

power finance & risk

The exclusive source for power financing and trading news

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Tucson Sweetens Loan Terms

Tucson Electric Power has had to hike pricing on a \$200 million B loan by 2%, partly in response to the rich terms achieved by **Berkshire Hathaway** on a similar institutional loan for **CenterPoint** earlier this month.

See story, Page 2

Remu Sale Hots Up

Three suitors have filed bids for Dutch energy concern Remu, including one from rival utility **Nuon**.

See story, page 2

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CHICAGO HEDGE FUND INKS XCEL FINANCING

Citadel Investment Group, the Chicago hedge fund headed by celebrated trader **Ken Griffin**, has taken a \$100 million convertible bond position in **Xcel Energy** through a privately placed debt offering. The Minneapolis-based utility holding company was essentially forced into the trade after one of its banks tried to make the renewal of a \$400 million credit line due Nov. 8 conditional on Xcel making commitments to its teetering IPP subsidiary **NRG Energy**. At present NRG's creditors have limited recourse to Xcel's balance sheet. **Scott Rafferty**, an investor relations official at Citadel, says, "We

(continued on page 8)

Vote Of Confidence?

BRITISH ENERGY SEEN RENEWING TRADING LINES

British Energy reportedly renewed long-dated energy trading lines with two of the U.K.'s largest electricity retailers last week. Whilst the move does nothing to save the embattled nuclear generator from imminent bankruptcy, it does suggest BE's rivals believe a further government bailout is in the cards. "British Energy is not out of the woods, but this must be seen as a vote of confidence," noted one investment banker, when told about the development. **Patrick Crosseley**, power strategist and head of risk management at BE,

(continued on page 8)

WESTLB NABS CSFB'S MURRAY TO BEEF UP LENDING FRANCHISE

Westdeutsche Landesbank has hired **Tom Murray**, **Credit Suisse First Boston's** former point man for power project finance loan syndication, in the new position of managing director to fire up its loan and private placement effort for power and energy. Murray, who left CSFB on Nov. 8 as part of the firm's strategic cutback in the area (PFR, 11/4), will join the German landesbank's New York team next Monday, says **Howard Moseson**, managing director at WestLB, who declined further comment. Murray is between posts

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SAUDI OIL GIANT LAUNCHES 700 MW IPP PROGRAM

Saudi Aramco, the world's largest crude oil producer, is looking to develop some 750 MW of cogeneration capacity in Saudi Arabia and will shortly tender the roughly \$600 million build-own-operate project to international independent power producers. **BNP Paribas** is acting as financial advisor to the Saudi oil concern.

A handful of Japanese, Korean and European IPPs, including **Tractebel** and **International Power** have been sent requests for proposals and initial feedback is due

(continued on page 7)

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

Dutch Auction

Remu Launches Supply Sale

Eneco, Nuon and Delta have placed bids for the supply arm of Remu, a rival Dutch utility that put its retail business up for sale earlier this year, says a person involved in the auction. He notes final bids were due last Wednesday in the Merrill Lynch-run auction. A Nuon official declined comment and calls to the other parties were not returned.

Remu, the Netherlands' fourth largest utility, has some 500,000 electricity customers. The company put its supply business up for sale after a planned tie up with Endesa was aborted last year.

The Buffett Effect?

Tucson Electric Juices Pricing

Tucson Electric Power has had to hike pricing over 200 basis points on the institutional tranche of a \$400 million loan after Warren Buffett recently set a new and lofty benchmark on where such B loans should get executed. The improved pricing prompted a surge of buying last week with some \$400 million in commitments, notes one banker.

The price hike, followed by the wave of commitments, highlights how the market is grappling to set a new price equilibrium for institutional loans after CenterPoint agreed two weeks ago to a fat LIBOR + 975 basis point deal with Buffett's Berkshire Hathaway and Credit Suisse First Boston (PFR, 11/11).

Pricing on Tucson Electric's \$200 million institutional letter of credit facility was jacked up to 550 basis points over LIBOR, after being initially launched at a 3.5% spread, say industry officials. Tucson officials could not be reached by press time.

In addition to the \$200 million facility, the credit features a \$60 million, 364-day revolver and a \$140 million, 39-month A

term loan that will back letters of credit. Bankers say Tucson has a decent credit profile, but note that virtually all deals in the power sector are now subject to heavy due diligence. One financier adds the need of power players for cash in some cases is strengthening the hand of banks and investors who can demand better structures and terms.

The lead arrangers on the deal are Toronto-Dominion Bank, Credit Suisse First Boston and Union Bank of California.

Leads Finalize Wind Deal Allocation

Fortis Capital has finalized allocations on the \$120.7 million 15-year non-recourse financing backing American Electric Power's Desert Sky wind facility, according to bankers. Fortis takes \$19.6 million, senior players Rabobank, Dexia Cr dit Local and Royal Bank of Canada each take \$17.7 million, Landesbank Baden-W rttemberg and NIB Capital ended up with \$16.15 million tickets and ANZ Investment Bank took \$15 million.

BE Financiers Hold Crisis Meeting

The banking syndicate that funded British Energy's acquisition of the 2 GW Eggborough power plant in 2000, last week held an extraordinary meeting to determine how best to protect their interests on the GBP550 million non-recourse loan. The merchant nature of the plant combined with BE's financial woes have left the project loan looking increasingly sickly.

A financier familiar with the matter says the syndicate formed a steering group comprising Abbey National Treasury Services, Barclays Capital, which led the original loan, Lloyds TSB and Royal Bank of Scotland. "There's not a sense of panic, but clearly we don't want to be left running the plant," notes one banker.

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NEG Honcho Boren Calls It A Day

Tom Boren, a 30 year veteran of the energy sector, retired from his post as head of **PG&E National Energy Group** last Friday, a move characterized as another nail in the coffin for the IPP's aggressive growth plans, according to market watchers.

Boren was a high-ranking long-term **Southern Co.** official when he made the switch to NEG in 1999 to spearhead a growth drive at the unregulated arm of **PG&E Corp.** "He came in to head the unit that was expected to be the key driver of profit growth at PG&E," says one NEG watcher. He adds the move was a surprise at the time given that Boren was seen as a top dog at Southern and also a name in Atlanta society. With NEG now mired in complex restructuring talks with its lenders to stay afloat, aggressive growth plans aren't on the agenda any longer, industry officials say. Calls to Boren, age 53, were not returned before press time.

Before Boren's arrival, PG&E's unregulated generation development, power trading and marketing, and gas businesses operated as separate companies. One industry official characterizes Boren's role at the top of all three as being purpose built for him. A former NEG staffer says Boren eliminated the frictions that sometimes occurred between these various business lines.

PG&E said last week that **Tom King**, head of NEG's Western operations, will take over the top slot at the IPP.

TXU Creditors Hire CSFB Alumnus

TXU Europe's bank creditors and bondholders have hired **John Reynolds**, former head of **Credit Suisse First Boston's** European power practice, to fight their corner in the battle for liquidation proceeds at the embattled energy trader. Reynolds, London point man for a U.S. restructuring boutique, **Houlihan Lokey Howard & Zukin**, is leading the charge alongside New York law firm **Cadwalader, Wickersham & Taft**, says a TXU official. Reynolds declined to comment and officials at Cadwalader could not be reached.

Market watchers say Reynolds will have a tough time recouping much of the more than \$5 billion of debt owed by TXU Europe to its lenders. The creditors will be locked in battle with TXU Europe's trading counterparties, notably U.K. generators **AES DRAX**, **Scottish & Southern Energy** and **International Power** over the proceeds of TXU Europe's existing generation and supply assets and the GBP1.37 billion (\$2.15 billion) it's due to receive from **E.on** for its U.K. supply business.

Reynolds left CSFB in June 2001 to launch a leveraged buyout of Innogy's U.K. combined heat and power plant portfolio, say market watchers. Reynolds joined Houlihan earlier this year after the LBO failed.

FirstEnergy Lands \$1B Facility

Akron, Ohio-based FirstEnergy has wrapped a \$1 billion 364-day revolver, with a \$250 million letter of credit facility, by drawing in 16 banks in to the deal. Bankers close to the deal say while the loan closed at the level expected, and pretty much on time, it was subject to the heightened credit committee due diligence that is now par for the course on power loans, regardless of the company. The deal launched Sept. 19 (PFR, 9/30) and closed Nov. 8.

In addition to leads **Barclays Capital** and **Citibank**, the following banks came in at levels of \$25-115 million: **Bank One**, **Wachovia**, **J.P. Morgan**, **Bank of New York**, **Key Bank**, **Morgan Stanley**, **Royal Bank of Scotland**, **Fleet Bank**, **Union Bank of California**, **Bank of Nova Scotia**, **National City Bank**, **U.S. Bank**, **Huntington National Bank** and **Comerica**.

Puget Energy Looks To Renew Revolver

Bellevue, Wash.-based **Puget Sound Energy** is looking to land a \$250 million revolver to replace a facility maturing in February. The loan, priced at 162.5 basis points over LIBOR, was launched Nov. 8 and is penciled in to close Dec. 16, one banker says.

Bank One and **Union Bank of California** are the joint lead arrangers on the deal. **Key Bank** has joined as co-documentation agent and **J.P. Morgan** already has inked a senior managing agent slot. A Puget spokeswoman was unable to comment by press time and calls to officials at Bank One and UBoC were not returned, so the reason for the early renewal could not be determined.

Commitments are being sought in the range of \$10-50 million.

RBoS Forms Eight-Strong Wind Farm Lending Roster

Royal Bank of Scotland has closed syndication of a 14-year EUR133 million (\$134 million) wind farm project loan for Italian sponsor **Edison** with commitments from seven other lenders.

Market watchers say **Bank of Tokyo-Mitsubishi**, **Credit Lyonnais**, **Dexia Credit Local**, **HypoVereinsbank**, **Fortis Capital**, **Rabobank** and **Royal Bank of Canada** inked take-and-hold tickets. **William Peroni**, a project financier at RBoS in Milan, confirmed syndication had closed earlier this month, but declined to reveal the identity of the lending roster. Calls to **Massimo Arculeo**, a financier at Edison, were not returned.

The Edens project loan funds the construction of 11 wind farms scattered around Italy.

NU Bags \$650M Renewal

Northeast Utilities has renewed \$650 million in bank lines after tapping the four-bank crew who placed the deal last year. **Barclays Capital** and **Union Bank of California** headed a \$350 million 364-day revolver leg for the holding company, and **Citibank** and **Bank One** led the \$300 million piece for four of NU's operating subsidiaries (PFR, 10/7). A 10-bank roster was filled out by **Fleet Bank**, **Bank of New York**, **Citizens Bank**, **Toronto-Dominion Bank**, **J.P. Morgan** and **Mellon Bank**, says a banker close to the deal. The financing for the Hartford, Conn.-based company was executed Nov. 12.

E.on Launches Monster Deal

E.on will hold a bank meeting at its head office in Dusseldorf today to launch what is widely regarded as the largest ever energy sector corporate loan facility. Yet despite the EUR15 billion size, the lead arrangers have little doubt that the bank market can digest the monster debt package. "There are so few strong names left in this sector. If you want to have a strong utility credit portfolio you have to own this name," enthuses one syndicator in the six-strong lead arranger team of **Barclays Capital**, **Citibank**, **Deutsche Bank**, **Dresdner Kleinwort Wasserstein**, **HSBC** and **J.P. Morgan**.

The two-tranche loan package marks the first corporate loan from E.on since it was formed through the merger of **Veba** and **VEAG** two years back. The German utility leviathan will call on all of its existing banking relationships to get the loan sold. "If you want to have a relationship with E.on you have to sign up. And this includes pure investment banks hoping for advisory work in the future," notes the financier. He declined comment on how many banks are needed to round out syndication.

The facility is being divided into a EUR5 billion five-year loan and a EUR10 billion one-year facility priced at 25 and 20 basis points over Euribor, respectively. Whilst some of the funds may be drawn down to refinance existing debt, most of the line is unlikely to be touched. It's more of a backstop facility to provide liquidity, explains the financier. The fee structure is as follows:

Title	Ticket Size (EUR Mil)	Participation Fee (Five-Year)	Participation Fee (One-Year)
Arranger	600	14 Bps	6.5 Bps
Co-arranger	400	12	5.5
Snr Lead Manager	200	10	4.5
Lead Manager	100	8	3.5

The deal also offers commitment fees of 8.5 and 5.5 basis points for the two tranches, and utilization fees climbing from 2.5 to 5.5 basis points if more than two-thirds of the deal is drawn.

Alliant Looks For Clubber On Plant Financing

Alliant Energy Generation is looking for another bank to join its \$70-75 million non-recourse club financing for a power plant it is buying from **Mirant** after **National Australia Bank** dropped out of an initial four-bank group. **CoBank**, **ANZ Investment Bank** and **HypoVereinsbank** are the other banks on the planned eight-year loan (PFR, 10/14). One banker close to the deal says it's unclear why NAB backed out, but the remaining banks don't see it is a major issue. Because so many players pitched for the deal, they think they'll be able to get another bank in, and if not it's small enough to carve up between the three. Calls to **Mark Condon**, cfo at the Oakbrook Terrace, Ill. non-regulated generation arm of **Alliant Energy Resources**, and bankers at NAB, were not returned.

Alliant is buying the Neenah, Wis., 309 MW plant in a \$109 million deal. The plant has six years remaining on a PPA with **WE Energies**. While the PPA does not cover all of the eight-year loan, the loan has a number of cash traps, meaning the bulk of the debt will be amortized by the time the merchant tail is reached, says one official.



Middle East & North Africa

Saudi Utility Seen Tapping Advisors

Saudi Electricity Co., Saudi Arabia's state-owned power company, has hired **Royal Bank of Scotland** and **Gulf International Bank** to advise on selling three giant power and water desalination projects to international developers, say market watchers. While Saudi Electricity has long talked of establishing an IPP sector along the lines of that in Abu Dhabi, news that it has hired financial advisors likely means the effort is set to quicken pace, notes one London financier. Calls to RBoS and GIB officials were not returned by press time, and Saudi Electricity could not be reached over the Muslim weekend last Thursday.

A City lawyer says the Saudi Electricity is looking to develop three 2 GW power and water desalination plants firstly at Shuaiba, then Ras al-Zour and finally Jubail. The Saudi Electricity likely will send out request for proposals to develop the Shuaiba plant during the second half of next year, says one Dubai-based banker. He adds the tenders are likely to be offered as build-own-operate projects jointly owned by the Saudi government, Saudi Electricity and the international developer.

Corporate Strategy

Bear Trap

Progress Opts For Block Sale To Beat The Shorts

Progress Energy's recent \$600 million dip into the equity market was structured as a single block trade through underwriter J.P. Morgan Securities so it could avoid the short-selling activity that has bedeviled other equity offerings in the sector. Tom Sullivan, treasurer in Raleigh, N.C., says Progress decided against pre-marketing a sale because it feared that between announcing and pricing such an offering bears could have forced the kind of sharp price discounting that has afflicted other stock offerings. Short sellers have probably driven the discount down by around 10% during that window on other power companies' deals, he reckons.

The equity, which was made up of an initial block of 14.7 million shares with a 2.2 million over-allotment option, was re-offered to the market at \$41.90. Sullivan says the company is "ecstatic" about getting the deal

done. "We picked the top of the market and surprised the market with the structure," he adds, explaining that the surprise avoided any potential short-seller action. The stock closed at \$38.86 last Tuesday.

The lead role was not awarded after a competitive process, Sullivan says, explaining that J.P. Morgan was already working with the company on a deal-driven equity issue. When that deal didn't happen, Progress decided to go ahead with the equity offering as part of an effort to strengthen the balance sheet.

The funds will take down commercial paper balances.

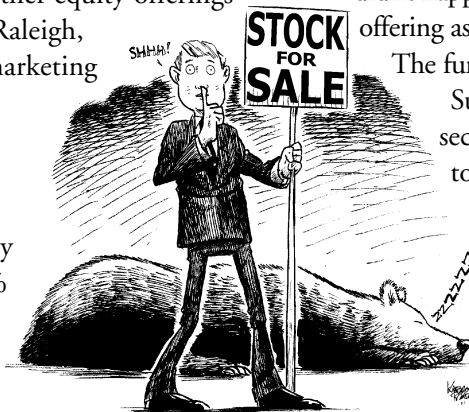
Sullivan notes that as with most players in the sector the company is facing pressure to stay on top of liquidity and credit issues. He says

Progress is forecasting a leverage ratio of 60% by year-end after hitting a high of 64% earlier this year. Leverage has already been helped by the sale of its natural gas distribution subsidiary North Carolina

Natural Gas for \$425 million in cash to

Piedmont Natural Gas last month. Moody's

Investors Service has Progress' senior unsecured debt rating of Baa1 currently on review for a possible downgrade.



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

- Hong Kong's CLP Holdings has reached a deal to buy out its U.K. partner Powergen's stakes in three power projects in Asia and Australia for \$115 million. Powergen is selling its 20% stake in Indian company Gujarat Paguthan Energy, its 18.4% share in Yallourn Energy of Australia and its 10% holding in Thai project BLCP Power. Once the deal is complete, CLP will own 100% of GPE, an owner-operator of a 655 MW plant in Gujarat, 92% of Yallourn Energy, owner of a 1,450 MW coal-fired power station and a coal mine in Victoria, and 50% of BLCP Power, which is developing a 1,434 MW power project in Thailand (*Dow Jones*, 11/12).

- Indonesia's state-run power utility PT Perusahaan Listrik Negara plans to issue up to IDR900 billion (\$99.61 million) in local currency bonds to fund the construction of a 600 MW gas-fired power plant on Java. PLN President Eddie Widiono

said the cash-strapped utility has few options but to raise debt to fund the construction costs (*Reuters*, 11/13).

Europe & Middle East

- The north German city of Braunschweig hopes to see TXU Europe's 74.9% stake in local utility BVAG sold by year-end, says a City spokesman. Under the deal with TXU Braunschweig has the right to approve or reject an onward sale of the stake to a third party. TXU Europe bought the stake in BVAG in May for \$400 million (*Reuters*, 11/11).

- A group led by Belgium's Electrabel and Rome utility Acea is set to buy Interpower, the third portfolio of Italian generation units being sold by Enel, after raising an original bid for the business. Last week the consortium reportedly offered EUR850-900 million for the 2.6 GW Interpower. That was below the EUR1 billion believed to be the floor price sought by Enel (*Reuters*, 11/13).

- The Polish Treasury has received three bids for a stake in Poland's **Elektrownia Kozienice** power plant, according to a government official who declined further comment. The ministry offered at least 10% of Kozienice in a public tender that opened in September. Kozienice is Poland's third-largest power generator with 2,840 MW of installed capacity (*Dow Jones*, 11/13).

- **Centrica** has acquired Rough, **Dynegy's** offshore U.K. gas storage business for GBP316 million. Rough, the largest gas storage facility in the U.K., can hold some 100 bcf gas and has a deliverability rate of 1.5 bcf of per day. "The acquisition is of strategic importance to Centrica, providing us with flexibility to meet the fluctuating gas requirements of our retail customers," noted **Roy Gardner**, ceo (*Dow Jones*, 11/14).

U.S. & Canada

- **Mirant**, **AES** and **Reliant Resources** have become the latest firms to say they received subpoenas from federal prosecutors looking into their trading practices during the California power crisis (*Reuters*, 11/11).

- **El Paso** plans to isolate trading from its balance sheet by creating a new subsidiary next quarter called **Travis Energy Services**. The company will pledge cash flow from liquidating its trading portfolio and half-interests in two pipeline ventures as collateral for \$600 million in credit Travis Energy would start with. Travis Energy would then liquidate the trading portfolio over the next 18-24 months. The ring fence strategy is aimed at avoiding a fire sale of the trading assets, and keeps open the option of selling part or all of the entity later on (*The Wall Street Journal*, 11/11).

- **Williams** has agreed a \$417 million settlement with California stemming from California's energy crisis in 2000-2001 and has tentatively restructured power-supply contracts with the state. The Tulsa, Okla. energy company will pay the state \$147 million over eight years and reimburse several state agencies for the cost of various investigations. Williams also will reduce the cost of its existing long-term power, natural-gas and generating-capacity contracts with the state by \$180 million and will provide California with six generating turbines, valued at about \$90 million (*The Wall Street Journal*, 11/12)

- **Xcel Energy** has named **Ben Fowke** as treasurer, replacing **Paul Pender**, who is becoming cfo of **TRANSLink Development**, a partnership including Xcel Energy that is working toward forming a new independent transmission

company. Fowke was most recently responsible for the financial operations of Xcel's commodity trading and marketing (*Business Wire*, 11/12).

- **UBS** said the online energy trading business it bought from **Enron** is suffering from the industry-wide power-trading slump. "We have seen a total collapse in the business," President **Peter Wuffli** said in a conference call. He added that UBS thinks the business will come back and it has no plans to abandon the operation that it bought in February (*Reuters*, 11/12).

- **PG&E Corp.** said its **National Energy Group** will default on some of its obligations, beginning with a \$431 million revolving bank loan. At least \$1 billion of additional defaults are likely during the next six months on about \$4.5 billion of debt outstanding (*The Wall Street Journal*, 11/14).

- With the Republican-led House of Representatives scheduled to adjourn last week and lawmakers still unable to reach agreement on a national energy strategy, members of an energy conference committee finally threw in their cards Wednesday afternoon and declared the federal energy bill dead. Lawmakers have fought for the better part of two years to craft legislation to boost domestic energy supplies and encourage conservation measures (*Houston Chronicle*, 11/14).

- Pineville, La.-based **Cleco Corp.** has discovered improper energy trades that took place over the past three years, after its board was tipped off by an anonymous complaint. Three units conducted round-trip trades, and the transactions, totaling \$23.1 million, accounted for less than 1% of revenue over the past three years, according to the company (*Dow Jones*, 11/14).

- **Reliant Resources** filed for another rate increase with Texas regulators Wednesday, citing significant increases in natural gas prices in its request to adjust the fuel portion of power prices for Houston residential and small-business customers. The market price of natural gas has jumped 7.7% since the **Public Utility Commission** agreed to an earlier hike 10 weeks ago (*Houston Chronicle*, 11/14).

- **Duke Energy** got the federal environmental go-ahead for its proposed Grizzly natural gas pipeline extension from British Columbia into Alberta. The 110-kilometer line still needs approval from the **National Energy Board** and provincial bodies (*Dow Jones*, 11/14).

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BRITISH ENERGY

(continued from page 1)

declined to comment. Calls to a spokesman at the U.K.'s Department of Trade & Industry, which arranged the previous loan, were not returned.

A U.K. power trader says BE executed a number of long-dated seasonal power sales last week with two suppliers; almost the first time it has locked in any new long-dated deals since admitting it was almost bust in early September (PFR, 9/9). Over the past two months BE has primarily sold its merchant output into the day-ahead market.

The timing of the long-dated trades is surprising as in less than two weeks a GBP650 million make-or-break emergency funding package from the U.K. government is due to expire, traders say. BE's long-dated trading counterparties must have believed the emergency funding would be extended beyond the Nov. 29 deadline, say market watchers.

This development points to a growing belief that the government bailout will be extended at the last minute. If the U.K. government wanted to let BE fail it would have pulled the plug already, notes one banker. He adds that while the Blair government has no desire to rescue BE's shareholders, it cannot afford to let BE, which supplies some 20% of the U.K.'s generation, stop producing power. The government will keep the company afloat until it formulates and publishes a revised nuclear energy policy early next year, says the banker. A government white paper on energy policy is expected to be published in the spring.

—Will Ainger

CHICAGO HEDGE

(continued from page 1)

don't talk about positions."

Industry players say the deal is significant on two fronts: firstly it underlines the increased willingness of some banks to play hardball with embattled power companies over refinancing maturing debt. But, perhaps more importantly it also underscores the fact hedge funds are starting to invest in the sector when the investment returns justify it. "Hedge funds are becoming a more crucial provider of capital in the power market," says Kirk Edelman, an industry consultant in New York.

The identity of the bank looking to leverage Xcel could not be determined, but one financier says it's a common tactic when institutions are facing the prospect of losing money. "I think some people on the banking side have unreasonable expectations," he says. In non-recourse financings in particular, there is sometimes the expectation that the sponsor or its parent will step in, he explains. "That's not the deal here," he

says, adding that the scale of the NRG restructuring almost precludes Xcel from making good on each deal.

The convertible deal carries an 8% coupon and had an initial size of \$100 million, but Citadel has the option to increase it to \$225 million, while Xcel can add another \$100 million, according to a regulatory filing posted by Xcel.

Citadel, which has around \$6 billion in assets, has been among the most prominent funds to step in to the faltering power sector, in particular through its hiring of power trading talent from Enron and Aquila (PFR, 10/21). Its origins date back to 1987 when Griffin started trading out of his Harvard University dorm room.

Mary Sandok, a spokeswoman at Xcel, says the company is not releasing any information beyond what is contained in its 8K filing.

—Peter Thompson

Quote Of The Week

"We surprised the market with the structure." —Tom Sullivan, treasurer at Raleigh, N.C.-based **Progress Energy**, commenting on how the utility sold \$600 million of new stock through a single block trade as a way to blindside the equity market to limit short-selling activity (see story, page 5).

One Year Ago In Power Finance & Risk

U.K. utility **Scottish & Southern Energy** was considering tapping the sterling bond market to refinance existing debt at lower levels. **Debbie Smith**, a company spokeswoman, said the utility had begun an investor roadshow to gauge demand for the deal, but added S&S had yet to determine if it would pull the trigger on the offering. [Lead arrangers **Royal Bank of Scotland** and **UBS Warburg** launched a GBP250 million (\$357 million) 30-year bond offering with a 5.5% coupon for SSE subsidiary **Southern Electric** on Nov. 22. The deal closed later that week.]

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