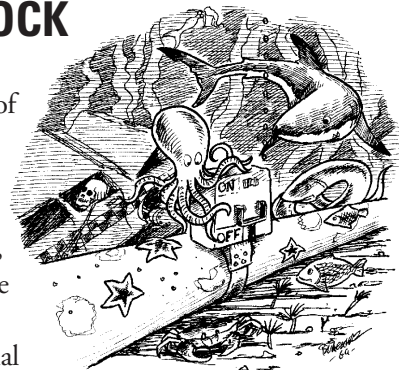
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HYDRO-QUÉBEC PUTS TROUBLED LONG ISLAND TRANSMISSION LINK ON THE BLOCK

Hydro-Québec is aiming to sell the Cross Sound Cable interconnector, a \$140 million electricity cable on the bed of Long Island Sound that has seen only sporadic use because of political wrangling. The Montréal player is looking to offload its 75% holding in the high voltage asset, which links New Haven, Conn., with Brookhaven in Long Island, along with three other New York City area transmission line projects that have yet to be constructed. All the projects are held through its TransÉnergie US unit. One industry official



(continued on page 11)

CARGILL BUILDS U.K. TRADING DESK WITH CINERGY HIRES

Cargill International has hired a team of power and gas traders from Cinergy Global Trading in London to kick start a new U.K. trading effort. Francis Derosa, a spokesman in Cobham, Surrey, says privately owned Cargill has decided to enter the U.K. power and natural gas business because the U.K. offers one of the largest and most liquid wholesale energy markets in Europe. Having already established a mainland European base in

(continued on page 12)

BANKS JETTISON TEESSIDE POSITIONS

At least five of the seven banks behind the CGE Power venture, which until recently was looking to build a new independent U.K. genco, have sold their debt in Teesside Power, say distressed debt traders. Abbey National, HypoVereinsbank, Bayerische Landesbank, HBOS and WestLB have sold in excess of GBP115 million (\$210 million) of Teesside's project loan paper within the past few weeks, leaving only Royal Bank of Scotland and Lloyds TSB of CGE's sponsors still in the debt syndicate, calculates one trader. The bulk of Teesside's GBP655 million non-recourse debt is now held by investment banks and hedge

(continued on page 12)

AMERICAN TRANSMISSION CO. EYES EQUITY INFUSION FOR \$2.8B BUILD-OUT

American Transmission Co., the for-profit transmission player active in Wisconsin, Michigan and Illinois, is considering tapping private equity investors and possibly the public equity markets to fund expansion. The move would form part of its long-term \$2.8 billion investment program, says Dan Doyle, cfo in Waukesha, Wis.

Over the next couple of years, ATC has investments of \$500 million planned. In

(continued on page 12)

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



At Press Time

Conoco Taps Dynegy Trader

Natural gas trader **Stan Horton** has left Houston-based **Dynegy** and moved across town to oil giant **ConocoPhillips**. He has reportedly joined in a similar position. Horton did not return a voicemail at Conoco, and calls to spokespeople at both firms were not returned.

Deutsche Bank Lures UBS Gas Trader To Round Out Desk

Jonathan McKay, a natural gas basis trader at **UBS**, has joined **Deutsche Bank** in New York as the firm looks to bolster its developing energy team. "Deutsche [is] putting together a really good energy team and I wanted to be part of it," says McKay. He joins as a director and reports to **Foster Smith**, head of natural gas trading.

Smith says Deutsche Bank's New York-based natural gas trading group has doubled from two to four traders since he joined earlier this year, but adds no additional hires are planned. Smith and **Geoff Hicks** joined Deutsche Bank from **El Paso Merchant Energy** last winter (PFR, 4/29).

A UBS spokesman declined comment.

Constellation Treasurer Switches To HR Spot

Constellation Energy's treasurer, **Tom Ruszin**, is vacating the position after a long tenure to become v.p. in Constellation's human resources department. Ruszin will be responsible for determining compensation packages and other financial benefits, says **Robert Gould**, Constellation spokesman. Ruszin did not return calls.

Jeanne Blondia succeeds Ruszin as treasurer from a role on Constellation's business development side, says Gould. One banker, surprised at Ruszin's move, says he was "very highly regarded" on Wall Street.

Osaka Gas Expands Westwards

Japanese utility **Osaka Gas** intends to keep it simple as it stages a foray into overseas power generation, buying only contracted gas-fired generation capped at a \$100 million price tag, says **Tom Kimura**, business development manager in New York. It's not interested in either merchant assets or projects under construction as these pose too great a risk, says Kimura.

Osaka is making a play for international power generation assets because competition in Japan's newly deregulated gas market is eroding domestic profits.

Osaka's first U.S. acquisition, completed in April, was a \$50 million, 40% stake in the 845 MW Tenaska Gateway plant in Mt. Enterprise, Texas, from **Shell US Gas & Power**.

Kimura says Osaka is exploring other opportunities in the U.S. as well as in the U.K., Italy, Spain and Australia, declining to elaborate on specific targets. As with the Tenaska acquisition, Osaka hopes to acquire minority stakes of 20-50% in other IPP assets, and has a \$1.1 billion discretionary budget for domestic and international investments.

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Institutional Investor NEWS
INTELLIGENCE FIRST

RBS Hires Senior Project Originator

Royal Bank of Scotland has added **Rich Randall** to its New York project finance team as a senior v.p. covering origination. Randall, who joined from **Calyon**, says he was attracted to the slot by the growth opportunities. "RBS is expanding in leaps and bounds in the U.S.," he reflects.

Randall, who has a reputation as an effective deal originator among fellow bankers, reports to **Alec Montgomery**, head of project finance in New York, who joined the team earlier this year from **Crédit Agricole Indosuez** (PFR, 1/20). Montgomery says the hire is in line with his remit to expand origination. "We acknowledge the market is a little slow, but we need to be positioned for when it returns," he says.

Calls to **Jim Guidera**, head of project finance at Calyon in New York, were not returned. It could not be determined whether Randall's v.p. origination slot at the firm has been or will be filled.

Refinancing Risk Continues To Dog Merchant Sector

Power players with a merchant flavor may not yet be out of the woods regarding debt refinancing, despite the fact the sector paid off some \$20 billion of borrowings over the last couple of years.

A new report by **Standard & Poor's** puts the current debt bill at \$58 billion, after the pay downs and also \$12 billion taken out via bankruptcy filings. "There are still risks for certain companies," says **Arleen Spangler**, credit analyst and author of the report at S&P, citing **NRG Energy** and **Calpine** as examples of players with merchant assets.

Some industry officials question what conclusions can be gained by analyzing the sector overall, when there are so many nuances from company to company. **Mike Pepe**, the ex-head of project finance at **Banca Intesa**, notes **Duke Energy** has the greatest refinancing need according to S&P. "But, Duke may have the least volatile cashflow—a large portion of this is regulated—of those on that list," he says.

The report argues weak regional power markets and litigation risk may play a role in determining the success of refinancings. Spangler says that another important dynamic is the percentage of bank debt versus capital market debt. **Reliant Energy**, for instance, managed to refinance a chunk of its bank debt, but only over a relatively short-term period, Spangler notes, though the recently announced sale of some of its New York assets will improve the situation, she adds.

Overall, the picture for merchant sector is much less bearish than a year back. "We don't see any companies that are on the doorstep of failing," Spangler says. But the report also argues that until the cash flows from merchant activities become

clearer, a question hangs over what capital structure the business can support. The report also points out that out of the pool of 23 merchant companies analyzed, 15 have a negative credit rating outlook.

Citadel Marketer Hangs Out Shingle

Carey Metz, a power marketer at **Citadel Investment Group** in Chicago, has left the firm and is reportedly starting a hedge fund. A switchboard operator at Citadel said Metz is no longer listed in the company's directory. Calls to a spokesperson were directed to **Scott Rafferty**, managing director, who declined comment. Metz also declined comment.

RWE Appoints New Renewable Chief

RWE NPower, formerly **RWE Innogy**, has appointed a new director to head its U.K. green energy business following the retirement last month of incumbent **Alan Moore**. **Kevin McCullough**, formerly responsible for melding RWE's three regional U.K. retail supply businesses into the single NPower brand, transferred to RWE's wind energy business, **National Wind Power**, earlier this year in anticipation of Moore's retirement, says **Leon Flexman**, spokesman. Calls to McCullough went unreturned.

NWP changed its name to **NPower Renewables** this spring and encompasses all RWE's U.K. wind, hydroelectric and biomass generation assets. It has some 160 MW of installed wind farm capacity, 50 MW of hydro generation and some 240 MW of wind farms in development or at the advanced planning stage.

PPL Mulls Revolver Increase After Oversubscription

PPL Corp. is considering upsizing a five-year \$900 million package of revolvers, after seeing the deal oversubscribed during syndication. The book is at least \$1.2 billion, says one banker. The originally pitched structure represented an increase and maturity extension over an expiring package (PFR, 5/31). The strong support underscores bank appetite for longer-dated maturities by highly rated utility names.

The financing carves up as a \$200 million facility for **PPL Electric Utilities Corp.**, led by **Wachovia** and **Citigroup**, and a \$700 million loan for **PPL Energy Supply** run by **Wachovia** and **Barclays Capital**. The loans are set to close June 22 and are earmarked for general corporate purposes.

The same bank group led a \$600 million loan financing for PPL last year (PFR, 6/9) and the new package will replace the \$600 million deal.

Reliant Seen Weighing Cancellation Of NYC Asset Sale

Reliant Energy has reportedly told its bank group it may cancel the sale of its New York City thermal generation assets in light of the better-than-expected price it got for the recent sale of its upstate New York network of hydroelectric power plants. When Reliant put its Empire State assets under the hammer late last year, it thought it would need to sell both sets of assets, but the \$900 million price tag **Brascan** paid for the hydro plants alone gives Reliant flexibility on whether to continue the auction or hold the New York City plants, says a banker. Bids for the 2,100 MW New York City merchant portfolio were filed last month. Both Empire State sales generated strong interest from the beginning from strategic and financial players alike (PFR, 4/19).

Reliant has not formally canceled the auction, says the banker, but is no longer constrained by the need to sell off the plants quickly and can wait for a sweeter offer or take the assets off the block. The banker guesses that Reliant might bite for a bid in the \$1.2-1.4 billion range. Reliant spokesman **Dennis Barber** declined comment, as did a utility banker at **Goldman Sachs**, which is advising on the sale.

TXU Administrator Launches BVAG Sale

TXU Europe's administrator **Ernst & Young** and its financial advisor **ABN AMRO** this month will launch the auction of TXU's largest and final investment in mainland Europe, its 74.9% stake in **Stadtwerke Braunschweig (BVAG)**, a municipal utility 40 miles east of Hannover in central Germany.

Roy Bailey, administrator, says E&Y will start making management presentations shortly and will then open the data room to shortlisted parties. "We hope to enter contractual discussions by a bidder by September and close the deal by Oct. 31," he says.

So far four parties have expressed an interest in BVAG, says Bailey, adding no deadline has been set for when potential suitors need contact E&Y.

In early 2002 TXU Europe paid EUR439 million for a majority stake in BVAG, a utility that supplies 210,000 households and commercial customers with electricity, gas, heating and water around the City of Braunschweig, and E&Y expects to achieve close to this amount through the upcoming sale. "We believe our recent sale of TXU's Stadtwerke Kiel set a new benchmark for what these municipal utilities are worth," says Bailey.

If TXU does not receive a high enough cash offer for BVAG,

E&Y will opt not to sell. "This is a stable business with strong cashflows. We are not interested in low balling," says Bailey.

The City of Braunschweig owns the remaining 25.1% stake in BVAG. It is unlikely to buy TXU's stake, says Bailey.

On April 30, Mannheim, Germany-based **MVV Energie**, acquired TXU's 51% in Stadtwerke Kiel. The financial terms were not disclosed.

UBS Hires Distressed Debt Trader

UBS has bolstered its London-based distressed debt desk with the appointment of **Dennis Buckley**, formerly at **Banca Antoniana Popolare Veneta** in London, as a director focusing on sourcing underperforming bank paper in the secondary loan market. He joined June 4 and reports to **Martin Teevan**, head of UBS' European distressed debt and special situations group. Buckley declined to comment.

Market watchers say the appointment reflects UBS's desire to join the leading U.S. investment banks, such as **Goldman Sachs**, **Morgan Stanley** and **Bank of America**, in taking proprietary positions in and trading around distressed companies. "A lot of money has been made in U.K.'s power generation sector, and UBS is looking to join the party," says one project financier.

Buckley was formerly a credit manager at Banca Antoniana where he was responsible for resolving problem loan and trade finance situations. He has most recently acted as an independent distressed debt trader, says **Emma Piggott**, a UBS spokeswoman in London.

Banks Prep Fred Olsen Financing

Bank of Tokyo-Mitsubishi has joined **HSBC** as a lead arranger on a roughly GBP70 million (\$130 million) lease-back deal to fund the construction of two Scottish onshore wind farms for Norwegian developer **Fred Olsen Renewables**.

Market watchers say the two banks hope to seal off-balance sheet financing for the 50 MW Cairn Uish project on Speyside and 50 MW Paul's Hill in Morayshire in either late June or July and will then launch syndication. The aim is to bring in at least two more banks into the deal.

The lease-back financing marks at least the second time that BOTM has helped finance the rollout of Fred Olsen's renewable program in the U.K. Last summer BOTM arranged a GBP46 million loan funding the construction of a 50 MW onshore wind farm in southeast Scotland (PFR, 5/6/03).

HSBC is thought to have won the latest mandate because it has a profitable enough U.K. operation to exploit the tax benefits of a lease-back transaction (PFR, 4/26).

Corporate Strategies

Great Plains Takes Down Leverage With Equity, Converts

Great Plains Energy is looking to take leverage down to around 50% via \$275 million in stock and convertible bond offerings that priced last week. Todd Kobayashi, an investor relations official, says the common stock injection should take the debt-to-capitalization ratio down from 59% to 54%. The Kansas City, Mo., player is also expecting the credit rating agencies to give around 60% of the proceeds from the convertibles issue an equity-like treatment. This will take the leverage down to the low 50s, he adds.

Five million shares of common stock were priced at \$30 per share and six million mandatory convertible securities, or FELINE PRIDES, were priced at \$25 each. The converts carry a coupon of 8%. Merrill Lynch is sole book running manager for both offerings and Morgan Stanley is a joint lead manager for the stock offering.

Part of the proceeds have been earmarked to take out \$150 million of 8.3% coupon trust preferred securities at Great Plains utility Kansas City Power & Light. Kobayashi explains that while the coupon is lower with the new debt, it is also structured more favorably for the company, as it is divided into 4.25% debt and 3.75% is treated as a dividend. This

makes the deal accretive to earnings per share.

The balance of the proceeds may be used to reduce short-term debt at the parent or at Kansas City Power & Light. The deals are expected to close today.

Allegheny Utility Seen Retiring Debt

Allegheny Energy subsidiary Monongahela Power intends to retire a \$53.7 million, 364-day bridge loan due to mature September with some of proceeds of a \$120 million first-mortgage bond offering executed earlier this month, according to analysts tracking the deal.

The utility could use the balance of the 6.7%, 10-year issue to retire additional high-coupon debt at better rates, some of which is maturing within two or three years, says Ellen Lapson, an analyst at Fitch Ratings. Fitch rated the issue triple B.

Monongahela, a vertically integrated utility serving West Virginia, has recently been hit by several units breaking down at two of its power plants, notes Standard & Poor's analyst Tobias Hsieh, although he says he does not know if Monongahela will use the remaining cash from the bond offering to address these problems. Mike Grandillo, an Allegheny spokesman, declined comment.

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APRIL 4, 2004

BANK-OWNED GENCO EYES GBP2 BILLION LOAN FOR ACQUISITION PUSH

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

Market watchers say Royal Bank of Scotland is leading the financing effort and that it is offering GBP500 million lead arranger underwriting tickets to both CGE affiliated banks and those outside the group. CGE has also begun courting investors for equity and mezzanine debt

TIMES ONLINE

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APRIL 7, 2004

CGE turns to cash for its power plant spree

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

The move is a change in strategy for the group, which has been trying to buy power stations by offering the station's creditors debt in CGE in return for their existing debt.

The cash injection is expected to...

Weekly Recap

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

Asia

- **Tengaga Nasional**, Malaysia's largest power producer, may sell Islamic bonds next year to reduce debt that leaves it vulnerable to currency fluctuations. Tenaga also sold 12 million shares in **YTL Power**, as part of plans to raise some \$1.1 billion (*Bloomberg*, 6/9).
- Thailand's state-owned power utility, the **Electricity Generating Authority of Thailand**, has scrapped a plan to buy power from a 700 MW plant that its generation unit proposed to build, halting the \$190 million project (*Bloomberg*, 6/10).
- Myanmar is planning to build a \$3 billion liquefied natural gas plant on its west coast with **Daewoo International**, the main stockholder in gas fields in Myanmar. Construction of the plant, which will handle 3.5 million tons of gas per year, will begin in 2005, and potential investors include **Gail India**, **Korea Gas Corp.** and India's **Oil & Natural Gas Corp** (*Bloomberg*, 6/10).

Europe & Middle East

- **RWE** has agreed to intensify cooperation with **RAG**, a coal and chemicals company in which it owns a stake, in a long-awaited move to secure access to new power generation capacity in Germany. RWE has secured a stake, not to exceed 25.1%, with RAG's IPP arm **STEAG** (*Wall Street Journal*, 6/7).
- **Terna**, Italy's power grid owner and a unit of **Enel**, has no concrete plans to expand outside its domestic borders beyond the two Brazilian power systems it operates. Instead, it will upgrade the Italian power grid with the proceeds of its upcoming initial stock offering (*Bloomberg*, 6/7).
- **British Energy** has hired **Roy Anderson**, president of **PSEG Nuclear**, as its chief nuclear officer, where he will be responsible for the operation of the company's eight U.K. nuclear power plants. **David Gilchrist**, managing director of BE's generation fleet, becomes technical director (*Financial Times*, 6/8).
- **Centrica**, the U.K.'s largest utility, has agreed to pay GBP142 million in cash to acquire the Killingholme B gas-fired power station in a bid to secure its winter supply needs. After months of negotiations, Centrica agreed to buy out the creditors that own the plant. The purchase means Centrica

subsidiary **British Gas** can meet 43% of its peak domestic demand for electricity in 2005, up from 32% previously (*The Times*, 6/9)

- Legal proceedings will begin this month in London to force three British former **Greenwich NatWest** bankers to stand trial in Houston on wire fraud charges related a deal with **Enron**. **Gary Mulgrew**, **Giles Darby** and **David Birmingham** allegedly cheated their former employer out of \$7.3 million in the deal (*Houston Chronicle*, 6/10).
- **Edison SpA**, Italy's second-largest power company, hopes to resume paying a dividend by 2008 after it increases installed electricity capacity by a third. The company is controlled by **Electricité de France** (*Bloomberg*, 6/10).
- Italy's energy regulator opened an investigation into four straight days of price increases on the country's power exchange to determine whether the increases are caused by market manipulation (*Bloomberg*, 6/10).

Latin America

- Argentina has launched a tender process for the construction of 500 miles worth of new gas pipelines, a series of projects that will add six million cubic meters daily to the country's gas transport capacity by July of next year. The pipelines will cost \$400 million and will be paid for mainly by Argentina's two gas transporters, **Transportadora de Gas del Sur** and **Transportadora de Gas del Norte** (*Dow Jones*, 6/4).

U.S. & Canada

- Belgium's **Arcelor** is considering building a power plant at its Sidmar mill near the Belgian city of Ghent. The plant would have a 300 MW capacity to meet Sidmar's energy needs of 1.5 billion KWh per year, said Sidmar spokesman **Paul Verstraeten**. "We are in the early stages of this plan," he said. Feasibility studies are being carried out and are scheduled to be finished after the summer (*Dow Jones*, 6/6).
- **Exelon Corp.**, parent of Chicago's **Edison Co.**, is negotiating with consumer groups, government officials and industrial customers to determine how electricity will be procured and priced after deregulation takes effect in 2.5 years,

in light of concerns that Exelon might exert too much market pressure (*Chicago Tribune*, 6/4).

- The trial date for the first of the cases against ex-**Enron** officials was postponed for two months. U.S. District Judge **Ewing Werlein** hadn't realized how long the trial of the six defendants could take and has a vacation planned in July. The fraud charges against the two former mid-level Enron executives and four ex-**Merrill Lynch** bankers stem from a 1999 deal to sell electricity-generating barges off the coast of Nigeria (*Houston Chronicle*, 6/8).

- **CenterPoint Energy** plans to sell up to \$1 billion in common stock, preferred stock and senior debentures. The energy distribution company has filed a shelf registration with the **Securities and Exchange Commission** (*AP*, 6/7).

- **Calpine** has begun generating at its Rocky Mountain Energy Center. The 600 MW, \$300 million natural gas-fired power plant, northeast of Denver, sells power to **Public Service Co. of Colorado** under a 10-year contract (*Dow Jones*, 6/4).

- **John Olson**, the research analyst known for annoying **Enron's** senior management, has formed a small hedge fund, **2003 Houston Energy Partners**. The ex-**Merrill Lynch** analyst irritated Enron management with stock recommendations that cast doubt on its rosy predictions. Enron intimated its lucrative investment banking business might dry up for Merrill because of Olson, leading the bank to fire him in 1998 (*Reuters*, 6/4).

- **Enron** CEO **Stephen Cooper** said every Enron creditor benefited from the company choosing a reorganization bankruptcy rather than a straight liquidation. Creditors were saved about \$1.25 billion by following the reorganization path, Cooper testified during a court hearing to consider the company's plan of reorganization (*Houston Chronicle*, 6/9).

- A unit of **Hawaiian Electric Industries** expects to record a \$24 million charge in the second quarter as a result of a ruling

by a Hawaiian tax court. In a **Securities and Exchange Commission** filing the utility holding company said its **ASB Realty Corp.** unit plans to appeal the decision by the Hawaii Tax Appeals Court. The unit is organized as a real estate investment trust, which has effectively reduced the taxes that another Hawaiian Electric unit has paid the state by \$21 million (*Dow Jones*, 6/8).

- The wife of ex-**Enron** CFO **Andrew Fastow** has been ordered to report to a federal prison next month to serve her year-long sentence for helping her husband hide ill-gotten income. **Lea Fastow's** lawyers had asked the judge in her case to recommend she be placed at a federal minimum security prison camp for women. But the judge rejected the request and did not recommend a specific institution to **Federal Bureau of Prisons** (*AP*, 6/8).

- Ohio regulators have ordered **FirstEnergy Corp.** to seek bids from power providers to use in setting electricity rates beginning Jan. 1, 2006. Bids must be submitted by Dec. 1 (*Bloomberg*, 6/9).

- **Sempra Energy's San Diego Gas & Electric Co.** utility has won state approval for \$600 million in power plant acquisitions and long-term power supplies. The plan will allow San Diego Gas & Electric to purchase an under-construction 550 MW plant from its parent as well as a 10-year, 570 MW contract with a **Calpine Corp.** plant also under construction (*Bloomberg*, 6/9).

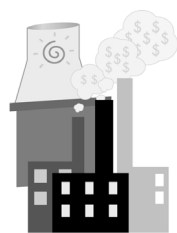
- **Entergy Corp.** plans to file a rate increase request in Texas after regulators rejected a plan to allow the company to participate in the two-year-old competitive power market in most of the state (*Bloomberg*, 6/9).

- **Alliant Energy's** Iowa utility was granted a 10.9% interim rate increase to boost annual revenue by \$98.2 million. Alliant's **Interstate Power & Light Co.** had asked regulators for a \$105.6 million annual increase (*Bloomberg*, 6/10).

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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 Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Lexicon	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Lexicon	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant has passed up option to purchase portfolio.
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Separate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhillips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Banks Looking To Divest Ownership.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Hot Spring Energy Facility	Ark.	620	Gas	CSFB	Has agreed sale with MatlinPatterson.
	Murray Energy	Ga.	1,240	Gas		
	Sandersville Energy	Ga.	640	Gas		
	Marshall Energy	Kty.	640	Gas/oil		
	Hinds Energy Facility	Miss.	520	Gas		
	Southaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas		
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
Dynergy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing.
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso North America (Merchant assets)	Bayonne	N.J.	186	Gas		Final bids due.
	Berkshire	Mass.	261 (56.41%)	Gas		
	Camden	N.J.	149	Gas		
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Milford	Conn.	540 (45%)	Gas		
	Newark Bay	N.J.	147	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Set to sell majority of QF portfolio to AIG.
	Prime	N.J.	66 (50%)	Gas		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Has received initial non-binding bids.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philippines	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%)	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		
	Otahuhu A	N.Z.	45 (51%)	Gas		
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
	Wairekei	N.Z.	165 (51%)	Steam		
	Paiton	Indonesia	1,230 (40%)	Coal		
	Tri Energy	Thailand	700 (25%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	ArcLight is set to acquire Entergy's 50% stake. Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	E&Y (Administrator)	El Paso placed plant in administration.
HSBC-led creditor group InterGen	Attala	Miss.	526	Gas	HSBC	Ongoing.
	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Killingholme Power	Killingholme B	U.K.	800	Gas	N/A	Banks looking to divest ownership.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind	N/A	Sent out RFP in April.
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Looking to select bidder by June.
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Ongoing.
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Gila River Power Station	Ariz.	2,300	Gas	N/A	Considering exiting the merchant energy business.
	Odessa Power Station	Texas	1,000	Gas		
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Union Power Station	Ark.	2,200	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America United Utilities	Chehalis	Wash.	520	Gas	N/A RBC Capital Markets	Looking to sell or swap. Set to launch sale in May.
	Landfill Generation Portfolio	U.K.	50 MW	Landfill		

Financing Record (JUNE 3 - JUNE 10)

Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Coupon (%)	Type of Security	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
6/3/04	6/21/07	Elsam	366.6	99.854	Floats	FRNs	-	NR	A-	Barclays/Den Danske/Morgan Stanley
6/3/04	6/21/11	Elsam	611	99.941	4.625	Fixed	-	NR	A-	Barclays/Den Danske/Morgan Stanley
6/4/04	6/15/12	Ferrellgas Partners	50	100	8.057	Senior Notes	335	B2	B	CSFB
6/4/04	6/16/11	Slovenske Elektrarne	245.3	99.853	5.625	Fxd/Straight Bd	-	NR	NR	Citi/ING
6/8/04	6/15/10	Pemex Project Funding Master	1,500.00	Market	Floats	Float Rate Nts	-	Baa1	BBB-	Lehman/HSBC
6/9/04	6/22/07	Swift Energy	150	100	7.625	Senior Notes	314	B1	BB-	CSFB

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
6/4/04	6/4/04	National Power	CSFB	Philippines	First Generation Holdings	-	Philippines	1.5
6/4/04	-	Oklunion Power Station	-	U.S.	City of Brownsville, Texas	-	U.S.	42.75
6/5/04	-	Aban Power	-	India	Genting Power	-	India	10.431
6/7/04	6/7/04	Allarluz	-	Spain	Investor Group	-	Spain	-
6/8/04	-	Kalansa Energy	-	Malaysia	TAP Resources	Alliance Merchant Bank	Malaysia	1.492
6/8/04	-	Killingholme Power	KPMG Corporate Finance	U.K.	Centrica	-	U.K.	260.669

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

HYDRO-QUÉBEC

(continued from page 1)

says Hydro-Québec hasn't given a reason for the divestiture, but he characterizes its likely thinking as, "We're a French-Canadian company. What are we doing getting caught up in New York politics?"

Calls to Hydro-Quebec official **Pierre a la Rae** were not returned. The auction is being run by officials in Montréal, says one observer, who adds there doesn't seem to be an investment bank involved in the process. Hydro-Québec had asked potential suitors to file letters of interest by the first week of June. A timeline for the sale could not be determined.

The value of the **Cross-Sound Cable Co.** is even more difficult to determine than most T&D assets because of its checkered history, say financiers. If the political wrangling can be resolved, and Connecticut allows the cable to be fired up permanently, the Cross Sound Cable would become an attractive proposition. Debt levels could not be determined.

Kirk Edelman, an industry consultant and ex-cfo of **TRANSlink Transmission**, says a live cable when coupled with the other projects would provide a strong footprint for any acquirer. "TransÉnergie as a company could be a great investment for someone looking to get into the transmission

space," he reflects.

However, there is a risk that the Long Island underwater cable, which was completed in 2002, will remain un-operable as its embroiled in state politics. The link initially operated under an emergency order issued by Energy Secretary **Spencer Abraham** from August 2003 though May 2004 which overrode the objections of Connecticut. But it is now idle again. Connecticut has consistently objected to use of the cable because of what it says are permitting issues.

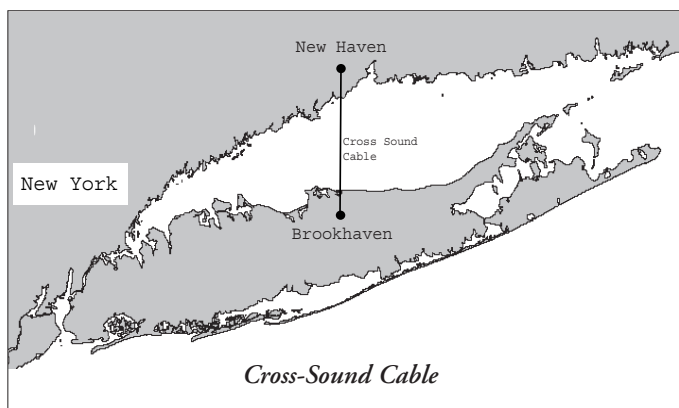
Since the cable was shut down this spring, a host of prominent New York politicians including Sen. **Hillary Clinton** (NY-D) and Gov. **George**

Pataki have become embroiled in the dispute. Clinton recently introduced a federal bill to get the cable switched back on.

The other assets in the sale are some way from completion, says one observer, noting they are still mostly at the permitting stage. They include the Harbor Cable project linking Linden, N.J., to Queens, N.Y.; the Lake Erie Link transmission project; and the New Jersey Cable Project connecting the transmission grids of New Jersey and Long Island.

One official says Hydro-Québec's other concentration of transmission assets outside of Canada, held by Brisbane-based **TransÉnergie Australia**, do not form part of the sale.

—*Peter Thompson*



CARGILL BUILDS

(continued from page 1)

Geneva, it's a logical next step, he argues.

Cinergy traders **David Thomas**, **Rob Mackenzie** and **John O'Dwyer** signed with Cargill earlier this month but had yet to take up their positions last week. All three traders previously worked together at **Midlands Electricity** before joining Cinergy. None could be reached for comment and **Tim Turney**, director of business development at Cargill in Geneva, declined comment.

Minneapolis-based Cargill focuses primarily on trading agricultural foodstuffs and other soft products but it began building a small European power and gas trading and origination team in Geneva in 2000.

The new team will trade U.K. gas and power on a proprietary basis and hedge energy risk for Cargill and its clients, says Derosa.

Earlier this year Cinergy announced it was looking to exit the U.K. generation and energy trading business.

—Will Ainger

AMERICAN TRANSMISSION

(continued from page 1)

addition to debt financing, Doyle says ATC's current owners will likely provide additional equity funding for those near-term investments, so there is no imminent need to seek out fresh sources of equity. The company, which operates 8,900 miles of transmission, is owned by **Wisconsin Electric Co.**, **Alliant Energy**, **Wisconsin Public Service Co.**, **Madison Gas & Electric Co.** and **Wisconsin Public Power Co.**

ATC is looking to spend \$260 million this year, according to a recent research report from **Fitch Ratings**. Through 2012, the plan is to spend \$2.8 billion on capital expenditures, the report adds. The agency recently revised ATC's senior unsecured A debt rating to positive from stable, reflecting a **Federal Energy Regulatory Commission** ruling which will allow it to include more construction related costs in its rate base.

Aside from owner equity, ATC has funded itself through the private placement debt market in part because of the flexibility in structure this allows (PFR, 8/20). Doyle says for the moment that will likely be the route, but "We're always looking at where there is a demand for capital investment and which market gives us the best spread."

One of the larger ATC projects underway is the \$420 million Arrowhead Weston project which will ultimately link Duluth, Minn., to Wausau, Wis. The company expects to obtain the necessary permits this year to begin construction

on the Wisconsin portion of the line in early 2005. Building on the Minnesota portion began in February.

—P.T.

BANKS JETTISON

(continued from page 1)

funds. Officials at Abbey, BL and Lloyds declined comment. Calls to the other firms were not returned.

The flurry of selling activity is surprising, given that Teesside paper is still trading well below face value and the CGE banks will have had to take significant haircuts on their original investments. "I can understand banks selling Drax and Damhead, which have recovered close to par, but Teesside is still struggling," says one official.

Late last week Teesside Power paper due 2008 had indicative pricing of 77/79. It was trading in the 40s early last year.

Bankers' willingness to divest positions in Teesside may reflect a desire to extricate themselves from a complicated credit that offers uncertain returns. The 1.8 GW gas-fired power station in northeast England has claims against former owner **Enron** and offtaker **British Energy**, and is also likely to be foreclosed on by its creditors within the next few months.

—W.A.

Calendar

Euromoney Energy Events and the **American Council On Renewable Energy** will hold their first "Renewable Energy Finance Forum: Wall Street," on June 23-24 at the Metropolitan Club in New York City. Speakers from the financial community will include executives from **TCW**, **Fortis Bank**, **ArcLight Capital** and **Marathon Capital**. For additional information, go to www.euromoneyenergy.com

Quote Of The Week

"This is a stable business with strong cashflows. We are not interested in low balling."—**Roy Bailey**, administrator with **Ernst & Young**, commenting on the pending auction of **TXU Europe's** utility business in Germany (see story, page 4).

One Year Ago In Power Finance & Risk

Aquila launched the sale of a portfolio of 13 fully contracted cogeneration plants to raise cash to bolster liquidity. The portfolio included 1,490 MW of generation capacity. [**ArcLight Capital Partners** bought Aquila's interests in 12 of the qualifying facilities for \$301 million, and financed the acquisition with a \$196 million B loan (PFR, 1/19). **Rockland Capital Investment Partners** acquired Aquila's 50% interest in the 66 MW Prime power plant in Elmwood, N.J. (PFR, 11/15).]