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Exelon Halts Hunt For Midwest Utility

Exelon has scrapped plants to acquire a second Midwest utility after failing to agree terms with two separate companies.

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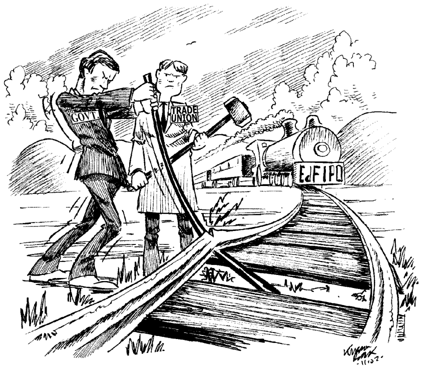
FRENCH GOVERNMENT SEEN BACKTRACKING ON EDF SALE



The French government is reportedly looking to mothball plans to float **Electricité de France** to avoid tackling thorny economic and political issues associated with billions of euros of unfunded pension and nuclear decommissioning liabilities, according to bankers. "The IPO will die," asserts one senior power banker, who's held talks with EdF management recently. The government will not announce a dramatic U-turn, he predicts, but instead will quietly push the IPO deadline into the distant future or fudge any decisions over the sale timetable. "This won't grab the headlines, but it's aborting the

(continued on page 12)

DTE SETS ASIDE $450M ACQUISITION WAR CHEST

DTE Energy is on the lookout for coal-fired power plants, gas assets and biomass landfill projects next year and has established a $450 million war chest to fund the effort. **John Austerberry**, a company spokesman, says DTE is opening its coffers to exploit the low asset valuations plaguing the energy market. He says that if DTE does not execute any deals, it will either return the excess cash to shareholders or use it to reduce its $6.7 billion debt load.

Austerberry declined to divulge what power plants DTE is eyeing, nor would he comment on where it's looking to add generation. It presently owns 7 GW of coal-fired generating capacity in Michigan. DTE also owns 30 biomass landfill sites with 85 million cubic feet per day of capacity. On the gas side, DTE owns two interstate pipelines, Vector and Portland, in the northeastern U.S., 175 billion cubic feet of gas storage space and a 400 billion cubic feet

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TRACTEBEL SET TO SEAL TURKISH FINANCING

Tractebel this week will sign a roughly EUR475 million ($475 million) 13-year project loan with a seven-strong bank club to refinance the construction costs of a Turkish power plant it is building. **ABN AMRO**, **BNP Paribas**, **Credit Agricole Indosuez**, **Fortis Capital**, **ING**, **Société Générale** and **Westdeutsche Landesbank** are jointly financing the 13-year non-recourse loan and do not plan to syndicate the facility after closure. Financiers involved in the transaction say the deal finances a 763 MW CCGT plant on the outskirts of Ankara, but declined further comment. Calls to **Jacques Van Hee**, a spokesman at Tractebel, were not returned.

The deal marks the first Turkish non-recourse power loan to reach the bank market since the middle of 2000 and the last in a line of five build-own-operate projects launched by the Turkish government in the late 1990s, notes one banker. **InterGen**'s $1.2 billion

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

BofA Shows IPP Analyst The Door

Banc of America Securities laid off **Ali Agha**, an equity analyst covering independent power producers and a few mining companies, on Nov. 11 and has decided to cease all coverage of the IPP sector. An official at the firm, who confirmed Agha had been let go, says the decision makes sense because of the downturn in the unregulated power sector since the California crisis and the demise of **Enron**. Agha covered **Mirant**, **Calpine** and **AES**, to name a few.

While at BofA, Agha reported to **Susan Silverstein**, head of equity research in New York. Repeated calls to Silverstein and **John Rohm**, a spokesman at the firm, were not returned. Agha could not be reached.

Exelon Seen Nixing Midwest Investment

Exelon reportedly has scrapped plans to acquire a second Midwest utility after its approaches were rebuffed. A New York banker close to the matter says Exelon was involved in serious discussions with two separate utilities, but failed to strike a deal with either after haggling over price. The banker refused to name the targets and **Donald Kirchoffner**, an Exelon spokesman, declined all comment.

In September **Oliver Kingsley**, senior executive v.p. at Exelon, told *PFR* Exelon planned to acquire an integrated utility in the Northwest or Midwest while valuations remain depressed (PFR, 9/9). Bankers later said it was courting **Cinergy**, **DQE**, **NSTAR** and **CMS Energy** (PFR, 9/23). Calls to Kingsley last week were not returned.

Exelon already owns two large utilities. It distributes energy to more than 3.4 million electricity customers in northern Illinois through **ComEd** and 1.5 million electricity and 430,000 gas customers in southeastern Pennsylvania through **PECO Energy**.

Palmed Off

CSFB Analyst's Golden State Trip Ends With Pink Slip

It was the boondoggle that every analyst dreams of: the **Edison Electric Institute**'s annual financial shindig, held last month at the *Marriot Desert Springs Resort* in Palm Springs, Calif. Under the faultless Californian sky some 1,200 delegates gathered to schmooze, play a few rounds of golf and perhaps forget the sea of troubles afflicting the power industry for a few days before jetting back to their day jobs.

That, however, was not the script **Credit Suisse First Boston** had written for **Neil Stein**, a New York-based IPP analyst attending the conference. For Stein, the party ended when he received a call on his cell phone from his direct supervisor in the equity research group in New York, telling him that he had been made redundant. **Mary Claire Delaney**, a company spokeswoman, declined comment. Stein could not be reached for comment.

"It doesn't surprise me that he was let go because the IPPs are performing poorly and many of them probably won't be around next year," comments a New York-based analyst who also attended. "But to can a guy while he's at a conference is a low blow, even for Wall Street."

"This is unbelievable," says another analyst in New York. He notes that Stein had a strong relationship with **Calpine** which helped CSFB win hundreds of millions of dollars in financing from the IPP.

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CoBank Financier Switches To Another Denver Shop

Matt Higham, v.p. in the energy group at CoBank in Denver, has left the firm and joined **Republic Financial Corp.**, a local boutique specializing in structured finance and distrissed asset acquisitions.

Most recently Higham was the point person at CoBank on the long-gestated **Tractebel** Ennis project financing (PFR, 10/21). **Jake Udris**, senior v.p. and head of CoBank's energy division, says Higham will be replaced, noting that in the current market there is a strong supply of candidates. He adds that **Todd Telesz**, assistant v.p., was working with Higham on the Tractebel deal and is now looking after that deal. Calls to Higham were not returned.

One official says Republic is focused on private equity, rather than the project finance market. Its Web site notes the firm has private equity stakes in the electric transmission sector.

CL Closes Out Colo. Deal With Fifth Ticket

Lead arranger **Credit Lyonnais** has brought in a final ticket to round out syndication of a $106 million Colorado project loan for **Calpine**. Denver-based **CoBank** has come in with a small ticket, which one banker describes as sub-$25 million. A banker in the deal says the commitment takes allocations for lenders to below their designated take-and-hold levels. Calls to Credit Lyonnais were not returned and officials at CoBank declined comment.

The hunt for a final junior commitment was launched in September (PFR, 9/16). The deal for the 300 MW Blue Bruce Energy Center has **HypoVereinsbank** signed up as syndication agent, **Bank of Nova Scotia** as documentation agent and **Hamburgische-Landesbank** in for a $10 million ticket. The six-year loan, backed by a 10-year tolling agreement with **Public Service Co. of Colorado**, was fully underwritten by Credit Lyonnais.

Retailing Could Be Next U.K. Crisis Point

Electricity retailing, until now a safe-haven in the stricken U.K. power market, could shortly be thrown into crisis by falling rates and increased competition, cautions **Standard & Poor's**.

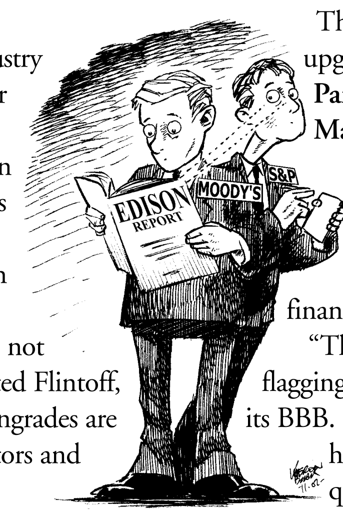
While U.K. wholesale generation prices—and to a lesser extent business rates—have tumbled over the past two years, retail supply rates have held up strongly, thereby offering juicy margins to retailers, or vertically integrated utilities. But the situation could be about to change, warns **Anthony Flintoff**, director and head of the rating agency's European utility practice.

Flintoff told delegates at an S&P conference in London last week that his biggest concern for the U.K. power market is retail price erosion caused by a bout of price wars. A new or incumbent utility making a charge on the market could be the catalyst for such a price war, he forecast. "Is there another **Centrica** out there willing to break rank with its rivals?" fretted Flintoff. Centrica set out on an aggressive price-cutting campaign two years back to steal market share.

Callum McCarthy, head of U.K. energy regulator **Ofgem**, echoed Flintoff's concerns. He told delegates he was surprised at the roughly GBP300 per customer price of recent supply business acquisitions. "It is not clear present margins will persist or whether they even justify the amounts being paid," he noted.

Rating Agencies Take Their Cues From Each Other

The liquidity crunch that's squeezing the power industry is prompting rating agencies to increasingly look over their shoulders to see what their rivals are up to.



Anthony Flintoff, director and head of European utility coverage at **Standard & Poor's**, told delegates at an S&P conference in London last week that his decision to put Italian utility **Edison** on creditwatch negative Nov.15 reflected a downgrade from arch rival **Moody's Investors Service** the day before. "It's not something we would have done in the past," reflected Flintoff, adding that refinancing issues related to credit downgrades are becoming an increasingly important issue for creditors and the rating agencies.

In the Edison case, the Moody's downgrade triggered a put option on EUR600 million of bonds that would otherwise have matured in 2007.

The S&P call, which came only a month after it had upgraded Edison's BBB rating to stable, left **BNP Paribas**' *Institutional Investor*-ranked utility analyst **Marc Watton** fuming.

"I was pretty damning when I spoke to them," he says. Watton argues that the rating agencies wouldn't need to make knee-jerk reactions to each others calls if they fully understood a company's financial health in the first place.

"The vast majority of the refinancing risk which S&P is flagging now was already there in October when it affirmed its BBB. It is somewhat of a struggle to imagine how it could have come to the conclusion that Edison's credit quality was stable with so many of the parts of the puzzle still moving around," he argues.

Calpine Plots Bank Club

Calpine has begun sounding out banks about forming a club to finance the construction of a 600 MW, combined-cycle gas-fired plant in Wisconsin. The San Jose, Calif., independent power producer is looking to get four banks in the club and avoid a retail round of syndication, says one banker, who adds the deal is in the cards for early next year. At this early stage, the dollar size of the loan is unclear, but the structure is expected to include a 70:30 debt-to equity mix, the banker says. Calls to **Katherine Potter**, spokeswoman at Calpine, were not returned by press time.

The project, called the Riverside Energy Center, has a 10-year off-take agreement inked with **Alliant Energy-Wisconsin Power & Light** for the first 453 MWs of output. Calpine is building the plant on land it has leased from Alliant Energy and ground was broken in September. The facility is scheduled to be commissioned in September 2004. Calls to Alliant were not returned by press time.

Arrangers Look To Sweeten $1.6B Tractebel Loan Terms

The lead arrangers of Tractebel's pending $1.6 billion multi-loan project financing are reportedly looking to sweeten the deal's terms following a lukewarm response from prospective participants.

Bankers that have balked at the terms on offer say lead arrangers **Credit Suisse First Boston** and **ING Barings** have said they will go back to the Belgian utility in an attempt to rework the deal. Several bankers say the lackluster feedback reflects tight pricing on the package of four loans, which is earmarked to finance the construction of four power plants (PFR, 9/2). Calls to officials at CSFB were not returned and ING bankers declined comment.

The lead banks had been encouraging potential lenders to file comments on the program, which is priced at 1 3/8% basis points over LIBOR, by last Friday with a view to getting commitments and closing the program this Friday.

While *PFR* could not determine whether any lenders put down their thoughts in writing, one lender says doing so would have been foolish. "What kind of an idiot is going to put it in writing?" he questions, adding that doing so almost obligates the lender to commit to the deal if any issue he has raised is resolved by the sponsor.

Another financier, who passed on the deal in its present form, agrees, noting in the current market there is a great deal of skittishness about making commitments.

Bankers say another problem with the deal is the loose nature of the off-take guarantee provided by Tractebel. The fact that one of the plants is being built in the already oversupplied ERCOT market, but has yet to ink a PPA, exacerbates the problem.

Dutch Deal Reaches Retail Round

BNP Paribas and **Société Générale** will launch retail syndication of **InterGen**'s EUR625 million ($622 million) Rijnmond project loan this week, having finally closed out the sub-underwriter round with eight other lenders. A syndicate banker in Paris says the aim is now to coral six to eight more banks to provide some EUR100 million plus of take-and-hold commitments.

Wholesale syndication was closed two weeks back after latecomers **Credit Lyonnais**, arranger, and **Bank of Ireland**, co-arranger, joined six other arrangers, **Bayerische Landesbank**, **Fortis Bank**, **Halifax Bank of Scotland**, **NIB Capital**, **Norddeutsche Landesbank** and **Westdeutsche Landesbank**, on the roster. The deal has been signed but exact allocations have yet to be determined, says the banker.

Despite a lengthy and arduous wholesale round, a number of structuring changes to the deal that reduces merchant risk (PFR, 11/11) should make retail syndication easier to execute, forecasts the banker. These include the inclusion of a cash-sweep trigger that kicks in after year six of the 18-year loan.

Proceeds are being used to fund the construction of the 800 MW Rijnmond plant near Rotterdam. The plant will sell its entire output to **Nuon** under a 15-year PPA.

Latin America

IDB Project Misses Deadline

The **Inter-American Development Bank** has had to push back plans to develop a $320 million transmission line across Central America after a November deadline to get approval from all eight countries interconnected by the network was passed. A Wall Street banker familiar with the matter says the IDB has been forced to grant El Salvador an extension to approve the project. Guatemala, Honduras, Nicaragua, Costa Rica and Panama have already approved the project.

Calls to **Roberto Bellutini**, head of project finance at the IDB in Washington, and other officials at the bank were not returned.

The IDB will fund the bulk of the infrastructure project through a $240 million financing package dispersed to the various countries involved in the project (PFR, 11/11). The remaining $70 million will be provided by the Spanish government and administered by the IDB. The 1,880 km transmission line, dubbed **Empresa Propietaria de la Linea** is jointly owned by the six countries' major electric utilities and **Endesa**.

IDB Set To Finance InterGen Project

The **Inter-American Development Bank** has tentatively agreed to help fund InterGen's construction of a $700 million, 945 MW natural gas-fired power plant in Sao Paulo, Brazil. An IDB official says the bank has made an initial commitment to pony up non-recourse financing for the Carioba plant, and intends to ink an agreement once InterGen completes due diligence on the plant and finalizes terms of a 15-20 year offtake agreement with **Compania Paulista Forca e Luz**, a local utility.

InterGen plans to fund the construction of Carioba though a $510-512 million non-recourse loan. This likely will be split between an A-tranche, funded by the IDB, and a commercially syndicated B-tranche. InterGen selected **Citibank** this past summer to advise on the arrangement and syndication of the loan (PFR, 7/8). InterGen has also received letters of interest from the **International Finance Corporation** (IFC) and **Banco Nacional de Desenvolvimento Econônomico e Social** (BNDES) to participate in the financing. Officials at Citibank, IFC and BNDES did not return calls by press time.

El Paso Mulls Financing For Brazilian Expansion

El Paso is looking to either arrange a non-recourse loan or tap the Brazilian bond market to finance the $300 million expansion of a 64 MW combined-cycle power plant in northern Brazil to 340 MW. A project financier familiar with the matter says El Paso will determine the best method of financing the Termonorte II plant in Rondonia state by mid-next year and expects to complete the deal by year-end. He adds the **Inter-American Development Bank** already has agreed to partly fund the project.

The financier declined to comment on whether a commercial bank has been selected to advise on the financing, nor would he discuss the likely size of the debt transaction. If El Paso decides to arrange a loan, however, he says it will employ the traditional IDB loan structure of two tranches: an A-tranche incorporating IDB equity, and a commercially syndicated B-tranche

El Paso is currently undergoing due diligence on the project and already has inked an offtake agreement with Brazilian utility **Eletronorte**. Calls to officials at El Paso were not returned and officials at the IDB declined to comment.

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin**, Reporter, at (212) 224-3292 or email: alevin@iinews.com*

Sponsor	Project	Project Type	Size (MW)	Cost ($mil)	Country	Advisor/ Financier	Status	PFR Issue
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Financing delayed till 2003	7/22/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pederneiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
EdF, Mitsubishi	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Has wrapped up syndication.	10/7/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a $217M project loan	8/26/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Financing delayed until Q4	7/4/02
El Paso	Macae	Gas-fired	400	700-800	Brazil	SocGen	Financing due shortly	7/9/02
Elina Suereste	Manuel Moneno Sores	Transmission	-	269	Mexico	BNP	Has closed financing	10/21/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	Will finance with equity	8/26/02
Iberdrola/Petrobras	Termoacu	Gas-fired	340	-	Brazil	IDB	IDB is evaluating the project	7/16/02
InterGen	Carioba	Gas-fired	945	700	Brazil	IDB	Project delayed until Q1 of 2003	11/25/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a $300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	BBVA Banco Continental/ Banco de Credito	Is planning $100m in loan and bond financing	7/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
Tractebel/Alcoa	Estreito	Hydro	1,087	700	Brazil	Citi	Waiting for enviromental permits	7/22/02
Union Fenosa	La Laguna II		450	-	Mexico	-	-	7/2/01
Union Fenosa	Naco Nogales	Gas-fired	300	-	Mexico	Citi	Seeking equity partner	10/21/02
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank/BOTM	Banks have provided bridge loan	10/21/02

Corporate Strategies

Idaho Power Issues Notes To Refinance Calif. Meltdown Costs

Idaho Power, a utility subsidiary of **IDACORP**, tapped the first-mortgage bond mart for $200 million recently to take out $100 million of commercial paper and a $100 million inter-company loan from the parent that was run up to cover spiking wholesale power prices in the western U.S. **Dennis Gribble**, assistant treasurer in Boise, says costs were incurred in contracts entered into last year and in late 2000.

The new issue was split in two equal parts: a tranche of 4.75% 10-year notes and a 30-year slug with a 6% coupon. Gribble says the company is pleased with the financing, in particular the pricing. "Those coupon rates stand out," he reflects. **Banc One Capital Markets** and **US Bancorp Piper Jaffray** were the leads on the deal. Gribble says there wasn't a competitive pitch process, rather both firms have shown support for liquidity at the utility in the past and so were given the mandate.

The company has been looking to pull the trigger on longer-term financing for the last four to five months, but had to wait for the **Federal Energy Regulatory Commission** to clarify some issues related to the wind-down of its energy-trading operation, says Gribble. In its third quarter 10Q filing IDACORP disclosed the FERC is looking at issues related to transmission priority, approval for inter-company trades and the assignment of power marketing customers.

Duke Completes Second Debt Offering

Duke Energy successfully completed its second tightly priced bond offering in less than a month two weeks back, highlighting fixed-income investors' continued faith in the credit, in contrast to the mauling Duke's taken at the hands of the stock market. Its share price has fallen more than 50% this year to $18.62 last Thursday.

"Duke continues to be able to do bond deals at a time when many companies in the sector are having trouble. Apparently, the scandals are not affecting the company," says **Robert Hornick,** an analyst at **Fitch Ratings**, referring to the accounting and round trip-trading scandals that have bedeviled must of the U.S. power industry for the past year.

Duke raised $350 million in 30-year bonds at the beginning of last month (PFR, 10/14) and followed this with a $510 million sale of senior notes two weeks back.

Hornick says Fitch assigned Duke's latest deal a high quality A rating because of the company's strong liquidity position and as it generates solid earnings from its pipelines and utility businesses. Nevertheless, Hornick has the outlook as negative because of continued weakness of the merchant energy market and the execution risk associated with Duke's plan to raise $1 billion from non-core asset sales over the next year. He adds another reason for the negative outlooks is ongoing investigations by the **Federal Energy Regulatory Commission** and the **Securities and Exchange Commission**.

Duke plans to use $300 million from its latest $510 million issue to pay down some of the $1.25 billion outstanding on its commercial paper, according to **Terry Francisco**, a company spokesman in Charlotte, N.C. The remainder is earmarked for general corporate purposes, he adds.

The bond deal priced on Nov. 15 and closed on Nov. 20. It was divided into two tranches of $400 million and $110 million, with 10-year and five-year tenors, respectively. The larger tranche was priced at 99.68 and has a coupon of 5.58%. The smaller tranche was priced at par and yields 4.611%. **Banc of America Securities** and **J.P. Morgan** acted as joint bookrunners.

Empire State Utility Sidesteps Tax, Cuts Interest Bill

New York State Electric and Gas (NYSEG), a wholly owned subsidiary of **Energy East**, tapped the bond market with $150 million of five-year notes and $100 million of 10-year notes earlier this month to both cut its tax liabilities and its funding costs. **Chris Modesti**, director of corporate finance at Energy East, says the new bond offering will likely slash approximately $3 million annually off its interest bill.

The refinancing initiative is also being used to eliminate first-mortgage bonds from the utility's debt load as there is a tax liability on these secured debt instruments in New York state, explains **Fausto Gentile**, manager of investor relations. He notes the two new offerings will pay down $150 million in 6.75% first-mortgage bonds that matured last month and $100 million of 8.3% coupon mortgage bonds that become callable in December.

The new five-year offering has a 4.375% coupon and was priced at 99.932 to yield 4.393%, a spread of 155 basis points over comparable Treasuries, according to Modesti. The 10-year tranche has a 5.5% coupon and was priced at 99.47 to yield 5.569%, a spread of 170 basis points.

J.P. Morgan and **Bank One** jointly led the deal. Co-managers were **Fleet Securities**, **Royal Bank of Scotland**, **UBS Warburg** and **Wachovia**. Commenting on the lead banks, Modesti says, "We've done deals with them in the past that have turned out pretty well. We also think they have a strong standing in the marketplace and can run deals effectively."

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.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Yarra Power Station	Australia	510	Gas	-	Has appointed an advisor
	Jeeralang	Australia	449	Gas		
	Mt Stuart	Australia	288	Gas		
Allegheny Energy	Various	U.S.	1,500	Gas & coal	JPMorganChase	Ongoing
American Electric Power/ Central and Southwest Corp.	Northeastern units 3 & 4	Okla.	300	Coal	N/A	Reviewing sale strategies.
	Lon C. Hill	Texas	546	Gas		
	Nueces Bay	Texas	559	Gas		
	Ennis S. Joslin	Texas	249	Gas		
ADWEA	Um Al Nar	Abu Dhabi	1,100	Gas & Water Desalination	CSFB	Looking to sell plant in 2003.
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant by end of April
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Looking to sell plant shortly.
Calpine	11 QFs	Calif. & East Coast	1,000	Gas	Salomon Smith Barney	Final bids due this week
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Expects to sell assets this summer
	Energetika Chropyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
CMS Energy	Loy Yang A	Melbourne, Australia	2,000 (50%)	Coal	Not chosen	Announced intention to sell.
	Ensenada	Argentina	128	Gas-fired	J.P. Morgan	
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Enel	Interpower	Italy	2,611	Various	CSFB, Lehman, Merrill	Having sold Elettrogen and Eurogen it will sell one more generation portfolio shortly.
Enron	Nowa Sarzyna	Poland	116		PwC (administrator)	Intention to sell.
	Sarlux	Italy	551			
	Trakya	Turkey	478			
	Chengdu Cogen	China	284			
	Northern Marianas	Guam	80			
	Bantagas	Philippines	110			
	Dabhol	India	2,184			
	Subic Bay	Philippines	116			
	Teesside	U.K.	1,875			
Enron	Wilton	U.K.	133	Coal/Oil/Gas	Close Brothers	Intention to sell.
Entergy	Damhead Creek	U.K.	800	Gas	N/A	
Horizon Energy	Loy Yang A	Melbourne, Australia	2,000 (25%)	Coal	Not chosen	Announced intention to sell.
IVO Energy	Grangemouth***	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
Niagara Mohawk Power	Nine Mile Point 1	N.Y.	1,614	Nuclear	N/A	Awaiting bids.
	Nine Mile Point 2	N.Y.	1,140	Nuclear	N/A	
NRG	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		

Continued

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	Loy Yang A	Australia	2,000 (25% stake)	Coal	ABN AMRO	Awaiting bids.
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG	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/Xcel	CEEP	Poland	10 (10% stake)	-	Goldman	Has already sold two Eastern European plants. Awaiting further bids.
	Enfield	U.K.	380 (25%)	Gas-fired		
	Killingholme A	U.K.	680	Natural Gas		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	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	Expects to sell Lennox and Lakeview shortly.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.
PESG Global	Tanir Bavi	India	220 (74%)	Naphtha	-	-
	Karpatalsm	India	330 (20%)	Naphtha	-	-
Polish Treasury	Elektroncieplownie Pozpnanskie	Poland		CHP	-	Bids due in June.
Reliant Resource	Argener	Argentina	160	CHP		
TXU	Lake Creek	Texas	323	Gas	Merrill Lynch	Reviewing sales strategy.
	Tradinghouse	Texas	1,340			
	River Crest	Texas	110			
	Mountain Creek	Texas	893			
	Parkdale	Texas	327			
	North Main	Texas	123			
	Monticello	Texas	1,900	Coal	Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
Wisconsin Energy	Bridgeport	Conn.	1,100 (combined)		CSFB	Has put up for sale following collaspe of NRG deal.
	New Haven	Conn.	1,100 (combined)			

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.

Europe & Middle East

• **Gaz de France** has bought U.K. power supplier **RWE Trading Direct** in a bid to boost its presence in the U.K. **Georges Bouchard**, GdF's director for strategy, said the deal was concluded with German utility RWE on Monday. He declined to comment on the price that GdF paid RWE, which put the Leeds-based supply business up for sale as part of a restructuring following its takeover of **Innogy** earlier this year (*Reuters*, 11/18).

• French industry minister, **Nicole Fontaine**, says the government is in favor of opening the French gas and electricity markets to residential customers by 2007-2009, instead of the European Commission's proposed target of 2005 (*Europe Intelligence Wire*, 11/18).

• The financial crisis engulfing the U.K. energy industry worsened on Tuesday after **TXU Europe** went into administration. **KPMG** and **Ernst & Young** were appointed administrators after **AES DRAX** terminated its supply contract with TXU because of GBP50 million of non-payment in October (*Financial Times*, 11/20).

• The southern German city of Ulm has agreed to sell a 25.1% stake in local utility **SWU Energie** to **E.on** for $90.41 million. The deal is subject to regulatory approval but is expected to close by the middle of next year, according to **Ivo Goenner**, mayor of Ulm. E.on beat rival bids from **RWE** and **EnBW** for the investment (*Reuters*, 11/20).

• Finnish energy group **Fortum** is still looking to sell power plants in the U.K., Germany and Ireland but no talks are underway due to weak markets. "At the moment we are not in any active process [to sell] because of market conditions and we do not have any need to cash in now," explained CFO **Juha Laaksonen** (*Reuters*, 11/20).

• **Electricité de France** is poised to take a 4% stake in **Vivendi Environment** as part of a government-backed plan to prevent the water and waste management group falling to foreign bidders. The $401 million investment would entitle EdF to buy a further 4% stake in two years and make it Vivendi Environment's largest shareholder. The move comes as **Vivendi Universal** looks to unload its 40.4% stake in Vivendi Environment (*Financial Times*, 11/21).

U.S. & Canada

• **Reliant Resources** raised the possibility it could wind up filing for bankruptcy protection. In its regular quarterly filing with securities regulators, Reliant said if it can't reach agreements with acceptable terms to extend or replace its debt, the company may be forced to consider other alternatives, including a reorganization under the protection of bankruptcy laws (*Houston Chronicle*, 11/16).

• The accountant who alerted regulators that **Duke Energy** fiddled its books to keep electricity rates high has filed a federal complaint against his employers under a new law protecting corporate whistleblowers. **Barron Stone**, who questioned new accounting practices when he worked at the forecasting unit of Duke's regulated electric utility **Duke Power**, says he wants his old job back or restitution (*Reuters*, 11/18).

• **TXU** said it received an informal data request from the **Securities and Exchange Commission** for documents related to the company's dividend cut last month. TXU announced plans on Oct. 14 to slash its annual dividend nearly 80% to $0.50 per share, in a bid to save money and avoid a credit rating downgrade. It had said six days earlier that it had sufficient liquidity and "ample funding for the strong dividend" (*Reuters*, 11/18).

• The former director of energy research at *Gas Daily*, a trade publication, told California state lawmakers she had long suspected the prices she had received from some large energy traders were erroneous. **Michele Markey** also told a state select committee that she pushed her publisher in 2001 to audit the trading books of **Enron**, a company she suspected of submitting false data. An effort to audit Enron's online trading operation was scrapped, two weeks after *Gas Daily* was acquired by **Platts** (*The New York Times*, 11/19).

• **Aquila**'s credit rating was cut to junk status by **Standard & Poor's** on concern that restructuring costs and low power prices will hit earnings as it quits energy trading. Aquila, which is selling assets and has suspended its dividend, said the downgrade could trigger $238 million in additional cash demands. S&P cut the rating two notches to BB (*Reuters*, 11/19).

• **AES** has extended the deadline on sweeteners to induce more investors to exchange $500 million of debt by Dec. 3. It is making an exchange offer for $300 million of 8.75% senior notes and $200 million of 7.375% remarketable securities. As of Nov. 8, when the offer was originally slated to expire, holders had tendered only $16.9 million, or 6 %, of the senior notes and $44.5 million, or 22%, of the remarketable securities (*Reuters*, 11/19).

• **UBS Warburg** plans to "consolidate" its U.S. energy trading operations in Stamford, Conn., next month, shutting down energy trading in Houston and cutting jobs. The company was unsure how many of its 380 employees in Houston would retain their jobs (*Reuters*, 11/20).

• **El Paso Corp**. entered in to a swap of long-term power contracts with **Morgan Stanley** to avoid a restatement of its first-quarter earnings. The trade helped assuage El Paso auditor, **PricewaterhouseCoopers**, which had suggested a possible restatement after finding that the company's first-quarter profit had been overstated by as much as $100 million (*The New York Times*, 11/20).

• The **Federal Energy Regulatory Commission** has given conditional approval for **Ameren**'s $1.4 billion purchase of **CILCORP** from **AES**. The tie-up was announced April 29. FERC conditioned its approval on Ameren and CILCORP's continuing with their plans to join the **Midwest Independent System Operator**, which will eliminate a gap that now exists in the grid's footprint, the FERC said (*Reuters*, 11/20).

Financing Record (NOVEMBER 7 - NOVEMBER 21)

Bonds

Issue Date	Maturity	Issuer	Amount ($ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
11/6/02	11/1/32	Entergy Arkansas	100	100	Fst Mtg Bonds	6	87	Aaa	AAA	Morgan Stanley/Salomon
11/11/02	11/11/17	Guangdong Nuclear Power	482.8	100	Fxd/Straight Bd	4.5	-	NR	NR	China Devl Bank
11/12/02	11/15/32	Idaho Power	100	99.456	Fst Mtg Bonds	6	125	A2	A	Bank One
11/12/02	11/14/12	Idaho Power	100	98.948	Fst Mtg Bonds	4.75	105	A2	A	Bank One
11/12/02	11/20/07	Tenaga Nasional	350	100	Exchangeable Bd	2.625	-	Baa3	BBB	JPMorgan/Commerce Intl
11/13/02	11/15/07	Energy East	100	99.920	Notes	4.375	155	Baa2	BBB	Bank One/JPMorgan
11/13/02	11/15/07	Energy East	150	99.477	Notes	5.5	170	Baa2	BBB	Bank One/JPMorgan
11/13/02	11/26/12	GIE Suez Alliance	303.1	99.425	MTNs	5.5	-	A2	A-	CDC
11/14/02	11/21/07	BG Energy Capital	50	100	Float Rate Nts	Floats	-	NR	NR	Salomon
11/15/02	11/30/12	Duke Energy Corp	400	99.680	Notes	5.625	160	A1	A	BofA/JPMorgan)
11/15/02	11/21/09	Envestra Victoria	98.5	100	Float Rate Nts	Floats	65	Aaa	AAA	Macquarie/Commerz/ANZ
11/15/02	11/15/12	Georgia Power (Southern Co)	200	99.699	Notes	5.125	-	A2	A	Barclays Capital
11/15/02	12/01/07	TECO Energy	380	92.684	Senior Notes	10.5	945	Baa2	BBB-	CSFB
11/18/02	11/01/32	Entergy Mississippi(Entergy)	100	100	Fst Mtg Bonds	7.25	237	Baa1	BBB+	Salomon/Wachovia
11/19/02	02/02/05	EnBW International Finance B.V	151.4	99.989	MTNs	Floats	-	A2	A+	SG
11/19/02	12/31/32	Indiana Michigan Power	150	100	Senior Notes	6	116	Baa2	BBB+	Merrill/Salomon/UBS
11/19/02	11/01/12	Indiana Michigan Power	100	99.881	Notes	6.375	243	Baa2	BBB+	BNP/UBS
11/19/02	12/01/12	WPS Resources Corp	100	99.197	Notes	5.375	152	Aa3	A	AG Edwards
11/20/02	10/15/17	Alabama Power (Southern Co)	100	101.82	Notes	5.5	38	A2	A	Goldman
11/20/02	10/15/10	Alabama Power (Southern Co)	100	99.715	Notes	4.7	67	A2	A	Goldman

M&A

Date Announced	Target	Target Country	Acquiror	Acquiror Country	Deal Value ($mil)
11/4/02	El Paso Merchant Energy Co-213	U.S.	Brush Power	U.S.	-
11/5/02	Wolverine Power	U.S.	Synex Energy Resources	Canada	1
11/5/02	Amga	Italy	Genoa Regional Authority	Italy	-
11/5/02	PG&E National Energy Corp-474	U.S.	Investor Group	U.S.	-
11/5/02	Sea Breeze Energy	Canada	International Payment Services	U.S.	-
11/6/02	Wisconsin Energy-Conn Plant(2)	U.S.	Public Svc Enterprise Grp Inc	U.S.	220
11/7/02	Vivendi Environnement	France	EdF	France	387.771
11/7/02	Cambridge Gas & Electricity	U.K.	Scottish & Southern Energy	U.K.	6.016
11/8/02	Viking Gas Transmission Co	U.S.	Northern Border Partners	U.S.	152
11/8/02	Heartlands Power	U.K.	Rolls-Royce Power Ventures Ltd	U.K.	-
11/8/02	Iberdrola-High Voltage Power	Spain	REDESA	Spain	-
11/11/02	GAMESA-Wind Farms	Spain	Electrabel	Belgium	324.992
11/12/02	Interpower	Italy	Investor Group	Italy	884.925
11/14/02	Rough Gas	U.K.	Centrica	U.K.	483.117
11/14/02	Enagas	Spain	Undisclosed Acquiror	Unknown	77.955

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

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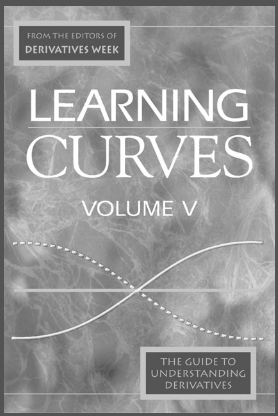

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DTE SETS

(continued from page 1)

gas production facility in northern Michigan.

Warwick Busfield, an analyst at **Fahnestock** in New York, says it is a great time for DTE to look for assets because of the slew of embattled rivals looking to sell assets to raise cash and clean up their balance sheets. "With so many of DTE Energy's peers divesting assets, this is the perfect time for a company that has traditionally picked low hanging fruit to buy an orchard," he says.

—Amanda Levin

FRENCH GOVERNMENT

(continued from page 1)

sale by another means," he argues.

An advisor to the French government strenuously denied that the floatation will be scrapped, but says delays are possible. The French government has not announced a sale timetable, but the advisor says the aim is to implement a fast-track IPO of **Gaz de France** by next summer, and float EdF in the third quarter of the following year. **Benoit Jaussenron**, a press officer at the Ministry of Finance in Paris, was unable to provide comment by press time.

Marc Watton, utility credit analyst at **BNP Paribas** in London, declined to be drawn on whether the IPO would occur, but concedes it's still in the balance. "The IPO is by no means a done deal. EdF will not be easy to privatize," he says.

One problem Watton highlights is the prospect of trade unions adopting militant activism to derail the sale. "As soon as people man the barricades in Paris I can see [President **Jacques**] **Chirac** backtracking," he quips.

The investment banker argues there are two even bigger obstacles undermining the privatization; namely the political and economic minefield surrounding EdF's unfunded pension liabilities and the decommissioning costs associated with the utility's large fleet of nuclear power stations. The banker says these liabilities have produced a EUR50 billion funding black hole on EdF's balance sheet that the government will need to solve before it can float the company.

News last week that EdF was set to take a 4%—roughly EUR300 million—stake in **Vivendi Environment** as part of a government-backed plan to prevent the water and waste management group falling to foreign bidders, further fans the speculation that the IPO isn't the government's top priority, says the investment banker.

Watton slammed the Vivendi deal a "French stitch up" adding "it indicates that EdF remains very much in the public domain."

—Will Ainger

TRACTEBEL SET

(continued from page 1)

portfolio financing of three Turkish plants was the last such deal (PFR, 11/28/00).

Tractebel acquired the Ankara project last September from joint developers **International Power** and two Turkish engineering and construction outfits, **Bayindir** and **Mimag**. Once commissioned the plant will enter a 15-year offtake agreement with Turkish utility **TEAS** and a gas-supply contract with Turkish gas outfit **BOTAS**.

—W.A.

Quote Of The Week

"This is the perfect time for a company that has traditionally picked low hanging fruit to buy an orchard."—**Warwick Busfield**, *an analyst at Fahnestock in New York, praising* ***DTE Energy****'s decision to hunt for acquisitions while valuations remain depressed (see story, page 1).*

One Year Ago In Power Finance & Risk

Duke Energy was close to purchasing **CMS Energy**'s 50% stake in the 2 GW Loy Yang A coal-fired plant in Victoria, Australia, as part of plans to build its Australian franchise. [An official close to Duke says the company came close to pulling the trigger on the acquisition, but eventually cooled on the plan once enhancing liquidity became the higher priority of Duke management. **Jeff Holyfield**, a spokesman at CMS, says the company is still looking to sell the plant, but is now working in tandem with Loy Yang's other shareholders, **NRG Energy** and **Horizon Energy**, to sell the plant as a unified business. He notes there are a number of interested counterparties. The trio also is considering floating the plant through an IPO if a trade buyer cannot be found, say market officials. Holyfield declined comment on the IPO, beyond saying the trio is considering alternate ways of raising capital.]