

# power finance & risk

The exclusive source for power financing and trading news

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NOVEMBER 22, 2004

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## What Do You Think?

As Energy **Secretary Spencer Abraham** steps down in the wake of President **Bush's** second-term victory, who will be his most likely successor to carry out energy policy?

- **Tom Kuhn, Edison Electric Institute** Chair
- Sen. **John Breaux**
- Other

email [mdecambre@iineews.com](mailto:mdecambre@iineews.com)  
to weigh in.

## Buffett Utility Boosts Revolver

**MidAmerican Energy**, the utility unit of the **Warren Buffett** empire, has arranged a \$425 million revolving credit facility, upsizing and extending the maturity of a previous loan.

See story, page 2

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## Louisville Slugger

### KY. TOWN MAYOR LOOKS TO CONTEND IN LG&E SALE

Louisville, Ky., Mayor **Jerry Abramson** says he wants the city to make a play to acquire **LG&E Energy** from **E.on**. Abramson tells *Power Finance & Risk* that E.on Chairman **Wulf Bernotat** said during a tête-à-tête two weeks ago at the company's Dusseldorf headquarters that E.on plans to either expand the Louisville-based operation or unload it. "[Bernotat's] words were, 'We are going to either grow or go,'" Abramson says. E.on acquired the facility some three years ago as a beachhead in its U.S. expansion plans. "E.on is still evaluating its options,"



(continued on page 11)

### EASTMAN CHEMICAL UNIT PLOTS PROJECT DEBT FOR 1 GW BUILD-OUT

**Eastman Gasification Services Co.**, a subsidiary of chemical giant **Eastman Chemical Co.**, is likely to seek project finance for two integrated gasification combined-cycle projects it is looking to develop in Texas and Tennessee. **David Denton**, business development director at the coal gasification operator in Kingsport, Tenn., says it will probably use a combination of non-recourse debt and equity. The facilities together will generate 1,000-1,300 MW of clean coal power. He declined to give a precise cost on the project, but says \$1,200-1,300 per kilowatt will build a typical coal plant that produces at least 500 MW of power.

Although Eastman Gasification is still in the evaluation stage, it could be ready to seek financing at the end of next year, Denton says. It is too early speculate on a debt to equity

(continued on page 12)

### SEMPRA LAUNCHES \$1B REVOLVER FOR LNG PROJECTS

**Sempra Energy LNG** has arranged a \$1 billion unsecured revolving credit to help fund three huge liquefied natural gas projects in Mexico and the U.S. To finance the LNG push, Sempra expects it will need \$2.5 billion for capital expenditures through 2009, says **Charles McMonagle**,



Costa Azul

treasurer at Sempra Energy in San Diego. He adds permanent financing may be sought in a couple of years, but declined to elaborate beyond saying that it is likely to tap the capital markets. He adds non-recourse debt has not been ruled out at this point.

The San Diego-based company is planning to build three LNG terminals at a cost of

(continued on page 12)

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

## Mirant Climbs On Creditor Agreement Rumor

Mirant Americas Generation's (MAGI) \$300 million bank debt has climbed eight points to 98-99 in the last four weeks and could shoot up further. A 13 point jump that brought the bonds into the 103 range has investors betting that a dispute between the unsecured creditor committees has been resolved and MAGI's credit will be paid off at par plus accrued interest. "People are getting bullish on MAGI getting reinstated," a trader told *PFR* sister publication *Loan Market Week*.

MAGI could go up to 103 in the near term, a trader says. If repaid with accrued interest the value could be about 107-109. "To the extent MAGI trades up, it reflects a certainty that a deal is getting done. To the extent that certainty is reflected, **Mirant Corp.** should trade up too," the trader said. MAGI is a wholly owned subsidiary of Mirant.

So far, creditors have been unable to agree on a restructuring plan since the company filed for bankruptcy in July 2003. The debt includes \$2.5 billion in bonds. A Mirant spokesman declined comment on whether an agreement has been reached. He explained, though, that after Mirant filed for bankruptcy, three committees were formed among unsecured creditors to discuss in good faith a restructuring plan. The committees were the MAGI creditors committee, the corporate creditors committee and the equity committee. Members of the creditor committee either declined to comment or did not return calls.

## Commerzbank Hires New Energy Head

Commerzbank has tapped **Andrew Campbell**, senior v.p., to head its energy, utilities and project finance group in New York. Campbell says he replaces **Harry Yergey**, who has become general manager of Commerzbank in London. Campbell reports to **Joachim Doepp**, general manager, who could not be reached for comment by press time.

Campbell was previously portfolio manager in Commerzbank's secondary investment group, where he covered bonds, credit derivatives, loans and structured transactions. He has been with the Frankfurt-based bank for 11 years.

## MidAmerican Wraps Upsized Revolver

MidAmerican Energy, the utility unit of the **Warren Buffett** empire, has closed a \$425 million revolving credit facility, upsizing and extending the maturity of a previous loan. The five-year facility replaces a three-year \$370 million revolver, says one financier, declining to provide pricing levels. The loan was launched last month as the old facility was due to expire in January (PFR, 10/11). A call to **Patrick Goodman**, cfo at MidAmerican, was referred to a spokeswoman, who did not return a phone call by press time.

The original line, led by **Bank One Capital Markets**, which merged with **J.P. Morgan**, had all-in pricing of LIBOR plus 60 basis points, including a 10 basis point facility fee.

J.P. Morgan and **Union Bank of California** led the upsized loan. The syndicate is composed of 14 lenders, including **Bank of New York**, **BNP Paribas**, **ABN AMRO**, **Royal Bank of Scotland**, **Wachovia Securities**, **Wells Fargo**, **US Bank**, **Lehman Brothers** and **Commerzbank**, the banker says. Lending officials either declined to comment or did not return calls.

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**Institutional  
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## News

### Colo. Co-Op To Review Coal Plant RFPs

**Tri-State Generation and Transmission Association**, the wholesale Westminster, Colo., power cooperative, is getting ready to review proposals from outsiders pitching alternatives to its plan to develop a coal-fired facility in the eastern or southeastern part of Colorado. **Jim Van Someren**, spokesman, says it has received about a dozen notices of intent to submit proposals. The requests for proposals, which were released this summer (PFR, 8/30) are due today.

Tri-State is investigating the viability of constructing its own 600-700 MW coal-fired plant, which it could expand to 2 GW, says Van Someren. The co-op will be examining proposals into January and expects to make a decision on whether to build its own plant or buy one in March, he says. Cost will be a deciding factor, he adds. "If we're not confident then we'll do our own facility."

Van Someren says a 600-700 MW coal plant likely would cost in the neighborhood of \$1 billion to build. Tri-state is still exploring possible financing options, including the **Rural Utilities Service**, he adds, expecting to reach that decision in the first quarter next year as well.

### Shell Self-Syndicates 160 MW Wind Deal

**Shell WindEnergy** and partner **Entergy Corp.** are self-syndicating a \$70-80 million bank loan to refinance the operational 160 MW Top Deer Holdings portfolio. The joint-venture partners were recently auditioning about a dozen candidates to finance the wind energy deal (PFR, 11/15). But, in a market with a dearth of financings for banks the sponsors appear to have decided on a club approach with aggressive, tight pricing, say bankers. **Tim O'Leary**, a Shell spokesman in Houston declined to comment on the financing.

Bankers say pricing talk on Shell's deal is the lowest seen in some time but declined to disclose the specific rate other than to say it is comparable to margins seen in European wind deals. "It's expected to be the lowest priced wind deal to come out of the [U.S.] market," says one banker. That could lead to a re-assessment of what the market rate is for other wind developers such as **FPL Energy** and **MidAmerican Energy**, who have a large pipeline of deals.

**Royal Bank of Scotland**, **WestLB**, **BNP Paribas**, **Calyon**, and **HypoVereinsbank** have been selected to participate in the

term loan, but bankers say given the size of the deal only three lenders are really needed. Officials from HVB, WestLB, and BNP did not return calls and Calyon and RBS officials declined comment.

The Top Deer portfolio consists of the 80 MW White Deer project near Amarillo, Texas, and 80 MW Top of Iowa Wind Farm in Bristol and Fertile Townships.

### Texas Genco Loan Set To Go Retail

The \$2.2 billion **Texas Genco Holdings** acquisition loan deal was set to launch retail syndication last Friday morning. Pricing could not be ascertained by press time. Originally syndication was slated to occur toward the end of October but, for undisclosed reasons, the deal needed to be tweaked, say market watchers familiar with the transaction (PFR, 11/8).

Last month lead arrangers **Goldman Sachs** and **Morgan Stanley** invited 20 commercial banks to participate as senior managing agents in the transaction, which was arranged to fund the \$3.65 billion acquisition of Texas Genco Holdings by a private equity consortium (PFR, 10/18).

### Ciao! Lenders Sought For Italian IPP Purchase

**BNP Paribas** is looking for lenders to participate in the financing of London-based **Oxenbridge's** acquisition of Italian IPP **Elettra**. Sole lead arranger BNP is seeking three or four lenders each to take on a little more than a EUR20 million portion of the deal by year-end, says a bank official familiar with the deal.

The debt will help fund the EUR250 million purchase of a portfolio of power plants and development projects in northern Italy (PFR, 7/26). The total size of the deal could not be determined. Terms of the debt could not be ascertained. BNP officials declined to comment and a call to **Stephen Oxenbridge** managing partner at Oxenbridge in London, was not returned.

Elettra is being sold by Italian steelmaker **Lucchini**, which holds a 75% stake, and German utility giant **RWE** which owns the remainder. Oxenbridge owns a variety of CHP plants and hydroelectric facilities with 250 MW in capacity. It also has a 2 GW book of projects in early stage development.

## Corporate Strategies

### PNM Nets Fresh Revolver For TNP Purchase



John Loyack

PNM Resources has obtained a \$400 million, revolving credit facility to improve liquidity and facilitate its planned acquisition of **TNP Enterprises**. The five-year unsecured line will enable the Albuquerque-based holding company to provide TNP subsidiaries, **First Choice Power** and utility **Texas New-Mexico Power Company**, each with \$100 million

when the acquisition is completed over the next several months, says **John Loyack**, cfo. "We wanted to have liquidity in place for these units on day one of completion of this deal."

The funds help allay costs of a pricey counterparty contract First Choice has with **Constellation Energy Group**, Loyack explains, declining to provide details on the arrangement other than to say that it is complicated and costly for the subsidiary to maintain. For the Texas-New Mexico utility, the debt will be used for day-to-day liquidity, he says.

Rising interest rates and banks amenability to lending to

energy companies provided additional impetus for PNM to get the credit in place ahead now. "This is really a sweet spot in the bank market, right now," Loyack says. Indeed, pricing on the line is at LIBOR plus 85—about 10 basis points cheaper than lead lenders **Bank of America** and **Wachovia Bank** originally had been pitching to other banks, he adds.

BofA advised PNM on its acquisition of Texas-New Mexico, making it a virtual lock to lead the revolver Loyack admits, noting he tried to make sure the deal was distributed to a wide array of lenders. A total of 16 participated in the oversubscribed deal. Wachovia was selected as a co-lead because it has maintained a longstanding relationship with the company. "Wachovia has always been there when we've needed credit support," he comments.

As a part of the deal, PNM also completed a floating-for-fixed swap with **J.P. Morgan** and BofA on \$100 million of its new line in order to lock in low rates. "We're betting that rates are heading up and this is an ideal time to lock things in," Loyack says. The swap will result in PNM paying an interest rate of 4.97% through November 2009. The balance of the credit facility will be used for general corporate purposes.

### Indiana Michigan Floats \$175M In Notes

**Indiana Michigan Power Co.** issued \$175 million of senior notes earlier this month in a move to pay down short-term debt. The company has not yet determined which short-term debt it will repay, says **Renee Hawkins**, managing director of corporate finance in Columbus, Ohio. The **American Electric Power**-owned utility decided to issue the notes after the Presidential elections to avoid potential market turmoil, she says. The bonds will also be used for general corporate purposes.

The notes, which were priced at 99.636 at launch, carry a coupon of 5.05% and mature in 2014. **ABN AMRO** and **Barclays Capital** were the lead banks on the offering. "We went with ABN AMRO and Barclays because we've worked with them in the past and they've always done a good job in selling the

bonds at a reasonable interest rate," Hawkins says.

The offering, which targeted institutional investors, was rated BBB by **Fitch Ratings**.

### Cleco Issues Shares To Repay Debt

**Cleco Corp.** completed an offering of \$32 million in common stock on Nov. 9 to pay down existing debt. Proceeds from the sale will be used to repay a portion of Cleco's \$100 million of 8 3/4% senior notes due 2005 when they mature, says **Kathleen Nolen**, treasurer at its Pineville, La., headquarters. The debt was issued in 2000 to fund construction of wholesale plants and for general corporate purposes.

Cleco issued 1.75 million shares at \$18.50 per share. **Goldman Sachs**, the sole underwriter for the deal, has an option of purchasing up to an additional 250,000 shares of common stock at \$18.50 less the underwriting discount within 30 days. Goldman was tapped because Cleco had worked with the bank in the past. "We were confident in their ability to execute the deal," Nolen says.

The deal targeted institutional investors who had previously inquired about purchasing shares in Cleco. The buyers could not be identified and Nolen declined to comment. The company's stock was trading at \$19.41 last Wednesday, with a 12-month high and low of \$19.75 to \$16.19, respectively.

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## Aquila Set To Close \$125M Asset-Based Loan

Aquila is wrapping a \$125 million asset-based loan to meet its liquidity needs for the anticipated increase in gas consumption during the winter, says a banker close to the deal. The loan for the Kansas City, Mo., player was expected

to be completed last Friday as *PFR* went to press with possibly three or four lenders participating. **Union Bank of California** is the sole lead underwriter of the six-month debt and has been pitching a 250 basis point spread over LIBOR with a 50 basis point commitment fee (PFR, 10/30). Calls to **Rick Dobson**, cfo at Aquila, were not returned and a UBoC official declined to comment.

## 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.*

### U.S. & Canada

- **Sempra Energy** subsidiary **Southern California Gas Co.**, manipulated natural-gas prices during the energy crisis of 2000-01, which caused prices to spike on the open market, Judge **Charlotte TerKeurst** found after a two-year investigation. The judge proposed that the **California Public Utility Commission** strip the gas company of roughly \$29 million in profits earned during the period. She referred her findings to the California attorney general (*Wall Street Journal*, 11/18).
- Wholesale electricity in New England rose as higher natural gas prices increased fuel costs for power generators. Mass., prices climbed 65 cents to 57.71 a megawatt hour on the **Intercontinental Exchange** and prices for gas in the Algonquin hub serving New England climbed 10.1 cents to 6.7725 per million British thermal units (*Bloomberg*, 11/15).
- **Wisconsin Electric Power Company** has agreed to sell \$250 million of unsecured 3.50% debentures due Dec. 1, 2007. The securities will be issued from a shelf registration filed with the **Securities and Exchange Commission** (*PR Newswire*, 11/17).
- **Cleco Corp.** sold all of the assets of its subsidiary **Cleco Energy**, which controlled natural gas pipelines and oil and gas production assets, in two transactions to subsidiaries of **Millennium Midstream Energy** of Houston in a deal that closed last Tuesday. The company's oil and gas production assets were sold to **Chalker Energy Partners** on Sept. 15. The terms of the two sales were not disclosed (*Business Wire*, 11/16).
- **TransAlta Corporation** is selling its 50% interest in the 220 MW gas-fired Meridian Cogeneration Facility located in Lloydminster, Saskatchewan for \$110 million, to **TransAlta Cogeneration**. TA Cogeneration is a partnership owned a little over 50% by TransAlta and 49.99% by **TransAlta Power** (*Business Wire*, 11/15).
- **Enron Corp.** completed the sale of its interest in three natural gas pipelines to **CCE Holdings**, a joint venture of **Southern Union Co.** and a unit of **GE Commercial Finance**. The sale totaling approximately \$2 billion was approved in

September by U.S. Bankruptcy Judge **Arthur Gonzales** in New York and signals that the company is ready to emerge from bankruptcy. **CCE Holdings** also will assume \$430 million (*Associated Press*, 11/17).

### Europe & Middle East

- Milan has raised EUR267 million from the sale of an 8.8% stake in Aem SpA—its gas and power company. The sale makes Milan the first Italian city to divest its majority stake in a local utility. Deutsche Bank sold 158.4 million shares at EUR1.69 a piece (*Bloomberg*, 11/15).
- **E.ON AG** may buy a 1% stake it doesn't already own in **German Utility Holding**—Europe's second largest utility. Separately the European utility may build a EUR800 million (\$1 billion) plant in Datteln. The plant, which likely would have capacity of about 800 MW, would replace an older station. (*Bloomberg*, 11/15)
- **Halliburton Co.**, may bid to develop a \$3 billion gas-to-liquids plant in Qatar, the world's biggest. In a separate but related deal, **Deutsche Asset Management** arm **DB Capital Partners** acquired a 4.1% stake in the same facility. (*Middle East Economic Digest*, 11/15).
- **British Energy** is hoping to extend its restructure plans after finding that two of its nuclear plants, Hartlepool and Heysham will not be able to restart by mid-December. As a result, the power producers' energy output will be cut by 59.5 TW per hour this year. (*Bloomberg*, 11/18).
- Nordic utility **Fortum Oyj** has cut its borrowing costs on its \$1.3 billion loan with **Barclays**, **BNP Paribas**, **Citigroup**, **Dresdner Kleinwort Wasserstein** and **Nordea Bank AB**. The region's second largest utility and its top refiner obtained a rate of 7.5 basis points plus LIBOR versus the 18 basis points it paid to maintain its older loan. The Finland-based company benefited from increased energy costs, as its third-quarter profit increased by 75% to EUR228 million from EUR130 million (*Bloomberg*, 11/18).

## Weekly Recap (cont'd)

• Spain's second largest power company **Iberdrola** paid **Gamesa Corporacion Technologies SA** \$739 million for 469 MW worth of capacity in Spain and Portugal. Iberdrola's wind capacity after the acquisition is completed will total 3,246 MW and represent about 13% of its overall generation volume. (*Bloomberg*, 11/18)

### Asia & Russia

• **Korea Midland Power Co.** and three other units of **Korea Electric Power Corp.** received South Korean government approval to import liquefied natural gas beginning in 2008—a move expected to increase competition for the world's largest LNG buyer **Korea Gas Corp.** (*Bloomberg*, 11/15).

• Singapore may build a \$460 million underground oil and natural gas storage complex at its Jurong industrial area after March. The complex, which could store 25 million barrels of fuel, will be located at the Jurong Island industrial area. It would boost Jurong's storage capacity of 88 million barrels by a third (*Singapore Business Times*, 11/13).

• **Diversified Utility & Energy Trusts**, an energy-asset management investment company known as **DUET**, is seeking to raise \$304 million in share sale to help fund its purchase of a stake in a gas pipeline in Western Australia (*Bloomberg*, 11/14).

• **Lithuanian Gas** says that next year it will develop a pipeline to carry natural gas from Russia through Lithuania to Kaliningrad, said Wednesday. Lithuania, Germany, Poland and Belarus will participate in order to build the 63-kilometer pipeline, said **Jonas Janulionis**, director of technology for Lithuanian Gas (*Associated Press*, 11/15).

• Hong Kong-based **Challenger Financial Services Group** acquired a 5.8% stake in a U.K.-based North of England gas natural gas distribution network for \$65 million from **Cheung Kong** (*Bloomberg*, 11/15)

• **Genesis Power Ltd.** and **Contact Energy Ltd.** New Zealand's biggest operators of gas-fired stations, are selecting a preferred site for a liquefied natural gas terminal to ensure fuel supplies from the end of the decade (*Bloomberg*, 11/16).

## Financing Record (NOVEMBER 10-NOVEMBER 17)

### Debt

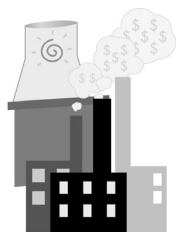
Issue Date	Business Issuer	Description	Principal Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	Offer Yield to Maturity (%)	Spread to Bench-Mark	S&P's Rating	Moody Rating	Fitch Rating	Gross Spread as % of Pncpl Amt in this Mkt
11/10/04	Indiana Michigan Power	Electric utility holding co	175	5.05	Notes	11/15/14	99.636	5.097	85	BBB	Baa2	BBB	na
11/15/04	Potomac Edison Co	Electric and gas utility	175	5.35	Notes	11/15/14	99.955	5.356	117	BB+	Ba1	BBB-	na
11/16/04	Energen Corp	Whl nat gas;explor,produce gas	100		Flt Senior Nts	11/15/07	100			A-	Ba2	NR	na
11/17/04	Nederlandse Waterschapsbank	Water utility	1,000.00	3.5	Fxd/Straight Bd	12/19/07	99.94	3.521	34	AAA	Aaa	AAA	na

### Debt Registration

Expected Date	Filing Date	Issuer	Bookrunner(s)	Amount (mlns)	Moody's Ratings	Standard & Poors Ratings	Class
Early Dec.	11/5/04	Star Gas Partners LP	JPM	300	Caa3	B-	Senior

### M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Nation	Deal Value (\$mil)
11/10/04		Qiqihar Natural Gas Co		Electric, Gas, and Water Distribution	China	Panriver Investments Co Ltd	Hong Kong	9.341
11/10/04		Undisclosed Wind Farms(5)		Electric, Gas, and Water Distribution	Spain	Gas Natural Electricidad	Spain	42.57
11/10/04		VA Tech WABAG Ltd		Electric, Gas, and Water Distribution	India	ICICI Venture Funds Mgmt Co	India	
11/11/04		Societa Gas Rimini Servizi Spa		Electric, Gas, and Water Distribution	Italy	HERA	Italy	5.418
11/12/04	11/12/04	Luna Energy Facility LLC		Electric, Gas, and Water Distribution	United States	Investor Group	United States	40
11/12/04	11/12/04	Red Energy		Electric, Gas, and Water Distribution	Australia	Snowy Hydro Ltd	Australia	
11/12/04		Bears Down Ltd		Electric, Gas, and Water Distribution	United Kingdom	Npower Renewables Ltd	United Kingdom	
11/12/04		Slovenske Elektrarne as	PricewaterhouseCoopers	Electric, Gas, and Water Distribution	Slovak Rep	ENEL SpA	Italy	1,089.07
						UBS Investment Bank		
11/12/04	11/12/04	United Gou Zhen Water		Electric, Gas, and Water Distribution	China	United Envirotech Ltd	Singapore	1.633
11/12/04	11/12/04	United Gou Zhen Water		Electric, Gas, and Water Distribution	China	NOVO Envirotech(Guangzhou)Co	China	4.638
11/15/04		Contigas Deutsche Energie-AG		Electric, Gas, and Water Distribution	Germany	E ON Energie AG	Germany	
11/15/04		Gas Network Ltd		Electric, Gas, and Water Distribution	United Kingdom	Challenger Financial Services	Australia	65.298
11/15/04		Meridian Cogeneration Facility		Electric, Gas, and Water Distribution	Canada	TransAlta Cogeneration LP	Canada	91.667
						HSBC Securities (Canada) Inc		
11/16/04	11/16/04	Cie Thermique du Gol SA		Electric, Gas, and Water Distribution	Reunion	Sechilienne-Sidec SA	France	
11/16/04	11/16/04	Cie Thermique du Moule		Electric, Gas, and Water Distribution	France	Sechilienne-Sidec SA	France	
11/16/04	11/16/04	Cie Thermique de Bois Rouge		Electric, Gas, and Water Distribution	Reunion	Sechilienne-Sidec SA	France	
11/16/04		KeySpan Energy Partnership		Electric, Gas, and Water Distribution	Canada	KeySpan Facilities Income Fund	Canada	119.167



## 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](mailto: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	None	Ongoing.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Raccoon 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 Chocon	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		
	Harrison County	Texas	550 (70%)	Gas		

# HEDGE FUND WORKSHOP

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
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		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Is evaluating bids.
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Ongoing.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
Royal Dutch /Shell Group	La Rosita	Mexico	1,100		Citigroup	Exploring Sale
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			
	Coryton	U.K.	732			
	Rijnmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
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		

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## KY. TOWN

(continued from page 1)

he notes. Calls to E.on spokesman **Peter Blau** were not returned by press time.

E.on has signaled to bankers that it may sell LG&E but it hasn't made a final decision (PFR, 10/11). If a sale is initiated, the Louisville Mayor would likely be contending with well-funded bidders including **Cinergy** and **FirstEnergy**. Calls to officials at Cinergy and First Energy were not returned by press time.

Abramson is seeking counsel from local utilities law firm **Stites & Harbison PLLC**, Seattle-based energy consultant **R.W. Beck Inc.** and boutique investment bank **Coady Diemar LLC**. "LG&E is a well-run utility and a good corporate citizen. My preference is for the company to stay here," Abramson says. But if not, the city wants to take a swing. "We'll support E.on's growth, if they want to stay but if they sell, we want to be buyers." The firms either declined to comment or did not return calls.

Employing some 1,800 people, LG&E is a significant part of the Louisville economy. For that reason, Abramson would rather see it in local or state hands to ensure it keeps running. "We want to keep an outstanding corporation here," he says, noting that being able to own the facility and keep rates at reasonable

levels is also a big driver. It generates around \$2.5 billion in revenues, Abramson estimates, declining to talk about its value or what it might take to win a bid.

In order to compete, Abramson says the city could establish a public entity to finance the investment similar to the **Louisville Water Co.**, which is a privately owned utility founded more than 100 years ago. "That's a clear example of the type of structure we could use. The water utility was structured by the city as a private entity in the late 1800s and has its own bond ratings and its shares are owned by the city," Abramson says.

The precise entity Abramson has in mind has not yet crystallized and could involve other local municipalities or the state. So far, he has had discussions with other government officials that include Lexington Mayor **Teresa Isaac** and Gov. **Ernie Fletcher**. "We have talked to rural mayors, rural electric co-ops a lot and have been working with the governor to finalize the structure." LG&E has been sold twice to foreign companies in the six years since LG&E and **Kentucky Utilities** merged. E.on acquired it two years ago as a part of its EUR8 billion purchase of U.K. utility **Powergen**. But costs associated with operating the plants due to **Securities and Exchange Commission** requirements have made it less economically viable.

—Mark DeCambre

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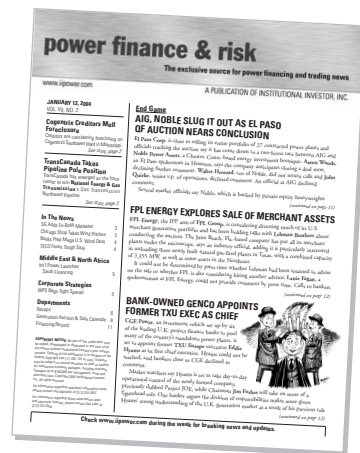
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## SEMPRA LAUNCHES

(continued from page 1)



Port Arthur

nearly \$2 billion, including Energía Costa Azul in Baja California, Mexico, Cameron in Lake Charles, La., and Port Arthur in Port Arthur, Texas. It also plans to construct three accompanying gas storage facilities.

The Energía Costa Azul project in Mexico has capacity contracts with **Shell International Gas** and **BP** and its **Tangguh LNG** partners in Indonesia, **McMonagle** notes. The other two facilities are either fully permitted or waiting to sign contracts before construction begins, he says.

Pricing on the credit line is being pitched at 5/8% over LIBOR for up to 50%, triggering to 3/4% if more than half is drawn.

There is also a 15 basis point facility fee, one banker says, noting the loan is guaranteed by the parent **Sempra Energy**. The deal is expected to close by mid-December, he adds. The five-year bridge loan is led by **Citibank** and **Royal Bank of Scotland**. Calls to Citibank and RBS were not returned by press time.

Sempra obtained similar pricing on a \$1.5 billion revolver it completed in July. That facility was led by Citibank and **J.P. Morgan Securities**. **McMonagle** says this is the first time that RBS has led a revolver for Sempra, but notes that it has worked with the company in other capacities.

—Christine Idzelis

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## EASTMAN CHEMICAL

(continued from page 1)

ratio as the company needs to obtain offtake and supply agreements. He declined to comment on discussions it is having with potential partners. Depending on agreements and government incentives, most projects have 60/40 or 80/20 debt to equity ratios. **Denton** notes that the reelection of **George W. Bush** will likely help the passage of the energy bill, which includes government incentives to build **IGCC** plants.

The Texas Eastman plant in Longview currently exists as a 500 MW combined cycle gas-fired plant, **Denton** says, so it would only need to be refueled. This reduces the building cost by roughly 40%, he notes.

The other, known as Eastman Tennessee, is in Kingsport and already has some infrastructure in place, so it would be easier to build than a green-field project. The company plans to develop a 500-800 MW facility at the site.

The rise of natural gas prices has made coal much more attractive, says **Raymond Kelly**, project finance manager at Eastman Gasification. He notes the clean technology is much kinder to the environment than traditional coal plants, which should also help give rise to more **IGCC** plants in the future. —C.I.

## Calendar

- The **Edison Electric Institute** is holding its Electric Industry Utility conference at the London Hilton on Feb.20-23, 2005. For more information contact **Debra Henry** or **Mari Smallwood** at (202)-508-5496 and (202)-508-5501, respectively.
- The **American Council on Renewable Energy** is holding its annual Power-Gen Renewable Energy conference on March 1-3, 2005 at the Las Vegas Hilton. For information call **Brian Schimmoller** at (918)-831-9866.

## Quote Of The Week

"[Bernotat's] words were, 'We are going to either grow or go.'" —Mayor **Jerry Abramson**, recounting his one-on-one discussion with **E.ON AG** Chairman **Wulf Bernotat** about the Dusseldorf, Germany company's intentions to either maintain or divest **LG&E Energy** in Louisville (see story, page 1).

## One Year Ago In Power Finance & Risk

**Wisconsin Energy** was weighing financing options for 2.3 GW of planned new generation capacity. [Last month, the utility holding company said it was in discussions with banks to raise \$500 million through four separate corporate bond offerings to help fund the construction of two 615 MW coal-fired plants and two 545 MW combined-cycle gas plants.]