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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

OCTOBER 20, 2003

VOL. VI, NO. 42

## Rockland Lines Up CSFB Financing

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## PRIVATE POWER AGREES TO PURCHASE NISOURCE GENERATION ASSETS

Oak Brook, Ill.-based Private Power, a power development boutique, agreed Friday to purchase 444 MW of inside-the-fence generation assets from NiSource subsidiary **Primary Energy**. As first reported on *PFR's* Web site on Friday, **GE Capital** provided \$60 million of project-level debt for three of the six plants, and Private Power assumed \$180 million in debt on the remaining plants, according to **William Rockford**, coo of Private Power. New York-based **American Securities Capital Partners**, Private Power's

(continued on page 12)

## You're Fired! I Quit!

## MORGAN SAYS GOODBYE TO RISING BANKER AS RIVALS CIRCLE

**Stephen Trauber**, managing director and a rising star in **Morgan Stanley's** energy investment banking group in Houston, left the firm last week after it discovered he was being courted by rival investment bank **UBS Securities**, according to *PFR* sister publication *Corporate Financing Week*. Afterwards, **Deutsche Bank Securities** joined the fray in bidding for the 30-something banker, but an official close to the talks says Deutsche Bank was too late as Trauber had inked the deal Thursday night.

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## SPANISH GROUP EYES WIND HEDGE FOR EUR500M FINANCING

**Grupo Dragados** and a group of creditors that are funding its ambitious EUR500 million 1 GW wind farm development program are considering tapping the nascent wind derivative market to smooth out the earnings unpredictability caused by fluctuating wind speeds. If a deal is executed, it would likely mark the first time that a wind derivative has been embedded within a wind farm loan and also, given the large size of the Dragados' wind farm project, the biggest wind derivative contract ever executed. Although the factors

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## EEL PUSHES FOR TRANSMISSION REFORMS

The **Edison Electric Institute** is looking to corral industry support behind a series of transmission reforms it's advocating, ahead of its annual financial meeting in Orlando, Fla., at the end of this week. Tackling the transmission network is likely to be at the top of the agenda with the Aug. 14 blackout all too fresh in delegates' memories.

**Bill Brier**, v.p. of policy at the EEL, says the Washington, D.C.-based lobby group is advocating six reforms to bolster transmission and is pushing hardest for greater Federal regulation in the form of mandatory electric reliability rules. "Since the market deregulated, there's no oversight to make sure supply and demand on the grid are

(continued on page 12)

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time Sempra Replenishes Warchest

San Diego, Calif.-based **Sempra Energy** is set to go on the acquisition trail after replenishing its coffers with a \$448 million equity offering last week.

"There are a number of distressed assets coming to market and we are looking at pipelines and some books of contracts in energy trading," says **Doug Kline**, director of investor relations. **Charles McMonagle**, Sempra's v.p. and treasurer, adds it will focus on expanding its LNG operations.

The equity offering of 15 million shares of common stock was priced at \$26 per share. An additional green shoe of 1.5 million shares was exercised. **Citigroup**, **Morgan Stanley** and **J.P. Morgan** led the deal.

## Tyr & Worenklein Lose Out In GenHoldings Auction

A joint venture between **Tyr Energy** and **Jacob Worenklein**, former global head of project finance at **Société Générale**, reportedly has been dropped from the auction for the 3,360 MW **GenHoldings** merchant portfolio. Worenklein, reached at his office in New York, declined to comment.

Silver Spring, Md.-based **Competitive Power Ventures** (CPV), another prospective bidder in the final bidding round (PFR, 8/15), is thought to remain in contention to land the **GenHoldings** portfolio, but *PFR* was unable to ascertain the name of other bidders. **Doug Egan**, president and ceo of CPV, did not return calls.

A 17-strong group of creditors, led by SG, hired **The**

**Blackstone Group** to sell the **GenHoldings** last summer (PFR, 6/16) after the portfolio's sponsor, **PG&E National Energy Group**, ran into financial trouble. **Raffiq Nathoo**, senior managing director at **Blackstone** in New York, did not return calls.

## Rockland Seen Landing Tractebel Plants, Lines Up CSFB For Financing

**Rockland Capital Energy Investments** is reportedly set to acquire a pair of **Tractebel North America** qualifying facilities and has lined up **Credit Suisse First Boston** to provide up to \$70 million in debt to fund the deal. Calls to **Scott Harlan**, managing director at **Rockland** in Houston, were not returned and a spokesman at **CSFB** declined comment.

A deal could be inked as early as next month, say industry officials, noting the timing of any sale is, in part, hanging on a report from consultant **R.W. Beck**. The Seattle-based firm has been retained by **CSFB** to assess whether **Rockland's** bid makes economic sense. **Jaime Floer**, a spokeswoman at **R.W. Beck**, declined to comment, citing confidentiality agreements.

**Rockland** is in the catbird seat to land the two **Golden State** power plants after a joint venture between **Chicago IPP** entrepreneur **Michael Polsky** and **GTCR Golder Rauner** dropped out of the auction last month (PFR, 10/6).

The **Tractebel** QFs comprise **Ripon Cogeneration**, a 49 MW gas-fired **CHP** plant, and the 41 MW **San Gabriel** gas-fired **CHP** facility. **Tractebel** put them up for sale early this summer.

**CSFB's** involvement in financing the proposed acquisition was first reported by **Standard & Poor's *Leveraged Commentary & Data***.

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## Exelon Pitches \$1.5B Loan Deal

Chicago-based power giant Exelon is in the bank market looking to place a \$1.5 billion loan facility. The deal is split between a \$750 million, 364-day facility and a \$750 million three-year tranche, says one banker. The solid utility focus of Exelon is likely to be an attraction for lenders, he notes, adding that full drawn pricing is between 75 and 87.5 basis points over LIBOR. Commitments were due last Friday and closing is scheduled for Oct 31. Leads on the facility are **Bank One** and **Barclays Capital**.

## Quartet Preps Italian Wind Deal

A quartet of banks comprising **Dexia Crédit Local**, **Royal Bank of Scotland**, **Mediocredito Centrale** and **Sanpaolo IMI** expect to seal EUR162 million in non-recourse financing in December to fund IVPC 2000, a portfolio of wind farm projects in Italy. A financier close to the deal says the four banks will each underwrite a quarter of the loan and that syndication likely will be launched in January.

The deal is the third large-scale project loan for Avelino, Italy-based wind project developer **Italian Vento Power Corp.**, an affiliate of Newton, Mass.-based **UPC Wind Group**. In 2000 the company arranged the EUR400 million IVPC 4 project loan. **Brian Caffyn**, finance director at IVPC, did not return calls.

## M&A Boutique Builds London Energy Franchise

**Gleacher Shacklock's** nascent European utility franchise is looking to hire one or two merger and acquisition bankers in London to round out its push into the energy sector, according to **Martin Falkner**, managing director and newly appointed head of energy.

Falkner, formerly co-head of European energy and power at **Merrill Lynch** in London, left the U.S. bulge bracket outfit in May and joined Gleacher Shacklock last week.

The new utility team at Gleacher will look to forge relationships with senior executives at Europe's largest utilities and focus on big-ticket M&A advisory and restructuring mandates, says Falkner. He adds the firm does not lend money or offer capital markets products.

While at Merrill Falkner advised **RWE** on its recent acquisitions of **Innogy** and **Thames Water**.

Privately owned Gleacher Shacklock was formed in 1990 by **Erik Gleacher**, former global head of M&A at **Morgan Stanley**. In 2001 the New York headquartered boutique advised **Bank of Scotland** on its GBP28 billion (\$40 billion) merger with **Halifax**, a rival U.K. bank.

## MMC Lands AIG Highstar Staffer

New York-based **Miller, McConville, Christen, Hutchison, & Waffel** has hired **Brad Schwab**, formerly an **AIG Highstar Capital** investment official, to analyze acquisition opportunities. He reports to **John Burges**, partner. Schwab left AIG three weeks back. Both Schwab and Burges declined to comment.

Schwab spent his time at AIG's private equity fund evaluating investment opportunities for the energy fund. He will have a similar role at MMC, a New York investment boutique that is eying several power plant acquisition opportunities, including **Entergy's** IPP portfolio (PFR, 9/29) and the Brazos Valley power plant, which recently came back on the market (PFR, 10/6).

Schwab leaves AIG as it looks to raise a second energy fund. Calls to **Brian McLoone**, a director at AIG Highstar, were not returned by press time.

## Allegheny Struggles To Divest Gas Biz

**Allegheny Energy's** gas distribution system, Mountaineer Gas, is proving tough to shift, say officials. The Hagerstown, Md.-based utility hired **J.P. Morgan** to shop the business at the beginning of the year, but has yet to sew up a deal.

Allegheny's failure to produce an audited financial statement that outlines the performance of the gas business is hurting the sale process, notes one banker. Another adds the gas network is too poorly interconnected to make it an attractive target.

Allegheny bought the 200,000-customer Mountaineer Gas business in 2000 for \$323 million.

In a conference call last month Allegheny CEO **Paul Evanson** said the company is looking to sell non-core gas assets but would prefer to retain its legacy coal plants. Calls to **Guy Fletcher**, a spokesman at Allegheny, were not returned. A J.P. Morgan banker declined comment.

## Dallas Firm Raises Fourth Fund

Dallas-based **Energy Spectrum Capital** is looking to raise \$300 million for its fourth fund. The firm has just started the capital-raising process for *Energy Spectrum Partners IV* and anticipates a closing in mid-2004, according to one official. The fund, which invests in mid-stream energy companies including gas pipelines, is being pitched primarily to institutional investors, the official told PFR sister publication *Alternative Investment News*. The firm raised a total of \$360 million for its three previous funds and is out raising capital again because its third fund is almost fully invested, he adds. **Craig Kogan**, a principal at Energy Spectrum, declined to comment.



## Credit Approval Delays InterGen Restructuring

InterGen's proposal to restructure \$1.6 billion in project debt has been delayed because a handful of banks that need to sign off on the deal have become mired in an approval process that is taking longer than first forecast.

Consent for the deal from all lenders in three outstanding deals covered by restructuring was due Sept. 25 (PFR, 9/29). One banker says four banks have been unable to meet the deadline because of a slow credit approval processes, rather than any issue relating to the plan. The delay means the restructuring is likely to close in the middle of next month, rather than the planned Oct. 24 target. Calls to **Martin Rees**, v.p. finance in Burlington, Mass., were not returned.

InterGen is offering to back interest payments on three merchant power plants funded by the loans with some \$300 million in letter of credit guarantees (PFR, 9/1). In return for the LCs, InterGen is asking lenders to defer amortization of principal toward the end of the life of the loans and round up tenors on the deals so they all expire in 2011.

## ArcLight Builds Generation Book

Over the past month, New York-based private equity firm **ArcLight Capital** has bought or increased its ownership stake in half a dozen small fossil fuel generation plants and wind farms. **Robb Turner**, a director at ArcLight, declined to comment.

According to documents posted on the **Federal Energy Regulatory Commission's** Web site Oct. 10, the New York-based private equity firm has bought a 60% stake in the 14 MW Telogia plant in Florida from Minneapolis-based **NRG Energy** and a 60% share in Quonset Point, a 7.2 MW cogeneration plant located in Kingston, R.I., from Newark, N.J.-based **Public Service Enterprise Group**. The remaining 40% of both facilities is owned by **DG Energy Solutions**, a company headquartered in San Diego, Calif., that specializes in the development and maintenance of cogeneration plants smaller than 50 MW. DG Energy will operate and manage both plants.

ArcLight also has increased its share in several wind farms and thermal generation projects that it already partially owns. The assets include the 222 MW Nevada Sun-Peak peaker in Las Vegas, Chandler Wind, a 1.98 MW wind farm in Murray County, Minn., Foote Creek II-IV, a 43 MW portfolio of wind farms in Carbon County, Wyo., and Ridge Crest, a 29.7 MW wind farm in Logan County, Colo.

The FERC documents show that ArcLight is jointly invested in the wind projects with **Caithness Energy**, a New York-based wind development company that claims on its Web site to be the largest producer of renewable energy in the U.S. **John**

**Hancock Insurance Co.** is also invested in some of the deals. Sources close to ArcLight say the firm is in a joint venture with the wind generator and is actively looking for more wind projects.

Calls to **Ward Scobee**, an official at Caithness in charge of wind projects, were not returned.

## Powergen Appoints Renewable Chief

U.K. utility Powergen has appointed **Jason Scagell** to run its green energy arm **Powergen Renewables**. Scagell, a manager in Powergen's retail energy business, took up the top slot earlier this month, replacing **Alan Raymant**, who has transferred to Powergen's distribution arm, becoming general manager, infrastructure. Scagell confirmed the reshuffle but declined to elaborate.

The move comes less than two years after Raymant took up the top post at Powergen Renewables following the departure of **Chris Morris**. Calls to Raymant were not returned.

According to Powergen's Web site, the Coventry-based utility owns 16 operational onshore wind farms that account for around a quarter of all installed wind capacity in the U.K.

## Bank One Hires AEP Energy Trader

Bank One has hired **Rob DeLarm**, previously a director in energy trading at **American Electric Power** subsidiary **AEP Energy Services** in Columbus, Ohio, as a senior trader on its commodity desk in Chicago. DeLarm reports to **Brooke Hamilton** and works alongside **Sharon Weintraub**, according to an e-mail sent to *PFR* by **Thomas Kelly**, a company spokesman. Hamilton declined comment and DeLarm could not be reached.

Bank One's commodities desk "trades primarily in natural gas and crude oil, and in specific other commodities as customers need it," according to the e-mail from Kelly. He added that it is too early to say whether Bank One will trade electricity, noting the firm is looking at where it might expand its business.

At AEP, DeLarm's specialty was trading sulfur dioxide emission allowances, according to a former co-worker. His most recent position was v.p.-position management prior to his resignation July 25. No decision has been made on DeLarm's replacement, according to AEP spokesman **Pat Hemlepp**, who adds that his duties are being covered internally. AEP has dramatically scaled back its energy trading activities, he adds.

Calls to AEP were referred to **Melissa McHenry**, a spokeswoman, who was unable to provide immediate comment on DeLarm's replacement.

## Corporate Strategies

### Sunshine State Utility Retires Commercial Paper

Juno Beach, Fla.-based **Florida Power & Light** issued \$300 million in 30-year first mortgage bonds late last week to retire short-term commercial paper. **Donna DiDinato**, an analyst at **Fitch Ratings**, says the commercial paper was variously paying coupons of between 0.99% and 1.32%. "It's an attractive source of financing," she says, "But if you have a capital expenditure program you need to have longer dated paper." The utility paid a coupon of 5.9% for the 30-year bonds. **Kathy Beilhart**, a Treasury department manager at FP&L, declined to comment.

DiDinato says the utility, which serves four million customers, has high-growth demographics and will likely tap the debt capital markets again next year to fund the addition of more generation. "They have to bring on quite a bit of power in the next few years" she says, adding that the Florida Public Service Commission (FPSC) recently agreed to allow the utility to add 1,900 MW of new capacity to its rate base by 2005 to preserve a 20% reserve generation margin. "They are also starting to look at 2007 and just sent out an RFP for 1,100 MW," says DiDinato. If FP&L decides to build new plants to meet additional generation needs, they will need to issue more debt, she forecasts.

The recent bond sale was underwritten by **Barclays Capital** and **Lehman Brothers**. Fitch rated the paper AA minus.

### Wholesale Coop Makes Bond Mart Debut

The **Tri-State Generation and Transmission Association**, a wholesale power cooperative based in Westminster, Colo., made its debut in the bond market last week with a \$760 million offering of 30- and 10-year bonds. The private placement is earmarked to part fund construction of a 400 MW coal-fired plant in Arizona. Bankers at **Credit Suisse First Boston**, which led the deal, say the bond is a leveraged lease-backed offering secured by the coop and the largest first-time issuance out of the power sector this year.

The private placement was sold primarily to insurance companies and was ultimately oversubscribed, says one CSFB banker. "Once they got used to the idea of a coop issuing debt they were very enthusiastic," he says, adding that coops don't have much of an equity cushion, and this initially worried some investors.

Roughly 60% of the notes were sold as 30-year bonds paying a coupon slightly above 7%, and the rest were placed as 10-year notes with a coupon slightly above 6%.

The offering was structured as a corporate-level deal because the bond markets are less amenable to project-level financing, says the banker, adding the co-op also wanted to take advantage of its single A credit rating.

**GE Capital** will provide the equity stake in the \$950 million plant (PFR, 10/5), dubbed Springville Generating Station Unit 3.

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SEPTEMBER 22, 2003

#### ISLAMIC INVESTOR & LONDON FUND SET TO TAKE STAKES IN INNOGY WIND BIZ

Bahrain investment fund **First Islamic Investment Bank** and London-based **Englefield Capital** are each set to take 33% equity stakes in Innogy's roughly 300 MW U.K. wind farm business. The news comes a little over a month after Innogy, a U.K. utility subsidiary of RWE, and its financial advisor, **RBC Capital Markets**, pulled together a syndicate of seven banks to provide GBP300 million (\$485 million) of non-recourse debt financing for its wind business (PFR, 8/11). Innogy has the largest wind farm portfolio in the U.K., with a roughly 30%

#### THE INDEPENDENT

SEPTEMBER 30, 2003

#### Islamic investment bank poised to buy into wind farm project

INNOGY, THE UK's largest developer of wind farms, is poised to sell a majority stake in its portfolio of projects to two outside investors including an Islamic investment bank.

The investors, each of which are likely to take 33 per cent stakes, are understood to be the London-based private equity firm **Englefield Capital** and the Bahrain-based **First Islamic**

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## Weekly Recap

*The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.*

### Asia & Australasia

- New Zealand's **Contact Energy** and state-owned **Genesis Power** are forming an alliance to explore the development of a liquified natural gas facility to help fire the country's gas-fired power plants. "New Zealand faces the prospect of a primary energy gap from around 2008-2010 due to the wind down of the Maui gas field," said both companies in a joint statement (*Dow Jones*, 10/14).

### Europe & Middle East

- **National Grid Transco**, the U.K.'s transmission network operator, is pushing for electricity generators to be allowed to exceed their maximum operating levels to make sure there is enough power to take the country through the winter. NGT wants generators to drive their plants harder, despite insisting that there is enough gas and electricity to meet normal winter demand. NGT's request was made in a report to **Ofgem**, the energy regulator, on the likely availability of power this winter (*The Times*, 10/15)

- Iraq plans to more than triple generation capacity through 2007 to 15 GW with some \$25 billion of new investment, says **Karim Hasan**, Iraq's senior deputy electricity minister. Iraq cleared an important milestone on Oct. 3 by restoring generation capacity to the prewar level of 4.4 GW, but production remains well below estimated demand of 7.6 GW. The ministry's ambitious goal will hinge on whether the country can establish a secure political framework on which to hang massive foreign investment, as well as the generosity of international donors (*Dow Jones*, 10/14).

- France's Industry Minister **Nicole Fontaine** has announced plans to increase wind-power capacity to 10 GW by 2010 from just 220 MW at the end of last year. The government says the green energy push will require a EUR10 billion investment from the private sector, which would be partly subsidized with state funding (*Dow Jones*, 10/13).

- **Innogy**, the U.K. utility arm of Germany's **RWE**, will operate two out of three units at the 363 MW Fifoots Point power plant between December and March to meet winter demand. Innogy will re-commission two 131 MW units at the South Wales plant that was put into receivership by U.S.

energy company **AES** last year (*Dow Jones*, 10/13).

- **International Power** plans to reinstate a mothballed 250 MW unit at its 500 MW Deeside combined-cycle power plant in the U.K. with effect from Oct. 20 through to the end of March, next year. Although wholesale electricity prices in England and Wales have recently shown some improvement, they remain well below a level which provides an adequate return to power generators, according to the company. "We do not believe the U.K. faces a shortage of supply this winter," said **David Crane**, ceo, "However, in the current environment, with our limited portfolio of generating assets in the U.K. market, it is prudent for us to have additional available capacity to support our existing contractual obligations" (*Dow Jones*, 10/15).

### Latin America

- Chilean power generator **Empresa Nacional de Electricidad** (Endesa Chile) will issue \$150-315 million in inflation-indexed new bonds by the end of the month as part of a debt restructuring triggered by last year's economic crisis in Argentina. Spokesman **Renato Fernandez** says the bonds will have 7-, 21-, and 25-year maturities (*Dow Jones*, 10/14).

- **AES** and **BNDES**, Brazil's development bank, has launched restructuring talks related to financing the bank provided for AES's investment in **Companhia Energetica de Minas Gerais** (Cemig). The U.S. IPP is part of the **Southern Electric Brasil Participacoes** consortium, which holds 33% of Cemig, a state-controlled integrated power utility. The consortium took out a \$600 million loan from BNDES in 1997 when a minority stake in Cemig was auctioned off. AES is expected to present a debt-rescheduling proposal by the end of the month (*Dow Jones*, 10/13).

- **Calpine** and **Mitsui** have been awarded the mandate to build, own and operate a 525 MW gas-fired, combined cycle power plant in Mexico's Yucatan Peninsula. The plant is scheduled to come on line by mid-2006 and sell its power to state-run power commission **Comision Federal de Electricidad** under a 25-year contract. Construction of the Valladolid III plant is set to begin next spring (*Dow Jones* 10/15).



- Argentine electricity generators and distributors have issued a grave warning of a looming power crisis in Argentina and called for urgent measures to assure the sufficient supply of power to meet rising demand. The joint statement from the country's major power companies said the sector's sustainability has been put at risk by the devaluation of the peso against the U.S. dollar at that time and the subsequent conversion of utility contracts into devalued pesos, which was coupled with a freeze on utility rates (*Dow Jones*, 10/15).

## U.S. & Canada

- **Xcel Energy** received **Securities and Exchange Commission** approval for its bankrupt IPP arm, **NRG Energy**, to file a plan of reorganization in bankruptcy court. The SEC approval was required under the Public Utility Holding Company Act. NRG filed for Chapter 11 bankruptcy protection in May after amassing \$9.2 billion in debt (*Reuters*, 10/10).

- **Connecticut Light & Power** and **United Illuminating** filed a \$604 million proposal to extend Connecticut's 345 KV transmission system into the southwest corner of the state (*Dow Jones*, 10/10).

- **NUI Corp.**'s natural gas utility business has secured a \$50 million unsecured credit facility from an affiliate of **Fortress Investment Group** to fund its short-term financing needs. NUI also has named **Dan Scouler** interim cfo. He is a senior managing director with **FTI Consulting**. He replaced **Mark Abramovic**, who was appointed president of NUI on Sept. 26 (*Dow Jones*, 10/13).

- California may become the first state to hop back on the deregulation bandwagon under Gov. **Arnold Schwarzenegger**. Aides to the movie star and the governor-elect's own position papers say the new Republican administration will take the Golden State back in the direction of open electricity markets, by giving big energy consumers the right to choose among suppliers. Users were stripped of that right after Gov. **Gray Davis** signed \$43 billion of long-term energy supply contracts in 2001 (*Wall Street Journal*, 10/10).

- **El Paso Corp.** has unveiled a \$500 million partnership drilling venture as part of an effort to draw outside capital in to its exploration and production business. The Houston player is linking up with subsidiaries of **Lehman Brothers** and driller **Nabors Industries**. El Paso will kick in 30% of

the estimated \$500 million project's costs. By pooling with outside partners, El Paso will be able to drill prospects that otherwise likely would have gone untapped or been delayed (*Houston Chronicle*, 10/11).

- A lack of customers has led to delays in a \$475 million proposal to build a natural gas pipeline from southern West Virginia to North Carolina. The prospective power plants that **Dominion Resources** was counting on to be customers of the Greenbrier Pipeline have either been canceled or postponed. The 279 mile pipeline was approved by the **Federal Energy Regulatory Commission** in July. Approval required Dominion to execute contracts with customers for 90% of capacity before beginning construction, but so far only 12% is covered (*Associated Press*, 10/14).

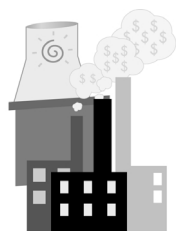
- U.S. power utility **Dominion Resources** incurred about \$128 million in after-tax costs for restoring damage from Hurricane Isabel. The Richmond, Va.-based company said it also lost \$12 million due to customer outages (*Reuters*, 10/13).

- **Reliant Resources** has retired two units at its Etiwanda gas-fired plant in Southern California. The two units, which began commercial operation 50 years ago, could each generate 132 MW of electricity. They have not operated since Dec. 31, 2002 (*Reuters*, 10/13).

- A U.S. bankruptcy judge is set to decide whether to approve a \$500 million loan to **Mirant** despite claims by its creditors that the company does not need the money. Mirant has asked the court to approve a \$500 million debtor-in-possession facility financed by **G.E Capital** to supplement about \$855 million in unencumbered cash it has currently (*Reuters*, 10/15).

- **Reliant Resources** has completed the sale of its 588 MW Desert Basin Power Plant to **Salt River Agricultural Improvement and Power District of Phoenix** for \$288.5 million. The deal was announced on July 9, subject to approvals and consents (*Dow Jones*, 10/15).

- The U.S. Department of Justice has indicted **Sheila Kahanek**, a former **Enron** in-house accountant, and **William Fuhs**, a v.p. at **Merrill Lynch**, for their roles in a Nigerian barge deal that helped Enron inflate profits by \$12 million. The pair are charged with conspiring to commit fraud. Fuhs is the fourth ex-Merrill employee to be charged over the Nigerian barge affair (*Financial Times*, 10/16).



## 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](mailto: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 (45%)	Gas	CSFB	Seeking non-binding bids by end of October.
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	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		
	Coleto 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 Copgen	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
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 LG&E Power	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April

## Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Mirant	Gregory Power	Texas	550 (50%)	Gas	CSFB BofA	Ongoing. Ongoing. Looking for advisor to assist with sale. Looking for advisor to assist with sale.
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
	Kendall	Mass.	270	Oil		
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
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% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Bolivia	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		
	Cahua	Peru	45	Hydro		
NRG (Europe)	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		
	Manchester Street Station	R.I.	495	Gas		
Reliant Resources	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		

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

## SPANISH

(continued from page 1)

upon which a decision will hinge could not be determined, simple economics is usually the guiding principle in such deals, according to a derivatives structurer.

Market watchers says Madrid-based Dragados, one of Spain's largest industrial conglomerates, and its lead banks, Westdeutsche Landesbank, Barcelona-based La Caixa and Dexia Crédit Local, are talking to Entergy-Koch Trading about the feasibility and cost of acquiring a wind hedge. David Pethick, head of weather derivatives at EKT in London, and Fabrizio Donnini-Ferretti, head of Dexia's power group in Paris, declined to comment. Lorenzo Cooklin Diaz, director of communications at Dragados, did not return calls.

The monetary size of the wind derivative contract could not be ascertained, but it could well exceed EUR20 million given the size of the Dragados wind program. "A rough rule of thumb

is that it costs EUR1 million to hedge 40 MW of wind generation exposure," notes the derivatives structurer. He adds that EKT, probably the leading marketer of wind derivative contracts, has to date executed a handful of deals, all around the EUR1 million mark.

At a Herbert Smith-sponsored energy trading conference in London last week, Pethick told attendees that EKT is increasingly targeting its wind derivative marketing effort toward wind farm financiers, rather than wind farm developers, as these are the players who have most to gain from stripping out the risk of low wind speeds. "Wind risk can impact a wind farm's revenues by 25%. It's the largest single risk," he noted.

Dragados will use the proceeds of the \$500 million loan to fund the construction of wind farms around Castilla La Mancha, Leon and Madrid (PFR, 9/30/02). Dragados' renewable energy arm Urbaenergia is developing the wind parks.

—Will Ainger

## Financing Record (OCTOBER 10 - OCTOBER 16)

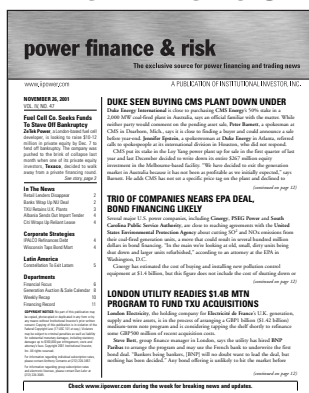
### Bonds

Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
10/09/03	10/10/33	Florida Power & Light	300	98.941	Fst Mtg Bonds	5.95	78	Aa3	A	Barclays/Lehman
10/14/03	10/15/33	Interstate Power & Light	100	99.764	Bonds	6.45	123	Baa1	BBB	Lehman/Merrill Lynch
10/14/03	04/15/18	Southern CA Gas (Pacific Entp)	250	99.802	Fst Mtg Bonds	5.45	113	A1	A+	ABN AMRO/Banc One
10/15/03	10/29/10	Iberdrola	872	99.322	MTNs	4.375	-	A2	A+	BNP/HSBC/Morgan Stanley/UBS

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## PRIVATE

(continued from page 1)

backer, provided \$60 million in equity. **Kris Falzone**, a spokeswoman at NiSource, declined to comment.

Private Power will change its name to Primary Energy. "We intend to become the biggest distributed energy company in the country, and Primary Energy is the platform from which we will grow," Rockford says. The company is now focused on acquiring cogeneration assets, including Houston-based **Trigen Energy's** assets (PFR, 7/20), and **Exelon's** Chicago district heating/cooling business, dubbed "Project Chill" (PFR, 9/6).

All of the plants Private Power is buying from Merryville, Ind.-based NiSource are located in Indiana.

—*Nina Sovich*

## MORGAN SAYS

(continued from page 1)

"Deutsche made him a more lucrative offer, but he made the right choice going with UBS where there's more opportunity," argues the official. A UBS spokesman declined comment. A Deutsche Bank spokesman declined comment. Trauber did not return calls to his home.

Sources close to Trauber say he was fired by Morgan Stanley last week, and a Morgan Stanley official confirmed that Trauber "had been let go," but declined to divulge details. But **William Lewis**, co-head of banking at Morgan Stanley, says Trauber resigned. A Morgan spokesman would only confirm that Trauber had left the firm.

Trauber had been courted by Deutsche Bank last year, but turned it down after Morgan Stanley bettered the offer, says a person close to those negotiations. Bankers believe that Morgan Stanley's experience with Trauber during those negotiations as well as its fear that Trauber might take a team of bankers with him, may have motivated the bulge bracket bank to let him go.

**Joseph Perella**, Morgan Stanley chairman of institutional securities and investment banking group, flew to Houston last week to call on Trauber's clients, and by mid-week Trauber had left his job, says one official. Perella did not return a call by press time.

Trauber will join UBS to fill a new position as global head of energy, say officials. They add **Walter Hulse**, remains global head of power and both Trauber and Hulse report to **Kenneth Crews**, vice chairman, global head of UBS Energy and Power will now focus on utilities.

Trauber, who started his career with **First Boston** in 1988, worked with a team of approximately a dozen bankers at Morgan Stanley. He advised on Oklahoma City, Okla.-based

**Devon Energy Corp.'s** \$3.5 billion acquisition of **Ocean Energy** in February. In January, he advised on Houston oil explorer **Apache Corp.'s** acquisition of **BP's** oil field assets for \$1.3 billion.

—*Jessica Sommar*

## EEI PUSHES

(continued from page 1)

balanced," he says.

The EEI would like to see voluntary regulations, as set out by the **North American Electric Reliability Council**, made compulsory. If a system begins to fail or shows instability, operators should be required to inform the system operator, rather than try to fix it themselves, argues Brier. "So far this year, there have been 444 violations of these rules," he notes. "If a transmission line goes down, the owner has to report it. But often they just lean on the grid."

But the EEI's emphasis on greater regulation does not enjoy universal support. **Robert Mitchell**, an executive at **Trans-Elect**, an independent transmission operator in Reston, Va., argues the EEI should concentrate its lobbying effort on increasing the regulated rate of return on transmission assets, because higher yields would prompt more investment. He notes **Trans-Elect's** successful development of California's Path 15 transmission line was made financially viable by a higher than normal rate of return—13.5%—as opposed to the usual 10-12%.

Brier says the EEI is indeed advocating higher transmission returns, even if that is not the cornerstone of its reform push. With such low returns, "investing in a cement plant is more attractive," he concedes.

Other EEI proposals include repealing the Public Utility Holding Company Act, amending the tax code to reduce the capital gains tax liability on selling transmission systems, and accelerated depreciation accounting for transmission assets. The EEI is also pushing for an expedited permitting process allowing transmission lines to cross federal land, and new **Federal Energy Regulatory Commission** powers to override states' ability to block the development of transmission lines.

The EEI's proposals are likely to be the hot topic that dominates proceedings at the conference, predicts **John Burke**, an executive director in **CIBC's** leveraged finance group, a team that is trying to position itself as a specialist in transmission financing.

—*N.S.*

## Quote Of The Week

"Investing in a cement plant is more attractive." —**Bill Brier**, v.p. of policy at the **Edison Electric Institute**, commenting on the low rate of return on investing in transmission projects (see story, page 1).