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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

OCTOBER 2, 2006

VOL. IX, NO. 39

Mirant To Take Americas Bids

Mirant has set an Oct. 19 deadline on first-round bids for its U.S. generation assets.

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Sumitomo Shop Hunts Lenders For Ore. Plant

Perennial Power is searching for a lead lender to provide a \$130 million loan to refinance debt attached to its Hermiston, Ore. plant.

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ASTORIA PLANT DRAWS OFFERS

Owners of a 500 MW gas-fired generating plant in Queens, New York City are fielding offers from investors interested in acquiring **Astoria Energy LLC**, which was fired up in May. The \$1 billion combined-cycle operation, and an adjoining site that is permitted for construction of an identical facility located at the Bowery Bay/Steinway industrial complex in Astoria, is drawing interest from strategic investors as well as Belgium's **Suez-Tractebel**, say officials who have spoken to Astoria Energy executives. A Suez-Tractebel official in Houston was unable to comment.

(continued on page 12)

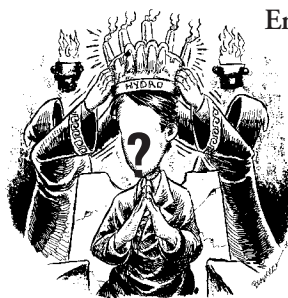
OSAKA GAS ON GLOBAL ACQUISITION TRAIN

Osaka Gas Group, Japan's second largest gas utility, is on the prowl for IPP and energy assets globally. **Takahiro Kimura**, business development manager in corporate strategy at the company's headquarters in Chuo-Ku, Osaka, says its White Plains, N.Y.-based asset management and investment unit, **Osaka Gas Energy America Corp.**, has a mandate to deploy around \$1 billion of equity internationally over the next two years, generated from earnings at the parent level.

Osaka will target opportunities in the U.S., as well as in Australia and investment-grade

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ECP SEEKS CHIEF FOR NU MERCHANT ASSETS



Energy Capital Partners is looking for a chief executive to run the merchant assets it is acquiring from **Northeast Utilities** for \$1.34 billion. The private equity shop, with offices in Short Hills, N.J., and San Diego, expects to complete the purchase in the middle of the fourth quarter following regulatory approval and hopes to have an executive in place to run the 1.44 GW operation prior to close, says one official. Calls to **Doug Kimmelman**, senior partner

(continued on page 12)

Infocast Confab

DEAL FEVER GRIPS MARKET

The good news? The power market is in decidedly better shape than it was five years ago, as evidenced by the number of firms falling over themselves to acquire assets and the willingness of banks to lend. The bad? The right deal is harder to find. That is the key takeaway from Infocast's Power Assets Acquisition and Divestiture Summit at the Doubletree Guest Suites in Times Square last week.

So fast and furious is the merger and acquisition environment and so competitive the auction process, warns Bernays "Buz" Barclay, partner at law firm **Torys**, that would-be

(continued on page 5)

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

At Press Time

First-Round Deadline Emerges For Mirant U.S. Auction

Mirant has imposed an Oct. 19 deadline on its U.S. generation auction. Auctioneer **JPMorgan Chase** distributed preliminary marketing material in mid August outlining the Atlanta-based IPP's interest in shedding some 3.5 GW of domestic generation (PFR, 8/21), and books were dispatched to interested parties last week. The identity of those potential bidders could not be learned.

Up for sale are six plants spread across Nevada, Texas, Michigan, Indiana, Georgia and Florida. These include: the partially contracted 518 MW Apex plant in Las Vegas; a fully contracted 537 MW plant known as Bosque in Clifton, Calif.; a two-plant operation known as Zeeland totaling 840 MW in Zeeland, Mich.; and a 605 MW merchant plant in West Georgia.

The portfolio has about \$94.5 million in project debt, all of which is related to a generation facility in West Georgia. Calls to **Chaun James**, spokeswoman for Mirant, and a JPMorgan official were not returned.

Cogentrix Looks At Demand Plays

Goldman Sachs is seeking to diversify revenue at IPP subsidiary **Cogentrix Energy** given the volume of players chasing generation assets and the exuberance displayed in recent auctions, says **Larry Kellerman**, managing director of commodities at the firm and president of Cogentrix in New York. "Our focus until now has been things on the generation side, mostly under long-term PPAs. We are now seeking to diversify our set of offerings to utilities to incorporate the demand side, which we see utilities being more interested in acquiring," he explains.

A case in point is **GridPoint**—the Washington, D.C.-based energy efficiency device manufacturer which Goldman invested \$18 million in via Cogentrix last month. The companies plan to market demand response devices to utilities, giving them the ability to provide detailed billing to customers as well as to integrate renewable energy into their systems, thereby obviating the need to build new power plants.

Babcock Bags ABN Credit Line

Power equipment and service provider **Babcock Power** has obtained a \$95 million revolving line of credit from **ABN AMRO** to support its operations. Syndication of the loan, which replaces an existing credit, is underway and expected to be completed with a handful of participants imminently, according to one banker following the deal. A treasury official at the privately held company in Danvers, Mass.-headquarters declined to comment as did ABN bankers.

The revolver will be used, more specifically, in support of letters of credit. Pricing on the line is based on a grid tied to leverage and is expected to start at LIBOR plus 125 basis points. The exact tenor could not be learned but it likely is in the three- to five-year range, one banker says. The original credit facility was provided by **PNC Bank** and syndicated to **Wachovia Bank** and **LaSalle Bank**.

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EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

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

MARK DeCambre
Managing Editor
(212) 224-3293

KATY BURNE
Reporter
(212) 224-3165

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING,
KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER,
BRIAN STONE, JAMES BAMBARA
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JENNY LO
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MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING AND BUSINESS PUBLISHING

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Publisher
(212) 224-3566

JESSICA SOMMAR
Editor, Business Publishing
(212) 224-3272

CHRIS DEANGELIS
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PAT BERTUCCI, MAGGIE DIAZ,
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SAMUEL HARRIS WILLIAMS
Head of Legal Sales
(212) 224-3894

LESLIE NG
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(212) 224-3212

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

MIKE FERGUS
Marketing Director
(212) 224-3266

AMANDA CATERINA
Associate Marketing Manager
(212) 224-3096

VINCENT YESENOSKY
Senior Operations Manager
(212) 224-3057

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(212) 224-3019

REPRINTS

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

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Chief Operating Officer

ROBERT TONCHUK
Director/Central Operations & Fulfillment

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

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

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Institutional Investor NEWS
INTELLIGENCE FIRST

Sumitomo Outfit Scopes Loan For Ore. Plant

Perennial Power is auditioning six lenders to provide a \$130 million loan to refinance debt attached to a 474 MW gas-fired plant in Hermiston, Ore., and also pay itself a dividend. The energy investment unit of **Sumitomo Corporation of America**, which owns the Hermiston Generating Plant in a 50/50-partnership with **PacifiCorp**, wants to wipe out an existing \$57 million loan, according to lenders familiar with the deal.

The debt only falls on the Perennial stake because PacifiCorp's ownership is in its ratebase. The offtake is split 50/50 between ratebase and a PacifiCorp PPA.

Banks in the running include **Credit Suisse**, **Mizuho**, **Sumitomo Mitsui Banking Corp.**, **Union Bank of California** and **WestLB**. It is unclear when a winning bank will be chosen but bankers following the deal expect a lead lender to be selected soon. **Richard Ashby**, cfo at Perennial, declined to comment and bankers either declined to comment or did not return calls.

Perennial is aiming to score either fixed-rate financing at comparable Treasuries plus 130 basis points or floating-rate debt at significantly less than LIBOR plus 75. The company likely will look to get a tenor of 10 years to match the PPA the plant has with PacifiCorp until 2016. The original loan was obtained in 1994 to support construction of the operation.

Perennial Power acquired a 25% stake in Hermiston in 2002 later pushing its investment to 50%, and became the operator in November 2004.

Bulgarian Plant Wraps €450M Refi

Société Générale has closed a €450 million (\$571 million) term loan to refinance **Maritza East III**—an 840 MW lignite-fired power station in south central Bulgaria. The facility is 73% owned by Italian power company **Enel** and 27% by long-term offtaker **Natsionalna Electricheiska Kompania**. The loan bankrolls ongoing refurbishments at the 20-year old complex, which sits adjacent to **Maritza East I and II** in **Stara Zagora**.

The 16-year term loan will remain on SocGen's book rather than be syndicated, notes a project finance official at the bank in London, explaining the loan is guaranteed by the **Italian Export Credit Agency's SACE**, which enhances its credit quality.

He adds that because the site serves 7% of the nation's capacity needs, the idea is that three units remain in operation while the fourth is refurbished. One unit was completed in February; another is 60-70% complete and is due to come online next year; while the other two will be ready in 2009. Two flue gas desulphurization systems have already been installed, connecting all four 200-210 MW units on site.

SocGen was mandated to lead arrange a €348 million package

supporting initial refurbishment efforts inked in February 2003, alongside **Crédit Agricole Indosuez** (PFR, 2/25/04). Together with **Banca MedioCredito** and **Bank Austria** they underwrote a €140.7 million credit facility guaranteed by **MIGA**. The **European Bank for Reconstruction and Development** provided a €132.1 million non-recourse loan, novating €20 million to the **Black Sea Trade and Development Bank** and four Bulgarian banks held the remaining €75 million tranche.

Mike Delia, syndications manager at the EBRD, says the decision to refinance was driven by the improved sovereign rating of Bulgaria. "They are taking advantage of the fact Bulgaria is no longer considered as emerging as it used to be and that margins are plummeting," he says. **Enrico Viali**, chief executive of **Maritza East III Power Co.**, could not be reached and a spokeswoman for **Enel** did not return a call.

Corporate Strategies

PSEG Unit Eyes \$300M Senior Debt Redemption

PSEG Energy Holdings, the unregulated arm of **Public Service Enterprise Group**, plans on using cash on hand to redeem \$300 million of outstanding 8.625% senior notes due 2008. The energy unit can redeem the debt Oct. 23, which will save it about \$26 million per year in interest, says **Benjamin Zoe**, assistant treasurer in Newark, N.J.

Energy Holdings has about \$750 million in cash, says Zoe, \$620 million of which it raised recently by offloading generation assets, including two Polish coal-fired plants—**Elcho** and **Skawina**—and a 32% stake in **RGE**, a Brazilian electric distribution company. A portion of these funds was also used to pay a \$425 million dividend to its parent.

Mort Plawner, treasurer of PSEG, says the energy company has decided to decapitalize its subsidiary rather than grow it. "It is not our corporate objective to expand the business; we are making the company smaller," he explains, noting that it will divest further assets under its **PSEG Global** unit if selling them makes sense financially. The company has not yet chosen a bank to advise it in this regard, but would likely award a mandate on basis of the target asset's location and banker resources on the ground there, notes Zoe. He adds it has no plans to divest the assets that would have been folded into the proposed \$17 billion merger with **Exelon Corp.**, called off Sept. 14.

Net debt following the call redemption will be \$1.15 billion, in line with the Energy Holdings' debt coverage-to-interest ratio of 3:1. The company will use only excess cash from operations or asset sales to pay down further debt in advance of its maturity, says Plawner.

Corporate Strategies (cont'd)

PECO Turns To Mortgage Offering To Tackle CP

PECO Energy, a unit of **Exelon Corp.**, plans to pay down \$227 million of commercial paper—bearing average interest of 5.31% per year—using proceeds from a \$300 million mortgage bond offering Sept. 25. “We are issuing long-term debt so that our short-term debt is at a manageable level for long-term business planning purposes,” explains **Michael Metzner**, v.p. and treasurer of Exelon in Chicago. The balance of the proceeds is earmarked for operating, maintenance and capital expenditure, he adds.

Separately last week, **Exelon Generation** obtained three, 364-day revolving credit facilities totaling \$1 billion to meet short-term financing needs. Each of its lenders—**JPMorgan Chase**, **Barclays Bank** and **Wachovia Bank**—took a third of the aggregate amount, which can be drawn in loans or letters of

credit. Pricing could not be determined.

The 5.95% notes, which mature Oct. 1 2036, priced just below par and carry a spread of 103 basis points over comparable Treasuries. They are rated A2 by **Moody's Investors Service**, A- by **Standard & Poor's** and A by **Fitch Ratings**.

Barclays Capital, **BNP Paribas Securities** and **Scotia Capital** served as joint bookrunners on the bond, supported by co-managers **BNY Capital Markets**, **KeyBanc Capital Markets**, **Samuel A. Ramirez & Co.**, and **UBS Securities**. “With the exception of Samuel A. Ramirez & Co., the banks were chosen because they are in PECO's relationship bank group,” notes Metzner. “Exelon has historically chosen to include minority-owned firms in some of its bond transactions and Samuel A. Ramirez & Co., provided a good fit.”

Total mortgage bond debt at the Philadelphia-based electric and natural gas utility is now \$1.45 billion.

Financing Record (SEPTEMBER 20-SEPTEMBER 26)

Debt

Issued Rating	Issuer	Business Description	Principal (\$M)	Coupon (%)	Security	Maturity	Offer	YTM(%)	Spread	S&P	Moody's	Fitch
9/20/06	Consolidated Edison Co of NY	Electric,gas and steam utility	400	5.5	Debentures	9/15/16	99.615	5.551	83	A	A1	A+
9/20/06	Korea Namdong Electrics	Electric utility	128	Floats	Flt Rate Bonds	9/21/11	100	Floats				
9/20/06	ONEOK Partners LP	Pvd natural gas processing svc	350	5.9	Senior Notes	4/1/12	99.98	5.904	123	BBB	Baa2	BBB
9/20/06	ONEOK Partners LP	Pvd natural gas processing svc	450	6.15	Senior Notes	10/1/16	99.991	6.151	143	BBB	Baa2	BBB
9/20/06	ONEOK Partners LP	Pvd natural gas processing svc	600	6.65	Senior Notes	10/1/36	99.573	6.683	183	BBB	Baa2	BBB
9/25/06	Commonwealth Edison Co	Electric utility, uranium mine	113	5.95	Fst Mtg Bonds	8/15/16	102.045	5.677	113	A-	Baa2	BBB+
9/26/06	Dominion Resources Inc	Elec,gas utility;hldng co	500	6.3	Jr Subord Notes	9/29/66	99.831	6.311	178	BB+	Baa3	BBB
9/26/06	Kowepo(KEPCO/South Korea)	Cogeneration plant	150	5.5	Fxd/Straight Bd	9/26/16	98.964	5.637	53	NR	NR	NR

M&A

Announced	Effective	Target Name	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Nation	Value(\$M)
9/20/06		COB Energy Facility LLC	United States	J-POWER USA Development Co Ltd	Concentric Advisors	United States	-
9/20/06	9/20/06	China EnerSave Ltd	Singapore	Dubai Investment Group	-	Utd Arab Em	-
9/20/06		Elwood Energy LLC	United States	J-POWER USA Development Co Ltd	-	United States	110
9/20/06		Wuping County Zijin Hydro Powe	China	Fujian Zijin Investment Co Ltd	-	China	1.174
9/21/06		Russell City Energy Center LLC	United States	GE Energy Financial Services	-	United States	44
9/22/06		Calpine Corp-Aries Power Plant	United States	Aquila Inc	-	United States	158.5
9/25/06	9/25/06	Houston Energy-Gas Customer	United States	Commerce Energy Group Inc	-	United States	4
9/25/06		Mount Copper Wind Power Energy	Canada	Creststreet Power & Inc Fund	-	Canada	3.582
9/25/06		RAO Unified-OGK-5	Russian Fed	Undisclosed Acquiror	-	Unknown	-
9/25/06		RAO Unified-TGK 5	Russian Fed	Undisclosed Acquiror	-	Unknown	-
9/26/06		Anhui Huadian Wuhu Power Co	China	Huadian Power International	-	China	3.216
9/26/06	9/27/06	Iberdrola SA	Spain	ACS	Merrill Lynch & Co Inc	Spain	2,671.47
9/26/06		TradeWind Energy LLC	United States	Enel SpA	-	Italy	-
9/26/06		TradeWind Energy LLC	United States	Enel SpA	-	Italy	-

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

Power Assets Acquisition and Divestiture Summit

More than 100 power company executives descended on the Doubletree Guest Suites in Times Square, New York last week for Infocast's Power Assets Acquisition and Divestiture Summit. Reporter Katy Burne filed the following stories.

Small Fry Sales Get Nudged Out By Larger Deals

Smaller asset deals are getting left by the wayside by some potential buyers because they don't warrant a return to justify the due diligence and time. Private equity officials said the minimum they would typically spend on a single asset is \$100 million, so a transaction worth as little as \$20 million would only attract their attention if the opportunity was worth the homework.

"Our most valuable resource is our time and so we are thoughtful about the types of transactions we look at and the size of those transactions," said **Jonathan Smidt**, an executive at **Kohlberg Kravis Roberts & Co.** "We therefore have a minimum investment size we look to make, otherwise we will find ourselves looking at far too many transactions and ultimately having far too many investments to appropriately add value to."

KKR looks to invest anywhere from \$300-400 million to \$3-\$4 billion of equity in a single transaction, said Smidt. **LS Power Equity Advisors** has a target minimum of \$100-150 million and a concentration limit of 20% per individual asset, though it will invest smaller amounts in preferred securities, notes Managing Director **Joseph Esteves**.

Madison Dearborn Partners, meanwhile, is more flexible about how low it will go. "Practically speaking we would probably look to put a couple of hundred million [dollars] to about \$1 billion into a single transaction," adds **Patrick Eilers**, a director at the Chicago shop.

Seller's Market Fails To Weaken Long-Term Holders

Red-hot demand for generation assets had delegates debating the merits of clinging onto power assets for stable cash flow, versus opting for an early exit, but for now most appear to favor the former. "We expect to hold our assets for the long term," said **Matthew LeBlanc**, principal at **ArcLight Capital Partners**.

Joseph Esteves, managing director at **LS Power Equity Advisors**, agreed up to a point. "Our time horizon can be pretty long—i.e. seven to 10 years or longer—but we will be opportunistic when it comes to monetizing our assets. It all depends on when we feel like there is not much more value for us to add."

Others also pointed to the value of assets with a little hair

on them. **Larry Kellerman**, managing director at **Goldman Sachs**, advised attendees to look for targets that are structurally or operationally inefficient with a view to turning them around. "Look for inefficiencies," he said. "There are ways to polish those up and get the upside gain. If something is running at peak performance, there is only one way it can go: flat or down."

Sub-performing assets can also attract more buyers, each of whom will likely hold a different view about how to improve margins on those assets, added **Jonathan Smidt**, an executive at **Kohlberg Kravis Roberts & Co.** "We are prepared to leave something on the table, rather than ring every last cent out of an asset, to make it more appealing to someone," he said, referring to the profitable sale of **Texas Genco** to **NRG Energy** at a time when natural gas prices could have risen higher and generated additional upside for the firm. "We are starting to see private equity firms that are set up for longer holds and we, too, are changing our perspective when looking at different types of assets."

DEAL FEVER

(continued from page 1)

acquirers are having to focus more on beating rival buyers to the post than on properly evaluating the assets up for sale. "The heat of the current market requires winners to be determined to win even before they see the data room," says Barclay. "Then they have time to look for deal killers, but not to try to find a partner that shares their views of value or to try to tweak a little more value out of their due diligence."

Larry Kellerman, managing director at **Goldman Sachs**, adds that some companies' desire to win the auction process seems to be precluding their ability to bid sensibly. "Winning is becoming more important than the transaction itself. Even really smart companies get into the concept of deal fever and wind up overpaying for assets," he says, cautioning that just because an interested party is willing to stump up more for an asset does not always mean it has overvalued it. Some companies could be factoring in expected cost savings associated with synergies unique to their proposed combination.

"We were accused of overpaying on **Linden** and three years later we turned it around into a very good profit. It's too simple to say, 'I wouldn't have paid that,'" notes Kellerman.



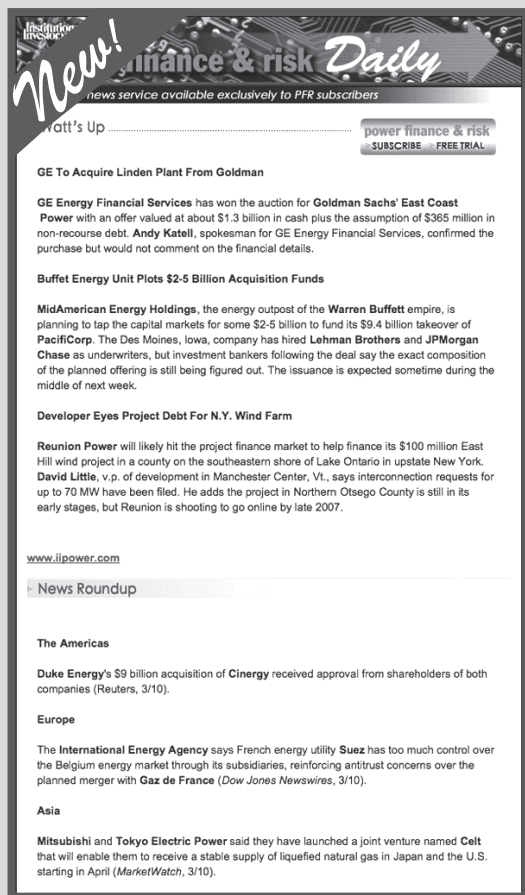
Generation Auction & Sale Calendar

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 Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Alloy Power/West Virginia Alloy	Hawk's Nest Glen Ferris	Fayette, W.Va. Fayette, W.Va.	102 4.6	Hydro Hydro	JPMorgan	Brookfield Power agreed to acquire both facilities. Terms not disclosed. Deal expected to close by year-end 2006.
American Electric Power	Plaquemine Cogeneration Facility	Plaquemine, La.	880	Gas/Steam	N/A	Dow Chemical Co. will pay AEP \$64 million at closing, which is expected in December.
American Securities Capital Investments (Primary Energy Ventures)	Naval Station	San Diego, Calif.	47	Gas	Lehman Brothers	Epcor Power is acquiring the operation for \$380 million. Deal slated to close in the 4th quarter
	North Island	San Diego, Calif.	41	Gas		
	NTC	San Diego, Calif.	25	natural gas		
	Oxnard	Oxnard, Calif.	49	natural gas		
	Kenilworth	Kenilworth, N.J.	30	natural gas		
	Greeley	Greeley, Colo.	82	natural gas		
	Roxboro	Roxboro, N.C.	60	solid fuel fired		
	Southport	Southport, N.C.	120	solid fuel fire		
	North Lake (15.4%)	East Chicago, Ind.	75	waste energy		
	Cokenergy (15.4%)	East Chicago, Ind.	95	waste energy		
	Ironside (15.4%)	East Chicago, Ind.	50	waste energy		
Atlantic City Electric Co.	Portside (15.4%)	Portage, Ind.	64	natural gas	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals made by March 31.
	Harbor Coal (15.4%)	East Chicago, Ind.	N/A	pulverized coal		
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Calpine	Dighton Power Plant	Dighton, Mass.	170	Gas	N/A	BG North America agreed to acquire for \$90.2 million. Deal approved by the court and expected to close by mid-November
	Russell City Energy Center	Hayward, Calif.	600 (proposed)	Gas	N/A	GE Energy Financial Services has agreed to acquire a 35% stake. Auction set for Sept 19 to see if higher bids emerge (PFR, 9/11).
	Westbrook Energy Center	Westbrook, Maine	528	Gas	N/A	A Calpine spokesman says no sale is being considered at this time.
CMS Energy	Palisades	South Haven, Mich.	798	Nuclear	Concentric Energy	Entergy agreed to acquire for \$380 million (PFR, 7/17).
Complete Energy	Batesville	Batesville, Miss.	837	Gas	Dexia	First round bidding is underway (PFR, 7/10).
Constellation Energy	Big Sandy	Wayne County, W.Va.	300	Gas (peaker)	Credit Suisse	Winner expected to be picked next month (PFR, 8/21).
	High Desert	Victorville, Calif.	830	Gas		
	Holland Energy	Holland Township, Ill.	665	Gas		
	Rio Nogales	Seguin, Texas	800	Gas		
	University Park	Chicago, Ill.	300	Gas (peaker)		
	Wolf Hills	Bristol, Va.	250	Gas (peaker)		
Delta Power	Lowell Power	Lowell, Mass.	82	Gas	None	Active. Exact status uncertain.
Desert Power L.P.	Desert Power Plant	Rowley, Utah	100	Gas	N/A	MMC Energy signed non-binding letter of intent to acquire for \$3.5 million cash and assumption of \$28.7 million in debt. Facility needs repowering.
DPL Inc.	Darby Electric Generating Station	Mount Sterling, Ohio	447	Gas	Pace Global Energy Services	DPL plans to evaluate bids this month.
	Greenville Electric Generating Station	Greenville, Ohio	206	Gas		
	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas		
	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Invenergy	Hardee Power Station	Bowling Green, Fla.	370	Gas	Morgan Stanley	Asset is up for sale. Timeline unclear (PFR, 7/3).
Lake Road	Lake Road Power Plant	Killingly, Conn.	840	Gas	Credit Suisse	Financial players who control the NEG-developed plant have recently put the asset up for sale (PFR, 9/11).
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Non-binding 1st round bids due next month (PFR, 8/17).
Mirant Caribbean	Curacao Utilities Co. (25.5%)	Curacao	133	Asphalt/Refinery Gas	JPMorgan	Initial marketing material distributed (PFR, 8/9).
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
Phillipines	Sual Generating Plant	Pangasinan, Philippines	1.2GW	Coal	Credit Suisse	First round bids are in.
	Pagbilao Generating Plant	Quezon, Philippines	704	Coal		
North America	Apex plant	Las Vegas, Nev.	518	Gas	JPMorgan	Initial marketing material distributed (PFR, 8/17).
	Bosque	Clifton, Texas	537	Gas		
	Shady Hills	Pascoe County, Fla.	469	Gas/Oil		
	Sugar Creek	W. Terre Haute, Ind.	535	Gas		
	Zeeland	Zeeland, Mich.	840	Gas		
	West Georgia	Thomaston, Ga.	605	Gas/Oil		
Northeast Utilities	Northfield Mountain	Northfield & Irving, Mass.	1.1 GW	Pumped Hydro	JPMorgan	Energy Capital Partners is acquiring in a \$1.34 billion deal. Debt financing is close to launch (PFR, 8/21).
	Mt. Tom Station	Holyoke, Mass.	146	Coal		
	Cabot	Turners Falls, Mass.	61.8	Conventional Hydro		
	Turners Falls	Turners Falls, Mass.	6.4	Conventional Hydro		
	Bantam	Bantam, Conn.	0.3	Conventional Hydro		
	Bulls Bridge	New Milford, Conn.	8.4	Conventional Hydro		
	Falls Village	Falls Village, Conn.	11	Conventional Hydro		
	Rocky River (Candlewood Lake)	New Milford, Conn.	29	Pumped Hydro		
	Shepaug (Lake Lillinonah)	Southbury, Conn.	42.6	Conventional Hydro		
	Stevenson (Lake Zoar)	Monroe, Conn.	28.9	Conventional Hydro		
	Robertsville	Colebrook, Conn.	0.6	Conventional Hydro		
	Scotland	Windham, Conn.	2.2	Conventional Hydro		
	Taftville	Taftville, Conn.	2	Conventional Hydro		
	Tunnel – Preston	Preston, Conn.	2.1	Conventional Hydro		
	Tunnel Jet – Preston	Preston, Conn.	20.8	Internal Combustion		
NRG Energy (NRG Flinders)	Northern Power Station	Port Augusta, South Australia	520	coal	N/A	Babcock & Brown agreed to acquire plants, related contracts, staff and coal assets. Expected to close third quarter for a cash consideration of A\$317 million (enterprise value A\$513 million).
	Playford Power Station	Port Augusta, South Australia	240	coal		
TXU	45 peakers at 17 locations	Texas	10.3 GW	Gas	Bank of America	Sale is on hold as TXU reviews whether to dispose of assets (PFR, 8/7).



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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.

North America

- **Dominion Resources** has agreed to pay \$4.25 million to settle accusations leveled by the **Commodity Futures Trading Commission** that it knowingly reported false natural gas trading data to a series of energy publications, which used the information to calculate price indices. The company neither admits nor denies fault for the alleged offenses, which the CFTC said occurred between December 2000 and November 2002 (*Wall Street Journal*, 9/28).

- **Kinder Morgan** has accepted a sweetened takeover offer of \$15 billion from an acquisition consortium led by the midstream energy company's co-founder **Richard Kinder**, **American International Group**, **Goldman Sachs** and **Carlyle/Riverstone Holdings**. The cash offer of \$107.50 per share compares with an earlier offer of \$100. The buyers also will assume \$7 billion in debt, bringing the transaction value to \$22 billion (*Bloomberg*, 9/28).

- **ITC Holdings Corp.** is selling 6.69 million of its common shares and its main shareholder, **International Transmission Holdings**, also will sell 2.87 million shares. Underwriters **Lehman Brothers** and **Credit Suisse** are serving as joint book-running managers and **Morgan Stanley** and **A.G. Edwards & Sons** are acting as co-managers. The underwriters have a 30-day option to purchase up to an additional 1.4 million common shares (*Associated Press*, 9/25).

- **Aquila** has agreed to buy the Aries power plant in Pleasant Hill from San Jose, Calif.-based **Calpine Corp.** for \$158.5 million. Aquila plans to use the plant to provide power for an extended period of time to supplement base-load coal and nuclear plants. The Kansas City, Mo., utility plans to offer jobs to all current Aries employees. The acquisition is pending approval from the U.S. Bankruptcy Court for the Southern District of New York, which is overseeing Calpine's bankruptcy proceedings (*Kansas City Business Journal*, 9/25).

- **Dominion Resources** subsidiary **Dominion Virginia Power** has won contracts valued at \$287 million to own, operate and maintain electrical distribution systems at two Virginia Army bases, the Pentagon says. The Defense Logistics Agency said Dominion's contracts would cover electrical power distribution at Fort Belvoir, Va., and Fort Myer, Va., for the next 50 years (*Reuters*, 9/25).

- **Enron's** former CFO **Andrew Fastow** was sentenced to six years in prison and two years of community service for his role in the spectacular collapse of the former energy giant (*Associated Press*, 9/27).

- **DPL** and utility subsidiary **Dayton Power and Light** plan on paying non-employee directors next year half of their compensation in company stock—currently the compensation is all cash. The change will not include **Paul Barbas**, incoming president and ceo of the two companies, who starts Oct. 2 (*Dayton Business Journal*, 9/27).

Europe

- **Enel** is plotting developing its first wind project. It wants to invest ?24 million (\$30 million) in a greenfield wind energy project in Tulcea, Romania, under its **Enel Wind** subsidiary, says **Brunello Botte**, chairman of **Enel Electrica Dobrogea** and **Electrica Banat**. It also wants to develop more than 1,000 GW of wind projects predominantly in the midwestern U.S., via its Lenexa, Kan.-based development affiliate **TradeWind Energy** (*Ziarul Financiar*, 9/28).

- **E.ON** upped its offer to E37.1 billion (\$47 billion) for Spanish energy company **Endesa**. The cash offer for Spain's largest power company was upped by 38% to E35 per share on Tuesday in an aggressive move to counter a bid by Spanish energy company **Acciona**, which requested regulatory approval to purchase just under 25% of Endesa. Shares of E.ON in Frankfurt fell as much as 2.2% after it raised the bid (*Bloomberg, Wall Street Journal*, 9/27).

- Spain's market regulator suspended trading in shares of construction giant **ACS** after it was reported that it had acquired a 10% stake in **Iberdrola**—Spain's second-largest utility. ACS is the largest shareholder in power company **Union Fenosa** and ACS is hoping to merge the power company with Iberdrola (*Associated Press*, 9/27).

- **Alstom** has won a contract worth more than ?700 million with **AES Corp.** to build a 670 MW coal power plant in Bulgaria. The contract covers engineering, procurement, construction and in-house manufacturing of the main equipment for the Maritza East 1 lignite-fired power plant, which will be located near the town of Galabovo in southeastern Bulgaria (*Associated Press*, 9/25).

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UBoC Rolls Out 205 MW Minn. Wind Loan

Syndication of a 205.5 MW wind farm by North Palm Springs, Calif.-based **enXco Development Corp** was launched at the Intercontinental The Barclay New York Hotel as **PFR** was going to press. Led by **Union Bank of California**, details about the Fenton Power Partners project in Murray and Noble Counties, Minn., including pricing and tenor, were expected to be disclosed at the bank meeting, according to trackers. The project, supported by a long-term PPA with **Xcel Energy**, is expected to cost approximately \$340 million to build, with the loan size likely representing some 70-90% of the total.

Calls to Project Manager **Ian Krygowski**, in Minneapolis, were not returned, nor were calls to **Jorge Colmenares**, v.p. of project structuring and transactions in North Palm Springs. Officials at UBoC declined to comment. Preliminary deal info was distributed to prospective lenders in mid July (PFR, 7/17).

The project will consist of up to 137 **General Electric**-manufactured 1.5 MW (or similar) wind turbines. enXco is a U.S. affiliate of **EdF Energies Nouvelles**.

Amaranth Sells NIMs Portfolio In Wake Of Energy Losses

Hedge fund **Amaranth Advisors**, which recently lost \$6 billion in energy trading, has offloaded \$572.5 million of net-interest margin bonds in the wake of the losses. The Greenwich, Conn.-based firm feared being underbid on its energy portfolio and wanted to raise money, so it decided to compensate by selling off assets that were not as much under pressure, one auction participant says. According to published reports, the company is in talks to sell a stake in the company to **Citigroup**, but is considering shutting down.

NIMs are bonds backed by the pooled excess spreads of different home equity loan securitizations. Amaranth originally offered the bonds to a couple of dealers on Sept. 15, later expanding the offering to a few more by the following Monday. Those dealers then brought in a select set of investors, who met the offer with good demand. This was surprising given the number of bonds on offer. "You're looking at 20-30 bonds versus the average of one to two," says one auction participant. Calls to Amaranth were not returned.

The bidlist was unusual for the number of bonds on offer at one time, and for its composition.

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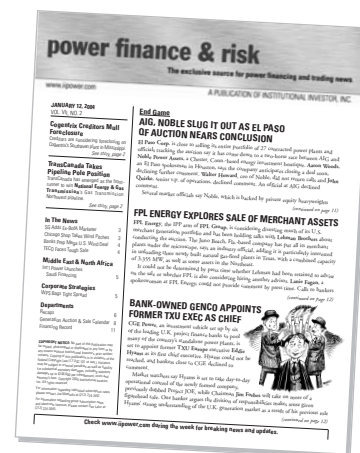
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ECP SEEKS

(continued from page 1)

at ECP, were not returned and **Rahul Advani**, v.p. at ECP in Short Hills, N.J., declined comment. NU officials were unable to comment.

Being sought is a chief executive who can further grow the competitive operation and who has experience with IPPs, an official says. It could not be determined who ECP has approached for the position. The NU merchant operations are run by **Lawrence DeSimone**, ceo of non-regulated subsidiary **Northeast Enterprises**. He is expected to stay on at NU, as other merchant operations are sold.

The assets being acquired by ECP consist of 15 predominantly hydro plants at 14 sites across New England (PFR, 8/21). The sale will include the assumption of \$320 million in debt. A **Goldman Sachs**-led financing for ECP's acquisition is underway and expected to be completed shortly. It will comprise a two-lien term loan structure: a seven-year, \$550 million term loan and a seven- and-a-half-year, \$170 million term loan (PFR, 9/25). —*M.D.*

ASTORIA PLANT

(continued from page 1)

Tim Bauer, construction project manager at Astoria, and **Paul Meyers**, manager, says no official auction is underway, but they acknowledge interest from various parties has been strong since the plant was switched on under a long-term PPA with **Con Edison**. Neither Meyers nor Bauer would identify interested parties or discuss whether offers for all or portions of the plant and the adjoining construction site have been discussed. "Anything's for sale at the right price," Bauer says, declining to comment further.

Astoria's ownership is split between investors in the plant and developer sponsors. The exact breakdown is unclear as it has been in flux over the past few years, say observers. As it stands participants in the plant's ownership group include the plant's primary developer Concord, Mass.-based **SCS Energy**, **SNC-Lavalin Generation**, **Energy Investors Funds**, **CDP Capital-Americas**.

Investor demand is driven largely by the fact Astoria is one of the larger power plants built in the New York City in more than 25 years. It represents a large portion of peak capacity in New York and demand is expected to increase significantly over the next few years, according to **New York Independent System Operator**.

North American Energy Services Company is responsible for operations and maintenance. **Calyon** led a \$725 million financing to support construction of the facility (PFR, 4/21) divided between a \$525 million and \$200 million tranche.

—*Mark DeCambre*

OSAKA GAS

(continued from page 1)

European countries such as the U.K., Italy and Spain. Of particular interest are contracted IPPs, with a minimum of 10 years contracted, LNG carriers, gas distribution outfits and renewable generation facilities. "We currently have a taxable income position [in the U.S.] so our play would be to use production tax credits to offset that," explains Kimura, noting the company's target per project is typically \$50-\$100 million.

More expensive transactions in the \$200 million ballpark would be considered if the company can bring in an equity partners. Osaka Gas would look to work exclusively with any potential partner or advisor that brings such a bilateral deal to its attention, says Kimura. "We are always looking to broaden our information deal flow; we are not tied to any specific firm. If a bank brings us a good deal that meets our criteria, we will retain them as our exclusive," he says.

To date the company has purchased a minority stake in 10 North American IPP assets: the 845 MW Tenaska Gateway (PFR, 6/16/04), and nine other predominantly natural gas-fired units bought from **ArcLight Capital Partners**. **Dexia Crédit Local** was sole advisor on Tenaska Gateway. **Bank of Tokyo-Mitsubishi** led its acquisition financing for the ArcLight assets, aided by **Mizuho** which also served as sub-advisor alongside Dexia, lead advisor on that deal.

—*Katy Burne*

Calendar

IQPC will host the *Renewable Energy Project Finance* conference from Nov. 16-17 at the Affinia Manhattan Hotel in New York. For more details, call **Erin Leary** at 212 885 2700 or go to www.iqpc.com/na-10946-001/cle.

Quote Of The Week

"Winning is becoming more important than the transaction itself."—**Larry Kellerman**, managing director at **Goldman Sachs** and president of its IPP affiliate **Cogentrix Energy**, explaining the aggressive bids that are being made in the energy sales arena (see story, page 5)

One Year Ago In Power Finance & Risk

Madison Dearborn Partners and **US Power Generating Co.** emerged as favorites to win a fleet of assets being divested by **Reliant Resources**, overtaking early frontrunner **ArcLight Capital Partners**. [The duo inked a deal to acquire **Orion Power's** 1.2 GW Astoria Generating Station for \$975 million.]