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RWE Hires Accord Marketer

RWE Trading is refocusing its origination effort toward the U.K., the Republic of Ireland and northwestern Europe, and has hired an **Accord Energy** marketer as part of the reorganization.

See story, page 4

TROUBLE LOOMS AS SHAREHOLDERS DRAG HEELS ON TEESSIDE RESTRUCTURING

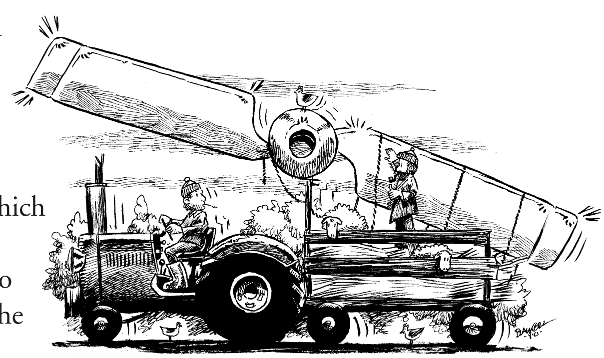
Trouble is brewing between the creditors and shareholders of **Teesside Power Ltd.**, a 1,875 MW plant in northeast England, over whether the station's financing should be restructured to facilitate a sale. With several suitors already circling Teesside as an acquisition target, "the situation is beginning to get quite ugly. Lawsuits could fly," says one official involved in the negotiations. He declined to reveal the suitors.

Talks to restructure Teesside began this April, but Teesside's shareholders, which include the plant's long-standing owners, **Northern Electric**, **Midland Electric** and **Western Power Distribution**, and new investor **Rockland Capital Energy Investments** in conjunction with **Cargill Financial Markets**, have blocked the move in the belief that a sale of the plant would leave them empty handed. "We believe a restructuring solution can be found that

(continued on page 2)

U.S. WIND DEVELOPER READIES EUROPEAN BONDS FOR FARM-BASED PROJECTS

U.S. Wind Farming, a soon-to-be floated renewable energy developer, is looking to tap the European fixed-income market with some $225 million in bonds.



U.S. Wind Farming President **William Telander** in Chicago says the company, which looks to work with farmers to build small wind farms on agricultural land, intends to use the capital markets foray to bankroll the construction of a series of 15 wind farms,

(continued on page 8)

RIVAL GENERATORS CALL ON FERC TO PROBE ENTERGY'S PERRYVILLE ACQUISITION

Entergy Services' pending purchase of the 718 MW Perryville power plant in Louisiana from **Perryville Energy Partners** is raising a ruckus among competing power companies over whether the **Federal Energy Regulatory Commission** should take jurisdiction over generation acquisitions.

Petitioners—including the **American Public Power Association** (APPA), **Calpine**, **InterGen**, the **Municipal Energy Agency of Mississippi**, **Occidental Chemical** and **Tractebel Energy Marketing**—argue the FERC should claim oversight of the deal, fearing market abuse. Entergy rejects these claims and for the moment seems to have the backing of the FERC.

Morgan Stewart, Entergy spokesperson, says the petitioners in opposition to the

(continued on page 8)

At Press Time

Shell, Exxon Forge Ahead With U.K. Sale

Energy giants **Shell** and **ExxonMobil** were looking to compile a list of interested bidders early last week for the proposed sale of their Ketch and Schooner natural gas fields in the North Sea off the coast of the U.K.

An energy investor involved in the auction says Shell and Exxon intend to open the data room to short-listed bidders on Aug. 30 for up to four weeks and hope to receive final bids by Oct. 22.

Shell and Exxon put the gas fields up for sale last month and appointed **Harrison Lovegrove & Co.** to advise on the divestiture.

According to a sale memorandum seen by *PFR*, while "the preference is for the sale of the properties as a single package, Shell and ExxonMobil are prepared to consider the sale of their interests in sub-packages."

Lehman Launches La Paloma Sale

Lehman Brothers has launched the sale of La Paloma Generating, a 1,121 MW merchant gas-fired plant in California that was foreclosed on by its creditors early this year.

The **PG&E National Energy Group**-developed power plant has been a potential sale candidate for over a year, but a dispute over tax credits and a weak wholesale market prompted the plant's creditors, led by **Citibank**, to hold back from launching a sale. Early this year Lehman launched the sale of a sister plant, Lake Road (PFR, 2/19), and the apparent success of this ongoing sale process has encouraged Citi to put La Paloma up for sale, says a banker.

TROUBLE LOOMS

(continued from page 1)

offers benefits to both debt and equity investors," says one shareholder.

At the heart of the dispute is a disagreement over whether there is any equity value left in the former **Enron**-controlled gas-fired plant. Teesside's GBP656 million non-recourse bank facility trades in the mid 80s, suggesting there is no equity value left in the plant. But some market watchers note that the debt's face value already has risen from the low 50s last summer, and they suggest it could reach par as winter looms and wholesale power prices rise.

While the plant has been in default of its debt since the collapse of **Enron Europe** and **British Energy**, the plant's largest offtaker, Teesside's creditors are reluctant to foreclose on the facility as this move would trigger a termination of some attractively priced power-purchase agreements that are still in force.

Rockland became an effective 27% shareholder in Teesside this spring when its acquired 65% of the U.S. notes of **Teesside Power Financing Ltd.**, a fund-raising subsidiary of Enron's **Teesside Power Holding Ltd.** The notes securitized Enron's earnings from the Teesside plant and were secured against Enron's 50% equity stake in Teesside. A market watcher says Rockland owns an interest in the asset-backed debt, but adds the investment company is primarily acting as a front for Cargill. Officials at both firms declined to comment. Calls to **Barclays Capital**'s **Duncan Nash**, facility agent representing the creditors, were not returned.

—Will Ainger

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Institutional Investor NEWS
INTELLIGENCE FIRST

Dresdner Hires Rothschild Trader

Dresdner Kleinwort Wasserstein has hired **Franck-Eric Fischer**, an oil trader at **NM Rothschild** in London, as it looks to ramp up its newly launched European oil and gas trading operation. The investment bank last month hired **Neil Rothwell** from **RWE Trading** as managing director and head of commodities, to establish the business.

Fischer joins after a one-year stint at Rothschild in London. Prior to that he spent three years with **Société Générale** in Singapore and New York, and some 10 years at **Elf Trading** in Singapore, Paris and Geneva. Fischer, who is currently on gardening leave, says he joins Dresdner mid September, declining further comment. **Rowan Staines**, a spokeswoman at Dresdner, says Fischer is joining as a director.

Shell's Texas Wind Financing Stutters

Lead arrangers **ANZ Investment Bank** and **Dexia Crédit Local** have hit a bump in the syndication of a $87.5 million loan being pitched to refinance the 160 MW Brazos wind farm in Texas. One lender looking at the deal says some technical problems have surfaced related to the **Mitsubishi Heavy Industries** turbines. Bankers are now waiting on the independent engineer's report before sealing their commitments. The deal had been all set to close a few weeks back (PFR, 8/7).

The facility is already up and running and one banker says the delay may not be that troublesome, given that the sponsors are **Shell WindEnergy** and **Mitsui & Co. (USA)**. The blue-chip backers may decide to add a guarantee to the financing to get the deal sealed quickly, rather than wait on the technical report, he adds, though he was unsure whether this is an option in this instance.

Calls to ANZ and Dexia were not returned by press time.

KGen Wraps $325M Financing

KGen Partners has pocketed a mostly unchanged $325 million B loan, allowing to it to close its $475 million acquisition of **Duke Energy**'s southeast merchant generation portfolio. With industry players vying to take the entire $150 million first-lien, there was a suggestion the deal structure might have been tweaked (PFR, 6/21). However, lead arranger **Credit Suisse First Boston** is understood to have diced the paper up among lenders rather than flog it all to one buyer, says one industry official. A spokesman at CSFB declined comment.

The final form of the seven-year loan comprises a $150 million first-lien tranche priced, as originally pitched, at LIBOR plus 400 basis points. The $175 million second-lien slug is priced at LIBOR plus 11.875%, which is split between 400 basis points of interest and the balance as payment in kind—or PIK—which essentially means it falls due at the loan's maturity.

KGen Partners, which is owned by **MatlinPatterson**, a New York private equity shop founded by ex-CSFB staffers, closed the acquisition Aug. 6.

CMS Pencils In Equity Sale

CMS Energy is looking to issue equity, but the move could be some way down the track. **Ken Whipple**, chairman and ceo, said on a recent earnings conference the aim of the concern is to become a modest growth company, with solid cash flows and decent returns on equity. "We need to issue more public equity in this company," he declared. CFO **Tom Webb** added that equity issuance will be a key driver of the company. "Part of the importance of issuing equity is to be able to invest it in a good business like **Consumers** [**Energy**]," he said, referring to CMS' Midwest utility unit. The timing and size of any issue have not been determined.

For the moment the company is focused on reducing debt and producing stable cash flows. While it is in that phase, the dividend will remain suspended. Among the most recent debt reduction initiatives was an the agreement to sell the 260-mile Parmelia gas pipeline system and its 39.7% interest in the 860-mile Goldfields pipeline system, both in western Australia, for about $145 million. The sale is expected to close by the end of this quarter.

Trinidad LNG Lead Arrangers Eye Limited Syndication

Lead arrangers for an LNG-related pipeline in Trinidad will not be casting a wide net when the deal comes to be syndicated. The roughly $200 million non-recourse financing will likely be parceled out among the leads and lenders already connected to the LNG facility, say bankers.

The pipeline, which is sponsored by **The National Gas Company of Trinidad and Tobago**, will feed a soon-to-be-expanded LNG facility owned by **Atlantic LNG Co.** (PFR, 6/28).

The pipeline has 20-year contracts with some of the mammoth multinational energy giants who are part owners of Atlantic LNG, including **BP**, **British Gas** and **Repsol**. That makes it an intriguing financing, even for lenders who normally eschew the region, says one banker whose interest was rebuffed. Calls to **Calyon**, one of the leads on the deal, were not returned.

Project financiers say the deal has been pending for some time, but the exact timeline is unclear as local approvals for the loan have proved more time consuming than expected.

Barclays Analyst Returns To CSFB

Adam Deutsch, a high-yield and distressed debt analyst at **Barclay Capital** in London, has returned to his previous employer, **Credit Suisse First Boston**. Market watchers say Deutsch joined last month as a risk manager covering emerging markets credit trading. At Barclays he spent much of the past year covering distressed credits in the U.K. power sector, including **Edison Mission Energy**'s First Hydro pumped storage business, nuclear plant operator **British Eneregy** and the 4 GW Drax power plant.

Deutsch was previously an emerging markets analyst at CSFB in Singapore.

RWE Refocuses Marketing Effort With Centrica Hire

Nick Arnold, a U.K. power originator at **Accord Energy**, has left the **Centrica**-owned trading operation to join **RWE Trading** in Swindon. Market watchers says the appointment reflects RWE's desire to beef up its energy marketing effort in the U.K. and northwest Europe, while at the same time scaling back coverage of France and southern Europe.

Arnold joins RWE next month, according to **Richard Harper**, head of power origination for the U.K. He notes the appointment leaves RWE with four officials focused on originating new deals in the U.K., alongside a commercial development team that executes transactions across Europe. He declined to comment on RWE's plans in southern Europe.

Market watchers say RWE has released half a dozen originators that focused on southern Europe in recent weeks, including **Annie Klotz**, who covered France. Klotz could not be reached for comment and **Jeremy Ellis**, head of origination did not return calls. Calls to **Irfan Mannan**, head of power trading at Accord, also went unreturned.

ABN Analyst Fills Barclays Slot

Sharon Vieten, a utility credit analyst at **ABN AMRO** in London, has joined **Barclays Capital**, also as an investment-grade utility analyst. She will work alongside **Neil Beddall**. Vieten spent seven years at ABN, initially as a project financier, then a utility banker, before becoming a credit analyst in 2002. She primarily focused on sterling-denominated issues at ABN. Vieten replaces **Andrew Moulder**, who left Barclays early this summer to launch European utility coverage at **CreditSights** (PFR, 5/31).

Vieten says Barclays' strong relationship with U.K. fund managers was a compelling reason to join the London-based bank.

Corporate Strategies

Consumers Energy Refinances Debt With A Trio Of Bond Offerings

CMS Energy unit **Consumers Energy** will redeem three tranches of outstanding bonds and bank loans with a trio of first-mortgage bond offerings totaling $800 million. The new issues comprise $150 million of 4.4% five-year notes, $300 million of 5% eight-year notes and $350 million of 5.5% 12-year notes. Proceeds of the new debt package will redeem $300 million in 6% senior notes due March 2005, $141 million in senior remarketed secured notes due 2018 and $140 million in bank debt, says **Jonathan Cho**, a **Fitch Ratings** analyst.

Consumers Energy will pick up some cost savings in redeeming the debt early, and also will reap future financing flexibility in issuing the bonds in three maturities, argues Cho. "You don't want to have a big lump of refinancing to do in one year. [It's better] to spread it out over time," argues Cho, adding the utility likely picked the five, eight and 12-year tenors to fill the gaps between other debt maturities. Fitch rated the bonds BB plus and gives the utility a stable outlook.

The bonds were issued at 93, 100 and 128 basis points over comparable Treasuries, respectively, and were underwritten by **Barclays Capital**, **Citigroup** and **Merrill Lynch**. **Phil McAndrews**, director of investor relations at Consumers Energy, declined comment, beyond noting that the offerings are private placements.

Peach State Utility Insures Bonds For Retail Buyers

Georgia Power, a subsidiary of Atlanta-based energy generator and distributor **Southern Co.**, issued two tranches of bonds the week before last to help pay for the acquisition of a generating plant in May. The company sold $125 million in 40-year 6% senior notes (Aaa/AAA), which were insured by the **Financial Guaranty Insurance Co.;** and $125 million in uninsured five-year senior notes (A2/A).

"By insuring the bonds, we were able to get a better coupon," explains **David Brooks**, managing director of capital markets at Southern, adding that in many cases such as this it is worthwhile paying the insurance premiums so that financing the debt is cheaper. Brooks says the company has not yet calculated exactly how much it expects to have saved by insuring the notes. "We thought getting a 6% coupon on

40-year notes was a good option." He explains that the yearly interest rate on bonds with longer maturities had reached historical lows, and Georgia Power wanted to take advantage of that.

Earl Long, Southern's assistant treasurer, says the purpose of dividing the issue into two different investor classes was to get an even distribution of the bonds into the hands of both retail and institutional buyers. Brooks adds that having a variety of maturities across the yield curve was also one of the main reasons behind choosing the 40 and five-year bonds.

Morgan Stanley and **Banc of America Securities** led the sale of the retail bonds, while **Barclays Capital** was responsible for the institutional issuance. Brooks said the company has had a long-standing relationship with all three firms, among others. "We just thought Morgan Stanley and Bank of America were better suited for the retail portion," he says, without giving more details on the reason behind the choice. Long notes Southern and Georgia Power were pleased with the transactions and said both deals were oversubscribed.

Duke Flips Debt To Diversify Portfolio Tenor

Duke Capital tapped the fixed-income market for $408 million in 10-year notes last week, allowing it to exchange a like amount of an issue of $750 million in two-and-a-quarter-year paper issued only a few weeks ago. **Myron Caldell**, v.p. and treasurer, says the 4.331%, 2.25 year notes were a remarketed deal issued in connection with equity-linked securities. The $408 million deal means Duke has split the maturities between 2006 and 2014. "This allowed us to diversify the debt," Caldwell reflects.

Duke was keen to tap the 10-year part of the yield curve because rates remain relatively low. The notes, which were issued at par, carry a coupon of 5.668% and landed a 140 basis point spread over comparable Treasuries. He adds Duke disclosed in its prospectus for the $750 million issue that it would be looking at issuing at the longer end of the curve in a debt exchange. The thinking here was Duke didn't want investors to go into the deal thinking there would be a market of $750 million through to the maturity of the notes, he says.

Banc of America Securities, **Citigroup** and **Deutsche Bank** were the joint book-running managers for the latest offering. Caldwell says Duke has a large number of banking relationships and it looks to firms that have been supportive of credit facilities when determining which firms to give underwriting roles to. "It's really a matter of rotating those positions around a large number of banks," he adds, given there are so many firms that are also lenders.

The Charlotte, N.C., utility holding company is in the midst of a long-standing debt reduction program, so it doesn't expect much more financing activity this year, but Caldwell says forward contracts on equity need to be exercised as part of the equity-linked debt offering (PFR, 3/1).

On the debt reduction front, at mid-year Duke had reduced debt by $2 billion and is on target to slash its debt load by $3.5-4 billion target by year-end, Caldwell says.

Garden State Utility Saves 2% In Debt Refi . . .

Public Service Electric and Gas' $250 million bond issue, executed last week, will refinance an equal piece of callable debt at a 5% level versus the old issue's 7% coupon. The previous bonds become callable next month, says PSE&G director of financial communications **Sue Carson**, adding the lower interest rate environment of today made it economical to refinance. Carson says the company was happy with the pricing on the 10-year notes.

The notes were issued at 78 basis points over comparable Treasuries. **Banc of America Securities**, **Deutsche Bank** and **Scotia Capital** underwrote the issue.

. . . As It Preps Stranded-Cost Securitization

Public Service Electric and Gas, a utility subsidiary of **Public Service Enterprise Group**, plans to issue $125 million of stranded-cost bonds in October or November. **Joseph Fichera**, ceo of **Saber Partners**, which is advising the state of New Jersey on the upcoming state-approved financing, says the group of underwriters has not yet been decided, but that it will be a small group. "The decision will be made jointly by the company and New Jersey," he says.

The utility is presently working with the state to obtain a financing order—a document that will guarantee that the bonds will be given a triple-A rating and ensure that they will be paid. The order would allow the state to raise electricity rates when necessary in order to service the bonds, according to Fichera.

PSEG did its first securitization associated with the state's transition into an deregulated power market in January, 2001, issuing $2.525 billion in bonds. Since then, there have been close to $125 million in additional costs associated with de-regulation. "The state law on basic generation services permits us to securitize those costs as well, and doing so will result in savings for the rate-payers, and that's why we're pursuing it," says **Morton Plawner**, PSEG's treasurer.

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	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
BNP -led bank group	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
(Exelon developed plants)	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group	Union	Ark.	2,200	Gas	Goldman	Ongoing.
(TECO Energy developed plants)	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
(NEG developed plants)	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhilips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has agreed sale to ScottishPower.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	Ongoing.
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	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	Bayonne	N.J.	186	Gas		Final bids due.
(Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		
	Camden	N.J.	149	Gas		
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	147	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Has sold majority of QF portfolio to ArcLight.
(Contracted assets)	Prime	N.J.	66 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to
	Balzac	Alberta	106	Gas	HSBC	exit generation business.
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	Larkspur Energy	Calif.	90	Gas	Citi	Ongoing.
	Indigo	Calif.	135	Gas	Citi	
	El Bajio	Mexico	600 (50%)	Gas	N/A	Ongoing.
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind	N/A	Sent out RFP in April.
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Looking to select bidder by June.
Nations Energy	Bayport	Texas	80	N/A		Considering liquiditing the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Ongoing.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
	Termopaipa IV	Philippines	185	Gas		Set to sell Guadalupe and Odessa to PSEG.
TECO Energy	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas	Goldman	
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

U.S. WIND

(continued from page 1)

each of 15 MW. U.S. Wind Farming recently picked its first 15 farmland sites for the citing of new wind farms and intends to have the bulk of them erected within a year.

U.S. Wind Farming intends to finance each wind farm individually with a $15 million bond deal, and will likely make about one bond offering a month, according to Telander. He adds the developer will primarily target European investors and has hired an underwriter in Switzerland to arrange the financing. It's looking across the pond because of Europe's heightened interest in green power. "They believe in renewable energy more than the U.S.," says Telander. "They are ahead of the curve."

The bonds will likely be sold in denominations of $10,000 each, have a 30-year tenor and yield 7%. The financing of the farms is currently independent of the production tax credit that is pending in Congress. Telander says the savings from the tax credit will flow through to bond investors to fatten the coupon if it is approved.

The small wind farms are to be built on agricultural land. Farmers will receive 10% of the income on the electricity produced by facilities, the output of which will be sold through long-term contracts with local utilities, says Telander.

The decision to push ahead with the construction of relatively small wind farms, a decision that bucks the trend for ever larger projects, means that U.S. Wind Farming can erect the farms more quickly, typically at a rate of 12 per year, according to Telander. This is because U.S. Wind Farming's projects are small enough to use existing transmission infrastructure and because small farms raise fewer environmental concerns that need to be addressed before construction can begin.

Currently, the sites are undergoing environmental and logistical due diligence, says Telander.

—Angela Salvucci

RIVAL GENERATORS

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acquisition have missed or ignored the key point, namely that FERC does not claim jurisdiction over generation-only purchases, and therefore the acquisition of the Perryville CCGT plant does not require FERC approval. "They're making claims that basically aren't true," says Stewart.

The protestors claim that Entergy purposefully structured the acquisition in such a way that it would avoid FERC scrutiny. They speculate the deal is being structured as a two-step transaction, in which FERC-regulated assets, such as power sales agreements and interconnection facilities will be transferred from Perryville to Entergy down the road once the plant acquisition has been completed.

In response, Entergy denies that the acquisition is being bifurcated and says that the transmission assets and sales agreements are not being transferred from Perryville Energy Partners.

According to FERC filings, Entergy calls the idea that it is intentionally subverting FERC jurisdiction "interesting, but irrelevant," noting that the intent of the parties structuring the transaction does not determine whether FERC should claim jurisdiction.

"FERC has painted itself into a corner here," says **Allen Mosher**, director of policy analysis at the APPA. He notes the FERC was asked to assert jurisdiction over generation-only transactions previously, such as one involving **Citizens Power**, but it declined to get involved, noting it does not claim jurisdiction over generation-only deals, says Mosher. He argues that this precedent has allowed situations to arise, such as the Perryville-Entergy transaction, where a transfer would take place outside of regulatory oversight that could lead to a reconcentration of market power.

Officials at Calpine, InterGen, the Municipal Energy Agency, Tractebel and FERC did not return calls by press time and an Occidental spokesman declined comment.

Mosher says that while he fears the FERC has lost one tool of oversight in not claiming jurisdiction in this case, it could attempt to assert its authority should Entergy seek market-based rate approval.

Stewart declined to predict when the matter would be settled and the acquisition could be completed. *—A.S.*

Quote Of The Week

"They are ahead of the curve."—**William Telander**, *president of* ***U.S. Wind Farming****, on European investors' keen interest in renewable energy (see story, page 1).*

One Year Ago In Power Finance & Risk

As part of an effort to divest non-core assets, **American Electric Power** had hired **Credit Suisse First Boston** to advise on the sale of its stake in four qualifying facilities including the 120 MW Mulberry and 103 MW Orange plants in Florida and the 68 MW Brush II and 272 MW Thermo Cogen plants in Colorado. Marketwatchers said AEP was piggybacking on **El Paso Corp**.'s sale of its own stakes in Mulberry and Orange. [**Bear Stearns**, **Arclight Capital Partners**, **AIG Highstar Generation** and **Fortistar** were reportedly among final round bidders (PFR, 2/9). Bear Stearns won out with a $156 million bid in March.]