power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

AUGUST 14, 2006
VOL. IX, NO. 32

NRG, KGen Eye Constellation Assets

NRG Energy and **KGen Energy Management** have been invited to join five others in the final round of bidding for **Constellation Energy Group**'s merchant generation. Bids reached $1.5 billion.

See story, page 3

ABN Fires Up PF

ABN Amro is looking to recharge its power and energy project financing platform in the Americas.

See story, page 4

Meet Mark Spark

He's fired up and opinionated on the power industry (not to mention momentarily unemployed . . . and looking).

See page 8

In the News

BNP Taps IEA Analyst For Derivatives Team 3
Dominion Sends Out Teasers For Merchant Plants 3

Corporate Strategies

PacifiCorp Upsizes Long Offering 4
Intercontinental Exchange Holders 4

Departments

Financing Record 5

TXU EYES OPTIONS FOR $11B PLANT FINANCING

TXU Corp. and its lead arrangers are contemplating whether to complete its $11 billion plant construction financing as one mega deal or piecemeal. The loan will bankroll some 9 GW in coal-fired ERCOT plants to be housed under newly created subsidiary **TXU Generation Development Company**.

Bankers familiar with the financing, which is being led by **Morgan Stanley**, **Citigroup** and **Merrill Lynch**, say there are two main options: create a dedicated holding company and obtain non-recourse financing for each of the 11 plants; or finance the whole shebang with

(continued on page 7)

CALPINE WEIGHS MAINE PLANT SALE

Calpine is considering selling it 528 MW gas-fired Westbrook Energy Center in Westbrook, Maine. The company has had internal discussions about the possibility but has not hired an advisor, says an industry official familiar with the San Jose, Calif.-based energy company's plans.

Katherine Potter, spokeswoman, declined to comment on the plans for Westbrook, and did not make any company officials available. A call to **Matthew Cantor**, partner at law firm **Kirkland & Ellis** in New York, who is serving as counsel for Calpine's debtors, was not

(continued on page 8)

MIRANT FIRES UP CARIBBEAN GENERATION SALE

Mirant has kicked of its sale of generation assets in the Caribbean via **JPMorgan Chase**, which has distributed early-stage marketing material to prospective investors. The portfolio is being unloaded by the Atlanta-based IPP as part of an effort to streamline its operations. The auction will be conducted in two rounds commencing next month, according to the marketing document obtained by *PFR*. Calls to Mirant officials were not returned and JPMorgan officials declined to comment. To see the teaser document go to www.iipower.com.

(continued on page 2)

STARWOOD TAPS NORDHOLM FOR BUILDUP

Brad Nordholm

Starwood Energy Group Global is looking to ramp up investment activities and has hired industry veteran **Brad Nordholm** in a new position as ceo as a part of the initiative. The ex-**Aquila** executive who departed **Tyr Energy**, the company he helped found, in June (PFR, 6/12), will be orchestrating a more concentrated investment assault on energy infrastructure, he told *PFR*. "What you see here is a greater focus

(continued on page 8)

At Press Time

Airtricity Banks Prep Wind Loan Syndication

Lenders on separate construction loans for Airtricity are planning to syndicate more than $800 million in debt meant to fund construction of U.S. wind farms. At the end of the month, **BayernLB** will launch syndication of $330 million in debt that funds construction of a portfolio of plants referred to as the Dublin-based wind developer's 2006 portfolio and in the first quarter a loan package funding construction of a batch of 2007 wind farms led by BLB, **NordLB** and **HVB Bank** will be unfurled.

Ciaran O'Brien, head of financing at Airtricity in Chicago, confirmed the plan but declined to comment further. Bank officials declined to comment.

BLB, Nord/LB and HVB underwrote a $175 million turbine purchase loan that will convert into roughly $500 million in construction financing in the first quarter—about the same point the wind developer expects to have its permits and approvals in place to build some 400 MW at yet unspecified locations in the U.S. The financing is separate from debt obtained by the wind developer for plants in Colorado, New Mexico and Texas (PFR, 4/10). Loan details could not be ascertained.

BLB, NordLB and HVB could syndicate the loan out to just a handful of bankers, an official following the deal says. Officials at the banks either did not return calls or declined to comment.

The structure of the existing debt could not be learned. The underwriters have essentially agreed to replace the $175 million turbine loan with a package of equity bridge debt and letters of credit, noting that a portion of the construction, about $180 million, will be funded via tax equity. Erecting the wind turbines should be completed sometime in 2007.

Although the plants could be sited in the ERCOT region, Airtricity has the flexibility to develop the wind farms at other sites in the Northeast and Midwest, says one banker.

Specifics regarding its $330 million loan could not be ascertained.

MIRANT FIRES

(continued from page 1)

The auction comprises controlling interests in two utilities in **Jamaica Public Service Co.** and a 55% interest in **Grand Bahama Power Co**. It also includes the sale of Mirant's interest in **Power Generation Co. of Trinidad and Tobago** and a 25.5% stake in **Curacao Utilities Co**. An expected sales price could not be learned.

Officials familiar with the auction say Mirant is willing to sell the assets to one buyer or to a number of investors. Jamaica Public Service Co. owns 621 MW of generation capacity and 6,400 miles of transmission and distribution lines; Grand Bahama Power owns 151 MW of generation capacity and 810 miles of transmission; and Trinidad and Tobago and Curacao generation companies own 1,157 MW, according to Mirant's Web site.

Pitch books for Mirant's generation assets in the Philippines were sent out early this month (PFR, 8/7). *—Mark DeCambre*

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 439-1090

MARK DeCAMBRE
Managing Editor
(212) 224-3293

PETER ROTH
Reporter
(212) 224-3226

KATY BURNE
Reporter
(212) 224-3165

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV, MELISSA ENSMINGER, BRIAN STONE, JAMES BAMBARA
Associates

JENNY LO
Web Production & Design Director

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

JONATHAN WRIGHT
Advertising Director
(212) 224-3566
jwright@iinews.com

PAT BERTUCCI, MAGGIE DIAZ
Associate Publishers [New York]

LANCE KISLING
Associate Publisher [Technology]

LUCA MIHALY
Sales Associate

LESLIE NG
Advertising Coordinator

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

MIKE FERGUS
Marketing Director
(212) 224-3266

AMANDA CATERINA
Associate Marketing Manager
(212) 224-3096

VINCENT YESENOSKY
Senior Operations Manager
(212) 224-3057

DAVID SILVA
Senior Fulfillment Manager
(212) 224-3573

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - $2,545 (in Canada add $30 postage, others outside U.S. add $75).

DAN LALOR
Director of Sales (212) 224-3045

NATALIE MAIR
Account Executive [London]
(44-20) 7779-8076

KEN LERNER
Account Executive
(212) 224-3043

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

DEWEY PALMIERI
Reprint & Permission Manager
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Chief Operating Officer

ROBERT TONCHUK
Director/Central Operations & Fulfillment

Customer Service: *PO Box 5016, Brentwood, TN 37024-5016. Tel: 1-800-715-9195. Fax: 1-615-377-0525 UK: 44 20 7779 8704 Hong Kong: 852 2842 6910 E-mail: customerservice@iinews.com*

Editorial Offices: *225 Park Avenue South, New York, NY 10003. Tel: (212) 224-3293 Email: mdecambre@iinews.com*

Power Finance & Risk *is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.*

Institutional Investor NEWS
INTELLIGENCE FIRST

NRG, KGen Emerge In Constellation Auction

NRG Energy and **KGen Energy Management** have been invited to make final bids in **Constellation Energy Group**'s auction of more than 3 GW of merchant generation. They join **LS Power**, **Tenaska**, **Waypoint Energy**, **Energy Capital Management** and **Complete Energy** in the second round (PFR, 7/31, PFR, 8/7). Bids topped out at more than $1.5 billion dollars.

Calls to **Robert Flexon**, cfo of NRG in Princeton, N.J., and **Alan Rosenberg**, president of KGen in Houston, were not returned. Calls to **Jack Thayer**, managing director of corporate strategy and development at Constellation in Baltimore, **John Cavalier** managing director at auction adviser **Credit Suisse** in New York, and to **Mujeeb Qazi**, director at advisor **Deutsche Bank**, also were not returned.

BNP Adds Energy Analyst To Derivatives Team

BNP Paribas has expanded its commodity derivatives team with the appointment of **Harry Tchilingiurian** as energy analyst in a new dedicated slot. He joined at the beginning of August from a unit of the **International Energy Agency**, where he served as senior oil analyst.

Tchilingiurian is based in London and reports to **Sebastien Lemoine**, head of oil marketing and structured business. Officials declined to say whether the bank intends to pad the team with additional hires in the near term. Lemoine could not be reached for comment.

Dominion Dispatches Auction Details

Dominion Resources has sent out marketing documents for the sale of three merchant gas-fired power plants and one coal-fired unit and expects to take indicative bids for the assets in mid- to late August. Information memorandums are expected by early next week at the latest, says a private equity official familiar with the process.

The merchant plants are Armstrong Energy (600 MW) in Armstrong County, Pa., Pleasants Energy (300 MW, peaker) in Pleasants County, W.Va., and Troy Energy (600 MW, peaker) in Troy Township, Ohio. The coal plant is State Line (515 MW) in Hammond, Ind. State Line's output is contracted to **Exelon** through 2012, according to Dominion's Web site.

Credit Suisse is advising Dominion on the auction. **Jonathan Baliff**, managing director at Credit Suisse in New York, did not return a call for comment, and to **Mark Lazenby**, spokesman for Dominion in Richmond, Va., did not make officials available for comment.

Energy Move

Atlanta Shop Rolls Out First Strategy

Wildcatter Capital Management launched its first fund last month, according to a potential investor. The long/short *Wildcatter Capital Fund* will invest in a variety of energy sectors. CIO **Samir Chauhan** declined to comment on the number of long and short positions in the fund. Investors thus far are U.S. high-net-worth individuals, but the fund will also target institutions.

Before founding Wildcatter, Chauhan spent a year-and-a-half in sales at **Pritchard Capital Partners**, a New Orleans energy investment firm. He previously researched energy companies at **RBC Capital Markets** and **Jefferies Group**.

The fund carries a $250,000 investment minimum, 1/20 fees and a one-year lockup. Jefferies Group is the prime broker.

Developer Upsizes Lone Star LNG Financing Target To $600M+

The debt tally needed to bankroll a liquefied natural gas terminal project at Port Lavaca in Calhoun County, Texas, has edged up to $600-650 million from $450-500 million. **Chris Hilgert**, cfo at developer **Gulf Coast LNG Partners**, says rising steel and engineering, procurement and construction costs are behind the forecast rise, which has taken the project's construction costs to $750 million-$1 billion.

Financing was originally slated for the middle of this year (PFR, 8/8/05), but it's been delayed as potential users took longer than expected putting together their supply projects upstream. Hilgert says the aim is to ready financing for Calhoun LNG in the first quarter. **RBC Capital Markets**, which was appointed financial advisor last April, will lead the deal. Officials there declined comment.

The developer is currently focused on getting offtaker agreements squared away. "We've spent time thinking about the financing, but it doesn't make sense without the underlying user agreements and credit support in place," Hilgert says. Capacity is being offered to more than 15 offtakers, all of which are rated A or better by **Standard & Poor's**. The executive declined to disclose the names, but says they are major oil and gas companies, large energy players looking to buy LNG on a portfolio basis, and sovereign-owned oil entities in Russia, Egypt, Algeria and Equatorial Guinea.

Gulf Coast hopes to leverage the cost of Calhoun LNG, slated to come online in 2009 or 2010, with 75-85% debt.

The exact form of the financing is yet to be set. Aside from raising 80% project debt and 20% equity, it could use non-recourse, tax-exempt municipal revenue bonds made available by the port authority, **Calhoun County Navigational District**, to be guaranteed by users of the facility.

ABN Looks To Bolster Energy

ABN AMRO is looking to recharge its power and energy project financing platform in the Americas. The infrastructure finance team has experienced global staffing starts and stutters over the last few years. But **Duncan Ball**, co-head of infrastructure capital for the Americas, is aiming to bring in additional personnel. He was recently lifted to co-head along with **Paul Boucher**. Both report to **Boe Pahari**, who was promoted to global head of infrastructure in London.

Ball says the aim is to bag more lead roles in infrastructure development financings sponsored by IPPs, typically where offtake agreements are in place. He declined to provide more specific details on the firm's strategy.

Recent moves include hiring **Reeyaz Habib**, v.p. from the structured finance group of Ottawa-based **Export Development Canada**, where he was involved in handling energy deals including a midstream gas project.

Ball says its infrastructure capital executives tend to have experience arranging financing for a number of asset types, including hospitals, court houses, toll roads and rail links — not just generation assets. "We are perhaps not as defined as others," continues Ball. "We have people who transact power one day and transportation the next, so there's more carry-over than dedicated specialties."

Corporate Strategies

PacifiCorp Ups Long Offering

PacifiCorp, a unit of Des Moines, Iowa-based energy firm **MidAmerican Energy Holdings**, has issued $350 million of 30-year bonds, instead of an intended $300 million, as a result of strong demand. **Lehman Brothers** and **RBS Greenwich Capital** were joint bookrunners.

Richard Peach, cfo of PacifiCorp, says the company will use proceeds to pay down short-term debt and boost capital expenditure on projects aimed at improving emission control and distribution efficiency. In public filings, the Portland, Ore.-based electric utility cites the ongoing construction of its Lake Side Power Plant in Vineyard, Utah, to be completed by May 2007, and the development of a slate of thermal and hydroelectric facilities as key priorities.

Peach declined to specify how much of the proceeds was earmarked for system overhauls compared to repayments. "There are no specific projections of what direction the money might go—it depends on the specific business circumstances at the time," says the executive.

The 6.1% mortgage bonds, which carry a spread of 106 basis points over Treasuries, have been assigned an A3 rating by **Moody's Investors Service**.

ICE Exchange Shops Shares As Lockup Ends

Shareholders in **Intercontinental Exchange**, the electronic commodities and energy contract exchange, completed a secondary offering of nearly eight million shares to cash in after a lockup period expired. An additional 25,000 shares, raising $356,000 to cover the costs of the offering, were also issued. Management did not participate in the secondary offering. Underwriters often use lockup periods to establish a stable stock price during the first few months of trading.

The shares were priced at $56, a $2.11 discount from the day's previous close. **Richard Spencer**, cfo, was pleased with investor response despite a turbulent market. "I think the fact that we were flying into a headwind and the market still responded speaks well for our story," he says. Chairman and ceo **Jeffrey Sprecher** founded the Atlanta, Ga.-based company, commonly known as ICE, in 2000.

Goldman Sachs and **Morgan Stanley**, co-bookrunners, are also the largest shareholders. Goldman sold approximately 1.75 million shares and still owns approximately 4.3 million. Morgan Stanley sold approximately 1.76 million shares and still owns approximately 4.37 million.

The firms also led ICE's November 2005 initial public offering. ICE is one of many securities exchanges that have gone public or are planning to go public. The **New York Stock Exchange** went public in March, the **Chicago Board of Trade** went public in October and the **New York Mercantile Exchange** recently filed for a $250 million initial public offering.

Other major selling shareholders include **Total Investments USA**, **FMR Corp.**, **BP Products North America**, and **Société Générale Financial Corporation**. Société Générale was also co-manager for the offering, along with **UBS**, **William Blair** and **Sandler O'Neill**. Spencer said the company had longstanding relationships with each.

Vt. Utility Fuels Up On Debt For CapEx

Green Mountain Power aims to invest some $25-30 million in upgrades, including improvements to high-voltage transmission lines, and toward that end placed privately $11 million of 6.53% mortgage bonds last week . The Colchester, Vt., utility operator plans to offer more securities in order to fund improvements and pay down short-term debt.

Green Mountain owns a 30% stake in **Vermont Electric Power Company**, and will be contributing proceeds from the private offering to improve the reliability of Vermont Electric's transmission facilities. Upgrades include constructing two new lines: a 35-mile, 345 KV line from Rutland to New Haven and a 30-mile, 115 KV line from New Haven to Burlington. So far, Green Mountain has invested some $17.9 million in transmission improvements at the entity.

Part of a planned $20 million offering in 30-year mortgage bonds, to be issued next year, also will be used for transmissions upgrades, says **Dawn Bugbee**, cfo at Green Mountain. She notes that because Green Mountain is so tightly regulated and its cash flow so cyclical, it only borrows as much working capital as it needs at any one time to cover its investments in Vermont Electric projects.

Sovereign Bank handled the private placement and will be handling subsequent offerings and the replacement of a short-term revolver. "Sovereign came back with the best deal and they eliminated the material adverse event clause so if things went crazy we would not have to reapply," Bugbee says, referring to the bank's handling of the revolver.

Green Mountain also will issue $19 million of bonds on Dec. 1. The company has about $100 million of debt outstanding, and a debt-to-equity ratio of 52:48. On June 22 it announced it was being acquired by **Northern New England Energy**, a South Burlington, Vt.-based unit of **Gaz Metro**. The merger is expected to close for $187 million in May or June next year, pending regulatory approval.

Financing Record (AUGUST 1-AUGUST 8)

Debt

144A	Issued	Issuer	Principal ($M)	Coupon (%)	Security	Maturity	Offer Price	YTM (%)	Spread	S&P	Moody's	Fitch Rating
	8/3/06	Hawaiian Electric Industries	100	6.141	Medium-Term Nts	8/15/11	100	6.141	124	BBB	Baa2	NR
No	8/3/06	Iberdrola Finanzas S.A.U	256.1	Floats	Mdm-Trm Fl Nts	8/17/09	100	Floats		A+	A2	A+
No	8/4/06	Cia Energetica de Sao Paulo	220	9.25	Fxd/Straight Bd	8/11/13	98.743	9.5		NR	NR	NR
Yes	8/7/06	PacifiCorp	350	6.1	Fst Mtg Bonds	8/1/36	99.674	6.124	106	A-	A3	A-
	8/7/06	Public Service Co of Oklahoma	150	na	Senior Notes	8/10/16	100	na		BBB	Baa1	A-

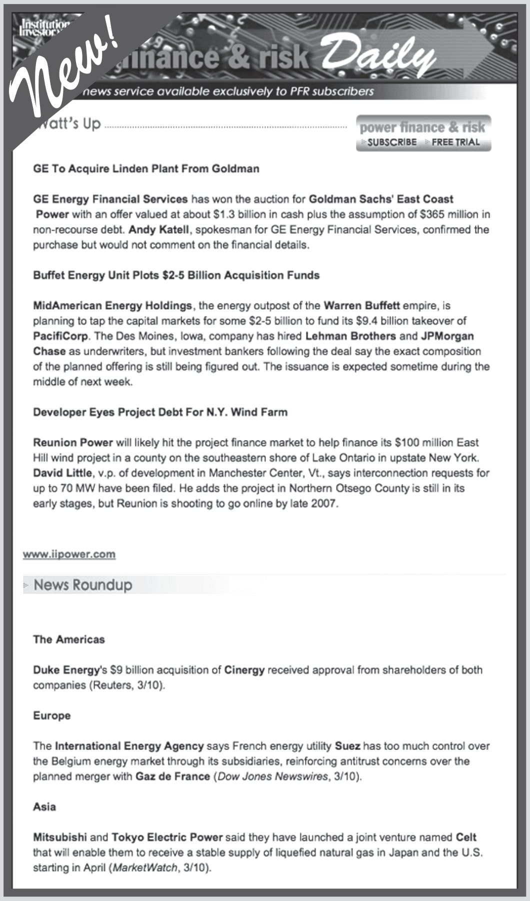
M&A

Announced	Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Nation	Value ($M)
8/1/06		AIM PowerGen Corp		Canada	Renewable Energy Generation	United Kingdom	25.745
8/1/06		Corona Energy		United Kingdom	Macquarie Bank (UK) Ltd	United Kingdom	
8/2/06	8/2/06	Kinder Morgan CO2 LLC-Certain		United States	Investor Group	United States	27
8/3/06	8/3/06	Hydro-Quebec Intl Latin Americ		Panama	ENEL Investment Holding BV	Netherlands	150.001
8/3/06		Muroran Gasu Ltd		Japan	Hokkaido Gas Co Ltd	Japan	
8/3/06		Vattenfall AB-Heating Plant		Sweden	Ange Energi	Sweden	3.058
8/4/06		Leshan Electric Power Co Ltd		China	Sichuan Electric Power Corp	China	11.164
8/7/06	8/7/06	Scottish Power PLC-Knapton		United Kingdom	US Energy Sys Inc	United States	177
8/8/06		SAT		Italy	Holding Energia & Risorse	Italy	43.626
8/8/06	8/8/06	SkyPower Corp	Genuity Capital Markets	Canada	HSH Nordbank AG	Germany	

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.

Institutional Investor NEWS PRESENTS

power finance & risk *Daily*


New!

finance & risk Daily

news service available exclusively to PFR subscribers

att's Up

power finance & risk
SUBSCRIBE FREE TRIAL

GE To Acquire Linden Plant From Goldman

GE Energy Financial Services has won the auction for **Goldman Sachs' East Coast Power** with an offer valued at about $1.3 billion in cash plus the assumption of $365 million in non-recourse debt. **Andy Katell**, spokesman for GE Energy Financial Services, confirmed the purchase but would not comment on the financial details.

Buffet Energy Unit Plots $2-5 Billion Acquisition Funds

MidAmerican Energy Holdings, the energy outpost of the **Warren Buffett** empire, is planning to tap the capital markets for some $2-5 billion to fund its $9.4 billion takeover of **PacifiCorp**. The Des Moines, Iowa, company has hired **Lehman Brothers** and **JPMorgan Chase** as underwriters, but investment bankers following the deal say the exact composition of the planned offering is still being figured out. The issuance is expected sometime during the middle of next week.

Developer Eyes Project Debt For N.Y. Wind Farm

Reunion Power will likely hit the project finance market to help finance its $100 million East Hill wind project in a county on the southeastern shore of Lake Ontario in upstate New York. **David Little**, v.p. of development in Manchester Center, Vt., says interconnection requests for up to 70 MW have been filed. He adds the project in Northern Otsego County is still in its early stages, but Reunion is shooting to go online by late 2007.

www.iipower.com

News Roundup

The Americas

Duke Energy's $9 billion acquisition of **Cinergy** received approval from shareholders of both companies (Reuters, 3/10).

Europe

The **International Energy Agency** says French energy utility **Suez** has too much control over the Belgium energy market through its subsidiaries, reinforcing antitrust concerns over the planned merger with **Gaz de France** (*Dow Jones Newswires*, 3/10).

Asia

Mitsubishi and **Tokyo Electric Power** said they have launched a joint venture named **Celt** that will enable them to receive a stable supply of liquefied natural gas in Japan and the U.S. starting in April (*MarketWatch*, 3/10).

Get the Latest Market News Every Day!

FREE with your

Power Finance & Risk subscription

Now **Power Finance & Risk** subscribers can get the latest market news delivered directly to your inbox or BlackBerry by 6pm EST every work day. You'll stay two steps ahead with the **Power Finance & Risk Daily** as you learn about the most important developments in asset and corporate M&A, plant financing and power trading.

One email. Same time. Every day.

In each daily issue, you will receive:

- **Watt's Up** – Breaking news from the PFR News Desk
- **News Roundup** – the latest market news

www.iipower.com

FOR FURTHER INFORMATION CONTACT:

Ken Lerner • Tel: 212.224.3043 • Email: klerner@iinews.com

Institutional Investor NEWS

power finance & risk

CIT Lands Ex-BNP Head To Lead Energy

CIT Group has hired **John Sullivan**, the ex-head of energy project finance syndication at **BNP Paribas**, to lead its New York energy capital markets unit. Joining him will be fellow ex-BNP energy syndications veteran **Drew Carleton**, who will serve as a senior associate in the division. Sullivan could not be reached and an official declined to make **William Swenson**, head of CIT capital markets, available for comment.

The firm has been in the midst of senior level changes in energy with the exit of managing director **Guy Piazza** and senior managing director **Dan Morash** (PFR, 6/12).

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

- A **Kinder Morgan** gas unit has sold certain non-core oil and gas properties located in the Permian Basin of West Texas to various buyers for approximately $27 million. Proceeds from the sale will be used to pay down debt (*Houston Chronicle*, 8/2).
- **Vectren Corp**. has bought out partner **Duke Energy**'s stake in the Miller Pipeline. Vectren and Duke were 50-50 partners on the pipeline through a joint venture. The financial terms of the sale were not disclosed (*TheStreet.com*, 8/4).
- **Sierra Pacific Resources** signed an agreement with **Nevada Geothermal Power** to provide 35 MW of renewable generating capacity for 20 years from its Blue Mountain project in Humboldt County, Calif. Sierra Pacific is the holding company for the **Nevada Power Company** and **Sierra Pacific Power Company**. The geothermal plant is slated for completion in 2009 (*Associated Press*, 8/9) . . . Sierra Pacific also plans to sell 20 million common shares and use the bulk of the proceeds to repay $200 million of debt at Nevada Power. The remaining proceeds will be used for capital expenditures at its subsidiaries (*Associated Press*, 8/10).
- New Jersey regulators shrugged off pressure from **Exelon** and **Public Service Enterprise Group** to approve their $16 billion merger or see it collapse. Merger talks have been ongoing between for more than a year and the two submitted a final offer to the **Board of Public Utilities**, imploring the state to rule on the merger or see it dissolve. **Victor Fortkiewicz**, executive director of the state board, said no decision has been made and urged the energy companies to continue negotiations (*Associated Press*, 8/4).
- **Southern Co**. reported peak power demand records for the third time in six days starting Aug. 2 (*Associated Press*, 8/8).
- **Entergy Corp.** has granted restricted stock valued at more than $7 million to CEO **Wayne Leonard**. The New Orleans-based electric holding company granted Leonard 100,000 restricted stock units on Thursday, according to a filing with the **Securities and Exchange Commission** (*Associated Press*, 8/8).
- **Ampla Energia e Serviços**, the Rio de Janeiro unit of Spanish power company **Empresa Nacional de Electricidad**, is gearing up to sell $171 million worth of bonds in Brazil. The Endesa subsidiary said in a regulatory filing that it has hired Brazil's **Banco Itau** to manage the sale (*Bloomberg Newx,* 8/10).
- **Southwestern Electric Power Co.** said that it plans on building a 600 MW coal-fired plant near Fulton in southwest Arkansas at a cost of $1.3 billion. The plant would run on coal mined in Wyoming. Plant costs are to be spread among SWEPCO customers in Arkansas, Louisiana and Texas (*Associated Press*, 8/10).

TXU EYES

(continued from page 1)

one loan. "It is really a Chinese menu of options they have, but I would limit it to one or two conspicuous alternatives," one banker says.

Barclays Capital and **Calyon** are second-tier lenders on the financing and between 18 and 20 more banks have been invited to the table on the third tier, including **Société Générale**, **Mizuho**, **Bank of Tokyo-Mitsubishi**, **HypoVereinsbank**, **Scotiabank**, **ABN AMRO** and **HSBC**. Calls to these banks were not returned and HVB and Scotia declined to comment. Syndication is expected to launch next month, a banker says.

Factors affecting TXU's decision include negative carry, or paying interest on debt for plants it will not begin to construct immediately. Another factor is potential fluctuations in commodities prices and the extent to which they are hedged. "If you finance everything today you lock in those prices. If you do it project by project it adds market risk," the banker explains.

Tim Hogan, an investor relations official at TXU in Dallas, declined comment on the financing, but says the first of the 11 plants will be 581 MW, Milam County-based Sandow 5, the permit for which is expected imminently. Next up are two units in Robertson County, Oak Grove, which should have a combined capacity of 1.6 GW. Also on deck are eight cookie cutter units, socalled because they share the same design. Offtake agreements for these facilities have not yet been obtained.

TXU also plans on bringing on equity partners in TXU Development by mid-October, in a process being led by advisors Morgan Stanley and Citi. *—Katy Burne*

CALPINE WEIGHS

(continued from page 1)

returned.

The only other generation facility Calpine owns in the New England Power Pool is the Dighton Power Plant in Dighton, Mass. Calpine won court approval to auction that plant in order to seek a higher offer than one it received from **BG Group** for $90.2 million.

STARWOOD TAPS

(continued from page 1)

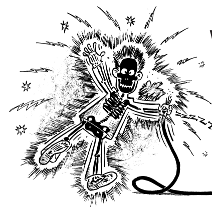
on energy," he says. He declined to be more precise on the growth targets for the Greenwich, Conn., firm.

Starwood Energy has completed more than $800 million in total project investments, including purchasing **Pratt & Whitney**'s CalPeak plants with joint venture partner Tyr (PFR, 4/27).

Steve Zaminski, senior v.p. at Starwood, will remain a big part of the firm's plans. Zaminski was hired a few years ago when Starwood decided to shift from its primary focus of commercial property investing into energy.

Nordholm was a senior v.p. at Aquila in charge of building and running merchant generation and founded Tyr with **Kim Johnson**, also a former Aquila executive, in order to manage and operate merchant plants in the wake of the energy crisis five years ago. *—M.D.*

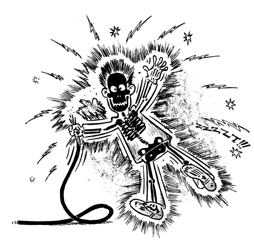
Alternating Current…



with Mark Spark

*This week marks the debut of an occasional column by **Mark Spark**, an industry observer (read a power player in between jobs). He can be reached at mspark@iinews.com.*

Nice try **John Rowe** . . . **Exelon** and **Public Service Energy Group** tried out their best **Tony Soprano** impersonation on New Jersey regulators two weeks ago, informing the **New Jersey Board of Public Utilities** that it either accept a rejiggered set of terms to its planned merger, or else. The Jersey boys essentially told the languishing merger partners to @#%& themselves and get back to the negotiating table. . . Pass the Mayo: the **National Football League** took a pass on **Constellation Energy**'s CEO **Mayo Shattuck** to replace Commissioner **Paul Taglibue** (They played it safe and went with "incumbent" NFL chief operating officer **Roger Goodell**. Connecticut Senate voters, however, did not). Maybe now that that diversion's over, the Constellation chief won't have to take a punt on his planned merger with **FPL Group** . . . **Mirant**, Mirant, Mirant . . . will you just sell yourself? Who are you fooling? Make your hedge fund shareholders happy (Neither I nor my firm conducts business with or plans on conducting business with Mirant Corp. or its subsidiaries. Mostly because I've got a crapload of **Dynegy** shares and I got my ass handed to me on **Calpine**. Note to self: Stay clear of IPP shares).



Quote Of The Week

"We have people who transact power one day and transportation the next, so there's more carry-over than dedicated specialties."—
Duncan Ball, *co-head of infrastructure capital for the Americas at* ***ABN AMRO****, talking about the bank's desire to ramp up its power and energy project financing platform (see story, page 4).*

One Year Ago In Power Finance & Risk

Energy-focused private equity shop **LS Power Development** was sizing up generation targets after raising $1.2 billion for its investment fund **LS Power Equity Partners**, considerably more than its original $750 million target. [Among the fund's purchases was a fleet of generation assets owned by **Duke Energy North America**, a unit of Charlotte, N.C.-based Duke Energy, which it won at auction for about $1.54 billion.]