

# power finance & risk

The exclusive source for power financing and trading news

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## Reliant Stages \$1.1B Offering

**Reliant Energy** is set to draw up interest for \$1.1 billion in high-yield notes as part of its mammoth debt restructuring effort.

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## NISOURCE READIES \$900M NOTE PLAN; PULLS TRIGGER ON SWAPS



David Vajda

NiSource plans to tap the capital markets with a total of \$900 million to refinance higher-rate debt. But the Merrillville, Ind.-based energy holding company is waiting until September 2005 because a make-whole provision makes doing a deal any sooner uneconomical. It has entered into a series of forward starting swaps to hedge against rising rates. "The general consensus is that interest rates are going up," says David Vajda, v.p. and treasurer.

Issuing the notes now isn't really an option because of the negative carry. "If we issued the notes now, we'd have to pay interest on them, but we wouldn't have

*(continued on page 12)*

## Secondary Heaven

## EXELON BOSTON PAPER HEADS NORTH AS DEUTSCHE BANK TRADES A CHUNK

A \$57 million slug of **Boston Generating** debt was traded at 95-97 by **Deutsche Bank** in two deals last week. *PFR* sister publication *Loan Market Week* reports the \$1.25 billion bank deal, known as Exelon Boston, has climbed from the 70s earlier this year. According to a dealer, the sellers decided the price was aggressive and they were trying to get out. Power projects trade sporadically, so whenever an opportunity comes along, investors tend to be very aggressive in their bids, he adds. Deutsche Bank officials declined comment.

A sale of Exelon Boston's 3 GW merchant portfolio of plants is currently ongoing. The sale process was initiated by lenders last July after **Exelon Corp.** transferred ownership of

*(continued on page 12)*

## TECO PROJECT DEBT POPS; TRADERS SUSPECT HAND OF ICAHN

Project debt in **TECO Energy's** Union and Gila generation projects spiked dramatically in the secondary market last week, shooting up from the low 60 to 69 context. The pop had traders pointing the finger at **Carl Icahn** and his **High River Limited Partners** vehicle. Several calls to Icahn's offices in Manhattan were not returned and High River officials, declining to be named, would not comment. However, a source close to the prominent billionaire says Icahn did acquire some of the so-called **TECO-Panda** debt, but not within the last three months. The debt was trading in the 55 context at that point. Late last week it was floating around the 61-63 range, according to **Mark-It Partners/LoanX**.

The two troubled merchant facilities, the 2.2 GW Union in El Dorado, Ark., and the

*(continued on page 11)*

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

## At Press Time

## Reliant Preps \$1.1B Note Offering

Reliant Energy is set to kick off a marketing campaign for \$1.1 billion worth of senior secured notes as part of the Houston-based company's \$4.25 billion refinancing effort. The road show for the high-yield notes begins today, says a banker, adding that they will be priced on Dec. 15.

Goldman Sachs, Deutsche Bank, Barclays Capital, Banc of America Securities and Merrill Lynch are joint-leading the transaction, the banker says, adding the same group will also lead a \$350 million fixed rate tax-exempt bond offering for Reliant as part of its mammoth restructuring effort. The refinancing was initially expected to comprise \$1.1 billion of high-yield bonds and \$2.9 billion of bank paper (PFR, 10/4).

The capital market offerings will come on the heels of a bank meeting held last Wednesday, in which Reliant launched loans totaling \$2.8 billion, the financier adds. The bank debt breaks down into a five-year, \$1.7 billion revolver and a roughly five-year, \$1.1 billion term loan B. Pricing is being pitched at a LIBOR plus 300 basis points for the revolver and a 2.75 margin on the B piece, the banker says. Administrative agent BofA, Deutsche and Barclays are joint-leading the deal, with Goldman and Merrill Lynch acting as bookrunners, the banker notes. Both loans carry a B1/B plus rating from Moody's Investors Service and Standard & Poor's, respectively.

A call to Mark Jacobs, executive v.p. and cfo at Reliant, was not returned by press time. A spokeswoman declined to comment ahead of its registration with the Securities and Exchange Commission, which it expected to file last Friday. Lending officials either declined to comment or did not immediately return phone calls.

## Worenklein Group To Fund Conn. Deal With Cash, Reworked Debt

US Power Generation will finance the roughly \$220 million acquisition of the 780 MW Lake Road natural-gas fired plant with a combination of debt and equity. Jay Worenklein, president and ceo, who is leading an effort to acquire the facility from a group of Citigroup-led creditors (PFR, 11/29), says US Power will assume about \$180 million in debt and pay about \$42 million in cash. Much of the debt will be restructured by Citi and secured by the cash flow from the plant, he says. He declined to provide additional details on the financing. Investors Ritchie Capital and Hunt Consolidated back US Generation's acquisition, he notes.

Citigroup took possession of the facility, on the border of Connecticut and Rhode Island, from the former PG&E National Energy Group. The proposed acquisition will be reviewed by creditors Dec. 20 with the planned green light in early 2005. The bank group is holds a claim against the NEG group that will allow them to get \$239 million, separate from the plant sale. All told, Citi will see about 60-70% of the original loan, Worenklein estimates. Calls to officials at Citi were not returned and calls to NEG were not immediately returned.

Given that the plants are only about two years old Worenklein believes that US Generation will only need to shell out about \$10 million in capital expenditures. The facility includes three units of about 260 MW each.

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## Wis. Players Eye Appeal After Nuclear Sale Rejection

Wisconsin Public Service Corp. and Wisconsin Power & Light are looking at appealing the Wisconsin Public Service Commission's rejection of a plan to sell their 542 MW Kewaunee nuclear plant to a subsidiary of Richmond, Va.-based **Dominion Resources**. Wisconsin Public Service, in Green Bay, and WP&L, a Madison-based subsidiary of **Alliant Energy**, are consulting lawyers and may decide to appeal the decision, says **Charles Schrock**, coo of generation at **WPS Resources**, the parent company of Wisconsin Public Service. Spokespeople for Dominion and Alliant did not immediately return calls for comment.

The companies may decide to sell Kewaunee, located 35 miles southeast of Green Bay, to another entity. But, Schrock says that for now, their energies are focused on a possible appeal. "It's not really on our radar screen right now," Schrock says of potentially scrapping the Dominion agreement and selling the plant to another company. He declined to comment further on the possibility, noting the companies are still awaiting a full written version of the commission's decision.

Kewaunee is owned 59% by Wisconsin Public Service and 41% by WP&L. The companies were planning to sell Kewaunee to Dominion for \$220 million (PFR, 9/11).

## Chicago Shop Scopes Equity For Calif. Wind Project

U.S. Wind Farming likely will finance three wind farm re-powering projects in California totaling \$45 million entirely with private equity. The wind farm developer has tapped boutique New York investment bank **Ashlin Capital** to attract equity investors and is finalizing a 30-year power purchase agreement with **Southern California Edison**, says **William Telander**, ceo in Chicago.

Tapping private capital suits the deal given its small size, Telander explains. Moreover, U.S. Wind Farming wants to limit the amount of debt on its balance sheet. Bankers with Ashlin did not immediately return calls for comment.

The California projects, which would produce a total of 45 MW, are part of a global initiative by U.S. Wind Farming to re-power old wind farms by establishing 15 MW wind energy cooperatives using existing transmission infrastructure. The wind turbines currently at the sites will be replaced with six to 10 new **General Electric** turbines.

During off-peak demand times, they will produce energy for hydrogen production, storage and delivery to local infrastructure using technology from Ontario-based **Stuart Energy**. By

producing both hydrogen and electricity, the wind cooperatives will generate at least 25% more revenue than existing wind farms, notes Telander.

## PG&E Pencils In Another Bond Issue

**Pacific Gas & Electric** is planning to tap the bond markets for \$1.2 billion in early 2006. The deal will refinance a portion of the San Francisco-based utility's rate base which was added as part of a bankruptcy exiting deal endorsed by the **California Public Utilities Commission** and the **U.S. Bankruptcy Court** last December.

**Brian Hertzog**, director of corporate communications, says the company had been awaiting legislative and regulatory approval for the refinancing plan and received the go-ahead in late November. **Leroy Barnes**, v.p. and treasurer, was not available for comment. As previously announced, PG&E will refinance the first \$1.8 billion of the regulatory asset in the next few weeks in the form of energy recovery bonds backed by ratepayers. **Morgan Stanley** was chosen to lead the deal based on its existing relationship with PG&E, says Hertzog. The bonds are expected to be priced in January. A coupon rate and maturity have yet to be determined, he says. The remaining \$1.2 billion will be financed via an energy recovery bond issue in early 2006, which Morgan Stanley also will lead.

## High-Yield Investors Eye Russian Energy

High-yield investors are beginning to take a closer look at Russian corporate securities, with a particularly eye on energy concerns. According to *PFR* sister publication *Bond Week*, renewed attention to Russian corporate debt is occurring because for the first time in recent years those securities will be added to a major speculative-grade benchmark; **Merrill Lynch's** next month.

Most of Russia's \$10.8 billion and €1.4 billion in corporate credits will move into high-yield. The energy sector will incur the largest shift, says **Christopher Garman**, head of high-yield strategy at Merrill in New York. The move will increase the energy's credit quality because the average Russian energy credit is double-B, versus the average U.S. energy credit at single-B plus.

**Dildora Yusupova**, director in emerging market corporate bond strategy at Merrill in London, has recently fielded a flurry of calls from investors inquiring about Russian credits. Specifically, **Gazprom**, the world's largest gas producer with roughly \$16 billion of debt outstanding, will have a big enough weighting in Merrill's indices that high-yield investors will be forced to consider the credit, she says. "[The index change] will prompt serious investors to learn about Russian corporates," she comments, noting Russian credit fundamentals have drastically improved in recent years.



## Empire State Wind Farm Lands Utility Affiliate Funding

An unidentified utility subsidiary will provide approximately \$240 million in equity to help finance a \$360 million 300 MW wind farm in upstate New York, known as Flat Rock. **William Moore**, project manager and co-principal at **Atlantic Renewable Energy Corp.**, says it will make an announcement in the next few weeks but declined to name names. In September, the sponsors were in talks with several potential equity providers (PFR, 10/4). An official at **Zilkha Renewable Energy**, which also owns a 50% stake in the wind farm, referred calls to Moore.

Debt will be arranged when the project is up and running, Moore says, arguing it is difficult to obtain financing while construction is underway. "Some structured financing is being

looked at closely now," he says. It is unclear if the venture has a power purchase agreement in place.

Moore says it expects to install only two-thirds of the planned capacity by the end of next year. This is due to delivery and supply restraints brought on by the backlog of wind farm projects that scrambled to get underway after Congress renewed production tax credits earlier this fall (PFR, 10/4). The Flat Rock project was revived when Capitol Hill approved the PTC extension.

Seven other wind power projects totaling 500-600 MW are in the early stages of development in upstate New York, says Moore. With the exception of one or two smaller wind farms, most are not likely to break ground until 2006, he adds, noting developers would need turbine contracts in place now to be certain to receive them in time to take advantage of the PTCs, which expire at the end of next year.

## Financing Record (NOVEMBER 24 - DECEMBER 9)

### 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 (%)
Mid. June	-	5/13/96	-	Louisiana Power & Light Co	GS	150	Baa3	BBB	Subord.	-
Early Dec.	-	11/5/04	-	Star Gas Partners LP	JPM	300	Caa3	B-	Senior	-
12/9/04	-	11/23/04	-	Texas Genco Holdings Inc	GS-DEUTSCHE-BK-SEC-MORGAN-STANLEY-CITIGROUP	1,125.00	B1	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
	11/29/04	SPI (Seosan) Cogen Ltd	Cogeneration plant	94.7	3.76	Fxd/Straight Bd	11/30/07	100	3.76	-	-	-	-	na
	11/29/04	SPI (Seosan) Water Ltd	Water utility	47.4	3.76	Fxd/Straight Bd	11/30/07	100	3.76	-	-	-	-	na
No	11/29/04	Statkraft SF SA	Electric utility	128.4	Floater	Float Rate Nts	11/28/14	100	Floater	-	NR	NR	NR	na
No	11/29/04	Statkraft SF SA	Electric utility	513.6	Floater	Float Rate Nts	11/28/14	100	Floater	-	NR	NR	NR	na
No	11/30/04	Energie Baden-	Pvd elec utility svcs	654.3	4.875	Fxd/Straight Bd	1/16/25	99.27	4.933	119	A-	A3	NR	na

### M&A

Date Announced	Acquiror Name	Acquiror Nation	Industry	Target Name	Target Nation	Industry	Rank Value of Deal (\$mil)
11/26/04	Dansk Olie og Naturgas A/S	Denmark	Natural Gas	Energie Wasser Luebeck	Germany	Natural Gas	78.513
11/24/04	Red Electrica de Espana SA	Spain	Electricity	Viesgo-Electricity Assets	Spain	Electricity	59.657
11/29/04	Dominion Virginia Power	United States	Electricity And Gas	Multitrade of Pittsylvania-Ele	United States	Electricity And Gas	40
11/30/04	Panva Gas Holdings Ltd	Hong Kong	Natural Gas	City of Chengdu Gas Co Ltd	China	Natural Gas	20.607
11/25/04	NorgesEnergi AS	Norway	Hydro-Electric	Norske Shell-Retail Power	Norway	Hydro-Electric	8.025
11/26/04	Tianjin Tejing Hydraulic Co	China	Hydro-Electric	Tianjin Baili Elec Power Co	China	Hydro-Electric	0.54
11/24/04	Taiyo Nippon Sanso Corp	Japan	Diversified	MNS	Germany	Diversified	-
11/29/04	Minicentrales Dos SA	Spain	Hydro-Electric	Hidrocentrais Reunidas SA	Portugal	Hydro-Electric	-

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

## Corporate Strategies

### Colo. River Utility Sells Munis For System Upkeep

The **Lower Colorado River Authority Transmission Services Corp.** has issued \$121 million in municipal revenue bonds to refinance debt associated with its transmission system. The Austin, Texas, entity retired a similar amount of outstanding tax-exempt commercial paper issued earlier this year to fund the upkeep of the system, which encompasses a 53-county area in central Texas. The bond issuance allows Lower Colorado more flexibility in offering commercial paper in the future since it was approaching a bank-imposed limit set at \$130 million, says **Brady Edwards**, treasurer.

The revenue bonds were issued in several tranches, with maturities ranging from 2005 to 2034 and coupons ranging from 2.5% to 5%. An RFP was issued to select the team of banks that would be involved in the offering with **Bear Stearns**, senior manager, chosen because of its familiarity with the government entity given previous transactions, Edwards explains.

### Tenaska Refinances Okie Project With Notes

Two affiliates of **Tenaska**, an Omaha, Neb.-based power marketer and developer, have issued over \$700 million in notes to refinance the 1,220 MW gas-fired project in Oklahoma. Tenaska used the offering to expunge a \$640 million mini perm bank loan associated with the plant, says **Jerry Crouse**, cfo.

Affiliate **Kiowa Power Partners**, which holds the physical project assets in Kiowa, Okla., issued \$642 million in senior secured notes via **Lehman Brothers** and **Calyon**. The senior secured notes were offered in two tranches: one portion carries a 4.81% coupon and has a spread of 128 basis points over comparable Treasuries with the other priced at 5.74% and maintaining a 158 basis point margin.

Subsidiary, **Tenaska Oklahoma 1, LP** via sole lead Lehman, issued \$73.25 million in 10-year notes, which have a coupon of 6.54% and a 287 basis point spread over comparable Treasuries.

Lehman and Calyon led Tenaska's last two capital market offerings factored into why they participated on the transactions, Crouse notes. Calls to officials from Lehman and Calyon were not immediately returned. The bond deals were priced on Nov. 19 and closed on Nov. 24.

The senior secured notes are rated BBB-/Baa3 by **Standard & Poor's** and **Moody's Investors Service**, respectively, says Crouse, while the Tenaska Oklahoma notes are rated BB-/Ba2. The Kiowa power plant has a tolling agreement with **Coral Energy**, which is backed by **Shell Energy**, he adds.

### Wash. Utility Issues Bonds To Extend Maturity

**Avista Corp.** issued \$90 million of first-mortgage bonds last week to refinance a portion of its outstanding short-term bank debt. Prevailing low interest rates and the desire to extend maturities prompted the Spokane, Wash., utility's move. "We felt the capital markets were the most efficient way to obtain 15-year money," says **Diane Thoren**, assistant treasurer. Outstanding short-term debt includes three revolvers totaling \$570 million.

The bonds, which mature in 2019, were issued at 99.734 and carry a 5.45% coupon. They were rated BBB- by **Standard & Poor's** and **Fitch Ratings** and Baa3 by **Moody's Investors Service**. The primary buyers of the deal are believed to be institutional investors.

**Goldman Sachs** led the transaction with **BNY Capital Markets** and **KeyBanc Capital Markets** acting as co-managers. "We chose the banks based on our existing relationships with them," says Thoren, noting it has worked with the lenders on past transactions. Avista has no plans to tap the bond market again at the moment. "This deal should offer us enough financial flexibility in the year ahead that we won't have to do that," she adds.

### El Paso Reworks \$3B In Debt

**El Paso Corporation** has completed the refinancing of a \$3 billion credit facility ahead of its maturity next year. The Houston-based utility restructured the line primarily because it obtained debt at about 25-50 basis points cheaper than its older line, says **Bill Baer**, investor relations manager. Moreover it was able to break up its financing into three smaller components, which offers it greater flexibility. Several calls to **Doug Foshee**, cfo, were ultimately directed to Baer.

The financing package includes a three-year, \$1-billion revolving credit facility maturing in 2007, a five-year \$1.25-billion term loan facility and a \$750-million L/C facility. Pricing on the lines were all similarly set at LIBOR plus 2 3/4%. Lead agents **J.P. Morgan**, **Citibank**, **ABN AMRO**, **Credit Suisse First Boston** and **Bank of America**, were tapped to handle the restructuring because they also led the original revolver, Baer says.

The revolver allows El Paso to issue letters of credit at 3% including a 25 basis point fee. The utility also will pay an annual commitment fee of 75 basis points on unused capacity. So far, \$435 million of this new line was used for outstanding letters of credit, Baer says. El Paso used a portion its term loan to pay down \$229 million in outstanding debt coming due in 2006 on Lakeside Technology Center—an office building which it owns in Chicago.

## Weekly Recap

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

### U.S. & Canada

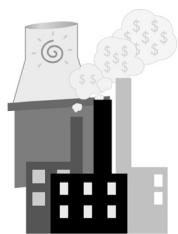
- **General Electric** plans on building a \$500 million power plant in a venture with **Calpine Corp.**, which will be the first in North America to showcase GE's new gas-turbine system. The GE venture will finance the planned 775-megawatt plant on its own. It is expected to be one of the most efficient and cleanest gas-fired plants constructed. A location for the construction will be identified soon and likely will be somewhere in energy-deprived California. (*Wall Street Journal*, 12/1).
- **FirstEnergy Corp.** experienced a roughly 6.4% decline in its share price last Wednesday to \$39.53—it biggest drop this year in **New York Stock Exchange** trading. (*Bloomberg*, 12/1)
- **Cinergy Corp.** subsidiary **Cincinnati Gas & Electric Co.** announced that it plans to either construct or purchase new generating facilities in Ohio to meet the future needs of its customers in Southwest Ohio. President and CEO **James Rogers** says the company's internal research indicates the need for more generation facilities to serve its client base. The utility serves approximately 650,000 customers in southwestern Ohio. (*Business Wire*, 12/1)
- **TECO Energy** has agreed to sell Frontera Power Station in Texas, for \$134 million to a subsidiary of Centrica plc. The facility is a 477 MW natural-gas fired, combined-cycle merchant power plant located near McAllen operating in the **Electric Reliability Council of Texas** market. Subject to regulatory approval, the transaction is expected to close by yearend. (*Bloomberg*, 12/2)
- **NRG Energy** has completed the sale of its Kendall Generating Station—a 1,160 MW) generating plant in Minooka, Ill., to an affiliate of **LS Power Associates**. The transaction includes assumption of \$448.4 million in debt from NRG's consolidated balance sheet. (*Associated Press*, 12/2).
- **Sempra Energy** customers will have to pay some \$733 million in above-market energy costs due contracts that were inked during California's energy crisis three years ago. The ruling by the **California State Public Utilities Commission** will also impact customers of **San Diego Gas & Electric Co.** (*Bloomberg*, 12/2)

### Europe & Middle East

- Italy's largest utility **Enel SpA** and its partners received approval from **European Union** that allows it to accept payments from the Italian government which cover the cost of building some EUR850 million in power plants (*Bloomberg*, 12/1).
- **Statoil ASA** expects to have nearly \$1 billion worth of additional costs associated with the construction of Snohvit—an offshore liquefied natural gas project located north of Hammerfest. In June the Norwegian company estimated that extra costs associated with construction would be in the 4-6 billion kroner or between \$700-\$1 billion (*Bloomberg* 12/1).
- **Mighty River Power** is expected to receive approximately 9 million in carbon emission credits from the New Zealand government in order to help it expand a geothermal plant. The company, New Zealand's fourth largest electricity seller, runs the plant in partnership with Maori tribal trust. The expansion will include developing a 39 MW addition to the facility by 2006 (*Bloomberg*, 12/2).

### Russia & Asia

- **India** could develop at least five additional liquefied natural gas facilities in about 10 years. The move by the country, much like the United States, is being prompted by increased demand for natural gas and a lack of natural supply. The plants will enable India to increase its production five times, said **Suresh Mathur** ceo at **Petronet LNG**, who spoke at the Fifth Annual World LNG Summit in Italy, Rome (*Bloomberg*, 12/2).
- **OAo Gazprom** says it will bid for energy assets owned by **OAo Yukos**, which would boost the already large portfolio of energy assets the company owns. (*Wall Street Journal*, 12/2). Later, it was reported that India's Oil & Natural Gas Corp. would team up with OAo Gazprom to make a play for Yukos assets (*Bloomberg*, 12/2).
- **Neyveli Lignite Corp.** is planning to develop a 250 MW plant at a cost of some \$250 million in Bikaner, India. The project is part of plan by the generation company to double capacity in the area. The company wants to increase capacity by 3,000 MW to nearly 5,500 MW in five years (*Bloomberg*, 12/2).



## Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail [mdecambre@iinews.com](mailto:mdecambre@iinews.com).

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas		
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	Dresdner Kleinworth Wasserstein	Sold to Hidroelectrica Guardia Vieja for \$174 million.
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		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
EPRL	RS Cogen	La.	425 (49%)	CHP	Rothschild	Ongoing.
	Harrison County	Texas	550 (70%)	Gas		
	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		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Is evaluating bids.
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Ongoing.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
Royal Dutch /Shell Group	La Rosita	Mexico	1,100		Citigroup	Exploring Sale
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			
	Coryton	U.K.	732			
	Rijnmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
	Termopaiva IV	Philippines	185	Gas		Set to sell Guadalupe and Odessa to PSEG.
TECO Energy	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas	Goldman	
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.

## TECO PROJECT

(continued from page 1)

2.3 GW Gila River plant in Gila Bend, Ariz., are saddled with \$1.4 billion in bank debt. TECO is handing over the keys to the plants to a creditor group led by Citibank and Société Générale (PFR, 2/9). Several calls to the lenders were not returned. Calls to officials at TECO were not immediately returned.

Observers say Icahn is a logical investor for the TECO-Panda paper because he has an appetite for generation assets and his

moves could be a backend way to buy the assets outright. Moreover, last year Icahn formed a joint venture with Dallas-based **Panda Energy International**, which originally helped develop, and later sold, the Union and Gila plants to TECO last year. The venture was initiated to take advantage of an oversupply of merchant assets, but efforts to acquire plants have been stymied given the reluctance by lenders, who took possession of droves of plants, to sell up and realize losses.

The TECO-Panda paper is a part of larger bank financing put

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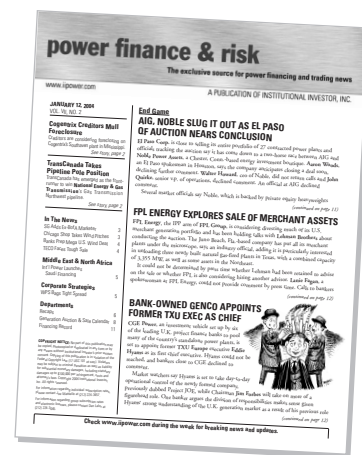
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in place during the summer of 2001 to support the construction and operation of the two plants stations. The effort was a joint venture between **TECO Wholesale Generation**, known at the time as **TECO Power Services Corp.**, and **Panda Energy International**.

The original financing included \$1.675 billion of non-recourse debt and \$500 million in equity bridge loans. The bridge loans have been paid down. —*Mark DeCambre*

## EXELON

(continued from page 1)

their wholly-owned subsidiary **Exelon Boston** to 19 lenders. Another trader says the secondary priced reflects increased optimism over the potential price of the assets.

The trades were completed despite rumblings that some original lenders wanting to sell exposure have met resistance from agent bank **BNP Paribas**. Dealers say the agent was not eager to process transfers as it did not want new investors in the deal, fearing they would disrupt the sales process. **Kate Quinn**, a director at **BNP Paribas**, disagreed strongly, saying the lenders set up a special purposes vehicle to take title to the asset on May 25. **Exelon Boston's** debt is stapled to the equity, so debt and equity do not trade separately, she explains. The transfer of the equity is regulated by the **Federal Energy Regulatory Commission**. The equity is a federal regulated asset, therefore, only can be traded under circumstances that are consistent with the requirements of the **FERC**, she notes. —*Michelle Sierra Laffitte*

## NISOURCE READIES

(continued from page 1)

anything to refinance" because the existing debt does not mature until next year, says **Vajda**. Leads for the two-part deal will be selected from the 21-bank syndicate that provided a \$1.25 billion revolver in March. He adds they will be chosen based on their ability to place a large amount of paper via relationships with power investors.

The forward starting swaps were executed with **Barclays Capital**, **Deutsche Bank**, **Bank of Tokyo-Mitsubishi**, **Bank of America**, **Royal Bank of Scotland** and **Bank of Montreal**. **NiSource** has entered into interest-rate swaps in the past when high rates have been forecast, **Vajda** says. The swap counterparties were chosen because they are part of the lending syndicate.

The planned refinancing will be broken down into two \$450 million tranches with the first tranche maturing in 2007 and the second in 2010. If the relationship between **NiSource's** corporate credit spread and the swap spreads embedded in the

forward starting swaps remains constant, the 12-year notes will carry a 5.55% to 5.65% interest rate, and the 15-year notes will carry a 5.7% to 5.8% coupon. Those rates would provide **NiSource** with an annual interest cost savings of about \$17.6 million, given that the notes will refinance \$900 million of bonds carrying a 7.625% coupon. The bonds were issued in 2000 to pay off outstanding debt.

Separately, **NiSource** priced \$450 million in floating-rate notes Nov. 23 to redeem \$250 million of similar notes due 2005 and \$200 million of short-term debt. The notes, which are priced at par, mature in November 2009 and carry a rate of **LIBOR** plus 57 basis points, reset quarterly. **JP Morgan Chase** and **Citigroup**, who are also involved in the revolver, acted as joint bookrunners. —*Christine Buurma*

## Calendar

- The **American Council on Renewable Energy** is holding a policy conference and summit, **Renewable Energy in America: Phase II**, today and tomorrow in the Cannon Caucus Room, U.S. House of Representatives, Washington.
- Separately, **ACORE** is having 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.
- 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.

## Quote Of The Week

"It's not really on our radar screen right now." —**Charles Schrock**, coo of generation at **WPS Resources**, on the possibility of selling the **Kewaunee** nuclear power plant to another entity in the wake of regulators' rejection of a plan to sell the plant to **Dominion Resources** (see story, page 3).

## One Year Ago In Power Finance & Risk

**Dynegy** was reportedly close to selling four qualifying facilities in Georgia, Texas, Michigan and Virginia. [In July, **GE Commercial Finance's** energy unit acquired **Dynegy's** 50% stake in a 424 MW Texas plant. Also in July, **Centennial Power** purchased a 300 MW plant in Georgia from **Dynegy**, while a 123 MW plant in Michigan was sold to an undisclosed buyer. **Dominion Resources** acquired **Dynegy's** 50% interest in a 340 MW Virginia plant in September.]