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Energy Exec. Departs Citigroup

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Texas Genco Launch Postponed

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DISTRESSED INVESTORS DIVE INTO LA PALOMA DEBT

Distressed investors are buying the bank debt of the 1,121 MW merchant gas-fired **La Paloma Generating Project** in California and traders say a strategic buyer could be behind the activity. **Scotia Capital**, **HypoVereinsbank** and **The Royal Bank of Scotland** are among a number of lenders that have each sold approximately \$20-25 million pieces of the debt in the past month, according to *PFR's* sister publication *Loan Market Week*. The pieces have traded between the mid-to-high 80s up to 106 in a trade this week.

(continued on page 8)

What Can Brown Do?

WESTLB TAPS SOCGEN'S BROWN TO SPEARHEAD POWER

WestLB has snagged power banking veteran **Jim Brown**, managing director at **Société Générale**, to lead its power infrastructure group in New York. The Dusseldorf-headquartered bank is looking to beef up its overall operations in North America and Latin America, as first reported on *PFR's* Web site last week. Brown, who starts next week, could not be



(continued on page 7)

LONE STAR MEGA WIND PROJECT HUNTS FOR FUNDING

Developer **DKR Development**, in partnership with **Babcock & Brown** and **Catamount Energy Corp.**, is looking for \$350 million in financing from institutional investors for a proposed \$500 million, 400 MW wind farm in Sweetwater, Texas. If completed, the project would be one of the largest in the U.S., according to **Robert Kelly**, a principal with DKR.

The project will most likely be financed completely with equity: 70% from outside investors and 30% from the partners. The partners will probably choose to do an all-equity

(continued on page 8)

PEABODY LEANS TOWARD PROJECT DEBT FOR 3GW IN COAL GENERATION

Peabody Energy is looking at non-recourse debt to help fund the construction of a pair of 1,500 MW coal-fired power plants in Illinois and Kentucky that will cost a total of \$4 billion to build. **Vic Svec**, v.p. public and investor relations, says the company is leaning toward project finance, but declined to indicate why, noting it is still early in the development process. "We're still going through how it will be structured." He notes that St. Louis-based Peabody still requires an air quality permit for Prairie State and it is still hammering out

(continued on page 8)

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

Bayerische Taps GMAC Staffer

Bayerische Landesbank has hired General Motors Acceptance Corp. staffer **Laura Stern** as a v.p. of structured finance in New York. Stern says she will focus primarily on the power sector in the bank's project finance group. She reports to **Jim King**, first v.p., who could not be reached for comment by press time.

Stern notes that Bayerische is growing its project finance business in the power market, but declined to comment on whether she replaces **Chris Stolarski**. Stolarski left the bank this summer to join **United Financial of Japan** to build a non-recourse lending business covering the Americas (PFR 7/18). Bayerische also saw the recent departure of **Jim Boyle**, who was recruited by UFJ as a portfolio manager for its newly expanded project finance business (PFR, 10/11).

Prior to her move, Stern says she worked in a similar role at GMAC in New York for over two years. A GMAC spokeswoman could not immediately provide comment.

Bush World

Energy Bill Prospects Improve, But Still No Slam Dunk

Energy industry officials are expressing optimism about the passage of a comprehensive energy bill next year, which could provide tax credits for nuclear and renewable energy. In the wake of **George W. Bush's** reelection and the Republican Party's consolidation of control in the House and Senate, some see the path smoothed, but others note the GOP still needs to overcome opposition from Democrats and maverick Republicans, says **Jack Hawks**, acting v.p. of policy for the **Electric Power Supply Association**. "It's not clear whether [the additional seats] would enable them to achieve the 60 votes needed for closure," Hawks says.

"The main thing about the president being reelected is the greater degree of predictability about what direction energy policy will go," says **Barry Worthington**, executive director of the **United States Energy Association**. "The industry and others know where they stand and what their policies are going to be."

"A Republican victory may mean easier passage of a comprehensive energy bill, which would extend renewable energy tax incentives for a longer period," says **Christine Real de Azua**, **American Wind Energy Association** spokeswoman. "We don't want to have the stop-and-start cycle we've had over several years," says Real de Azua. But she says it is too early to determine whether Congress will enact a longer extension of the tax credit.

Peggy Laramie, spokeswoman at **American Gas Association**, expressed enthusiasm about the president's reelection, saying that initiatives to develop a gas pipeline in Alaska and provide incentives for natural gas production in the Gulf of Mexico will increase the supply of natural gas and lower prices for consumers. Bush also has said he intends to facilitate the construction of LNG terminals to meet the growing demand for natural gas.

For the **Nuclear Energy Institute** a comprehensive energy bill is still a big uncertainty.

Steve Kerekes, NEI spokesman. "We're hopeful and optimistic that it will pass, but it's tough to speculate," says. The institute is hoping to see the reenactment of the Price-Anderson—a liability insurance system for all nuclear operators in the U.S.

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EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 525-6978

MARK DeCAMBRE
Managing Editor
(212) 224-3293

CHRISTINE IDZELIS
Reporter [New York]
(212) 224-3226

CHRISTINE BUURMA
Reporter [New York]
(212) 224-3116

CHRIS GAUDIO
Development Editor
(212) 224-3278

JEREMY CARTER
London Bureau Chief
(44-20) 7303-1753

ARADHNA DAYAL
Hong Kong Bureau Chief
(852) 2912-8009

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV, MELISSA ENSMINGER, BRIAN STONE, THEO BILL
Associates

JENNY LO
Web Production & Design Manager

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

ERIK VANDERKOLK
Group Publisher, Advertising Sales
(212) 224-3179
evanderkolk@institutionalinvestor.com

MIKE McCAFFERY
Online Publisher
(212) 224-3534
mmccaffery@iinews.com

PAT BERTUCCI, MAGGIE DIAZ, TAMARA WARD
Associate Publishers

JENNIFER FIGUEROA
Media Kits (212) 224-3895

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

BRIAN McTIGUE
Marketing Manager
(212) 224-3522

DAVID HOM
Associate Marketing Manager
(212) 224-3896

JON BENTLEY
European Marketing Manager [London]
(44-20) 7779-8023

VINCENT YESENOSKY
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Account Executive [London]
(44-20) 7779-8998

ADI HELLER
Account Executive [Hong Kong]
(852) 2842-6929

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@iinvestor.net

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Director of Finance and Operations

ROBERT TONCHUK
Director of Central Fulfillment

Customer Service: PO Box 5016, Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6950
E-mail: customerservice@iinews.com

Editorial Offices: 225 Park Avenue South, New York, NY 10003.
Tel: 1-212-224-3293
Email: mdecambre@iinews.com

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Institutional Investor NEWS
INTELLIGENCE FIRST

Deloitte To Grow Energy Group

Deloitte & Touche is looking to hire senior consultants for its global energy markets group in the U.S. The firm is seeking consultants to help senior power company management hammer out business plans, according to an official familiar with the matter. The number of employees Deloitte wants to hire and details about its business plan could not immediately be determined. **David Schutzman**, a spokesman for Deloitte, did not immediately return a call for comment.

The global energy markets group includes about 110 employees who advise on areas such as project and corporate finance, energy trading and mergers and acquisitions.

PA Looks To Expand In U.S.

PA Consulting Group is looking to expand its presence in the U.S. by hiring senior consultants in the firm's Boulder, Houston, Washington and New York offices. **Todd Filsinger**, head of PA's global energy practice in New York, says the firm is looking to hire now because several distressed utilities are recovering and are seeking the firm's guidance as they look to shore up their businesses. He declined to name the companies.

PA Consulting will attempt to add about 20 consultants to assist clients with market and asset valuation, rate studies and restructuring. Its energy group advises oil, natural gas and electric companies on deregulation, power procurement, project finance, mergers and acquisitions, and asset development. The firm currently has about 400 employees in the U.S.

Houston Startup Bags Build Up Equity

Complete Energy, a startup Houston-based investment boutique, has landed an investment from private equity firm **Engage Investments**. Engage will help Complete grow its generation portfolio to 7,000 or 10,000 MW over the next three years, says **Milton Scott**, managing director. He declined to specify the amount of the investment or the acquisitions Complete Energy is pursuing.

Clark Smith, managing director at Engage in Houston, says the firm has been impressed with Complete's ability to evaluate investment opportunities accurately, value assets and move quickly. As part of the deal, Engage will have the opportunity to invest on a preferred basis in future generation transactions involving Complete Energy.

Complete, which is looking to acquire undervalued merchant and contracted power generation assets, wrapped its first acquisition in September, purchasing an 837 MW natural

gas-fired plant in Batesville, Miss., from **NRG Energy** for \$27.6 million and the assumption of about \$300 million in project-level debt (PFR, 9/20).

Project Pro Leaves Citigroup

Tony Muoser, a managing director at **Citigroup's** infrastructure and energy group in New York, has left the bank, says a market watcher. He reported to **Jonathon Lindenberg**, managing director of infrastructure and energy finance, who did not return repeated calls seeking comment. Muoser could not be reached by press time and calls to a Citigroup spokeswoman were not immediately returned.

Muoser joins a spate of recent senior moves in the power sector. **Don Kyle**, recently left **Société Générale** to join **GE Energy Financial Services** (PFR, 11/1), and **Jim Brown** has been recruited by **WestLB** from **SG** (see story, page 1).

El Paso Nears \$3B Refi Completion

El Paso Corp.'s refinancing of a \$3 billion secured revolver is expected to close in the next couple of weeks, says an official familiar with the transaction, noting it is well oversubscribed. Last month, the Houston-based company launched a \$1.75 billion three-year revolving credit facility and a \$1.25 billion term loan B to refinance the line (PFR, 10/25). "We expect to price at the tight end of the talk," the official says, adding that both loans are being pitched at 325 basis points over LIBOR. Originally price talk was around 350 basis points over LIBOR.

Texas Genco Seen Coming Next Week

The retail syndication launch of the \$2.2 billion **Texas Genco** deal has been postponed to next week. The bank meeting was expected to launch towards the end of October, but has been pushed off as the deal needed some tweaking, says one banker who has been eyeing the transaction.

Bankers declined to elaborate as to the reason behind the delay and other market observers were unable to provide additional information.

Last month, joint lead arrangers **Goldman Sachs** and **Morgan Stanley** had invited 20 commercial banks to participate as senior managing agents in the loan, which is being arranged to finance the \$3.65 billion acquisition of **Texas Genco Holdings** by **The Blackstone Group**, **Hellman & Friedman**, **Kohlberg Kravis Roberts & Co.** and **Texas Pacific Group** (PFR, 10/18). **Michael DuVally**, a Goldman spokesman, declined to comment.

Corporate Strategies

PPL Looks To Tweak Convert Indentures

PPL Corp. and subsidiary PPL Energy Supply are hoping to get the greenlight from holders of \$400 million in convertible senior notes to alter the bonds' indenture agreement. The Allentown, Pa., utility holding company wants to make changes because the bond documents require payments to bondholders to be made solely in stock or in cash. PPL believes this would be dilutive under accounting standards expected to be issued by yearend by the Financial Accounting Standards Board, says spokesman George Biechler. PPL's requested amendments would allow it to make payouts in cash up to par and use a mix of cash and stock above par.

To make the planned changes, PPL must receive consent from the holders of at least a majority in aggregate principal amount of the convertible notes by Nov. 9. The notes carry a 2 5/8% coupon and mature in 2023. They were issued to repurchase commercial paper and for general corporate purposes, Biechler says. **Morgan Stanley**, which led the issue of the convertible notes in May 2003, is the solicitation agent.

The notes can be converted if PPL's common stock trades at or above \$59.67 per share during the previous fiscal quarter. That represents a 14.8% premium to the \$51.97 price the common stock was trading last Monday. The notes can also be converted for a variety of other reasons including Northwestern's long-term credit rating, assigned by **Moody's Investors Service** and **Standard & Poor's**, falling below Ba2 and BB or if the ratings are removed.

Financing Record (OCTOBER 27-NOVEMBER 2)

Debt

Issue Date	Issuer	Principal Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	Offer Yield to Maturity (%)	Spread to Bench-Mark	S&P's Rating	Moody Rating	Fitch Rating	Bookrunner(s)	Gross Spread as % of Prncpl Amt in this Mkt
10/27/04	EDF	65.8	1.635	Fxd/Straight Bd	11/17/14	100	1.635	-	AA-	Aa3	NR	BNP-PARIBAS	na
■ 10/27/04	Kaztransgas	250	6.875	Notes	11/4/11	98.641	7.125	352	BB	Baa3	BB	ABN-AMRO-INC/JPM(JB)	na
10/27/04	STX Energy Co Ltd	26.8	4.5	Fxd/Straight Bd	10/27/06	100	4.5	-	-	-	-	SHIN-HEUNG-SEC	na
10/28/04	Coelce(Investluz SA)	30.9	Floats	Debentures	2/20/12	Market	na	-	NR	NR	NR	VOTORANTIM	Market
10/29/04	Kewespo	135.6	3.73	Fxd/Straight Bd	10/29/09	100	3.73	-	-	-	-	HANNURI-INV-SEC/SEJONG-SEC(JB)	na
11/2/04	EDF	47.2	0.578	Fxd/Straight Bd	11/17/08	100	0.578	-	NR	NR	NR	NOT-AVAILABLE	na
11/2/04	EDF	47.2	0.578	Fxd/Straight Bd	11/17/08	100	0.578	-	NR	NR	NR	JPM	na

■ Rule 144A Private Placement

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

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Nation	Deal Value (\$mil)
10/27/04	10/27/04	Epic Energy Pty Ltd-Dampier to	Carnegie Wylie & Co, UBS Investment Bank, Rothschild	Australia	Investor Group	Macquarie Bank	Australia	1,383.47
10/27/04	-	InterGen-US Power Plants(2)	-	United States	Mitsubishi Corp	-	Japan	-
10/27/04	-	Ningbo Ningdian Fuel Co Ltd	-	China	Ningbo Thermal Power Co Ltd	-	China	0.847
10/27/04	10/28/04	Ondagua SA	UBS Investment Bank	Spain	Thames Water PLC	-	United Kingdom	-
10/27/04	-	Portugen Energia SA(Powergen)	-	Portugal	EDP	-	Portugal	-
10/27/04	-	Powertron Resources Sdn Bhd	-	Malaysia	Ranhill Power Bhd	-	Malaysia	3.381
10/27/04	10/28/04	Pridesa	UBS Investment Bank	Spain	Thames Water PLC	-	United Kingdom	40.041
10/27/04	-	South Staffordshire PLC	Rothschild, Cazenove & Co	United Kingdom	AqualInvest	Dresdner Kleinwort Wasserstein	United Kingdom	433.975
10/27/04	-	Turbogas-Produtora Energetica	-	Portugal	EDP	-	Portugal	-
10/28/04	-	Advanced Energy-Certain Assets	-	Australia	M&H Power Systems Pty Ltd	-	Australia	-
10/28/04	10/28/04	Gorna Oyahovitz EAD	-	Bulgaria	E.On Energie AG	-	Germany	179.35
10/28/04	10/28/04	Elektrozpredelenie-Varna EAD	-	Bulgaria	E.On Energie AG	-	Germany	-
10/29/04	-	Italgestioni Srl	-	Italy	Enel Gas SpA	Lazard	Italy	40.921
10/29/04	-	Shenzhen Guangqian Electric	-	China	Guangdong Elec Power Dvlp Co	-	China	-
11/1/04	11/1/04	Changdu City Gas Group	-	China	China Resources Entrp Ltd	-	Hong Kong	79.84
11/1/04	-	Regency Gas Services LLC	-	United States	Hicks Muse Tate & Furst Inc	-	United States	405
11/1/04	-	Shenyang Jinshan	-	China	Dandong Dongchen Econ & Trade	-	China	20.57
11/2/04	-	CAFC Spa	-	Italy	Amga SpA	-	Italy	-
11/2/04	11/2/04	ONEOK Inc-Propane/Butane	-	United States	Tidelands Oil & Gas Corp	-	United States	-
11/2/04	11/2/04	QAO Rostovenergo	-	Russian Fed	Halcyon Rostov Investment Ltd	-	Russian Fed	-
11/2/04	-	Royal Dutch/Shell-Mexico Gas	-	Mexico	Mitsui & Co Ltd	Morgan Stanley & Co	Japan	-
11/3/04	11/3/04	Gamesa SA-Wind Parks	-	Italy	Endesa SA	-	Spain	320.472

Corporate Strategies (cont'd)

Caracas Utility Revisits Long-Term Debt

La Electricidad de Caracas, Venezuela's largest private utility, issued \$260 million in senior notes due 2014, the first long-term debt issuance from a Venezuelan company since 1997, says **Scarlett Alvarez**, v.p. of investor relations.

The company decided to issue the 10 1/4% coupon notes now because the completion of Venezuela's presidential recall vote, won by **Hugo Chavez**, has reinforced investors' optimism about the direction of the country, Alvarez says. "Everyone knows what [Chavez'] economic policies are," she comments. "They have a better sense of what the country's future will be since the election."

ABN AMRO, which led the deal, was selected because of its previous relationship with the South American utility, she says.

Proceeds of the sale will be used to refinance existing debt. Alvarez could not immediately provide additional information about the old debt, which is rated B- by **Fitch Ratings** and **Standard & Poor's**. As of June 30, the company had \$485 million of long-term debt outstanding. EDC last issued long-term notes in 1991.

NorthWestern Completes \$225M Private Offering



Brian Bird

NorthWestern Corp. has issued \$225 million of senior secured bonds in a private placement deal as part of its court-approved plan to emerge from bankruptcy. The notes, which mature in 2014 and have five years of call protection, carry a 5 7/8% coupon. The offering was backed by two series of existing first-mortgage bonds secured by regulated

utility assets in Montana, South Dakota and Nebraska, says cfo **Brian Bird** in Butte, Mont. He declined to identify the buyers.

Proceeds will be used to repay a portion of an existing \$390 million term loan facility, Bird says. **Credit Suisse First Boston** and **Lehman Brothers**, which arranged the term loan, were chosen as joint book-running managers for the private placement based on their existing relationships with the utility.

The term loan was issued in February 2003 as part of NorthWestern's turnaround plan and was priced at LIBOR plus 5 1/2% with a 3% LIBOR floor. The new notes, which were priced at par, were issued last Monday when the company emerged from bankruptcy. NorthWestern said last month it was also entering into a \$250 million credit facility led by **Lehman** and **Deutsche Bank** (PFR, 10/25). It filed for bankruptcy in September 2003.

Denver Gas Player Retires Bridge Via Notes



Andy Schroeder

MarkWest Energy Partners has raised \$225 million in 10-year bonds to wipe out \$197 million outstanding on its bridge facility. The Denver-based natural gas company set up \$315 million in bridge loan capacity to fund the acquisition of assets in eastern Texas, says **Andy Schroeder**, v.p. of finance. After paying down part of the old loan facility, he adds, a new \$200 million five-year revolver is also being set up.

J.P. Morgan and **RBC Dominion Securities** arranged the bridge and the senior unsecured notes, which carry a 6.875% coupon and expire in 2014. The new loan was syndicated to a group of 16 banks, says Schroeder, adding that roughly half of the lenders were in the bridge facility. He declined to identify other participants. In July, MarkWest used private equity and the bridge financing to purchase **American Central East Texas Gas Co.**'s Carthage gathering system and gas processing assets for \$240 million.

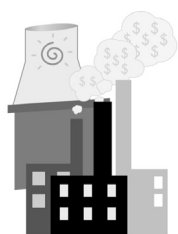
Pricing on the replacement revolver, which is based on a grid tied to MarkWest's leverage, ranges from 150 to 225 basis points over LIBOR, Schroeder says, while the base rate carries a 50 to 125 basis point spread.

Peabody Energy Wraps \$1.34B Bank Deal

Peabody Energy has completed two, senior secured facilities totaling \$1.34 billion, obtaining tighter pricing in the process. The facilities, which expire in March 2010, are priced at 125 basis points over LIBOR, says spokesman **Vic Svec**. Previous bank debt was priced at a 200 and 175 basis point spread.

The St. Louis-based company put in place a \$450 million term A loan to replace a similarly-sized B loan and refinanced a \$900 million revolver, he says, noting that pricing is based on a grid tied to its cash flow and earnings. **Bank of America** and **Wachovia Securities** led syndication (PFR, 9/24). Peabody turned its back on the B loan with expectations that strong lender appetite would land the coal company cheaper financing.

The previous revolver was priced at 200 basis points over LIBOR, while the B loan carried a 175 basis point margin. The five-year revolving credit line was due to expire in 2008, while the B loan would have matured two years later. Last week, **Moody's Investors Service** announced that it withdrew its ratings of the previous facilities and will not rate the new ones. "The company did not want us to rate them so we withdrew those ratings," says **Terry Marshall**, senior analyst at Moody's in Toronto.



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
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		
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 (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	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 Chocón	Argentina	1,320	Hydro	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.	
ConocoPhillips	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	Grays Harbor (in construction)		Wash.	650	Gas	Ongoing.
	Deming Energy (in construction)		N.M.	570	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 (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final bids due.
	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 (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Has sold majority of QF portfolio to ArcLight.
	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	
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
	Harrison County	Texas	550 (70%)	Gas		
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		
	Tarifa	Spain	30 (46%)	Wind	N/A	Sent out RFP in April.
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.

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WESTLB TAPS

(continued from page 1)

reached for comment as he'd already left SocGen.

Brown replaces **George Suspanic**, managing director, who is heading to a portfolio management position. Calls to the WestLB executives were directed to spokeswoman **Connie Kain** who declined to comment on personnel moves or the bank's strategy.

Brown was part of the team assembled at SocGen by **Jay Worenklein** during the 1990s to build a dominant project finance unit. One official says Brown brings experience and cache to WestLB's unit. He is expected to make additional hires over the next several months but the number of staffers expected could not be determined. Calls to **Roger Bredder**, managing director at SocGen, were not returned.

North America/Latin America Split

As a part of the reorganization, WestLB has split its New York business into North American and Latin American lines headed by managing directors **Tom McCaffery**, and **Moses Dodo**, respectively. **Howard Moseson**, another fixture in power banking circles, will handle the North American business development effort for all the

bank's industry groups—a responsibility formerly handled by branch manager Dodo. Moseson will report to McCaffery.

The bank's moves also include naming managing directors **Tom Murray** and **Manish Taneja** co-heads of its North American private placements and syndication unit. The duo, which is expected to work alongside Moseson, will report directly to McCaffery. Murray declined to comment and Taneja was on vacation and could not be reached.

WestLB's former structure positioned corporate lending and structured finance as two distinct divisions. But this proved an ineffective strategy. "Two groups calling the same set of clients was not a good way to get deals," says a banker. At this point, the structure of the bank's European operation will remain unchanged.

Plans to restructure the Latin American divisions are expected to follow but details on those moves could not be ascertained. "One person in charge of both groups does not put enough focus on all of the sub-sectors. By dividing the business [regionally] we hope to enhance the effort," says one official.

Last week, about 15 bankers were dismissed in what was a part of the restructuring effort. The exact number of layoffs could not be determined.

—Mark DeCambre

DISTRESSED INVESTORS

(continued from page 1)

Interest in La Paloma is surging as the whole energy sector is up, says a trader. La Paloma has been a potential sale candidate for over a year, but a dispute over tax credits and a weak wholesale market prompted the plant's creditors to hold back from launching a sale.

La Paloma was originally sponsored by **National Energy & Gas Transmission (NEGT)**, formerly known as **PG&E National Energy Group**. A year ago NEGTE filed for bankruptcy after failing to repay \$431 million under a revolver. Last month, as part of an agreement with creditors, NEGTE transferred ownership of La Paloma's equity to its lenders.

A claim held by La Paloma against NEGTE has brought additional attention to the name, says one dealer. A spokeswoman from NEGTE said the size of all claims against NEGTE was still in the process of being determined.

The deal has multiple tranches with different priorities that trade as a strip. The tranches are rollup "A," residual "A," rollup "B," residual "B," working capital and construction loans. Banks hold different mixes, which is why the debt trades at such differing levels, a trader explained. The deal is led by **Citigroup** and was originally about \$700 million. Officials at Scotia, ING, HBV and RBS declined comment.

Goldman Sachs and **Bear Stearns** were some of the desks that traded the name, says one dealer. Bankers at Bear Stearns did not return calls. A banker at Goldman declined comment.

According to *Bloomberg*, original lenders include **Deutsche Bank**, **Société Générale**, **Citibank**, **Bank of America**, **Bayerische Landesbank**, **Salomon Smith Barney**, **BNP Paribas**, **Crédit Lyonnais**, **Dresdner Bank**, **CoBank**, **DZ Bank**, **HBV**, **ING Bank**, **KBC Bank**, **MeesPierson**, **Norddeutsche Landesbank** and **The Royal Bank of Scotland**.

—Michelle Sierra-Laffitte

LONE STAR

(continued from page 1)

financing because the size of the project might make project debt difficult to obtain, says **James Moore**, ceo at Rutland, Vt.-based Catamount, an unregulated subsidiary of **Central Vermont Public Service**.

Although there is a chance the partners could tap the project finance market at this point they favor equity. "We are leaning toward an all-equity financing," says **Mike Garland**, head of North American infrastructure for Babcock. He adds Babcock has completed six wind deals using an all-equity structure, which is easier to obtain and less risky than project debt. The group has spoken with several banks and insurance companies about financing, but Moore declined to identify them.

Equity investors would be free to seek umbrella debt financing at the corporate level after building a portfolio of projects, Moore

adds. Catamount has not yet decided whether it will leverage its equity investment.

The project's success will hinge on whether the venture can obtain a power purchase agreement. Moore is confident the partners will ink a contract by early next year, declining to say which entities are negotiating with the group regarding the PPA.

DKR, a Houston-based firm helmed by former **Enron** executives, plans on constructing the wind farm in Sweetwater because the area, 220 miles outside of Dallas, has an abundance of wind power and ample transmission lines, Moore says. Twenty-five turbines totaling 37.5 MW have already been built at the site, with 91.5 MW currently under development and another 135 MW under contract.

—Christine Buurma

PEABODY LEANS

(continued from page 1)

which partners and customers will be involved.

Construction should begin in the second half of next year, though there is no strict timeframe for breaking ground on the projects, says Svec. The projects involve the **Thoroughbred Energy plant** near Central City, Ky., and the **Prairie State Energy Campus** in Washington County, Ill.

Roughly one-third of the output of the **Prairie State Campus** plant is owned by a group of municipal joint action agencies and rural electric coops in the Midwest, Svec notes, adding that they also will help finance the construction.

—Christine Idzelis

Calendar

The **Powering the Future 2004** conference will be held Nov. 16-17 at the **Travelodge Hotel** in Ottawa. The conference will cover Ontario's restructured electricity market, conservation, cogeneration, renewable opportunities and funding. Contact **Pelly Heighton** at (613) 798-9894 for more information.

Quote Of The Week

"The main thing about the president being reelected is the greater degree of predictability about what direction energy policy will go." — **Barry Worthington**, executive director of the **United States Energy Association**, commenting on the advantage for the power markets of having President **George W. Bush** reelected (see story, page 2).

One Year Ago In Power Finance & Risk

National Energy & Gas Transmission was set to put a portfolio of 12 qualifying facilities across the U.S. up for sale. The power producer had tapped **Lazard Frères** as its advisor. [Private equity firms **ArcLight Capital Partners** and **Caithness Energy** acquired the plants for \$558 million in June.]