

# power finance & risk

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

NOVEMBER 29, 2004

VOL. VII, NO. 48

## Worenklein To Buy Conn. Plant

**US Power Generation** has agreed to purchase the 780 MW gas-fired, combined-cycle Lake Road facility in Killingly, Conn., from a **Citibank**-led group of creditors for \$220 million.

Go to [www.iipower.com](http://www.iipower.com) for more details.

## AES Wraps Coal Loan

**AES Eastern Energy**, a subsidiary of Arlington, Va.-based **AES Corporation**, has closed a \$75 million loan that it will use to support letters of credit for four coal-fired facilities in upstate New York.

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## PNM MAPS OUT 1.5 GW LONE STAR GENERATION INVASION

PNM Resources is looking to make an aggressive foray into Texas with the aim of acquiring or developing 1,000-1,500 MW of coal and natural gas-fired generation. The expansion plans, which could translate into \$300-500 million in investments, will be kicked off when the Albuquerque-based holding company's pending acquisition of **TNP Enterprises** is wrapped in the next several months, says **John Loyack**, cfo. The company has not yet selected an advisor to assist in its initiative.

The main driver behind PNM's effort is that it will gain some



(continued on page 7)

## MINN. DEVELOPER LINES UP FUNDING PLAN FOR \$1.2B COAL PROJECT

**Excelsior Energy**, a Minnetonka, Minn.-based developer spearheading a \$1.2 billion local coal gasification project, intends to finance its development with a combination of debt and privately-placed equity. State and federal agencies have contributed a total of \$45.5 million toward the 532 MW Mesaba Energy Project, and Excelsior most likely will fund the remainder with 60-70% debt and 30-40% private equity, says **Bob Schulte**, v.p. of regulatory affairs and marketing. He notes those ratios could change as the company comes closer to obtaining financing. **Credit Suisse First Boston** has been tapped to secure the financing needed for the project.

(continued on page 8)

## Round Two

## TEXAS GENCO ACQUIRERS TO FIRE UP \$1.4B SECOND LIEN

**GC Power Acquisition**, the private equity-backed vehicle buying **Texas Genco Holdings**, will launch a \$1.375 billion second-lien debt next week as the second leg of acquisition financing, says an official familiar with the transaction. The move comes on the heels of the \$2.2 billion first-lien loan joint lead arrangers **Goldman Sachs** and **Morgan Stanley** launched at the retail syndication level Nov. 19 (PFR, 11/22). Representatives associated with the GC Power venture declined to comment.

The \$1.375 billion financing will most likely take the form of second-lien notes, which will be priced the week following the launch or soon thereafter, the official estimates. The

(continued on page 8)

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

## At Press Time

## AES Wraps N.Y. Plants' L/C Facility

AES Eastern Energy has closed a \$75 million loan facility which supports letters of credit for four coal-fired facilities in upstate New York. The subsidiary of Arlington, Va.-based AES Corp. will use the L/Cs to support hedging contracts for the plants' output, says an official. The deal increases and extends a previous \$35 million letter of credit facility that was coming up for renewal (PFR, 10/ 11). The Somerset, Kayuga, Westover and Greenidge power plants have a combined capacity of 1,268 MW.

Calyon and Royal Bank of Scotland served as administration agent and syndication agent, respectively. Allied Irish Bank, Erste Bank and Union Bank of California participated in the three-year loan. The deal offers an upfront facility fee of 5/8 % on an secured portion and 7/8% on the unsecured piece. It was priced at 1 3/4% over LIBOR.

Citigroup and UBoC led the last L/C loan, which carried a two-year maturity. Calyon, RBS, Erste and AES officials declined to comment and a call to officials at UBoC was not returned.

## U.K. Firm Readies Energy Commodity Fund

U.K. hedge fund firm RAB Capital, which has \$1.5 billion under management, is planning to launch a fund focused on energy commodities early next year, according to PFR sister publication *Alternative Investment News*. Michael Alen-Buckley chairman in London, said managers have been lined up for the vehicle. Contracts are being completed at present, he said, declining to give more details.

The fund will invest in commodity derivatives focusing on energy-related investments. The firm already runs an energy-focused long/short equity hedge fund known as *The RAB Energy Fund* and had been looking at different strategies to exploit opportunities in this market, resulting in the plans for the new fund, said Samantha Robbins, a spokeswoman for RAB.

## III. Firm Launches \$165M Loan For Co-Gen Financing

Primary Energy Holdings launched a \$165 million second-lien loan last Monday via Lehman Brothers in part to help fund its acquisition of a 270 MW portfolio of gas-fired co-generation facilities. The assets, acquired for \$190 million from Reservoir Capital, are located in California, Colorado and New Jersey (PFR, 7/24). The bank debt also serves as recapitalization financing for six inside the fence projects at steel plants in Indiana. A call to Mark Hall, senior v.p., was not returned.

Lehman and CIT Group are underwriting the new deal, which is priced at roughly 600 basis points over LIBOR. The transaction is expected to close by year-end. A CIT official declined to comment and calls to Lehman were not returned.

Earlier this year, Primary Energy pulled a planned \$375 million B loan led by Credit Suisse First Boston that was intended to refinance some 444 MW of the cogen assets tied to steel mills (PFR, 7/19). The seven-year loan was shelved after failing to land the pricing and structure the Oak Brook, Ill.-based developer wanted.

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**Institutional  
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INTELLIGENCE FIRST

## PPL Looks To Add U.S. Generation



Roger Petersen

PPL Development, a newly-formed generation development subsidiary of PPL Corp., is looking at the gamut of generation opportunities: coal, waste coal, gas-fired and wind, says **Roger Petersen**, president in Allentown, Pa. The unit will most likely look to acquire assets within the PJM Interconnection and western states, such as

Montana, where it has existing plants.

The company will buy plants with the objective of complementing assets in PPL's current portfolio. "We want to strengthen our core assets," Petersen notes. He declined to specify which projects it is considering, saying only, "There are a number of assets for sale, and we see a potential for acquisitions—large acquisitions."

PPL's development arm was part of PPL Global until the company spun it off as a separate subsidiary last summer. As PPL Global expanded its international electricity business in the U.K. and Latin America, it decided to create a subsidiary to focus on development initiatives in the U.S. Petersen, who was formerly

president of PPL Global, was tapped to lead the new business, and **Rick Klingensmith**, v.p. of finance for PPL Global, replaced him.

## AIG, Ontario Teachers' Seek \$160M For El Paso Deal

**AIG Highstar Generation**, a subsidiary of AIG Global Investment Group, and **Ontario Teachers' Pension Plan** are jointly seeking a \$160 million second-lien loan to refinance assets acquired from **El Paso**, says an official familiar with the transaction. **J.P. Morgan** is leading the bank debt, which is being pitched at 350 basis points over LIBOR. The plants already carry project level debt, the official notes.

A spokeswoman for Ontario Teachers' declined to comment. Calls to J.P. Morgan were not returned and a spokesman for AIG Highstar did not provide comment by press time.

In February, Ontario Teachers' purchased a 50% interest in **Northern Star Generation**, a subsidiary of AIG Highstar. Northern Star had purchased 25 domestic power generation facilities from **El Paso Merchant Energy** for roughly \$746 million in addition to \$174 million in non-recourse debt. The 1,850 MW portfolio includes plants in seven states.

## Financing Record (NOVEMBER 5 - NOVEMBER 22)

### Debt in Registration

Expected Date	Maturity	Filing Date	Rule 144A Private Placement	Issuer	Bookrunner(s)	Proceeds Amt - in this Mkt (\$ mil)	Moody Rating	Standard & Poor's Rating	Senior or Subord. Debt	Offer Yield to Maturity (%)
Early Dec.	-	11/5/04	-	Star Gas Partners LP	JPM	300	Caa3	B-	Senior	-

### Recent Debt Issuance

Rule 144A Private Placement	Issue Date	Issuer	Description	Principal Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	Offer Yield to Maturity (%)	Spread to BenchMark	Standard & Poor's Rating	Moody Rating	Fitch Rating	Gross Spread as % of Pncpl Amt - in this Mkt
Yes	11/18/04	Avista Corp	Pvd electric,gas svcs	90	5.45	Fst Mtg Bonds	12/1/19	99.734	5.476	1333	BBB-	Baa3	NR	na
Yes	11/19/04	Kiowa Power Partners	Electric utility	361	4.811	Sr Sec Bonds	12/30/13	100	4.811		BBB-	Baa3	NR	0.75
Yes	11/19/04	Kiowa Power Partners	Electric utility	281	5.737	Sr Sec Bonds	3/30/21	100	5.737		BBB-	Baa3	NR	0.75
Yes	11/22/04	TXU Corp	Pvd elec,gas utility svcs	1,000.00	4.8	Notes	11/15/09	99.936	4.815	125	BBB-	Ba1	BBB-	na
Yes	11/22/04	TXU Corp	Pvd elec,gas utility svcs	1,000.00	5.55	Notes	11/15/14	99.798	5.577	140	BBB-	Ba1	BBB-	na
Yes	11/22/04	TXU Corp	Pvd elec,gas utility svcs	750	6.5	Notes	11/15/24	99.572	6.539	170	BBB-	Ba1	BBB-	na
Yes	11/22/04	TXU Corp	Pvd elec,gas utility svcs	750	6.55	Notes	11/15/34	99.496	6.589	175	BBB-	Ba1	BBB-	na

### M&A

Date Announced	Acquiror Name	Acquiror Nation	High Tech Industry	Target Name	Target Nation	High Tech Industry	Rank Value of Deal (\$mil)
11/22/04	Kinder Morgan Energy Partners	United States	Primary Business not Hi-Tech	TransColorado Gas Transmission	United States	Primary Business not Hi-Tech	274.05
11/19/04	Pennsylvania Amer Water Co	United States	Primary Business not Hi-Tech	Clarion Area-Wastewater	United States	Primary Business not Hi-Tech	2.7
11/18/04	Electric Power Development Co	Japan	Primary Business not Hi-Tech	CBK Power Corp	Philippines	Primary Business not Hi-Tech	-
11/19/04	Investor Group	Australia		Wales & The West Gas	United Kingdom		
11/22/04	Origin Energy Ltd	Australia	Primary Business not Hi-Tech	Mobil,Euphoric & Norvac LPG	Australia	Primary Business not Hi-Tech	-

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

## Corporate Strategies

### E&P Taps Bond Mart To Refinance

**Consolidated Natural Gas**, a unit of **Dominion Resources**, tapped the bond market for \$400 million to replace the commercial paper it had used to pay off senior notes that matured on October 1. **Rhonda Boggs**, financing manager, says the E&P company sometimes tried to cover maturities for a while with the more attractive interest rates afforded by short-term paper.

The Richmond, Va.-based company issued 5%, 10-year notes that priced at 99.686. Boggs says Dominion, along with its units **CNG** and **Virginia Electric and Power Co.** have debt maturities of \$2 billion next year. But, they have not yet decided whether they will repay all or any of it through public offerings. The decision to visit the markets will depend upon factors such as free cash flow, short-term paper capacity and the overall interest rate environment.

The offering was led by **UBS**, **J.P. MorganChase** and **ABN Amro**, all banks which participate in its credit facility. CNG's previous offering of \$200 million last December was led by J.P. Morgan and **Bank of America**, which is also a lender. Boggs says the company likes to rotate its business across different investment banks that lend to it.

### AGL Issues Stock For NUI Acquisition

**AGL Resources** issued \$300 million of common stock last week to finance its acquisition of beleaguered **NUI Corp.**, along with Louisiana natural gas storage facility **Jefferson Island Storage and Hub**. AGL decided to do an all-equity financing because the company does not want to be laden with debt, says spokesman **Steve Cave**.

He cited the nearly five-year-old, \$550 million acquisition of **Virginia Natural Gas**, which the Atlanta-based company funded primarily with debt. "In hindsight, it was probably not the right thing to do for the health of our balance sheet," Cave says. "Our debt-to-equity ratio was pushing 70%. We've worked very hard to get our debt-to-equity ratio ... closer to that of our peers." Its debt-to-equity ratio now stands at about 58/42, Cave says. **Andrew Evans**, treasurer and v.p. of finance, did not return a call for comment.

AGL decided to issue the stock after the **New Jersey Board of Public Utilities** approved the NUI acquisition in early November. "That was the catalyst for us," says Cave, noting that NUI is based in New Jersey.

AGL issued 11 million shares of stock, of which 1.4 million was purchased by underwriters **JP Morgan Chase** and **Morgan Stanley** as part of their over-allotment option. The shares were priced at \$31.05. As of last Monday, the stock was trading at

\$32.48 with a 12-month range of \$32.53 to \$26.50. The underwriters were chosen because of their longstanding relationship with AGL, says Cave.

Separately, AGL plans on refinancing a portion of the \$550 million of debt it assumed from the **NUI Corp.** purchase within the next few months. Atlanta-based AGL has not yet determined how much of the debt it will replace, says Cave. "These kinds of refinancings are not uncommon for us," he adds. AGL has not yet selected banks.

NUI's outstanding debt includes \$50 million of notes due 2005, which carry an 8.35% coupon. It also has several outstanding term loans, including a \$75 million loan priced at LIBOR plus 475 basis points, a \$255 million loan priced at LIBOR plus 600 basis points and two \$50 million loans both priced at LIBOR plus 500 basis points.

### Del. Utility Erases Short-Term Debt

**Delmarva Power & Light**, a wholly-owned subsidiary of **PEPCO Holdings**, has completed \$100 million worth of 10-year bonds to pay down a similar amount in commercial paper. **Tony Kamerick**, v.p. and treasurer at PEPCO, says the Wilmington, Del.-based utility's construction company issued the commercial paper on a rolling basis as short-term funds were needed. "You can't get addicted to short-term paper," he says, adding that issuing commercial paper was only intended to provide some extra flexibility.

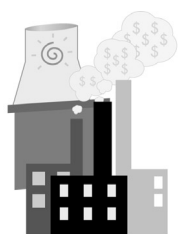
The new senior unsecured bonds were launched at a price of 99.511 to yield 85 basis points over comparable Treasuries and carry a 5% coupon, says Kamerick. **Merrill Lynch** and **Credit Suisse First Boston** co-led the capital market offering, he says. "They've been our lead bankers for a while." The notes are rated A minus and BBB by **Fitch Ratings** and **Standard & Poor's**, respectively.

Earlier this year, DPL called \$70 million in trust preferred securities, which were set at 8 1/8%, says Kamerick. The utility retired that debt with its commercial paper issuance, he notes.

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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 Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas		
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan Citibank J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal		
	Mitchell	Penn.	442	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention to sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
BNP-led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen J.P. Morgan J.P. Morgan	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas		
	El Chocón	Argentina	1,320	Hydro		
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros. Lehman Bros.	Tied up by Worenklein Group.
	La Paloma	Calif.	1,121	Gas		
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 HSBC HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas		
	Kingston	Ontario	110 (25%)	Gas		
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas		
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
EPRL	Harrison County	Texas	550 (70%)	Gas	Rothschild	Ongoing.
	Glanford	U.K.	14	Poultry Litter		
	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	N/A	Sent out RFP in April.
	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 liquiditing 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 Ductch /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		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
STEAG	Millennium	Mass.	360	Gas	Morgan Stanley	Ongoing. Set to sell Guadalupe and Odessa to PSEG.
	Iskenderun	Turkey	1,320	Gas		
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Frontera Power Station	Texas	477	Gas	Goldman	
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

## PNM MAPS

(continued from page 1)

300,000 new customers in Texas by acquiring TNP subsidiaries **Texas-New Mexico Power Company** and **First Choice Power**. "Those customers do not have sufficient assets to supply the load," Loyack explains. Previously, Texas has not been a region PNM focused on because it prefers to steer clear of markets in which it has neither power purchase agreements nor customers in place.

Plans will be geared toward acquiring natural-gas fired plants,

which are in abundance in the Lone Star State, and developing or buying scarcer coal-fired plants, Loyack says. Both developments and acquisitions will be completed on an opportunistic basis as the company identifies attractive assets or obtains permits for the development of new ones. Its plans will be split evenly between targeting coal-fired and natural-gas fired facilities, he says, noting PNM wants to be sufficiently hedged against the vagaries of the commodity market.

Once it has a few plants in place, selling power on a wholesale basis will also be a part of the Texas strategy. "Once you get your

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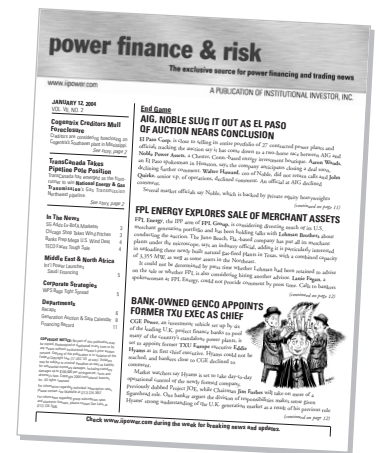
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own generation asset you want to sell as much power as possible," Loyack says, noting it will sell during peak periods.

PNM will fund its investments initially with short-term debt and likely turn to the capital markets for longer-term financing. The company generally likes to line up investments, fund with its credit facility and then go the equity markets, Loyack explains.

During the summer PNM proposed to acquire TNP Enterprises for \$189 million in stock and cash. —*Mark DeCambre*

## TEXAS GENCO

(continued from page 1)

marketing campaign for the high-yield debt offering should take about one week, he says, adding lead arrangers Goldman and Morgan Stanley expect to close the transaction in mid to late December. The note offering is rated B plus/Ba3 by **Moody's Investor Service** and **Standard & Poor's**, respectively, the official says.

The private equity group was expected to come to market with a mix of bond and loans to finance the \$3.65 billion acquisition, which involves a 14 GW portfolio of 12 power plants (PFR, 9/6).

The \$2.2 billion first-lien loan, which is open for commitments until Dec. 3, breaks down into a five-year \$325 million revolver and a seven-year \$1.375 billion B loan, which includes a \$475 million delayed-draw portion. The first-lien loan structure also includes a \$200 million letter of credit facility and a \$300 million special letter of credit, the official says, noting that **Deutsche Bank** and **Goldman** are syndicating the latter piece.

The B loan is being pitched at 250 basis points over LIBOR, while the revolver and the \$200 million letter of credit facility carry a 225 basis point margin, the official says. Pricing on the letter of credit could not be ascertained by press time. The B loan already has been heavily oversubscribed. A Goldman official declined comment and Deutsche Bank officials did not return calls nor did an official at Morgan Stanley.

Commitments for the first-lien loan are due on Dec. 3 and

the transaction is expected to close by mid-December. Due to pending regulatory approval of the Texas Genco nuclear assets, the \$475 million delayed-draw loan should close in the first or second quarter next year. —*Christine Idzelis*

## MINN. DEVELOPER

(continued from page 1)

Underpinning the project is a long-term power purchase agreement that Excelsior has with **Xcel Energy**, contingent upon pending regulatory approval, which it hopes to receive by next summer, says Schulte. The project is scheduled to begin construction in July 2006 and come on line in 2010.

Details of its debt strategies, including pricing and maturity, have yet to be determined. Other contributors to the plant include **The Department of Energy** (\$36 million) via its *Clean Coal Power Initiative*, and state economic development agency **Iron Range Resources Board** (\$9.5 million). A spokesman for CSFB did not immediately return a call for comment and calls to representatives at the agencies were also not returned.

The plant will be located near Hoyt Lakes in the northeastern part of the state, which is near existing transmission lines and iron-producing plants that needs additional power for their operations, says Schulte. —*Christine Buurma*

## 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

"You can't get addicted to short-term paper." — **Tony Kamerick**, v.p. and treasurer at **Delmarva Power & Light**, describing the company's strategy of replacing commercial paper with longer-term bonds (see story, page 4).

## One Year Ago In Power Finance & Risk

Midwest utility **Cinergy** hired Enron honcho **Jim Fallon** to head up Cinergy's power trading and origination desk in Cincinnati. [Cinergy has continued to beef up its trading operations this year, hiring **Gregg Tyson**, a senior natural gas trader at **Dominion Energy Clearinghouse**, as a basis trader [PFR, 5/2].

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