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Mitsibishi Unit Eyes Project Financing

Diamond Generating Corp., a subsidiary of **Mitsubishi**, was set to select a bank last Friday to arrange $100 million of project financing for two California power plants.

See story, page 2

U-Turn

E.ON SEEN PLANNING U.S. WITHDRAWAL

German energy giant **E.on AG** is reportedly prepping a sale of its multi-billion dollar U.S. arm, **LG&E Energy**, to better focus on its core electric utility and gas distribution operations in Europe, say officials in touch with the company. The move to exit the U.S. comes less than three years after E.on acquired Lexinginton, Ky.-based LG&E and spoke of plans to use it as a springboard to expand across the Midwest through further acquisitions. E.on spokesman **Peter Blau** did not return calls.

E.on-Europe's second largest investor-owned utility-brought in several advisors earlier this

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CALYON HIRES POWER EXEC TO EXPAND TRADING BIZ

Etienne Amic

French banking heavyweight **Calyon** is looking to build a transatlantic gas, power and oil trading operation and has appointed **Etienne Amic**, former head of power trading at **TotalFinaElf**, to build the business.

Amic joined Calyon in London on Oct. 1 in a new position of global head of commodities trading and says he's been charged with building the bank's relatively small commodities trading operation into a broader

(continued on page 2)

ELECTRABEL TAPS TRIO FOR ITALIAN IPP FINANCING

Belgian power company **Electrabel** and Italian utility partner **ASM Voghera** are set to retain **HSBC**, **Royal Bank of Scotland** and **Calyon** to provide project-level financing for a newly completed 400 MW gas-fired power project in Lombardy, northern Italy. The three banks were short-listed at the end of last month as the international banks in a club-style financing for **Voghera Energia**, say financiers close to the deal. One banker adds Electrabel has yet to select local banks to join the syndicate. A roughly EUR180-200 million ($215-240 million)

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BABCOCK JV SHORTLISTS FIVE BIDDERS FOR SICILIAN PROJECTS

A joint venture between investment-banking boutique **Babcock & Brown** and Italian power plant developer **Infrastrutture**, has short-listed five suitors in its auction of a portfolio of three wind farms in Sicily. The quintet are Spanish utility **Endesa**, Italian oil and gas giant **ERG**, Italian IPP **Energia**, U.K. investment companies **Oxenbridge** and **Falck Renewables** and a joint venture between **Acea** and **Tractebel**.

An official involved in the sale process says a final round of binding bids will take

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Calyon Refinances U.K. Plant

Calyon will launch syndication in early November of a GBP100 million project loan to refinance GBP70 million of debt tied to the former **Enron**-owned Wilton CHP plant in northeast England and the GBP30 construction of an adjacent biomass facility by the plant's new owner **SembCorp**. Calyon is looking to bring five or six banks into the syndicate, says a financier involved in the deal.

AES Eastern Energy Seeks $75M L/C Facility

AES Eastern Energy, a subsidiary of Arlington, Va.-based **AES Corporation**, is looking to arrange a $75 million loan led by **Calyon** and **Royal Bank of Scotland**. The company, which owns four N.Y. state coal-fired plants, will in large part use the proceeds to support letters of credit that in turn back obligations to provide power. The transaction refinances AES Eastern Energy's existing $35 million bank debt, which is being increased to provide a higher L/C capacity, notes an official.

Syndication is underway and is likely to close by the end of the month, the official says. The lead arrangers did not hold a bank meeting because of the small size of the financing, targeting instead only a few, select banks, the official continues.

DGC Nears Lender Selection

Diamond Generating Corp., a subsidiary of **Mitsubishi,** was close to selecting a lender, as *PFR* went to press, to arrange $100 million of project financing to fund the acquisition of two California power plants from **InterGen**.

The Los Angeles-based IPP has yet to determine the form of financing, which could involve a bank loan or bond deal, says **Edwin Feo**, partner at **Milbank, Tweed, Hadley & McCloy**, the New York law firm representing DGC on the transaction. The decision will depend on the tenor and pricing it is able to obtain, he adds, noting it wants to close the financing by year's end. "They're going to have to hustle," he says of the tight timeframe.

Feo declined to disclose the cost of the acquisition, which should complete in mid-October. The purchase of InterGen's Wildflower Project includes the 138MW Indigo Plant near Palm Springs and the 94 MW Larkspur plant near San Diego.

CALYON HIRES

(continued from page 1)

business that will likely include both a gas and power trading desk alongside its existing oil derivatives platform.

Calyon, formed last year through the merger of **Crédit Lyonnais** and **Crédit Agricole Indosuez**, already trades several niche oil markets, such as jet fuel and naphtha, and has a London-based commodity derivatives brokerage business, formerly called **Crédit Lyonnais Rouse.**

Amic, a former oil trader at Total in Geneva, launched TFE's London-based European power trading business in 2000. In 2003 he briefly moved to Paris to take a senior position in the company's oil exploration and production division, before returning to London last year to head up gas and power origination. He reports to **Andy Gooch**, global head of commodities. ***—Will Ainger***

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MidAmerican Looks To Refinance $370M Revolver

Des Moines, Iowa-based **MidAmerican Energy** is looking to refinance a $370 million bank revolver that is due to expire in January.

J.P. Morgan will launch the refinancing at a bank meeting slated for later this month, says a banker, adding that **SunTrust Bank** also is reportedly set to take a senior role in the lending syndicate.

MidAmerican's expiring revolving credit facility carries a floating interest rate of LIBOR plus 50 basis points and a facility fee of 10 basis points. **Bank One Capital Markets**, which recently merged with J.P. Morgan, led the revolver, says the banker.

UFJ Taps BayerLB For Portfolio Manager

UFJ has hired **Jim Boyle** from **Bayerische Landesbank** in New York as a portfolio manager for its newly expanded project finance business.

Boyle joined the Japanese bank last month and reports to **Chris Stolarski**, senior v.p., whom the bank recently recruited from BayerLB to build a non-recourse lending business covering the Americas (PFR, 7/18). To round off its recruitment effort, Stolarski says UFJ is seeking two analysts with expertise of the wind power sector.

NUI Lands $95M Bank Debt

Bedminister, N.J.-based **NUI Corp.** and subsidiary **NUI Utilities** have raised $95 million in new short-term senior bank debt, in part to fund its gas purchase needs for the winter heating season. The loan will help cover the lag between the time when the company makes its gas payments and its customers reimburse NUI, explains **Steve Overly**, cfo.

The loan proceeds will also help ensure NUI has enough liquidity to see it through its pending merger with **AGL Resources**, says Overly. The tie-up is expected to close between December and March, he says.

The new bank debt comprises a $75 million secured term loan for NUI Utilities and a $20 million senior unsecured term loan for NUI Corp. The $75 million piece is priced at LIBOR plus 4.75%, while the $20 million loan carries a 6% spread, says **Linda Lennox**, director of investor relations. Both facilities have a floor of 2% over LIBOR. The brace of term loans expire on May 15 and Nov. 21, respectively, she adds.

Credit Suisse First Boston was the sole lead arranger on the $95 million financing. "They know the company best," says Lennox, noting that CSFB also arranged a $405 million loan for NUI last November. The maturity on that credit has also been extended to Nov. 21, 2005. Overly adds that the new $95 million loan has been syndicated to most of the lenders participating in its existing loan.

Separately, NUI has paid down some $50 million of medium-term notes that were due to mature in 2005, says Lennox.

Dresser-Rand Looks To Land $700M LBO Financing

Energy equipment supplier and turbine manufacturer **Dresser-Rand** is looking to land a $700 million loan to help back **First Reserve**'s leveraged buyout of the Olean, N.Y., company.

First Reserve, a Greenwich, Conn.-based private equity firm specializing in energy industry investments, announced in August a deal to acquire Dresser-Rand from **Ingersoll-Rand** for some $1.2 billion.

Citibank pitched the loan at a bank meeting last Tuesday, says an official, adding that **Morgan Stanley** and **UBS** are co-leading the financing. The loan package consists of three tranches, including a $300 million five-year revolver, a $300 million seven-year term B loan and a $100 million euro-denominated term B loan.

Nevada Power Taps Banks For Plant Financing

Nevada Power is set to hire **Merrill Lynch** and **Lehman Brothers** to underwrite some $250 million of bonds to help finance the acquisition of the partly-built CCGT power plant near Las Vegas, according to market watchers. The former advised the Nevada utility on the purchase of the Moapa Valley project from **Duke Energy** (PFR, 6/28).

Michael Yackira, cfo and executive v.p. at Nevada Power, says the utility is looking to make a general refunding mortgage bond offering by the end of the first quarter, but declined comment on which banks it will employ to lead the transaction.

Meanwhile, a recently launched $325 bank loan for **Nevada Power** and parent **Sierra Pacific Resources** arranged to partly fund the Moapa Valley purchase and complete its construction (PFR, 10/4) has been priced at LIBOR plus 200 basis points. Mandated lead arranger **Union Bank of California** is offering a 50 basis point commitment fee, says an official at UBoC

Yackira notes Nevada Power had initially expected to tap the B loan market to fund the acquisition, but says banks have stepped forward with cheaper financing.

Atmos Taps Merrill For TXU Bridge Financing

Atmos Energy has temporarily bankrolled its acquisition of **TXU Gas Co.**'s natural gas distribution and pipeline operations with an interim $1.7 billion 364-day revolving credit facility led by **Merrill Lynch**. The company plans to secure more permanent funding, including between $265 million and $365 million of equity and $1.3-1.4 billion of long-term debt, by the end of the year. Merrill will also act as lead arranger for those deals, says **Susan Kappes**, v.p. of investor relations at Atmos. The gas utility issued about $235 million of equity in July to partially finance the TXU acquisition, she adds.

The bridge facility is priced at 1% over LIBOR, according to Kappes. She declined to comment on why Merrill was chosen as the lead bank. The loan matures Sept. 23, 2005. Atmos paid some $1.9 billion in cash for the TXU assets, which makes the company the largest dedicated natural-gas utility in the U.S.

Sempra Loses Energy Veteran

Chris Dorfman, head of energy trading at **Sempra Energy** in London, has left the U.S. merchant energy outfit and is set to resurface at a London investment bank within the next few weeks, say market watchers. The oil trading veteran joined Sempra in the spring of 2003 to establish an oil trading presence in London (PFR, 4/28). He was previously head of oil trading at **Bank of America** in London and prior to that was head of energy derivatives at **Credit Lyonnais Rouse**. An official at Sempra confirmed Dorfman's departure, but declined comment on where he is heading. Dorfman could not be reached for comment.

AES To Use Non-Recourse Debt For 500 MW Calif. Power Plants

AES is planning to use non-recourse debt to fund the building of two or three power plants totaling 500 MW of capacity in southern California. "It will be project finance," says **Ahmed Pasha**, manager of investor relations, noting the Arlington, Va., power company does not take on debt at the corporate level to fund plant contruction.

AES is holding discussions with several potential counterparties that might provide long-term offtake contracts for the power plants, something it will need to secure before going ahead with any financing plans, Pasha notes. For now, AES is primarily focused on obtaining state permits, which should take six to nine months, he says.

While AES is still exploring the exact fuel for the plants, Pasha says it is likely to build gas-fired peaking plants.

Gas Trader Departs Morgan Stanley

Gavin Templeton, a senior gas trader at **Morgan Stanley** in London, has left the investment bank. A senior official on the energy desk says Templeton resigned early this month to "recharge his batteries," adding he has not lined up a new energy trading position.

Temptlon joined Morgan in 2001 from **BP** where he traded the short end of the gas curve.

Navigant Looks To Expand Power Roster

Navigant Consulting is looking to hire several energy staffers with experience in transmission, **Federal Energy Regulatory Commission** regulations and the California energy market, among other areas. The investment banking boutique may look to hire managers and directors with such expertise, says **John Dingle**, senior managing director for financial advisory services. "We've seen an uptick in those areas," Dingle says. The firm, which has offices located throughout the U.S., does not have a specific number of hires in mind, according to Dingle.

Navigant is considering applicants with at least four years of consulting experience. The firm generated $318 million in revenue in 2003 and expects revenue to grow to about $470 million this year.

Falck Lands U.K. Wind Farm Funding

Falck Renewables, a London-based wind farm developer, last Tuesday inked a roughly GBP60 million ($107 million) 15-year non-recourse loan to fund the construction of two wind farms in Wales and Scotland. Financial advisor and mandated lead arranger **Bank of Tokyo-Mitsubishi** brought three other lenders into the club deal, **HypoVereinsbank, Barclays Capital** and **Alliance & Leicester**. There will be no further syndication of the transaction, says one banker involved in the financing. Calls to **William Heller**, director at Falck, were not returned and financiers at BoTM declined to comment.

Falck will use the proceeds to fund the construction of Cefn Cross, a 58.5 MW wind farm project in Wales that it acquired from **GE Wind Energy** this spring (PFR, 5/9), and the 14 MW Boyndie Airfield wind farm project on the Aberdeenshire coast of Scotland. It is also bidding for a portfolio of wind projects in Italy (see story, page 1).

Alliance & Leicester is a rarely seen player in the power project finance market. A banker explains that the U.K. mortgage bank originally entered the Falck deal as the lessee in a lease-back financing. However, when the deal's structure was flipped to a traditional project loan, it was invited to participate as a lender.

Corporate Strategies

Brascan Refinances Plant Debt

Brascan Power, a subsidiary of Canadian asset manager **Brascan Corp.**, has refinanced maturing project-level debt at its 110 MW Lake Superior CCGT plant in Ontario. **Shelley Moorhead**, spokeswoman for Brascan Power, says the IPP privately placed a $61 million bond deal via underwriters **CIBC World Markets** and **Trilon Securities** in a deal that will cut the plant's interest burden. The senior notes pay a 4.4% coupon and mature Sept. 23, 2009.

Brascan Power is planning additional debt refinancings within the next few months, says Moorhead, adding the size of the deals has not yet been determined.

CMS Eyes Further Stock Sale To Bolster Utility Arm

After issuing 22 million shares of common stock last week, **CMS Energy** will most likely launch additional equity offerings in a continuing effort to shore up the balance sheet of the company's utility arm, **Consumers Energy**. Neither the timing nor size of future stock sales has been determined, says spokesman **Jeff Holyfield**. "We're following a 'utility plus' strategy where the utility is the cornerstone of our business," Holyfield explains. "We're doing the issue now to take advantage of favorable market conditions," including low interest rates. He adds CMS would like to reduce its current 70/30 debt-to-equity ratio to a 60/40 split.

CMS last week launched a sale of 22 million shares of common stock, the proceeds of which the company intends to invest in Consumers Energy. CMS hopes to raise about $200 million through the offering, Holyfield says. Adding that pricing was to be determined last Thursday as *PFR* went to press.

Bookrunners for the stock sale were **Citigroup**, **J.P. Morgan** and **Merrill Lynch & Co.** The offering was primarily targeted at institutional investors, according to Holyfield.

TransCanada Launches Debt Offering

TransCanada Pipelines has issued $300 million of bonds to finance the company's pending acquisition of **Gas Transmission Northwest Corp. Deutsche Bank** led the deal, which carries a 4.875% coupon and was priced at 99.799 to yield a 72 basis point spread over comparable Treasuries. Other underwriters included **J.P. Morgan**, **Citigroup Global Markets**, **HSBC**, **Lazard Fréres & Co.** and **SG Americas**. The offering matures Jan. 15, 2015 and was expected to settle last Thursday as *PFR* went to press.

Institutional investors in the U.S. were the targeted buyers for the deal, says **Heidi Feick**, spokeswoman for TransCanada. The company has the option of redeeming the bonds at 12.5 basis points above face value, she adds.

In February, TransCanada agreed to acquire Gas Transmission Northwest for $1.7 billion, including $500 million of assumed debt. The acquisition will allow TransCanada to extend its existing pipelines into the Pacific Northwest, Nevada and California.

Financing Record (SEPTEMBER 20 - OCTOBER 6)

Bonds

Date	Maturity	Issuer	Amount ($ mil)	Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
9/20/04	10/1/19	AmerenUE	300	99.957	Sr Sec Bonds	5	103	A1	A-	BNP Paribas/BK-NEW-YORK(JB)/LEH(JB)
9/20/04	9/15/34	Western Massachusetts Electric	50	99.653	Senior Notes	5.9	101	A3	BBB+	Morgan Stanley/RBS (JB)
9/23/04	9/23/14	China Guodian(Group)Corp	241.9	100	Guaranteed Bds	5.3	-	NR	NR	China-Galaxy
9/27/04	10/1/14	Calpine Corp	785	99.212	Sr Sec Fst Pri	9.625	573	NR	B+	Merrill
9/27/04	10/1/19	Michigan Consolidated Gas Co	120	99.594	Fst Mtg Bonds	5	105	Aaa	AAA	UBS-INV-BANK
9/28/04	9/30/14	Calpine Corp	725	83.9	Cvt Sr Unsec Nt	6	-	Caa1	B	Deutsche-BK-SEC
9/28/04	10/14/19	EWE AG	616.4	99.791	Fxd/Straight Bd	4.875	-	A2	A	BARCCG/DRES-KLEIN-WASS(JB)/GS(JB)
9/28/04	10/14/14	EWE AG	1,232.70	99.326	Fxd/Straight Bd	4.375	-	A2	A	BARCCG/DRES-KLEIN-WASS(JB)/GS(JB)
9/28/04	10/1/14	MidAmerican Energy Co	350	99.644	Notes	4.65	67	A3	A-	ABN-AMRO-INC/BK-NEW-YORK(JB)/JPM(JB)
9/29/04	10/29/07	Scottish & Southern Energy PLC	494.8	100	Convertible Bds	3.75	-	Aa3	AA-	ML-I
9/30/04	9/15/19	Entergy Louisiana Inc	70	99.988	Notes	6.4	-	Baa1	A-	Morgan Stanley/RBS (JB)
9/30/04	9/15/19	Entergy Louisiana Inc	70	99.988	Notes	6.4	-	Baa1	A-	Morgan Stanley/RBS (JB)
10/1/04	1/15/15	TransCanada Corp	300	99.799	Notes	4.875	72	A2	A-	Deutsche-BK-SEC
10/5/04	11/1/34	Entergy Arkansas Inc(Entergy)	60	99.901	Fst Mtg Bonds	6.38	146	Baa1	A-	CitiGroup

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

Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
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	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
(Exelon developed plants)	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group	Union	Ark.	2,200	Gas	Goldman	Ongoing.
(TECO Energy developed plants)	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
(NEG developed plants)	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhilips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has agreed sale to ScottishPower.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	Ongoing.
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America	Berkshire	Mass.	261 (56.41%)	Gas		Final bids due.
(Merchant assets)	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Has sold majority of QF portfolio to ArcLight.
(Contracted assets)	Prime	N.J.	66 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	

Generation Auction & Sale Calendar (cont'd)

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

E.ON SEEN

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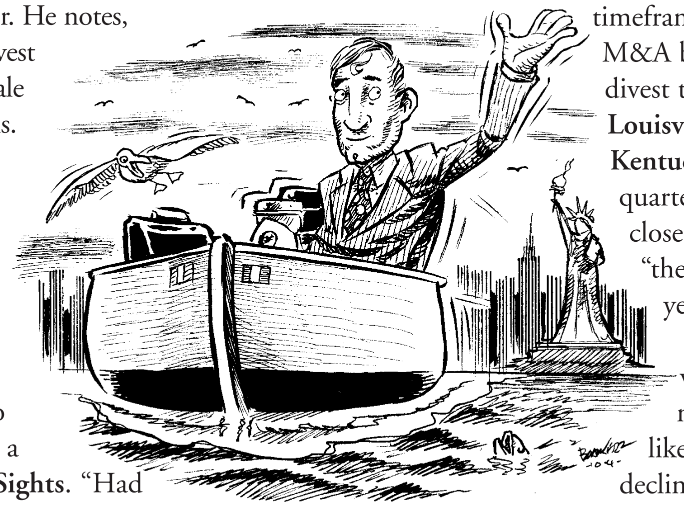
year to assist the company in deciding how best to execute a sale, says a banker involved in the talks. "It wasn't as if they were asking whether they should sell. It was, 'We're going to sell. How should we go about it?'" says the banker. He notes, however, that E.on is in no hurry to divest LG&E and may be willing to delay a sale until it can get the most attractive terms. "It's not a fire sale," he says.



E.on acquired LG&E in 2002 as part of its EUR8 billion purchase of U.K. utility **Powergen**, but many market watchers now believe that straddling both sides of the Atlantic offers little benefit to E.on. "In my view it doesn't make sense for E.on to hold onto it," says **Andrew Moulder**, a London-based debt analyst at **CreditSights**. "Had they acquired Powergen before the U.K. utility bought LG&E, I'm not sure they would be in the U.S. at all."

A recent inquiry by the **Securities and Exchange Commission** into E.on's accounting of its U.S. operations may further encourage it to exit the U.S. market, suggests Moulder. He notes E.on officials have complained in several recent conference calls about the heavy costs associated with complying with SEC requirements.

While E.on is not thought to have put in place a rigid timeframe for divesting LG&E, one M&A banker speculates that it could divest the parent of Midwest utilities **Louisville Gas and Electric** and **Kentucky Utilities,** as early as the first quarter of next year. Another banker close to E.on is less sure, saying "there's a 50% chance it'll sell next year."

Cinergy and **FirstEnergy**, which have utilities in adjacent markets to LG&E, could be likely bidders, says a financier. He declined to comment on a likely sale price but notes Powergen acquired LG&E for $3.2 billion and the assumption of $2 billion of debt at the beginning of 2001. ***—Christine Buurma***

BABCOCK

(continued from page 1)

place at the end of this month. Officials at Babcock declined to comment.

The Babcock and Infrastrutture J.V., called **Finven**, is selling **IDAS Srl**, a wind farm development vehicle that owns the 32.3 MW Trapani project, the 38.55 MW Palermo project and the 23.8 MW Vizzini project. The former has obtained all key construction permits, while the authorization process for the Palermo and Vizzini developments is expected to be completed within the next few months, according to an information memorandum published in August.

A market watcher says prospective bidders will likely look to make bids that include staggered payments that will only proceed if and when the Vizzini and Palermo projects receive permitting. "It's by no means clear that the permitting is a formality for these projects. This is Sicily, after all!" reflects one official. Market watchers say the portfolio could sell for up to EUR20 million and add the winning bidder will have to spend a further EUR90 million constructing the wind farms.

Two new political factors that could underpin strong interest in the Finven wind projects are a recent move by Sardinia's regional government to block wind farm development on the island, thereby increasing demand for projects elsewhere in Italy, and Russia's recent ratification of the Kyoto Protocol. The latter event turns Kyoto's emissions-cutting guidelines into requirements for all signatories.

The sale likely reflects B&B and Infrastutture's reluctance to inject the large amounts of equity capital necessary to bring these projects to fruition. "Wind farms are capital intensive and it's difficult to draw in debt financing without a strong offtake contract," says a financier.

—W.A.

ELECTRABEL TAPS

(continued from page 1)

financing is likely to occur by year-end.

Electrabel (80%) and ASM Voghera (20%) are slated to complete construction of the power plant this month and bring it on line by year-end. Until now the pair has financed construction costs on its balance sheets (PFR, 4/26).

—W.A.

Quote Of The Week

"They're going to have to hustle."—**Edwin Feo**, *partner at* ***Milbank Tweed, Hadley & McCloy****, commenting on* ***Diamond Generating Corp.****'s desire to push through a project financing by year-end (see story, page 2).*