power finance & risk

The exclusive source for power financing and trading news

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Web Exclusives

Trafigura Group has hired a senior **EDF Trading** official to beef up its energy derivatives trading business in London.

Hopes that the repeal of PUHCA would lighten energy regulation could be dashed by Congress awarding more power to the **Federal Energy Regulatory Commission**.

For the full storied go to *PFR*'s Web site (www.iipower.com)

In The News

Corporate Strategies

Departments

Walking a Tightrope

REFINANCING IMPASSE COULD PUSH EME INTO BANKRUPTCY

Irvine, Calif.-based **Edison Mission Energy** is increasingly likely to file for bankruptcy protection later this year, warn creditors working on a $1 billion plus refinancing package for the embattled independent power producer. Bankers say EME's survival prospects have been thrown into doubt by parent company **Edison International**'s tough negotiating stance on the loan refinancing and an unwillingness to inject new capital into the IPP. "I think we're looking at something that's 50/50 at best," says **Paul Fremont**,

(continued on page 12)

Déjà Vu

BOFA REPLACES HEAD OF COMMODITY GROUP

Bank of America has drafted in **Greg Mulligan**, head of market risk-Europe in London, to replace **Rick Grove** as global head of commodity derivatives in New York. Grove has taken the new position of coo of the group, according to an official familiar with the firm. Mulligan was travelling at press time. Grove said that Mulligan, in addition to risk management, has extensive derivatives trading experience. Grove reports to Mulligan,

(continued on page 12)

First-Of-A-Kind

CALPINE BOLSTERS $750M REFINANCING WITH SPARK SPREAD PROTECTION

San Jose, Calif.-based Calpine has incorporated a spark spread hedge into a power plant refinancing package, a feature that ensures debt interest will be paid even if operating margins deteriorate for the gas-fired generation portfolio. Bankers say the power plant financing is likely the first of its type to strip out commodity price risk through the use of a spark spread floor.

The spark spread derivative is being used to enhance a $750 million package of first- and

(continued on page 12)

DOLPHIN DEPARTS AS SG MERGES ENERGY GROUPS

Jeremy Dolphin, managing director and head of power for Europe, the Middle East and Africa (EMEA) at **Société Générale** in London, is set to leave the French bank later this month. Market watchers say Dolphin's departure comes as SG is about to merge its EMEA power and oil & gas divisions into a single energy group, under the direction of **Robin Baker**, managing director and head of oil & gas. The reshuffle also sees **Matthew**

(continued on page 11)

At Press Time

Merrill Hires Marketer

Scott Kerson, former head of commodity marketing for the Americas at Deutsche Bank in New York, has joined **Merrill Lynch** to head energy marketing. Kerson is working on Merrill's newly minted oil and gas trading operation and reports to **Kuljinder Chase**, head of the energy trading business.

Kerson left Deutsche Bank in May and has been replaced by **Bruce Garner,** head of commodity sales in London, says a spokeswoman.

Dominion Unwinds Costly PPA

Dominion Resources recent acquisition of a 240 MW power plant in Virginia was driven by its desire to unwind an expensive offtake contract in place with the facility. "We have been buying plants with whom we have unprofitable arrangements," says spokesman **Daniel Genest** of Dominion's $150 million purchase of the Gordonsville power station from **Calpine** and **Edison Mission Energy** earlier this month.

All of Gordonville's generation is sold to Dominion under a 30-year power purchase contract. "We were paying over $30 million on capacity payments for the Gordonsville plant alone," says Genest.

Genest says Dominion will continue acquiring power plants in Virginia where it is locked into out-of-the-money power purchase agreements. "We will buy as many as plants as feasible to get out from under these payments."

Brooke Glenn, an analyst at New York-based **Jefferies & Co.** says "the real benefit to Dominion is in the avoidance of the above-market power contract [in a competitive market]." Virginia will be fully deregulated by 2007.

In December 2000 Dominion Resources bought three plants in Virginia—Altavista, Hopewell and Southampton—from **LG&E Energy** and **Westmoreland Coal**.

Financier Seen Joining Innogy

Jeremy Ellis, former head of project finance-London at **Crédit Agricole Indosuez**, is set to resurface at U.K. utility Innogy, say bankers. Ellis, a former **UBS** and **Enron** financier, will reportedly take on a senior marketing role. Ellis left CAI in February (PFR, 2/3). A spokeswoman at Innogy did not provide comment by press time.

FirstEnergy Readies Stock Sale

Akron, Ohio-based FirstEnergy is set to issue some $500-$750 million of stock later this month after it releases revised financial results, say bankers and analysts. "The bidding process to underwrite the stock deal is ongoing. Everyone on Wall Street is pestering them," says one Wall Street banker.

FirstEnergy has yet to hand out bookrunning positions or co-manager slots, but **Morgan Stanley** is a shoo-in to lead the stock sale, notes the banker, explaining that the bulge bracket firm has a close relationship with FirstEnergy.

Kristen Baird, spokeswoman at FirstEnergy, declined to comment on its capital raising plans or on discussions with Morgan Stanley. "If there's an equity issuance we would announce it." Calls to bankers at Morgan Stanley were not returned by press time.

In a second quarter earnings conference call last week, FirstEnergy announced that it had to restate and re-audit earnings for last year and the first quarter of this year.

The announcement, which took the market by surprise, prevents FirstEnergy from offering stock in the public market until it has filed an amended 10 Q.

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TRANSLink Eyes Private Equity Funding

TRANSLink Transmission, the proposed for-profit independent transmission company (ITC) backed by 10 utilities, is looking to land private equity funding to back its operations. **Kirk Edelman**, cfo, says the aim is to secure around $50 million in backing, a downscaled target from the $200 million initially envisaged. The wires startup has lowered its target because some U.S. state regulatory rulings have hindered its progress (PFR, 7/28), forcing it to re-assess its business model.

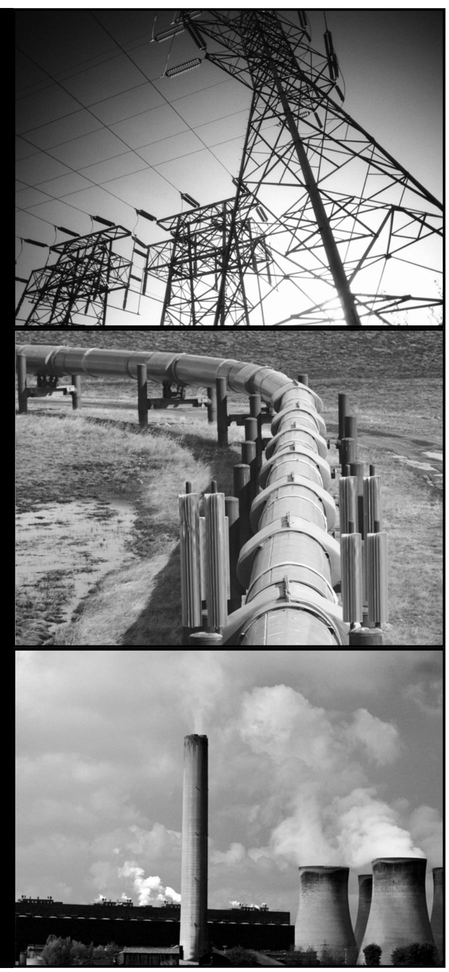
Several state regulatory commissions have rejected initial filings requesting approval for investor-owned utilities to transfer their transmission networks to TRANSLink. Edelman says TRANSLink is now evaluating whether it will proceed by taking transmission assets from energy companies that fall outside the jurisdiction of state regulators, such as power co-operatives and municipal power providers.

Also, TRANSLink may end up signing fee-based contracts to run transmission networks for those utilizes that are unable to transfer ownership to the new entity. The picture of how the company will operate going forward should become clearer within the next few months, he adds.

LIPA Extends Deadline On PPA Tender

The **Long Island Power Authority** has extended today's deadline for players to pitch for a 250-600 MW power supply contract until Sept. 2. The outcome of the process is keenly awaited as landing the offtake contract likely will determine whether some planned plants on the island will be built (PFR, 4/21). **American National Power**'s 580 MW Brookhaven Energy project is among those pitching for the PPA, says **Guy Marchmont**, project manager in Marlborough, Mass. "It is going to be difficult," he says of the prospects for building the unit without a LIPA PPA.

Under the new timeline LIPA is planning to announce its choice Nov. 1. **Michael Lowndes**, a LIPA spokesman, confirmed the new timetable. He was unable to provide comment on why the deadline has been extended and on how many players had filed an 'intent to respond,' which is necessary to make a formal pitch. Marchmont says LIPA has been telling firms there will be a large number of pitches, somewhere over 20. The RFP calls for supplying the power no later than the summer of 2007, but adds LIPA will give preference to proposals that could meet supply requirements the preceding summer.



El Paso To Pay Down $1B Revolver

El Paso Corp. has signaled to lenders it will pay down a $1 billion revolver that matures this month. The move is a positive, notes one lender, though he adds it was expected after the Houston-based player entered into a new $3 billion revolver in April. The $3 billion facility, which is secured against a swathe of El Paso assets and equity interests, was led by **J.P. Morgan** and **Citigroup**.

NGT, Statnett Relaunch Interconnector Financing

National grid operators **National Grid Transco** and Statnett will imminently relaunch plans to fund a $1 billion interconnector between the U.K. and Norway in the non-recourse bank loan market. NGT, Statnett and their financial advisor **Babcock & Brown** were forced to go back to the drawing board after an initial term sheet, launched in April, met a cool response from lenders (PFR, 6/9).

A Babcock & Brown official in London says the firm has listened to the bank market's concerns and has tweaked the deal's terms accordingly. "We've talked to lenders and this is the deal they wanted," he notes. He declined to elaborate before the deal is relaunched.

City financiers say the new deal likely will reduce leverage and also cut any merchant risk out of the deal. This was the biggest stumbling block on the original deal, notes one lender. "Credit officers don't look kindly at merchant power risk," he adds.

The aim to establish a club-type lead arranger group of up to 10 banks, thereby minimizing syndication risk when selling down the deal.

Innogy Seals Wind Farm Financing

U.K. utility Innogy has signed up seven banks to provide some GBP300 million ($485 million) in project level financing for a portfolio of contracted U.K. wind farms and will look to receive financing by month-end. At the same time it will sell a large equity stake in the portfolio to two undisclosed private-equity investors.

The bank group comprises **BNP Paribas** and **HypoVereinsbank** (bookrunners), **Bank of Tokyo-Mitsubishi** (documentation bank), **ABN AMRO** (technical advisor), **Fortis**, **Halifax Bank of Scotland** and **Royal Bank of Scotland**.

Jefferies Banker Joins Wells Fargo

Patrick Fleury, the last remaining utility investment banker at **Jefferies & Co.** in New York, has left the firm to join former boss **Lane Genatowski** at **Wells Fargo Securities.**

Fleury says he joined the Wells Fargo last Thursday as an associate and will work with Genatowski, head of utilities, and Director **Jay Schwartz** as the West Coast banking giant grows its energy franchise.

William Derrough, head of restructuring and refinancing at Jefferies, says Jefferies is looking to re-staff its power desk. "We are working on it," says Derrough. "We are building in lots of places and one can only recruit for so many hours. My guess is that we will pick up a team opportunistically. One that buys into the Jefferies' growth story and is entrepreneurial."

Genatowski, former head of power at **Banc of America Securities**, left Jefferies in early July after 10 months at the firm (PFR, 7/6).

Black Hills Pitches $400M Loan Reworking

Black Hills Corp. has a launched a $200 million three-year term loan and is also looking to amend the terms of an existing $200 million facility into a 364-day revolver. Pricing could not be determined, but some bankers says they're on the thin side given the Rapid City, S.D., utility holding company is rated BBB minus and on negative watch. However, other market officials argue the company is on an upward track and expect it to be removed from rating watch later this year. In addition, the company has a solid roster of relationship lenders that will likely re-sign for the deal, says one banker.

The facility is led by **ABN AMRO**, **US Bank** and **Union Bank of California**, which have led previous corporate facilities for Black Hills. Officials at the banks either declined comment or could not be reached. **Dale Jahr**, director of investor relations at Black Hills, says the company is in the process of entering a new loan agreement, adding the company would have no further comment until it files its 10Q.

AES Seals Spanish Financing

AES and its mandated lead arrangers **ABN AMRO**, **Credit Agricole Indosuez** and **Société Générale** were set to seal some EUR659 million in non-recourse debt financing late last week to fund the construction of a 1.2 GW gas-fired power project in Spain. A further seven or eight banks, including **BBVA**, **Citibank**, **Hypovereinsbank**, **ING**, **Westdeutsche Landesbank** and **Royal Bank of Scotland**, were set to take lead arranger roles, say officials close to the deal, adding a limited syndication effort will be launched next month. **Gerrit Nicholas**, managing director at **AES Energia Cartagena** in Madrid, says the IPP hopes to wrap up financing shortly, but declined further comment ahead of the deal's close.

The eight-year mini-perm debt will be used to partly fund the construction of Cartagena, a combined-cycle gas turbine project in southeast Spain that has inked a tolling agreement with **Gaz de France**. The deal is split into eight tranches including an EUR489 million term loan.

Signing the deal will bring to a close a drawn out capital raising process that was launched last February and had struggled at the outset to garner support. An initially lukewarm response from the bank market prompted AES to restructure the deal with a more conservative debt-to-equity ratio in May (PFR, 5/26). Gearing was cut from north of 90% to 80% and AES agreed to provide cash up front.

Inking the deal should prove a welcome fillip to AES's embattled European power generation operations. Just yesterday AES decided to walk out on DRAX, the U.K.'s largest power station, and hand over control of the coal-fired plant to its creditors.

Dominion Unit Closes In On Upsized Facility

Consolidated Natural Gas, a subsidiary of Richmond, Va.-based Dominion, is close to finalizing a $750 million, one-year loan facility via **Barclays Capital**, a deal that refinances and enlarges a $500 million deal also led by the U.S. unit of the London-headquartered bank.

Some bankers say the deal's solid credit rating, fully-drawn status and rich fees are stoking demand. "The upfront fees make it a stand-alone non-relationship deal," says one. Officials at Barclays, which is leading the deal along with **Bank One**, declined comment. The facility has fully drawn pricing of 67.5 basis points over LIBOR, which match those of the expiring deal (PFR, 9/16).

Calpine Set To Ink $230M Wis. Plant Financing

Calpine is close to finally landing non-recourse financing for the construction of its 600 MW Riverside Energy Center in Beloit, Wis. **Bayerische Landesbank**, **Credit Lyonnais** and **HypoVereinsbank** will likely sign a $230 million mini-perm by month-end, says one market official.

Other lenders are still looking at the deal, which is being arranged on a club basis, and may sign up before the closing, says the official. He adds the lead arrangers are considering launching a small retail syndication effort.

The long-gestated Calpine deal, which has been in the works all of this year (PFR, 2/17), will be structured as a short-term mini-perm of construction plus three years for the combined-cycle gas-fired facility. Construction is due to be finished by June. Officials at the three banks either declined comment or did not return calls. The names of the additional banks and other details of the structure and pricing could not be determined.

The Riverside plant has a 10-year off-take agreement with **Alliant Energy-Wisconsin Power & Light** for 453 MW of output.

With Calpine's CCFC1 jumbo portfolio construction revolver now close to being refinanced outside the bank market, project financiers argue the banks are now more likely to consider participating in new loans for Calpine. "It frees up capacity," notes one banker, referring to CCFC1's refinancing.

Bob Kelly, cfo at Calpine, told analysts on an earnings conference call last week that the company expects the Riverside financing to close within a couple of weeks.

Corporate Strategies

Indianapolis Utility Funds Emission Upgrades

AES subsidiary **Indianapolis Power & Light** closed the sale of $110 million in secured bonds earlier this month to pay for emission control upgrades at its power plants. The 10-year bonds were priced at 6.3%, a level that pleased Treasurer **Connie Horwitz** . "We have new [**Environmental Protection Agency**] mandated regulations to comply with in the next few years," says Horwitz, "and these bonds allow us to pay for that in a financially feasible way."

Horwitz says IP&L will look to raise a further of $40-50 million of cash for nitrous oxide emission upgrades when it next taps the bond market. It will likely come to market again before next February when some $80 million in first-mortgage bonds mature.

Merrill Lynch led the IP&L deal and Horwitz notes that AES often works with the New York bulge bracket firm. "This was a mutual decision between us and the parent," says Horwitz, "but we agreed that they do a good job." Co-managers included Cleveland, Ohio-based **NatCity Investments**, Columbus, Ohio-based **Huntington Capital** and **US Bancorp Piper Jaffray**. "Most of the co-manager roles were dispensed to reward creditor relationships," says Horwitz.

The bond offering was priced at 99. 927 to yield 200 basis points over comparable Treasury bonds. **Standard & Poor's** rated the bonds BB plus. **Moody's Investors Service** rated them Baa2 and **Fitch Ratings** rated them BBB. Horwitz says these ratings are in line with the company's other secured debt.

Indiana Utility Taps Debt, Equity Markets

Evansville, Ind.-based **Vectren Utility** priced $200 million in unsecured senior notes July 24 and was in the process of issuing $192 million of common shares late last week. Both deals are earmarked to fund ongoing capital expenditures in its generation business and also to retire short-term debt, says Treasurer **Robert Goocher**.

Vectren, a vertically integrated utility serving some one million customers in Indiana and Ohio, is in expansion mode and needs the capital injection to fund pollution control upgrades at its power plants as well as plant maintenance, explains Goocher. "We found we weren't able to generate the funds internally, so we went to the markets," he notes. Goocher says Vectren has no plans to buy new generation or expand existing plants.

In addition to funding capital expansion, Goocher says Vectren will use the money raised to retire existing debt borrowed at a higher interest rate. He declined to elaborate on what debt would be taken out.

The bonds were issued in two tranches of $100 million each. A 10-year tranche, priced at 99.746, pays a 5.25% coupon. A 15-year tranche pays 5.75% and was priced at 99.177. **ABN AMRO**, **LaSalle Bank** and **Bank One Capital Markets** led the bond deal. "We issued debt in 2001 and they did a great job distributing securities," said Goocher, referring to the bond book runners.

Goldman Sachs served as the sole bookrunner for the stock offering of 6.5 million common shares. Goldman had yet to set the sale price as *PFR* went to press. Outstanding Vectren shares were trading at $26.

Dynegy Makes Inaugural High-Yield Bond Offer

Dynegy is making its first foray into the junk bond market with a three-tranche $1.5 billion offering, which, if it wraps today as expected, will allow the company to take out several looming debt maturities.

The notes will repay a $200 million term loan and the outstanding $696 million under the so-called Black Thunder credit facility that's secured against Dynegy's Midwest electric generation portfolio. The high-yield offering also will allow the Houston energy merchant to repurchase through a tender offer more than 90% of $650 million senior unsecured notes maturing in 2005 and 2006. "It's a matter of providing the company with more flexibility," says **Ralph Pellecchia**, an analyst at **Fitch Ratings** in New York. Calls to **Nick Caruso**, cfo at Dynegy, were not returned. Spokesman **David Byford** declined comment on the deal ahead of its completion.

The secured bond issue, led by **Credit Suisse First Boston**, is split between $225 million of floating rate notes due 2008 paying LIBOR plus 6.50%, $525 million of 9.875% notes due 2010, and $700 million of 10.125% notes due 2013.

Pellecchia says another significant milestone for the company is its simultaneous issue of $175 million of 4.75% convertible subordinated debentures due 2023. This is part of the restructuring of **ChevronTexaco**'s $1.5 billion of preferred Dynegy stock that matures November. The oil giant has agreed to exchange its preferred stock for $225 million in cash, $225 million in Dynegy subordinated notes, and $400 million in convertible preferred stock. "They have resolved an issue well ahead of it becoming a problem," says Pellecchia.

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	N/A	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June
	E.S. Joslin	Texas	254	Gas/oil		as part of deregulation
	J.L. Bates	Texas	182	Gas/oil		of Texas market.
	Laredo	TExas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oill		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coleto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES	Yarra Power Station	Australia	510	Gas	-	Has appointed an advisor.
	Jeeralang	Australia	449	Gas		
	Mt Stuart	Australia	288	Gas		
AES Barry	Barry	U.K.	250	Gas	N/A	Centrica has tabled a bid.
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		
	Mitchell	Penn.	442	Coal		
Alliant Energy	Southern Hydro	Victoria, Australia	500	Hydro	N/A	Intention to sell.
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched Sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Me.	85 (24.3)	Coal		
	Topsham	Me.	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Copgen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Calpine	Watsonville	Calif.	30	Gas	Citigroup	Is looking to sell portfolio of contracted QFs.
	Greenleaf I	Calif.	50	Gas		
	Greenleaf II	Calif.	50	Gas		
	Agnews	Calif.	29	Gas		
	Parlin	N.J.	118	Gas		
	Morris	Ill.	177	Gas		
	Bethpage	N.Y.	54	Gas		
	KIAC	N.Y.	105	Gas		
	Stony Brook	N.Y.	40	Gas		
	Auburndale	Fla.	153	Gas		
	Grays Ferry	Penn.	148	Gas		
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Expects to sell assets shortly.
	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		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
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	
Duke Energy North America	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		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	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		
El Paso North America (Merchant assets)	Barstrop	Texas	-	Gas	Citigroup	Launched sale in Jan. Looking to sell merchant assets as single portfolio.
	Berkshire	Mass.	-	Gas		
	Milford	Conn.	-	Gas		
	Newark	N.J.	-	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched Sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.
IVO Energy	Grangemouth	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.
NRG/Xcel (Asia)	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		Sale agreed.
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG/Xcel	TermoRio	Brazil	1040 (50% sake)	Gas	Deutsche Bank	Awaiting bids.
(Latin America)	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 Sachs	Has already sold two Eastern European plants.
(Europe)	Enfield	U.K.	380 (25%)	Gas-fired		Awaiting further bids.
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG/Xcel	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders.
(U.S.)	Pike	Miss.	1,192	Gas		Shaw Group to take over.
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	Gas		OG&E agreed to buy.
	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,	Rusail	Oman	730	Gas	CSFB	-
Electricity & Water)	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch &	Ongoing.
	Lakeview	Ontario	1,140	Coal	Scotia Capital	
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PESG Global	Tanir Bavi	India	220 (74%)	Naphtha	-	-
	Karpatalsm	India	330 (20%)	Naphtha		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro		Ongoing.
	Masspower	Mass.	267	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		
Polish Treasury	Elektroncieplownie	Poland		CHP	-	Ongoing.
	Pozpnanskie					
Reliant Resources	Argener	Argentina	160	CHP		
SG-led bank group	Athens	N.Y.	1,080	Gas	Blackstone	First round bids closed July 9.
(NEG developed plants)	Covert	Mich.	1,170	Gas		
	Harquahala	Mass.	1,092	Gas		
	Millenium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		
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
	Martin Lake	Texas	2,250			its coal assets.
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
TXU Europe	Shotton	U.K.	229	CHP	PWC	Awaiting bids.

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

• Hanoi-based consortium **Vietnam Laos Investment** is seeking approval from the Laos government to build and operate five hydropower plants. All the five plants, Sepian Senamnoi (340 MW), Sekamang 1 (300 MW), Sekamang 4 (55 MW) Sekong 4 (310 MW) and Sekong 5 (200MW), would be built in Laos' southern province of Sekong (*Reuters*, 8/5).

Europe & Middle East

• **AES** has walked out on its investment in DRAX, a 4 GW U.K. power plant, after banks and bondholders, who are owed GBP1.3 billion, rejected AES' refinancing plans. **Gordon Horsefield**, a former **PricewaterhouseCoopers'** director, and **Gerald Wingrove**, former finance director at **London Electricity**, will take over control of the plant on behalf of the creditors (*Financial Times* 8/6).

• U.S. government officials have warned **RWE** that it could face sanctions against its U.S. operations if it does not scale back plans for a project in Libya (*Financial Times*, 8/6).

U.S. & Canada

• **Dominion Resources** agreed to acquire a 240 MW power station at Gordonsville, Va., for about $150 million in cash and debt from **Calpine** and **Edison International** (*Dow Jones*, 8/4).

• **Reliant Resources** said Vice Chairman **Stephen Naeve** will retire Sept. 16. Until May Naeve was coo at the Houston-based power merchant (*Reuters*, 8/4).

• **Westar Energy** will sell another portion of its stake in Oklahoma gas utility **ONEOK** as part of efforts to slash debt. Topeka, Kansas-based Westar will convert some of its ONEOK preferred stock into 9.25 million common shares, which will be sold through a public offering. If proceeds reach at least $150 million, ONEOK will purchase from Westar $50 million in ONEOK shares at the public offering price. The two transactions combined will raise gross proceeds of nearly $250 million. **J.P. Morgan** is the sole underwriter (*Reuters*, 8/4).

• Two ex-**Dynegy** employees have pleaded guilty to conspiracy to commit securities fraud and agreed to cooperate in an ongoing investigation into the Houston energy company. **Gene Shannon Foster**, a former v.p. of tax, and **Helen Christine Sharkey**, an ex-staffer in the risk control and deal structure groups, acknowledged trying to deceive rating agencies, analysts and investors by disguising a $300 million loan as cash flow (*Houston Chronicle*, 8/5).

• **Xcel Energy** submitted falsified power outage reports to the Minnesota **Public Utilities Commission** to make the utility's service look better, according to an audit. The PUC could fine the utility if it failed to meet energy service standards, order refunds for customers, and send evidence of willful violations to the attorney general (*Reuters*, 8/5).

• **Calpine** flipped to a loss in the second quarter as a result of foreign exchange losses and a write-down. The IPP posted a second-quarter loss of $23.4 million, compared with net income of $68.3 million (*Dow Jones*, 8/6).

• **Sempra Energy** has been given the regulatory green light for its proposed 550 MW Palomar Energy Project in Escondido near San Diego. The plant is expected to cost $350-400 million and come online as early as 2005. Sempra's generation unit, **Sempra Energy Resources**, will own and operate the plant (*Dow Jones*, 8/6).

• The Federal Energy Regulatory Commission will release confidential power supply contracts that **Entergy** and **Southern Co.** signed with their affiliates. The agency is talking a closer look at affiliate contracts amid concerns that utilities are using the bidding process to block competitors. FERC last week rejected requests from both companies to keep the contracts secret (*Reuters*, 8/6).

• **Exelon** will cut 1,900 jobs, or 10% of its work force, by 2006 as part of a program to cut costs and improve cash flow by up to $600 million annually (*Dow Jones*, 8/6).

• The Virginia State Corporation Commission granted a certificate for Pittsylvania County power provider **White Oak Power** to build and operate a 680 MW plant in Pittsylvania County, but two of the SCC's three judges say state environmental review of the plant's impact on air-quality was lacking (*Richmond Times Dispatch*, 8/6).

DOLPHIN DEPARTS

(continued from page 1)

Vickerstaff, head of infrastructure, named as head of project finance for EMEA. Vickerstaff, Baker and Dolphin were out of the office late last week and could not be reached for comment and an SG spokeswoman in Paris was unable to provide details on the reshuffle by deadline.

An SG financier says Dolphin has been thinking of getting out of banking for some time and played down market speculation that Dolphin resigned as part of the reshuffle. "I doubt you will seem him working directly for a bank any time soon. He left because he's in need of a well-deserved break."

Some bankers outside SG believe Dolphin's departure suggests consolidation at the French bank. "SocGen has a large power team. It has probably become hard to justify the headcount given the lean times in the power industry," notes one lender.

Dolphin spent three years at SG. He was previously co-head of power project finance in London at **Dresdner Kleinwort Benson**.

—Will Ainger

Financing Record (JULY 31 - AUGUST 6)

Bonds

Issue Date	Maturity	Issuer	Amount ($ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
7/31/03	8/15/08	Gasnet	97.2	100.106	Fxd/Straight Bd	6.25	-	NR	BBB	Macquarie/Westpac
7/31/03	8/1/33	Three Gorges Dvlp Corp (China)	362.9	100	Guaranteed Bds	4.86	-	NR	NR	CITIC Securities
8/4/03	8/1/06	Northern States Power	200	99.884	Fst Mtg Bonds	2.875	75	A3	BBB+	Barclays/JP Morgan
8/4/03	8/1/10	Northern States Power	175	99.743	Fst Mtg Bonds	4.75	88	A3	BBB+	Barclays/JP Morgan

M&A

Date Announced	Target	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Country	Deal Value($mil)
7/31/03	EHN Group	Citigroup	Spain	Grupo Acciona	BBVA Bolsa	Spain	429.612
7/31/03	Kyushu Gas	-	Japan	Seibu Gas	-	Japan	-
7/31/03	Omuta Gas	-	Japan	Seibu Gas	-	Japan	-
7/31/03	Power-Tex JV-Gas Transmission	-	U.S.	MarkWest Pinnacle	-	U.S.	12
8/1/03	TransEmel	-	Chile	Empresas Emel SA(PP&L Global)	-	Chile	5.429
8/4/03	Calpine-Gordonsville Power	-	U.S.	Dominion Virginia Power	-	U.S.	31.5
8/4/03	Genscape	-	U.S.	Investor Group	-	U.S.	-
8/5/03	Eastern Norge Svartisen	-	Norway	Investor Group	-	Finland	-
8/6/03	Geodynamics	-	Australia	Origin Energy	-	Australia	3.243

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

BOFA REPLACES

(continued from page 1)

who will be based in London.

The decision to bring in a risk manager to run the group is seen as an attempt to stabilize a business unit that has been buffeted by senior management turmoil and persistent rumors of trading losses on its oil book, say officials familiar with the firm. In the last eight months the previous global head, **David Mooney**, resigned before landing at **Trafigura Group** in London (PFR, 3/24). Mooney was replaced by Grove and co-head **Julian Barrowcliffe**, who has since taken a leave of absence for personal reasons, according to a BofA spokeswoman. The group is believed to have suffered losses on oil positions run out of Singapore, say commodity traders in New York. Grove confirmed that BofA "hit a bump in the second quarter in parts of [its] oil business." He notes that commodity trading is a volatile business, declining further comment on this point.

Mulligan is believed to be a trusted lieutenant of **Jonathan Moulds**, a senior manager at BofA in Chicago, to whom the commodity group reports. Moulds did not return calls.

—Victor Kremer

REFINANCING

(continued from page 1)

analyst at **Jefferies & Co.**, on the prospects for a successful debt restructuring. Calls to **Kevin Kelley**, spokesman for Edison International and EME in Rosemead, Calif., were not returned.

Lenders describe Edison International's opening pitch to restructure a chunk of maturing debt at two EME units as way below market levels. "It was risible. Even the more conciliatory lenders have rejected it out of hand," says one creditor.

"There is starting to be a buzz that the refinancing will be a lot uglier than first imagined," says another lender.

EME has a $275 million debt payment due next month, but the vast bulk of the looming loan maturity is at EME's largest subsidiary, **Edison Mission Midwest Holdings** and a related unit **Mission Energy Holding Co.** A $911 million loan falls due in December (PFR, 6/9) with a further $808 million coming due 12 months later.

The terms of Edison International's initial debt offer could not be determined, but one financier explains that for banks to support a restructuring of the debt—which is secured against a fleet of Midwest coal-burning plants—it is likely additional collateral will be demanded, or the parent company will have to inject further funds. Fremont notes there is little in the way of free collateral and on the equity question Edison International reiterated last week this was unlikely. "Edison International doesn't feel an obligation to infuse additional money into the Edison Mission Energy, Mission Energy Holdings Co. structure," Chairman **John Bryson** told analysts in a conference call last week.

Some financiers say there has been a poker-like aspect to all the power company debt restructurings so far this year and if a deal is struck, it won't occur until the eleventh hour. The $275 million loan that matures in September will likely get waiver extensions and the real deadline will be the $911 million December maturity, says one lender.

Edison International hired **Credit Suisse First Boston**, which has no lending exposure to the company, to advise on the restructuring earlier this year. CSFB spokesman **Pen Pendleton** was unable to provide comment by deadline.

Edison Mission Midwest is the parent of **Midwest Generation**, the Chicago-based unit running a 11,171 MW generation portfolio that was formed in 1999 to manage assets acquired from **Commonwealth Edison**. ***—Peter Thompson***

CALPINE BOLSTERS

(continued from page 1)

second-lien term loans and floating rate notes placed by **Goldman Sachs** in the institutional debt market late last week, say bankers. "It's a way to provide additional assurance that debt payments will be made," says **John Woodley**, managing director at **Morgan Stanley**, which also has been pitching this type of deal.

Katherine Potter, spokeswoman at Calpine, says the company is not commenting on the deal because of its private placement nature. Officials at Goldman Sachs did not return calls.

The logic of the structure runs that while merchant gas-fired plants can always sell their power, their ability to operate profitably and cover any associated debt depends on them being able to source gas at considerably cheaper levels than they can sell their output. Employing a spark spread floor means borrowers can ensure there's enough cash to cover interest payments.

The new deal will refinance Calpine's landmark construction revolver, **Calpine Construction Finance Corp. I**, which is set to mature in November, and is secured against CCFC I's seven natural gas-fired generating facilities.

Precise details of the hedge structure could not be ascertained, but one financier says the hedge ensures revenues will be sufficient to cover the LIBOR plus 600 basis points interest on the $385 million six-year loan component of the new financing.

—P.T.

Quote Of The Week

"I think we're looking at something that's 50/50 at best."—**Paul Fremont**, *analyst at* ***Jefferies & Co.****, on the prospect of* ***Edison Mission Energy*** *successfully restructuring its looming debt mountain (see story, page 1).*

