

power finance & risk

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Web Exclusive

Tim Bourn, former head of trading at **El Paso Corp.**, is in the process of establishing a Houston energy boutique, **Epoch Energy**, that will focus on gas trading and energy management services.

For the full story go to *PFR's* Web site (www.iipower.com)

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HSBC LOOKS TO BUILD U.S. INVESTMENT BANKING BUSINESS

HSBC, the world's second largest bank by market capitalization, is poised to build a power and energy investment banking business in North America and the Middle East. The move is part of a broader push to build a global investment banking franchise at the London-headquartered bank.

Mark Bentley, global head of energy and utilities in London, says HSBC is looking to hire either one managing director in New York to head up the entire U.S. energy sector or two managing directors covering power and oil & gas. "It is a function of the candidates," says Bentley. "We'd like to hire as soon as possible, but we're not rushed."

New York recruitment firm **Russell Reynolds** is conducting the search for candidates to fill the U.S. slots. Bentley says the bank has not yet compiled a shortlist for the U.S.

(continued on page 12)

POWERGEN PUTS IRISH PEAT PLANT UP FOR AUCTION

U.K. utility Powergen is looking to divest a 120 MW peat-fired power plant in Ireland and has whittled down the shortlist of interested parties to three strategic investors and private equity firms, say market watchers. It has not employed a bank to advise on the sale. **Jonathan Smith**, a spokesman at Powergen in Coventry, England, declined to comment and calls to **Sudhir Bhatt**, the Powergen executive running the sale, were not returned.

Powergen, a subsidiary of German utility **E.ON**, launched a low-profile sale process of the Edenderry power plant in County Offaly late this summer,

(continued on page 12)



POLSKY J.V. WITHDRAWS FROM TRACTEBEL AUCTION

A joint venture between Chicago IPP entrepreneur **Michael Polsky** and private equity firm **GTCR Golder Rauner** has dropped out of the auction for two California generation assets being sold by **Tractebel North America**. One market watcher says the move would seem to leave **Rockland Capital Energy Investments**, the only remaining shortlisted bidder (PFR, 8/25), with a free run on the 90 MW brace of qualifying facilities, but another official close to the auction cautions that Rockland is still far from acquiring the plants. "It's still very much a deal in flux," he notes. Polsky declined to comment, as did a Rockland official in Houston.

The major stumbling block to any pending sale is agreement over price. Polsky's investment vehicle **Invenenergy** withdrew from the bidding process, complaining that

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



At Press Time Exelon Readies November Handover...

Exelon is set to hand over ownership of the 3,400 MW Exelon Boston Generating (EBG) portfolio to a syndicate of bank creditors on Nov. 1 under foreclosure terms being hammered out by the lenders, unless the Chicago energy giant can execute a rapid fire sale of the business, say market watchers.

Exelon signaled late this summer it would walk away from the Mystic 4-7 (1,000 MW) and Mystic 8 & 9 (1,600 MW) power plants in Weymouth, Mass. and the Fore River Station (800 MW) in Everett, Mass. The initial date to turn over the keys was Sept. 1 but has been pushed back repeatedly, according to a official close to the deal.

...As Private Equity Shops Eye Takeover

Meanwhile K Road Ventures and Reservoir Capital Group, two New York private equity firms affiliated with executives who helped develop the EGB portfolio while at **Sithe Energy**, are talking to Exelon and its advisor **Lehman Brothers** about acquiring the New England portfolio. They join another private equity firm **ArcLight Capital** that also has reportedly made a bid on the portfolio (PFR, 9/29).

Linda Marsicano, a spokeswoman at Exelon in Chicago, declined comment and calls to Lehman, K Road and Reservoir Capital were not returned by press time.

K Road is headed by **William Kriegel**, a French entrepreneur who founded **Sithe** in the mid-80s.

Boomerang Kid Sithe Hires Familiar Face As New CEO

Sithe Energy, the New York-based IPP, has re-hired **Bruce Wrobel** as ceo, replacing **Marty Rosenberg**, acting interim ceo. Wrobel, ceo and president of New York-based power consulting firm **Herakles Capital**, joined **Sithe** at its inception in 1986 and left in 1999 to become ceo of **ENCOM**, a Japanese power development company. Rosenberg will stay on as president, according to officials at **Sithe**. Calls to Wrobel at **Sithe** and at **Herakles** were not returned by press time. **Matt Sherman**, a spokesperson for **Sithe**, declined to comment.

Hedge Fund Launches Energy Trading Desk

Stamford, Conn., hedge fund **Graham Capital Management** has hired former **Duke Energy North America** trader **Chris Hill** to build an energy desk that will focus on oil and gas trading. Calls to Hill were not returned. Sources close to the company say Hill has yet to hire a team of energy traders.

The \$3.8 billion **Graham** hedge fund is led by **Ken Tropin**, who by the tender age of 29 was heading **Dean Witter's** managed futures business. In 1988, he became the CEO of **John W. Henry**, a managed futures firm, and launched **Graham Capital** with his own money in 1994.

Market watchers says Hill, who primarily focused on LNG trading at **DENA**, left the company in August 2002. He previously traded gas at **Louis Dreyfus**.

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Coop Readies Leveraged Lease For \$850M Ariz. Plant

The Tri-State Generation and Transmission Association is close to sealing financing to fund construction of a 400 MW, coal-fired plant in Arizona. The long-gestated deal (PFR, 4/7) will take the form of a leveraged lease-backed bond and underwriter **Credit Suisse First Boston** is planning to tap the capital markets within the next few weeks, according to industry officials. **Jim Van Someren**, a spokesman for the wholesale generation coop in Westminster, Colo., says the deal is still being worked on, declining to comment further. A CSFB spokesman declined comment.

One market official says the coop has tapped **GE Capital** as the lease equity investor for the project. The plant—Springerville Generating Station Unit 3—will be built on a **Tucson Electric Power** site in northeastern Arizona. The official adds when the deal is completed it will be the largest financing of its type for a coop.

PSEG Refinances Golden State Peakers With Project Bond

PSEG Global and Harbinger Independent Power Fund have refinanced three California peakers with a \$226 million bond offering via **GWF Energy LLC**, the holding company for the plants.

Don Schnure, general manager, project finance, at PSEG Global, says the institutional private placement market was chosen over the bank loan market because of the longer maturities on offer and also pricing. “When we evaluated the bank market we didn’t find enough depth,” he says.

The amortizing notes carry a 6.31% coupon with a maximum maturity of 8½ years and an average life of 3.8 years. **Lehman Brothers** led the 144a deal and placed the paper with 17 investors, says **David Seabrook**, v.p. corporate development and analysis at PSEG Global. He adds the investors were principally insurers, with some mutual funds and structured debt investors also buying in. The sponsors also wrapped a \$35 million letter of credit and working capital loan facility led by **BNP Paribas**.

The peakers being refinanced are a 95 MW facility known as Henford and a 97 MW unit called Henrietta that are both located in the central part of the state. The 171 MW Tracy plant rounds out the portfolio. Seabrook notes the plants are all operational and covered by a long-term PPA with the **California Department of Water Resources**, which expires in 2012.

When PSEG was initially sounding out the non-recourse loan market (PFR, 1/13), lenders were slightly skittish on the

California part of the risk. Seabrook says this was the main issue with the private placement, as the structure of the deal was straightforward and conservative. He adds this simply required investors to spend a little more time on due diligence.

PNM Resources Negotiates New Revolver

Albuquerque, N.M.-based PNM Resources is looking to renew a maturing loan next week with a new three-year bank revolver. **Banc of America Securities** is the lead bank on the deal, says a financier involved in the process. An existing \$200 million loan is up for maturity next month and the pricing is expected to hover around LIBOR plus 1 1/8, he adds. **Kirk Meyer**, treasurer at PNM Resources, did not return calls by press time.

Garden State Utility Readies Auction

NUI, a Bedminster, N.J.-based merchant energy trader and gas utility, plans to auction itself within the next two weeks with the dissemination of a sales information package to interested parties. This will likely be followed by a two-round auction process, says a banker involved in the process.

The Garden State utility is targeting both private equity investors and regional strategic players. Likely bidders include Wall, N.J.-based **New Jersey Resources**, Brooklyn, N.Y.-based **KeySpan Energy**, Ithaca, N.Y.-based **Energy East**, and **UGI Utilities** based in Reading, Pa., forecasts one market watcher.

In a Sept. 26 conference call newly appointed CEO **Mark Abramovic** said NUI hopes to have a sales agreement in place in the next three to six months and clear regulatory hurdles within the following nine to 12 months.

Former COO Abramovic recently replaced **John Kean**, whose family founded NUI in 1855, as ceo. A banker says Kean resigned over a disagreement with the NUI board over whether the utility should forego its independence.

But in the recent conference call, Abramovic argued that the utility had no option but to put itself on the block. He pointed out that recent rating agency downgrades had made borrowing prohibitively expensive for NUI. “This is like a lot of companies,” says the banker. “The downgrades didn’t give them room to breathe.”

Abramovic said he expects NUI to be bought by a company with utility or energy operations, but bankers say private equity firms may show interest if they can stomach the relatively low returns of the utility industry.

New York City based **Berenson & Co.** is advising on the sale of the company.

George Koodray, a spokesman at NUI, did not return calls.

Lenders Join Forces For Tractebel Loan Pitch

Several commercial banks are clubbing together to bid for **Tractebel Power's** mandate to lead a refinancing of its \$400 million, 520 MW power plant in Chehalis, Wash. But, at the same time some investment banks also are expected to pitch 144a private placement structures to the IPP. Tractebel sent a Request For Proposal letter to lenders recently asking them to pitch for a \$250 million loan, equating to leverage of roughly 70%, and a seven-year mini-perm maturity (PFR, 9/29).

WestLB, **BNP Paribas**, **Credit Lyonnais** and **Dexia** are likely to file a joint bid, as are **Bank of Tokyo-Mitsubishi**, **KBC Bank** and **Natexis Banque Populaires**, according to bankers. Other players expected to bid ahead of last Friday's deadline were **Royal Bank of Scotland** and **DZ Bank**. Bankers say it's unlikely Tractebel will get any bids that hit its target pricing of 175 basis points over LIBOR, but they add that is typical of the RFP process when companies always push for better terms than they can probably attain.

One lender says he expects some of the investment banks to pitch project bonds as a way to tap into longer debt tenors, but he was unable to name likely bidders.

The Chehalis plant was funded on balance sheet by Tractebel and will start commercial operation this month.

Exelon Deal Far From a Shoo-In, Warns Banker

Despite entering exclusive negotiations to acquire **Illinois Power** last week, Exelon's purchase of **Dynegy's** Midwest utility is far from a done deal, warns a banker close to both companies. He notes Chicago-based Exelon has been given barely a month to perform due diligence on the utility and hammer out a deal. In the meantime several other suitors, including Cincinnati-based **Cinergy**, St. Louis-based **Ameren**, and financial players **Madison Dearborn** in Chicago, and **Goldberg Lindsay** and **Kohlberg Kravis Roberts** in New York, also have filed bids on Illinois Power, according to the banker, and likely are waiting in the wings to rejoin the auction.

Two potential sticking points to a quick sale could be a power-supply agreement between Dynegy and Decatur, Ill.-based Illinois Power and a multi-billion dollar inter-company note between Dynegy and Illinois Power's parent **Illinova**, say bankers.

Interest from that note contributes to Illinois Power's cash flow, and Dynegy is looking to restructure the note as part of the sale. Dynegy serves 70% of the utility's load, and this exposure to the IPP could worry investors. "What happens if

Dynegy goes into bankruptcy?" says a banker. "That means you have to go looking for power, probably at higher rates."

Linda Marsicano, a spokeswoman at Exelon, declined to comment and calls to **Krystal Roberts**, a spokeswoman at Dynegy, were not returned.

Project Joe U.K. Genco Proposal Gains Support

Bayerische Landesbank and **Bank of Ireland** reportedly have teamed up with the quartet of U.K. banks that are working together to consolidate a swathe of distressed U.K. generation into a single bank-owned IPP. The development marks another step in **Abbey National**, **HBOS**, **Lloyds TSB** and **Royal Bank of Scotland's** desire to execute Project JOE (Joint Operating Entity), a controversial plan to pool together several debt-laden power plants such as **DRAX**, **Damhead Creek** and **Killingholme** into a single company. Creditors at the six firms either declined to comment or did not return calls.



Latin America

Lenders Expect Sweetner On EDF Loan

Bankers looking at **EDF International's** \$465 million of project loans for its Rio Bravo III & IV projects in northeastern Mexico are expecting the deal to be re-worked. A relatively long 14-year term, thin initial post-construction pricing of 187.5 basis points over LIBOR and the large size of the loan have discouraged all but a few lenders from inking commitments. "Something has to give," says one banker. The deal was launched this summer (PFR, 6/30) and has reportedly landed one commitment from a European player. Calls to **Société Générale**, which is leading the commercially syndicated tranche, were not returned.

Rio Bravo III (495 MW) and Rio Bravo IV (500 MW) are located in Matamoros, in northeastern Mexico and both have 25-year offtake contracts in place with Mexico's state-owned **Comision Federal de Electricidad**. The current structure is for a 75:25 debt/equity split. For Rio Bravo III, the equity is \$73.5 million, and the debt is made up of an **International Finance Corp.**-backed A loan of \$50 million and a \$169.5 million B loan. For Rio Bravo IV the split is \$75.5 million, \$50 million and \$170 million, respectively.

The loans, which are being pitched jointly but don't share collateral, are priced at LIBOR plus 75 basis points during construction, stepping up to 187.5 in years one to three, 200 in four to six, 225 in seven to nine, 250 in 10 to 12 and 275 in 12 to 14.

Corporate Strategies

FPL Bolsters Liquidity With Two-Tranche Bond Offering

FPL Group Capital issued \$600 million of fixed- and floating-rate bonds last week to retire short-term debt and bolster balance sheet liquidity.

The Juno Beach, Fla.-based company split the deal into two tranches: \$200 million of 1 7/8% notes and \$400 million of debentures paying three-month LIBOR plus 30 basis points. Both tranches mature in 2005. Officials at FPL declined to comment.

Peggy Jones, a New York-based debt analyst at ABN AMRO, says credit rating agency concern over energy companies' reliance on short-dated commercial paper likely prompted FPL to refinance further out along the yield curve.

Jones adds that with interest rates so low FPL was able to take advantage of a positive financing environment to reshuffle its debt portfolio. On the downside FPL likely is having to lock in a higher funding cost than before.

"Management is clearly torn between saving money using short-term debt and prudent long-term policies," she says.

Banc of America Securities, Citigroup, JP Morgan and Wachovia Securities led the offering.

DPL Utility Takes Down Callable Debt

Dayton Power & Light recently tapped the first-mortgage bond market for \$470 million in 10-year notes allowing it to pay down a series of higher coupon callable bonds. The utility subsidiary of DPL Inc. landed a coupon of 5.125% on notes due 2013. "It's a nice, healthy utility," says Rob Hornick, senior director at Fitch Ratings, of DP&L. He adds it would be an AA rated entity rather than A if it were a standalone entity. Calls to DPL were not returned.

According to the company's last 10-Q filing, DPL's strategy is to refinance long-term debt to take advantage of current low interest rates. The proceeds from the DP&L refinancing will be used to redeem \$220 million of 7.875% first-mortgage bonds due in 2024, and \$226 million of 8.15% first-mortgage bonds due in 2026.

Hornick says the chief credit concerns at the Dayton, Ohio, parent DPL are capital calls related to its \$1 billion private equity investment portfolio and also the lackluster performance of its portfolio of Midwest merchant gas peakers. For DP&L itself, the utility has an effective rate freeze in place as it has to offer customers a fixed standard rate of

power. Hornick adds this is mitigated by DP&L's ownership of generation which is sufficient to meet its native load of 2,600-3,000 MW. An outage in the fleet could cause problems, however he warns.

Morgan Stanley led the offering, and the co-managers were McDonald Investments, ABN AMRO, Tokyo-Mitsubishi International, Fifth Third Securities and NatCity Investments.

Southern Utility Targets Retail Customers

Georgia Power, a subsidiary of Southern Co., tapped the U.S. bond market for the second time in a fortnight on Sept. 23, but this time switched the offering to the retail bond market. The utility issued \$200 million of callable 30-year 6% bonds. On Sept. 9 it sold \$100 million of 6.75% 10-year notes to institutional bond funds.

David Brooks, Southern Co.'s director of capital markets, says the company decided to issue the bonds separately and target different audiences because of investors' varying appetite for interest rate risk. "We wanted to issue 30-year bonds with a call option," says Brooks, "and found institutional investors don't like call options much."

Robert Leonard, a financial analyst at Southern, adds the utility typically taps retail bond investors when it wants to issue long-term debt. "It varies by year to year, but typically we issue to retail when we go long term."

While Georgia Power regularly taps the retail market, affiliate Southern Power, Southern's unregulated subsidiary, never courts retail investors. "The institutions are more comfortable with that kind of risk," he explains.

Brooks says the Atlanta-based company tapped the bond market to retire debt that is coming due in late November. "We expect to save a million dollars a year, pre-tax," says Brooks, noting that the 6% coupon on the most recent deal is 50-100 basis points lower than existing debt.

Georgia Power used Morgan Stanley, Banc of America Securities and Wachovia Securities to run the recent sale. Brooks says Wachovia has significant retail reach and is a good bank for such a sale. "Wachovia has a good retail network of brokers and since they merged with Prudential Securities that network is even better," he says.

Moody's Investor's Service rated the bonds A2 and Standard & Poor's rated them A, which is in line with the utility's overall rating.

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.

Europe & Middle East

- Almost all of Italy's 57 million citizens were left without power on Sunday when supply lines from France and Switzerland were knocked out. The failure further raises questions about the reliability of grids in developed economies and highlights Italy's dependence upon cross-border supplies (*Financial Times*, 9/29).
- Industry Minister **Antonio Marzano** says the Italian government will put on a parliamentary fast track the most important part of its wider energy reforms unveiled two years ago. An Industry Ministry official adds that Marzano wants to fast-track more speedy procedures to authorize construction of new power plants - the new rule makes sure that the authorization process doesn't take more than one year (*Dow Jones*, 9/30).
- Spanish bank **Bancaja** is considering buying part or all of a 1.89% stake in **Iberdrola** held by **Electricidade de Portugal**. EdP said earlier in September that it wanted to sell what was then a 3% stake in Iberdrola and use the proceeds to lower its net debt by 10%, or EUR700 million, in the near term. Last week it sold a 1.1% stake in Iberdrola for EUR153.9 million to **Banco Bilbao Vizcaya Argentaria** (*Dow Jones*, 9/30).
- **British Energy**, the U.K.'s major nuclear generator, has agreed to a GBP1.3 billion (\$2.16 billion) rescue package with its creditors that saves it from being placed into administration. Under the terms of the deal, lenders will swap GBP1.3 billion of debt for a mixture of new British Energy shares and bonds worth up to GBP425 million. Other banks, which funded British Energy's GBP640 million purchase of the Eggborough coal-fired power station in Yorkshire, have agreed to swap the debt for new power purchase agreements guaranteeing future income, GBP20 million of new bonds and 14% of the new shares (*FT.com*, 10/1).
- Spanish energy firm Gamesa is looking to develop large-scale wind energy projects in Poland. At a meeting in Madrid with Polish President **Aleksander Kwasniewski**, a Gamesa representative pitched the idea that it should both develop wind parks and build three industrial plants to build wind turbines in Poland (*Reuters*, 9/30).

- Ireland's state-run power monopoly, the **Electricity Supply Board**, is in talks to build a EUR500 million, 800 MW gas-fired power plant in the U.K. An official familiar with the matter says the ESB is in talks with Missouri-based **Aquila** to buy the planning permission and grid connection to build a power plant in Southampton on the south coast of England (*Dow Jones*, 9/30).
- Greece's Finance Minister **Nikos Christodoulakis** says the country is set to go ahead with the privatization of its state-owned electric and water utilities within the next two months. The government is seeking to raise EUR3 billion (\$3.50 billion) this year through the privatization program to pay down public debt. "We are going ahead with privatizations. In the next few days we will launch a tender for a strategic partner in water utility **EYDAP**. Next month, we'll go ahead with **Public Power Corp.**" Government sources have hinted that a 15% stake in PPC will be divested through a domestic offering and a private placement with foreign funds (*Reuters*, 10/2).

Latin America

- The Mexican government has jump started its lobbying for more private investment in the state-run electricity sector, by seeking the backing of the country's biggest opposition party. Energy Minister **Felipe Calderon**, Interior Minister **Santiago Creel** and the head of the state-owned power utility, **Alfredo Elias Ayub**, met Wednesday with leaders of the **Institutional Revolutionary Party** to press the case for reforms. Ayub says the power sector requires more than \$50 billion of investment over the next decade to meet demand growth (*Dow Jones*, 9/26).
- Brazil's **Eletropaulo Metropolitana**, controlled by U.S. power group **AES**, has started talks with private banks to reschedule about \$800 million in debt. At a meeting last Tuesday, Eletropaulo tried to convince 35 private creditors to extend the maturity on the BRL2.5 billion of debt most of coming due in 2004 and 2005 through to 2008. Eletropaulo hopes to conclude negotiations by Dec. 15 (*Dow Jones*, 10/1).

U.S. & Canada

- **WPS Resources** unit **Wisconsin Public Service Corp.** filed an application with state utility regulators to build a \$750 million, 500 MW generating unit at its existing Weston site in central

Wisconsin. The coal-fired expansion would nearly double capacity at the site. WPS wants to have the unit online by 2008 (*Dow Jones*, 9/26).

- **Allegheny Energy** said it would not have enough cash to pay about \$350 million in bank debt due next year. On a conference call with analysts and investors, Allegheny's management said the company, based in Hagerstown, Md., would work to refinance about \$1.45 billion in bank debt due in 2004 and 2005 (*Reuters*, 9/26).

- At least 14 class-action lawsuits have been filed against **FirstEnergy** since Aug. 5 when the company announced it would be restating its earnings going back to 2002 (*The Blade*, 9/26).

- The **Federal Energy Regulatory Commission**, seeking to halt a crisis of confidence in electricity indexes, has asked about 300 companies that trade electricity and natural gas to detail how they report prices to private index publishers (*Reuters*, 9/26).

- **Duke Energy** has agreed to sell its 30% stake in the **Vector Pipeline** to Calgary-based **Enbridge** and **DTE Energy** for \$145 million. Enbridge and DTE will each pay \$72.5 million for a 15% share in the pipeline, leaving Enbridge with 60% of Vector and DTE with 40% of the 348-mile natural gas pipeline that connects Chicago to Dawn, Ontario. The sale is part of Duke's program to shed non-core assets (*Dow Jones*, 9/29).

- **Dynegy** is in talks to sell its **Illinois Power** utility to **Exelon**. Dynegy bought Illinois Power for \$2 billion in February 2000, and after selling off the utility's generating plants, turned it into an energy-delivery player serving about 1.4 million people in central Illinois (*Wall Street Journal*, 9/29).

- The **Commodity Futures Trading Commission** is seeking as much as \$300 million in penalties from **American Electric Power** for allegedly attempting to manipulate natural gas prices by submitting false data to price-index publishers. The accusation was made in a civil lawsuit filed Monday. The CFTC says the alleged violations were systemic and went beyond the five traders that AEP fired a year ago after an internal investigation (*Wall Street Journal*, 10/1).

- **Alliant Energy** completed syndication of three 364-day revolving credit facilities totaling \$650 million. The credit lines replace expiring facilities that were due Oct. 10, and are split: \$200 million for **Alliant Energy**, \$250 million for **Interstate**

Power and Light and \$200 million for **Wisconsin Power and Light** (*Reuters*, 9/30).

- **Progress Energy** wrapped the sale of a natural gas distribution company to **Piedmont Natural Gas Co.** for \$425 million and has earmarked the funds to reduce debt. Progress Energy said the sale of **North Carolina Natural Gas Corp.** included a stake in **EasternNC**, a venture with **Albemarle Pamlico Economic Development Corp.** to bring natural gas to 14 counties in eastern North Carolina (*Dow Jones*, 9/30).

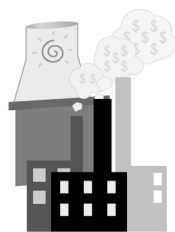
- Golden State utility **Pacific Gas & Electric** plans to string new transmission lines into San Francisco to head off a possible overload on the power grid and blackouts in 2004 (*Reuters*, 9/30).

- **Boralex Power Income Fund** has completed the acquisition of two New York State hydroelectric power stations from **Black Hills Generation**, a subsidiary of **Black Hills Corp.** for \$177.3 million. The deal increases the fund installed capacity by some 46% to 191 MW. The power stations are at Hudson (45.8 MW) and South Glens Falls (13.9 MW) on the Hudson River, near Glens Falls, and have long-term power-purchase contracts with **Niagara Mohawk Power** (*Dow Jones*, 10/1).

- **UBS's** energy unit has acquired **Duke Energy's** Canadian merchant power business, a deal that more than doubles its access to capacity in Alberta to 435 MW. **UBS Energy Canada** has bought contracts for 157 MW of generating capacity from the Clover Bar power station and for 78 MW of capacity from the Sheerness plant, both in Alberta. The value of the deal, which follows several Canadian asset sales by North Carolina-based Duke over the past year, was not disclosed (*Reuters*, 10/1).

- Several creditors have raised objections to bankrupt **Mirant's** plan to acquire \$500 million in financing — money the energy supplier says it needs to operate as it reorganizes. The creditors, affiliated with **Bank One** and **Verizon Capital**, say in court papers that Atlanta-based Mirant hasn't adequately shown that, as a bankrupt company still in possession of its assets, it needs the money (*Associated Press*, 10/1).

- Chicago-based **Exelon** said it would not exercise options to buy 303 MW of electricity from its Exelon Midwest Generation unit in 2004. Exelon said the decision would yield pre-tax savings of between \$20-40 million and follows similar moves over the past two years to trim its purchases from Midwest Generation (*Reuters*, 10/1).



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	N/A	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal		
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
	Mulberry	Fla.	120	Gas	CSFB	Set to commence sale
	Orange	Fla.	103	Gas		
	Brush II	Colo.	68	Gas		
	Thermo Cogen	Colo.	272	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coletto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Me.	85 (24.3)	Coal		
	Topsham	Me.	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Cogen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Ongoing.
	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	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched Sale in September
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
Exelon	Independence	Ark.	842 (15%)	Coal	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 8	Mass.	800	Gas		
	Mystic 9	Mass.	800	Gas		
Fore River	Fore River	Mass.	800	Gas	KPMG (Administrator)	El Paso placed plant in administration.
Fife Power	Fife	U.K.	115	Coal		
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% sake)	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		
NRG (Europe)	Cahua	Peru	45	Hydro		
	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	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	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro	Lazard Frères	Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
Reliant Resources	Manchester Street Station	R.I.	495	Gas		
	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		
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			
	Monticello	Texas	1,900	Coal	Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			

* Looking to sell the California-located Jupiter portfolio as a single block

Bonds

Date	Maturity	Issuer	Amount (\$ mil)	Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
09/25/03	08/30/08	Glow	162.5	100	Fxd/Straight Bd	2.95	-	NR	NR	Standard Chartered/ABN AMRO
09/25/03	10/01/18	Northern States	150	99.426	Fst Mtg Bonds	5.25	120	A3	BBB+	Goldman Sachs/BoNY
09/25/03	09/01/13	Western Massachusetts Electric	55	99.402	Notes	5	97	A3	BBB+	Barclays
09/29/03	09/29/23	ENEL Investment	343.1	98.76	Fxd/Straight Bd	5.25	-	A1	A+	BNP/Lehman
10/01/03	10/01/33	Southwestern Public Service	100	99.19	Notes	6	116	Baa1	BBB	Citigroup/CSFB
10/02/03	10/01/13	Ameren	200	99.803	Notes	4.65	65	A1	A-	Citigroup/BofA

M&A

Date Announced	Date Effective	Target	Target	Acquiror Country	Acquiror Country	Value (\$mil)
09/25/03	-	Syabas	Malaysia	Puncak Niaga	Malaysia	9.96
09/26/03	-	Adapazari Elektrik Uretim	Turkey	Enka Insaat ve Sanayi	Turkey	-
09/26/03	-	ALSTOM T&D	France	Areva	France	1,034.36
09/26/03	-	Illinois Power	U.S.	Exelon	U.S.	-
09/27/03	09/27/03	Reliance Salgaocar Power	India	Reliance Energy	India	5.558
09/29/03	-	Jawa Power	Indonesia	Keppel	Singapore	-
09/29/03	-	Vector Pipeline	U.S.	Enbridge	Canada	72.5
09/29/03	-	Vector Pipeline	U.S.	DTE Energy	U.S.	72.5
09/30/03	09/30/03	Rustic Acres Water-Water Asts	U.S.	Pennsylvania-American Water	U.S.	-

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

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DUKE SEEING BUYERS CME PLANT DOWN

Charlotte, North Carolina-based Duke Energy has been looking for a buyer for its 1,000-mw CME plant in Dallas, Texas, since last year, but has been unable to find one. The plant, which produces power from natural gas, is one of the most efficient in the country, and has a long history of producing power for the city of Dallas. Duke Energy is now looking for a buyer for the plant, and has been in talks with several potential buyers. The plant is currently producing power for the city of Dallas, and is expected to continue to do so for several years. Duke Energy is now looking for a buyer for the plant, and has been in talks with several potential buyers. The plant is currently producing power for the city of Dallas, and is expected to continue to do so for several years.

TRIO OF COMPANIES Nears EPA DEAL, BOND FINANCING LIKELY

Three companies, including CME, are looking for a buyer for the plant. The companies are CME, Duke Energy, and a third company that has been identified as a potential buyer. The companies are now in talks with the EPA, and a deal is expected to be reached soon. The companies are also looking for financing to purchase the plant, and a bond financing deal is likely to be reached soon. The companies are now in talks with the EPA, and a deal is expected to be reached soon. The companies are also looking for financing to purchase the plant, and a bond financing deal is likely to be reached soon.

LONGHORN UTILITY REELS IN \$1.4B MTN PROGRAM TO FUND TX ACQUISITIONS

Longhorn Utility has announced a \$1.4 billion program to fund its acquisition of Mountain States Electric. The program will be used to finance the acquisition, and will also be used to fund other projects. The program is expected to be completed by the end of the year. Longhorn Utility is now in talks with Mountain States Electric, and a deal is expected to be reached soon. The program is expected to be completed by the end of the year. Longhorn Utility is now in talks with Mountain States Electric, and a deal is expected to be reached soon.

Check your calendar during the week for breaking news and updates.

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POLSKY J.V.

(continued from page 1)

Tractebel had set an unrealistically high price tag and a market watcher says Rockland has yet to agree a price with Tractebel.

The Tractebel QFs comprise Ripon Cogeneration, a 49 MW gas-fired combined heat and power plant, and the 41 MW San Gabriel gas-fired CHP facility. Tractebel put them up for sale early this summer and retained **Navigant Consulting** to execute the auction (PFR, 6/16).

Last week, Polsky finalized the purchase of Hardee, a 370 MW plant owned by **Teco Energy** in Florida for \$100 million plus the assumption of debt.

—N.S.

POWERGEN PUTS

(continued from page 1)

barely six months after acquiring the asset from Finnish utility **Fortum**.

Powergen took ownership of Edenderry at the turn of the year as part of a deal with Fortum so that it would not oppose E.on's controversial acquisition of German gas distributor **Ruhrgas**. As part of the settlement E.on agreed to buy Edenderry and two Scandinavian utilities from Fortum.

"It's an attractive modern plant, but clearly Powergen doesn't see it fitting neatly into its portfolio," says one utility analyst.

The Edenderry plant came on line in late 2000 and cost some IEP120 million (\$190 million) to build. It sells power to Ireland's state-run power utility the **Electricity Supply Board** under a long-term contract.

—Will Ainger

HSBC LOOKS

(continued from page 1)

position, but will announce a managing director appointment for the Middle East operations soon.

The appointment earlier this year of **John Studzinski**, a former deputy chairman of **Morgan Stanley**, and **Stuart Gulliver** to co-head HSBC's corporate, investment banking and markets division, is widely viewed as an attempt to build its U.S. investment banking presence. "It is impossible to be regarded as a global investment bank without playing in the largest market in the world," explains Bentley.

A New York power industry commercial banker speculates that HSBC will be wagering success on the back of its huge balance sheet, but notes it has few existing lending relationships in the U.S. to leverage for investment banking business. Bentley concedes that the bank's lending presence in the U.S. is small.

—Nina Sovich

Calendar

- **IBC Global Conferences** will hold its 9th annual *Global Structured Commodity and Trade Finance* conference in Amsterdam on Nov. 19-20. For further information call 44 (0) 207 017 5518.
- The "Financing Wind Power Projects" conference will be held in New York Dec. 3-5. **FPL Energy**, **Babcock & Brown**, **Meridian Investments** and **Freestream Capital Partners** are among the players who will be represented at the event. For more information, call Infocast on (818) 888-4444, or visit www.infocastinc.com.

Quote Of The Week

"We found institutional investors don't like call options much." —**David Brooks**, **Southern Co.**'s director of capital markets, explaining why Southern's **Georgia Power** utility decided to target a \$200 million offering of 30-year callable bonds at retail investors (see story, page 5).

One Year Ago In Power Finance & Risk

Goldman Sachs was preparing to go on a power plant buying spree and hired former **El Paso Corp.** executive **Larry Kellerman** to spearhead the effort and also transferred **Doug Kimmelman** from the bank's investment banking operation to work alongside him. [Goldman announced in April that it had agreed to acquire the 940 MW Linden facility from El Paso. The deal has yet to close and has been held back by a **Federal Energy Regulatory Commission** investigation into the regulatory status of the qualifying facility. Goldman has not closed on any other plants.]

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