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Batesville Plant Auction Enters Phase Two

Complete Energy is taking second-round bids for its 837 MW gas-fired generation facility in Batesville, Miss.

See story, page 3

Leads For Rugeley, U.K. Plant Unfurl Syndication

Leads have launched syndication of debt being used to re-leverage and upgrade a 1 GW merchant coal-fired plant near Birmingham, U.K., for sponsor **International Power.**

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In The News

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LEADS PREP $1.1B TENASKA CONSTELLATION ASSET LOAN

Lead underwriters **Credit Suisse** and **Deutsche Bank** are set to unfurl a $1.1+ billion financing to fund **Tenaska Power Fund**'s $1.64 billion purchase of **Constellation Energy** merchant assets. The acquisition, first reported on *PFR*'s Web site last Tuesday, sees Tenaska Power bagging a 3.4 GW generation portfolio after beating out other suitors.

Financing tailored to Tenaska is being hammered out since offtake agreements recently forged with

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INTERGEN MEXICAN PLANT SET FOR $470M REFI

InterGen is targeting a $470 million loan refinancing for its 1.1 GW La Rosita plant just outside of Mexicali on the California/Mexico border. Officials say **BNP Paribas**, **Calyon** and **Export Development Canada** are set to roll out the debt which will replace a $563 million senior term loan from 2002 that funded construction. Some of the original debt has been paid down, according to an InterGen official. The loan will be divided into senior and subordinated term debt, each with a tenor of 15 years. Pricing and timetable for syndication could not be learned. The company is aiming to close the financing by year-end.

The covenants in the new package are more favorable, the official says, as there is less risk associated with the operation because all of its output is now contracted on a long-term basis. When La Rosita was originally fired up as much as 30% was sold on a merchant basis.

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CALPINE, MITSUI PLOT 1 GW ONTARIO PLANT FINANCING

Calpine and **Mitsui & Co.** are looking for construction funding for a 1 GW gas-fired plant in Courtright, Ontario. Lead **BMO Financial** and another undisclosed European bank are aiming to syndicate a financing package for the development, which could require total debt equivalent to $500-800 million, says one banker. The combined-cycle project is underpinned by a long-term PPA with **Ontario Power Authority**. The financing is expected to be launched over the next few weeks.

Officials at BMO declined to comment. Calpine and Mitsui executives did not return calls for comment, nor did Ontario Power officials.

The project was originally slated to be completed by February 2008 but the IPP's

(continued on page 12)

At Press Time

ECP NU Financing Draws Oversubscription

The $855 million loan backing **Energy Capital Partners**' $1.34 billion acquisition of **Northeast Utilities** merchant assets is more than 3-4X oversubscribed. According to bankers following syndication of the two-lien financing, lenders were attracted in part by the hydro plant portfolio, which are regarded as relatively safe investments—no commodity input costs make them appealing to financers. Officials at lead **Goldman Sachs** did not return calls and **Rahul Advani**, v.p. at ECP in Short Hills, N.J., declined comment.

Goldman is expected to close the syndication at the end of October to coincide with the anticipated state and federal regulatory approval of the purchase.

The funding package—to be set up via ECP vehicle **NE Energy**—comprises a seven-year, $550 million term loan and a seven- and-a-half-year, $170 million term loan. It also includes a seven-year, $100 million letter of credit facility and a five-year, $35 million revolver. Pricing on the first lien was pitched at LIBOR plus 275 basis points but given appetite for the deal, it is likely that pricing has shifted down.

The acquisition covers 15 plants at 14 sites across New England, with a combined output of 1,442 MW (PFR, 8/21). The sale includes the assumption of $320 million in debt.

Barclays, Dresdner Prep $1.65B Macquarie/Duquesne Deal

Barclays Capital and **Dresdner Kleinwort** plan on launching syndication of $1.25 billion in loans, which will help bankroll **Macquarie Infrastructure Partners** and **Diversified Utility and Energy Trusts** buyout of **Duquesne Light Holdings**. Syndication was set for launch tomorrow at the New York Palace Hotel as PFR was going to press last week with the lead arrangers looking to hook 25 participating banks.

Being syndicated is a $1.175 holding-company term loan, a $75 million operating-company revolver. Details on pricing could not be learned by press time.

Ryan Flohre, v.p. at Dresdner Kleinwort in New York, says the leads have already placed $400 million in a holding company revolver and term loan of equal size to four second-tier banks. Those lenders committed between $125-150-million range, he notes, declining to identify them. Officials at Barclays and Macquarie declined to comment.

Macquarie has already arranged about $638 million of term loan bank debt to part finance the $3.15 billion acquisition. Diversified Utility and Energy Trusts is an Australian-listed company managed under a joint venture between **Macquarie Bank** and **AMP Limited**—a Melbourne-based money management firm. The investment consortium also includes other infrastructure funds such as **Industry Funds Management**, an Australian fund vehicle.

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Barclays Taps WestLB Energy Banker

Barclays Capital has hired **Juan Kreutz**, senior director at WestLB in New York. He is expected to work alongside **Santino Basile**, managing director, who also left WestLB several weeks ago, in a Barclays' unit focused on providing financing for IPPs, developers, financial sponsors and the broader energy industry. His start date could not immediately be ascertained.

Kreutz, who works on the financing of term B loans for **LS Power**'s acquisition of **Duke Energy**'s North American merchant portfolio, could not be reached for comment and calls to WestLB were not immediately returned.

Banks Eye Texas Wind Loan Sell Off

Dexia Crédit Local and **HypoVereinsbank** may aim to sell down their portion of a $324 million loan, which supports the construction of Buffalo Gap 2 in Abilene, Texas, for sponsor **AES Corp**. Including co-lead **WestLB**, the banks each underwrote one-third of the debt needed for construction (PFR, 9/11) and lenders anticipate that at least a portion of the financing will be syndicated out.

WestLB has been given credit approval to hold onto its share, but it is unclear if it will. Underpinning construction of Buffalo Gap 2 is a 10-year power purchase agreement recently inked with **Direct Energy**. Additional details could not be learned. A Dexia official did not return calls for comment nor did a HVB banker. WestLB officials declined comment.

The funding supports construction of a 233 MW extension to its Buffalo Gap wind facility. HVB and **BayerLB** ran the financing for the existing 121 MW farm last year (PFR 6/21/05).

Once construction is complete in mid 2007, the expectation is the debt will be refinanced, says one banker. Much of it will be replaced with tax equity and **JPMorgan Capital** has been selected to help the company in this capacity. The balance will be paid down with proceeds from long-term debt, which will likely be privately placed.

Batesville Plant Auction Enters Phase Two

Batesville

Complete Energy is taking second-round bids for its Batesville, Miss., generation facility. **Rhonda Hollier**, spokeswoman in Houston, says a group has been picked from initial indicative offers for the 837 MW gas-fired plant, which was put up for sale in July (PFR, 7/11), but declined to name names or discuss specifics regarding the offers. She also declined to provide a timetable for the remainder of the sales process. An official at auctioneer **Dexia Credit Local** declined comment.

Complete, an energy investment boutique, made Batesville its first acquisition when it purchased the plant from **NRG Energy** for $27.6 million and the assumption of about $300 million in project-level debt in 2004 (PFR, 5/19/2004). The plant is still laden with a significant amount of debt, observers say.

Potential Returns Spark AEP Transmission Plan

A rate of return as high as 13% and streamlined ERCOT review processes are the motivation behind **American Electric Power**'s planned transmission joint venture in Texas. AEP expects **Federal Energy Regulatory Commission**-regulated rate of return of 9-13% on transmission investments, says spokeswoman **Melissa McHenry** in Columbus, Ohio. The company is looking to attract partners to fund new electric transmission assets.

AEP is in ongoing discussions with potential partners and hopes to have the joint venture investing by early next year. McHenry declined to comment on potential partners or provide specifics on AEP investment plans. Historically transmission investments have not been big return generators for energy companies. But new incentives from the FERC are underpinning interests. Moreover, Texas is an attractive market for transmission projects due to increasing capacity and the state's streamlined review processes to address it, McHenry says.

The entity could invest up to $1 billion in new transmission projects and and would be structured as a utility. AEP would be responsible for developing, building and operating the assets.

Credit Suisse To Take Offers For Lake Road Plant

Credit Suisse is expected to take first round bids for the 786 MW Lake Road gas-fired plant in Killingly, Conn., sometime next week. According to officials familiar with the sale, the firm is aiming to collect indicative bids on behalf of the hedge fund managers and private equity firms who are looking to sell (PFR, 9/11). A Credit Suisse official declined to comment.

Hedge fund and private equity vehicles run by **Cargill**, **Bear Stearns** and **Merrill Lynch** are significant owners in Lake Road. It was originally developed by **PG&E National Energy Group**, which handed the keys back to non-recourse lenders after the merchant market swooned and the IPP unit hit financial dire straits. Officials at the funds either declined to comment or did not return a call.

Industry observers speculate the plant could be sold for more than $400 million—a stark contrast to the roughly $220 million ($180 million in assumed debt and $42 million) valuation on an earlier bid by **Jay Worenklein** via **US Power Generating Co.** That bid was upended by Cargill (PFR, 12/26/04).

Although the generating facility does not carry long-term PPAs, its improved valuations is owed largely to an improved environment for IPPs in ISO New England, with recent regulatory rulings that encourage new development and promise independent producers that they will get paid for providing much-needed capacity. The plant is also eligible for reliability-must-run contracts, which could also provide stable revenue.

Corporate Strategies

San Antonio Utility Delays Debt Offering

San Antonio city-owned **CPS Energy** has delayed a $134.5 million debt offering scheduled for Oct. 11, in the hopes the gap between interest rates on tax-free bonds and taxable bonds will widen by December or January. **Lonny Ahr**, CPS supervisor of finance in San Antonio, Texas, says CPS wants to replace a series of 1998B and 2000B taxable bonds, with tax-exempt notes that have a lower interest rate.

"The savings would have been around 6% in August, but now were looking at only 2-3%," Ahr says. "We think it will increase again by December or January," the finance official speculates. He says the coupon and tenor of the planned 2006B notes will be determined as it gets closer to launching the deal. **Morgan Stanley** had been tapped to underwrite the offering but the official left open the possibility that another underwriter could be selected in December or January.

The series 2000B notes had maturities ranging from 2008 - 2021 and bore coupons from 6.96-7.41%. The series 1998B notes have tenors of 2008-2020 and coupons ranging from 5.94-6.36%.

Acquired by the City of San Antonio in 1942, CPS Energy serves more than 600,000 electric customers throughout its 1,566 square-mile service area, and more than 300,000 natural gas customers in the urban San Antonio area. It maintains about $3.1 billion in outstanding debt

MidAmerican Stocks Up On Generation Construction Funding

MidAmerican Energy has placed $350 million in medium-term notes to help fund ongoing construction, in particular, a series of generation projects. Calls to **Brian Hankel**, treasurer in Des Moines, Iowa, were not returned. Among the projects is the $1.4 billion, 790 MW coal-fired development at Council Bluffs, Iowa.

Credit Suisse and **JPMorgan Chase** were joint lead bookrunners, with **LaSalle Financial Services** and **BNP Paribas** as co-documentation agents. They were supported by co-managers **Calyon**, **Citigroup**, **Wedbush Morgan** and **Wells Fargo**. The 5.8% senior unsecured notes, which have maturities ranging between nine months and 30 years, were priced at 105 basis points over comparable Treasuries.

MidAmerican has $161 million of securities maturing this year and estimated capital expenditures of about $800 million, according to **Swami Venkataraman**, a director at **Standard & Poor's** in San Francisco. The company's debt-to-capital ratio improved by as much as 7.2% between the end of last year and the start of the third quarter, he adds, leaving it with only a nominal amount of secured debt to repay after receiving a substantial capital injection from its parent relating to its acquisition of **ScottishPower**'s **PacifiCorp** in March.

S&P rates MidAmerican's debt A-, while **Fitch** rates it A, and **Moody's Investors Service** rates it A2.

SemGroup Debt Offering Expands Gas Capabilities

Midstream player SemGroup plans on using proceeds from a $250 million issuance of 8.75% senior unsecured notes to help finance the acquisition of a 170-mile gas gathering system and oil processing facility from **Dornick Hills Midstream**. The offering is an add-on to an earlier $350 million sale led by **Banc of America Securities**.

"Our debt was trading well and [Treasury bonds] were [relatively] low," says **Michael Brochetti**, senior v.p. in Tulsa, Okla. He was unable to provide additional details about the offering.

The notes are due 2015 and closed Oct. 6 with a B rating from **Moody's Investor Services**. Joint underwriters were **Fortis Securities**, **Scotia Capital** and **Bank of Montreal Capital Markets**. The balance of the proceeds will be used to assist in funding an array of organic growth projects totaling approximately $100 million.

SemGroup prefers to have 50% or more of funding for growth projects come from existing reserves, Brochetti explains, but it has already spent $350 million of its own cash this year. He says the company is always looking to enhance the scale of its gas operations, despite gas being only a part of their overall business. It has $2.6 billion in outstanding debt.

ONEOK Arm Tackles Loan Via Senior Notes

ONEOK Partners, a Tulsa, Okla., midstream natural gas transporter and pipeline operator, has used proceeds from a $1.4 billion senior note offering to pay down debt used in part to help purchase about $3 billion in midstream gas assets from parent **ONEOK, Inc**.

The senior note offering paid down a $1.05 billion, 364-day bridge facility provided by **SunTrust** and **Citigroup**. ONEOK Partners had a year to repay the bridge facility since tapping it in April, says **Jerry Peters**, treasurer at ONEOK Partners, noting the company saw a good opportunity now to pay off the loan due to falling Treasury rates. He describes the company's overall approach to financing growth projects as "disciplined" with a 50-50 mix of debt and equity.

Citigroup and SunTrust were joint bookrunners on the three-tranche offering, which priced Sept. 20. The $350 million in 5.9%-coupon notes maturing in 2012 were priced at 99.98. The $450 million in 6.15%-coupon notes due 2016 were priced at 99.91 and the $600 million in 6.65%-coupon notes due 2036 were priced at 99.573. **Fitch Ratings** assigned the notes a BBB rating.

ONEOK has a little more than $1.8 billion in senior notes outstanding, including $475 million issued previously.

Financing Record (OCTOBER 4-OCTOBER 11)

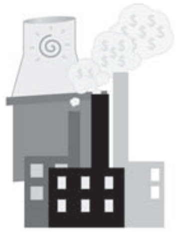
Debt

144A	Issued	Issuer	Business Description	Principal ($M)	Coupon (%)	Security	Maturity	Price	YTM(%)	Spread	S&P	Moody's	Fitch
	10/4/06	COPEL	Electric utility	277.5	Floats	Debentures	9/1/11	Market	na		NR	NR	NR
Yes	10/4/06	ITC Holdings Corp	Electric utility	255	5.875	Senior Notes	9/30/16	99.987	5.877	132	BBB-	Baa3	NR
Yes	10/4/06	ITC Holdings Corp	Electric utility	255	6.375	Senior Notes	9/30/36	99.91	6.382	167	BBB-	Baa3	NR
No	10/4/06	Vorarlberger Illwerke	Gas utility	280.4	2.625	Guaranteed Bds	11/9/15	100.74	2.533	-9	NR	Aaa	NR
No	10/6/06	CEZ	Electric utility	630.1	4.125	Fxd/Straight Bd	10/17/13	99.209	4.257	41	A-	A2	A
No	10/10/06	Centrica PLC	Pvd gas,electricity svcs	556.1	5.5	Medium-Term Nts	10/24/16	98.712	5.67	95	A	A3	NR

M&A

Announced	Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Nation	Rank Value($M)
10/5/06		BBL Company		Netherlands	OAO Gazprom		Russian Fed	
10/5/06		North European Gas Pipeline		Russian Fed	Nederlandse Gasunie NV		Netherlands	
10/6/06		Iberdrola SA		Spain	ACS		Spain	
10/6/06		Viridian Group PLC	Credit Suisse Group	United Kingdom	ElectricInvest Acquisitions	Dresdner Kleinwort	United Kingdom	3,619.79
10/7/06	10/7/06	OAO Petersburg Generating Co	Deutsche Bank AG	Russian Fed	Fortum Oyj		Finland	
10/7/06	10/7/06	OAO Petersburg Generating Co		Russian Fed	ZAO ABN AMRO Bank		Russian Fed	
10/9/06		Guangzhou Dvlp Ind Hldg Co Ltd		China	China Yangtze Elect Power Co		China	
10/9/06		Vindenergi Invest AS		Denmark	Greentech Energy Systems A/S		Denmark	
10/10/06		Orient Power Co(Pvt)Ltd		Pakistan	Oman Oil Co SAOC		Oman	

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



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	Fayette, W.Va.	102	Hydro	JPMorgan	Brookfield Power agreed to acquire both facilities. Terms not disclosed. Deal expected to close by year-end 2006.
	Glen Ferris	Fayette, W.Va.	4.6	Hydro		
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 assets 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		
	Portside (15.4%)	Portage, Ind.	64	natural gas		
	Harbor Coal (15.4%)	East Chicago, Ind.	N/A	pulverized coal		
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for $12.2 million so long as necessary approvals made by March 31.
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	Bankruptcy Court approved the sale of a 35% equity interest to GE Energy Financial Services for $44 million.
	Westbrook Energy Center	Westbrook, Maine	528	Gas	N/A	Potential sale being discussed internally at the IPP (PFR, 8/14).
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	N/A	The company is interviewing advisors and consider a sale.
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	Second round bidders selected. Timetable for final bids unclear.
Constellation Energy	Big Sandy	Wayne County, W.Va.	300	Gas (peaker)	Credit Suisse	Tenaska Power Fund agreed to purchase the plants (see story, page 1).
	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)		
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.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Dominion Resources	Armstrong Energy	Elderton, Pa.	600	Gas	Credit Suisse	Second round bids scheduled for this week (PFR, 9/10).
	Pleasants Energy	Pleasants, W.Va.	300 (peaker)	Gas		
	Troy Energy	Troy Township, Ohio	600 (peaker)	Gas		
	State Line	Hammond, Ind.	515	Coal		
DPL Inc.	Darby Electric Generating Station	Mount Sterling, Ohio	447	Gas	Pace Global Energy Services	DPL plans on making a decision to sell the plants in mid October.
	Greenville Electric Generating Station	Greenville, Ohio	206	Gas	Pace Global Energy Services	
	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	Preliminary non-binding bids are pointing to a $2.5-2.7 billion price tag. Second round bids due over the next few weeks (PFR, 10/9).
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
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	Bids are due next week (see story, page 4).
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Non-binding 1st round bids due next month (PFR, 8/17).
Mirant	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		
	Sual Generating Plant	Pangasinan, Philippines	1.2GW	Coal	Credit Suisse	Six bidders reportedly made the second round. Winner planned to be unveiled in November (PFR,9/25).
	Pagbilao Generating Plant	Quezon, Philippines	704	Coal		
	Apex plant	Las Vegas, Nev.	518	Gas	JPMorgan	First round bid deadline set for Oct. 19 (PFR, 10/2).
	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	Syndication underway for the $855 million financing backing Energy Capital Partners' $1.34 billion acquisition.
	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	Monroe, Conn.	28.9	Conventional		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
	(Lake Zoar)			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		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan Chase	Launched a sale of the unregulated assets
	Monroe Power	Monroe,Ga.	350	Gas		
	Washington County	Washington County,Ga.	600	Gas		
	Effingham County	Effingham County,Ga.	500	Gas		
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).

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.

• **FPL Group**, the parent of **Florida Power & Light Co.**, is suing the state of Maryland and the **Maryland Public Service Commission** over delays in the review of its planned $10.8 billion merger with **Constellation Energy**. The proposed merger has been delayed by a bill passed during a special summer session of the state legislature to deal with increased electric rates brought on by deregulation (*Associated Press*, 10/5).

• **American Electric Power** has asked for an environmental permit to build a clean-coal operation in Ohio, despite pending appeals from consumer groups claiming the utility shouldn't make customers pay for the plant. AEP also asked West Virginia for permission to build a plant in that state. AEP said the two 629 MW coal plants, which would generate electricity and carbon dioxide while stripping away pollutants that create smog, soot and acid rain, are necessary to meet growing power needs (*McClatchy-Tribune Business News,* 10/5) . . . AEP has increased its long-range earnings forecast to 5-7% from 3%. The utility also will recommend to its board of directors a two cent per share increase in its quarterly dividend. If accepted, the annual dividend would be nudged up 5% to $1.56 per share (*MarketWatch*, 10/10).

• **Michael Jesanis**, CEO of **National Grid USA**, will leave the company at year-end. The announcement comes as National Grid prepares to close on its $7.3-billion purchase of **KeySpan Corp**. (*McClatchy-Tribune Business News*, 10/5).

• **Arizona Public Service** is seeking a more than 20% rate hike to raise $434.5 million in additional revenue annually (*Associated Press*, 10/9).

• **Exelon Corp.** is evaluating eight sites in ERCOT as possible locations for a new nuclear reactor. The Chicago-based energy company joins a long list of company's aiming to construct nuclear generators as demand for power increases and concern about carbon emissions from fossil-fuel plants and rising costs of natural gas persists. So far, there are 19 preliminary proposals for new reactors. Texas has attracted the most interest, with four proposals, according to data from the **Nuclear Energy Institute** (*Reuters*, 10/6).

• **James Boris** is expected to serve as non-executive chairman after **WPS Resources** closes its acquisition of **Peoples Energy**. Boris is currently the lead director of Peoples Energy. The organizational structure of the new company will be built around three entities, including the holding company, the operating companies and a services group (*Dow Jones Newswires*, 10/9).

• **El Paso Corp.** has canceled plans for a 1,000-mile natural gas pipeline from western markets to the East Coast because of a lack of customers in a key Texas gas-producing region. The $1-2 billion Continental Connector project was to move up to 2 billion cubic feet per day of natural gas from the Rocky Mountains and the Barnett Shale region of west Texas to the Midwest and East Coast beginning as early as 2008 (*Houston Chronicle*, 10/9).

• **Dynegy** plans on reporting third-quarter 2006 financial results Nov. 8 before the markets open. As a result of the company's proposed merger with **LS Power**, cash flow and earnings estimates will be provided during a December investor presentation. (*Houston Business Journal*, 10/9).

• **CMS Energy** has agreed to join **Peabody Energy** in developing a $2.5 billion generation facility and adjacent coal mine in Illinois. CMS will be lead developer for the 1.6 GW Prairie State plant in the Southern region of the state and Peabody will develop the mine that will provide fuel for the facility. CMS and Peabody each will own 15% of the combined power plant-mine project through a jointly owned limited liability company. The remainder is expected to be owned by a group of Midwestern municipal utilities and electric cooperatives (*Bloomberg News*, 10/11).

• **NRG Energy** has completed the first phase of a $750 million share repurchase program. The company bought back about 10.6 million shares for approximately $500 million through Tuesday. The second phase of the buyback is expected to start next year (*Associated Press*, 10/11).

• **DCP Midstream Partners** plans on purchasing **Gas Supply Resources** from **Duke Energy Field Services**, the parent of DCP's general partner, for $77 million. The acquisition, funded by in cash and partnership units, is expected to close in the fourth quarter. DCP will finance the deal using its existing credit facility. Duke Energy Field Services will continue to operate Gas Supply for DCP after the deal closes (*Denver Business Journal*, 10/10).

• **Xcel Energy** has begun a brief shutdown of its Harrington 3 unit north of Amarillo in order to complete a $3.5 million emissions reduction project and routine plant maintenance. The coal-burning unit will remain shuttered until late next month, but the work won't disrupt Harrington's power producing capacity (*McClatchy-Tribune Business News,* 10/10).

Europe

Russian natural gas company **OAO Gazprom** signed a memorandum of understanding with Dutch gas company **Nederlandse Gasunie** that opens the door for participation in one another's European pipeline projects. Gazprom will take an unspecified share in **BBL Company**, which operates a pipeline linking the Netherlands to Britain. Gasunie, meanwhile, will take a 9% stake in Gazprom's North European gas pipeline (*Associated Press*, 10/5).

- **Polskie Gornictwo i Gazownictwo**, Poland's gas monopoly, has reported that gas supplies from an affiliate of Russia's **Gazprom** are returning to normal after an interruption of more than a week. **RosUkrEnergo**, 50% owned by Gazprom, provides about a fifth of Poland's gas (*Bloomberg*, 10/10).
- Finland's **Fortum** bought 12.5% of Russian utility **St. Petersburg Generating** for about E120 million ($150 million) as part of an expansion into Nordic and Baltic markets (*Bloomberg*, 10/10).
- **E.ON** has applied to build two new 800 MW coal-fired power plants in the U.K. to replace aging generators. The two plants would be built in Kingsnorth, Kent, at a cost of €1 billion ($1.86 billion) (*Bloomberg News*, 10/11).
- Russian President **Vladimir Putin** plans to make Germany a European hub for Russian gas exports from huge reserves under the Barents Sea. Russia had initially considered the United States as the main destination for exports of gas from the giant Shtokman gas field. Putin said gas from Shtokman would more than double Russia's gas exports to Germany and make it a distributor of Russian gas for the rest of the continent (*Associated Press*, 10/11).
- Norwegian state-owned **Statkraft** plans to build Norway's largest land-based wind farm in Lebesby and Gamvik in Finnmark, in northern Norway. The Nordkyn wind farm would have a total installed output of up to 750 MW (*Nordic Business Report*, 10/10).

Syndication Prepped For IP Brummie Loan

Lead underwriters are set to syndicate a £485 million ($913 million) loan package to re-leverage and upgrade **International Power**'s Rugeley plant near Birmingham, U.K.

HypoVereinsbank, **ING Bank**, **Calyon**, **Royal Bank of Scotland**, **Commonwealth Bank of Australia** and **Mizuho Corporate Bank** underwrote the loan for the 1,050 MW merchant coal facility (PFR, 9/25) and are aiming to sell down portions of the debt, observers say. Details, including pricing, could not be ascertained.

The financing package includes an eight-year, £145 million term loan, split £100 million for flue gas desulphurization and £45 million for new transformers and a new chimney.

There is also a £125 million letter of credit facility to back trading, a £145 million facility to facilitate a cash dividend back to IP and a £70 million working capital facility to buy coal.

LEADS PREP

(continued from page 1)

Constellation and a number of undisclosed financial firms will factor into the terms of the funding. A call to **Paul Smith**, managing director at Tenaska in Omaha, Neb., was directed to a spokeswoman, who did not return a call for comment.

Jonathan Baliff, managing director in mergers and acquisitions at Credit Suisse in New York, says Tenaska won the Constellation auction largely because of it has experience and Street credibility in energy. "[Tenaska] is an extremely credible bidder who isn't just a fly-by-night investor in energy assets," he comments, noting that although Tenaska has not acquired on this megawatt scale before, its parent **Tenaska Inc.** has developed some 9 GW of generating plants and owns and manages 7.4 GW. "They are very credible with Wall St. and very credible with Main St.," he adds. He declined to discuss financing or talk specifics about the auction process.

Tom Cole, managing director and head of leverage finance at Deutsche Bank in New York, declined to comment. An exact timeline for the launch of the financing could not be learned

Deal chatter last week pointed to other investment vehicles, including one run by Sydney-based **Babcock & Brown** as submitting competitive bids for Constellation's plants. As many as five other entities including **NRG Energy**, **KGen Energy Management**, **LS Power** and **Waypoint Energy** were in the mix for the assets (PFR, 8/14).

The assets are three gas-fired peaker plants: Wolf Hills, a 250

MW facility in Bristol, Va.; Big Sandy, a 300 MW plant in Wayne County, W. Va.; and University Park, a 300 MW plant in Chicago. Also up for grabs are combined-cycle merchant plants: Holland Energy, a 665 MW facility in Shelby County, Ill.; Rio Nogales, an 800 MW operation in Texas; and High Desert, an 830 MW plant in California.

—Mark DeCambre

INTERGEN MEXICAN

(continued from page 1)

At the moment half of the plant's output is contracted to Mexico's state-owned **Comision Federal de Electricidad**, with **Shell** subsidiary **Coral Energy** contracted for the other half. The length of both contracts are in the 20-year range but the official was unable to provide specifics on the offtake agreements.

Jim Leech, senior v.p. at **Ontario Teachers' Pension Fund**, which acquired InterGen in a joint venture with **AIG HighStar** (PFR 10/24/2005), declined comment. Calls to **Chris Lee**, president of AIG HighStar in New York, were not returned.

Calls to BNP Paribas were not returned and an official at Calyon was unable to comment when reached. A call to an Export Development spokesman was not returned.

—Ben Miller

CALPINE, MITSUI

(continued from page 1)

bankruptcy pushed back plans. It brought on Mitsui to help manage the development of the plant in March, with Mitsui taking a 50% interest.

Some lenders are skittish largely because of the perceived risk associated with lending to Calpine. "You can slice and dice this any way you want, but it's still a very difficult deal to get passed in credit committee," one financier says. Calpine has put four turbines for the construction as its equity.

Calpine and Mitsui entered into a 20-year power purchase agreement for Greenfield's output with the Ontario. The facility will be built on an approximately 35 hectare agricultural parcel owned by **Terra International**, located to the northeast of the intersection of the Bickford Line and the St. Clair Parkway. This land is zoned to allow for industrial use, and is immediately north of the existing Terra Nitrogen gas metering facility, according to Calpine's Web site.

—M.D.

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

"[Tenaska] is an extremely credible bidder who isn't just a fly-by-night investor in energy assets."—**Jonathan Baliff**, *managing director in mergers and acquisitions at* **Credit Suisse** *in New York, on why* **Tenaska Capital** *won the auction for* **Constellation Energy** *(see story, page 1).*

One Year Ago In Power Finance & Risk

Owners of the 780 MW Lake Road gas-fired plant in Killingly, Conn., were weighing a refinancing with new debt and a conversion of a portion of the loans linked to facility into equity. One hedge fund manager said the idea was to rework about $40 million in existing debt and convert the remainder into equity. [The conversion, led by **Credit Suisse**, was completed and the owners decided to sell the operation with first round bids expected to be taken. Observers say it could be sold for more than $400 million (PFR 10/9).]