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The exclusive source for power financing and trading news

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Astoria Looks To Refinance NY B Loan

Astoria Energy has been gauging lender interest about inking a traditional bank loan that would allow it to refinance a richly priced B loan that the developer signed this spring.

See story, page 2

In The News

Abbey Banker Resurfaces At Lloyds	3
Barclays Adds To NY Commodities Team	3
Atmos Preps Financing For TXU Deal	3
APS Wraps LC Loan	4
Invenergy Wind Deal Pitched	4
Deutsche Bank Marketer Departs	4
Int'l Power Bags Portuguese Plant	4
EDF City Trader Exits	5

Latin America

IDB Hunts For Brazil Manager	5
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Corporate Strategies

NU Unit Lands T&D Funds	5
TXU Pockets Floaters	5

Departments

Recaps	6
Generation Sale & Auction Calendar	8
Financing Record	11

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Eyes Sithe Buyout

RESERVOIR LINES UP QF SALE

Private equity shop **Reservoir Capital** has agreed to sell a 270 MW portfolio of qualifying facilities to **Primary Energy** and is expected to put the proceeds toward buying **Exelon** out of its remaining stake in **Sithe Energies**. **Mark Hall**, senior v.p. at Primary in Oak Brook, Ill., says it will acquire the six QFs for \$190 million, including debt. The deal should close within the next couple of months.

Calls to officials at Reservoir were not returned. **Ted Caddell**, a spokesman for **Exelon Generation** in Kennett Square, Pa., says the company is exploring options to divest its remaining 50% stake in Sithe, declining further comment. Calls to Sithe were referred to **Andrew Siegel**, a spokesman at external communications firm **Joele Frank, Wilkinson Brimmer Katcher**, who declined comment.

(continued on page 12)

On The Block

CREDITORS PUT FORMER EL PASO GAS-FIRED PLANT UP FOR SALE

A syndicate of creditors that foreclosed on **El Paso Corp.**'s Milford power plant in Connecticut early this year has put the newly built 542 MW asset up for sale. An official close to the deal says **Lazard Frères** launched a sales process earlier this month and adds that despite initial teething problems at the gas-fired plant, interest in acquiring the merchant asset has been strong. A variety of financial investors are looking to exploit Milford's fast response time and potential beyond being a base-load operator and strategic bidders with activities in New England are eyeing it as well. Bankers at **Lazard** and **Wim Verbraeken**, head of project finance at **KBC Bank**, which is leading the creditor group, declined comment.

A hard deadline has yet to be set for submitting bids, but they will likely be due in September, with the expectation that a winner will be announced mid-fall, says the

(continued on page 12)

TEXAS GENCO ACQUIRERS LINE UP CHIEF EXECUTIVE, MULTI-BILLION DOLLAR FINANCING

The private equity consortium that is buying **Texas Genco** has lined up **Jack Fusco**, former **Orion Power** chief executive, to run the business and is hammering out details of a \$2 billion plus package of bonds and bank loans to finance the bulk of the \$3.65 billion deal.

The private equity consortium's advisors, **Morgan Stanley**, **Goldman Sachs** and **Deutsche Bank** (PFR, 7/19), will all have a key role in the debt financing that will finance the acquisition from **CenterPoint Energy**, says a banker. Another market watcher says the aim is to lever the acquisition by 70% to juice up the deal's returns.

Fusco, who left Orion in 2002 when it was acquired by **Reliant Energy**, was

(continued on page 12)

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

At Press Time

IP Preps Omani IPO

Al Kamil Power Co., an Omani subsidiary of **International Power** and owner of the 285 MW Al Kamil plant, will launch an initial public offering July 27, according to an official at the company, a move that is likely to raise some \$15 million for the London-based IPP.

The stock floatation is required by an Omani law that stipulates that all independent power plants must be listed on the Muscat stock market within four years of being commissioned. The gas-fired Al Kamil plant came on line in early 2002 (PFR, 6/28).

London Investor Seen Sealing Italian Assets

London-based investment outfit **Oxenbridge** was set to ink a EUR250 million acquisition of a portfolio of power plants and development projects in northern Italy late last week and in the next few days will sign a long-dated project loan with sole-lead arranger **BNP Paribas** to lever the transaction. An official at Oxenbridge declined to comment and calls to BNP were not returned.

Oxenbridge entered talks to acquire Italian IPP **Elettra** late this spring. The company owns a variety of CHP plants and hydroelectric facilities with 250 MW of generation capacity. It also holds 2 GW of projects in early stage development.

Elettra is being sold by Italian steelmaker **Lucchini**, which holds a 75% stake, and Germany utility giant **RWE**, which owns the remainder.

One market watcher says BNP is putting together a roughly EUR200 million package of project loans.

Second Thoughts?

Astoria Energy Sounds Out Bank Interest On Queens Finance

Astoria Energy has been testing lender interest in inking a traditional bank loan that would allow it to refinance a high-octane B loan which the developer inked this spring. The \$700 million high-yield loan funds construction of a 500 MW gas-fired plant in Queens, New York City (PFR, 4/11). Financiers say the developer has been seeing whether it could get better terms and was met with an unenthusiastic response.

The B loan, which was led by **Credit Suisse First Boston**, is split between a \$500 million first-lien piece priced at 525 basis points over LIBOR, and a \$200 million chunk of second lien paper priced at a 875 basis points spread. Bankers note the deal was a first for B loan investors as it funds construction of a plant, but they add the fat spread reflects that innovation.

One banker says Astoria Energy was looking at a bank deal before it chose the B loan route. If it had gone down the bank loan road initially, the developer would have faced more lending constraints but it would have bagged lower margin debt.

The B loan was met with a skeptical response from traditional financiers, who questioned several aspects of the project, including whether the offtake contract was weighted too much in favor of the utility and the ability of the developer to meet the deadlines set out in the contract (PFR, 2/9).

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**Institutional
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INTELLIGENCE FIRST

Duke Asset Acquisition Funding Edges To Closure

Lead arranger **Credit Suisse First Boston** has lined up a full book of commitments for the \$325 million financing supporting **MatlinPatterson's** acquisition of **Duke Energy's** southeast merchant generation portfolio. An official close to the syndication says CSFB is waiting for local utility commission approval before closing the seven-year loan. He declined to give further details and officials at CSFB declined comment.

Whether the final form of the financing has changed could not be determined. At one point **GE Energy Financial Services** and **Beal Bank** were reportedly looking to buy up the entire \$150 million first-lien tranche of the B loan (PFR, 6/21). Given that interest level, one banker speculates the first-lien—which was floated at LIBOR plus 400 basis points—might be nudged up in size a little and the \$175 million second-lien slug—which priced at LIBOR plus 11.75%—might be shaved back.

MatlinPatterson, which was founded by ex-CSFB staffers and is backed by the firm, is acquiring eight natural gas-fired plants with 5,325 MW of capacity in Arkansas, Georgia, Kentucky and Mississippi.

Abbey Financier Joins Expanded Lloyds Team

Richard Simon-Lewis, head of power project finance at **Abbey National** in London, will join **Lloyds TSB** later this summer as a director heading up origination in a re-named, reorganized and expanded infrastructure capital group.

The London-based bank is also hiring **Frederick Droules**, a corporate financier at **Berliner Bank**, as director and head of execution, and **Anna Patten**, from **Rabobank**, as an assistant director of origination.

Lloyd's project finance group was recently re-named to reflect the bank's emphasis on infrastructure finance and also its ability to provide non-recourse equity as well as traditional debt financing, explains **Anita Gregson**, head of infrastructure capital. She adds the firm will continue to cover U.K. power and energy project finance, but does not see much activity in these sectors beyond wind energy financing.

The 16-strong London and New York group was previously divided along sectoral lines, but going forward will be split between origination and execution.

Simon-Lewis says he left Abbey early this month following the disbandment of **CGE Power**, a bank-owned generation company, in which Abbey was a leading sponsor. Since then Abbey reportedly has sold down its entire U.K. power loan portfolio and is close to divesting the remnants of its U.S. power loan book. Last

year Abbey announced that it was looking to close its project finance business as part of broader exit from wholesale lending.

BMo Attorney Joins Barclays' Commodities Team

Barclays Capital's rapid expansion of its New York-based commodity derivatives operation continued last week with the appointment of attorney **Diana Bruning**, until recently a lawyer at **Bank of Montreal** in New York. **Kim Hanson**, a Bank of Montreal spokeswoman, confirmed that Bruning had left the firm. Bruning and **Karina Byrne**, Barclays spokeswoman, did not return calls.

Barclays has been building its U.S. commodities operations 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 and is also building a Latin American energy marketing effort (PFR, 6/7).

Atmos Preps Eyes Cap Markets For TXU Gas Financing

Atmos Energy, which is in the process of becoming the biggest dedicated natural gas provider in the U.S. by customer count, is preparing to issue between \$250-\$350 million in equity, and some \$1.3- \$1.4 billion in bonds shortly to fund its \$1.925 billion acquisition of **TXU Gas**.

The Dallas, Texas-based company completed a \$246 million share sale on July 13, the first step of the multiple-stage capital markets transaction that will cover the cost of the TXU gas unit, says **Susan Kappes**, head of investor relations.

The stock sale was led by **Merrill Lynch**, which has also provided an interim credit facility that will cover the cost of the purchase in the event that the sum must be paid down before Atmos can raise all of the necessary funds in the capital markets.

"We don't know if we will go to market at a single point in time," explains **Laurie Sherwood**, Atmos' treasurer. "It could be any combination of things, depending on market conditions." He adds the debt mix will definitely include five- and 10-year notes. The syndicate of underwriters and the role they will play in the deal has not yet been determined, according to Sherwood.

Atmos recently renewed a \$350 million working capital credit facility with **J.P. Morgan Chase** and **SunTrust**. "There's an excellent chance they will be major participants in the bridge-loan facility and also play a meaningful role in the capital markets debt sale," says Sherwood.

Other banks that have been lenders to Atmos will likely participate in the deal, including **Banc of America Securities**, **Wachovia**, **Société Générale** and **UBS**.

Arizona Public Service Wraps LC Loan

Arizona Public Service Co. has closed a \$149 million three-year letter of credit facility after landing \$230 million in commitments. One banker says all ticket writers were cut back at allocation. The deal is one of the many utility loans that are pushing out the maturity envelope (PFR, 6/28) as it replaces an expiring 364-day facility.

The **Pinnacle West** unit has had the L/C facility in place for a several years to backstop pollution control bonds and enhance their liquidity and credit quality. **Barclays Capital** led the deal along with **Bank of New York**, **Key Bank** and **Wells Fargo** signed on as co-documentation agents. All 13 banks invited into the deal signed up, one financier notes.

Dexia Syndicates Invenergy Wind Deal

Dexia Crédit Local is looking for a couple of banks to come in to its \$31 million debt financing for an **Invenergy** wind project in Tennessee. Bankers say the deal has a 16-year tenor and is priced tightly relative to other recent renewable energy deals: LIBOR plus 150 basis points during construction then stepping up in increments to 212.5 in the final year. Calls to Dexia and Invenergy were not returned.

The 27 MW facility, which is located in Anderson County, northwest of Knoxville, is known as the Buffalo Mountain Wind Energy Center. It is earmarked for completion in the fourth quarter and has a 20-year offtake agreement with the Tennessee Valley Authority.

Dexia sole-financed the deal in June, financiers say.

Deutsche Bank Loses Power Marketer

Gregor Baumerich, head of Northern European power sales at **Deutsche Bank** in London, has left the investment bank roughly a year after taking up the position. Market watchers say the high-profile German power marketer has yet to land at a new firm and add he remains on gardening leave. Baumerich declined to comment.

Baumerich began his career as a trader for **RWE** in the mid-1990s, but made his name as a senior continental power trader at **Enron** between 1998 and 2002. The last four months were spent helping administrator **PriceWaterhouseCoopers** unwind **Enron Europe's** trading book.

Subsequently, Baumerich spent a year as head of European power at **Hess Energy Trading Co.** before joining **Deutsche Bank** last summer (PFR, 7/29).

GE Snaps Up Inside-The-Fence Power Asset

GE Commercial Finance's Energy Financial unit's \$79 million acquisition of **Dynegy's** 50% stake in a 424 MW Oyster Creek plant will be financed via internal funds, says GE spokesman **Ken Koprowski**. Koprowski says the plant is an attractive acquisition because of its consistent operating track record and a well-established sole off-taker, **Dow Chemical**. The gas-fired combined cycle plant is located on an industrial complex owned by Dow near Freeport, Texas.

Koprowski says that GE will likely hang on to the asset rather than flip it when sentiment improves. "We tend to be a long-term investor, and we have a long-term investment horizon," he notes. The additional 50% stake is owned by U.K.-based **International Power** affiliate **American National Power**.

Dynegy also announced sales of its 50% stakes in the 310 MW Hartwell generation facility to **Centennial Power**, a unit of **MDU Resources**, for undisclosed terms and the 123 MW Michigan Power plant to an undisclosed buyer. Calls to Dynegy's press office were not returned.

Int'l Power Adds Second Plant To Portuguese Biz

After several failed attempts to acquire large-scale power plants in recent years, London IPP **International Power** last week sealed an almost 1 GW purchase when it signed a EUR250 million deal to acquire **RWE Power's** majority control in **Turbogas Produçora Energetica**, owner of the 990 MW Tapada gas-fired power station near Oporto, Portugal.

Part of the appeal of Turbogás is that IP already has a sizeable stake in Portugal's power market and a deep understanding of how it's being deregulated, says **Sara Richardson**, IP spokeswoman. IP also owns a 40% stake in Portugal's other large independent power plant, the 660 MW coal-fired Pego facility. "The acquisition gives us a combined 22% share of peak demand in Portugal and 17% of the entire generation market," says Richardson. She adds the advantage of fuel diversity between the two plants was also a compelling factor in acquiring Tapada. The deal was first reported in *PFR* on July 11 (www.iipower.com).

Market watchers say RWE has been looking to divest its stake in Tapada since the backend of last year, but has been stymied until now by uncertainties surrounding the value of a long-term offtake contract between Tapada and the Portuguese grid operator. "IP's understanding of contract restructurings in Portugal allowed it to go whether others feared to tread," says one banker.

EDFT Loses European Trading Honcho

Daken Engmann, head of continental power at EDF Trading in London, has reportedly left the firm. Market watchers say that Engmann's departure is one of several senior trading losses at the French trading shop since it reworked its payment structure earlier this year to align it more closely with compensation at parent company **Electricité de France**. *PFR* was unable to ascertain whether he has left to join another trading outfit. Engmann could not be reached for comment and calls to **David McFarland**, managing director and general counsel at EDFT, were not returned.

Market watchers say Engmann departs EDFT with a strong reputation in the energy industry. After serving in the U.S. military, Engmann joined Midwest utility **American Electric Power** in Houston as a power scheduler and then trader, say headhunters. He subsequently moved to Europe to help set up AEP's London-based German power trading desk and Rotterdam-based coal-trading operation. He joined EDFT in 2001.



Latin America

IDB Launches Tender For Brazil Fund Manager

The Inter-American Development Bank has issued a Request For Proposals for fund managers to run a \$575 million equity fund to invest in energy generation and distribution, transportation, water and sanitation and telecommunications in Brazil. Fund managers will be responsible for choosing projects and clearing them with an investment committee as well as garnering at least \$500 million in investments to round-off the \$75 million loan the IDB has set up for the fund, says **Jeff Easum**, who is running RFPs for the IDB. Easum says he expects most of the institutional investments in the fund to come from Brazilian pension plans.

Easum says the IDB will likely pick just one manager for the entire fund. The manager will be required to commit from 2-5% of his or her own capital to the fund, and must have staff experienced in investing in Brazil.

Candidates are required to submit a pre-qualification questionnaire by Aug. 9. Candidates for the final selection phase will be chosen by Aug. 16, final bids are due Aug. 20, and a winning bid will be announced at the end of the month.

The IDB's 12-year will carry an interest rate of LIBOR plus 3.5 basis points.

Corporate Strategies

NU Utility Places T&D Notes

Public Service Co. of New Hampshire has tapped the bond mart for the first time in a decade with a \$50 million offering of 5.25% paper as part of parent company **Northeast Utilities'** three-pronged funding of transmission and distribution upgrades.

Jeff Kotkin, head of investor relations at NU, says the overall tab for T&D capital expenditure this year is expected to be \$700 million. A chunk of this will come in equity and the rest via the fixed-income market.

Earlier this year **Yankee Gas Services** tapped the market for \$75 million of 10-year, 4.8% paper (PFR, 2/3). The final T&D issue of the year will be a \$280 million deal for **Connecticut Light & Power** which Kotkin says is earmarked for the fourth quarter.

The new notes, which also have a 10-year maturity, priced at 79 basis points over Treasuries and were set to close late last week.

Citigroup led the placement with **RBS Greenwich Capital**, **Wachovia Securities** and **M.R. Beale & Co.** on the next rung down. The Public Service Co. deal is also the first for the utility since it emerged from bankruptcy in 1991. **Standard & Poor's** rated the paper BBB plus, the same notch as parent **Northeast Utilities**.

TXU Issues Floaters For Short-Term Financing

TXU Corp. subsidiary **TXU Energy** has issued \$800 million in floating-rate notes in the 144A market to refinance a substantial portion of its bank debt, but will likely pay down the fresh debt in the near term as proceeds roll in from the company's recent flurry of asset sales. The floating-rate debt is attractive since the borrowing costs are lower and it's also cheaper to take out prior to maturity than a fixed-rate instrument, explains **Fitch Ratings** analyst **Denise Furey**. The notes mature in January 2006 and are not callable until late December of this year. The terms of the debt to be retired immediately could not be determined.

TXU recently announced sale agreements for its TXU Gas unit to **Atmos Energy** (see story, page 4) for \$1.925 billion in cash and for its **Oncor Utility Solutions** consulting and asset management business to **UMS Group** for undisclosed terms.

TXU spokeswoman **Carol Peters** says the company cannot comment on the private issue. "We're restructuring our debt for flexibility and cost reduction," she says of TXU's financing plans generally. **Credit Suisse First Boston** led the issue. Fitch assigned a BBB rating to the notes.

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

- **Edison International** subsidiary **Edison Mission Energy** has agreed to sell its majority stake in **Contact Energy** to **Origin Energy** for NZD1.67 billion (\$1.75 billion). The sale is part of Edison's plan to sell Edison Mission's overseas portfolio. Edison will use the proceeds, which it says will total around \$750 million, to make payments on a three-year \$800 million loan (*Dow Jones*, 7/20).

- Australia's competition watchdog has approved an AUD2.2 billion (\$1.6 billion) deal by state-run **Singapore Power** to buy **TXU Corp.**'s Australian assets. The **Australian Competition and Consumer Commission** said SingPower had agreed to separate some businesses to address "significant competition concerns" relating to its ownership of electricity transmission as well as generation and retail assets. The undertakings related specifically to two assets: a 20-year hedge agreement that **TXU Australia** has with **EcoGen Energy**, which owns 966 MW of gas-fired generation in Victoria state; and TXU's 99-year lease on the 1,200 MW **Torrens Island** gas-fired power station in South Australia state (*Reuters*, 7/21).

- New Zealand's largest electricity distributor, **Vector Ltd.**, sold \$275 million in bonds to U.S. investors to refinance existing debt. The private placement consists of eight, 12 and 15 year maturities and were oversubscribed by three times such that the planned \$200 million offering was upped to \$275 million (*Bloomberg*, 7/22).

Europe & Middle East

- **Enel**, Italy's largest power producer, has bought majority stakes in **Electrica Banat** and **Electrica Dobrogea**, two state-owned Romanian power companies. Enel will pay EUR217 million for a 24.6% stake in **Electrica Banat** and EUR47.4 million for new stock in the company after a capital increase, bringing its share to 51%. Enel will buy a 24.6% stake in **Electrica Dobrogea** for EUR13.4 and EUR29.3 million for new shares, for a total holding of 51% (*Bloomberg*, 7/19).

- **Electricité de France** CEO **Francois Roussely**, whose contract expired last week, may stay in the position until the utility's status is changed from a state-owned entity to a public

company with common stock. Candidates for the job include **Pierre Gadonneix**, chief executive of **Gaz de France**, **Henri Proglia**, chief executive of **Veolia Environment**, and former finance minister **Francis Mer** (*Bloomberg*, 7/17).

- Italy's second largest utility **Edison** is close to selling its natural gas pipelines to Italian buyout company **Clessidra**. The sale will be worth around EUR\$200 million and will allow Edison to partially repay the company's \$4 billion in debt (*Bloomberg*, 7/19).

- **CEZ**, the dominant Czech power producer, is selling its minority stake in **Prazska Energetika** to **J&T Investment Advisors**, a unit of Czech-Slovak financial group **J&T**, for \$172 million to comply with an order from the Czech Anti-Monopoly Office (*Bloomberg*, 7/21).

Latin America

- Brazil's electricity regulator plans to auction licenses to build 11 power transmission lines in December that could attract \$593 million of investment for their construction. The 1,615 miles of power lines would expand links between Brazil's north and northeast (*Bloomberg*, 7/22).

U.S. & Canada

- **Xcel Energy** has filled a new position of chief audit executive reporting to Chairman **Wayne Brunetti**. **Scott Weatherby**, who was in charge of corporate accounting, external reporting, management reporting and corporate budgeting for Xcel, fills the slot. In September 2002, Xcel restated its total revenue and its electric and gas trading revenue for the years 2000 and 2001, cutting trading revenues by about \$3 billion (*Dow Jones*, 7/20).

- Power usage in California hit a new high when load on the **California Independent System Operator** system peaked at 44,042 MW, against the old record of 43,609 MW. The ISO says more important than the weather is the general consumption that underlies air conditioning use in the summer has grown almost 4% (*Dow Jones*, 7/19).

- **PJM Interconnection**, the power grid operator in Maryland and seven other MidAtlantic states, has approved \$87 million

in upgrades to the electric transmission system to ensure reliable electric service for the region's 35 million customers. Part of the \$87 million will pay to connect 26 generation projects to the grid, adding 1,100 MW of new generation capacity (*The Baltimore Sun*, 7/16).

- **NorthWestern Corp.** should emerge from bankruptcy later this year, but the creditors who will own it likely will sell the company eventually, according to president and ceo **Gary Drook**. Drook does not know when that might happen, but said among the possibilities are selling it to private investors or selling off portions of it. The bankruptcy could be completed in September or early October, said Drook (*Billings Gazette*, 7/16).

- **Dynegy** announced the sale of its 50% interest in a Hartwell, Ga., 310 MW plant and progress on the sales of half-interests in plants in Texas and Michigan. The Hartwell Generation unit is being sold to **Centennial Power**, a unit of **MDU Resources Group**. **GE Commercial Finance** is buying a 50% interest in Dynegy's 424 MW Oyster Creek natural gas-fired plant near Freeport, Texas, for \$79 million. An undisclosed buyer is set to close on its interest in the 123 MW natural gas-fired plant near Ludington, Mich. (*Dow Jones*, 7/21).

- Eight U.S. states plan to sue some of the nation's largest electric utilities for allegedly creating a public nuisance by emitting millions of tons of carbon dioxide gas. California, Connecticut, Iowa, New Jersey, New York, Rhode Island, Vermont and Wisconsin are set to ask a court in Manhattan to require that five utilities reduce their emissions of greenhouse gases. The utilities are **American Electric Power**, **Southern Co.**, **Tennessee Valley Authority**, **Xcel Energy** and **Cinergy** (*Dow Jones*, 7/21).

- **TECO Energy** sold its 50% stake in the Hamakua Power Station in Hawaii to the **Black River Energy** affiliate of **Energy Investors Funds Group** for \$12 million cash. The sale gives EIF sole ownership of the 60 MW plant (*AP*, 7/19).

- **PG&E Corp.**, owner of California's biggest utility, expects to have around \$3 billion in cash by 2008 for potentially paying a dividend and repurchase shares, said **Robert Glynn**, chairman and ceo (*Bloomberg*, 7/22).

- A bank group including **BNP Paribas**, **Royal Bank of Scotland** and **Citigroup** could take charge of part of **Italenergia Bis** by 2005 so that **Electricité de France** won't have to exercise its option to buy the shares. EDF would have to buy the stake by 2007 (*Bloomberg*, 7/22).

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JULY 19 2004

Three-Horse Race

PRIVATE EQUITY HEAVY HITTERS SLUG IT OUT FOR HOUSTON GENCO

CenterPoint Energy's auction of its 81% stake in the roughly \$3 billion Houston power producer Texas Genco has reportedly been whittled down to a three-way contest that reads like a *Who's Who* of New York's private equity and investment banking community.

A consortium of **Kohlberg Kravis Roberts**, **Texas Pacific Group**, **The Blackstone Group** and **Hellman & Friedman** is competing against a joint venture between **JP Morgan Partners**, **Warburg Pincus** and **Omaha, Neb.-based IPP Tenaska**, say advisors involved in the process. Some existing shareholders in Texas Genco's fleet, including hedge funds **Perry Capital** and **...**, remain in the hunt,

THE WALL STREET JOURNAL

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A Big Auction for CenterPoint Had a Rare Loser: Hedge Funds

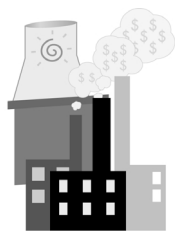
group of four of the largest private-equity funds teamed up to secure control of Texas Genco Holdings Inc., a merchant generating company spun off from CenterPoint Energy Inc., in a deal valued at \$3.65 billion. The bid also involves a buyout of Texas Genco's public holders.

The buyers include **Blackstone Group**, **Hellman & Friedman LLC**, **Kohlberg Kravis Roberts & Co.** and **Texas Pacific Group**, which have been separately shopping the depressed energy sector. "It was the über consortium."

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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	-	Has agreed sale to KKR-led private equity consortium.
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.	
ConocoPhillips	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		
	Southhaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas	J.P. Morgan	-
	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		
Dynergy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Has agreed sale to Centennial Power.
	Hartwell	Ga.	300 (50%)	Gas		Has agreed sale to G.E. Capital.
	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.
	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	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		
	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 liquiditing 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	Odessa Power Station	Texas	1,000	Gas	N/A	Considering exiting the merchant energy business.
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Gila River Power Station	Ariz.	2,300	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
	Union Power Station	Ark.	2,200	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.

Financing Record (JULY 15 - JULY 22)

Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Coupon (%)	Type of Security	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
7/15/04	7/15/14	Public Service Co of NH	50	99.802	5.25	Notes	79	A3	BBB+	Citigroup

M&A

Date Effective	Date Announced	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value (\$mil)
7/15/04	7/15/04	Aurax	-	Switzerland	Raetia Energie	-	Switzerland	-
	7/15/04	E-CO Vannkraft	-	Norway	Investor Group	-	Finland	372.208
	7/15/04	NUI	Berenson/CSFB	U.S.	AGL Resources	Morgan Stanley	U.S.	629.261
	7/16/04	Agua Metropolitanas	-	Chile	Agbar	-	Spain	173.642
	7/16/04	Itaquirá Hydroelectric Plant	-	Brazil	Tolsi Acquisitions	-	Netherlands	-
	7/16/04	AO Lenenergo	-	Russian Fed	Fortum Oyj	-	Finland	-
7/19/04	7/19/04	Hamakua Energy Partners	-	U.S.	Black River Energy	-	U.S.	12
	7/19/04	Metropolitan Utilities	-	Malaysia	Jauhari Harapan Sdn Bhd	-	Malaysia	22.129
	7/20/04	Contact Energy	Cameron	New Zealand	Origin Energy	Deutsche	Australia	1,042.50
	7/20/04	Edison Mission Universal Hldgs	Cameron/Lehman/CSFB	New Zealand	Origin Energy	Deutsche	Australia	1,094.75
	7/20/04	Hartwell Generating Facility	-	U.S.	Centennial Energy Resources	-	U.S.	-
	7/20/04	Tata Power-Wadi Plant	-	India	Associated Cement	-	India	-
	7/20/04	Turbogas-Produtora Energetica	Lazard	Portugal	International Power	-	U.K.	252.774
	7/21/04	Avista Corp-Natural Gas Distr	-	U.S.	Southwest Gas	-	U.S.	15
	7/21/04	Gas-fired power station	-	Portugal	International Power	-	U.K.	-
	7/21/04	Portugen Energia	-	Portugal	International Power	-	U.K.	-
	7/21/04	Reservoir Capital Group-Heat	-	U.S.	Primary Energy Holdings	-	U.S.	190
	7/21/04	Texas Genco Holdings	Citi/RBC	U.S.	Investor Group	Deutsche/Goldman Sachs/Morgan Stanley	U.S.	2,886.02

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

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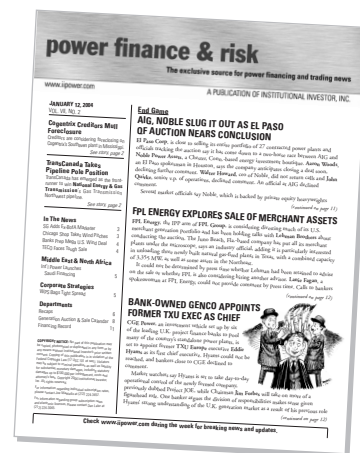
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RESERVOIR LINES

(continued from page 1)

New York-based Reservoir agreed in August 2003 to acquire the six plants—plus some assets in Canada—for \$46.2 million as part of its purchase of 50% of Sithe Energies from Exelon. A successful sale to Primary would mark the first time a private equity shop has flipped an investment in generation assets since **Enron's** demise prompted a rash of financial players to enter the market, according to industry players.

The QF portfolio consists of four cogeneration plants in California with combined capacity of 161 MW, a 30 MW plant in Kenilworth, N.J., and a 79 MW cogen unit in Greeley, Colo. The weighted average life of the PPAs attached to the facilities is over 16 years for the California assets, six years for the Kenilworth plant and 10 years for the Colorado unit, according to a sales memorandum. "There may be...opportunities to improve the risk profile of specific assets through a restructuring of the contracts," the memo states.

Financing for the deal has yet to be finalized, according to Primary Energy's Hall. The boutique is considering a range of options from traditional bank project financing to a portfolio deal that may include other assets. The company recently pulled back from a planned \$375 million B loan deal which would have refinanced assets in Indiana, after failing to get satisfactory terms (PFR, 7/19). The financing should be settled within a month or so, Hall adds.

—Victor Kremer & Peter Thompson

TEXAS GENCO

(continued from page 1)

instrumental in putting together **Kohlberg Kravis Roberts**, **Texas Pacific Group**, **The Blackstone Group** and **Hellman & Friedman's** bid for Texas Genco. He was responsible for evaluating the operational characteristics of the fleet of coal, gas and nuclear plants and in determining the likely upside potential of the acquisition, says one banker involved in the deal. Fusco declined to comment.

In the immediate term, the appointment of a proven IPP chief executive at the helm should ease any concerns held by institutional investors about financing a merchant generation business with non-recourse debt.

Fusco was a key figure in the creation of Orion, a power generation joint venture between **Goldman Sachs** and **Constellation Energy**, in early 1998. He began as coo and stepped up to become chief executive in the fall of 1999. Goldman's decision to flip the business to Reliant for \$4.7 billion only four years after setting it up is still widely viewed as a massive coup for the Wall Street firm, and is often seen as the

high-water mark for all private equity investments in the U.S. merchant generation market.

For at least the past year Fusco has been advising Texas Pacific on investment opportunities in the power sector.

The private equity buyers, collectively known as **GC Power Acquisition**, plan to keep all of Texas Genco's 12 plants running, according to a banker close to the consortium, and are considering a variety of options available for both long- and short-term offtake contracts in the Texas power market. Output from the 14 GW portfolio is already contracted through 2006.

"In essence the acquisition is a bet on gas prices remaining high in the long term," says another banker, referring to Texas Genco's collection of coal and nuclear assets that should prove particularly lucrative while gas prices remain high. He and several other market watchers say the \$3.65 billion price tag is on the rich side and one suggests that the other suitors bid substantially less. "It's as if you have a Rolls Royce. Not everyone can afford it, even if it's worth the price," says **Daniele Seitz**, an analyst at **Maxcor Financial** in New York.

—Angela Salvucci

CREDITORS PUT

(continued from page 1)

market watcher.

El Paso and its creditors had asked regulators to expedite approval for the banks' takeover of Milford late last fall at which time the lending group hired Boston-based **Competitive Power Ventures** to manage the asset (PFR, 12/9).

Milford has been plagued by problems since construction began. In February 2000, two construction workers were killed in an accident and the **Occupational Health and Safety Administration** cited the plant's construction company, **Black & Veatch**, of Overland Park, Kan., for inadequately bracing the structure. Black & Veatch suspended construction on the plant and El Paso defaulted on project-level debt repayments in October 2002. A subsequent settlement between El Paso and Black & Veatch over the construction paved the way for the plant's completion.

Susan Silver, v.p. at KBC Bank, said the plant's two units came online in February and March of this year, and that the lenders have been pleased with its operating performance since then.

—A.S.

Quote Of The Week

"It's as if you have a **Rolls Royce**. Not everyone can afford it, even if it's worth the price."—**Daniele Seitz**, an analyst at **Maxcor Financial** in New York, commenting on the sale of Texas Genco (see story, page 1).