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Reliant Plans Equity Offering

Reliant Energy COO **David McClanahan**, told delegates at **Banc of America Securities**' Energy and Power Conference in New York last week that the company is considering issuing up to $600 million in equity within the next six to 12 months.

For this story and full conference coverage, turn to page 5

AQUILA MAKES TRADING U-TURN, AS SKITTISHNESS HITS EUROPEAN MARKET

U.S. energy concern Aquila has made a U-turn over plans to shut down its European trading business. Aquila traders told counterparties Thursday morning that it remains committed to the European energy market just two days after an Aquila spokeswoman told *PFR* that its London-based trading operations were set to be unwound in an orderly fashion.

However, according to a directive relayed to the London office Wednesday afternoon,

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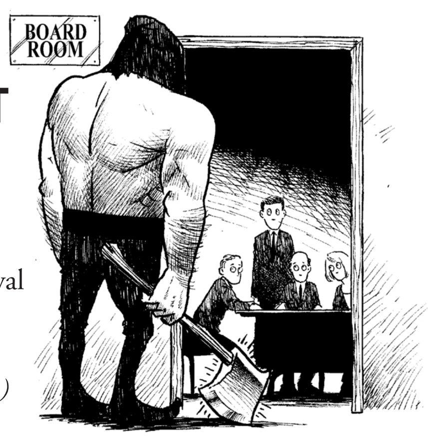
RELIANT EYES SINGLE PROJECT LOAN TO TAKE OUT ORION MINI-PERMS

Reliant Resources is considering combining two maturing non-recourse loans totaling $1.93 billion in a new project finance facility, thereby ditching existing plans to refinance at the corporate level. Until now the Houston-based independent power player has been aiming for a corporate-level refinancing of the $1.2 billion Orion Power Midwest project loan, which matures in October, and the $730 million Orion Power New York facility that matures two months later (PFR, 4/29). The rationale was that it could tap into cheaper

(continued on page 11)

<ins>**Another One Bites The Dust**</ins>

POWER CO. EXECS FEEL THE HEAT AMID PLUNGING SHARE PRICES



In November **Rob Doty**, cfo at **Dynegy** in Houston, was poised to take on an even bigger role as his company plotted an audacious takeover of its troubled crosstown rival **Enron**. Last Wednesday Doty became the latest high-level power company executive to lose his job in a week that

(continued on page 11)

BofA REPORTEDLY READIES POWER TRADING; HIRES ENRON QUARTET

Bank of America is reportedly planning to establish an electricity derivatives trading desk in New York and has landed four former Enron traders to staff the operation. The quartet consists of **Rogers Herndon**, who heads the team, **Gautam Gupta**, **John Suarez** and **Paul Broderick**, according to market officials. **David Mooney,** global head of commodities, referred calls to BofA's media relations department. **Jeff Hershberger**, a spokesman in

(continued on page 12)

Weather Group Adds D.C. Lobbyist

The **Weather Risk Management Association** has hired a dedicated staffer to lobby for the industry on Capitol Hill. **Pete Rose**, newly hired director of government affairs, says a key part of his role is educating members of Congress about the existence of the weather risk industry and its economic importance. Rose, who has worked on the Hill for some 10 years, says the group will start to develop a lobbying focus on regulation in the fall.

Dynegy Seen Hiring ABN

Dynegy Europe is close to hiring **ABN AMRO** to advise on the possible divestiture of part of its U.K. gas storage business. M&A bankers in London say the energy trader has yet to officially appoint an advisor, but has begun discussing the mandate with the Dutch bank.

Alex Parsons, a spokesman for Dynegy in Richmond, U.K., says the energy merchant has not put any of its gas storage assets on the block, but is considering a number of unsolicited bids for Hornsea, the smaller of two large gas-storage units it bought last year from **BG Group**. Parsons declined comment on the sale process beyond saying Dynegy is presently "formalizing indicative bids from a number of parties". Repeated calls to **Peter Gaw**, an ABN banker in Houston who covers the Dynegy account, were not returned.

Hornsea is an underground salt cavern. The facility offers a more flexible delivery rate that Dynegy's other U.K. gas asset, Rough, and thus can better serve the market during periods of peak demand, note bankers. The two facilities are capable of storing a combined 111 billion cubic feet of natural gas. Dynegy paid $600 million for the assets last November.

AES Considers Equity Offering

Arlington, Va.-based AES is considering some form of equity offering as part of a plan to raise an additional $1 billion in cash by year-end 2003. Newly installed CEO **Paul Hanrahan** said during an investor conference call June 19 that in addition to asset sales, the company will consider issuing equity to meet the $1 billion target. A timetable or size has not been set, nor is there a definite commitment to issue equity. Hanrahan, who replaced longtime CEO **Dennis Bakke**, says the company's priority is to increase liquidity and achieve an investment-grade rating within three years.

The likelihood of AES issuing equity is strong, according to a research note from **Lehman Brothers**. "We believe selling additional assets that do not materially erode earnings power will be challenging and to that end we believe some form of equity will be necessary to accomplish the goal [of raising $1 billion," the note states.

Entergy-Koch Hires Nordic Trio

Entergy-Koch Trading has hired three traders to cover the U.S. energy marketer's first push into the Nordic power and weather market. **George Georgiou** and **Ola Rosengren** joined earlier this month from **TXU Europe** and **Electrabel**, respectively, to trade the Nordpool and **Martin Erikson**, a former **Enron** trader, also joined recently to trade Scandinavian weather derivatives. The Nordic market's reliance of hydro generation means it's important to trade weather alongside Nordic power, explains **Molly Rogers**, a new business development official at EKT in London.

EKT executed its first Nordpool trade earlier this month. It also trades the U.K., German, French and Benelux markets.

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Italian Utility Preps IPO To Fund Generation Projects

ASM Brescia, an Italian municipal utility, will make its initial public offering at the end of this month or early July with a roughly EUR500 million stock offering primarily to finance the expansion of its generation portfolio.

The company, based in Italy's industrial heartland just north of Milan, has hired **Mediobanca**, **IntesaBCI** and **UBS Warburg** to underwrite the offering. A banker involved in the transaction says the Brescia government, which wholly owns the utility, intends to float some 30% of the company.

The banker notes that ASM Brescia will use the bulk of the proceeds to add generation capacity so it can better hedge the needs of its growing supply business. Over the past few years its supply business has grown smartly through the purchase of stakes in two other regional utilities, **ASM Trentino** in southeast Italy, and **ASM Abruzzi**, near Rome.

ASM Brescia began building its generation portfolio last year through the purchase of a 15% stake in Elettrogen (5.4 GW), a portfolio of power plants that was sold by **Enel**. ASM Brescia formed a joint venture with Spanish utility **Endesa** to purchase the portfolio (PFR, 6/7/01). ASM Brescia presently has some 700 MW of generation capacity and is looking to grow this portfolio to 1,900 MW over the next eight years through the development of greenfield projects and the repowering of moth-balled facilities.

Duke Mezzanine Unit Eyes First Merchant Deals

Duke Capital Partners, the mezzanine financing unit of Charlotte, N.C.-based **Duke Energy**, is looking to make a foray into merchant power projects. **Gerald Stalun**, managing director of the power group, says the unit is looking at a number of merchant opportunities where plants have stalled in construction, or developers have held off construction, because traditional bank financing is no longer available. Anemic forward curves and increasing skittishness over credit quality have ensured a rough ride for the few merchant deals to hit the project finance market this year (PFR, 2/25).

Duke Capital, which was set up in 2000, is able to draw on the technical skills the wider Duke group possesses in-house, argues Stalun. That means it can make an assessment of development and construction risk that banks may not want to stomach. He adds that a key test it will deploy is whether ultimately the company would be comfortable with the risk if it was developing an asset itself.

The unit hasn't deployed mezzanine financing in the merchant plant arena so far because historically there hasn't been a demand for it in the U.S., says Stalun. "You've not seen a lot of mezzanine capital in the U.S. because there has not been a need for it," he explains, referring to the previously available ready access to public and debt financing.

Stalun, formerly co-head of **Bank of America**'s project finance group prior to joining Duke last year, says Duke Capital is operating on a four-five year plan with a commitment from the parent of $1 billion. So far, $300 million has been invested in power, oil and gas.

CMS Gets Loan Extension

Dearborn, Mich.-based **CMS Energy** has inked an extension until July 12 on a $450 million revolver that expired last Monday. A planned new 364-day facility stalled in syndication (PFR, 6/17) after CMS became entangled in the round-trip trading fiasco. **Barclays Capital**, **Bank One**, **Bank of America**, **Citibank**, **J.P. Morgan** and **Union Bank of California**, who are all in the original facility, agreed to the extension, says **John Barnett**, a CMS spokesman. He was unable to provide details on the terms. CMS wanted the extension to give it more time to renegotiate terms on the replacement facility.

Icelandic Power Co. Looks To Sign PPA With Alcoa

Landsvirkjun, Iceland's state-owned power utility, is in negotiations with Alcoa, the world's leading producer of aluminum, about buying electricity from a proposed 690 MW power project the utility plans to build in Egilsstadir, eastern Iceland. **Bjorn Stefansson**, project manager, says the company will meet with Alcoa for further discussions next month. Alcoa is looking to buy the entire 690 MW output from the Kárahnjukar project, he says, most likely through a 20-25 year power purchase agreement. Stefansson declined to comment on pricing. **Jake Siewert**, v.p. of global communications and public strategy at Alcoa, confirmed it is in talks with the company.

The utility has not yet chosen a bank to arrange financing for the project, says **Stefan Petursson**, treasurer at Landsvirkjun. He declined to name banks that are in the running.

The project was originally planned for a 2006 completion date (PFR, 7/23/01), but that has been pushed back to 2007 because discussions over the PPA with Alcoa have not been resolved. Stefansson says Landsvirkjun will not start to build the plant until an off-taker is found

Latin America

AES Seeks Extension On Brazil Debt

AES is looking to extend the maturity by a year of some $580 million of debt coming due in the third quarter at troubled Brazilian subsidiary **AES Eletropaulo**. **Barry Sharp**, cfo, says the Arlington, Va., IPP is looking to create a bridge facility to extend the maturity of $470 million of debt due August and $110 million of debt due the following month. He declined to discuss specific details of the refinancing.

According to Sharp, Eletropaulo's key problem has been the unfortunate timing of the debt maturity schedule. "Brazil was hit hard with the drought, the electricity rationing and political uncertainty, so this hasn't been a good time for debt to mature."

However, despite problems in the region Sharp maintains that Eletropaulo and other investments in Brazil are still providing positive cashflow to the beleaguered parent company. He says AES' investments in Brazil have brought in $63 million this year. "We originally expected cash flow to be around $85 million, but we realize that we just aren't going to get the investment return we originally thought we'd get."

Earlier this month **Scott Taylor**, an associate director at **Standard & Poor's** in New York, told *PFR* that AES was also in discussions with the **Inter-American Development Bank** to come up with a refinancing package for its Eletropaulo debt (PFR, 6/17).

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin**, Reporter, at (212) 224-3292 or email: alevin@iinews.com*

Sponsor	Project	Project Type	Size (MW)	Cost ($mil)	Country	Advisor/ Financier	Status	PFR Issue
ABB	Thermo Bahia	Gas-fired	187	205	Brazil	IDB/BofA	Launched $173M loan	3/4/02
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Has hired Citi to lead deal	2/11/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Compahnia Energetica de Pernambuco	Termopernambuco	Gas-fired	520	403.5	Brazil	IADB/BBVA/BNDES	Syndication due shortly	12/24/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pederneiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
EdF, Mitsubishi	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Is talking to potential co-arrangers.	5/13/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a $217M project loan	3/4/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Closing $340M in financing	3/4/02
El Paso	Macae	Gas-fired	400	700-800	Brazil	-	Refinancing with a project loan	3/11/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	IADB has offered assistance to relaunch the stalled project	6/17/02
Iberdrola, Banco de Brazil, Previ	Termo Pernambuco	Gas-fired	540	350	Brazil	IDB, BBVA	Expects to close syndication this month	6/17/02
InterGen	Carioba	Gas-fired	945	670	Brazil	-	Project delayed until Q1 of 2003	2/25/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a $300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	J.P. Morgan	Considering taking out a $100M loan to fund the acquisition	9/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
Union Fenosa	La Laguna II		450	-	Mexico	-	-	7/2/01
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank BOTM	Expects to bring plant on line by 2003	6/4/01

Banc Of America Securities' Conference

Banc of America Securities*' held its annual* Energy & Power Conference *at* The Palace Hotel *in New York on June 17-19. Some 200 executives, analysts and bankers from the utility, oil and gas sectors, attended. Reporter* ***Amanda Levin*** *filed the following stories:*

AEP Eyes PJM Gas Generation Foray

Eric van der Walde, executive v.p. at **AEP Energy Services**, said the unregulated trading and marketing subsidiary of **American Electric Power** is on the lookout to acquire natural gas-fired assets in the New Jersey, Pennsylvania and Maryland (PJM) power pool as part of a strategy to diversify its predominantly coal-fired portfolio which is based in the Midwest and Texas. Some 70% of AEP's 19,600 MW U.S. generation capacity consists of coal plants, 25% is gas-fired and the remaining 5% comes from nuclear and renewable power, he said.

"We plan to take advantage of the current low valuations in the marketplace and we are specifically focusing on the PJM power pool because it's where we see the most opportunity," van der Walde said.

Separately AEP is examining half a dozen generation assets in the U.K. that it would like to acquire, noted van der Walde, declining to eleborate. Its most recent acquisitions in the U.K. were two 2 GW coal-fired facilities, Fiddlers Ferrry and Ferry Bridge, that it acquired last December from **Edison Mission Energy**.

Mirant Close To Reaching $1.6B Asset Sale Goal

Mirant recently received competitive bids for $200-300 million of generation assets and will shortly reach its stated goal of divesting $1.6 billion of assets, according to **Marce Fuller**, president and ceo. The company has already divested $1.4 billion this year, she noted.

Fuller declined to reveal the assets its selling or name the suitors. However, bankers say Mirant has retained **Banc of America Securities** to shop four natural gas-fired facilities located in Florida, Georgia, Michigan and Wisconsin that have a combined capacity of 1,733 MW (PFR, 4/15). They also say Mirant is considering the sale of four plants in Massachusetts and has retained **Merrill Lynch** to advise on the Bay State auction. Calls to bankers were not immediately returned by press time.

Just a few months ago, Mirant signed an agreement to sell its 50% stake in Perryville, a 725 MW combined-cycle gas turbine greenfield power project in northern Louisiana, to **Cleco** for $67.5 million. It also agreed to sell **State Line Ventures**, a subsidiary that owns the 515 MW coal-fired State Line power plant in Hammond, Ind., to **Dominion** for $182 million. In early February Mirant completed the sale of its 44.8% stake in **Bewag**, a Berlin-based utility, for more than $1 billion to **Vattenfall**.

Mirant has some 14,000 MW of capacity in the U.S., with the bulk of the assets in California, New York and Maryland. Once the sales are completed, Mirant will have plants in the aforementioned states, as well as in Maine, Texas and Virginia.

Duke Looks Southeast For Assets, Pipeline

Duke Energy is actively looking to acquire natural gas-fired assets or a pipeline in the southeast region of the U.S. as part of the company's strategy to take advantage of low asset valuations in the energy sector, said **Richard Sherrill**, coo. "We have been looking to expand our southeast regional portfolio for some time because we believe it has the best prospects and it now seems to be the right time," Sherrill explained. Duke currently owns and operates seven gas-fired facilities in the region that have a combined capacity of 4,650 MW.

Reliant Plots Equity Issue To Lower Debt Ratio

Reliant Energy is "seriously" weighing up issuing up to $600 million in equity within the next six to 12 months to reduce its debt-to-total capital ratio from 75-80% to 55-60%, according to **David McClanahan**, president and coo. "We've been talking to banks and they say it will be well received in the market," he said, declining to elaborate on the details of the possible equity offering.

In the longer term the Texan energy concern hopes to further reduce its gearing by selling its Lone Star State generation portfolio. McClanahan noted Reliant Energy plans to divest of 14,000 MW of generation assets in Texas by 2004 and speculated that the assets might be valued at $3.5-4 billion, although this price tag would depend on the health of the ERCOT market.

According to McClanahan, **Reliant Resources**, its unregulated and partially floated affiliate, will have the option of purchasing the Texas assets once they are fully spun off, which is expected to occur shortly. He said that Reliant Resources has indicated it would like to acquire the assets, but that a firm agreement has not been set.

Sempra Looks To Expand In Mexico

Neal Schmale, executive v.p. and cfo of San Diego-based **Sempra Energy**, said the company is looking to develop a number of new generation projects in northern Mexico situated close to its Norte Baja Pipeline, as it believes this particular region of the country has good future growth prospects. He declined to discuss Sempra's specific expansion plans.

"We already have our foot in the door with the pipeline and we feel confident with the regulatory environment in Mexico. Also, it's in our own backyard. It's right next door so that makes us feel comfortable too," he said.

Sempra Energy Resources and **PG&E National Energy Group** are jointly in the process of building a $230 million, 215-mile pipeline, which spans from Blythe, Ariz., to the Mexican border (PFR, 3/11). Sempra is also building a $350 million, 600 MW natural gas-fired plant, dubbed Termoelectrica, at Mexicali on Mexico's Baja California peninsula (PFR, 6/3).

PSEG Plans Convertible Issue

Thomas O'Flynn, cfo of the **Public Service Enterprise Group**, said the Newark, N.J.-based energy holding company plans to issue a $500 million convertible preferred equity deal in the third quarter to help pay down short-term debt. The convertible offering will come from a $1.5 billion debt and equity shelf registration it filed in April with the **Securities and Exchange Commission**, he said.

O'Flynn declined to comment on whether any banks have been lined up for the offering or discuss the process for selecting firms. He also would not comment on how the remaining $1 billion from the shelf would be used.

Corporate Strategies

DTE Plans Equity Sale To Top Up Warchest

DTE Energy is set to tap the convertible and common stock market for some $350 million within the next few weeks to give it room to pursue expansion opportunities. **Scott Simons**, a spokesman in Detroit, says the offering will give DTE greater balance sheet flexibility to pursue its growth objective through buying or building energy assets. He adds the issuance, which is formally earmarked to take down short-term debt, is also in line with the objective of maintaining a solid investment-grade rating.

Salomon Smith Barney and **UBS Warburg** are the joint-lead managers for the offering, which will be made of $150 million in equity units and the remainder in common stock. The equity units will consist of a forward contract for common stock and a senior note of the company. The note is expected to have a term of approximately five years.

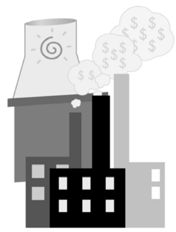
DTE is currently rated BBB plus with a stable outlook by **Fitch Ratings**. A recent research report from the rating agency notes there is some concern over the company's 55.5% leverage, which is primarily attributable to debt related to the 2001 merger with **MCN Energy**. The company has been active this year in paying down debt associated with the $3.9 billion MCN purchase, with a $200 million bond offering placed at the start of April (PFR, 4/8) and a $180 million trust preferred issue placed in January (PFR, 1/21). Fitch notes that on the flipside, the credit profile is bolstered by its regulated utility subsidiaries, **Detroit Edison** and **Michigan Consolidated Gas**.

Energy East Issues Notes To Help Fund N.Y. Acquisition

Albany, NY-based **Energy East** will use the proceeds from a $400 million offering of 10-year notes to repay the entire cash portion of its $1.4 billion pending acquisition of **RGS Energy Group**, the parent company of **Rochester Gas & Electric**. **Mona Yee**, an analyst at **Fitch Ratings** in New York, says the remainder of the acquisition was funded through a $300 million issuance of common shares and $700 million of debt. New York utility regulators approved the merger in February and the **Federal Energy Regulatory Commission** approved it last September.

Yee says that the bond offering was placed successfully and was oversubscribed. Commenting on Energy East in general, Yee says that the company is in a good position because it has a simple business profile and has not been impacted by the scandals weighing on much of the power industry. She adds Fitch rated the offering BBB because of Energy East's increased leverage due to the RGS Energy acquisition.

J.P. Morgan, **Morgan Stanley** and **UBS Warburg** led the deal. The Baa2/BBB rated notes offer 6.75% and were priced at 99.835 to yield 178 basis points over comparable Treasuries.



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
American Electric Power/ Central and Southwest Corp.	Northeastern units 3 & 4	Okla.	300	Coal	N/A	Reviewing sale strategies.
	Lon C. Hill	Texas	546	Gas		
	Nueces Bay	Texas	559	Gas		
	Ennis S. Joslin	Texas	249	Gas		
ADWEA	Um Al Nar	Abu Dhabi	1,100	Gas & Water Desalination	CSFB	Looking to sell plants in 2003.
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant by end of April
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Looking to sell plant this summer.
Central Hudson Gas & Electric	Syracuse	N.Y.	100	CHP	Navigant	Final bids due by late Nov.
	Beaver falls	N.Y.	100	CHP		
	Niagara falls	N.Y.	52	Coal		
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Expects to sell assets this summer
	Energetika Chropyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
CMS Energy	Loy Yang	Melbourne, Australia	2,000	Coal	Not chosen	Announced intention to sell.
	Ensenada	Argentina	128	Gas-fired	J.P. Morgan	
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
DPL	All plants	Ohio	3,500	N/A	Morgan Stanley	
Enel	Interpower	Italy	2,611	Various	CSFB, Lehman, Merrill	Having sold Elettrogen and Eurogen it will sell one more generation portfolio shortly.
Enron	Nowa Sarzyna	Poland	116		PwC (administrator)	Intention to sell.
	Sarlux	Italy	551			
	Trakya	Turkey	478			
	Chengdu Cogen	China	284			
	Northern Marianas	Guam	80			
	Bantagas	Philippines	110			
	Dabhol	India	2,184			
	Subic Bay	Philippines	116			
	Teesside	U.K.	1875			
	Wilton	U.K.	154			
IVO Energy	Brigg	U.K.	240	Gas	-	Looking to refocus in Nordic region.
	Grangemouth***	U.K.	130	Gas		
	Edenderry	Ireland	120	Peat		
Mirant	Canal	Mass.	1,109	Gas & Oil	Merrill Lynch	Part of $1.6B restructuring
	Kendall	Mass.	100	Gas & Oil		
	Martha's Vineyard	Mass.	12	Gas & Oil		
Niagara Mohawk Power	Nine Mile Point 1	N.Y.	1,614	Nuclear	N/A	Awaiting bids.
	Nine Mile Point 2	N.Y.	1,140	Nuclear	N/A	
NRG	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Loy Yang A	Australia	2,000 (25% stake)	Coal		

Continued

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	Hsinchu	Taiwan	400 (60% stake)	Gasfired	ABN AMRO	Awaiting bids.
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
	TermoRio	Brazil	1040 (50% sake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Boliva	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG/Xcel	CEEP	Poland	10 (10% stake)		Goldman	Awaiting bids.
	Csepel II	Hungary	389	Gas/Oil		
	ECK	Czech Republic	350 (44% stake)	Coal/Gas/Oil		
	Enfield	U.K.	380 (25%)	Gas-fired		
	Killingholme A	U.K.	680	Natural Gas		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Expects to sell Lennox and Lakeview shortly.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
	Mississagi River	Ontario	490	Hydro		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.
Polish Treasury	Elektroncieplownie Pozpnanskie	Poland		CHP	-	Bids due in June.
Reliant Resource	Argener	Argentina	160	CHP		
TXU	Lake Creek	Texas	323	Gas	Merrill Lynch	Reviewing sales strategy.
	Tradinghouse	Texas	1,340			
	River Crest	Texas	110			
	Mountain Creek	Texas	893			
	Parkdale	Texas	327			
	North Main	Texas	123			
	Monticello	Texas	1,900	Coal	Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
Wisconsin Energy	Bridgeport	Conn.	1,100 (combined)		CSFB	Has put up for sale following collaspe of NRG deal.
	New Haven	Conn.	1,100 (combined)			

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 & Australia

- The privatization of **Korea Power Engineering Co**.and **Korea Plant Service & Engineering Co.**, two units of **Korea Electric Power Corp**. (Kepco), has been put on ice as the government reassesses plans to restructure Kepco (*Dow Jones*, 6/17).

- Minerals explorer **Michelago** and **ANZ Investment Bank** have set up an AUD500 million wind project fund. ANZ already has 200 MW of wind generation assets in the South Australia, and Michelago has over 30 MW of development rights in the New South Wales and Victoria (*Reuters*, 6/17).

Europe & Middle East

- **Electricité de France**'s latest auction of generation rights saw subdued demand because of lower summer power consumption and recent curbs on power exports to Germany, according to traders. Prices in the fourth such auction slipped below over-the-counter wholesale prices for the first time and some 100 MW of base-load capacity was left unsold. In the auction EdF offered 983 MW of capacity for three months from July (*Reuters*, 6/17).

- **Electricité de France** has agreed to buy **SEEBOARD**, the south-east of England power supplier, for GBP1.39 billion ($2 billion). The seller, **American Electric Power**, bought SEEBOARD for GBP1.6 billion in 1996. The French state-owned electricity company, which has spent almost GBP6 billion on U.K. electricity acquisitions since 1998, said the purchase represented the final component of its U.K. strategy. SEEBOARD was advised by **ABN AMRO** and **Schroder Salomon Smith Barney**. **Deutsche Bank** and **BNP Paribas** advised EdF (*Financial Times*, 6/19).

Latin America

- Peru's government has agreed to sell two generators to Belgium's **Tractebel** for $167.4 million. The offer from Tractebel, the sole bidder in the public auction for **Egasa** and **Egesur**, was just above the $156 million base price set by the government. With the sale, Peru has raised more than $560 million through privatizations and concessions this year, well on its way towards a goal of up to $800 million, to be spent on infrastructure projects and plugging the budget deficit (*Reuters*, 6/16).

U.S. & Canada

• **Portland General Electric** told U.S. energy regulators that it may have unwittingly been used by **Enron** affiliate **Enron Power Marketing** to manipulate the California electricity market. In a filing with the **Federal Energy Regulatory Commission**, Portland General said it did not discover until last month a May 5, 2000 memo sent by Enron trader **Michael Driscoll** to Portland General traders and titled *Final Procedures for Death Star*. After reading the memo, Portland General told FERC it realized that it “may have been unknowingly involved” in Enron’s Death Star trading strategies. Enron used a series of complex deals to collect a special payment for easing congested demand on transmission lines when no extra power was put on the grid (*Reuters*, 6/17).

• The **Edison Electric Institute** expects to meet soon with **Securities and Exchange Commission** officials to discuss accounting and other issues related to recent turmoil in the power business. The meetings would be a departure for the group, which has met with the SEC in the past on matters associated with the agency’s regulation of holding companies, but not on general accounting issues (*Dow Jones*, 6/17).

• Thousands of creditors owed money by bankrupt **Pacific Gas and Electric** are getting their chance to determine the shape of California’s largest utility when it emerges from Chapter 11 bankruptcy protection. Creditors will spend the next eight weeks pondering two competing reorganization plans that both promise full payment of the utility’s $13.5 billion debt accrued during the state’s power crisis (*Associated Press*, 6/16).

• **TECO Energy** completed a public offering of 15.5 million common shares, including a 2.025 million block of over-allotment shares, raising $346 million in the process. The offering completes its anticipated equity-raising needs. Proceeds will be used to construct four power plants at **TECO Power Services** and relaunch a construction program at **Tampa Electric**. **Credit Suisse First Boston** and **UBS Warburg** were the joint lead managers for the offering (*Dow Jones*, 6/18).

• The **Long Island Power Authority** plans to add 200 MW of emergency generation capacity by early July because of possible shortages following the recent loss of two key transmission lines. LIPA will only use the standby generation if it is absolutely necessary to avoid rolling blackouts during hot spells. The state-owned utility is adding 10 portable **General Electric** combustion turbines (*Reuters*, 6/18).

• **General Electric** has agreed to acquire **Euro-Diesel**, a maker of power systems that protect customers from momentary power disturbances and extended outages, in a move to strengthen its power technology unit. The deal with the **Seghersgroup** is expected to close in the third quarter, with Euro-Diesel set to become part of **GE Digital Energy**. Terms of the deal were not disclosed (*Reuters*, 6/18).

• **Dennis Bakke**, ceo and co-founder of **AES**, has resigned and will be replaced by **Paul Hanrahan**, executive v.p. and coo. Hanrahan says his chief priority would be “the vigorous strengthening of the AES balance sheet, improving liquidity, reducing operating expenses, and resolving our significant issues in South America” (*Financial Times*, 6/19).

• **Dynegy** plans to cut about 7% of its work force and is weighing selling some $1 billion of assets in an effort to boost its finances. Dynegy could sell some of its natural-gas pipelines and gas storage facilities and is also looking at joint ventures or partnerships to raise cash. The Houston energy company also may eventually decide to split off its energy-trading business as well, but the company is presently focusing on tangible assets that could be more easily sold (*Wall Street Journal*, 6/19).

• **Enron** released an account of its still murky financial affairs showing the company, now six months into bankruptcy, is $9 billion in the black. Among its $51.8 billion in listed assets, however, is nearly $35 billion worth based on book values that predate the company’s Dec. 2 declaration of bankruptcy (*Houston Chronicle*, 6/18).

• Top **Enron** workers reaped $744 million in payments and stock in the year leading up to its bankruptcy filing, the company has disclosed. Representatives of former workers and shareholders responded angrily, accusing the 144 senior managers of essentially raiding Enron’s coffers while leaving their clients with relatively little (*Associated Press*, 6/18).

• **Sempra Energy Resources** is buying a 305 MW, coal-fired power plant in Texas for $120 million, the company. The 12-year-old plant, located about 100 miles east of Austin, will give Sempra a foothold in the state (*Associated Press*, 6/18).

POWER

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also saw **AES** co-founder and chief executive **Dennis Bakke** step down on the back of a precipitous fall in both companies' share prices.

Doty and Bakke join a growing list of recently ousted senior executives that includes **Chuck Watson**, chairman and ceo of Dynegy, **Tamela Pallas**, president and ceo of energy marketing at **CMS Energy** and **Joe Bob Perkins**, executive v.p. and group president of **Reliant Resources**.

The timing of the departures reflects the parlous state of corporate governance in the sector, argues **Samir Nangia**, electric utility analyst at **Credit Lyonnais Securities** in New York. "It's woefully inadequate," he comments, noting that several companies have waited until their share price has fallen to single digits before taking action. The industry is going through a transition from the regulated market, in which management had minimal control over future growth, to a deregulated environment in which managers pay for perceived failure with their jobs.

Other managers that could be looking over their shoulders are **Steve Malcolm**, chairman, president and ceo of **Williams Cos**., and **William A. Wise**, chairman, president and ceo of **El Paso**, according to another analyst. Williams has announced a series of asset sales and cost cutting measures aimed at strengthening its balance sheet and pulling its share price out of free fall. The stock was trading at $7.65 last week, versus its 52-week range of $7.10-36.04.

Similarly, El Paso's stock was trading at $21.85 last week, against a 52-week range of $19.29-57.34. The troubled company has also unveiled a restructuring and assets sales, including pulling the plug on its mezzanine lending unit (PFR, 6/10). Calls to Malcolm, who was out of the office Thursday, were referred to **Jim Gipson**, v.p.-communications in Tulsa, Okla. Gipson acknowledged that Williams has been affected by the malaise in the energy industry, but notes that unlike other players it was not involved in phantom round-trip power trading and has not been accused of questionable accounting standards. "We're in the same pot of stew as everyone else, but there are some good companies in the pot," he said, adding that he was unaware of any threat to Malcom's position. **Mel Scott**, a spokesman at El Paso, denied that Wise's position is under threat.

—Victor Kremer

RELIANT

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funding, but after getting caught up in the round-trip trading affair, bankers say project level funding would now likely secure better rates for the company. Calls to **Sandy Fruhman**, a Reliant spokeswoman, were not returned by press time.

The idea behind combining the two plant portfolios is to strengthen the financing profile. "It would be attractive paper," says one banker who holds some of the Orion debt. "New York is doing very well and all the excess is going to equity. So it would sort of reduce New York and improve [the] Midwest."

He adds the Midwest facility isn't as strong, and by combining the deals bankers would get more of the upside from the strong New York portfolio. Another banker explains that lenders are nervous and so a corporate facility might even require the pledging of assets. "Reliant wants it all at the corporate level. I think it would be very difficult to do that," he says.

No timeline has emerged, but one banker says the deal will have to get done over the summer because of the looming maturity of the $1.2 billion deal, which covers 2,614 MW of capacity in Pennsylvania and Ohio acquired by **Orion Power** from **Duquesne Light**. The New York facility covers the 1,855 MW Astoria generation bundle in New York City that Orion acquired from **Consolidated Edison** in August 1999, and 661 MW of hydro assets in central and upstate New York acquired from **Niagara Mohawk Power** in July 1999. Reliant acquired Orion in February.

Even before the round-trip issue emerged, some bankers were querying the ability of the Houston player to achieve stronger pricing through a corporate level refinancing.

—Peter Thompson

AQUILA

(continued from page 1)

Aquila remains committed to trading the U.S. and European gas, power, coal and weather markets, says **Mary Gallagher**, head of public relations in London. She says the firm will spend the summer looking for a trading partner. If it cannot find a partner, Aquila will continue to trade around its assets on a limited basis, she explains.

This contradicts a note **Ed Mills**, head of **Aquila Merchant Services**, sent to employees earlier last week. Following a round of job cuts Mills said, "For those not released today, we will need to, as carefully and responsibly as possible, put our beloved company to bed."

Gallagher says that earlier in the week she and her colleagues were led to believe that the whole trading operation would be closed and the vast majority of staffers let go. "What I told you before was in good faith...it just goes to prove what a fast moving situation this is," she notes.

Some 39% of Aquila's 111 London-based staffers will be let go immediately. This will include traders, but back office and ancillary functions, including the entire legal team, will account for the bulk of the layoffs, says Gallagher.

The head trader at a rival marketer in London said Thursday afternoon that he was unaware of Aquila's change of heart, but added it will make little difference. It's inconceivable that counterparties will want to trade with Aquila now, he noted.

Another trader adds that the near farcical situation at Aquila reflects skittishness in the European power market. Everyone's concerned about who will be next to close up shop, and "rumors are flying around left, right and center."

Indeed, the state of anxiety was underscored by **Entergy-Koch Trading** which decided to send out an e-mail to clients last week confirming its commitment to the market. **Molly Rogers**, a new business development official at the trading joint venture in London, says EKT sent the e-mail in part to ensure that the company "isn't placed in the same bucket as other less creditworthy trading shops." This was necessary because, despite EKT's strong A3 rating, some European counterparties tend to bunch all U.S. energy marketers together, she explains.

—Will Ainger

BofA

(continued from page 1)

New York, says BofA is not currently a participant in the power derivatives market and does not comment on future business plans. Herndon referred calls to Mooney.

The four were recipients of retention bonuses paid to key Enron staff to keep the company's trading operation afloat prior to its takeover by **UBS Warburg**, according to a market official in Houston. Aside from UBS, **Barclays Capital** has recently joined a growing number of financial institutions that are trading energy derivatives. Barclays also hired a team of former Enron traders in order to jump-start its activities.

—V. K.

Event

Acteva will hold a *Conference on Financing East-Central Europe Business* Oct. 30-31, at the Manhattan Conference Center in New York. For details call **Gordon Feller** at (1) 415 491 4233.

Quote Of The Week

"We're in the same pot of stew as everyone else, but there are some good companies in the pot."—**Jim Gipson**, *v.p.-communications at* ***Williams Co.s****, commenting on the tough times facing the power industry (see story, page 1).*

One Year Ago In Power Finance & Risk

Having agreed the sale of its Rugeley plant earlier that week to **International Power**, **TXU Europe** was looking to complete the sale of another U.K. coal-fired asset, West Burton, in short order. [TXU announced the sale of the 2,012 MW facility last November to **Electricité de France** for GBP366 million ($520 million).]

