

power finance & risk

The exclusive source for power financing and trading news

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RBoS Jacks Up Conoco Fees

Royal Bank of Scotland has juiced up the front-end fees on Conoco's GBP275 million Immingham project loan by 25 basis points, its second attempt this month to lure more lenders into the syndicate.

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AQUILA SHORTLISTS LOUIS DREYFUS FOR TRADING BUSINESS

Troubled energy company Aquila has shortlisted Louis Dreyfus to acquire or form a joint venture with its energy trading business and hopes to conclude a deal by September, according to an official familiar with the matter. Aquila is believed to have whittled down bidders to a shortlist consisting of Louis Dreyfus, a hedge fund and a financial institution, adds another market official. "As of a week ago, these three were serious bidders," he says, noting that all three have visited Aquila's trading operation to carry out due diligence. *PFR* was unable to determine the identity of the other two shortlisted firms.

Al Butkus, a spokesman at Aquila, says the company hopes to find a partner for the trading business by Labor Day, but has not ruled out selling the unit. He declined further comment. **Mary Anne Costello**, a spokeswoman at **Louis Dreyfus Holding Co.** in New

(continued on page 12)

SOUTHERN CRANKS UP GENERATION BUILD-OUT; PLOTS LOAN FINANCING

Southern Power emerged from last week's IPP sector carnage with plans to add another 1,800 MW to its competitive generation push and will be looking to tap bank financing to fund the projects. That the company is in a position to buck the latest downward trend and provide bankers with a chance to earn fees is a testament to its blue chip status as the nonregulated arm of **Southern Co.** The IPP has been building out its generation portfolio via a \$850 million corporate construction revolver set up last year (*PFR*, 10/8), but the three-year facility will mature before the new plants come on line in 2005. The additions are a 600 MW third unit at its Goat Rock facility—which was recently renamed Plant Franklin—and two units amounting to 1,240 MW planned for the Plant McIntosh facility near Savannah, Ga.

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INTERGEN CLOSES LONDON OFFICE, LOOKS TO CONSOLIDATE GENERATION PORTFOLIO

InterGen, a Burlington, Mass.-based independent power producer, is closing down its roughly 50-strong London operation as part of plans to shift its regional focus away from developing generation projects to consolidating its portfolio of European and Middle Eastern power plants. One banker says the change of tack also has led the company to put on ice plans to develop its pipeline of early-stage projects in Germany, Spain and Italy. **Sarah Webster**, an InterGen spokeswoman in Burlington, confirmed in a voicemail message it is closing down the London office, but could not be reached for further comment by press time.

Roughly a quarter of InterGen's London staffers will be transferred to the company's Edinburgh office and the remainder will be let go, notes one official familiar with its plans. InterGen's London bureau primarily focused on originating new projects and arranging the

(continued on page 12)

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

WestLB Loses Traders

Westdeutsche Landesbank has lost two senior traders from its London-based energy group. Earlier this month **Keith Jones**, head of power trading, and **Michael Bushman**, head of energy risk management and commodity derivatives, left the German bank. *PFR* was unable to ascertain by press time why either official left, or whether they have yet to land at a rival energy trading shop.

Marc Wall, managing director and head of commodities, declined to comment on the reason for the departures but played down their significance, noting WestLB is still fully committed to trading power and gas. Indeed, he says the firm will shortly begin trading the French power market for the first time. It presently trades the German, Austrian and Swiss markets, though rival traders say it has yet to become an active player in these markets.

WestLB set up its European power trading desk at the beginning of last year, when Jones, head of European power trading at **International Power**, joined the firm (*PFR*, 2/26/01)

AEP Readies U.K. Financing

American Electric Power and its quartet of lead banks hope to seal GBP450 million (\$681 million) of project debt this September to refinance its acquisition of two U.K. coal-fired plants, Fiddler's Ferry and Ferrybridge, it bought last summer.

A banker involved in the deal says the quartet will wait for the summer lull to end before launching syndication. Some lenders have begun questioning whether syndication of the loan will fly given the weak performance of other syndicated project loans in the U.K., but a financier involved in the transactions says the sponsor's solid credit rating should assuage any concerns. **Barclays Capital**, **CIBC Capital Markets**, **Commerzbank** and **Westdeutsche Landesbank** won the mandate to lead the financing at the turn of the year (*PFR*, 2/18).

Lehman Analyst Joins BP

Gareth Lewis-Davies, director in **Lehman Brothers'** London-based power and utility equity research team, left the bank earlier this month to join oil giant **BP** as an oil analyst. **Jonathan Mirrlees-Black**, director, says both he and Lewis-Davies shared coverage of the U.K. power, water and gas sector, but consolidation across the market means that he will be able to cover the sector alone going forward. Lewis-Davies could not be reached for comment.

Golden State Muni Eyes C.P. Funding For New Plant

The **Sacramento Municipal Utility District (SMUD)** plans to tap the commercial paper market to partly finance the construction of a 500-1,000 MW natural gas-fired facility, dubbed Cosumnes, that it is developing 25 miles southeast of Sacramento. The utility plans to tap c.p. investors for between \$100-170 million and will fund the remainder of the initial \$365-\$370 million construction costs with internal cash, says **Larry Stark**, assistant treasurer.

The plant is scheduled to come on line in 2005, at which point SMUD will likely refinance the c.p. with short-term variable-rate notes and then eventually with longer term electric revenue project bonds, says Stark.

SMUD is in the process of obtaining a license from the California Energy Commission to construct Cosumnes. It filed its application in September 2001 and anticipates a license being granted this fall. The utility plans to bring 500 MW online in 2005 and will decide whether to expand the facility to 1,000 MW by 2003. To bring natural gas to the facility, SMUD will extend an existing 50-mile pipeline to its Carson Ice power plant by another 26 miles.

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NEG Preps Calif. Wind Plant Financing

Bethesda, Md.-based **PG&E National Energy Group** is readying non-recourse funding for a handful of wind farms in California. The financing—dubbed **San Gorgonio**—covers three projects and will be led by **Fortis Bank**. Market officials say the deal should hit the market within the next few weeks. Fortis officials were unable to provide comment by press time. Calls to **John Cooper**, senior v.p. for finance at PG&E NEG, were referred to spokesman **David Mould** who did not respond to questions by press time. The size of the financing and the precise plant line-up could not be determined.

Project financiers say Fortis is one of the strongest players in wind generation financing, which has pretty much been a niche market in the U.S. The bank also recently pocketed a mandate from **American Electric Power** to refinance at the project level its 160 MW Indian Mesa Wind project, located in Iraan, east of Fort Stockton, Texas (PFR, 7/15).

Pepco Makes Bond Market Debut

Pepco Holdings, a newly created utility holding company, was last week readying a four-tranche \$1.5 billion private placement to fund its creation through the merger of **Potomac Electric Power** and **Conectiv**. The new entity was set to price its inaugural capital markets transaction late last week, despite the fact the merger has yet to receive **Securities and Exchange Commission** approval. Proceeds from the offering will be held in escrow until Pepco gets the SEC's blessing. The rationale for the private placement structure and its unusual timing ahead of regulatory approval could not be determined. **Andrew Williams**, cfo, did not return calls by press time and an investor relations official declined comment on these issues. SEC approval is expected in time for the deal to close by the end of this quarter.

The offering will be led by **Merrill Lynch** and **Bank One** and is being divided into four tranches. These consist of \$250 million of two-year notes, \$500 million of five-year notes, \$500 million of 10-year notes and \$250 million of 30-year bonds, says an investor relations official. The deal was expected to price last Thursday after Potomac Electric Power released its quarterly results, he adds.

The funds have also been earmarked to retire existing debt at a number of subsidiaries of the new company, says **Peter Otersen**, a credit analyst at **Standard & Poor's**, which gave the deal a BBB rating. The investment-grade rating and stable outlook reflect the low risk transmission and distribution flavor of the business. Otersen notes that the company has made clear that the non-regulated **Conectiv Energy** generation unit will not be getting any equity infusions for expansion, nor will the new holding company inject resources into projects that get into

difficulties. That is in line with Potomac Electric Power's move several years ago to divest its generating assets and focus on low-risk transmission and distribution, he says.

Under the merger agreement between Potomac Electric Power, based in Washington, D.C., and Wilmington, Del.-based Conectiv, Pepco will acquire Conectiv for a combination of cash and stock valued at \$2.2 billion. The new company will also assume approximately \$2.8 billion of outstanding Conectiv debt.

Weather Group Tackles Info Automation

The **Weather Risk Management Association** has unveiled an electronic protocol for weather trade data allowing firms to automatically record deal details without any manual input from the back office. But, while some market officials say the idea is sound, back-office overload is not a issue for them. "What is a busy day? Seven, eight, 10 trades? Back offices are not really that big in this market," says one seasoned weather official. Calls to a WRMA spokesman were not returned by press time.

Latam Chief Departs Dresdner

James Scruby, head of Latin American corporate finance at **Dresdner Kleinwort Wasserstein** in London, left the bank last month. Officials at the firm note Scruby, who focused primarily on covering the Latin American electric utility sector, has yet to find a new post and add he will not be replaced at the German investment bank. Scruby's departure shifts control of Dresdner's Latin American utility coverage to **Simon Parker**, managing director and head of emerging markets in London.

A Dresdner official says the bank's decision not to replace Scruby signifies its desire to cut its Latin American utility focus because of a dearth of deals. The lack of activity also prompted Scruby's departure. "There isn't much going on in the region so it makes sense for Parker to keep the coverage, instead of having one individual focusing on the area," he says.

Dresdner's involvement in the privatization of Brazilian utility **Cia Paranaense de Energia** (Copel) highlights the tough market for investment banks. Dresdner won a competitive tender to advise the Parana state government and spent over a year advising on the sale. But to no avail. Late last year the auction was cancelled after the two remaining bidders **Endesa** and **AES** pulled out of the race (PFR, 11/5/01).

While at Dresdner, Scruby reported to Parker, who declined to comment, beyond confirming that Scruby had left. Calls to Scruby at home were not returned. Prior to heading Dresdner's Latin American business, Scruby served as head of utilities for the Americas out of Dresdner's New York office until moving to London in 1999 (PFR, 7/27/99).

Sacramento Muni Readies Bond Offering

Sacramento Municipal Utility District plans to tap the bond market this week with a \$137 million offering of fixed-rate electric revenue refunding bonds and has earmarked the proceeds to take out a variety of paper issued in 1992 and 1993. Early last week **Larry Stark**, assistant treasurer at SMUD, told *PFR* the utility had yet to determine the exact tranches of early 1990s debt it plans to take out, nor had it finalized the exact structure of the new offering.

"We monitor the bond market all of the time and lately we've seen that interest rates have been particularly low and the yield curve has shifted. We want to strike while the iron is hot," explained Stark. Over the past month the yield curve has generally steepened, but the far end has flattened, according to Stark. The borrower is likely to issue a variety of tranches across the yield curve with tenors ranging from less than 12 months to 26 years.

The pending offering has been rated A by **Fitch** after receiving a credit wrap from **Financial Security Assurance**. **Bear Stearns** has been selected as the lead underwriter.

SMUD is a utility that provides electric services to 533,000 residential, commercial and governmental customers around Sacramento.

Conectiv Seen Closing In On Base-Load Sale

Wilmington, Del.-based Conectiv has secured several bids for 740 MW of fossil fuel-fired base-load power plants in the New Jersey, Pennsylvania and Maryland (PJM) power pool and hopes to seal a sale by the end of August, says a New York banker close to the matter. He declined to reveal the interested parties or the size of the bids tabled.

The divestiture is part of a strategy at Conectiv—and its merger partner **Potomac Electric Power**—to build a mid-merit-focused generation portfolio that offers more load flexibility. Boston-based **Commonwealth Energy Advisors** and **Credit Suisse First Boston** are advising on the asset sale.

The assets, which are owned by Conectiv's **Atlantic City Electric** subsidiary, include B.L. England (447 MW) and Deepwater Plant (185 MW), two New Jersey coal and oil-fired plants and 108 MW of ownership interests in the Keystone and Conemaugh coal-fired plants in western Pennsylvania.

NRG Energy originally agreed to purchase these assets and a large number of other base-load plants from Conectiv, but it terminated the agreement April 1 (*PFR*, 6/3). The following plants were sold to subsidiaries of NRG Energy last June for

\$630 million: Indian River (784 MW) in Millsboro, Del., Vienna Power (167 MW) in Vienna, Md. and minority interests in Keystone and Conemaugh plants in Pennsylvania. Conectiv also sold its minority stakes in Hope Creek, Peach Bottom and Salem nuclear power stations to **PSEG Nuclear** and **Exelon Generation** last October for \$11.3 million.

Calls to **Lisa Quillici**, v.p. at Commonwealth, **Jonathan Bailiff**, director at CSFB in New York and **Tim Brown**, a Conectiv spokesman, were not returned.

Tractebel Fixes On Club Deal For U.S. Financing

Tractebel North America is looking to raise \$1.6 billion through a seven-year non-recourse financing package that will be syndicated on a club basis. Lenders signing up to the program will be asked to commit to four separate loans backing four different power plant projects.

Leads **Credit Suisse First Boston** and **ING** are looking to form a club of 20 banks by September and hope to wrap the financing by year-end, say market officials. Specific pricing could not be determined, but the market buzz has it toward the 175 basis points over LIBOR level. Each deal is fully supported by a tolling contract between the plant and parent Tractebel. The long-awaited deal has gone through a number of alterations in terms of size, plants covered and structure since it was first mooted two years back (*PFR*, 10/30/00).

Merrill Scalps Goldman For U.K. Analyst

Merrill Lynch has landed **Goldman Sachs'** U.K. utility equity analyst **Philip Green**. Green replaces Edinburgh-based **Ian Graham** who retired at the end of last year, says a Merrill official. He notes the hire rounds out Merrill's two-year effort to rebuild its utility research franchise that was hit with a number of departures a few years back. This is the last piece in the jigsaw, says the official, noting the firm now has four European power analysts covering northwestern Europe, Italy, Iberia and the U.K. They report to **Simon Flowers**, gas analyst in Edinburgh, who has been covering U.K. power on an interim basis since Graham's departure. Green was between jobs last week and could not be reached for comment. Flowers declined to comment.

The departure of Green is a blow to Goldman's utility franchise, say rivals, as he was the only senior power analyst at the bulge bracket firm after **Isabelle Hayen** crossed the Chinese Wall into Goldman's investment-banking practice last year. Goldman officials did not return calls.

RBoS Bumps Up Pricing Again On U.K. Loan

Lead underwriter **Royal Bank of Scotland** flexed the terms of its GBP275 million (\$430 million) Immingham project loan earlier this week, marking the second time it has sweetened the non-recourse deal this month in an attempt to drum up support for the troubled project financing. Calls to **Alan White** and **Steve Gee**, the RBoS bankers charged with originating and syndicating the deal, were not returned.

A financier in London says RBoS has sweetened up front fees for junior participants by 25 basis points following a lukewarm response after the launch of retail syndication three weeks back. Senior lead manager fees for tickets of GBP25 million have been raised to 115 basis points, lead manager fees for commitments of GBP17.5 million have been juiced to 105 basis points, and manager fees for GBP10 million tickets have been jacked up to 100 basis points.

Earlier this month RBoS flexed the pricing on the 20-year loan—also by 25 basis points—when launching the credit into retail syndication (PFR, 7/14). The decision to flex the deal for a second time reflects the fact there has been little take up during retail syndication, notes one banker. During wholesale syndication this spring RBoS signed up **Bank of Scotland**, **Bank of Tokyo-Mitsubishi** and **KBC Bank**.

Financiers say the **Conoco Power**-sponsored Immingham loan has proved a tough deal to market because it backs a combined heat and power plant that will sell much of its output

on a merchant basis. Soft pricing in the U.K. generation market is giving lenders little appetite for merchant risk.

EdF Snubs Goldman

Electricité de France has snubbed **Goldman Sachs**, its one-time advisor of choice, by omitting it from its seven-strong investment banking shortlist to advise on its upcoming privatization and initial public offering. Bankers in Paris and London say **NM Rothschild** has already been retained and add **Deutsche Bank**, **BNP Paribas**, **Credit Lyonnais**, **Merrill Lynch**, **Schroder Salomon Smith Barney**, **Credit Suisse First Boston** and **J.P. Morgan** have been put on a shortlist. The seven bidders were required to file proposals on July 18 and EdF is expected to select its advisory team by Aug 2, notes one banker. If EdF only selects one more adviser this is likely to be an international bank, says another banker, adding that **Deutsche Bank** is in pole position (PFR, 7/15).

EdF's decision to cold-shoulder Goldman reflects its lingering anger that the U.S. bank advised **Montedison** on its defense against EdF's eventually successful hostile bid for the Italian industrial conglomerate last year, say bankers.

Last week EdF's chairman, **Francois Roussely**, told French magazine *L'Express* that it expects the state-owned electricity giant to be publicly listed by the end of 2004. Calls to EdF and Goldman were not returned and a senior **Deutsche Bank** banker in Paris declined comment on its chances of winning the EdF mandate.



Latin America

Dresdner Delays Brazil Financing

Dresdner Kleinwort Wasserstein has delayed inking a roughly \$250-\$300 million non-recourse loan earmarked to refinance the construction costs of Araucaria, a 469 MW gas-fired power project in Brazil's Parana state, in part because it has not received enough commitments from other lenders to fully syndicate the deal. A New York banker close to the matter says Dresdner is now looking to sign the loan and complete syndication during the fourth quarter and is using the additional time to iron out the structure of the deal. He declined further comment on structure, pricing or syndication details.

Houston energy concern **El Paso** is developing the \$340-\$350 million Araucaria project in conjunction with **Cia Paranaense de Energia** (Copel) and **Petrobras**, which both own 20% stakes (PFR, 3/4). Once commissioned, the plant will sell its output to Copel under a 25-year power purchase agreement. The plant is

scheduled to come on line within the next few months.

Bankers at Dresdner declined to comment and calls to officials at El Paso, Copel and Petrobras were not returned.

AES Retains Lazard For Debt Restructuring

Arlington, Va.-based **AES** has hired **Lazard** to help it restructure \$580 million of debt at subsidiary **Eletropaulo Metropolitana Electricidade de Sao Paulo** that is coming due in August and \$110 million of debt maturing the following month. A New York banker close to the matter says Lazard is working on obtaining extensions for both tranches, but would not discuss the matter further.

Barry Sharp, cfo of AES, told *PFR* last month that the independent power producer was looking to create a bridge facility to extend the maturity of the approximately \$700 million of debt coming due (PFR, 7/8). But 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," he said.

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

Calls to officials at AES, and the IDB were not returned last week.

PSEG Selects Banks For Peruvian Financing

PSEG Global has selected **BBVA Banco Continental** and **Banco de Credito**, a local Peruvian bank, to arrange a \$20 million bond offering and an \$80 million medium-term bank loan. The U.S. power company will use the proceeds to refinance a \$100 million bridge facility arranged last December to partly finance

its \$227.1 million acquisition of **Electroandes**.

An official close to the matter says PSEG is looking to tap the domestic capital markets with either a nuevo soles or U.S. dollar-denominated bond offering at the beginning of October and expects to sign a U.S. dollar bank loan around the same time. The aim of the deal is to extend the tenor of Electroandes' debt financing and avoid having to place more equity capital in the Peruvian utility, says the official.

The small bond offering is scheduled to be the first of five similar transactions. PSEG plans to issue roughly \$20 million of bonds every few months to pay down the new \$80 million facility, notes the official, adding that the Peruvian bond market is not deep enough for PSEG to refinance the entire bridge loan in a single capital market placement.

Bank of Boston, **Banco Espanol de Credito** and **Banco Bilbao Vizcaya Argentaria** (BBVA) arranged the original acquisition loan (PFR, 6/10). Officials at PSEG declined to comment and calls to bankers at BBVA Banco Continental, Banco de Credito, BBVA, Bank of Boston and Banco Espanol were not returned.

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@iineews.com*

Sponsor	Project	Project Type	Size (MW)	Cost (\$mil)	Country	Advisor/Financier	Status	PFR Issue
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Financing delayed till 2003	7/22/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
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	Expects to seal financing shortly.	7/1/02
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	Macaes	Gas-fired	400	700-800	Brazil	SocGen	Financing due shortly	7/1/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	IADB has offered assistance to relaunch the stalled project	6/9/01
Iberdrola/Petrobras	Termoacu	Gas-fired	340	-	Brazil	IDB	IDB is evaluating the project	7/15/02
Iberdrola, Banco de Brazil, Previ	Termo Pernambuco	Gas-fired	540	350	Brazil	IDB, BBVA	Expects to bring project on line by 2002	3/26/01
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
Tractebel/Alcoa	Estreito	Hydro	1,087	700	Brazil	Citi	Waiting for enviromental permits	7/22/02
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

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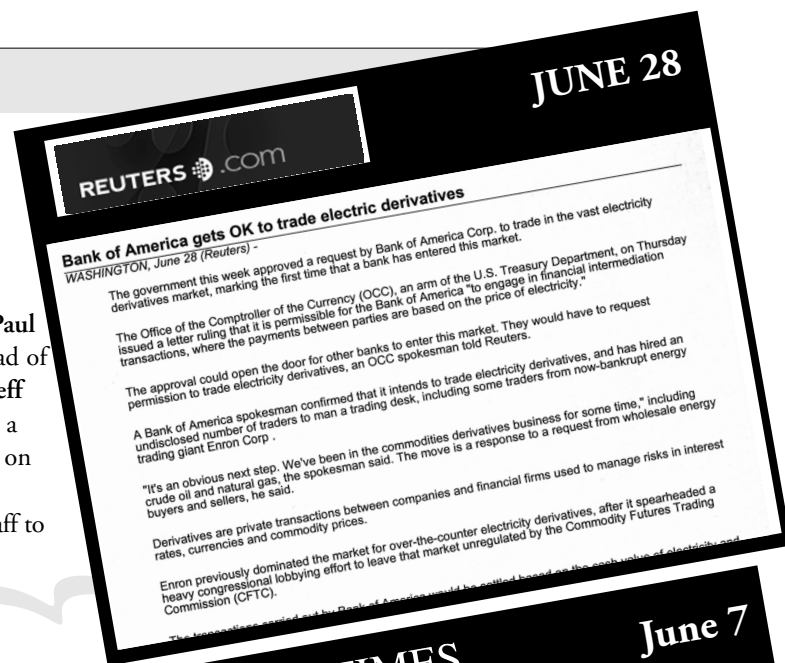
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PFR - JUNE 24

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 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



PFR - MAY 27

MORGAN STANLEY HONCHO JOINS TOP-RANKING HEDGE FUND ...

Andy McMillan, head of European power and gas trading at Morgan Stanley in London, has left the bank to join **Tudor Investment**, one of the world's largest and most renowned hedge funds managers with more than \$6 billion in assets. McMillan, a native New Zealander whose background is in oil and energy options, left the U.S. investment bank last month and has already taken

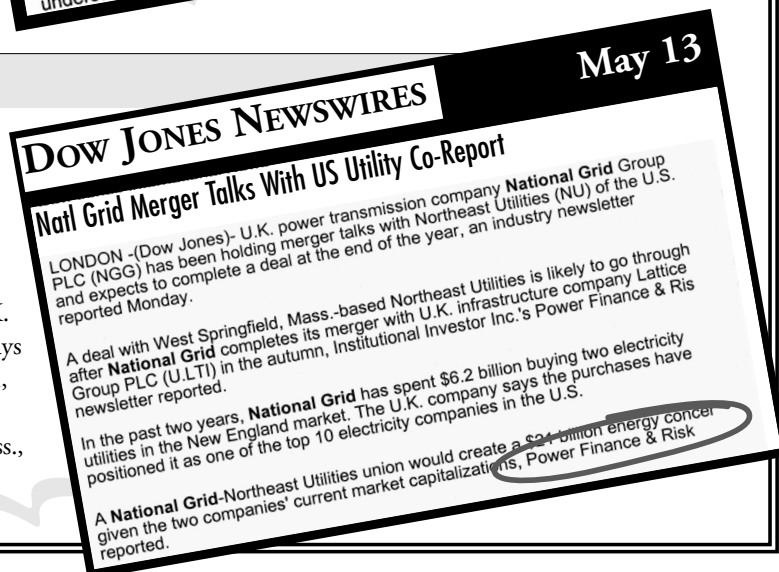


www.iipower.com - MAY 10

NATIONAL GRID EYES NORTHEAST UTILITIES TIE-UP

U.K. transmission monopoly National Grid has been holding merger discussions with Northeast Utilities for the past few months and is planning to swoop for the U.S. utility toward the end of this year following the completion of its announced tie-up with **Lattice**, a U.K. monopoly gas pipeline business. A banker close to the negotiations says Northeast Utilities has retained **Morgan Stanley** to advise on the deal, but he declined to name National Grid's advisor.

Jackie Barry, a spokeswoman at National Grid in Westborough, Mass.,

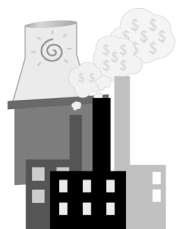


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Generation Auction & Sale Calendar

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
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	Grangemouth***	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
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		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		

Continued

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	TermoRio	Brazil	1040 (50% stake)	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		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.
PESG Global	Tanir Bavi	India	220 (74%)	Naphtha	-	-
	Karpatsalm	India	330 (20%)	Naphtha	-	-
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 collapse 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

- **Public Service Enterprise Group** has decided to exit the Indian power generation market, claiming it lost its appetite after local state-run utilities failed to honor their offtake contracts. PSEG, which holds equity in two Indian power plants, joins a series of foreign firms exiting India's power sector. U.S. rivals **Mirant** and **CMS Energy** have also announced they will exit the country. PSEG owns 74% of the 220 MW naphtha-fired Tanir Bavi plant in south-western Karnataka state and 20% of the equity in the 330 MW naphtha-based Pillaiperumalnallur (PPN) unit in southern Tamil Nadu province (*Reuters*, 7/22).

- **Korea Electric Power Corp.** plans to issue \$663.7 million of Yankee bonds in September and will use the proceeds to pay down maturing yen-denominated bonds (*Reuters*, 7/24).

- Atlanta-based **Mirant** is shelving plans to enter the South Korean electricity market and will sell its rights to build a 520 MW power plant. The company announced in December it would buy **Hyundai Energy** from **Hyundai Group**, along with the land and rights to build a power plant to supply electricity to state-owned monopoly **Korea Electric Power Corp.** At the time Mirant pledged to invest \$300 million in South Korea (*Reuters*, 7/24).

Europe

- **Iberdrola** has sold its domestic transmission assets in an EUR577 million (\$584 million) deal with **CVC Capital Partners**, a private equity group. The transaction marks the latest in a series of disposals by Iberdrola, which has decided to focus on its core Spanish power generation and distribution assets. Iberdrola will continue to maintain and operate the 4,700 kilometers of high voltage wires for 35 years, but relinquishes ownership (*Financial Times*, 7/24).

- Four of Europe's largest utilities are interested in acquiring the 16.6% stake in Spain's **Union Fenosa** held by Spanish bank **Banco Santander Central Hispano**. **Electricidade de Portugal**, Italy's **Enel**, Belgian **Tractebel** and German utility **RWE** are among those interested in a piece of Spain's number three power firm (*Cinco Dias*, 7/22).

Latin America

- Power generator **PPL** announced plans to sell its 90%-owned Brazilian subsidiary, **Companhia Energetica de Maranhao** (Cemar), to **Franklin Park Energy** of McLean, Va. The company said that if the transaction is approved by Brazil's **National Electrical Energy Agency**, Franklin Park would purchase Cemar for a nominal price and assume all operational responsibilities (*Reuters*, 7/23).

U.S. & Canada

- Army Secretary **Thomas White**, a former **Enron** executive, told senators Thursday he was "appalled and outraged" by the company's collapse and denied knowing about efforts to manipulate California energy prices (*The Dallas Morning News*, 7/19).

- A long-awaited record \$11.1 billion bond offering by the state of California soon will be ready for Wall Street's perusal. The offering, which would be the largest ever by a U.S. government body, would be used to pay the tab for electricity the state purchased in early 2001 when power costs soared and left the state's utilities reeling (*The Los Angeles Times*, 7/20).

- **CMS Energy** announced the resignation of CFO **Al Wright** and the appointment of **Thomas Webb**, a former cfo at **Kellogg**. Webb will take over on Aug. 5, the company said in a statement (*Reuters*, 7/22).

- **Citigroup** arranged an unusual financing technique for **Enron** that enabled the energy trader to appear rich in cash rather than saddled with debt, according to internal documents of both companies. Details of the controversial arrangement are only now coming to light as Congress turns to probing the role played by Enron's banks in enabling its illusory growth (*The Wall Street Journal*, 7/22).

- **Eleanor Clitheroe**, ceo of **Hydro One**, Ontario's electricity grid, has been axed over what the company alleges were her free-spending ways. Chairman **Glen Wright** said Clitheroe was fired for, among other things, abusing her credit-card privileges and spending \$330,000 on limousines. "There was a culture here that for some reason started to believe that any amount of expenditure was okay," said Wright. "Enough is enough. It's time to end it" (*CP*, 7/22).

- New York City Mayor **Michael Bloomberg** says the city is in desperate need of more power plants after the major explosion and fire at an electrical transformer on the East River. Several new plants have been approved for construction, but power generation companies have had a hard time attracting financing, which means no major new source of electricity is expected to come online in the city until 2004 (*New York Times*, 7/23).

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

* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.

AQUILA SHORTLISTS

(continued from page 1)

York, declined comment.

Aquila last month decided to pull the plug on its Aquila Merchant Services unit, which provides physical commodity and financial derivatives in natural gas, electricity, emissions, weather and coal, citing the high cost of maintaining the trading business following a ratings downgrade. The company hired M&A boutique **The Blackstone Group** to advise on disposing of the group. Calls to **Raffiq Nathoo**, senior managing director at Blackstone in New York, were not returned.

Louis Dreyfus is one of only a handful of power traders that has a sufficiently strong balance sheet to contemplate an acquisition, say market watchers. In addition, as a private company it is immune from the stock market gyrations that have humbled many of its publicly traded competitors. The company recently made a pair of heavyweight trading hires (PFR, 5/27) in a move widely interpreted as a precursor to setting up another trading joint venture to supercede its tie-up with **Electricité de France**.

—Victor Kremer

SOUTHERN CRANKS

(continued from page 1)

Financing for the facilities—which will take the competitive generation portfolio to 6,632 MW—will initially be via bank debt and equity, says **Marc Rice**, spokesman. Longer term financing will be secured at a later date. He adds that bank financing for new projects is being negotiated and declined to give further details. The company does not disclose dollar development totals for individual plants, but Rice says it usually figures on a cost of \$500-550 per KW.

Bankers predict demand for the financing paper will be strong. Southern Co.'s blue chip status is likely to sell well given the current market jitters and there are a number of relationship banks that will write big tickets, says one banker. The flipside of that is the deal will likely be tightly priced, adds another.

Gale Klappa, cfo at parent Southern Co., told an investor conference call last Monday that the Franklin unit has a long-term contract for its entire output with **Dynegy**. The shaky status of the Houston trader may quell the appetite for the bank debt from some players, say a number of project financiers. The McIntosh additions are fully contracted with **Georgia Power** and **Savannah Electric**. Both projects will come online in 2005. Calls to Klappa were not returned by press time.

Southern Power recently tapped the bond market to partly refinance bank debt associated with the development of other facilities in the generation build-out (PFR, 6/17).

—Peter Thompson

INTERGEN CLOSES

(continued from page 1)

financing for these plants. Since it is not looking to construct any more plants or bring forward any of its early-stage developments, and already has financing in place for all but one of its projects in construction, keeping the London office open was an unnecessary expense, say market watchers. "There's little economic justification for running the power plant operations from expensive offices in St James," argues one banker, referring to InterGen's presence in one of the smartest neighborhoods of central London. Asset management and energy trading are already run out of Edinburgh.

David McMillan, head of project finance in London, will take on a new asset management role at InterGen in Edinburgh, says one market watcher, declining comment on other InterGen staffers. McMillan also declined comment, referring calls to InterGen's press office.

InterGen, a global joint venture between **Shell** and **Bechtel**, was set up in 1995 and has 20 power plants with a combined capacity of 15.9 GW either in operation or construction. Its European and Middle Eastern generation portfolio includes Rock Savage (740 MW) and Coryton (795 MW) in England, Sidi Krir (685 MW) in Egypt and Gebze (1,555 MW) Adapazari (780 MW) and Izmir (1,525 MW) in Turkey. It arranged financing for the construction of Spalding (860 MW) in the U.K. this spring (PFR, 7/22) and is in the process of arranging a non-recourse loan to fund the construction of Rijnmond (800 MW) in the Netherlands.

—Will Ainger

Quote Of The Week

"We want to strike while the iron is hot,"—**Larry Stark**, assistant treasurer at the **Sacramento Municipal Utility District**, noting the utility's desire to issue debt in short order to profit from the low interest-rate environment (see story, page 4).

One Year Ago In Power Finance & Risk

The Israeli government was seeking foreign developers to bid for the BOOT rights to a roughly 350 MW combined-cycle gas turbine power plant it was looking to construct in the Negev region of southern Israel. [Israel's Ministry of National Infrastructure last month awarded **OPC Rotem**, a **Siemens**-sponsored special purpose company, the development rights. An official close to the matter says the Siemen's vehicle was hired after a pre-qualification tender process produced only one bidder.]