

# power finance & risk

The exclusive source for power financing and trading news

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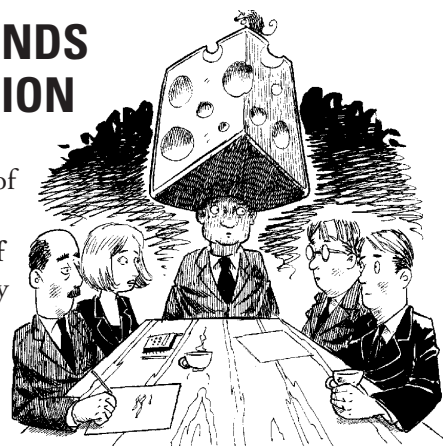
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## WIS. ENERGY EYES LOANS, BONDS TO HELP FUND 2.3 GW EXPANSION

Wisconsin Energy is aiming to tap the bank debt market to partially fund construction of 2,300 MW of new generation capacity and refinance that outlay in the bond market when the plants are operational. Jeff West, treasurer in Milwaukee, Wis., says the company has already started sounding out banks but has not signed up lenders and will likely have loan financing in place toward the tail end of next year.

The build out, the last leg of which was approved Nov. 10 by the **Public Service Commission of Wisconsin**, will see capital requirements of  
*(continued on page 12)*



## DYNEGY SEEN CLOSE TO SELLING FOUR QFS

Dynegy is reportedly close to selling stakes in four qualifying facilities in Georgia, Texas, Michigan and Virginia. The ownership stake in the four plants totals 594 MW. Dynegy spokesman **John Sousa** says the Houston-based company is divesting non-core assets, including certain qualifying facilities in the U.S. and abroad (PFR, 8/18), declining further comment.

In late September, Dynegy sold its minority stakes in three U.S. plants and one plant in Pakistan to **Tenaska Energy**, headquartered in Omaha, Neb., which was the co-owner of the facilities. Market watchers note that Dynegy has kept its asset divestitures relatively quiet. "I haven't heard a peep about this," says one prominent private equity investor. "[I] didn't even know the plants were for sale."

Dynegy owns a 50% stake in each of the qualifying facilities. The portfolio consists  
*(continued on page 12)*

## XL LINES UP NATURAL GAS MARKET MAKING OPERATION

XL Weather & Energy, a weather derivatives boutique in Stamford, Conn., is building a natural gas marketing operation and has hired **Dave Duran**, formerly a managing director at **Enron**, to spearhead the effort. Duran seems an obvious choice because XL Weather & Energy is something of an Enron alumni association, having been set up by a team of weather derivatives professionals from the Houston energy trader (PFR, 6/12/00). Duran, who is based in Boulder, Colo., did not respond to a voicemail message. An official at XL Weather & Energy, which was formerly known as **Element Re**, declined comment.

"We can always use more liquidity," says a senior energy market official in New York. "Credit is the name of the game," he continues, noting the boutique is a  
*(continued on page 12)*

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## At Press Time

## German Player To Pare Back U.S. Power Biz

HSH Nordbank is reportedly refocusing its U.S. business and as part of that process is easing up on its involvement in power project finance in New York, according to bankers. Officials at HSH in New York declined comment. The word in non-recourse circles is HSH Nordbank's New York operation will focus instead on the sectors it has traditionally covered, such as shipping, transportation and real estate, according to one financier.

In a thin year for new power deals HSH has been highly visible, taking a piece of several key deals, says one banker. It booked a \$17 million chunk of Calpine's recent \$230 million Wisconsin plant loan (PFR, 10/27), \$14.5 million in Tractebel's \$100 million Ennis deal (PFR, 8/19) and \$14 million in FPL Energy's \$400 million two-plant financing (PFR, 6/26).

HSH was formed by the merger of Hamburgische Landesbank and LB Kiel earlier this year.

## Exelon New England Merchant Sale Reportedly Stalls

Exelon's attempt to sell its equity stake in a 3,400 MW merchant generation portfolio in New England has reportedly stalled, according to officials familiar with the process. "The portfolio is so far underwater," says a banker familiar with the assets. Several market officials suggest Exelon should relax a confidentiality agreement that prevents potential buyers from talking to the 19-strong bank lending group, arguing the parlous state of the portfolios finances makes this case exceptional. "It's hard to negotiate a deal [without access to the lenders]," the banker adds. Linda Marsicano, a spokeswoman at Exelon in Chicago, did not return calls. Bankers at Lehman Brothers, which is advising on the sale, declined comment.

Exelon has threatened to walk away from the plants and turn them over to the bank lending group, led by BNP Paribas, but also hired Lehman in the summer to shop its equity stake in the portfolio. Calls to bankers at BNP were not returned.

Exelon should delay the sale until the New England ISO puts in place a locational capacity premium, basically a subsidy for plants that are strategically located, argues Edward Krapels, a consultant at ESAI, an independent energy research firm in Boston. Since the Mystic plants are located near Boston, they would qualify. "If you insist on selling it now you'll get 50 cents on the dollar for debt [and] the equity is totally washed out," he notes.

Krapels estimates the developers spent some \$1,500 per KW on the plants, with banks investing around \$500 per KW. He estimates the portfolios' current market value is some \$300 per KW.

The assets for sale include the Mystic 4-7 (1,000 MW), Mystic 8 & 9 (1,600 MW) power plants in Weymouth, Mass. and the Fore River Station (800 MW) in Everett, Mass.

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## CSFB Vies For \$150 Million Convertible For Aquila

Kansas City, Mo.-based Aquila is in talks with **Credit Suisse First Boston** to issue a \$150 million convertible bond deal, say bankers close to the process. **Al Butkus**, a spokesman for Aquila, says the company is awaiting approval to issue debt from both the **Federal Energy Regulatory Commission** and the **Kansas Public Utility Commission**. "This is still in [the] early stages," he says, "but we submitted the paperwork in July." Calls to bankers at CSFB were not returned.

The bond deal is seen as the latest attempt by the Kansas City, Mo.-based company to increase liquidity and take advantage of low interest rates.

## Edison Mission Pitches L+550 Spread On Lifeline Loan

**Edison Mission Energy** is offering a juicy spread of LIBOR plus 550 basis points, with a 2% LIBOR floor, in the \$700 million secured loan it unveiled last week. Bankers say the spread, while attractive to high-yield investors, is probably around the mark given the parlous state of its subsidiary's finances. The loan will help refinance \$781 million of bank debt due Dec. 11, which the company has consistently said it lacks sufficient funds to cover (PFR, 11/3).

The absence of substantive restructuring with the banks in that Dec. 11 loan had many financiers concerned a bankruptcy filing was in the cards. "I couldn't be happier," says one banker who will now be paid off. "I just wish they'd told us earlier they were looking at doing this."

**Citigroup** and **Credit Suisse First Boston** are joint arrangers, and **JPMorganChaseBank** and **Lehman Brothers** round out the underwriting group for the borrower, **Mission Energy Holdings International**, an EME subsidiary. The net proceeds from the financing will be used to make an equity contribution of \$550 million to **Edison Mission Midwest Holdings** which, together with cash on hand, will be used to repay its Dec. 11 \$781 million loan, according to an EME 8k filing.

The new three-year facility is intended as bridge financing allowing the company breathing space in which it hopes to divest most of its international assets. Equity in the company holding those assets forms a chunk of the collateral for the loan. The financing is very much a stop gap as bankers note there are significant liabilities falling due next year. A research report from Lehman equity analysts notes \$692 million in bank debt and \$774 million in lease debt fall due next year. Another secured deal tied to EME's Midwest coal-fired

generation fleet is a likely option for refinancing those maturities, according to the Lehman equity analysis.

## ICE To Roll Out Six Cleared U.S. Power Contracts

The **IntercontinentalExchange (ICE)**, an electronic commodities trading platform, plans to launch on Wednesday six financially-settled OTC monthly electricity contracts that will be cleared by the **London Clearing House**. The exchange hopes that the addition of clearing services will boost liquidity by providing an alternative to bilateral counterparty credit arrangements, according to **John Harding**, v.p. market development at ICE in Chicago. The new monthly contracts will be on the New York ISO zones A, G and J, as well as on Palo Verde, SP-15 and Into Cinergy, Harding says. ICE was preparing to launch a similar contract on the PJM West hub as *PFR* was going to press Friday.

## Northwestern Bonds Rise; Quick Bankruptcy Exit Expected

Secured bonds of bankrupt company **NorthWestern Corp.** have risen over the last nine weeks in expectation that the Sioux Falls, S.D.-based utility will emerge quickly from bankruptcy. The bonds, which were trading in the low 70s on Sept. 15, when the company filed for Chapter 11 bankruptcy protection, were trading in the low 90s last week, says a debt trader. For example, the 7 7/8% notes of '07 were trading at 72½ in early August but last week were trading in the 90-92 range.

The strong showing reflects senior note holders' support for management's restructuring plan, according to the trader. In September, NorthWestern's creditors committee publicly supported the company's plan to transform unsecured debt into equity, and since then little has happened to scare off traders. "This means that they will probably get out of bankruptcy in a year or year-and-a-half as opposed to two years," he notes.

But the recent rise in NorthWestern bonds might actually complicate the restructuring process if it gives rise to an equity creditors committee. "Shareholders might look at these bond prices and believe there's enough money for equity compensation," says the trader. If such a committee were to be formed, developing consensus among creditors for the company's restructuring plan could prove difficult. **Robert Schrum**, spokesman at NorthWestern, says the U.S. trustee overseeing the bankruptcy, **Roberta DeAngelis**, has not appointed an equity committee, nor does he think the trustee will. "We've heard nothing of that so far," he says, "and I'd like to point out that we've made it clear that the common stock has no value." DeAngelis could not be reached by press time.

## New York Bank Nabs BofA Energy Banker

First Albany Capital, an Albany, N.Y.-based investment bank, is on the hunt for more investment bankers at all levels to be ready for a predicted market upturn next year. The firm last week lured **James Hansen**, formerly a managing director at **Bank of America Securities**, to fill a new post as director for energy investment banking. Hansen will be hiring to fill out the ranks in the firm's Houston office.

"We are definitely seeing an upturn in business volume in both financing and mergers and acquisitions so we want to get ourselves in position to do that," says **Peter McNierney**, managing director in charge of investment banking.

"[Investment banking] is a long lead time business so the sooner you can get somebody in place the better," he adds.

Hansen will fill out the Houston office and the Denver office, which has three energy bankers already, McNierney notes.

## Allegheny Reportedly Considers Nixing W. Va. Utility Sale

**Allegheny Energy** and its bank advisor **J.P. Morgan** are reportedly rethinking the sale of **Mountaineer Gas**, a West Virginia gas utility, and may decide to pull the sale. Bids, which J.P. Morgan and Allegheny were hoping would come in close to book value at \$62.9 million, are closer to \$50 million, according to bankers close to the deal.

**Allen Staggers**, Allegheny spokesman, declined to confirm or deny whether Mountaineer is for sale. **Michael Dorfman**, a spokesman at JPMorgan, declined comment.

"They might just yank it," says a banker. "Allegheny thinks those numbers are just way too low." The banker adds that J.P. Morgan is taking the deal back to potential bidders who haven't seen the financials.

The sale of Mountaineer has been held up for nearly six months by the absence of audited financials, says a banker, because as a gas utility with no public debt or equity, it had no need to produce financial statements (PFR, 10/20). Earlier this month Hagerstown, Md.-based Allegheny finally completed preliminary numbers and sent these out to bidders with a confidentiality agreement.

J.P. Morgan then invited bidders, which reportedly include Cincinnati-based **Cinergy** and Pittsburgh-based **Equitable Resources**, to refresh their offers. **Patrick Kane**, a spokesman at Equitable, and **Steve Brash**, a spokesman at Cinergy, declined to comment.

Potential bidders may have been deterred by West Virginia's tough regulatory environment and a concern that rates may be cut again once the gas business is taken out of the embattled utility's hands. Allegheny bought Mountaineer, which serves

200,000 customers, for \$325 million in 2000 from Denver-based **Energy Corp. of America**.

## Goldman Equity Honcho Sets Up Power-Focused Fund

**Thomas Fitzgerald**, a managing director with **Goldman Sachs'** equity capital markets group in New York, has set up a new firm that will launch U.S. long/short equity funds with a focus on the utility and power sectors, according to a Goldman prime brokerage document. **Longbow Capital Partners** expects to roll out the onshore and offshore funds in the first quarter.

Prior to joining Goldman, Fitzgerald was co-head of global equity capital markets at **Salomon Smith Barney**. Calls to Longbow were referred to **Doug Snyder**, an official, who declined to comment. A Goldman spokeswoman also declined to comment.

## BofA M&A Staffer Heads Out The Door

**Kaz Shakir**, a director focused on power investment banking at **Bank of America Securities** in New York, has left the firm, according to an industry official. The move is part of an effort at the bank to refocus its energy operations toward the E&P sector, the official adds. BofA spokeswoman **Tara Burke** says the firm does not comment on the reasons for any personnel departures. Shakir also declined comment.

Shakir has been involved in the sector for around a decade, initially starting out with **Southern Electric International**, the forerunner to what became **Mirant**. One official says he is looking at opportunities on the sellside, but is also considering moving into the private equity arena.

## The Illinois Power Effect Exelon Revolver Finds Favor With I-Banks

Exelon's recently completed \$1.5 billion loan revolver drew a healthy showing of investment banks to its roster, according to market officials. With syndication coming after the Chicago-based player announced it is exploring a deal to buy Illinois Power, the banks were courting the company for possible advisory business. "The investment banks came in for sizeable tickets. They're looking toward advising on future acquisitions," says one observer, who declined comment on the allocations and the names of the banks. The facility is split between a \$750 million, 364-day facility and a \$750 million three-year tranche. Fully drawn pricing is between 75-87.5 basis points over LIBOR. **Bank One** and **Barclays Capital** led the deal (PFR, 10/20).

## Entergy Wraps Nuclear Acquisition Facility

Entergy has landed a \$325 million letter of credit loan facility after hauling in tickets to the tune of \$445 million in syndication. The deal, lead by **Barclays Capital** and **Citigroup**, backs the outstanding payments under the staggered payment schedule for Entergy's acquisition of two nuclear facilities in New York State. Market officials say the loan drew demand from traditional corporate lenders and also project financiers because it coupled strong asset coverage with a parental guarantee.

The loan is for **Entergy Nuclear Holdings Company No. 1** and is priced at LIBOR plus 150 basis points. Among the project finance flavored shops to sign on were **Allied Irish Bank**, **Bank of Scotland**, **BNP Paribas** and **Natexis Banques Populaires**, says one banker. A total of 12 banks took part in the deal.

The loan, which launched early last month (PFR, 10/13), replaces an expiring \$750 million facility. Entergy bought Indian Point Unit 3 in Westchester County and the James A. FitzPatrick plant in Oswego County for \$967 million in 2000, with the payments to the **New York Power Authority** spread over seven installments.

## Citigroup Gears Up For Power Desk Launch

Citigroup's newly formed gas and power trading subsidiary, **Citigroup Energy**, has applied for a trading license from the **Federal Energy Regulatory Commission (FERC)** and is looking to hire six traders and marketers by year-end to launch a power trading desk. **Joe Toussaint**, managing director of global commodities in New York, says he is close to hiring one quantitative analyst, a transmission expert as well as traders and marketers. Citigroup Energy hopes to start trading financial and physical power in March.

Toussaint, who joined Citi in September after leaving Cincinnati-based **Cinergy** (PFR, 9/22), began his power career at **Enron** in 1992 and expects to mimic the latter's "asset lite" approach at Citi if the bank buys tolling agreements. "As far as I'm concerned, you don't need to own plants," he says. "You need to have access to power." Toussaint adds that while he has spoken with the private equity arm at Citigroup about purchasing assets, it has no immediate plans to do so.

The nascent energy trading group will sit on the broker/deal side of the bank, distinct from other traded commodities and derivatives. It expects to execute hedges for utilities too small to have their own trading operations and will take proprietary positions but the group's focus will be on structured products. He cites **Goldman Sachs'** purchase of Hagerstown, Md.-based

**Allegheny Energy's** energy supply contract with the **California Department of Water Resources** for \$354 million as the perfect deal. "The Allegheny deal was beautiful," he says. "Simple, easy to manage, no delivery risk, and they made a ton of money. The only issue there is managing risk."

Citibank hopes to get in on similar deals over the next few years. "We have a distinct window of opportunity," Toussaint says, adding that this will require significant financial commitments. "Citibank is huge and can make them," he adds.

## NU Bags Tighter-Priced Revolver

**Northeast Utilities** and four of its subsidiaries have pocketed a tighter-priced \$650 million revolver renewal. The loan drew commitments of \$810 million even though the \$350 million 364-day slug for the utility offered fully drawn pricing of LIBOR plus 1 1/8%, 2/8% off last year's mark. One banker close to the deal says NU is benefiting from its strengthening credit profile and also the fact it keeps a tight, well knit roster of lenders. He notes syndication (PFR, 11/3) was not a scatter gun approach as only a limited number of banks were invited. The final tally for participants in the deal was 13.

The \$350 million parent company loan was led by **Union Bank of California** and **Barclays Capital**. **Citigroup** and **Bank One** led the \$300 million, 364-day loan for four NU operating companies.

## NUI Cuts Pricing, Upsizes Loan Amid Strong Demand

NUI and its operating unit **NUI Utilities** have sliced back pricing and increased by \$50 million its recently launched loan package taking it to \$405 million in total. Lead **Credit Suisse First Boston** unveiled the downward flex after oversubscription prompted by the tight pricing, say market officials. Calls to CSFB officials were not returned. The loans are intended as a liquidity bridge while the company looks for an acquirer (PFR, 11/17).

The package is split between \$305 million of term loans at the holding and operating company, a \$50 million revolver, and a newly added \$50 million delayed-draw term loan at the operating company, according to industry officials. The term loans are divvied up as a \$255 million chunk with pricing now sliced back from LIBOR plus 600 basis points to 562.5 for the holding company and LIBOR plus 475bp on the operating company chunk, down from LIBOR plus 500. The new \$50 million chunk also carried a LIBOR plus 475bp spread.

The facilities have a 364-day maturity with a term-out provision for one year. The Bedminster, N.J.-based company has hired **CSFB** and **Berenson & Co.** to advise on its sale (PFR, 11/3).

## Corporate Strategies

### Midwest ISO Readies Private Placement

The **Midwest Independent Transmission System Operator** is readying a private placement of \$125 million in 10-year senior unsecured bonds. **Michael Holstein**, v.p. and cfo in Carmel, Ind., says the deal will be MISO's third private debt placement. The small size of the transmission operator's debt requirement means it isn't worthwhile going through the process of a public placement to create a market for investors. "It is not really that much debt," he reflects.

The notes are expected to be priced around the week of Dec. 8 and **Banc One Capital Markets** is leading the deal. Holstein declined comment on potential pricing ahead of the launch. A \$100 million issue in May 2000 and a \$100 million issue in February this year were both led by **Merrill Lynch**. Holstein declined comment on the switch except to say MISO is pleased with the work Merrill did.

Bond proceeds will fund a portion of costs related to expansion, development of an energy trading market and congestion revenue rights services, and a settlement with transmission owners on cost recovery and billing issues, according to **Standard & Poor's**, which recently affirmed MISO's A minus rating.

MISO is a not-for-profit, independent corporation that manages the operations of a portion of high-voltage transmission assets in five states and one Canadian province. It controls over 100,000 miles of transmission lines and 100,000 MW of generation.

### BGE Launches \$250 Million Equity Deal

BGE, formerly known as **Baltimore Gas & Electric**, issued \$250 million in trust preferred convertible bonds last week to finance retiring higher priced debt. **Jack Thayer**, director of investor relations for parent company **Constellation Energy**, says the utility was able to issue bonds with a 6.2% coupon because interest rates are still low. "We just got a better interest rate and so we're going to retire the debt," says Thayer, who declined to reveal the interest rate on its existing debt. Thayer says the utility decided to issue trust preferred because it is retiring the same type of security, and therefore the new issue will not change its capital structure. **Thomas Ruszin**, treasurer at Constellation, also declined to comment.

According to bankers, BGE wanted to issue the trust preferreds through a bank with a strong presence in the retail market. Targeting retail investors allowed BGE to shave a few

basis points off its cost of funds, they say, noting that institutional investors often demand higher coupons. **Morgan Stanley**, **Citigroup** and **Merrill Lynch** were hired as bookrunners. Other potential bookrunners, including **Credit Suisse First Boston**, had to turn down the deal because they lack retail distribution. "CSFB has such a limited retail distribution [operation], but Merrill has stock brokers all over this country," comments a banker. **Pen Pendleton**, a spokesman for CSFB in New York, declined to comment.

BGE serves 1.1 million electric customers in Baltimore City and all or part of 10 central Maryland counties.

### Alabama Power Avoids The Year-End Blues

Alabama Power tapped the bond market for \$350 million to allow it to take down early a similar amount of variable rate debt maturing Dec. 29. **Randy DeRieux**, assistant treasurer in Birmingham, Ala., says the utility wanted to avoid illiquidity that can crop up during the holiday season. "We wanted to stay out of the year-end," he notes.

The 2.8%, three-year notes were priced at 99.919 in a deal placed by joint bookrunners **Barclays Capital**, **BNY Capital Markets** and **Lehman Brothers**. The utility picked these three banks because they offered the best pricing. The deal was quickly oversubscribed, he adds, noting the company was pleased with execution.

When the outstanding variable rate notes were issued some 18 months ago, Alabama Power entered an interest rate swap to convert them to a synthetic fixed rate liability at 3.01%. The 2.8% coupon on the new notes works out to a saving of roughly \$1.7 million annually, DeRieux says.

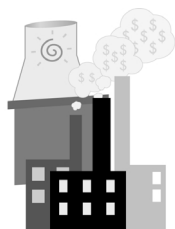
Alabama Power accessed the bond mart earlier this year in a \$250 million issue of five-year paper led by **Barclays Capital** and **Goldman Sachs** (PFR, 5/12).

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## Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail [wainger@euromoneyplc.com](mailto:wainger@euromoneyplc.com).

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Citi	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Citi	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	Seeking non-binding bids by end of October.
	Mulberry	Fla.	120 (45%)	Gas	CSFB	
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coletto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Maine	85 (24.3)	Coal		
	Topsham	Maine	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Copgen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Covanta Energy	Heber	Calif.	52	Geothermal	None	Caithness/ArcLight have bid \$170m for the three plants
	SIGC	Calif.	48	Geothermal	None	
	Mammoth	Calif.	40	Geothermal	None	
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
El Paso North America (Contracted assets)	San Joaquin	Calif	48	Gas	Banc of America	Launched sale in June.
	Ace	Calif.	100 (48%)	Coal		
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
Exelon	Independence	Ark.	842 (15%)	Coal	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 8	Mass.	800	Gas		
	Mystic 9	Mass.	800	Gas		
Fore River	Fore River	Mass.	800	Gas	KPMG (Administrator) No Advisor	El Paso placed plant in administration. Ongoing
	Fife Power	U.K.	115	Coal		
	InterGen	Mexico	600 (50%)	Gas		
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	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. Ongoing. Looking for advisor to assist with sale. Looking for advisor to assist with sale.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Set to launch auction shortly.
	Panther Creek	Penn.	80 (55%)	Coal	Lazard	
	Logan	N.J.	226 (50%)	Coal	Lazard	
	Northampton	Penn.	110 (50%)	Coal	Lazard	
	Indiantown	Fla.	330 (51%)	Coal	Lazard	
	Carneys Point	N.J.	245 (51%)	Coal	Lazard	
	Selkirk	N.Y.	345 (42%)	Gas	Lazard	
	Altresco Pittsfield	Mass.	173 (89%)	Gas	Lazard	
	Masspower	Mass.	267 (13%)	Gas	Lazard	
	Scrubgrass	Penn.	87 (51%)	Coal	Lazard	
	Colstrip Energy	Mont.	40 (17%)	Coal	Lazard	
	Hermiston	Ore.	474 (25%)	Gas	Lazard	
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% sake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Boliva	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro	Lazard Frères	Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Reliant Resources	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		

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

# Financing Record (NOVEMBER 13 - NOVEMBER 20)

## Bonds

Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
11/14/03	12/01/06	Alabama Power(Southern Co)	350	99.919	Notes	2.8	45	A2	A	Barclays/Bank of New York/Lehman
11/17/03	11/15/13	Potomac Electric Power	200	99.659	Fst Mtg Bonds	4.95	80	A3	A-	CSFB/Merrill Lynch
11/18/03	12/01/15	Florida Power	300	99.802	Fst Mtg Bonds	5.1	93	A3	BBB	Citigroup/JP Morgan
11/18/03	12/15/13	TransAlta	300	99.882	Notes	5.75	160	Baa2	BBB-	Citigroup/Merrill Lynch
11/19/03	01/15/14	Energis	350	99.505	Notes	7.375	325	Ba3	BB+	Deutsche Bank/Santander Investment/BBVA
11/20/03	11/26/10	KOGAS	250	99.635	Notes	4.75	120	A3	A-	CSFB/Deutsche Bank

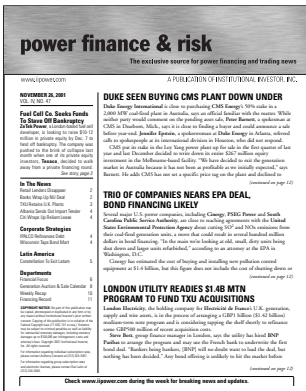
## M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Nation	Deal Value(\$mil)
11/13/03	-	Aquila-Power Plants(12)	Lehman Brothers	U.S.	Teton Power Funding LLC	U.S.	300.9
11/13/03	-	Paiton Complex	-	Indonesia	Ratchaburi Electricity	Thailand	-
11/13/03	11/13/03	Wartsila-Power	-	Finland	Citec Oy	Finland	-
11/14/03	11/14/03	DTE Energy-Synthetic Fuel	-	U.S.	Undisclosed Acquiror	Unknown	-
11/14/03	-	PG&E-CT River Dam	-	U.S.	Undisclosed Acquiror	Unknown	-
11/15/03	-	Duke Energy Europe Northwest	Rothschild	Netherlands	Norsk Hydro	Norway	-
11/17/03	-	Alstom Power Italia	-	Italy	Investor Group	Italy	-
11/17/03	-	UtiliQuest	-	U.S.	Dycom Industries	U.S.	120
11/17/03	-	Portland Natural Gas	-	U.S.	Gaz Metropolitain	Canada	21.6
11/17/03	-	Yibin Natural Gas	-	China	Panva Gas Holdings	Hong Kong	18.145
11/18/03	-	Portland General Electric	-	U.S.	Oregon Electric Utility	U.S.	2,350.00

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

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## Weekly Recap

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

### U.S.

- The largest blackout in North American history was set off by a series of human and computer failures at **FirstEnergy**, where workers could not act to halt an escalating crisis because they did not know it existed. A panel of government and industry officials reported that some 20 minutes before the lights went out from Detroit to New York City on Aug. 14, the blackout could have been safely contained if not for the utility's malfunctioning computers and inadequately trained control room workers (*NY Times*, 11/20).
- A bill sought by **Exelon** to assist its purchase of **Dynegy** unit **Illinois Power** stalled last Wednesday in the Illinois General Assembly in the final days of the legislature's veto session. As part of the acquisition, Exelon has pushed for an amendment to an existing energy bill that would require the **Illinois Commerce Commission** to do a quick review of the merger. The bill would have also required a consolidated review of rate hikes for Illinois Power and Exelon's huge **Commonwealth Edison** utility subsidiary, along with long-term power purchase deals with Dynegy and another Exelon affiliate (*Dow Jones*, 11/19).
- **Duke Energy's** new chief executive will forego a cash salary and be paid entirely in stock and options. The Charlotte, N.C., power company says **Paul Anderson**, who replaced **Richard Priory** as chairman and ceo Nov. 1, will receive no base cash salary and no cash severance. His compensation, which Duke valued at \$2.1 million a year, is stock-based and tied directly to the company's stock performance. Priory made about \$5.1 million in salary and other compensation in 2002 (*Reuters*, 11/19).
- The Senate opened debate Wednesday on energy legislation as a group of Democrats continued an attempt to block the bill from coming to a vote. Sen. **Charles Schumer** said he's gaining support from some moderate Republicans to oppose the energy bill, but other Democrats are supporting the bill. The U.S. House has already approved the bill, the biggest rewrite of U.S. energy policy in a decade (*Dow Jones*, 11/19).
- The special **Enron** grand jury has added a handful of charges against one of the seven men already accused in an indictment alleging fraud in Enron's Internet business. Five new charges of money laundering and insider trading were added against defendant **Joseph Hirko**, an ex-ceo of the **Enron Broadband Services** division. The new charges relate to a time when he was an outside consultant, after he'd left Enron. All the defendants have pleaded not guilty to all charges (*Houston Chronicle*, 11/19).
- **Steag Power** is moving forward with plans to build a \$1.8 billion, 1,500 MW coal-fired power plant in New Mexico. The affiliate of German-based and privately held **Steag** will likely file plans with regulators in early 2004 to build the facility, scheduled to begin commercial operations around 2008. The plant would be built on land owned by the Navajo Nation, near coal fields in northwest New Mexico (*Reuters*, 11/19).
- **Enron** has signed a deal to sell its **Portland General Electric** unit to **Oregon Electric Utility**, a vehicle of private-equity firm **Texas Pacific Group**, for around \$2.35 billion. The transaction is split between a cash payment of \$1.25 billion and the assumption of approximately \$1.1 billion in debt. The deal has been approved by Enron's board of directors and has the support of the Official Unsecured Creditors' Committee in the Enron bankruptcy proceeding. It will also require the approval of the bankruptcy court, the **Oregon Public Utility Commission** and certain federal regulatory agencies (*WSJ Online*, 11/18).
- The legal and accounting costs of **Enron's** bankruptcy will exceed \$1 billion by 2006. This summer, the former trader surpassed \$500 million in legal and accounting fees billed by more than three dozen law firms and a handful of accounting and consulting firms since it filed for bankruptcy Dec. 2, 2001 (*Houston Chronicle*, 11/14).
- The **Federal Energy Regulatory Commission** largely approved **El Paso's** \$1.6 billion settlement with California over allegations the company manipulated natural gas prices during that state's electricity crisis. But, the FERC is requiring some changes to the settlement agreement, prompting concerns among the California regulators. While admitting no wrongdoing, El Paso reached an agreement with the **California Public Utilities Commission** in June (*Houston Chronicle*, 11/14).

## DYNEGY SEEN

(continued from page 1)

of the 424 MW Oyster Creek cogeneration plant in Freeport, Texas, which is co-owned by **American National Power**; the 300 MW Hartwell plant in Hartwell, Ga., also co-owned by Marlborough, Mass.-based ANP; the 123 MW gas-fired Michigan Power cogeneration plant in Ludington, Mich., co-owned by Morristown, N.J.-based **Delta Power**; and the 340 MW Commonwealth plant in Chesapeake, Va., co-owned by **NRG Energy**. **Lesla Beder**, a spokeswoman at NRG, did not return calls. Calls to **Aarti Singhal**, a spokeswoman at ANP's parent company **International Power** in London, were not returned. Officials at Delta Power did not return calls.

Minneapolis-based NRG is unlikely to bid for the Commonwealth plant because it is working to emerge from Chapter 11 bankruptcy protection. "Another strategic [player] might be interested in that plant," points out a banker, "and maybe they could convince NRG to divest."

Dynegy is also looking to sell Black Mountain, an 85 MW plant in Las Vegas, co-owned by **Texaco**, says a banker, adding that a deal is not imminent.

—*Nina Sovich*

## WIS. ENERGY

(continued from page 1)

\$6.3 billion between 2003-08. West says the debt component will amount to \$600 million. The lion's share of the funding—\$5 billion—will come from internal sources and the balance will be made up by issuing equity and through asset sales, he adds.

The company's expansion project—dubbed *Power The Future*—consists of building two 545 MW natural gas-fueled units at its Port Washington facility and two 615 MW coal-fueled base-load plants at its Oak Creek plant. The debt portion of the gas facility construction costs can probably be met through commercial paper, West notes, but the more expensive coal units will require loan funding.

The first unit to come on line will be the phase one of Port Washington in 2005 and the last will be the second unit at Oak Creek in 2010. Once construction is wrapped, longer-term financing via the bond market will be put in place, West says. "Once we do take out the financing, the debt will be tied to the specific plants."

West declined to name the banks it is talking to about the loan funding, but the indications are that there will be interest among lenders. **JP Morgan Chase** leads the company's corporate level commercial paper loan facility.

Under the Public Service Commission ruling, subsidiary

We Power subsidiary will construct and own the new facilities, and utility **Wisconsin Electric Power** will lease and operate the plants.

—*Peter Thompson*

## XL LINES

(continued from page 1)

subsidiary of AA rated insurance group **XL Capital**. "When Enron went down it got a little lonely," he adds.

"If they're actually going to make markets [that's] got to be good news," comments a natural gas trader in New York. "We lost a lot of marketers that made up the middle of the bid/offer spread [after Enron's collapse]," he comments.

—*Victor Kremer*

## Calendar

- **Infocast** is holding a conference on *Financing Wind Power Projects*, Dec. 3-5 in New York. Speakers include **David Giordano**, project director, development at **FPL Energy**, and **James Caldwell**, policy director at the **American Wind Energy Association**. It is also holding its *Transmission Summit 2004* in Washington, D.C., Jan. 28-30. Keynote speakers include **Pat Wood**, Chairman of the **Federal Energy Regulatory Commission**. For further details on both events, go to the company's Web site ([www.infocastinc.com](http://www.infocastinc.com)) or call +818 888 4444.

## Quote Of The Week

"As far as I'm concerned, you don't need to own plants."—**Joe Toussaint**, managing director of global commodities at **Citigroup** in New York, outlining the power trading credo he expects his new group to adopt (see story, page 5).

## One Year Ago In Power Finance & Risk

**Exelon** cancelled plans to buy a second Midwest utility after discussions with two utilities floundered over the price tag. [Exelon inked an agreement with **Dynegy** early this month to buy its Decatur, Ill.-based utility **Illinois Power** for \$2.225 billion. If the deal gets the necessary regulatory approval it is expected to close in the fourth quarter next year]...**DTE Energy** set aside a \$450 million war chest to buy coal-fired plants, gas assets and biomass landfill projects. [The company has subsequently decided to take a more conservative approach, says spokesman **Len Singer**, and has put the monies into paying down debt.]