power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

AUGUST 22, 2005
VOL. VIII, NO. 33

Morgan Stanley Taps AEP Trader

Morgan Stanley has added a senior trader to its power trading unit in Purchase, N.Y., covering the Midwest region.

See story, page 3

CNG Wraps Upsized Credit Line

Consolidated Natural Gas wrapped refinancing of an upsized $1.75 billion revolving line of credit, via leads **Barclays Capital** and **KeyBanc Capital Markets**.

See story, page 2

In the News

Corporate Strategies

Departments

In Sheep's Clothing

EX-AES TEXAS PLANT SET TO FIND HOME WITH WIS. FUND

Stark Investments and an entity known as **Sequent Power Partners LLC**. are teaming up to acquire an AES-developed 730 MW plant in Texas. The pair is hoping to finalize a purchase and sale agreement later this month with the **KBC Bank**-led creditor group, which took over the operation (PFR, 12/26), and plan on tapping the B-loan market to partly bankroll a $250-300 million investment in the gas fired Wolf Hollow facility.

A call to **Brian Stark**, at St. Francis, Wis.-based hedge fund Stark Investments, was not returned. Officials at KBC did not return calls for comment and information on the Sequent Power partnership was not available.

KBC arranged the construction financing in a stuttering syndication (PFR, 10/15/01)

(continued on page 8)

PRIVATE EQUITY, INDUSTRY PLAYERS LINE UP FOR RELIANT ORION PLANTS

A partnership between **Carlyle/Riverstone Partners** and **FPL Group**, **Madison Dearborn Partners** and **US Power Generating Company** are kicking the tires ahead of bidding for **Reliant Resources**' oil and gas-fired generation facilities in New York and in the Midwest. The high profile oil and gas-fired assets are tied to **Orion Power Midwest** and **Orion Power New York**—which were purchased more than four years ago from **Orion Power**—and are being auctioned off by Reliant.

Brokers **Goldman Sachs** and **Merrill Lynch** are running a relatively rapid fire sale of the operations with final bids due sometime in September, say followers. Officials at Goldman and Merrill did not return a call for comment and a call to Reliant executives was not returned.

(continued on page 8)

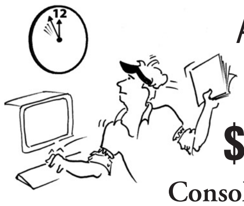
Designed To Sell?

CINERGY LOOKS FOR $2B REVOLVING CREDIT

Cinergy is attempting to refinance and merge two separate $1 billion revolving lines of credit ahead of its planned $9 billion merger with **Duke Energy**. The utility holding company is targeting a $2 billion, five-year line, by way of leads **JPMorgan Chase** and **Barclays Capital,** to function as support for commercial paper issuances as well as for general corporate purposes. Co-leads are asking the incumbent lending group to take tickets at pricing of LIBOR plus 65 basis points with a commitment fee of 12.5 basis points, bankers note. Healthy market conditions and receptiveness of lenders provided the impetus for the move, one banker notes.

Calls to **Jim Turner**, cfo in Cincinnati, were directed to spokesman **Steve Brash**, who

(continued on page 8)



At Press Time

CNG Bags Reworked $1.75B Revolver

Consolidated Natural Gas wrapped refinancing late last week of an upsized $1.75 billion revolving line of credit it originally obtained 12 months ago. The midstream outfit, which is a wholly-owned subsidiary of Richmond, Va.-based **Dominion Resources**, bagged the five-year line via joint lead arrangers **Barclays Capital** and **KeyBanc Capital Markets** because it believed it could snare cheaper rates now, a banker says. Pricing stands at LIBOR plus 47.5 basis points, and includes a 10 basis point commitment fee. CNG's line will support letters of credit issued as a part of its gas hedging program as well as for general corporate purposes (PFR, 7/25). Bankers at Barclays declined to comment and KeyBanc officials did not return a call.

Calls to **Thomas Chewning**, cfo at Dominion, were directed to **Mark Stephens**, a finance official with CNG in Richmond and Dominion spokesman **Mark Lazenby**, who did not return a calls.

Originally the revolver, led by Barclays and KeyBanc, bore pricing of LIBOR plus 67.5 basis points and was set to mature Aug. 10, 2007. About 35 banks participated on the new line. Additional lenders could not be identified. It is anticipated that CNG will utilize up to 75% of the debt capacity to run its operations, one financier says.

Complete Energy Adds Staffers For La Paloma Operations

Complete Energy has hired **Jimmy McDonald** and **Charles Schneider** to help run operations at its 1.1 GW merchant gas-fired La Paloma Generating facility in Kern County, Calif. McDonald, formerly a power executive at **El Paso Corp**. and Schneider, a managing director at **Enron North America**, will serve as v.ps. charged with handling finances, says **Milton Scott**, managing director of Complete Energy in Houston. "At the end of the day we have a fabulous asset with fabulous people who are running the plant," he says.

The acquisition of La Paloma was wrapped up last week with a $520 million two-tiered loan. Pricing on the $370 million first lien settled at 175 basis points over LIBOR, while the second lien fell to 350 basis points (PFR, 8/15).

McDonald and Schneider join **Peter Tellegen**, another recent hiring, as new staffers. Tellegen, formerly of **Dynegy**, was hired on as senior v.p. of commercial strategy and will manage Complete Energy's merchant operations at La Paloma.

The company has secured tolls for three units, and is keeping the fourth unit around as back up and support in that volatile market. "What this does for us is really…it really transforms our company," Scott says. "The Batesville plant was a fully contracted plant, and this one had a merchant component to it. It's a larger transaction. It really allows us to build out our staff." Complete Energy bought the Batesville facility in the Mississippi town of the same name, last year.

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

MARI SLATER
Associate Reporter
(212) 224-3226

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 Manager

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

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

BRIAN McTIGUE
Senior Marketing Manager
(212) 224-3522

JAMES MERRINGTON
Marketing Manager [London]
(44-20) 7779-8023

AMANDA CATERINA
Associate Marketing Manager
(212) 224-3096

VINCENT YESENOSKY
Senior Fulfillment Manager
(212) 224-3096

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

TOM GANNAGÉ-STEWART
Account Executive [London]
(44-20) 7779-8998

SABEENA NAYYAR
Account Executive [Hong Kong]
(852) 2842-6929

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@iinvestor.net

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 6950
E-mail: customerservice@iinews.com

Editorial Offices: *225 Park Avenue South, New York, NY 10003.*
Tel: 1-212-224-3293
Email: mdecambre@iinews.com

Morgan Stanley Nabs AEP Trader

Morgan Stanley has hired **Brian Kavanaugh** to handle electrical trading covering the Midwest region. Kavanaugh, who served in a similar capacity at Columbus, Ohio-based **American Electric Power**, will work out of Morgan's offices in Purchase, N.Y. **Simon Greenshields**, head of natural gas and electricity, confirmed the hire, declining further comment and Kavanaugh declined comment. Prior to his stint at AEP, the trader worked at **Vitol Gas & Electric** in Boston trading power in the PJM Interconnection. AEP spokesman **Pat Hemlepp** was unable to comment when reached at press time.

PUHCA Repeal May Goose M&A

Power officials expect the repeal of the Public Utility Holding Company Act (PUHCA), which became official with the signing of the Energy Policy Act of 2005, to ignite M&A activity. **Irving Rotter**, a partner at **Sidney Austin Brown & Wood** in New York, says the repeal is the most significant piece of legislation regarding the energy sector in years because it ushers in fundamental changes. "We're trying to give [our clients] a sense of what the opportunities are that have been created by the energy bill because of the fact that you never have to deal with a lot of the regulatory constraints. That should really open up the market place, not only for the existing players, but also for the other types of players that were previously restrained."

PUHCA limited, among other things, the geographic spread of utility companies, cross subsidies of unregulated businesses by regulated businesses and common ownership of both electric and natural gas utilities. The repeal of PUHCA could clear the way for M&A deals currently in the works including **Warren Buffett**'s energy outfit **MidAmerican Energy Holdings**' $5.1 billion takeover bid of **PacifiCorp**, **Duke Energy**'s more than $9 billion offer for **Cinergy** and the **PSEG/Exelon** blockbuster $11 billion merger.

Stuart Caplan, a partner at **White & Case** in New York, thinks that while the Energy Act of 2005 covers a lot of ground, PUHCA is the most important aspect. "The PUHCA repeal is one of the most notable elements of the bill. It's going to open the electric utility industry into M&A activity and spawn secondary M&A activity."

John O'Connor, a partner at **Milbank, Tweed, Hadley & McCloy** in New York, believes that private players such as Buffett and other private shops will benefit greatly from the repeal. "Private equity and financial institutions that will want to get into the utility business can now enter."

Dan Aschenbach, senior v.p. in the public finance group at **Moody's Investors Service** in New York, speculates transmission investments could increase because of the new bill. He says that if transmission access is opened up, and new transmission is built to allow for a more robust wholesale energy market, as long as the energy being sold is economic, that in turn could increase project finance. He adds, of course, that his theory is all contingent on specific projects being competitive in the market.

On the nuclear front, **Richard Myers**, director of business and environmental policy at the **Nuclear Energy Institute**, is very positive about new projects going forward, saying the bill adds significant stimulus in nuclear investment. "It provides investment protection, which was another key piece of the puzzle for us," Myers says. "We can't afford to invest in a nuclear plant and then have some unforeseen and unjustified delay because of litigation or regulatory delays, so it provides all three of the things we need: investment protection, investment stimulus, and the Price Anderson renewal. We feel good about it."

Wachovia Loses Energy Analyst

Wachovia Securities last week lost its senior energy analyst, **Jon Wolff**. He focused on exploration and production, as well as coal companies. He was ranked seventh in the top 10 stock pickers on the Street in last year's **StarMine** survey. He reportedly plans to join a venture capital firm, a recruiter says. Wolff had been at Wachovia for three years, and was well-known for his coverage of the energy sector. He was the lead analyst on large companies such as **Apache Corp**. and **Unocal Corp**. Wachovia consequently dropped coverage on over a dozen such stocks. A spokesman declined to comment on Wolff's replacement. Prior to his tenure at Wachovia, Wolff was an analyst at **Dresdner Kleinwort Wasserstein** and **Smith Barney**. He could not be reached for comment.

HVB Looks To Add NY Project Banker

HypoVereinsbank is searching for at least one banking official to staff up its New York operations. According to senior project lenders, who have fielded recruitment calls from HVB, the bank is looking to build out its project finance unit. The exact tally it will seek to bring on is unclear. The move would mark a slight shift for HVB since two years ago it sought to scale back its U.S. project finance operation (PFR, 4/13/03). Historically, HVB has been one of the more active players in the sector. **Caroline Stoeckl**, a human resource representative at HVB in New York, did not return a call requesting comment and **Andrew Mathews**, head of project finance, also in New York, was on vacation and unavailable for comment.

Euro Power Co.s To Get Transparent

Some European power players have begun adopting more transparent accounting ahead of standards set by the **International Financial Reporting Standards** becoming mandatory later this year. **Sue Harding**, the European chief accountant at **Standard & Poor's** in London, says, "Clearly this is going to provide more transparency."

Peter Kernan, head of the European utilities team at S&P, argues the playing field will be more level. "Historically, companies used different standards, which presented challenges when reviewing," he notes.

There will be implementation costs but neither Harding nor Kernan foresee the standards impairing the bottom line. "From our prospective, we don't see any major issues with the transition because essentially what's happening is that there are changes in levels of transparency and disclosure because of the standards, but the economic underpinnings of the companies haven't changed," Kernan says.

WestLB Adds In Fin Sponsor Unit

WestLB's new financial sponsors group has hired **Jimmy Anderson**, a senior associate in **Calyon**'s project finance group. Anderson will report to **Santino Basile** and joins Wednesday as an associate director. Last week, **Juan Kreutz**, was hired as a director in the group (PFR, 8/15).

Anderson has been at Calyon for three years, and prior to that **Credit Suisse First Boston** for two years in the energy group, working on M&A and project finance. **Mary Guzman**, spokeswoman for Calyon, declined to comment and **Connie Kain**, spokeswoman for WestLB, did not return calls.

Corporate Strategies

Newfoundland Utility Takes Private Placement Route

Newfoundland Power has tapped the private market, placing first-mortgage bonds to refinance shorter-term debt. The St. John's, Newfoundland -based utility, owned by **Fortis Inc.**, placed some C$60 million ($49.4 million) in mortgage bonds through underwriter **BMO Nesbitt Burns**, says **Jocelyn Perry**, v.p. of finance in Newfoundland. The 5.441% debt will factor into the company's capital expenses since it will pay down outstandings on its 365-day, $120 million revolving line of credit used to fund infrastructure improvements, she explains. "We are capital intensive as most utilities are and spend about $50 million in capex ever year," she notes.

Newfoundland favored going public because they thought they would snare attractive pricing. "It's a million-dollar question as to why you should or shouldn't go private. But we got good pricing for what we wanted," says Perry. BMO Nesbit Burns sold the debt to insurance companies, she adds. The notes are due Aug. 15, 2035 to coincide with the expected life of its assets, she adds.

BMO Nesbitt, the Canadian investment banking arm of Montreal-based **BMO Financial Group**, secured its role because it provided the most appealing package, Perry says. Moreover, the firm maintains a participating role on Newfoundland's **Royal Bank of Canada**-led credit facility. **Canadian Imperial Bank of Commerce** and **Scotia Bank** were some of the firms also considered. "They all wanted to have their fingers in it. But we base our decision on the fee structure and what the banks tell us they can get for the deal and BMO was very competitive," she explains.

Newfoundland has approximately $388 million in debt outstanding, including short-term obligations, with debt representing about 55% of the company's capital structure. It has approximately $32.6 million in vintage, first-mortgage debt maturing in 2007, that it expects to pay down in the near term.

Semco Set to Redeem 10.25% Notes

Semco Energy plans to redeem about $30 million in 10.25% notes next month. Plans are for the Port Huron, Mich.-based energy company, which has natural gas utility and midstream operations, to pay down the preferred securities Sept. 14 at $25 per share. **Mike Palmeri**, cfo, says the debt had first become callable this year. "Our whole emphasis at the company has been to repair and improve our credit matrix, and in particular our balance sheet," he says.

The redemption will be funded for via the proceeds from the recent sale of 4.945 million Semco common stock, Palmeri says. **Credit Suisse First Boston**, acted as lead manager for the offering with **Natexis Bleichroeder** and **A.G. Edwards** serving as co-managers on the stock offering. Palmeri says the firms where chosen because they have longstanding relationships with the company.

The preferred securities, were issued with a 40-year maturity in 2000, with the callable feature kicking in after five years, says

Tom Connelly, director of investor relations. Underwritten by AG Edwards, **PaineWebber**, **First of Michigan** and **NatCity Investment**, the securities were issued as part of the permanent financing of Semco's acquisition of **Enstar**, an Alaskan gas company acquired in late 1999.

Duquesne Light Goes Long On $320M Offering

Duquesne Light Holdings has issued approximately $320 million in long-dated bonds to retire an intra-company loan obtained from its utility subsidiary five years ago. The Pittsburgh, Pa., entity placed the debt in two tranches, via lead underwriters **JPMorgan Chase** and **Lehman Brothers**: a $200 million slug of 5.5%, 10-year bonds priced at 99.56 to yield 5.5%; and a $120 million tranche of 30-year, 6.25% securities priced at 99.611, yielding 6.27%.

Bill Fields, treasurer, says the holding company wanted to take the opportunity to hit the capital markets and clear an approximately $250 million 8% loan from subsidiary **Duquesne Light Co**. At that time, the electric utility shed some $1.6 billion in unregulated generation assets in Pennsylvania and was funneling cash up to its less liquid parent, he explains. Additional proceeds will be used to expunge about $37 million outstanding at the parents $275 million revolver, which it recently refinanced with leads JPMorgan and **Union Bank of California** (PFR, 7/18). He notes that Lehman is also a participant on the revolving credit line.

The remaining bond proceeds are earmarked for general corporate purposes, Fields says. "Given where rates are, it's just a good time to access the capital markets, right now," he adds. Officials at JPMorgan and Lehman did not return calls. In addition to taking roles on the energy outfit's credit line, JPMorgan and Lehman have handled similar debt offerings, Fields says. "These guys are good at what they do from a distribution standpoint."

Offering debt now falls in line with Duquesne Light Holding's previously announced plan to shore up debt and re-focus the operation on its core electricity business since dabbling in ancillary business areas four years prior. "We are focusing on a back-to-basics strategy," he says. Last week, it unloaded some inside-the-fence generation facilities to **DTE Energy** for approximately $40 million. The projects are for energy services at automotive plants, airports and large industrial food processing facilities in the Midwest and in Ontario, Canada.

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

• **Cheniere Energy**, which develops liquefied natural gas terminals, said US securities regulators' informal inquiry has become a formal probe related to the company's agreements and negotiations with **Chevron USA**, its December 2004 stock offering and trading in its securities, (*Reuters*, 8/11).

• **Kinder Morgan** has proposed to build a 42-inch pipeline capable of carrying 2 billion cubic feet of natural gas per day. The pipeline would stretch 1,500 miles from the gas fields of central Wyoming to the manufacturing plants of eastern Ohio, and would connect Rocky Mountain oil and gas companies to new markets in Chicago and on the East Coast (*Denver Business Journal*, 8/12).

• **Reliant Energy** has settled with a group of California utilities for about $525 million, resolving claims that Reliant had overcharged them during the 2000-2001power crisis. Reliant becomes the last major independent power producer to settle with utilities and the state of California (*Reuters*, 8/15).

• The Navy has filed a motion with the **Federal Energy Regulatory Commission** to ask for a rehearing on FERC's decision to approve the **Hess LNG** facility, on the grounds that the traffic of liquefied natural gas tankers would disrupt Naval testing in the area. The site is located on Narragansett Bay (*The Herald News*, 8/16).

• Middletown, Mass., joined the liquefied natural gas fight Monday night with its town council voted 7-0 to appropriate $25,000 to set aside for the legal battle against the proposed **Hess LNG** terminal in Fall River, Mass. Middletown joins Bristol, Newport and Portsmouth in its determination to keep the LNG facility out (*The Newport Daily News*, 8/16).

• Residents of Ontario, Canada, have brought a lawsuit against 13 major U.S. and Canadian power companies seeking $50 billion to compensate them for alleged pollution damage from the companies' power plants. The complaint was filed June 30 and, along with the $50 billion, seeks $4 billion in annual payments due to continuing damages and $1 billion in punitive damages. The corporations with subsidiaries named in the complaint are **Ontario Power**, **DTE Energy Co.**, **American Electric Power Co.**, **FirstEnergy Corp.**, **Reliant Energy**, **Public Service Enterprise Group**, **Exelon Corp.**, **Allegheny Energy**, **Cinergy Corp.**, **DPL Inc.**, **Constellation Energy**, **PPL Corp.** and **Pepco Holdings Inc.** (*The Washington Post*, 8/11).

• **Kinder Morgan Energy Partners** is converting a 254-mile, 24-inch diameter oil pipeline to move natural gas from the Permian Basin in Texas to near Austin. The $40 million project will connect to a number of natural gas processing plants, and is part of the 5,800-mile Texas Intrastate system, which links the Gulf Coast and the rest of the state (*HoustonChronicle.com*, 8/16).

Europe and The Middle East

• **Enel**, Italy's largest utility, agreed to spend €1.9 billion, or $2.3 billion, in Slovakia, including the renovation and completion of nuclear reactors. The investment program is linked to Enel's purchase of a 66% stake in **Slovenske Elektrarne**, Slovakia's largest power generator, from the government for €840 million (*Bloomberg*, 8/15).

• Oman invited international developers to build a 500 MW gas-fired power plant north of the capital, Muscat. Companies have until Sept. 19 to submit their interest to the Omani government for the project to build, own and operate the plant, which will also have the capacity to desalinate as much as 150,000 cubic meters of seawater a day (*Bloomberg,* 8/15).

• The British government has no plans to build new nuclear power plants, but they have not completely ruled it out. A spokesman for the **Department of Trade and Industry** said the focus will be on renewable energy, and also gas (*politics.co.uk*, 8/16).

• Turkey will become part of an energy corridor when a 240-km natural gas pipeline coming from Cairo will enter Turkey from Kilis, (a southern province in Turkey) which will in turn carry the Egyptian natural gas to Europe (*Turks.us*, 8/16).

Asia and Russia

• The power plants of RAO UES of Russia increased generation of electricity year-on-year in the first five months of 2005. The hydroelectric power plants were up 1% from the same period last year, whereas the thermal plants' generation grew 1.6%, which made it possible to meet the growing electricity consumption in the country which rose 1.5% (*RussianNewsWire*, 8/16).

• **Weigiao Textile Company**, China's biggest cotton textile manufacturer, has agreed to buy four thermal power plants, in Shandong, from its parent company for 3 billion yuan ($369.9 million) to reduce costs and boost profitability (*Reuters*, 8/15).

Exelon Boston Debt May See 10% Spike

K-Road Venture and its hedge fund partners have submitted an application to obtain a Reliability-Must-Run contract, which could juice debt related to the 3 GW Exelon Boston Generating generation array by 10%. The venture is aiming for an RMR contract—a synthetic form of ratebase—that would guarantee the owners would receive some $290 million in annually payments for keeping plants Mystic7, 8, and 9 running in order to meet generation demand for the New England market for which it serves. **William Kriegle**, who heads up K-Road in New York, inked an agreement to acquire the generation portfolio (PFR, 7/25). He did not return a call for comment.

Exelon owners believe that the RMR contract will be a bridge to the expected implementation of LICAP, which is not expected to be implemented until next year, one insider explains. The debt has been ticking up from levels of 110-115 in May because of a promising ruling announced by **Federal Regulatory Energy Commission**, which is anticipated to facilitate the implementation of Locational Installed Capacity—a move that bodes well for IPPs in the New England area because it will help compensate producers more efficiently during peak demand periods.

The application for the RMR was submitted to FERC last week and most likely will be reviewed by the local electrical Independent System Operator (ISO) as well, says the insider. The group expects to hear from FERC sometime in October at which time the office could requests additional clarification before approving. K-Road and its partners have already preliminary word from the government body that its plants are in demand but the rate of its compensation needs to hashed over, explains one observer.

Debt-holders, including several of the hedge funds maintaining an interest in Exelon paper, believe the contract would translate into a value of 155 for the paper which is trading in the context of 140-141.

"These reliability contracts should take the debt above what it took to construct the projects," one tracker notes. There is some $1.4 billion of project paper backing the New England facilities.

"If they get the RMR it certainly would be a validation of the necessity of the plants, which would add informational value to the market," says **Stephen Moyer**, director of research at **Imperial Capital** in Beverly Hills, Calif.

CINERGY LOOKS

(continued from page 1)

declined to comment on Turner's behalf. Officials at Barclays declined comment and JP Morgan officials did not return a call for comment.

The original loan consisted of a five-year, $1 billion facility obtained last December and priced at LIBOR plus 60 basis points, with a 15 basis point facility fee. There was also a three-year revolver of equal amount priced at LIBOR plus 70 basis points. Both lines were led by Barclays and JPMorgan.

Some 30 banks are expected to be involved in the syndication. Commitments are due at the beginning of September, a banker says. Cinergy, which received antitrust clearance from the **Federal Trade Commission** and **Justice Department** regarding its planned Duke merger, receives a BBB, Baa2 senior debt rating from **Standard & Poor**'s and **Moody's Investors Service**. *—M.D.*

PRIVATE EQUITY INDUSTRY

(continued from page 1)

Officials at US Power declined to comment on the deal, as did Carlyle/Riverstone execs. Officials at FPL and Madison Dearborn did return a call for comment. Trackers also speculate that **ArcLight Capital Partners** in New York may also be involved, but that could not be confirmed and officials there did not return a call.

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. *—M.D.*

EX-AES TEXAS

(continued from page 1)

that presaged many of the problems faced by larger non-recourse deals. The plant now delivers half of its output to **Exelon Generating** under a 20-year offtake contract with the remainder being sold into the ERCOT spot market. Stark and its partners are aiming to secure a PPA for the un-contracted portion and then expect to launch a roughly $250-300 million B-loan package via **WestLB**, to help cover the bulk of the price tag, watchers say.

Financing for the deal should take on a first- and second-lien structure similarly to one completed a few weeks ago to fund **Complete Energy**'s $580 million acquisition of La Paloma Generating in Kern County, Calif. (see story, page 2). Finer points of the loan package will be hammered out as the deal gets closer to fruition, observers note.

AES began construction of the now-completed plant in Granbury, Texas, more than four years ago.

—Mark DeCambre

Calendar

• **The Sustainable Energy Finance Initiative** will hold its 2nd Sustainable Energy Finance Roundtable in New York on October 27th at the Park Central Hotel. For additional information please contact **Nadim Chaudrhy**, via email at nadim.chaudhry@greenpowerconferences.com

• **The Fourth Annual World Wind Energy Conference & Renewable Energy Exhibition** 2005 will be held in Melbourne, Australia at the Melbourne Exhibition and Convention Centre on Nov. 2-5. For information contact the meeting planners group at +61 3 9417 0888.or email at wwec2005@meetingplanners.com.au

Quote Of The Week

"At the end of the day we have a fabulous asset with fabulous people who are running the plant." —**Milton Scott**, *managing director of* ***Complete Energy****, about finally completing the acquisition of the La Paloma plant (see story, page 2).*

One Year Ago In Power Finance & Risk

Lehman Brothers launched the sale of La Paloma Generating, a 1,121 MW merchant gas-fired plant in California on behalf of its creditor owners. [**Complete Energy**'s acquisition of La Paloma closed last week. It was funded in a two-tiered loan at about $520 million (see related story, page 2).]