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WestLB Unfurls La Paloma Offering

WestLB has rolled out a \$560M B-Loan to back Complete Energy Holding's acquisition of the 1 GW generating station.

See story, page 4

Downeast LNG Scours For Funds

Downeast LNG is hunting for investors for a \$400 million LNG terminal in Mill Cove, Maine.

See story, page 3

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BLUE GRASS DEVELOPER TO FIRE UP \$700M GENERATION LOAN

EnviroPower LLC., a Lexington, Ky., generation developer, is arranging a \$600-700 million loan to help fund construction of 1 GW of proposed coal-fired generation in Franklin County, Ill., and Knott County, Ky. The loan package, which is led by WestLB, could come in the form of a traditional project finance loan or it could be structured as a B-loan, say bankers who have spoken with both WestLB and EnviroPower executives.

EnviroPower is affiliated with Akhtar Khan, who founded infrastructure development

(continued on page 12)

ENERGY NORTHWEST PITCHES OWNERSHIP IN \$1B PLANT

Energy Northwest is set to approach investors for a newly announced \$1 billion plant in western Washington. The 600 MW project, fueled by gasified coal and petroleum-coke, is still in its nascent stages with siting and permit approvals still a month away, says Dan Porter, manager in Richland, Wash. But, the public utility owned agency hopes to attract outside parties, such as co-ops, investor-owned utilities or other public utilities to own the remaining power.

(continued on page 12)

MOSESON EXITS WESTLB

Howard Moseson, head of North American corporate and structured finance at WestLB in New York, has resigned. The financier—a fixture in the project finance market for over 15 years—is leaving as a result of an internal change: the asset-backed division has been folded into a corporate and structured group and Jim McPartlan, managing director of the ABS group, has replaced Moseson. A spokeswoman at WestLB declined to provide further details about the moves. Friday was his last day. He declined to comment on his departure or his plans.

(continued on page 12)

DYNEGY CLOSES IN ON MIDSTREAM SELLOFF



Dynergy has identified buyer willing to pay between \$2.7-3 billion for its midstream operations. Followers described the prospective investor as a privately-held master limited partnership backed by a brand-name private equity shop. Additional details could not be learned. The deal, which is pending the Houston IPP's board

approval that should take place this week, is a prelude to the sale of the entire company, which CEO Bruce Williamson, who is in merger talks with NRG Energy (PFR, 6/6), has made clear.

(continued on page 12)

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



At Press Time

WestLB Bags SocGen Utilities Loan Trader

Société Générale par loan trader Maria Rosa Garcia Otero has left the firm to join WestLB's investment banking loan syndication group in New York. Otero was a director on SocGen's New York loan desk, which trades primarily power and utility names. A trader at SocGen confirmed her departure and indicated that her post will be replaced but was unable to comment further. A message left with Otero at WestLB was not returned and a WestLB spokeswoman did not return a call for comment.

Reliant Asset Auction Set For Prelim Bids

Brokers **Goldman Sachs** and **Merrill Lynch** plan on accepting preliminary non-binding purchase agreements related to a portfolio of generation facilities being auctioned by **Reliant Resources**. The deadline for submissions is 5:00 p.m. today, says an investor planning on taking a run at the assets. The auction consists of some of oil and gas-fired assets tied to **Orion Power Midwest** and **Orion Power New York**, which Reliant purchased more than four years ago from **Orion Power**.

Prospective bidders are expected to place bids for all or part of the assets, which includes facilities in the Midwest and coveted peaker plants in the New York area. Officials at Goldman and Merrill did not return a call for comment and a call to Reliant officials was not returned by press time.

After evaluating the agreements, Goldman and Merrill are expected to pare back the list of prospects to a handful of around five. Those chosen will be given an opportunity to kick the tires on the assets over the next several weeks and submit binding offers, watchers say. A full list of bidders could not be obtained but observers believe that the usual suspects including **Carlyle/Riverstone**—a venture between the **Carlyle Group** and **Riverstone Holdings**—is eyeing the New York assets. An official at Carlyle/Riverstone declined to comment.

An exact valuation of the assets could not be learned. Reliant paid down a \$350 million loan related in its Orion Power New York project loan later this month and a circa \$900 million cross-collateralized **Orion Power MidWest** loan (PFR, 9/3/03).

The prized generation fleet in New York includes the 1.2 GW Astoria complex as well as a 281 MW gas-fired plant in Narrows and a 549 MW facility in Gowanus.

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**Institutional
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INTELLIGENCE FIRST

Chesapeake Eyes Bonds For Pipeline Construction

Chesapeake Utilities plans to issue senior notes to support construction of approximately 30 miles of gas pipeline. The total cost of the project has not yet been determined but the cost will likely fall under \$20 million, says **Beth Cooper**, treasurer in Dover, Del. The utility will initially draw on credit facilities and then replace the drawn amount with longer-term debt, she adds. Chesapeake has \$65 million in unsecured credit facilities, adds Cooper. She declined to release the size or terms of the five lines.

Chesapeake plans on laying about 10 miles of line by early 2006 followed by incremental expansions, says **Jeffrey Tietbohl**, director of regional business planning and development. A timeline for the following segments and capacity for the new pipes are still being worked out, he adds.

WestLB Banker Jumps To BNP

Roland DaCosta, a director in WestLB's North American corporate finance team, has jumped to **BNP Paribas**. The move was made earlier this month, according to a banker. DaCosta joined as a director in the loan syndications team in New York and reports to managing director **John Sullivan**, says **Edwina Frawley**, spokeswoman at BNP. DaCosta declined to comment. **Connie Kain**, spokeswoman at WestLB in New York, could not comment by press time.

Maine Developer Scouts For LNG Financing

Downeast LNG is looking for financing for its \$400 million LNG facility in Mill Cove, Maine. The developer has been in early discussions with possible equity providers and plans to reach out to financiers within the next year and a half, says **Dean Girdis**, founder in Calais, Maine. He declined to identify parties with which it has held talks.

The developer hopes to target a 60:40 debt-to-equity package in the project finance market. Its other options include bringing on equity investors to fund all or part of construction costs. Several equity investor prospects have expressed interest, but no contract has been inked. Downeast will favor a strategic partner such as an LNG supplier, says Girdis, declining to name names.

The developer has teamed with **Kestrel Energy Partners**, Huntington, N.Y.-based energy private equity firm, which has provided \$7.5 million to push the project through the initial development stage, says Girdis. **Paul Vermeylen**, president at Kestrel, says the firm's involvement will be based on the strength of supply and equity contracts but declined to give

further details. "We may or may not have a continuing interest," he adds.

The 500 million cubic feet per day facility still has about two years of permitting work ahead with construction slated to begin at the beginning of 2008 and wrap by the end of 2010.

EIF To Wrap Encore U.S. Fund

Energy Investors Funds is close to wrapping its *United States Power Fund II*, an investment vehicle along the lines of its earlier \$250million *U.S. Power Fund I*, which took stakes in generation projects including a 29% interest in the 240 MW Crockett Cogeneration facility in San Francisco.

The fund is expected to be larger than the predecessor, but the exact size could not be determined. The fund is fully committed and is being primed for initial investments, says one market watcher. Documentation should finalize with investors by the end of September. Calls to **Andrew Schroeder**, partner in New York, went unreturned. EIF has targeted institutional investors such as pension plans and endowments for the vehicle.

Lender Finds Tough Crowd With Caithness Wind Pricing

Lead arranger **WestLB** is facing a challenge attempting to syndicate a club-style \$71 million loan for **Caithness Energy** that refinances debt on a package of active wind farms in California. The bank has approached peers hoping to syndicate the 10-year loan (PFR, 6/18), but **NordLB**, one of three or four courted lenders, is opting not to participate, citing aggressive pricing among other concerns with the deal.

WestLB, which is only seeking to retain \$15-20 million of the loan, is pitching pricing at LIBOR plus 125 basis points, escalating to 150 basis points over the life of the 10-year debt. Other lenders involved could not be identified.

An official following the deal believes that NordLB's disinterest will not impede the syndication because of the size of the deal. Officials at WestLB and NordLB declined to comment and calls to officials at Caithness were not returned. WestLB is hoping to get the deal wrapped in the next few weeks.

The plants have some risks related to short-run avoided costs—essentially costs that cannot be avoided in the short run such as the price of gas—that are also giving lenders reason to pause, one watcher says.

Caithness is seeking an approximately \$71 million credit line to support operations of three plants in Tehachapi: a 23 MW facility known as Oak Creek, a 6.75 MW wind farm called Victory Garden Repower and an 18.4 MW plant dubbed 251. A 43 MW plant, San Geronio, is located in Palm Springs, Calif.

Golden State Developer Courts Investors

Clipper Windpower has started talking to investors for the 150 MW Endeavor wind farm near Spirit Lake, Iowa. The Carpinteria, Calif.-based developer and turbine manufacturer plans to retain 10% of the project, says **James Dehlsen**, ceo. So far, Clipper has approached a handful of unidentified utilities and plans to branch out to non-utility investors soon, he said. Dehlsen declined to give the cost of the project. Construction on the Endeavor project should begin mid 2006 with operations commencing by yearend.

Endeavor is being built in response to an RFP by **Alliant Energy** and a 15-year power purchase agreement has been inked with Alliant subsidiary **Interstate Power and Light**. Details regarding pricing on the PPA could not be obtained, but Clipper expects a non-levered, internal rate of return of 7-8%, Dehlsen comments. Calls to **Scott Drzycimski**, spokesman at Alliant, were not returned.

Clipper is also developing the 100 MW Criterion project in Garrett County, Md. (PFR, 2/14).

Fired Up! Acquirer Rolls Out La Paloma B Loan Via WestLB

Houston boutique **Complete Energy Holdings** has launched a \$560 million B loan deal to fund its acquisition of the 1 GW La Paloma Generating Station. The WestLB-led deal will have a first- and second-lien structure, says a banker, but the breakdown could not be obtained. Officials at WestLB declined to comment and **Milton Scott**, managing director at Complete Energy, did not return a call.

Pricing for the first lien is expected to land at around 250 basis points over LIBOR while second-lien pricing should be around 500 basis points, say trackers. Watchers expect syndication to be completed over the next few weeks.

Complete Energy, run by Scott and **Hugh Tarpley**, both former **Dynegy** executives, is paying more than \$600 million for the gas-fired generating facility including potential adjustments of \$50 million (PFR, 5/23).

Corporate Strategies

Entergy Unit Retires \$30M In Vintage Preferreds

Entergy Mississippi has replaced roughly \$30 million in relatively expensive perpetual preferred securities with a cheaper series. The subsidiary of New Orleans-based **Entergy Corp.** retired two batches of preferred securities: a \$10.2 million series bearing a dividend of 7.4%, issued in 1973 and an 8.3% chunk totaling around \$20 million, issued 13 years ago.

Frank Williford, assistant treasurer, says the utility waited to retire the preferreds because it did not see an attractive entry point at which to replace the offering until recently. Entergy favors retiring its older preferreds when the net present value of the principal amount of the new is about 10% less than the old, he explains. "Earlier in the year we didn't feel like the market for preferreds was very attractive," he says. He also cited legislation that lowered taxation on dividends last year as factoring into its decision to issue a new series.

The new perpetual preferred offering bears a dividend of 6 1/4% and was underwritten by **Lehman Brothers** and **Barclays Capital**, with which Entergy maintains longstanding relationships. They are callable in 2011.

The original 7.4% preferreds, underwritten by a defunct affiliate of **PaineWebber**, were callable five years after their issuance and were used to help fund capex. The 8.3% series was issued to help repay \$75 million in first-mortgage bonds, carrying 14.4% coupons. That batch was issued by **Kidder**,

Peabody & Co. and **Prudential** in 1992.

In line with its redemption strategy, Entergy is planning to wipe out approximately \$75 million in similar preferreds at subsidiary **Entergy Arkansas**, says Williford. The holding company has not hashed out details of the offering, including timing.

Solar Co. Taps Convertible Market

Evergreen Solar, a Marlboro, Mass.-based solar technology company recently sold \$90 million in seven-year 4 3/8% convertible subordinated notes. **Richard Chleboski**, cfo, says the company came to the market to prepare for an expansion of a German joint venture and to allow Evergreen to enter into deals with suppliers of silicon—a key component of solar panels. The notes have a conversion price of \$7.39, a 20% premium to the previous day's close.

"This is the first time we've raised money that wasn't already committed," Chleboski says.

Chleboski listed a handful of reasons the sale of convertibles looked more attractive than selling debt or equity. The conversion price sold at a premium to the share price, like a cheaper equity deal. Evergreen has yet to turn a profit, so a straight debt deal would have required the company to pay a much higher coupon. The marketing process for convertibles often takes just one day because of the nature of the investor base. In an equity deal, long road shows can lead to downward pressure on the stock which in turn affects the deal's pricing.

Corporate Strategies (cont'd)

Lastly, the underwriting fees ran to about 3% compared to 5% for a standard equity or debt deal, which, in this deal, amounted to a difference of \$1.8 million.

The notes can't be called in the first three years. But in the fourth or fifth year, if the share price hits 130% of the conversion price, Evergreen can call it. In the final two years, Evergreen can call the notes at will.

SG Cowen, First Albany Capital and Merriman Curhan Ford handled the deal because of their knowledge of the company, Chleboski notes. SG Cowen and First Albany both managed Evergreen's last equity offering of \$62.5 million in February. Merriman has an analyst, **Brion Tanous**, covering the company and is beginning to take an interest in energy technology companies, he says.

ITC Transmission IPO Debut Draws Buzz

ITC Holding Corp. priced a nearly \$300 million initial public offering, amid strong Street buzz. The Novi, Mich.-based transmission entity, which was created two years ago as the acquisition vehicle for **Kohlberg Kravis Roberts & Co.** and **Trimaran Capital** when they bought the operation from **DTE Energy** for \$610 million, was priced at \$23 and has been trading about 15% higher, bankers say.

Hitting the market as the first public offering of an independently owned transmission company, the deal was expected to be a tough sales pitch and a challenge to price (PFR, 5/9) for its co-underwriters **Lehman Brothers**, **Credit Suisse First Boston** and **Morgan Stanley**. But last Monday, the underwriters, which had a two-week-long road show, drew interest for nearly 200 million more shares than the 12.5 million placed, bankers say.

Underwriters at CSFB, Lehman and Morgan Stanley declined to comment on the offering. Officials at ITC declined to comment as did officials at private equity shops KKR and Trimaran.

According to bankers close to the transaction, the deal was priced at about \$2-3 above the underwriters' original pricing range of \$19-21 because potential buyers were attracted to the growth potential of the operation and the fact that it would be offering a roughly \$1.05 annual dividend. Moreover, the **Federal Energy Regulatory Commission**, which has been encouraging independent ownership of transmission companies, has authorized that ITC can earn as much as a 13.88% return on its capital. A typical utility may not exceed 13%, bankers note.

The company will use proceeds to pay down debt and return

equity to KKR and Trimaran. As of March 31, ITC had listed \$519.8 million of consolidated debt on its public filing. The transmission company operates some 2,700 miles of lines in southeast Michigan.

Xcel Utility Arm Goes Long

Northern States Power has issued \$250 million in long-term notes to take out shorter term debt. The 30-year, 5.25% notes were planned for September but the company moved up the offering in order to take advantage of the low interest rate environment, says **George Tyson**, treasurer at parent **Xcel Energy** in Minneapolis, Minn. The long-dated debt also match the long-term assets of the utility, he adds.

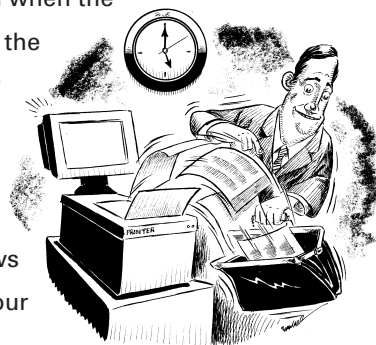
The new debt replaces \$70 million of 6.125% first mortgage bonds due December 2005, says Tyson. It will also pay back \$4.6 million in six-year, tax-free pollution controlled bonds issued in 1999 with pricing split between 4% and 4.4%. Even though the new debt has a higher interest rate than the tax-free notes, it was more efficient to wrap the refinancing into one issuance, adds Tyson.

The balance will repay borrowings on a \$375 million facility priced at LIBOR plus 30 basis points. The utility has drawn some \$220 million from the line to fund maintenance needs, says Tyson.

Barclays Capital and **JPMorgan Chase** were co-leads on the issuance. Earlier this year, **JPMorgan** co-led the refinancing of \$1.1 billion in revolvers for Xcel and three subsidiaries with Barclays acting as participants (PFR, 4/4).

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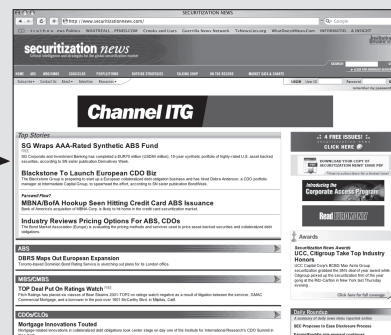
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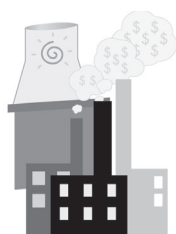
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Generation Auction & Sale Calendar

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. New items are in bold. To report new auctions or changes in the status of a sale, please call **Mark DeCambre**, managing editor, at (212) 224-3293 or e-mail mdecambre@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Wolf Hollow Termomamonal Ottana	Texas Colombia Italy	730 90 140	Gas Gas Gas	N/A None	Transferred to KBC-led creditor group. Ongoing.
Aquila	Racoon Creek Goose Creek Crossroads	Ill. Ill. Miss.	340 340 340	Gas Gas Gas	Not chosen	Intention To Sell.
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7 Mystic River 8 Mystic River 9 Fore River	Mass. Mass. Mass. Mass.	560 832 832 832	Oil/Gas Gas Gas Gas	Lazard	Ongoing.
Calpine	Ontelaunee Energy Grays Ferry Philadelphia Water Morris Power Plant, Saltend Energy Centre	Ontelaunee Township Center, Penn. Philidelphia Philidelphia Morris, Ill. Hull, England	175 MW, 23 MW 156 MW, 1,200 MW,	gas-fired, gas-fired diesel and biogas gas-fired gas-fired		Tenaska Power Fund in talks to acquire for \$231 million Tenaska in talks to acquire 50% interest for \$37 million Tenaska in talks to acquire 8% interest for \$7 million Diamond Generating in talks to acquire for \$82 million International Power and Mitsui & Co. have agreed to acquire for \$906 million
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union Gila River	Ark. Ariz.	2,200 2,300	Gas Gas	Goldman	Ongoing.
CMS Energy	Ensenada CT Mendoza El Chocon	Argentina Argentina Argentina	128 520 1,320	Gas Gas Hydro	Not chosen J.P. Morgan J.P. Morgan	Announced Intention To Sell.
Citi-led bank group (NEG developed plants)	Lake Road La Paloma	Conn. Calif.	840 1,121	Gas Gas	Lehman Bros. Lehman Bros.	Cargill Bought Debt Portion. (PFR, 12/27) Complete Energy Has Won The Bidding.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Duke Energy North America	Bridgeport Energy Project Maine Independence Station Bayside Power Project Fort Frances Cogeneration Project Lee Energy Facility Vermillion Energy Facility St. Francis Energy Facility Washington Energy Facility Fayette Energy Facility Hanging Rock Energy Facility Oakland Power Plant Moss Landing Power Plant Morro Bay Power Plant South Bay Power Plant Griffith Energy Facility Arlington Valley Energy Facility McMahon Cogeneration Plant	Bridgeport, Conn. Penobscot County, Maine St. John, New Brunswick Fort Frances, Ontario Lee County, Ill. Vermillion County, Ind. Glennonville, Mo. Washington County, Ohio Fayette County, Pa. Lawrence County, Ohio Oakland, Calif. Monterey County, Calif. Morro Bay, Calif. Chula Vista, Calif. Mohave County, Ariz. Maricopa County, Ariz. Taylor, British Columbia	490 MW 520 MW 260 MW 110 MW 640 MW 640 MW 500 MW 620 MW 620 MW 1,240 MW 165 MW 2,538 MW 1,002 MW 700 MW 600 MW 570 MW 117 MW	Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas Gas	CSFB	May Be Back On The Block (See Story Page 1)
El Paso Europe	Enfield EMA Power Kladna	U.K. Hungary Czech Rep.	396 (25%) 70 350	Gas Coal Coal	None	Ongoing.
El Paso North America (Merchant assets)	Berkshire CDECCA Eagle Point Pawtucket San Joaquin	Mass. Conn. N.J. R.I. Calif	261 (56.41%) 62 233 67 48	Gas Gas Gas Gas Gas		Final Bids Due. Negotiations Are Taking Place With BroadStreet Resources.
EnCana	Cavalier Balzac Kingston	Alberta Alberta Ontario	106 106 110 (25%)	Gas Gas Gas	HSBC HSBC HSBC	Being Shopped To North American Power Group. Launched Sale In April.



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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Energy Investors Fund	Multitrade Crockett	Va. Calif.	79.5 (60%) 240 (24%)	Biomass Gas	None	BNP Paribas is advising on the sale BNP Paribas is advising on the sale
Entergy Asset Management	Robert Ritchie Warren Power RS Cogen Harrison County	Ark. Miss. La. Texas	544 314 425 (49%) 550 (70%)	Gas/oil Gas CHP Gas	None	Ongoing.
EPRL	Glanford Thetford Ely Westfield Elean	U.K. U.K. U.K. U.K. U.K.	14 39 13 10 38	Poultry Litter Poultry Litter Poultry Litter Poultry Litter Straw	Rothschild	Ongoing.
Exelon/PSEG	Eddystone Generating Station Linden Generating Station	Delaware County, Pa. Linden, N.J.	1,510 MW 775 MW	Coal and Gas Gas		Interviewing Banks To Advise On Sales.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Sold To Entergy
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills West Georgia Bosque County Wichita Falls	Fla. Ga. Texas Texas	474 640 538 77	Gas Gas Gas Gas	BofA	Ongoing.
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport Mungo Junction Southbridge	Texas Ohio Mass.	80 32 7	N/A		Considering Liquidation.
National Energy Gas & Transmission (USGen New England)	Salem Harbor Brayton Point Manchester St. Connecticut River Deerfield River	Mass. Mass. R.I. N.H. Mass.	745 1,599 495 479 89	Coal/Oil Coal Gas Hydro Hydro	Lazard	Dominion Has It Under Contract.
Oman (Ministry of Housing, Electricity & Water)	Rusail Ghubratt Wad AlJazzi	Oman Oman Oman	730 507 350	Gas CHP Gas	CSFB	-
Reliant Energy	Carr Street Astoria Gowanus Narrows	N.Y. N.Y. N.Y. N.Y.	95 1,276 549 281	Oil Gas Gas Gas	Goldman	Ongoing.
InterGen	La Rosita Redbud Cottonwood Magnolia El Bajio Termocali Rocksavage Spalding Coryton Rjinmond Knapsack Catadau Meizhou Island Power Quezon Callide C Millmerran	Mexico Okla Texas Miss. Mexico Columbia U.K. U.K. U.K. Netherlands Germany Spain China Singapore Philippines Australia Australia	1,100 1,220 1,235 900 600 235 748 860 732 820 790 1,200 724 750 460 920 880		Citigroup	AIG And Ontario Has Won The Bidding War.
SG-led bank group (NEG developed plants)	Athens Covert Harquahala Millennium Iskenderun	N.Y. Mich. Ariz. Mass. Turkey	1,080 1,170 1,092 360 1,320	Gas Gas Gas Gas Gas	Blackstone	Assessing Bids.
STEAG Teco Energy	Dell Power Station McAdams Power Station	Ark. La.	540 599	Gas Gas	Morgan Stanley	Ongoing. Reviewing Options
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

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.

The Americas

- Amid intense heat, **PJM Interconnection** instituted a 5% voltage reduction in parts of its territory to maintain system reliability and **Con Edison** and **Duke Energy** surpassed their records for peak electricity use. "The fact that this country's electric companies are having to run their plants full-bore to keep up with demand, underscores the need for a forward-thinking, comprehensive national energy policy," says **Tom Kuhn**, president of the **Edison Electric Institute** (*Wall Street Journal*, 7/28).
- A new energy bill that promotes nuclear generation is close to being passed by Congress. It contains some \$1.5 billion in subsidies to promote new generation plus the potential of billions of dollars more in government commitment to ensure the plants get financial backing on the Street (*Wall Street Journal*, 7/28).
- U.S. House and Senate conferees will consider a plan that shifts much of the authority over where and how new LNG terminals will be built from state officials to the **Federal Energy Regulatory Commission** (FERC). The provision is part of the Senate version of a national energy policy bill. The White House is pressuring congressional leaders to pass an energy bill before the August recess (*Cox News Service*, 7/24).
- **Pacific Gas & Electric Co.** and **Southern California Edison** will add more wind power to their generation resources under contracts approved by the **California Public Utilities Commission**. **Pacific Gas & Electric**, a unit of PG&E Corp., will add at least 143 MW at three wind farms under 15 to 20-year contracts with wind developers. Southern California Edison, a subsidiary of Edison International, will replace older wind turbines with new generators at four wind energy stations to produce about 37 MW. Financial terms were not disclosed (*Reuters*, 7/22).
- **Alcoa** plans to spend \$330 million on a southwestern Indiana power plant to improve environmental performance and boost power. The company plans to install scrubbers on all four operating units, modify boilers to provide greater fuel flexibility and install new coal handling facilities at the Warrick power plant (*Beaver County Times*, 7/25).
- **Entergy Louisiana** and state officials are hoping a national consortium of power companies will choose St. Francisville, La., to construct a \$2 billion nuclear power plant. **NuStart Energy Development**, a consortium of eight generating companies, have announced six possible sites including Entergy's Riverbend Power Plant in St. Francisville and Entergy's Grand Gulf Power Plant at Port Gibson, Miss. (*The Shreveport Times*, 7/26).
- **Constellation Energy**, the developer proposing the 564 MW, \$900 million Rockdale Power Project in Texas, reduced its request for Milam County tax abatements and threw in \$100,000 for a county park to sweeten their desired incentive deal after meeting with county officials. The company initially requested a 75% county property tax abatement for 10 years. It's new request for the plant falls between 50-55% (*Waco Tribune Herald*, 7/26).
- **Gas Natural** says it plans to invest €42 million in a 50 MW windfarm in Guadalajara, central Spain. The Catalan gas group says that 28 MW of the capacity will come on stream at year-end. It is still waiting for grid connection rights for the remaining 22 MW (*AFX News Limited*, 7/26).
- Construction has begun on the C\$186 Erie Shores Wind Farm. The 99 MW project, owned by **Clean Power Income Fund**, project should be online April 2006 (*Tillsonburg News*, 7/25).
- Construction crews will arrive in Pennsylvania this week to begin work on a 3.5-mile underground natural gas pipeline developed by **Williams Trans-co**. Bordentown officials have opposed the pipeline every step of the way, attempting to stop the project altogether. The town and Williams are entangled in court over the value of the land the pipeline will traverse, but the lawsuit is not affecting construction (*Burlington County Times*, 7/24).
- A major wind farm project planned for the north end of Vancouver Island has been cancelled because there isn't enough wind. The 58.5 MW project was to be sited on a mountain ridge near Holberg and was proposed by **B.C. Hydro**. Hydro had a 20-year energy purchase agreement with Vancouver-based **Stoithert Power** and its partner company, **EHN** (*CBC News*, 7/26).
- Federal regulators have accepted an application to renew the license of the Oyster Creek nuclear power plant, the oldest in the nation, despite problems with the electronic forms. The **Nuclear Regulatory Commission** says it still can't search some of the 25-hundred pages of the application because of a computer glitch. The NRC says it believes the plant's owner, **AmerGen**, would resolve the problem (*Associated Press*, 7/26).

Asia and Australia

- A five-member Pakistani delegation has inspected a power project in Indian Kashmir that Islamabad says violates a 44 year-old water sharing treaty between the South Asian rivals. Pakistan fears the 450 MW, \$1 billion project could deprive its state of Punjab of vital irrigation water (*AFX News Limited*, 7/24).
- Western Australia's much-touted desalination plant will be powered by an A\$180 million wind farm. The 80 MW farm, sited at Emu Downs north of Perth, will make the desalination plant the largest of its kind in the world to be powered by renewable energy (*The Australian*, 7/27).
- Pakistan says it will go ahead with the proposed multi-billion dollar Iran-India gas pipeline project even if India found it unfeasible. "If it is not feasible for India, we are going to go ahead with this in any case because we need to meet our energy requirements," Pakistan's Foreign Office spokesman **Naeem Khan** says, referring to recent remarks by Prime Minister **Manmohan Singh** that the 2,600-km project had many risks (*Persian Journal*, 7/26).
- The **Tamil Nadu Electricity Board** has given the thumbs-up to 15 biomass-based power projects, state Electricity Minister **R. Viswanathan** said. The **Tamil Nadu Energy Development Agency** has recommended 37 biomass-based power projects for

TNEB, for about 260 MW. Approval has been given for 15 biomass based power projects for a capacity of 145 MW (*WebIndia123*, 7/23).

Europe and The Middle East

- **Scottish & Southern Energy** plans to build a \$244 million hydro-electric plant near Fort Augustus, Scotland. The 100 MW plant is set to come online by the end of 2008 (*Bloomberg*, 7/28).
- Romania has set a Sept. 15 deadline for expressions of interest in power distributor **Electrica Muntenia Sud**. It will announce qualifying bidders for a 67.5% stake by Oct. 3. On June 9, the government had announced that buyers will be required to purchase a 50% stake and then buy new stock, increasing the holding to 67.5% (*Bloomberg*, 7/28).
- **Boralex** has arranged a \$285 million master credit agreement to develop wind power projects in France over the next three years. The firm also announced it has completed the acquisition of **Eoliennes de Plouguin**, a wind power company that holds the operating rights to an eight-megawatt wind farm in Plouguin, in western France. A first drawdown of about \$17.7 million under the credit agreement will be invested in construction of the new site, slated to begin commercial operation in October 2005 (*National Post*, 7/25).

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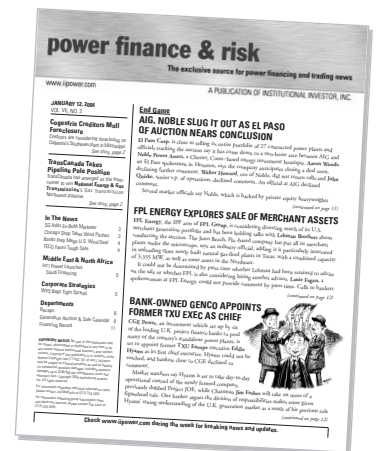
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MOSESON EXITS

(continued from page 1)

Moseson was offered a senior project finance gig in WestLB's offices in London, which he turned down in favor of staying in the States. The veteran is reportedly considering either a bank role or a spot with a private equity or hedge fund shop. Before WestLB, Moseson was a managing director at **Société Générale**. He cut his teeth in the industry at **Chase Manhattan Bank**, performing various duties for the financial institution in the early to late 1990s prior to its merger with **Chemical Banking Corp.** in 1995.

In the fall, WestLB split its New York business into North American and Latin American lines in order to juice up business (PFR, 11/8). Shifting its ABS group under the corporate and structured umbrella is believed to be a final part of that reconfiguration. —M.D.

BLUE GRASS

(continued from page 1)

company Herndon, Va.-based **Khanjee Holdings** in 2001, which took over **EnviroPower** and the planned projects over a year ago. Plans for construction have been delayed largely because Khan wanted to get a significant portion of the capacity contracted prior to breaking ground.

Underpinning construction of the baseload facilities are several pending PPAs with local municipal utilities that should cover the bulk of the output. Details of those contracts could not be obtained.

The loan for **EnviroPower** is expected to be kicked off in one or two months, but details on the debt will not be fleshed out until it approaches its launch. Officials at WestLB declined to comment on the planned financing and calls to **EnviroPower** were fielded by an executive who declined to comment or make other officials available. **EnviroPower** has regulatory permits in place for the facilities. Watchers believe that the operation should be up and running before 2010.

—Mark DeCambre

DYNEGY CLOSES

(continued from page 1)

Calls to Williamson were directed to Dynegy spokesman **John Sousa** in Houston.

"We are moving along as expeditiously as we can with the goal of identifying a buyer for the assets," he says, declining to comment further.

Advisor **Credit Suisse First Boston** was charged with finding an investor for the midstream unit in rapid fashion because Williamson was hoping to gussy up the balance sheet and shrink debt with proceeds ahead of any corporate level tie up. Officials at CSFB declined to comment. —M.D.

ENERGY NORTHWEST

(continued from page 1)

About 50% of construction will be financed via tax-free municipal bonds. Energy Northwest has 19 member utilities that will be given the option to take an ownership stake in the operation and become offtakers for 300 MW of power, Porter adds, noting preliminary discussions with members have begun. It will troll for debt in earnest in about 12 months, he notes.

The outside investors will be responsible for their own financing and offtake agreements but conversations with potential investors will kick off in a couple of months, once permitting is underway, says Porter.

The strength of the PPAs ultimately will determine the structure of debt package. The agency is hoping to ink about 20 separate, 30-year contracts before permitting wraps. Scaling back the plant might be a consideration if demand needs change as the plant moves closer to fruition. Construction should begin in late 2007 and wrap up late 2011.

—Raquel Pichardo

Quote Of The Week

"Earlier in the year we didn't feel like the market for preferreds was very attractive." —**Frank Williford**, assistant treasurer at **Entergy Corp.**, on the timing for its subsidiary, **Entergy Mississippi's**, note refinance (See story, page 4).

One Year Ago In Power Finance & Risk

Al Kamil Power, an Omani subsidiary of **International Power** and owner of the 285 MW Al Kamil plant, was prepping for an IPO slated for July 2004. [The independent power producer raised \$15 million by floating 35% of the company to Omani investors Muscat stock exchange in September of that year (PFR, 9/20).]

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