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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

AUGUST 26, 2002

VOL. V, NO. 34

Intergen's Dutch Deal Hits The Market

BNP Paribas and **Société Générale** have launched the sub-underwriter syndication round of financing for InterGen's 800 MW Rijnmond plant in the Netherlands.

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RELIANT TARGETS \$6B+ LOAN RESTRUCTURING, PwC HIRED TO ENGENDER CONFIDENCE

Reliant Resources is aiming to simultaneously refinance some \$6.1 billion of bank facilities over the next few weeks and in a bid to foster confidence among bank lenders, **PricewaterhouseCoopers** has been retained to provide an independent valuation of the company. Bankers say the embattled Houston power player will likely get the deals completed, but with so many banks involved in the negotiations—and each with different levels of security and appetite for power paper—there will likely be some hard bargaining. **Sandy Fruhman**, spokeswoman, says Reliant isn't commenting on issues related to the refinancing, aside from what is disclosed in 10Q filings.

One concept being floated is to take all the loans and create a master loan agreement

(continued on page 12)

Slam Dunk

BANKS LINE UP TO LAND BUFFETT'S DYNEGY PIPE DEAL

Bankers are beating a path to Des Moines, Iowa-based **MidAmerican Energy**, the energy arm of **Warren Buffett's Berkshire Hathaway** empire, hoping to land the mandate to arrange non-recourse debt financing for its \$1.8 billion acquisition of the **Northern Natural Gas** pipeline business from Dynegy. The chance of scooping the deal is leaving bankers salivating, not only because of the cache of working for Buffett, but also because MidAmerican's last pipeline financing proved such a crackerjack deal; the Kern River pipeline loan was probably the most sought after deal in the energy sector this year (PFR, 7/1).

"Everyone is in there pitching," says one banker, who adds that time pressure to get

(continued on page 12)

AEP READIES \$2-2.5B BOND DEAL

Columbus, Ohio-based **American Electric Power** is reportedly planning to tap the bond market with a \$2-2.5 billion bond offering in the coming months. A banker familiar with the matter says the proceeds of the jumbo debt deal will be used for a variety of purposes, including paying down existing short-term paper in its approximately \$4.5 billion debt portfolio. He declined to comment on the likely structure or pricing details of the upcoming deal, nor would he discuss whether AEP has retained a financial advisor. **Susan Tomasky**, cfo at AEP, did not return calls and **David Hagelin**, a spokesman, was unaware of the matter and could not ascertain details by press time.

Although unaware of the pending deal, **Susan Vorhees**, a fixed-income utility analyst at **J.P. Morgan**, says the deal might fly as investor sentiment toward power company debt offerings has begun to improve. "There has been a slight rally this week in the

(continued on page 11)

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

Aquila Trader Returns to Ofgem

Liz Parminter, a scheduler at Aquila in London, has left the power-trading shop to rejoin U.K. energy regulator, the Office of Gas and Electricity Markets (Ofgem). At present she is working on a consultancy basis until the end of the year, but may end up staying longer, says one official familiar with her plans. Parminter declined to comment.

Ofgem has hired Parminter to work on the Scottish Review, a project to introduce a new market for bilateral power trading north of the English border. This is scheduled to come into effect in 2004. Previously, Parminter worked at Ofgem until fall 2001 developing England and Wales' bilateral-trading market, dubbed Neta.

Parminter left Aquila on Aug. 9 following its decision to exit power trading. She had been at the firm since Jan. 2.

U.K. Wires Take The Spotlight

The regulated wires sector, typically viewed as the least exciting corner of the U.K. power market, briefly take center stage over the next few months as two of its leading players **Western Power Distribution** and **Midlands Electricity** go on the auction block.

Market watchers say **Dresdner Kleinwort Wasserstein** will launch the sale of Atlanta-based Mirant's majority stake in WPD within the next two weeks and is looking for a quick turnaround in responses. Concurrently, **Aquila** and **FirstEnergy**, two other U.S. power players, are planing to offload Midlands. Aquila has announced it is looking to dispose of its 71% stake in Midlands by October as part of plans to raise capital to shore up its balance sheet. It is being advised by **ABN AMRO**, according to one banker.

Last week a number of London-based investment bankers told *PFR* they were busily trying to drum up acquisition advisory mandates with potential clients. "Suddenly the sector has become

hot," notes one banker. While generation and supply have been the most sought after sectors of the power supply chain in recent years, the attractions of regulated steady income streams is now becoming apparent, he argues.

Mark Robinson, a U.K. utility equity analyst at **Commerzbank** in London, agrees that the auction will stir plenty of interest. He argues that the bidding roster could include **E.on**, parent of **Powergen**, **Scottish & Southern Energy**, **Warren Buffett's MidAmerican Energy** and possibly a few Continental European players such as **Enel** and **Tractebel**. Any number of financial buyers may also show interest. "It would be rude not to take a look," he quips.

Banks Launch InterGen's Dutch Deal

Lead arrangers **BNP Paribas** and **Société Générale** sent out invitations last Thursday to some half a dozen banks to commit at the sub-underwriter, arranger level on InterGen's upcoming **Rijnmond** construction loan tied to a project in the Netherlands.

A banker who's considering taking a sub-underwriting slot says the lead banks are offering indicative pricing of around 150 basis point over LIBOR and are awaiting feedback on pricing and commitments before launching general syndication next month. The project loan has already been fully underwritten.

An official at one of the lead arrangers confirmed it had launched a two-round syndication effort, adding it has already received strong initial feedback from potential sub-underwriters. He declined further comment, referring further questions to **Lincoln Falconer**, a financier at InterGen in London, who did not return calls.

Proceeds from the **Rijnmond** loan will be used to finance the construction of an 800 MW combined heat and power plant near Rotterdam. Output from the plant will be sold to Dutch utility **Nuon** under a 15-year power purchase agreement (PFR, 5/6).

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others outside U.S. add \$75).

Power Finance & Risk is a general circulation newsweekly.

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Circulation Offices: 225 Park Avenue South, New York,
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Calif. PUC Move Stymies Gas Storage Financing

The California Public Utilities Commission has penciled in a string of conditions to the acquisition of the Lodi Gas Storage facility in Northern California by **Aquila** and **ArcLight Capital Partners**, a move that has temporarily iced plans for a \$200 million project level loan to fund the deal. Co-bookrunners **DZ Bank** and **Union Bank of California** were sounding out banks on taking co-arranger slots a couple of weeks back (PFR, 8/12). The conditions are in draft form, and have yet to be approved by the commission, but they need to be clarified before the loan can proceed, says one banker. DZ and UBoC officials declined comment.

The banker was unsure of the precise problem arising from the PUC conditions, but one issue highlighted in the draft was the extent to which the facility would wield strong market power. "We must question assertions that [the facility] does not have and cannot exercise market power in the gas storage market. The evidence...presented is at best inconclusive," the document states. As a result, the PUC recommended a set of additional reporting requirements as a condition of approval.

Sheri Inouye, a spokeswoman at the PUC in San Francisco, says there is typically a 30-day comment period on draft decisions. After that, the commission votes on a final decision. She was unable to provide details on the Lodi decision timetable ahead of press time.

Pepco Looks To Cut Debt Load

Pepco Holdings, a newly created utility holding company, is looking to cut its roughly \$3.3 billion corporate debt load by a significant chunk over the next three years in order to maintain its investment grade rating. **Andrew Williams**, cfo, told *PFR* following the completion of **Potomac Electric Power's** merger with **Conectiv** earlier this month that the aim is to cut Pepco's debt-to-equity ratio from close to 40% down to the low thirties. "It's important that we maintain a solid investment-grade rating," he argues. Pepco is currently rated BBB/Baa1.

Pepco is also looking broaden the tenors of bond obligations within its debt portfolio across the yield curve. At present some \$2 billion of its debt load is short-dated. Williams says the company would like to switch much of this into a combination of two-, five-, 10- and 30-year paper. However, with energy sector yield spreads presently trading at historically wide levels, Williams says the company is in no hurry to refinance debt just yet. Indeed, he notes the company recently pulled a \$1.5 billion bond offering in the private market because of weak pricing. Pepco replaced the bond offering with a bridge loan (PFR, 7/29).

Washington-based Pepco focuses on electricity distribution in the PJM market and also owns 11 GW of mid-merit generation facilities.

Element Taps ABN Risk Staffer For Top Research Slot

Element Re Capital Products has hired **Vijay Raghavan** from the risk and derivatives team at **ABN AMRO** as senior v.p. heading up research and product development at the weather shop. Raghavan, who has already left ABN, starts at Element Re in about month and replaces **Bob Henderson**, who joined **J.P. Morgan** earlier this year (PFR, 4/8).

Lynda Clemmons, president at Element Re in Stamford, Conn., says Raghavan brings a significant amount of experience in derivatives, new product development and risk management. In addition to product development, his role involves running the quant team and also making quant-generated theories and strategies intelligible to non-quants, she says. Calls to ABN were not returned by press time.

Aquila Team Looks To Retain Insurer Partners

Aquila's weather derivatives team is looking to take some of the partnerships it has formed with reinsurers to a new home, following Aquila's decision to exit the trading business. The 18-strong weather team has yet to find a new employer (PFR, 8/19), but an official close to the matter says its reinsurance partners want to stay in the weather business and adds this leaves open the possibility that the team can offer them to potential employers as partners that can share overhead costs and also provide a fee-based income stream. **Ravi Nathan**, head of the group, declined comment.

The official says Nathan is presently evaluating a range of possible employers, including energy trading houses, hedge funds and global investment banks, but played down the possibility that Nathan's team may join one of its reinsurance partners. He characterizes their interest in the market as being driven by a desire to lay off risk, rather than become a direct investor in a weather-trading operation.

Scuttlebutt has been thin on where the group might land. **DTE Energy** has been named as possible destination and market players have been discounting the possibility of the team heading to **Citadel Investment Group**, which inked a deal with Aquila allowing it to offer positions to exiting staffers. However, the official says the Chicago-based hedge fund is actually showing an interest in the team.

A key driver for the team will be the speed on any move. Some of the team already have left Aquila and they won't want to sit on their severance packages for a long time, the official notes. With that in mind, Nathan is shooting to try and wrap up a deal within a two-week timeframe.

Citi Scoops Polish Grid Deal

Polish power grid operator **Polskie Sieci Elektroenergetyczne** (PSE) has awarded **Citibank** the advisory and lead underwriting mandate on a ground-breaking \$1.5 billion securitization. Bankers in London say the U.S. giant was hired earlier this month to structure an international bond offering that will securitize a new tax that will be tagged on to the bottom of Polish consumers' electricity bills. PSE conducted a beauty parade among 10 domestic and international banks last month to find an advisor (PFR, 7/8). **Regina Wegnerowska**, a spokeswoman in Warsaw, did not return calls, and officials at Citi declined to comment.

Goldman Retains II Fixed-Income Ranking

Goldman Sachs has snagged another *Institutional Investor* ranked utility analyst, having lost All-American Fixed-Income first teamer **Robert Rubin** to **Deutsche Bank** last month. **Peter Quinn**, a fixed-income utility analyst at **J.P. Morgan** in New York, joined Goldman earlier this month. Quinn took runner up spot in *Institutional Investor's* fixed-income utility rankings announced earlier this month. Rubin took poll position for the third time.

As part of the merry-go round **Susan Voorhees** replaced Quinn at J.P. Morgan. While at J.P. Morgan, Quinn reported to **Margaret Cannella**, head of fixed-income research, and at

Goldman he reports to **Paula Dominick**, head of credit research. Dominick confirmed Quinn's hire, but declined further comment. Quinn was on vacation and could not be reached.

HVB, Scotia Join Club For Calpine Colo. Peaker

Calpine has roped in **HypoVereinsbank** and **Bank of Nova Scotia** to commit funds to a non-recourse loan funding the construction of a 300 MW natural gas-fired peaking plant in Colorado. The deal for the Blue Bruce Energy Center is around the \$100 million mark and is being pitched by lead arranger **Credit Lyonnais** as a club deal (PFR, 8/5). Calls to Credit Lyonnais, HVB and Scotia were not immediately returned. Pricing and maturity could not be ascertained by press time.

Bankers say the loan's credit quality is strong, as the plant is backed by a solid long-term off-take contract. However, the deal has to be syndicated as a small club-type facility because so many banks already have large exposure to the San Jose, Calif.-based IPP and in the current market don't want to add any more. Calpine's two jumbo construction revolvers (PFR, 10/23/00) account for the bulk of the exposure, one banker says.

Calpine's financing plans for the rest of the year are centered on a handful of single-asset loans covering peaking facilities (PFR, 4/1).



Latin America

BNP Launches Mexican Wires Funding

Lead arranger **BNP Paribas** has launched syndication of a \$236 million, two-year non-recourse loan earmarked for the construction of four transmission lines and two substations in Mexico. A project financier close to the matter says he expects syndication to close in the next few weeks, with banks taking tickets ranging from \$10-\$50 million. He declined to name the lenders BNP has approached, nor would he discuss the structure or pricing details of the project loan. Bankers at BNP declined to comment.

The **Comision Federal de Electricidad**, Mexico's national power company, awarded the rights to build, own and operate the Manuel Moreno Sores project to **Elina Sureste**, a special-purpose company sponsored by **ABB Solutions**, a Swiss contractor and **Techint Group**, a construction outfit based in Buenos Aires. They in turn awarded BNP the mandate to arrange debt financing in May.

The transmission lines span across the Mexican states of Chiapas, Oaxaca, Vera Cruz and Tlaxcala and include

797 kilometers of wires. The entire project will cost \$269 million to build and is expected to be operational in 2004.

Calls to **ABB Solutions** and the **Techint Group** were not returned by press time.

Iberdrola Nixes Plans To Finance Plant With Equity

Iberdrola has scrapped plans to fund much of a \$700 million, 800 MW inside-the-fence gas-fired power project at Vera Cruz on Mexico's Gulf coast in the bank debt market and, instead, will fund it entirely with internal capital. The Spanish utility had originally wanted to employ a 30:70 debt-to-equity mix.

A project financier familiar with the matter says Iberdrola nixed plans for project loan financing because of concerns that finding enough banks to support the deal would prove tough. It feared that banks would be unwilling to support a deal that provides its output to private steel company during a period of low steel prices.

Iberdrola won the mandate to build the plant in 2000 from Bombay steel manufacturer **Ispat Group** and Dallas-

based consumer products concern **Kimberly-Clark**. Since then the project has been stalled by financing difficulties despite the offer of assistance from the **Inter-American Development Bank** last summer to partly finance the project and help come up with a new structure to attract lenders (PFR, 6/17/01).

Kimberly-Clark officials in Mexico declined comment and calls to **Fernando Becker**, cfo at Iberdrola in Madrid and Ispat were not returned.

EdF Preps Mexican Financing

Electricité de France and its lead bank Société Générale are close to launching a \$217 million, 16-year project loan to finance the construction of Rio Bravo III, a 500 MW gas-fired plant in northern Mexico. A project financier says syndication is slated for September and that the financing should be

wrapped up during the fourth quarter. He adds that SocGen is planning to invite a large number of banks to participate in the deal, but declined comment on the specific banks or the ticket sizes it will offer. Calls to SocGen and EdF were not returned by press time.

SocGen has been struggling to pull the deal together. It originally intended to launch syndication at the end of June (PFR, 7/1), but at the time a rival financier told *PFR* there were some “due diligence issues” that needed to be resolved before EdF could seal financing.

The generation facility is forecast to cost \$290 million to build and EdF will provide the remaining \$73 million of funding with internal cash. Once operational, Rio Bravo III will supply all of its output to the **Comisión Federal de Electricidad**, Mexico's national power company, under a 25-year U.S. dollar-denominated power-purchase agreement.

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin**, Reporter, at (212) 224-3292 or email: alevin@iineews.com*

Sponsor	Project	Project Type	Size (MW)	Cost (\$mil)	Country	Advisor/Financier	Status	PFR Issue
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Financing delayed till 2003	7/22/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pedemeiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
EdF, Mitsubishi	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Expects to seal financing shortly.	7/1/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a \$217M project loan	8/26/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Financing delayed until Q4	7/4/02
El Paso	Macae	Gas-fired	400	700-800	Brazil	SocGen	Financing due shortly	7/9/02
Elina Suereste	Manuel Moneno Sores	Transmission	-	269	Mexico	BNP	Is arranging a \$236M loan	8/26/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	Will finance with equity	8/26/02
Iberdrola/Petrobras	Termoacu	Gas-fired	340	-	Brazil	IDB	IDB is evaluating the project	7/15/02
Iberdrola, Banco de Brazil, Previ	Termo Pernambuco	Gas-fired	540	350	Brazil	IDB, BBVA	Expects to bring project on line by 2002	3/26/01
InterGen	Carioba	Gas-fired	945	670	Brazil	-	Project delayed until Q1 of 2003	2/25/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a \$300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	BBVA Banco Continental/Banco de Credito	Is planning \$100m in loan and bond financing	7/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
Tractebel/Alcoa	Estreito	Hydro	1,087	700	Brazil	Citi	Waiting for enviromental permits	7/22/02
Union Fenosa	La Laguna II		450	-	Mexico	-	-	7/2/01
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank BOTM	Expects to bring plant on line by 2003	6/4/01

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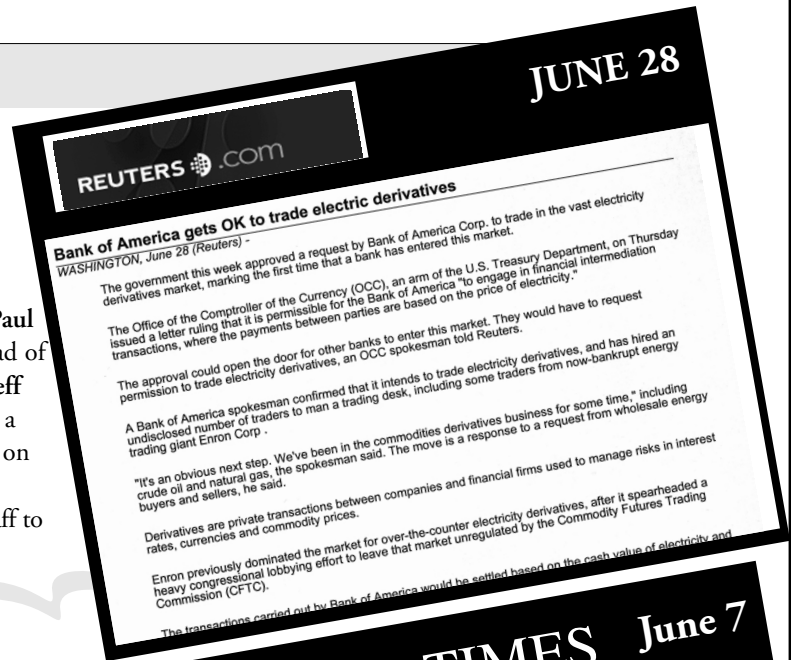
We stay ahead of our competition
so you can stay ahead of yours.

PFR - JUNE 24

BofA REPORTEDLY READIES POWER TRADING; HIRES ENRON QUARTET

Bank of America is reportedly planning to establish an electricity derivatives trading desk in New York and has landed four former Enron traders to staff the operation. The quartet consists of **Rogers Herndon**, who heads the team, **Gautam Gupta**, **John Suarez** and **Paul Broderick**, according to market officials. **David Mooney**, global head of commodities, referred calls to BofA's media relations department. **Jeff Hershberger**, a spokesman in New York, says BofA is not currently a participant in the power derivatives market and does not comment on future business plans. Herndon referred calls to Mooney.

The four were recipients of retention bonuses paid to key Enron staff to keep the company's trading operation afloat prior



PFR - MAY 27

MORGAN STANLEY HONCHO JOINS TOP-RANKING HEDGE FUND ...

Andy McMillan, head of European power and gas trading at Morgan Stanley in London, has left the bank to join **Tudor Investment**, one of the world's largest and most renowned hedge funds managers with more than \$6 billion in assets. McMillan, a native New Zealander whose background is in oil and energy options, left the U.S. investment bank last month and has already taken

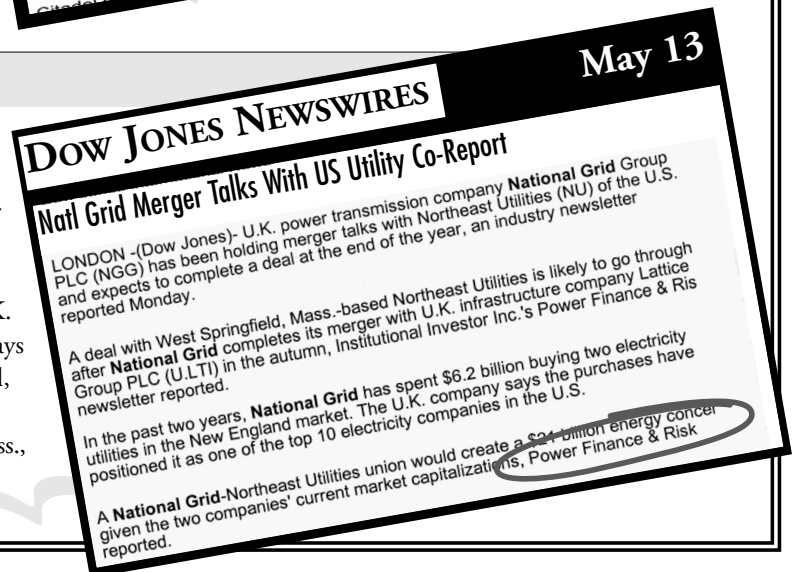


www.iipower.com - MAY 10

NATIONAL GRID EYES NORTHEAST UTILITIES TIE-UP

U.K. transmission monopoly National Grid has been holding merger discussions with Northeast Utilities for the past few months and is planning to swoop for the U.S. utility toward the end of this year following the completion of its announced tie-up with **Lattice**, a U.K. monopoly gas pipeline business. A banker close to the negotiations says Northeast Utilities has retained **Morgan Stanley** to advise on the deal, but he declined to name National Grid's advisor.

Jackie Barry, a spokeswoman at National Grid in Westborough, Mass.,



Corporate Strategies

TXU Re-Jiggers U.K. Acquisition Funding

Dallas-based **TXU Corp.** issued \$349 million in common stock two weeks back to settle contracts tied to an equity-linked securities offering it placed some four years ago to fund its 1998 acquisition of U.K. utility, **Energy Group**. **Tim Hogan**, investor relations manager, characterizes the issue as a follow-on from the original funding and as such was led by **Merrill Lynch**, which also led the first deal.

The original funding comprised a convertible preferred issue and a related \$350 million note offering. Some \$238 million of that note issue is being retired in the latest financing. TXU has been a regular visitor to the equity-linked financing well in recent times: earlier this year the company tapped Merrill to lead a \$750 million issue to replenish its acquisition war chest (PFR, 6/3) and last October **Goldman Sachs** got the call on a \$875 million convertible issue.

Florida Muni Cuts \$15M From Interest Bill

The **Jackson Electric Authority** (JEA) issued \$211 million of bonds a couple of weeks ago, allowing it to slice \$15.7 million from its annual funding bill, according to **Helen Kehrt**, director of financial management services in Jacksonville, Fla. The deal allowed it to refinance a \$137.9 million bond offering issued in 1993 and another \$69.3 million offering placed in 2000, both of which have maturities ranging from 2005-2018.

"We decided to call the bonds earlier than we had originally expected because of the favorable interest-rate environment," says Kehrt. "The deal provided us with significant savings."

Kehrt says the latest bond offering was divided into three tranches: \$106 million of electric-system revenue bonds and a \$33 million tranche and a \$72 million tranche of electric-system subordinated revenue bonds. **J.P. Morgan** led the \$106 million and \$33 million tranches and **Merrill Lynch** led the \$72 million piece. The largest tranche has maturities from 2008-2018, the smallest tranche from 2005-2008 and the \$72 million piece ranges from 2008-2011. *PFR* was unable to ascertain pricing by press time.

Other strengths include a favorable customer base, competitive retail rates and good plant operations. Additionally, the report says that management funds new generation and upgrades existing generating units with a good mix of equity and debt.

Pipeline Co Enters Swaps

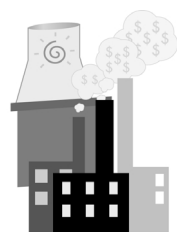
Kinder Morgan Energy Partners, an energy pipeline holding company with roughly \$2.7 billion in revenue last year, has entered several interest-rate swaps on the back of two bond offerings. The company used the swaps to convert the entire \$625 million it sold through a five- and a 31-year bond into synthetic floater, according to Kinder treasury official in Houston.

In the swap, the company receives the 5.35% coupon on the five-year, \$250 million bond and pays an average of 140 basis points over LIBOR. Kinder Morgan also pays on average 1.92% over LIBOR and receives the 31-year 7.3% coupon, according to the official. She said Kinder Morgan has a strict policy to maintain an even balance between fixed-rate and floating-rate debt. As the bond deal was used to pay down floating-rate commercial paper, the company converted it to a floater to maintain that even mix.

Ameren Utility Takes Out Higher Coupon Debt

AmerenUE, a utility subsidiary St. Louis, Mo.-based **Ameren Corp.**, is using a \$173 million offering of 5.25%, 10-year notes to refinance existing debt at cheaper levels. The bulk of the money will be used to pay down \$125 million of 8.75% first-mortgage bonds due 2021. The net proceeds of \$171.4 million are also earmarked to redeem \$41.4 million in preferred stock. Calls to **Warner Baxter**, senior v.p. of finance, were not returned, but **Susan Gallagher**, spokeswoman, says both early redemptions were driven by the desire to cut funding costs. The underwriters for the notes are **Banc of America Securities**, **Credit Suisse First Boston** and **U.S. Bancorp Piper Jaffray**.

The 10-year notes are temporarily secured by a series of first-mortgage bonds but that security will fall away as and when the mortgage notes mature, according to a rating note from **Fitch Ratings**. The new offering is rated AA- on a par with the first-mortgage bonds, notes **Ellen Lapson**, managing director at the credit rating agency. She adds the mortgage bonds were downgraded a notch from AA two weeks ago to reflect a moderate decline in AmerenUE's strong financial profile, following the recent announcement of an adverse rate settlement with local regulators. Under the agreement, the utility has pledged to carry out a large capital expenditure program in its service territory, says Lapson. The investment covers the development of new generation capacity and the upgrade of existing plants and gas and electric distribution networks. The outlay will cost the utility some \$2.25-2.75 billion through 2006.



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
American Electric Power/ Central and Southwest Corp.	Northeastern units 3 & 4	Okla.	300	Coal	N/A	Reviewing sale strategies.
	Lon C. Hill	Texas	546	Gas		
	Nueces Bay	Texas	559	Gas		
	Ennis S. Joslin	Texas	249	Gas		
ADWEA	Um Al Nar	Abu Dhabi	1,100	Gas & Water Desalination	CSFB	Looking to sell plants in 2003.
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant by end of April
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Looking to sell plant this summer.
Central Hudson Gas & Electric	Syracuse	N.Y.	100	CHP	Navigant	Final bids due by late Nov.
	Beaver falls	N.Y.	100	CHP		
	Niagara falls	N.Y.	52	Coal		
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Expects to sell assets this summer
	Energetika Chropyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
CMS Energy	Loy Yang	Melbourne, Australia	2,000	Coal	Not chosen	Announced intention to sell.
	Ensenada	Argentina	128	Gas-fired	J.P. Morgan	
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
DPL	All plants	Ohio	3,500	N/A	Morgan Stanley	
Enel	Interpower	Italy	2,611	Various	CSFB, Lehman, Merrill	Having sold Elettrogen and Eurogen it will sell one more generation portfolio shortly.
Enron	Nowa Sarzyna	Poland	116		PwC (administrator)	Intention to sell.
	Sarlux	Italy	551			
	Trakya	Turkey	478			
	Chengdu Cogen	China	284			
	Northern Marianas	Guam	80			
	Bantagas	Philippines	110			
	Dabhol	India	2,184			
	Subic Bay	Philippines	116			
	Teesside	U.K.	1,875			
Enron	Wilton	U.K.	133	Coal/Oil/Gas	Close Brothers	Intention to sell.
Entergy	Damhead Creek	U.K.	800	Gas	N/A	
IVO Energy	Grangemouth***	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
Niagara Mohawk Power	Nine Mile Point 1	N.Y.	1,614	Nuclear	N/A	Awaiting bids.
	Nine Mile Point 2	N.Y.	1,140	Nuclear	N/A	
NRG	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Loy Yang A	Australia	2,000 (25% stake)	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		

Continued

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Boliva	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG/Xcel	CEEP	Poland	10 (10% stake)		Goldman	Awaiting bids.
	Csepel II	Hungary	389	Gas/Oil		
	ECK	Czech Republic	350 (44% stake)	Coal/Gas/Oil		
	Enfield	U.K.	380 (25%)	Gas-fired		
	Killingholme A	U.K.	680	Natural Gas		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Expects to sell Lennox and Lakeview shortly.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.
PESG Global	Tanir Bavi	India	220 (74%)	Naphtha	-	-
	Karpataism	India	330 (20%)	Naphtha	-	-
Polish Treasury	Elektroncieplownie Pozpnanskie	Poland		CHP	-	Bids due in June.
Reliant Resource	Argener	Argentina	160	CHP		
TXU	Lake Creek	Texas	323	Gas	Merrill Lynch	Reviewing sales strategy.
	Tradinghouse	Texas	1,340			
	River Crest	Texas	110			
	Mountain Creek	Texas	893			
	Parkdale	Texas	327			
	North Main	Texas	123		Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Monticello	Texas	1,900	Coal		
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
Wisconsin Energy	Bridgeport	Conn.	1,100 (combined)		CSFB	Has put up for sale following collapse of NRG deal.
	New Haven	Conn.	1,100 (combined)			

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Asia

- Hong Kong power producer **CLP Holdings** said mainland China authorities have approved its plan to buy a 70% stake in a 600 MW coal-fired power plant under construction in the southwestern Chinese province of Guizhou (*Dow Jones*, 9/20).

Europe

- Russia's second-largest oil producer **OAO Yukos** has bought a 26.85% stake in Lithuanian oil refinery **Mazeikiu Nafta** from **Williams Cos.** for \$85 million. The transaction will be completed by the end of next month. Yukos, which already owns 26.85% of the refinery, will own a controlling stake and will take over the management of the plant. The Lithuanian government holds 40.66% of Mazeikiu Nafta. The remaining shares will be sold on the stock market (*Dow Jones*, 8/20).

- **Endesa** has not re-opened merger plans with **Iberdrola**, according to Endesa director **Salvador Montejo**, denying an earlier report in the Catalan daily *La Vanguardia*. Speaking at the sidelines of a conference on investment in Latin America, Montejo said, "There's absolutely nothing [going on] with Iberdrola, neither officially nor unofficially" (*AFX News*, 8/19).

- U.K. Prime Minister **Tony Blair** has told the European Union Commission he will take the lead in getting the E.U.'s smaller member states to liberalize their energy markets. The U.K. wants Denmark, which holds the rotating presidency of the E.U., to make energy market liberalization a priority (*Financial Times*, 8/20).

- Shares in **British Energy** fell 15% to an all time low of GBP0.54. Bankers warned it could become the next **Railtrack**, indicating it would become the latest privatized U.K. company to need a bail-out from the state (*Financial Times*, 8/21).

- **Francois Roussely**, ceo of **Electricité de France**, has revealed the company may come close to revealing a full-year loss, amid concern that the timetable for EdF's privatization could slip. Roussely conceded that an IPO is unlikely to occur before late 2004 (*Financial Times*, 8/21).

- The news that Drax, the U.K.'s largest power station cannot meet interest charges on some of its debt due next week is the

latest blow to the U.K.'s generation market. **AES**, the plant's owner, says it will step in to make the interest payment, but added, "There can be no assurance that AES will continue to provide funding for future interest payments" (*Financial Times*, 8/22).

U.S. & Canada

- **UBS Warburg Energy** is cutting 130 jobs or 25% of its staff in the U.S., with about 100 of the jobs going from technology and operations. The cuts are due to the "successful integration" of the operations with the UBS Warburg platform, as well as the cancellation of non-urgent technology projects and cost-saving measures (*Reuters*, 8/20).

- Street firms are cashing in advising power players on the sale of assets, and in some cases the firms advised on the original acquisition. Among them, **Lehman Brothers** stands to make about \$2 million for arranging **Dynegy's** sale of **Northern Natural Gas**. The bank made around \$5 million when it advised Dynegy to buy the asset from **Enron** last fall (*New York Times*, 8/20).

- **Aquila**, which will exit speculative energy-trading by the end of the quarter, will meet with rating agencies this week to persuade them not to downgrade it to junk status (*Wall Street Journal*, 8/19).

- The **New York Mercantile Exchange** is planning to vastly increase its over-the-counter clearing services with as many as 104 new energy contracts. Nymex President **Bo Collins** says the plan is to grow the business as aggressively as possible. The exchange began offering clearing on May 31 (*Dow Jones*, 8/20).

- **Enron** is suing **Tribune Co.** and **Knight Ridder** for more than \$31 million, alleging the media players defaulted on swap contracts with the Houston trader related to the price of newsprint. The lawsuit said both companies terminated multiyear agreements early and must pay termination fees, plus amounts equal to the estimated remaining value of the contracts. The companies stopped making payments shortly after Enron revealed questionable accounting practices and filed for bankruptcy protection (*Dow Jones*, 8/19).

● The **National Football League's** new Houston franchise, the Texans, and **Reliant Energy** have teamed up to form a one-of-a-kind naming rights partnership. Reliant will pay \$300 million to stamp its name on every building in the Astrodome complex, including the 69,500-seat Reliant Stadium (*Houston Chronicle*, 8/19).

● **Williams Co.s** is mulling the sale of its stake in some Louisiana petrochemical facilities as part of plans to strengthen finances. The deal involves a Geismar, La., production plant and ethylene pipeline in which it has a 41.67% stake. The Tulsa, Okla.-based company said it has received unsolicited expressions of interest but has not defined terms of a deal (*Reuters*, 8/20).

● Mexico could soon find itself in an electricity crisis if legislators don't pass a bill privatizing the power industry, according to officials in President **Vicente Fox's** administration. Fox on Monday delivered to the Congress his proposal to change the Mexican constitution. If approved, private companies would be allowed to generate power here and sell surpluses (*Houston Chronicle*, 8/20).

● Former **Enron** executive **Michael Kopper** pleaded guilty to fraud and money laundering charges, admitting he defrauded investors by illegally using three of Enron's off-balance sheet partnerships to enrich himself (*Financial Times*, 8/22).

AEP READIES

(continued from page 1)

power sector. **Tampa Electric** just did a deal that was nicely priced," says Voorhees. "It was the first [power sector offering] to come in a fairly long time and it was well received in the market." She notes that the deal was upsized to \$550 million from \$400 million because of the market's healthy appetite for the offering.

Another New York fixed-income utility analyst agrees that AEP's access to the debt markets has greatly improved in recent weeks. He notes that spreads on AEP paper have tightened

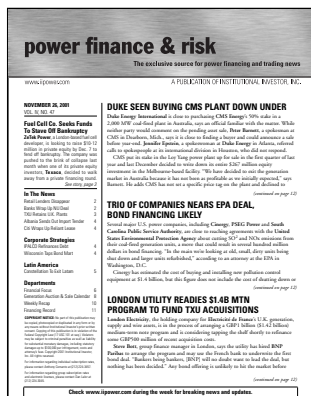
dramatically over the past month. Its debt traded at 325 basis points over Treasuries late last week compared to a 528 basis points spread on July 26, according to the analyst.

Despite the spread tightening, the investment banker remains pessimistic about investors' appetite for power company paper and he speculates that AEP likely will wait until bond market sentiment improves further before pulling the trigger on the deal. "There is still a great deal of concern about such issues as energy trading and the whole transparency of this business. AEP is a solid company, but investors are still proceeding with caution," he says.

—Amanda Levin

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RELIANT TARGETS

(continued from page 1)

with banks sharing in one pool of collateral, says one banker. Whether the restructuring will fly in that form is an open question, because some of the loans are currently secured so banks in those deals may have to agree to a dilution of their security. Calls to **Al Bacchi**, v.p. in the project finance group at **Bank of America**, which is taking a lead role in the negotiations, were not returned.

According to the company's latest 10Q, the plan is to simultaneously refinance a \$2.9 billion term loan that funded the **Orion Power** acquisition (PFR, 8/19), an \$800 million 364-day revolving credit facility that was termed out last week (PFR, 7/22), an \$800 million three-year revolving credit facility, and the Orion New York and Orion MidWest non-recourse mini-perm loans that together amount to \$1.6 billion (PFR, 8/12).

Hiring PwC to give an independent view is an unusual move for loan negotiations, says one financier. But with the significant dollar amount involved and the jitteriness of the power market, it makes sense to get the report, he adds. The first of the facilities that needs to be refinanced is the Orion MidWest loan that comes due in October. Reliant is shooting to get a deal in the market next week or at the beginning of September, according to bankers holding paper in the earmarked deals.

Although Reliant has been buffeted by the rating agencies and stock market for its trading and wholesale operations, it is often overlooked that the company has a strong retail operation in the deregulated Texas market and it plans to expand its retail net, says one hedge fund investor. That is likely to be a selling point the company will make in the bank negotiations, he argues.

—Peter Thompson

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BANKS LINE

(continued from page 1)

the loan in place isn't an issue for MidAmerican. It typically closes deals for cash, funded by Berkshire Hathaway in some form, for instance through preferred securities. MidAmerican then arranges longer term non-recourse project funding, which typically covers two-thirds of the asset's value, notes the banker. **Kevin Waetke**, a spokesman at MidAmerican, could not be reached by press time.

Bankers have little doubt that the NNG pipeline project paper will get snapped up. While the generation market is still wrestling with weak spot market prices and often shaky sponsor credit ratings, pipeline deals are built on much steadier, regulated income streams. "The market loves pipelines," reflects another banker. Aside from the standalone soundness of pipeline paper, it also offers a diversity play. Deals are few and far between and many project financiers are bulging at the seams with ropey power paper, notes one commentator. That was one of the factors behind the blowout success of Kern River, which had a roster of over 30 banks inked in during syndication.

Commerzbank, **Credit Suisse First Boston** and **Union Bank of California** all had lead arranger slots on the Kern River project loan deal, yet this may work against them winning the NNG deal. One banker says MidAmerican doesn't believe in having a large group of lead banks, but those three are unlikely to win back-to-back top slots. Bankers at Commerzbank and UBoC declined comment and calls to CSFB were not returned.

—P.T.

Quote Of The Week

"It would be rude not to take a look." —**Mark Robinson**, U.K. utility equity analyst at **Commerzbank** in London, quipping about the likely interest in two pending wires sales in the U.K. (see story, page 2).

One Year Ago In Power Finance & Risk

The Abu Dhabi Water & Electricity Authority was considering selling its **Um Al Nar Power Co.**, a regional utility around Abu Dhabi City, and requiring the buyer to increase its generation and water desalination capacity some 40% to 1,750 MW and 150 million gallons a day. The state agency had hired **Credit Suisse First Boston** to advise on the sale and was looking to initiate a sale process by last December. [Two consortia comprising **Tractebel** and **Enel Power**, and **International Power**, **Mitsui** and **Tokyo Electric Power Co.**, and a solo bidder, **TotalFinaElf**, have been shortlisted to buy the asset. They have been asked to submit sealed bids on Sept. 23.]