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The exclusive source for power financing and trading news

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Duke To Start Anew In Unregulated Biz

Duke Energy is planning a fresh start in the unregulated power biz once its merger with **Cinergy** is finalized.

See story, page 3

Fortis Bags BoTM Banker

Fortis Capital has hired **Bank of Tokyo-Mitsubishi** project financier **Mark Dennes**.

See story, page 4

In the News

Reliant Asset Bidders Await Word	3
Pace Forms Management Unit	3
ABN Energy Traders Quit	3
CSFB Nabs Wachovia Energy Analyst	4

Power Conference

Generation Valuations Get Inflated	4
LNG Facilities Pricing Remains Unclear	4

Corporate Strategies

ITC Plots Long Bond Financing	5
Ohio Utility Preps Note Offering	5

Departments

Financing Record	5
Generation Auction & Sale Calendar	7
Weekly Recap	10

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LS POWER STALKS DEBT FOR \$1B ARK. PLANT

LS Power Development is holding a beauty contest for a lead project debt arranger for 50-75% of the cost of a + \$1 billion, 800 MW coal-fired plant near Osceola, Ark. The East Brunswick, N.J.-based energy player is asking prospective lenders to arrange a debt package and underpin the project by providing a short-term hedge of two to three years, while **LS Power** negotiates to net longer-term contracts with local coops, financiers say. The private developer is also likely to sell a large portion of the plant's capacity on a merchant basis, bankers say. Calls to **Jim Bartlett** and **Mike Segal**, who co-founded the shop in 1990, were

(continued on page 12)

DRAX POWER SOARS ON EXPECTED BIDDING WAR



Drax Power's bank debt shot up 10 points to 380 after **Constellation Energy** and hedge fund **Perry Capital** put in a £1.9 billion (\$3.4 billion) cash bid for the UK power station.

According to PFR's sister publication *Credit Investment News*, the bank debt was pushed up on the expectation that there will be a bidding war for the company.

The £1.9 billion price tag did not impress Drax's board. It says the bid is not equal to the company's enterprise value based on the trading of its A2/A3 debt and equity. Drax's A2 and

(continued on page 11)

CSFB KICKS OFF \$800M RECAST OF EXELON BOSTON PAPER

Credit Suisse First Boston has unfurled a roughly \$800 million B-loan refinancing for **K-Road Ventures'** 3 GW purchase of **Exelon Boston** Generating facilities. The debt will recycle some \$1.4 billion in construction loans obtained three years ago to bankroll the development of the generation fleet, which industry veteran **William Kriegle** acquired four months ago (PFR, 5/16). The debt is structured as two-lien loan with the first-lien portion set at about \$350-370 million and a \$300 million second lien. It also includes a \$130 million working

(continued on page 12)

BUFFETT ENERGY ARM AIMS FOR \$500M GEOTHERMAL PROJECT LOAN

MidAmerican Energy Holdings and **TransAlta USA** are auditioning bankers to provide some \$500 million in project debt for the development of **Salton Sea Six**—a 200-300 MW geothermal facility in Imperial Valley, Calif, near the south end of the Salton Sea. The proposed project, which produces electricity from naturally occurring geothermal steam, has received the regulatory OK to begin construction and the **Des Moines, Iowa**, energy operation of **Warren Buffett** and wants to line up financiers to fund the more than

(continued on page 11)

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



At Press Time La. Natural Gas Storage Developers Ready \$200M Loan

A \$200 million non-recourse construction financing is in the works for the development of multi-cavern natural gas storage facility, Pine Prairie Energy Center in Evangeline Parish, La. The deal is being led by **ABN AMRO** for sponsors **Plains All American Pipeline** and **Vulcan Capital**, who acquired the development rights from **Sempre Energy**, which opted to shed the project in August just after receiving development approval from the **Federal Energy Regulatory Commission**.

The debt being obtained is approximately 25% of the overall \$800 million construction costs. But that budget could spike in the wake of Hurricane Katrina, trackers say. With much of the Big Easy set for a major infrastructural overall, labor and materials could be more expensive, resulting in pushed up construction costs, speculates one follower. "It's hard to say if there will be any need for additional funds, but that's what I think they are assessing now,"



A Plains' storage terminal

one observer says. Calls to **Phillip Kramer**, cfo at Plains in Houston, were directed to a spokesman, who did not return a call for comment. Call to press representatives at Vulcan Capital, the investment vehicle for **Microsoft** founder **Paul Allen**, were not immediately returned.

ABN AMRO bankers and the sponsors were fine tuning the deal, including pricing and ultimate loan structure, and attempting to assess how much, if any additional debt, would be required to hammer out the terminal. Given demand for natural gas storage the sponsors expect to ink agreements with a number of entities interested in offtaking. The identity of those entities could not be learned. ABN AMRO bankers did not return calls for comment.

ABN AMRO aims to syndicate the debt to a handful of lenders with an eye toward a year-end wrap. A number of parties have expressed early interest in the syndication, requesting to share the underwriting load with ABN AMRO, including **DZ Bank**. Officials there declined to comment.

With all the major approvals in place, development should commence early next year once financing is obtained. The deal will be built in several phases over the next few years. A transfer of ownership of the project from **Sempre** to Plains and Vulcan took place last week.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? As we enter our 24th year of providing breaking news to the fixed income community, the staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iinews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Reliant Asset Bidders Await Word Of Winner

Bidders aiming to take hold of a package of coveted **Reliant Resources** generation assets are expected to hear word of winner(s) imminently. Late last week, prospective buyers including a partnership between **Carlyle/Riverstone Partners** and **FPL Group** submitted final round bids for oil and gas-fired assets 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 now.

Brokers **Goldman Sachs** and **Merrill Lynch** are running a relatively rapid fire sale with the aim that a winner will be tapped before month-end. Reliant is expected to review bid submissions and could ask prospects to tweak their offers, which could drag out a selection. Officials at Goldman and Merrill did not return a call for comment and a call to Reliant executives was not returned.

Other bidders pairing up for a run include **US Power Generating Company**, **Madison Dearborn**, **ArcLight Capital Partners** and **AIG HighStar**, followers say. Officials at the firms either declined to comment or did not return calls.

Of prime interest for bidders are the New York assets, which are peaker plants in a power hungry metro area. 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. The Midwest assets are being auctioned separately.

An exact valuation of the assets could not be learned.

Pace Mints Plant Management Unit

Pace Global Energy Services has formed a generation management unit and tapped ex- **National Energy & Gas Transmission** official **James Utt** as an executive director to run it. The Fairfax, Va., unit will operate akin to management shops—such as **Tyr Energy**—and focus on operating and managing generation facilities across the U.S. on a third party basis for mainly private equity shops and hedge funds, says **David Portnoy**, deputy director. Primarily an energy consulting firm, Pace established the unit because it believed an opportunity to garner business amidst a slew of private non-utility entities that now own facilities, but do not have the wherewithal or time to operate them.

A 25-year veteran of the energy business, Utt has managed some \$5 billion worth of generation facilities during his career. He did not return a message requesting comment by press time.

Pace is not expected to acquire stakes in plants alongside clients but instead will charge fees based on how well the plants are run, Portnoy says. It is likely the team will need additional

hires but numbers and a timeframe have not been set.

“More recently, financial players have gained control over a significant number of power assets. We see this trend continuing,” says **Fred James**, managing director of financial and energy advisory services division.

ABN Energy Commodity Sales Pair Quit

A pair of directors in commodity derivative sales, specifically geared toward energy, have left **ABN AMRO** in New York. **Bruno Stanziale** and **William Foley** could not be reached, but **Patrick Phalon**, spokesman for ABN, confirmed they left this month. The duo, who reported to **Wayne Harburn** and **Vincent Chevance**, co-heads of global commodity derivative sales, will be replaced, he added.

Market officials close to Foley and Stanziale say they are likely to resurface at **SG Corporate & Investment Banking**. **Jim Galvin**, spokesman for SG in New York, did not return messages.

Duke Aims For Fresh Start In Unregulated Biz

Duke Energy plans to start anew in the unregulated power biz once its merger with **Cinergy** is finalized. At a conference call last Wednesday, **Paul Anderson**, ceo, said, “It’s time to take the next step in our transformation and get a fresh start into the unregulated power business through our merger with Cinergy.” The company shelved auction plans of **Duke Energy North America** and its trading book during merger talks with Cinergy, but reconsidered the notion in July (PFR, 7/8). Spokesmen for Duke and Cinergy declined additional comment.

Duke has formally announced it is looking to sell the floundering merchant arm and will take a \$1.3 billion charge in the third quarter. In the end, the Charlotte, N.C., energy company concluded DENA would not break even by the end of 2006 without taking on significant additional debt, Anderson said.

The assets, which include 6.2 GW of generating facilities and a trading book outside the Midwestern U.S., are being shed via **Goldman Sachs** and **Credit Suisse First Boston**. Duke plans to sell the assets separately and expects all sales to be completed within the next 12 months. During the call Duke declined to identify possible bidders. The Midwest assets will be merged with Cinergy’s unregulated plants.

Anderson said the DENA sale will accelerate the cost savings, which is expected to amount to about \$160 million. He also expected the company’s credit profile and liquidity to improve.

Fortis Taps BoTM For NY Project Financier

Fortis Capital has hired Bank of Tokyo-Mitsubishi project financier **Mark Dennes** as a v.p. in its global energy and utilities group in New York. During his four year stint at BoTM he served as a v.p. on the marketing and structuring of energy infrastructure loans within North America, which is what he will be doing at Fortis in addition to handling project deals, says Dennes, declining further comment. He reports to **Paul Naumann**, managing director in New York. The hire is a part of Fortis' push to expand its project finance group in North America, which has traditionally been known for wind finances. Earlier in the summer, Fortis hired **Rainer Kraft** from **DZ Bank** in New York for its loan syndications and capital markets group (PFR, 7/4).

Calls to **Mich Enomoto**, senior v.p. and head of Dennes' former group at BoTM were not returned. It is unclear if his seat at BoTM will be filled.

CSFB Hires Another Wachovia Energy Analyst

Credit Suisse First Boston hired former Wachovia Securities energy analyst **Jeffrey Burke**, recently. Burke, in his two years at Wachovia, covered natural gas companies including **Kerr-McGee Corp.** Previously, he worked about three years at **Loomis, Sayles & Co.**

Burke is the third energy analyst CSFB has lured from Wachovia in two months. Burke joined **Jon Wolff** and **Anish Patel** on the CSFB energy team. Wolff, senior analyst, also from Wachovia, joined CSFB recently. Patel worked over a year at Wachovia and joined CSFB in August.

In the wake of the departures, **Samuel Brothwell**, senior analyst covering electric and gas utilities, joined Wachovia's energy team from **Merrill Lynch** (WSL, 8/26). Wachovia and Burke did not return calls for comment. CSFB confirmed the hires.

Financing U.S. Power Conference

Power players convened at the Princeton Club in Manhattan for Infocast's two-day Financing U.S. Power confab to discuss trends and strategies. Foremost on the minds of many attendees was the impact the newly forged energy bill might have on mergers and acquisitions and fresh generation.

Generation Valuations Get Inflated

Exuberance for generation assets spurred by juiced demand from private equity and hedge fund shops coupled with improved sparksreads in many markets are inflating asset prices. **Jacob Worenklein**, ceo of **US Power Generating Company**, told attendees that investors, who believe power market recoveries are imminent, could be in for a wait. "People are willing to bid for prices that reflect future recovery as opposed to current supply-and-demand fundamentals," Worenklein said.

Near-term pro forma data for ERCOT suggests that total existing capacity, pegged at about 75,000-77,000 MW, will trump power demand, anticipated at a little over 70,000 MW over the next two years.

The market still is falling short of generating returns that would justify new building, Worenklein argued. "You cannot look at the energy markets and think anyone would put a nickel into building new plants," he said. According to his projections, national supply and demand will not meet until 2010.

Older plants, many of which have been neglected and need upgrades that require significant capital expenditures, present an opportunity for investors, however. "You walk through with a white shirt, you come out with a grey shirt," Worenklein said. Modernization of those older plants would let them operate at higher capacity and higher efficiency, he notes.

LNG Facilities Pricing Remains Hazy

Placing a value on LNG terminals will be the biggest issue between 2008 and 2010, when projects start to come online, **David Portnoy**, deputy director, financial advisory services at **Pace Global Energy Services**, told attendees, with location and natural gas being two key factors. Developers are eyeing projects along the Gulf Coast and the Northeast, but it is unknown which area will generate the highest value. It's also unclear which East Coast projects actually get built considering the eye sore LNG facilities tend to be.

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Corporate Strategies

ITC Plots Long Bond Financing

ITC Holdings Corp. plans on issuing long-term debt to help support a \$1 billion expansion plan over the next five to seven years. The Novi, Mich.-based transmission entity, which went public two months ago, needs to overhaul much of its existing infrastructure. It will have sufficient internal cash flow to fund its plans but wants to manage its balance sheet by putting long-term securities in place to match its assets, says **Joseph Welch**, ceo, estimating it might tap the bond market, placing some \$100 million per year over the next several years. "We're still working out details and I'll have my CFO [Edward Rahill] in to talk about it," he says. The ceo says it is too early to specify timing and the total amount it would issue. He also declined to disclose possible underwriters.

The transmission holding company maintains a \$47.5 million line of credit with an option to increase up to \$50 million, while the operating entity **International Transmission Company**, has a \$65 million line with an accordion feature allowing it to ramp up by \$10 million. Both lines are led by **CIBC World Markets**.

ITC was created two years ago as the acquisition vehicle for **Kohlberg Kravis Roberts & Co** and **Trimaran Capital** when they bought the operation from **DTE Energy** for \$610 million and launched it publicly via its co-underwriters **Lehman Brothers**, **Credit Suisse First Boston** and **Morgan Stanley** at \$23 per share. Last Wednesday, shares closed at \$29.42 and have gotten as high \$29.70 since their debut.

The **Federal Energy Regulatory Commission**, which has been

encouraging independent ownership of transmission companies, has authorized that ITC can earn as much as a 13.88% return on its capital. A typical utility may not exceed 13%, bankers note.

Ohio Utility Readies Note Offering

Columbus Southern Power is gearing up for a long-term note issuance to support a pair of recent investments. The **American Electric Power** unit has registered a debt shelf that would allow it to offer up to \$350 million in unsecured bonds to cover the \$220 million price tag of **Waterford Energy Center** from **Public Service Enterprise Group**, and a proposed acquisition of the Ohio service territory from **Monongahela Power**, worth about \$55 million.

Steve Haynes, assistant treasurer in Columbus, Ohio, says the planned offering will exceed the price tag of the purchases, giving Columbus Southern flexibility in covering other costs, including construction and maintenance. He declined to specify the amount of the offering. Underwriters for the offering have not yet been chosen, but he says the company will be targeting banks with the most attractive deal terms and best execution. No timetable for an issuance has been set.

Columbus Southern maintains a \$350 million debt shelf in 1998 but only about \$140 million of the shelf remain. Haynes says the first issuance from the shelf should coincide with the closing of the asset sales, which is anticipated to occur in about six months, pending various regulatory approvals.

Financing Record (SEPTEMBER 7-SEPTEMBER 14)

Debt

Rule 144A	Issue Date	Issuer	Business Description	Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
	9/7/05	NiSource Inc Holding Co	Electric,gas, water utility	450	5.25	Notes	9/15/17	99.636	5.291	115	BBB	Baa3	BBB
	9/7/05	NiSource Inc Holding Co	Electric,gas, water utility	550	5.45	Notes	9/16/20	99.581	5.491	135	BBB	Baa3	BBB
Yes	9/8/05	Williams Cos Inc	Gas utility	500	6.375	Senior Notes	10/1/10	100	6.375	245	B+	B1	NR
Yes	9/8/05	Williams Cos Inc	Gas utility	200	Floater	Senior Notes	10/1/10	100	Floater		B+	B1	NR
	9/14/05	Public Svc Enterprise Grp Inc	Electric,gas utility	250	Floater	Float Rate Nts	9/21/08	100	Floater		BBB-	Baa2	BBB

M&A

Date Announced	Acquiror Name	Acquiror Nation	Target Name	Target Nation	Value (\$mil)
9/12/05	Constellation,Perry Capital	United States	Drax Group Ltd	United Kingdom	3,455.91
9/7/05	Chiba Gas Co Ltd	Japan	City of Yotsukaido-Gas Bus	Japan	23.265
9/13/05	Sloan Acquisition Corp	Bahamas	BayCorp Holdings Ltd	United States	20.121
9/7/05	Iberdrola SA	Spain	Endesa SA-Certain Assets	Spain	
9/7/05	WSP	Sweden	Jet VVS Konsult AB	Sweden	
9/7/05	Terra Systems Inc	United States	Mountain Island Energy LLC	United States	
9/12/05	Shanghai Mechanical & Elec	China	Jiangsu Jiawang Power Co Ltd	China	

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

DERIVATIVES WEEK PRESENTS:

the 2005 **DEAL AWARDS**

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Derivatives Week's 2005 DEAL Awards recognize the firms and professionals who have truly stood out in the over-the-counter derivatives market. After extensive interviews of buy-and sell-side institutions, plus submissions from the industry, the editors of **Derivatives Week** have determined the following list of nominees.

LIFETIME ACHIEVEMENT AWARD WINNER

Thomas Jasper, CEO, Primus Guaranty

U.S. CREDIT DERIVATIVES HOUSE OF THE YEAR

Barclays Capital
Deutsche Bank
Goldman Sachs
JPMorgan
Morgan Stanley

EUROPEAN CREDIT DERIVATIVES HOUSE OF THE YEAR

Citigroup
Deutsche Bank
JPMorgan
Morgan Stanley
UBS

ASIAN CREDIT DERIVATIVES HOUSE OF THE YEAR

BNP Paribas
Deutsche Bank
Goldman Sachs
JPMorgan
Morgan Stanley

U.S. EQUITY DERIVATIVES HOUSE OF THE YEAR

Banc of America
Citigroup
Goldman Sachs
Lehman Brothers
Merrill Lynch

EUROPEAN EQUITY DERIVATIVES HOUSE OF THE YEAR

Barclays Capital
Deutsche Bank
JPMorgan
SG Corporate & Investment Banking
Morgan Stanley

ASIAN EQUITY DERIVATIVES HOUSE OF THE YEAR

Citigroup
Credit Suisse First Boston
Merrill Lynch
SG Corporate & Investment Banking
UBS

FUND-LINKED HOUSE OF THE YEAR

Barclays Capital
BNP Paribas
Deutsche Bank
Goldman Sachs
SG Corporate & Investment Banking

DERIVATIVES LAW FIRM OF THE YEAR

Allen & Overy
Cleary Gottlieb Steen & Hamilton
Clifford Chance
Davis Polk
Linklaters

END USER OF THE YEAR

AXA Investment Managers
BlueMountain Capital Management
Cairn Capital
Cheyne Capital Management
Fortis Investment Management

GLOBAL DERIVATIVES HOUSE OF THE YEAR

Citigroup
Deutsche Bank
Goldman Sachs
JPMorgan
Morgan Stanley



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. New items are in bold. To report new auctions or changes in the status of a sale, please call **Mark DeCambre**, managing editor, at (212) 224-3293 or e-mail mdecambre@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Wolf Hollow	Texas	730	Gas	N/A	Under contract with Stark Investment venture.
	Termomamonal	Colombia	90	Gas	None	
	Ottana	Italy	140	Gas		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
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 (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Calpine	Ontelaunee Energy	Ontelaunee Township Center, Penn.				Sold to LS Power for \$225M.
	Grays Ferry	Philidelphia	175 MW,	gas-fired, gas-fired diesel and biogas gas-fired		Tenaska in talks to acquire 50% interest for \$37 million.
	Philadelphia Water	Philidelphia	23 MW		Tenaska in talks to acquire 8% interest for \$7 million.	
	Morris Power Plant,	Morris, Ill.	156 MW,		Diamond Generating in talks to acquire.	
Saltend Energy Centre	Hull, England	1,200 MW,	gas-fired	For \$82 million.		
				International Power and Mitsui & Co. have.		
				Agreed to acquire for \$906 million.		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	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 (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27).
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Complete Energy Has Won The Bidding.
						Actively Pursuing A Sale.
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB Goldman Sachs	Duke Has Agreed To Shed 6.2 GW.
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas		
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW			
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	None	Ongoing.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due. Negotiations Are Taking Place With BroadStreet Resources.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Pawtucket	R.I.	67	Gas		
	San Joaquin	Calif	48	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Being Shopped To North American Power Group. Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	



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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Energy Investors Fund	Multitrade Crockett	Va. Calif.	79.5 (60%) 240 (24%)	Biomass Gas	None	BNP Paribas is advising on the saleBNP Paribas Is advising on the sale.
Entergy Asset Management	Robert Ritchie Warren Power RS Cogen Harrison County	Ark. Miss. La. Texas	544 314 425 (49%) 550 (70%)	Gas/oil Gas CHP Gas	None	Ongoing.
EPRL	Glanford Thetford Ely Westfield Elean	U.K. U.K. U.K. U.K. U.K.	14 39 13 10 38	Poultry Litter Poultry Litter Poultry Litter Poultry Litter Straw	Rothschild	Ongoing.
Exelon/PSEG	Eddystone Generating Station Linden Generating Station	Delaware County, Pa. Linden, N.J.	1,510 MW 775 MW	Coal and Gas Gas		Interviewing Banks To Advise On Sales.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Sold To Entergy.
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills West Georgia Bosque County Wichita Falls	Fla. Ga. Texas Texas	474 640 538 77	Gas Gas Gas Gas	BoFA	Ongoing.
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport Mungo Junction Southbridge	Texas Ohio Mass.	80 32 7	N/A		Considering Liquidation.
National Energy Gas & Transmission (USGen New England)	Salem Harbor Brayton Point Manchester St. Connecticut River Deerfield River	Mass. Mass. R.I. N.H. Mass.	745 1,599 495 479 89	Coal/Oil Coal Gas Hydro Hydro	Lazard	Dominion Has It Under Contract.
Oman (Ministry of Housing, Electricity & Water)	Rusail Ghubratt Wad AlJazzi	Oman Oman Oman	730 507 350	Gas CHP Gas	CSFB	-
Reliant Energy	Carr Street Astoria Gowanus Narrows	N.Y. N.Y. N.Y. N.Y.	95 1,276 549 281	Oil Gas Gas Gas	Goldman	Ongoing.
InterGen	La Rosita Redbud Cottonwood Magnolia El Bajio Termocali Rocksavage Spalding Coryton Rjinmond Knapsack Catadau Meizhou Island Power Quezon Callide C Millmerran	Mexico Okla Texas Miss. Mexico Columbia U.K. U.K. U.K. Netherlands Germany Spain China Singapore Philippines Australia Australia	1,100 1,220 1,235 900 600 235 748 860 732 820 790 1,200 724 750 460 920 880		Citigroup	AIG And Ontario Has Won The Bidding War.
SG-led bank group (NEG developed plants)	Athens Covert Harquahala Millennium	N.Y. Mich. Ariz. Mass.	1,080 1,170 1,092 360	Gas Gas Gas Gas	Blackstone	Assessing Bids.
STEAG Teco Energy	Iskenderun Dell Power Station McAdams Power Station	Turkey Ark. La.	1,320 540 599	Gas Gas Gas	Morgan Stanley	Ongoing. Reviewing Options.
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

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

- **Mirant Corp.** wants to reopen its Alexandria power plant on a limited basis while the company seeks solutions to the environmental problems that resulted in the plant's shutdown last month. The plant would operate at a level below full capacity, so as not to violate national air quality standards (*The Washington Post*, 9/15).
- **Peabody Energy Corp.** and eight other coal producers and electric utilities Tuesday said they've formed a nonprofit company to partner with the U.S. Energy Department, and develop a coal-fired power plant that will sharply limit emissions. The alliance is expected to pay about a fourth of the \$1 billion cost of the 275 MW plant, called FutureGen, which should begin operation by the end of 2012 (*St. Louis Post-Dispatch*, 9/14).
- Construction on a 90 MW coal-fired power plant has begun in Cheyenne. The plant, Wygen II, will be the first power plant dedicated to **Cheyenne Light, Fuel & Power's** supply portfolio. It is scheduled to be completed in early 2008 (*Casper Star-Tribune*, 9/15).
- Indiana Governor **Mitch Daniels** is urging the development of a 600 MW IGCC plant in New Carlisle, Ind. The \$1 billion would be developed by **Tondu Corp.** (*South Bend Tribune*, 9/14).
- A 3,200 acre site has been selected for an 800 MW coal-fired power plant in Tallahassee, Fla. The \$1.5 billion project, to be developed by **North Florida Power Project**, has yet to be green-lighted by the voters, who will decide the fate of the project in a mail referendum due Nov. 17 (*Tallahassee Democrat*, 9/15).
- **Woodside Petroleum** said it expects to miss nine shipments of liquefied natural gas from the North West Shelf Gas venture as a result of an earlier advised shutdown of the fourth train at the project gas processing facilities on Australia's northwestern coast. The shutdown of the train is expected to last 38 days from August 28 (*AFX*, 9/9).
- The **Energy Information Administration** said imports of natural gas from Canada and shipments of liquefied natural gas will not be able to replace natural gas shut down in the Gulf of Mexico by Hurricane Katrina over a prolonged period (*San Diego Union-Tribune*, 9/9).
- **Florida Power and Light** said it expects it will need to recover about \$6.2 billion for fuel costs in 2006 due to high global oil

and gas prices. The company said if it collects the full \$6.2 billion in 2006, the recovery would be more than \$2 billion more than it recovered in 2005 (*Reuters*, 9/9).

- Less than 471,000 electricity customers still lacked power 14 days after Hurricane Katrina pummeled the U.S. Gulf Coast in Louisiana and Mississippi. About 384,000, or 35%, of the homes and businesses in Louisiana remained without power, while Mississippi had about 86,000 customers with no service (*Reuters*, 9/12).
 - **Exelon Corp.** shut the a plant related to the 1,185 MW Braidwood nuclear power station in Illinois on Sunday to repair a seal on a reactor coolant pump. The spokesman could not say when the unit would return to service, due to competitive reasons (*Reuters*, 9/12).
 - Five former executives of **Enron's** Internet operation are headed to trial for a second time, but not as one group. In the next month, prosecutors will seek new indictments against the five men, splitting out three different cases rather than the one giant case (*Houston Chronicle*, 9/12).
 - Los Angeles was hit with an electricity blackout early yesterday afternoon that left millions of people without power across an area stretching west from downtown into coastal areas and north into the San Fernando Valley. The cause of the outage wasn't immediately clear, but it was blamed initially on the loss of four major transmission lines. There were also reports that three power plants were separated from the electric grid (*The Wall Street Journal*, 9/13).
 - **Mirant Corp.'s** 689 MW Unit 7 at the Pittsburg natural gas-fired power station in California shut down late last week for both planned and unplanned reasons, according to a California Independent System Operator report (*Reuters*, 9/9).
- France joined the U.S. and Britain in backing India's atomic energy program and promised to do all it could to help the country get access to civilian nuclear technology and equipment (*Reuters*, 9/12).

Europe and The Middle East

- **Total**, the world's fourth largest non-state oil company, pledged to invest more of its profit in exploration, refining and renewable energies, after the government threatened oil companies with a special tax in response to soaring oil prices (*Associated Press*, 9/9).

- Finnish power plant supplier **Wartsila Oyj** has received contracts to deliver eight gas-fueled generating sets to Batam and South Sumatra, in Indonesia. The sets were contracted by the Indonesian independent power producer **PT Elnusa Prima Elektri** in June, and will be installed in South Sumatra. The sets are due to be fully operational by mid 2006 (*Dow Jones News Wire*, 9/14).

Latin America

- **EnCana Corp.** has agreed to sell its oil and pipeline interests in Ecuador to **Andes Petroleum Co.**, a joint venture of Chinese petroleum companies for about \$1.42 billion cash, effective July 1, 2005. The deal is expected to close before year-end. EnCana said it is continuing with the divestiture of its natural gas liquids business and its gas storage assets in North America, expected to be complete over the next six months (*Associated Press*, 9/13).

Asia

- **China National Offshore Oil Corp (CNOOC)** wants to diversify its import sources for liquid natural gas, according to the company's deputy chief economist. He did not say how China would develop these sources, and declined to comment on the progress of CNOOC's acquisition of a 12.5% stake in a

natural gas project in Western Australia, expected to be complete this year (*AFX*, 9/12).

- **Petronet LNG**, a joint venture company promoted by **GAIL**, **ONGC**, **IOC** and **BPCL**, has appointed **Prosad Dasgupta** as its chief executive officer and managing director, replacing **Suresh Mathur** in New Delhi, India (*NewKerala.com*, 9/9).

- **Petronas**, Malaysia's national oil-and-gas company has acquired about 4% shareholding in Britain's largest gas supplier, **Centrica**. Petronas has no intention of purchasing more shares, and no pricing details were provided (*Associated Press*, 9/12).

- **AGL Resources** has named **Andrew Evans** a senior v.p., cfo and treasurer. He succeeds **Richard O'Brien** who left to join **Newmont Mining Corp.** as senior vice president and finance chief. Evans was most recently v.p. of finance and treasurer (*The Wall Street Journal*, 9/13).

- **Ras Laffan Liquefied Natural Gas Co. II** has agreed to sell around 3 million tons of liquefied natural gas a year, for 25 years, to Taiwan's **Chinese Petroleum Corp.** **Ras Gas II** and **CPC** signed a long-term sales agreement for supply starting in 2008. **Ras Gas II** expects to bring its fourth and fifth LNG-processing trains on stream in 2005 and 2007, respectively (*Dow Jones Newswires*, 9/13).

BUFFETT ENERGY

(continued from page 1)

\$700 million operation. An administrative assistant for **Patrick Goodman**, cfo, declined to comment and **Brian Henkel**, treasurer, did not return a call for comment.

The project will include seven miles of pipelines carrying high-temperature geothermal brine, six wells and more than 20 miles of transmission lines. Obtaining an engineering, procurement, construction and commissioning contract that makes economic sense is a high priority for MidAmerican, which has informed some bankers that landing an attractive contract will determine if it follows through with development. It is unclear what terms the energy holding company is seeking.

The plant has a long-term PPA with **Imperial Irrigation District** that will contract the bulk of the power for more than 20 years, one banker says. Because there is no fuel cost associated with renewables, bankers say a PPA is not critical to the company snaring a loan. On the flipside, lenders might eschew offering funds since expectedly thin pricing likely will favor the sponsor and prove less economical for prospective lenders, one financier notes.

MidAmerican is leading the development of the project with TransAlta retaining to right to invest as much as 50% in the facility. A TransAlta spokeswoman did not return a call for comment.

—M.D.

DRAX POWER

(continued from page 1)

A3 debt classes shot up 30 points in the past week, and 70 points in the past month. Because of the increase in its bank debt, the company believes it is worth £2.2 billion. In a press release, the board said it will consider any proposal it believes will deliver fair value to its shareholders. It added it will continue to prepare for a refinancing of its debt and a listing on the London Stock Exchange. A Drax spokesman says it plans to convert a portion of its debt to equity by mid to late December.

Constellation and Perry Capital do not think the company is worth more than they are offering. A spokesman for both says the offer price is fair and that the upswing in Drax's bank debt has not increased its value to more than what the investors offered for it. "Just a few months ago, the company was saying it would be worth £1.5 billion in an IPO. Their A2/A3 debt is very illiquid. We don't believe that the recent trades put its value at more than £1.9 billion," says the spokesman.

The trader says the market has anticipated for a while that Drax would receive offers to be bought, helping to bump up its debt price. "The debt has been firing up for months because people have perceived the company as an acquisition target," he says. U.S. funds and hedge funds have been the main buyers of the debt, he adds.

Drax Power has come a long way since it collapsed three years ago after power prices fell and its largest customer, **TXU**

Europe, went bankrupt. But the U.K. power market has made a strong recovery. The value of Drax, which is the largest coal-fired power station in the U.K., has grown on the back of soaring electricity prices.

Despite a £1.9 billion cash bid from **Constellation Energy Group**, **Drax Group Limited** is continuing its search for lead bankers for its £500 million, or about \$912 million, refinancing deal, priced at about sub one percent and its plans for a public listing. Three banks rumored to be involved are, **Commerzbank**, **ING**, and **Barclays Capital**. ING would not comment, and calls to the other two banks were not returned. —*Kim Moore*

CSFB KICKS

(continued from page 1)

capital letter of credit facility, which will help support the plants operations, including contracted fuel costs. Officials at CSFB declined to comment and Kreigle did not return a call for comment.

Exact pricing could not be ascertained. Financiers familiar with the deal say it is still being tweaked to appease the private equity and hedge fund shops, which own the plant and will take on the majority of the recycled debt. The remainder of the loans will be converted into equity, bankers say. Completion of the refinancing should occur in the next several weeks, say bankers.

Last month, **WestLB** wrapped a \$520 million two-tiered loan related to **Complete Energy's** purchase of La Paloma with pricing settled at 175 basis points over LIBOR after being five times oversubscribed for the first lien, while the second lien fell to 350 basis points after being eight times oversubscribed (PFR, 8/15).

The Exelon portfolio is owned by some 44 hedge fund groups, including major players such as **Citadel Investments**, **Cargill**, **Farallon Capital Management**, and **GLG Partners**, who have gradually bought out nearly all of the original project finance bank lenders in the secondary debt market. Officials at the hedge funds either declined to comment or did not return messages requesting comment.

The Boston portfolio includes Mystic 7, 8 and 9, Fore

River, all 832 MW gas-fired plants, along with Mystic 7, a 560 MW oil and gas-fired plant. —*M.D.*

LS POWER

(continued from page 1)

not returned by press time.

An arranger is expected to be selected over the next few weeks and syndication of the loan will follow shortly thereafter.

A long-term PPA would enable LS Power to fund the proposed plant by at least 90% via debt. Bankers say that the developer has indicated that it will put up the remaining cost of the plant with equity from its \$1.2 billion *LS Power Equity Partners L.P.* (PFR, 5/15). "That is clearly one strategy they could employ they have the funds and this investment fits with the strategy of the vehicle," one official says.

The project will use pulverized coal boiler technology and advanced emission controls to provide low-cost electricity to wholesale purchasers, including investor- or municipal-owned utilities. As of last year, LS Power has developed nine projects totaling over \$3 billion and 5.7 GW of generation capacity.

—*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 Chaudhry**, 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 wvec2005@meetingplanners.com.au

Quote Of The Week

"You cannot look at the energy markets and think anyone would put a nickel into building new plants." —**Jacob Worenklein**, ceo of **US Power Generating Company**, arguing generation returns are too low to justify new building (see story, page 4).

One Year Ago In Power Finance & Risk

Xcel Energy was planning to tap both the debt and equity markets to finance the construction of a \$1.3 billion, 750 MW coal-fired power plant it was proposing in Pueblo, Colo. [Pueblo needs to approve the power plant to be annexed into the city and it is likely to see ground breaking by 2009.]

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