

# power finance & risk

The exclusive source for power financing and trading news

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## CenterPoint Seen Closing In On Genco Sale

**CenterPoint Energy** is reportedly on the verge of selling its 81% stake in **Texas Genco** with private equity investors **MatlinPatterson** and **The Carlyle Group** heavily rumored to remain in the running.

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## EQUITABLE SEEN WINNING N.J. TIE UP

Pittsburgh-based **Equitable Resources** has reportedly won the auction for **NUI**, a Bedminster, N.J.-based gas utility and energy trader that put itself up for sale last fall (PFR, 10/6). **Equitable**, a natural gas supplier and distributor, is said to value **NUI** at around \$600 million, including the assumption of debt, according to one market watcher. This marks a sharp fall from earlier estimates of \$700 million. Repeated calls to **Equitable's** press office were not returned.

A host of suitors have been rumored to be interested in acquiring **NUI**, including **N.J. Resources**, **South Jersey Industries** and **KeySpan Corp.** (PFR, 4/5). **Macquarie**

*(continued on page 12)*

## INTERGEN PUTS GOLDEN STATE PEAKERS UP FOR SALE

Burlington, Mass.-based **InterGen** has put its two southern California power plants, **Larkspur Energy** and **Indigo Energy**, up for sale and has retained **Citibank** to advise on the process. Market watchers say **InterGen**, a joint venture between **Shell** and construction giant **Bechtel**, launched the sale process last month and already has received considerable interest, especially from financial buyers. One official says some 30 potential suitors have signed confidentiality agreements and are presently evaluating bids. **Sarah**

*(continued on page 12)*

## BEVY OF GENERATORS SET TO BID ON NEW YORK CITY POWER TENDER

A host of independent power producers, including **Calpine**, **Brascan**, **Constellation Energy**, **Besicorp**, **Zilkha Renewable Energy**, **Dynegy** and **PSEG Power** are poised to bid on an upcoming **New York Power Authority** tender for the long-term supply of 500 MW of additional generation capacity to power-constrained New York City. Bids are due late next month. **NYPA** spokesman **Michael Saltzman** declined to discuss details of the process.

The power supply mandate could also prompt a resurrection in the fortunes of

*(continued on page 11)*

## VETERAN DEVELOPER PREPS \$1B 600 MW COAL PLANT

**GenPower**, a Needham, Mass.-based outfit headed by industry veteran **Bob Place**, is looking to bag an offtake contract and financing for a 600 MW coal-fired plant in West Virginia. The developer is in the market seeking counterparties for the output, and **Place** says the aim is to get PPAs wrapped toward the end of the summer or early fall. Financing for the project should be completed early next year. **Place** declined to comment on the cost of the project, but a financier familiar with the deal says it will cost \$1 billion

*(continued on page 12)*

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time

### ABN Seen Adding BNP Trader

Gavin Tait, formerly head of gas trading at BNP Paribas in London, is reportedly set to join ABN AMRO in London in a similar position. Tait left BNP last month (PFR, 6/21), and is presently on gardening leave, says a market watcher. At ABN he will team up with former BNP commodity executives Wayne Harburn and Vincent Chevance who joined ABN in May to head up commodity trading and marketing, respectively. Officials at ABN declined comment.

### Iberdrola Readies U.K. Trading Push

Spanish utility giant Iberdrola is set to begin trading the U.K. power market later this month. Aitor Moso, head of power trading, says the Madrid-based company has already received regulatory approval to trade physical power and could start trading the U.K. power market within the next couple of weeks.

Iberdrola is already an active trader in France's wholesale power market and it is eyeing the U.K. market so it can exploit arbitrage opportunities offered by the interconnector between France and the U.K. Iberdrola will trade U.K. power from Madrid and it has no plans to establish a London trading presence, says Moto.

### CenterPoint Seen Close To Divesting Genco

CenterPoint Energy is reportedly on the verge of selling its 81% stake in Texas Genco with private equity investors MatlinPatterson and The Carlyle Group heavily rumored to remain in the running.

CenterPoint hired Citigroup over the winter to auction the roughly \$2.5 billion publicly listed company (PFR, 2/9). A Carlyle spokesperson declined comment and calls to MatlinPatterson were not returned. Floyd LeBlanc, CenterPoint spokesman, declined to comment on specific bidders or give a time frame for closing the deal. "When we've reached a conclusion, we'll make an announcement," he says.

Texas Genco is the second largest generator in U.S. with some 14,153 MW of capacity. It owns and operates 11 coal, lignite, natural gas and oil-fired power plants as well as a 30.8% interest in the South Texas Project nuclear station.

### Alliant Looks To Join Long-Dated Loan Club

Alliant Energy is pitching a five-year \$650 million loan refinancing that replaces a troika of expiring 364-day facilities. The loan, which was launched in Chicago last Wednesday, is one of the plethora of utility deals pushing out the maturity envelope, say financiers. Many borrowers are in better shape than 12-18 months ago and lenders have become much more interested in long-dated power paper.

The deal, which is for general corporate purposes, is split between a \$100 million tranche for Alliant Energy, \$300 million for Interstate Power & Light and \$200 million for Wisconsin Power & Light. Leads Wachovia and Barclays Capital are looking for commitments by July 21 and the financing should close July 27.

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**Institutional  
Investor NEWS**  
INTELLIGENCE FIRST

## EIF Eyes Debt To Refi Black River Purchase

**Energy Investors Funds Group** will finance its purchase of **Black River Energy** entirely with equity from the EIF U.S. Power Fund, says **Terence Darby**, managing partner in EIF's New York office, but is considering refinancing the acquisition with a debt offering in the fourth quarter. Specifics of the debt are still up in the air, says Darby, and EIF has yet to choose a bank for the issue. Darby declined to disclose the purchase price.

Black River's assets consist of the 50 MW Fort Drum coal and coke-fired power station in Watertown, N.Y., and Hamakua Energy, a 60 MW naphtha-fueled combined-cycle plant in Hawaii. Both plants, purchased from Charlotte, N.C. industrial concern **J.A. Jones**, include offtake agreements, which was a key factor in attracting EIF. "For us, one of the drivers is the contractual nature of the business," says Darby. Darby notes that EIF is still "synthesizing" potential plans for the expansion, sale or other use of the 155 acres of extra land on the Hawaiian site.

## Idaho Geothermal Developer Seeks Project Lender

**U.S. Geothermal**, a Boise, Idaho-based renewable energy developer, is seeking potential sources of project finance debt while it looks to finalize power purchase agreements for its first investment, the Raft River Geothermal Project, an abandoned 1980s project that was originally sponsored by the **Department of Energy**.

The 8-15 MW project will likely require \$20-25 million to begin construction, says **Daniel Kunz**, president. The company has been in talks with a couple of long-term lenders, but Kunz says it will seriously begin seeking interested parties once the PPAs are in place. These are expected to be inked by the end of this year. There is the potential for a 20-year contract with **Idaho Power**, a utility to which U.S. Geothermal has submitted a contract proposal, so one option for the company could be a 10-12 year term loan, says Kunz. The company has some cost advantages with the project, Kunz says, because the site is already highly developed.

U.S. Geothermal also has responded to an RFP from Portland, Ore.-based utility **PacifiCorp** and submitted an unsolicited proposal to another Northwest utility, **Bonneville Power Administration**, in addition to the Idaho Power bid, says Kunz. U.S. Geothermal could develop as much as 90 MW of power on the Raft River site, says Kunz, and there is potential to develop an estimated 15 MW per square mile across the

known geothermal resource area in the region. U.S. Geothermal hopes to acquire additional land resources for further plant development subsequent to the Raft River project.

Thus far, U.S. Geothermal has been funded with private investments and a \$2.5 million public equity offering, led by Toronto-based **Toll Cross Investments**, on the **Toronto Venture Exchange**. It is currently planning another \$2.5 million equity offering with **Dundee Securities Corp.** and plans on filing with the U.S. **Securities and Exchange Commission** this week to be listed on the OTC bulletin board.

## BofA Nat Gas Trader Joins Barclays

Natural gas trader **Damian Jee** joined **Barclays Capital** last week from **Bank of America**. Reached at Barclays in New York, Jee declined comment. Spokeswomen at BofA and Barclays did not return calls by press time.

Barclays has been ramping up its U.S. energy and power trading since last fall under the leadership of **Joe Gold**, managing director and former head of continental European power and gas trading in London. Barclays executed its first U.S. power contract in the U.S. late last month. It has also begun building a Latin American energy marketing effort (PFR, 6/7).

## Banks Look To Place Lone Star Wind Loan

Lead arrangers **ANZ Investment Bank** and **Dexia Credit Local** have started pitching a \$87.5 million Texas wind farm financing for joint sponsors **Shell WindEnergy** and a unit of **Mitsui & Co. (USA)**. One banker says given the small size of the Brazos deal, there won't be a formal bank meeting, rather they will conduct a series of one-on-one meetings with banks that have established relationships with the sponsors. Calls to **Shane Bush**, who heads the wind financing effort at ANZ, and **Gable Gao**, a banker at Dexia, were not returned.

One financier says the terms being floated before the meeting were a 10-year, fully amortizing loan supported by a sizeable equity slug: 53% against 47% debt. Those conservative terms partially reflect risks of a long-term offtake agreement with **TXU Portfolio Management Company**. TXU still has some reputational problems with European-owned project finance banks after it walked away from its European operations, say bankers. The margin is in the range of 175-200 basis points over LIBOR, according to one banker.

The 160 MW project, located in Borden and Scurry Counties, was commissioned last December and so can benefit from the production tax credits, a tax break that was ended at the end of last year.



## Pike Electric Shaves Spread On Acquisition Loan

**Pike Electric** has sliced back pricing on a \$300 million B loan that will fund the acquisition of a competitor. The deal, which saw significant oversubscription (PFR, 6/21), was floated at LIBOR plus 250 basis points but has been pared back to a 225 basis point margin, says bankers.

**Barclays Capital** and **J.P. Morgan** are leading the B loan financing as well as a \$70 million corporate revolver. The latter deal remains priced at LIBOR plus 250 basis points and both loans are set to wrap imminently.

The acquisition is sponsored by LBO shop **Lindsay Goldberg & Bessemer**, which acquired Pike two years ago. Pike, which is the largest electrical contractor in the Eastern U.S., is acquiring **Red Simpson**, an Alexandria, La.-headquartered player that is the largest power line contractor in the south central U.S.

## Canadian Wind Developer Preps Financing Options

Vancouver-based **Sea Breeze Power Corp.** is looking at financing options in advance of getting its first wind project, the Knob Hill wind farm on Vancouver Island, off the ground. The project is expected to complete its permitting requirements next month. Sea Breeze plans a secondary public equity offering to raise \$2-3 million subsequent to its permitting process, says **Paul Manson**, president, and while it is in discussions with banks, it has not settled on a financing partner to lead the stock sale. Sea Breeze is also open to private equity funding in place of or in addition to the public offering, he says.

Manson declined to give a precise cost of the Knob Hill project, but says the bill will likely run at round \$125 million per 100 MW of installed capacity. Knob Hill will be permitted to build up to 450 MW, although the final figure has yet to be determined.

The company hopes to begin construction of the project next year, and plans to tap the project finance debt market to finance the bulk of Knob Hill's costs.

"In that we have a number of projects in our pipeline, we would like to establish a long-term relationship," says Manson of how it will select banks to provide financing. The company is looking for the best possible pricing for a deal, but also hopes to form a strategic alliance with an entity that has an interest in renewables, he adds.

The Knob Hill project only represents 8% of the total land holdings on which Sea Breeze is planning to build wind generation and overall the company is looking at developing between 2,000 and 3,000 MW of capacity.

Power purchase agreements are a "missing piece of the puzzle"

right now for Sea Breeze, says Manson. The company has responded to RFPs for renewable energy from local and regional utilities in British Columbia, Alberta and Washington State.

Sea Breeze has also formed a venture with York Harbor, Maine-based **Boundless Energy** to run underwater transmission cables from Vancouver Island to Washington State. The finance details for that venture have yet to be determined, says Manson. Thus far, Sea Breeze has been financed primarily by individual investors although it is listed on the TSX, the venture exchange arm of the **Toronto Stock Exchange**.

## Ameren Set To Upsize Lending Capacity

St Louis-based **Ameren Corp.** is close to wrapping an enlarged corporate facility in the form of a \$500 million package split equally between a three-year and five-year loan. The deal replaces a 364-day \$235 million loan and a \$130 million three-year deal, both of which are set to expire this month. The new loan carries a 12.5 basis point undrawn fee and a fully drawn 62.5 basis point fee. Leads **J.P. Morgan** and **Barclays Capital** were set to close syndication last Thursday.

## CMS Launches \$700M Secured Bank Deal

**CMS Energy** and its Michigan utility operation **Consumers Energy** have launched a \$700 million three-year loan refinancing secured against first-mortgage bonds and company stock. One banker says the loan will replace a more expensive facility set up last year when CMS was grappling with liquidity and potential regulatory issues.

The first leg of the deal, led by **Bank One** and **Barclays Capital**, is a \$400 million tranche for Consumers Energy secured against first-mortgage bonds. This carries pricing of LIBOR plus 125 basis points and a 22.5 basis point commitment fee. The second part is a \$300 million loan for CMS secured against the stock of Consumers Energy and **CMS Enterprises** and is led by **Citigroup** and **Wachovia**. Pricing is LIBOR plus 275 basis points with a 50 basis point commitment fee. Details of the pricing on last year's facility could not be ascertained.

The turnaround in sentiment toward CMS has been driven by several factors including its ability to take down expensive debt. Its liquidity and access to the capital markets is viewed as much improved, says one banker. Also, CMS has switched its focus away from its non-regulated operations and toward its utility business. "It's gone back to basics in a sense," he reflects.

Commitments are due July 22 and the deal is set to close July 30.

## Corporate Strategies

### Appalachian Power Pockets Floater Funding

**Appalachian Power Co.** has tapped the floating-rate note market for \$125 million to take down short-term debt run up by a construction program and a debt redemption earlier this year. **Renee Hawkins**, managing director-corporate finance at parent **American Electric Power**, says the floating-rate route was chosen because AEP has a high proportion of fixed-rate liabilities, so the new paper will have a balancing effect on the debt portfolio.

The construction costs were primarily earmarked to meet environmental regulations covering Appalachian Power's predominantly coal-fired generation fleet. Hawkins says this year the capital expenditure tab will run to \$400 million. The new notes, which carry a spread over LIBOR of 33 basis points, also refinance \$45 million of 7 1/8% first-mortgage bonds due 2024. That paper was redeemed earlier this year, Hawkins notes, and Appalachian Power was waiting for the short-term debt to run up to a large enough level to warrant a new issue.

**Citigroup** and **UBS Warburg** led the offering and were selected on the basis of their strong capital market operations, according to Hawkins, who notes the company was particularly pleased with the relatively tight yield spread. "Pricing is at the tight end of the range," she adds.

Appalachian Power is active in the generation, transmission and the distribution of power to retail customers in Virginia and West Virginia and also provides wholesale power to other utilities and munis in Virginia, West Virginia, and Tennessee.

### Vectren Joins Rush To Lengthen Debt Profile

**Vectren Utility Holdings**, a subsidiary of **Vectren Corp.**, has replaced a 364-day revolver with a five-year facility, thereby joining the swath of utilities looking to extend debt tenors on the back of buoyant lender sentiment. The new \$350 million revolver replaces a \$346 million, 364-day revolver that was set to mature. "It's such a strong bank market now and more and more companies in the industry sector are able to obtain multi-year commitments," says **Robert Goocher**, treasurer and v.p. "We thought it would be helpful to maintain liquidity in the future. It provides us committed capacity for a multi-year period regardless of what goes on in the banking markets on an annual basis," explains Goocher.

Last month **Public Service Electric and Gas** also entered into a five-year \$600 million revolver with **J.P. Morgan** and

**Wachovia Securities**, replacing a combination of a three-year and 364-day revolver (PFR, 6/28).

**Bank One** was the lead arranger and administrative agent on the deal. "We were pleased with the reception and support of the strong banking group we had," says Goocher, adding the facility was oversubscribed. "We added three new banks to the syndicate this year." He declined to name the new banks, but said there are now 13 lenders in the syndicate.

The other banks in the syndicate are reportedly **Bank of New York**, **Bank of Montreal**, **Fifth Third Bank**, **Integra Bank**, **LaSalle Bank**, **National City Bank of Indiana**, **Old National Bank**, **Sumitomo Bank**, **Union Bank of California**, **Union Planters**, **US Bank** and **Wachovia Securities**.

### TransCanada Unit Opts For Quick Refi Ahead of Fed Hike

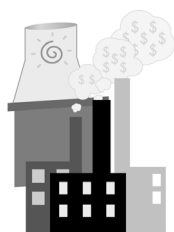
A unit of Canadian generator **TransCanada Power** tapped the U.S. bond market with a \$190 million fixed-rate senior note offering late last month to refinance floating-rate debt ahead of last week's widely anticipated rise in short-term U.S. interest rates. The U.S. Federal Reserve duly raised short term rates by 25 basis points to 1.5% last Wednesday.

The bond issue has partially refinanced a \$500 million, 365-day credit facility only taken out this April to finance the roll-down of power plants from Canadian utility **TransCanada** to its generation subsidiary **TransCanada Power**.

With the U.S. Federal Reserve widely expected to begin tightening monetary policy at last week's Federal Open Markets Committee meeting for the first time in four years, the refinancing, executed June 23, was a preemptive move to avoid higher borrowing costs. "It's a matter of being prudent and locking [lower interest rates] in," says **Debbie Stein**, manager of investor relations at **TransCanada**. She adds the company did not want to drag its heels and have to pay higher rates in the future. The 10-year notes, issued by **TransCanada's Curtis Palmer** unit, were offered at a coupon of 5.9%, and sold at a 125 basis point spread over comparable Treasury bonds. **Citigroup** and **Deutsche Bank** underwrote the offering.

**TransCanada** could look to refinance the remainder of the one-year facility through a Canadian dollar bond offering and the sale of equity units, says Stein. She declined to give a time frame or further specifics on the future financings.

The original financing was used to fund the \$402.6 million roll-down of the 300 MW natural ManChief gas-fired plant in Brush, Colo., and the 60 MW Curtis Palmer hydroelectric facilities in Corinth, N.Y., to **TransCanada Power**.



## 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](mailto: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.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhilips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has agreed sale to ScottishPower.
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		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
					J.P. Morgan	-
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		
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.
	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	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	Has agreed sale to Centrica.
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		
	Van Horn	Texas	41 (33%)	Wind	N/A	Sent out RFP in April.
	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	Looking to sell or swap.
	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.



## 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.*

### Europe & Middle East

- **National Grid Transco**, the U.K.'s transmission grid manager, has agreed to buy a portfolio of U.K. mobile phone transmission towers from **Crown Castle International** for \$2.04 billion. The purchase quadruples the market share of National Grid's mobile phone service unit, **Gridcom**, from 3% to 11% (*Bloomberg*, 6/28).
- Shares of Pennsylvania utility owner **PPL Corp.** rose for their biggest gain in 17 months after U.K. regulators recommended that the company's U.K. regulated wires distribution units be allowed to maintain or raise their rates (*Bloomberg*, 6/29).
- **ABN Amro** will offer electricity and natural gas trade-clearing at six European energy exchange to boost fees. The services will help institutional clients cut risk and improve transparency, the company said (*Bloomberg*, 6/30).
- Italy's second largest power company, **Edison**, is making final arrangements for the sale of the first tranche of a EUR1 billion package of bond sales. Italian newspapers reported the utility will sell EUR500 million in seven-year bonds within the next two weeks yielding 60-65 basis points over the euro swap curve (*Bloomberg*, 6/30).
- **Centrica**, the U.K.'s biggest gas and electricity utility, is set to return GBP1.5 billion (\$2.7 billion) to shareholders as a result of the GBP1.75 billion sale of the **Automobile Association** to private equity investors **CVC Capital Partners** and **Permira Advisers**. The energy group plans to pay a special dividend of GBP1 billion and launch a GBP500 million share buy-back over the 12 months following the acquisition. Analysts said the price paid for the AA was higher than expected and Centrica's shares rose almost 7% following the news. AA's profits have risen from GBP6 million in 1999 to GBP93 million last year as its membership has risen from 9.5 to 15 million (*FT.com*, 7/1).
- **Ofgem**, the U.K.'s energy watchdog, has rapped power grid operator **National Grid Transco** for mistakes that left nearly half a million people without power in Birmingham and London last summer. Ofgem ruled that procedural failings by the wires utility had caused the blackouts in August and

September. But National Grid Transco escaped a fine after Ofgem said it had not breached its legal obligations. A power failure in London on Aug. 28 brought chaos on rail lines and roads during rush-hour, with an estimated 250,000 people affected (*The Birmingham Evening Mail*, 6/26).

### Latin America

- **AES Corp.** has refinanced \$316 million in bank loans for its **Sul Distribuidora Gaucha de Energia** utility in southern Brazil, which has been in default since last August when it missed \$60 million in debt payments (*Bloomberg*, 6/28).

### U.S. & Canada

- The U.S. Department of Energy and **Great River Energy** are cooperating to test a new system that could dramatically reduce air emissions from certain coal-fired electric power plants while boosting overall generating capacity. The Lignite Fuel Enhancement System uses waste heat from the burning of coal to dry nearly a quarter of the moisture in the coal before it is fed into a power plant's boiler, which enhances the efficiency of the fuel and cuts greenhouse gas reductions. The Department of Energy is contributing \$11 million to fund the \$25.6 million project (*Waste News*, 6/28).
- **Northeast Utilities'** **Select Energy** unit has inked a wholesale power contract with **NSTAR**. Select Energy will supply NSTAR's **Boston Edison**, **Cambridge Electric** and **Commonwealth Electric** customers, and it expects more than \$225 million from the one-year agreement (*Dow Jones*, 6/28).
- **FPL Energy** plans to build a 106.5 MW wind farm near Weatherford, Okla., and has signed a 20-year power purchase agreement with **Public Service Company of Oklahoma**. The deal is contingent on Congress' approval of a reinstatement of wind production tax credits (*AP*, 6/28).
- An auction is being held for **CrossCountry Energy**, **Enron's** pipeline subsidiary, after a joint venture between **Southern Union Co.** and **GE Capital** trumped a bid by **NuCoastal**, a Houston-based syndicate led by **Oscar Wyatt**. Bids and counter bids have taken the offer price from \$2.2 billion to \$2.35 billion. There will now be a formal auction with written bids due Aug. 23 (*Houston Chronicle*, 6/25).

● Connecticut regulators have issued a draft decision allowing **Connecticut Light and Power Co.** to recover \$35.1 million related to its distribution and transmission rates. The decision stems from a petition to reconsider an earlier order by the **Connecticut Department of Public Utility Control** that approved \$72.1 million in increases, against a \$204.7 million request by CP&L (*Dow Jones*, 6/28).

● **TECO Energy** will miss a June 30 target date for a definitive transfer agreement covering its Union and Gila River power plants. The lenders who funded construction will be taking control of the assets and the company says it is on track to meet the actual transfer deadline of Sept. 30 (*Dow Jones*, 6/28).

● Two Democratic senators called on the **Commodity Futures Trading Commission** to assert more jurisdiction over energy markets to prevent manipulation of the kind attempted by bankrupt energy trader **Enron**. Sen. **Dianne Feinstein** of California and Sen. **Maria Cantwell** of Washington cited new audio tape evidence of conversations during the western power crisis in which Enron traders discussed ways to gouge California customers (*Reuters*, 6/28).

● **TXU Corp.** has repurchased 20 million shares at \$39.86 per share to offset up to 21.2 million shares of common stock that

will be issued under a \$1.1 billion equity-linked securities offering. The hybrid securities require the issuance of common stock in November this year, November next year and then in May 2006. The share repurchases are part of the company's plans to repurchase over \$4 billion of debt and equity this year (*AP*, 6/30).

● **KeySpan Corp.** has closed a five-year, \$640 million credit facility, replacing a \$450 million, 364-day facility that expires this month and enabling it to reduce the bank commitments in an existing three-year facility. The Brooklyn, New York City-based utility now has two credit facilities totaling \$1.3 billion (*Reuters*, 6/30).

● An acrimonious dispute between New York and Connecticut over the activation of the Cross Sound Cable has been resolved after energy and environmental officials in the two states reached an agreement in principle. The agreement reportedly would create a \$6 million research and restoration fund for Long Island Sound in exchange for activating the 24-mile-long cable between New Haven, Conn., and Long Island. The **Long Island Power Authority** also would help pay for the cost of repairing a set of power cables between Norwalk and Northport, N. Y., a cost estimated at \$2 million (*The Hartford Courant*, 6/26).

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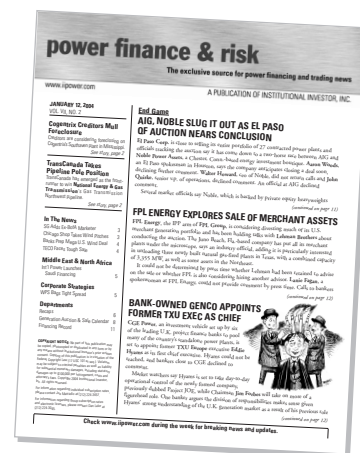
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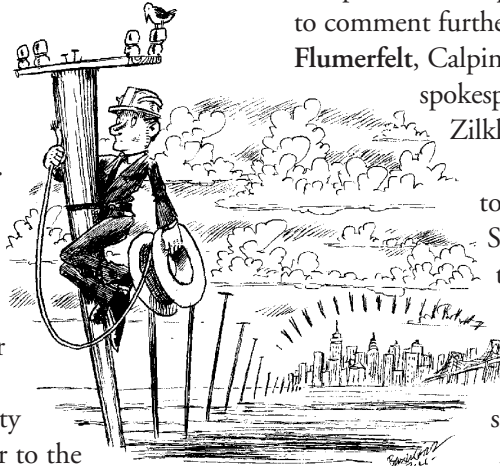
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## BEVY OF

(continued from page 1)

**Conjunction's** Empire Connection project, a New York City transmission development that stalled this spring after Conjunction failed to sign up enough customers. Conjunction founder **Steve Mitnik** says many of those set to bid, including Calpine, Brascan, Constellation, Besicorp and Zilkha, are looking to source power in upstate New York and intend to partner with Conjunction to deliver power to the city. The new NYPA tender is proving a "fantastic stimulant" to the Empire Connection, he enthuses.

PSEG Power is one of the few expected bidders looking to supply power from New Jersey. Its Cross Hudson Project would bring 600 MW of electricity from New Jersey under the Hudson River to the west side of Manhattan, says **Neil Brown**, PSEG spokesman. "We think we have a project that is very well positioned to serve the need for energy in [New York City and] would fit the parameters of the NYPA RFP very well," says Brown.



"We're very strong in price, and definitely [exceed] every non-price factor relative to PSEG," says Mitnik of the Empire Project's relative attractiveness in the process, citing the high price volatility associated with PSEG's single gas-fired unit and NYPA's stated intent to pursue fuel diversity and some renewable sources.

Mitnik did not know of other potential transmission companies lined up to bid with generators, and Brown declined to comment further on the specifics of the process. **John Flumerfelt**, Calpine spokesman, declined comment, while spokespersons at Brascan, Constellation, Besicorp, Zilkha and Dynegy did not return calls.

Bids are due on Aug. 18, and NYPA hopes to have a shortlist in place by the end of September and to have bidders selected by the end of the year, according to an RFP letter seen by *PFR*. It will likely select more than one prospective bidder in the interest of fuel diversity, as it has in past projects, says an observer close to the process.

Mitnik says Conjunction will finalize new financing plans this month. **Kohlberg Kravis Roberts** and **Trimaran Capital Partners** were previously lined up to provide \$200 million in equity to the project (*PFR*, 9/22).

—A.S.

## Financing Record (JUNE 24 - JULY 1)

### Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Coupon (%)	Type of Security	Spread to benchmark	Moody's	S&P	Bookrunner(s)
6/24/04	6/29/07	Appalachian Power	125	100	Floats	FRNs	-	Baa2	BBB	UBS/Citi
6/24/04	6/30/14	Arizona Public Service	300	99.73	5.8	Notes	118	Baa1	BBB	CSFB/JP Morgan
6/24/04	7/15/14	Paramount Resources	125	100	8.875	Senior Notes	424	B3	B+	UBS
6/25/04	7/1/24	Kerr-McGee	650	99.222	6.95	Notes	167	Baa3	BBB	JP Morgan/Lehman

### M&A

Date Effective	Date Announced	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value (\$mil)
6/29/04	-	Air Liquide-Merchant Liquid	-	U.S.	Matheson Tri-Gas	-	U.S.	155
6/28/04	-	Neviot	-	Israel	Central Bottling	-	Israel	11.6
6/29/04	-	El Paso Velvet Processing	-	Canada	KeySpan Energy	-	Canada	5.204
6/24/04	-	Central China Entrp	-	Hong Kong	CITIC Intl Assets Mgmt	-	Hong Kong	2.565
6/28/04	-	Sonnico Installasjon	-	Norway	Umoe Industri	-	Norway	-

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

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## EQUITABLE SEEN

(continued from page 1)

was said to be the last financial player interested in bidding (PFR, 5/31).

On June 30, NUI settled an investigation by the New Jersey Attorney General's office related to transactions at its energy trading affiliate, according to a company announcement. NUI will pay a \$500,000 fine. "We believe [the action] will provide additional certainty to a potential buyer," says **Chris Reardon**, NUI spokesman, adding that the company expects putting the issue behind it will have a positive impact on the sale price. Reardon declined further comment on the sales process. In a 10-Q filing June 17, NUI said it expects to complete a sale in the third quarter.

Equitable is the largest natural gas supplier in the Appalachian basin, with reserves in excess of 2.1 trillion cubic feet. It also owns three integrated gas utilities in southwestern Pennsylvania, West Virginia and Kentucky that serve some 275,000 customers. Equitable has a market capitalization of \$3.2 billion.

—*Angela Salvucci*

## VETERAN DEVELOPER

(continued from page 1)

to complete.

Place says GenPower is in advanced discussions with partners on the financing, declining to comment on its form or whether it may include debt. One industry official, who has known the developer for several years, says Place isn't concerned whether GenPower's name appears on the completed project and notes it has successfully sold its equity in several previous projects at an early stage. GenPower did the initial spadework on a 540 MW plant in Westbrook, Maine, before selling out to **Calpine**, and it also sold its interest in the Dell and McAdams plants to **TECO Energy** at the top of the IPP market.

The coal-fired project is known as Longview Power and will be located at Maidsville, north of Morgantown, W. Va., in the heart of coal country. The proximity to coal will cut down on transportation costs. Utilizing mine mouth coal and avoiding transportation will reduce the costs of generating power, Place says. Permitting is now in the latter stages and should be wrapped by later this summer as well.

Coal-fired generation projects are firmly back on developers' radars following a rise in gas prices. One financier says Place has been looking at the asset type since 2001 when the gas spark spreads began to lighten.

—*Peter Thompson*

## INTERGEN PUTS

(continued from page 1)

**Webster**, spokeswoman at InterGen, declined to comment.

The Larkspur Energy facility in San Diego (90 MW) and the Indigo Energy facility in Palm Springs (135 MW) were commissioned in July and August of 2001, barely six-months after going into development and were a quick-fire response to California's energy crisis. They were the first plants to be licensed under former Gov. **Gray Davis'** emergency siting process to tackle a chronic shortage of power in the state.

The two plants were funded together under the \$135 million Wildflower bridge loan. The bridge was replaced in 2002 with a Citi-led \$110 million four-year non-recourse mini-perm facility.

Reasons for the sale could not be determined, but market watchers speculate that it highlights Shell and Bechtel's waning interest in owning an independent power producer. IPPs are not the dynamic growth stocks they once were, and both sponsors probably believe they could deploy the capital more efficiently in their core businesses, argues one banker.

InterGen owns 20 power stations across Asia, Europe, the U.S. and South America representing 16,220 MW of installed capacity.



*Indigo Plant*

## Quote Of The Week

*"It's a matter of being prudent."*—**Debbie Stein**, investor relations manager at **TransCanada**, explaining the utility's decision to move out of floating-rate debt ahead of last week's widely expected rate hike in the U.S. (see story, page 5).

## One Year Ago In Power Finance & Risk

Lead arranger **Westdeutsche Landesbank** had been sounding out banks about signing up for a \$683 million debt package to finance the construction of the 750 MW El Cajon hydroelectric project in Nayarit, Mexico. [The financing was split between a \$230 million non-recourse bond offering and a \$453 million four-year project loan. WestLB sealed syndication of the loan in February with a roster of seven banks. It and joint underwriter **Citibank** privately placed the bond offering at the same time at a spread of 349 basis points over Treasuries.]