

# power finance & risk

The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

DECEMBER 18, 2006

VOL. IX, NO. 50

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(See story, page 3)

## Caithness Taps Citi To Lead Empire State IPP Project

**Caithness Energy** has appointed **Citigroup** to lead financing for its planned 350 MW in Long Island.

(See story, page 4)

## In The News

Fortis Launches Texas Wind Loan Syndication	3
Suez Closes \$800M In Omani Loans	3
Calyon Loses Energy Banker	4
HSBC Takes Offers To Build Moroccan Plant	4

## Corporate Strategies

LIPA Takes Down Pricey Paper	6
First Energy Arm Funds Buyback With Notes	6
PNM Stock Sale Pays Down Bridge	7

## Departments

Financing Record	7
Generation Auction & Sale	8
Weekly Recap	10

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## GOLDMAN, CARGILL EYE RETOOLING EX-ENRON U.K. PLANT

Goldman Sachs and Cargill, part of a group that owns northeast England generation facility Teesside, are looking at restructuring the 1.875 GW facility, which was originally developed by Enron.

Turnaround advisory firm **Kroll Zolfo Cooper** in London has been tapped to help rework the gas-fired operation with an eye toward squeezing better operational performance out of the asset as well as assisting the plant's private equity and hedge fund investors to

(continued on page 12)

## CONN. ENERGY SCOPES \$1.8B FOR VA. PLANT

**GenPower Holdings**, a new generation outfit backed by Greenwich, Conn., buyout shop **First Reserve**, is looking to arranging debt financing for a \$1.8 billion coal plant to be developed in Monongalia County, W.Va.

**Glenn Payne**, v.p. at the private equity firm, says a pitching process is underway, but declined to identify which banks have been approached, how much debt is being sought and how the debt will be structured. **Goldman Sachs** has been tapped to advise on and lead financing for the 600 MW, supercritical pulverized coal facility, known as Longview.

(continued on page 12)

## Set To Tilt At Neighbors?

## LONG ISLAND OFFSHORE DEVELOPER PLOTS FINANCING MIX FOR \$1.6B PROJECT

Hauppauge, L.I., developer **Winergy Power** is considering debt and equity financing options for a series of large-scale offshore wind projects along the Eastern seaboard, including a planned 700 MW-1 GW facility estimated to cost \$1.6 billion.

But, after the high-profile trouble of the 468 MW Cape Wind project further up the coast in Nantucket, there are some skeptics. That project has been beset by environmental

(continued on page 12)

## Time To Pay Papi!

## IBERDROLA READIES \$1.7B IN DEBT TO MONETIZE MEXICAN FLEET

Iberdrola is looking for \$1.7 billion in debt to leverage up its multi-gigawatt existing and to-be-built generation portfolio in Mexico. Leads **Calyon**, **BBVA** and **Citigroup** are said to be close to completing the loan package. An Iberdrola spokesman in Madrid did not return calls and officials at the three leads declined comment.

(continued on page 12)



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## At Press Time

# PTC Extensions Too Short To Please All

The passage of a one-year extension to the federal renewable energy production tax credits doesn't resolve long-term concerns, insiders say. **Mark Ahlstrom**, ceo of consultancy **WindLogics** in St. Paul, Minn., says chatter at the **American Wind Energy Association** Fall Symposium in Phoenix was that the extension is a positive, but the industry really wants the stability offered by an extension of several years.

"It may end up giving us less traction to ask for a longer-term extension in the new legislative session," Ahlstrom says.

For bankers, there is a little more flexibility. "We were working on the assumption that we'd have to get everything done before the second half of the year. We're not in a rush anymore," says one New York wind banker.

Ahlstrom doesn't expect the extension to significantly alter the buildout in 2007, which AWEA estimates to be between 3-3.5 GW. Builders hadn't been panicking, he notes, as many had been putting down money for turbines through 2008 and 2009, betting on a PTC extension.

The turbine backlog persists despite the recent moves by **Gamesa**, **Suzlon** and other foreign manufacturers to move some of their production to the U.S. Long-term PTC uncertainty makes suppliers hesitant, too. A Suzlon official explains that manufacturers don't want to be caught oversupplying in a market where demand drops suddenly due to an absence of PTCs. The official said it's too soon to tell if the extension will mean more purchase orders.

## HSH To Syndicate C\$300M Wind Construction Loan

HSH Nordbank plans to syndicate a C\$300 million (\$259 million) senior secured construction and term debt facility it is underwriting for **Terrawinds Resources Corp.**, developer of a 201 MW wind project in the Rivière-Du-Loup region of Québec. When active syndication will launch and price talk could not be learned.

**Tom Emmons**, senior v.p. at HSH in New York, says the bank is talking to a variety of lenders, but no decisions have been made about who it will invite in at what levels. **Mizuho Bank** is one of the lenders likely to participate, a banker says, but other parties could not be learned. An official at Mizuho declined to comment.

It could not be determined when Terrawinds hopes to meet financial close on the \$300 million loan. A call to **Cory Basil**, v.p. of project development at **SkyPower Corp.** in Ontario—owner of Terrawinds parent **SkyPower Wind Energy Fund**—was fielded to another executive who did not comment by press time.

Terrawinds closed on a C\$130 million (\$112 million) turbine supply loan via HSH earlier this month. The bank was a logical choice to lead debt financing for the Terrawinds project, after acquiring a minority stake in SkyPower in August.

Power from TerraWinds will be sold to **Hydro-Québec**, which has a 230 kV transmission line running near the site, under a 21-year PPA. SkyPower has a 5.5 MW development pipeline, which it hopes to bring online by 2009.

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**Institutional Investor NEWS**  
INTELLIGENCE FIRST

## Fortis Pitches Texas Camp Wind Syndication

Fortis Capital has launched syndication of a \$217 million construction loan for sponsor **Invenergy's** Camp Springs Energy Center in Texas. The 130.5 MW wind project at Snyder, Texas, 50 miles northwest of Abilene, does not have a PPA in place (PFR, 11/27) but Fortis is expected to provide a power hedge. Details about the contract could not be learned. Invenergy spokesperson **Rick Robinson** in Chicago declined to comment or make an official available for comment.

The bank is pitching syndication at 125 basis points over LIBOR. It expects to draw participation from 10 or fewer lenders, a banker says. A Fortis official declined to comment.

Fortis and arranger **Dexia Crédit Local** closed on the debt Nov. 30.

## Pension, Far East Investors Seen Driving Commodities Inflows

Large U.S. pensions like **CalPERS** are combining with budding interest from Asian investors, particularly those in Korea and Japan, to drive the next wave of inflows into commodities, which includes energy and power, and commodities-linked investments, according to **Barclays Capital**. "In terms of areas where I can see a large increase, those two countries dominate," **Kamal Naqvi**, the firm's director of commodities sales, told attendees a briefing held by the firm last week.

The past few years have seen a massive influx into commodities assets, as investors have sought refuge from inflation and the rising price of oil and other natural resources. With many commodities prices declining this summer, and many investors sufficiently allocated to the sector, "a question people have is, 'is it all over?'" says Naqvi.

Yet of 120 buy-side clients polled by Barclays, only 8% expect commodities assets to shrink from their estimated \$90 billion level over the next two years. Thirty-six percent foresee a substantial increase by 60% or more, to \$150 billion, with 32% envisioning a jump of 30-60% to \$120-150 billion. The remaining 24% anticipate an increase of 30% or less, to \$60-90 billion. "People are looking for a reasonably sizeable inflow," says Naqvi, summarizing the findings.

Underlying the flow of assets to the sector are strong fundamentals supporting higher prices for nearly all commodities, says **Kevin Norrish**, the firm's director of commodities research. Specifically, shortfalls in oil and gasoline supplies in the U.S. are expected to drive demand and with it, prices, in the approaching winter months. The problem will not ease even then, however. Supply weakness

"will probably be with us the next nine, 10 years or so," he says.

## EdF Hunts Leads For Mexican Wind Project

**EdF Energies Nouvelles** is looking for lead banks to arrange around \$120 million in construction financing for the 70 MW La Ventosa wind project near Juchitán de Zaragoza in Mexico's southern state of Oaxaca.

EdF has been trying to push the wind farm forward for more than five years, but has encountered permitting problems and difficulties at the local government level, bankers say. The permitting issues have now been resolved and the developer is close to finalizing a long-term PPA with an offtaker, say deal trackers. The identity of the offtaker could not be learned.

Partner **Mitsui & Co.** has an option to purchase an equity stake in the project prior to financial close. An EdF official in Paris declined to comment. A Mitsui spokesman did not make an official available by press time.

## Suez-Led IWPP To Tie Up \$800M Omani Acquisition Funds

A Suez-led consortium is about to close roughly \$800 million in loans for its acquisition of the 665 MW Al-Rusail power plant in Oman and a 678 MW greenfield IWPP site. **HSBC** and **Sumitomo Mitsui Banking Corp.** are joint underwriters on the deal, which is scheduled to close early next quarter, bankers say. Officials at the leads declined comment.

The financing package likely will comprise a three- to seven-year, \$200 million equity bridge loan to finance the acquisition of Al-Rusail and subsequent refurbishments, as well as a 17.5-year, \$600 million senior term loan for the development of the to-be-constructed IWPP, Barka II. Pricing details and whether the leads plan to sell down a portion of the debt could not be learned.

Underpinning Al-Rusail, which is being privatized by the state-run **Electricity Holding Company**, and Barka II, are 15-year PWPAs with Oman's **Power and Water Procurement Company**. Barka II will sit adjacent to Barka I—which is majority owned by **AES Oasis**—and is slated to come online in April 2009, says Suez spokeswoman **Katya Duman**.

The winning consortium features **Suez Energy International** (47.5%), **Mubadala Development** (47.5%) and **National Trading Company** (5%), a local developer and Suez's partner on fellow Omani IWPP Al Manah. Other contenders in the running were **Marubeni Corp.**, **AES Corp.** and **International Power**.

## Calyon Loses London Energy Banker

Calyon has seen the departure of **David Stearns**, an energy project finance banker in London. The official left early this month and the reason could not be learned. **Jeremy Bayfield**, head of project finance in London, could not be reached nor could Stearns. A human resources official at Calyon declined to comment on the departure.

## Caithness Taps Citi To Lead Empire State IPP Project

Caithness Energy has appointed **Citigroup** to lead construction financing for a planned 350 MW combined-cycle, natural gas-fired project at Brookhaven in Suffolk County, Long Island. Some \$375-\$400 million in construction loans are being sought for the Caithness Long Island Energy Center.

Details on the debt, including tenor and pricing, could not be ascertained. Underpinning the plant is a 20-year PPA with **Long Island Power Authority's** for 286 MW of output, the remainder of which will be sold on the spot market.

The New York IPP submitted an RFP to banks for construction financing in January (PFR, 1/23) after beating 14 other bidders to develop capacity to meet Long Island's future electricity needs in May 2004. The reason for the delay in selecting a lead arranger could not be learned, and **Ross Ain**, senior v.p. at Caithness and **Erik Codrington**, an official at Citigroup in New York, declined to comment.

The plant, which will run on oil when gas prices are at their

peak, is the first baseload generation to be built on Long Island since the 1970s. EPC contractor **Siemens** is slated to begin construction next quarter with a view to bringing the facility online in early 2009.

## HSBC Takes Offers To Build Moroccan Plant

HSBC is fielding early bids, on behalf of the Moroccan government, from developers interested in constructing a 1,320 MW coal-fired plant in Cap Ghir near Agadir. On the drawing board are two, 660 MW facilities intended to reach commercial operation in 2011, each of which will benefit from a long term PPA with the state's **Office National de l'Electricite**.

The bank won the advisory role in November and expects to announce pre-qualifying bidders for the \$1.5 billion project Dec. 20. An official RFP process will be launched in January with the winning bidder announced in July. An official at HSBC declined to comment.

International developers interested in the build, own, operate and transfer opportunity—part of a \$5.8 billion, five-year plan to expand the nation's capacity—include **Suez**, **International Power**, **Marubeni Corp.**, **Mitsui & Co.** and **Electricité de France**, a banker says. Spokespeople for the companies either did not return calls or could not be reached.

IP spokeswoman **Aarti Singhal** confirmed the company is interested in projects in Morocco, but was unable to comment on its participation in the tender process.

## Corporate Strategies

### 'Bama Utility Rolls Out Hybrids To Fund Capex



Earl Long

Alabama Power plans on using proceeds from its debut preference stock offering to help fund environmental upgrades and pay down short-term indebtedness. **Earl Long**, assistant treasurer of parent **Southern Co. Services** in Atlanta, Ga., says the company decided against issuing tax-deductible trust preferreds because **Moody's Investors Service** believes

they behave more like debt than equity. "[These] will receive 50% equity credit from Moody's and that or higher from other agencies," he notes.

Southern likes to keep 10% of its consolidated and individual operating companies' capital structures in securities with equity-like characteristics, because features such as deferred payments,

long maturities and perpetual repayments are valuable from a risk management standpoint, Long explains. The offering is rated Baa1 by Moody's, BBB+ by **Standard & Poor's** and A by **Fitch Ratings**.

Each of the six million hybrids offered by Alabama Power priced at \$25 with a 5.625% coupon, featuring a spread of 105 basis points. The \$150 million in proceeds will be used to trim \$130 million in commercial paper and fund scrubber installations on coal-fired generation, as well as fund transmission and distribution improvements.

**Lehman Brothers** and **JPMorgan Chase** led the sale, while **Banc of America Securities** and **Wachovia Capital Markets**—also debt underwriters for Alabama Power—served as co-managers.

Alabama Power has \$5.6 billion of overall debt outstanding, including commercial paper—of which roughly \$473 million relates to outstanding preferred stock.

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## Corporate Strategies (cont'd)

## LIPA To Take Down Pricey Paper

The Long Island Power Authority plans to use proceeds from the sale of \$518 million in 5% revenue bonds to repay more expensive debt on its books. Estimated savings as a result of not having to service the debt until maturity are about \$28.5 million, notes **Steve Clarke**, director of financial administration in Uniondale, N.Y.

Targeted for repayment are notes bearing coupons of 5-5 3/8%, maturing between 2011 and 2033. After issuing \$515 million of revenue bonds in September (PFR, 9/25), the muni reached a publicly enforced debt threshold and had to seek special permission in October from the state **Public Authority Control Board** to issue up to \$650 million more debt to redress its capital structure.

**Citigroup** underwrote the new offering. LIPA tends to work with five senior managers, including **Lehman Brothers**, **Morgan Stanley**, **Goldman Sachs** and **UBS**. Citi was awarded the top spot because of its skills in structuring offerings of this nature, explains Clarke, declining to elaborate on the bank's proposals. **Bear Stearns** serves as LIPA's financial advisor.

As of Dec. 2, the muni had around \$5.9 billion of senior lien debt and \$1 billion of subordinate lien debt outstanding.

## FirstEnergy Arm To Fund Buyback Via \$300M Note Offering



Matt Richlovsky

Cleveland Electric has sold \$300 million in senior notes to repurchase stock from parent FirstEnergy. The move is part of a parent-driven strategy to bring the debt-to-equity ratios at operating companies closer to 55:45, says **Matt Richlovsky**, FirstEnergy finance manager in Akron, Ohio.

Two objectives are met, Richlovsky explains: Cleveland Electric can reduce the number of its shares, and also transfer cash to allow First Energy to refinance debt at the holding company level. Cleveland Electric has room for more debt, he says, as it has increased its available leverage with last year's transfer of its generating assets to **FirstEnergy Solutions**, an unregulated operating company.

Each of the company's Ohio utilities will be distribution-only, to comply with an Ohio state law passed in 1999.

The 5.95% senior unsecured notes have a tenor of 30 years and were targeted at institutional investors, Richlovsky says. **Morgan Stanley** and **Lehman Brothers** led the offering, and were chosen

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**KIMMELMAN TRAWLS FOR \$1B+ FOR PRIVATE EQUITY LAUNCH**  
Goldman Sachs rainmaker Doug Kimmelman has left the firm to launch a private equity business focused on financing North American energy infrastructure projects and is raising more than \$1 billion to seed it. The veteran banker, who spent about 22 years with Goldman and is widely known as the architect of generation unit **Orion Power Holdings** and the engineer of its eventual sale to **Reliant Resources** for \$4.8 billion (including debt/equity) in 2002, is starting **Energy Capital Partners** with **Scott Helm**, Orion's co-founder, and **Thomas Lane**, managing director in Goldman's mergers and acquisitions unit. Reached on his mobile phone, Kimmelman declined comment. Neither Lane nor Helm were available for comment. Goldman spokesman **Michael DuVally** also declined comment. **Energy Capital** is expected to kick off with about \$1 billion and should be up and running soon with its office on the West Coast.

**THE WALL STREET JOURNAL**  
DECEMBER 4, 2006

**New Investment Fund Raises \$2.25 Billion To Hunt Power Sector**  
A new private-equity fund has raised \$2.25 billion to scout for investments amid big changes in the nation's electricity grid. **Energy Capital Partners** represents one of the largest first-time investment funds, taking in cash from 150 investors, including pension funds, university endowments and wealthy individuals. The fund is founded chiefly by a group of former Goldman Sachs Group Inc. utility-sector bankers and Partners' senior partner. Private-equity funds have, moved aggressively into power and utility investments.

based on their previous work with FirstEnergy, he says. **Daiwa Securities, KBC Financial Products, SBK-Brooks Investment Corp., and Sun Trust Robinson Humphrey** acted as co-managers.

FirstEnergy subsidiaries **Ohio Edison, Toledo Edison and Pennsylvania Power** used debt offerings this year to finance common stock repurchases or preferred share redemptions. FirstEnergy has \$11.6 billion in outstanding debt, \$2.2 billion of which is at Cleveland Electric.

## PNM To Pay Down Bridge Loan Via Stock Proceeds

PNM Resources plans on selling five million common shares to help repay a bridge loan used to fund an acquisition in April. The energy company had been planning to sell stock to cover the cost of buying the Twin Oaks Power facility outside of Dallas, explains **Frederick Bermudez**, investor relations manager in Albuquerque, N.M. In the weeks after the Nov. 3 announcement of a joint venture with **Cascade Investments**, PNM has seen its stock up nearly 7%. "The market reacted well to the Cascade

announcement," Bermudez says.

PNM will use the proceeds, about \$149 million, to pay down a portion of a \$420 million bridge loan arranged by **Lehman Brothers**. Shares were priced at \$30.79, their Dec. 6 closing price.

The remainder of the loan may be paid off with long-term debt, Bermudez says. The company will also have the option of using cash from cascade. Cascade will match the value of each asset contributed to the joint venture in cash. PNM then has the option of taking half of that cash and moving it up to the holding company. Bermudez said the company has not decided how it will proceed. He said the capital structure is near 50:50 and it aims to keep it that way.

PNM chose **Lehman, Merrill Lynch and Morgan Stanley** to serve as joint bookrunning managers based on their previous relationship with the company. **Banc of America Securities, JP Morgan Chase, Robert Baird and Co., RBC Capital Markets, Wachovia Securities, and Citigroup** were co-managers.

PNM now has more than 75 million shares outstanding. Shares hit a 52-week high of \$31.58 on Dec. 6, and had a 52-week low of \$22.49 on March 7.

## Financing Record (NOVEMBER 30-DECEMBER 12)

### Debt

Rule 144A	Issue Date	Issuer	Business Description	Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
Yes	12/6/06	Williams Partners LP	Natural gas co	600	7.25	Senior Notes	2/1/17	100	7.25	281	BB-	Ba3	NR
	12/8/06	Georgia Power Co(Southern Co)	Electric utility	150	5.65	Sr Unsecurd Nts	12/15/40	100	5.65	105	AAA	Aaa	AAA
	12/11/06	PPL Energy Supply	Electric utility	300	6	Senior Notes	12/15/36	98.848	6.084	145	BBB	Baa2	BBB
	12/12/06	Avista Corp	Pvd electric,gas svcs	150	5.7	Fst Mtg Bonds	7/1/37	99.852	5.71	110	AAA	Aaa	NR

### M&A

Date Announced	Date Effective	Target Name	Target Country	Acquiror Industry Sector	Acquiror Country	Value (\$mil)
11/30/06		Allegheny Energy Supply-Gleaso	United States	Tennessee Valley Authority	United States	23
11/30/06		Arkhennergoremont	Russian Fed	Capital-Invest JSC	Russian Fed	4.594
11/30/06	11/30/06	El Paso Marketing LP-Alliance	United States	PPM Energy Inc	United States	188
11/30/06		Guangshui Taojiang Hydropower	China	Guangdong No 2 Hydropower	China	7.794
11/30/06		Kostromaenergoremont	Russian Fed	Capital-Invest JSC	Russian Fed	2.981
11/30/06		Undisclosed Natural Gas Power	United States	Electric Power Dvlp Co Ltd	Japan	112.5
12/1/06		Areva Transmission & Dist SA-	France	Green Recovery SAS	France	
12/1/06		ECK Generating sro	Czech Republic	Aare-Tessin fuer Elektrizitaet	Switzerland	
12/1/06		Energeticke Centrum Kladno A/S	Czech Republic	Aare-Tessin fuer Elektrizitaet	Switzerland	
12/1/06		Machadinho Energetica SA	Brazil	Delta Energetica SA	Brazil	53.955
12/1/06	12/1/06	United Energy A/S-Heating	Czech Republic	MVV Energie AG	Germany	
12/4/06	12/4/06	Enova Corp-Offshore Wind Park	Germany	E ON AG	Germany	
12/4/06		Sichuan Xichang Power	China	Sichuan Electric Power Corp	China	11.538
12/5/06		Erdgas Suedwest GmbH	Germany	Energie Baden-Wuerttemberg AG	Germany	
12/5/06		GSW Gasversorgung Sachsen Ost	Germany	Energie Baden-Wuerttemberg AG	Germany	

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.



## 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/Comments
Alloy Power/West Virginia Alloy	Hawk's Nest Glen Ferris	Fayette, W.Va. Fayette, W.Va.	102 4.6	Hydro Hydro	JPMorgan	Brookfield Power agreed to acquire both facilities. Terms not disclosed. Deal expected to close by year-end.
American Electric Power	Plaquemine Cogeneration Facility	Plaquemine, La.	880	Gas/Steam	N/A	Dow Chemical completed \$64 million purchase Dec. 1.
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals are made by March 31, 2007.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Calpine	Aries	Pleasant Hill, Mo.	580	Gas	N/A	Kelson Energy outbid stalking horse Aquila at auction to win the asset for \$233.6 million.
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	Morgan Stanley	Underway
Complete Energy	Batesville	Batesville, Miss.	837	Gas	Dexia	A wholly owned subsidiary of Complete will purchase the asset for an undisclosed sum. Deal scheduled to wrap in January.
Constellation Energy	Big Sandy High Desert Holland Energy Rio Nogales University Park Wolf Hills	Wayne County, W.Va. Victorville, Calif. Holland Township, Ill. Seguin, Texas Chicago, Ill. Bristol, Va.	300 830 665 800 300 250	Gas (peaker) Gas Gas Gas Gas (peaker) Gas (peaker)	Credit Suisse	Credit Suisse has launched syndication of a \$1.64 billion acquisition financing to support Tenaska Power Fund's purchase (PFR, 12/4).
Desert Power L.P.	Desert Power Plant	Rowley, Utah	100	Gas	N/A	MMC Energy signed non-binding letter of intent to acquire for \$3.5 million cash and assumption of \$28.7 million in debt. Facility needs repowering.
Dominion Resources	Armstrong Energy Pleasants Energy Troy Energy State Line	Elderton, Pa. Pleasants, W.Va. Troy Township, Ohio Hammond, Ind.	600 300 (peaker) 600 (peaker) 515	Gas Gas Gas Coal	Credit Suisse	Second round bidding underway.
DPL Inc.	Darby Electric Generating Station Greenville Electric Generating Station Montpelier Electric Generating Station	Mount Sterling, Ohio Greenville, Ohio Poneto, Ind.	447 206 219	Gas Gas Gas	Pace Global Energy Services Pace Global Energy Services Pace Global Energy Services	Columbus Southern Power, a unit of American Electric Power, will acquire Darby for \$102 million in cash.

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	Credit Suisse launched a financing package to refinance \$2.1 Billion in debt tied to the plants last Monday (PFR, 12/4).
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
Goldman Sachs	Horizon Wind Energy	Houston, Texas	Owens 237.5 outright Co-owns 130	Wind	N/A	Sale could fetch \$1 billion or more based on 750 MW online by year end and 600 MW pipeline.
Invenergy	Hardee Power	Bowling Green, Fla.	370	Gas	Morgan Stanley	Sale effort may be halted.
KGen Power Partners	Murray Energy	Dalton, Ga.	1,244	Gas	Friedman Billings Ramsey	KGen aims to IPO an undisclosed portion of the ex-Duke Energy portfolio and fetch circa \$750 million (PFR, 12/11)
	Hot Springs	Hot Spring County, Ark.	620	Gas		
	Hinds County	Hinds County, Miss.	520	Gas		
	Enterprise	Clarke County, Miss.	640	Gas		
	Sandersville	Washington County, Ga.	640	Gas	N/A	Being sold to Tennessee Valley Authority
	Southaven	Southaven, Miss.	640	Gas		
	New Albany	Union County, Miss.	385	Gas		
	Marshall Energy	Calvert City, Ky.	680	Gas		
Lake Road	Lake Road Power Plant	Killingly, Conn.	780	Gas	Credit Suisse	Finalists include BritishGas, Complete Energy, Energy Capital Partners, and a joint venture between US Power Generating Co. and Madison Dearborn Partners (PFR, 12/11).
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Auctioneer JP Morgan is hoping to get around \$400M.
Mirant	Curacao Utilities Co. (25%)	Curacao	133	Asphalt/ refinery gas Oil	JPMorgan	Underway
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151			
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro	Credit Suisse	A consortium led by Marubeni Corp. and Tokyo Electric Power Co. agreed to buy Mirant's interests for \$3.42 billion.
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
	Sual Generating Plant	Pangasinan, Philippines	1.2 GW	Coal		
	Pagbilao Generating Plant	Quezon, Philippines	704	Coal	Credit Suisse	
	Ilijan Generating Plant	Batangas, Philippines	240	Gas	Credit Suisse	
	Apex plant	Nev.	518	Gas	JPMorgan	Initial marketing material distributed (PFR, 8/17).
	Bosque	Texas	537	Gas		
	Shady Hills	Fla.	469	Gas/Oil		
	Sugar Creek	Ind.	535	Gas		
	Zeeland	Mich.	840	Gas		
	West Georgia	Ga.	605	Gas/Oil		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JP Morgan	First round bids were due last week.
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		

## 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.*

### North America

- Congress has extended the 1.9 cent-per-kw-hour tax credit for green power through 2008. The credit, set to expire at the end of 2007, was added to a year-end spending bill (*Gannett News Service*, 12/12).
- Documents detailing correspondence between **Portland General Electric** and **Standard & Poor's** showed the agency solicited comment from the utility on a September draft report and then made at least 48 changes that the utility sought before releasing it. The documents were subpoenaed by a lawyer for the 34 biggest industrial customers of PGE (*New York Times*, 12/12).
- **Kansas City Power & Light** plans on spending \$253-350 million more than originally estimated on the Iatan 2 coal-fired plant near Weston, Mo., environmental control equipment, wind generation and other programs. The total could reach \$1.62 billion (*Kansas City Business Journal*, 12/12).
- **Midwest Generation** has struck a deal with Illinois officials to reduce smog and soot at its six coal-fired power plants in the state. The deal gives the company until 2018 to meet the state standards for sulfur dioxide emissions. Mercury emissions will be controlled by 2009 and nitrogen oxide by 2012 (*Associated Press*, 12/12).
- **Progress Energy Florida** may build a nuclear power plant in Levy County near its existing Crystal River facility (*Associated Press*, 12/12).
- Houston IPP **Dynegy** hopes to complete its hookup with **LS Power** by the end of March (*Associated Press*, 12/13) . . . Free cash flow next year, following its tie up with LS Power, should be between \$415 million and \$515 million. It hopes to fetch up to \$500 million by selling certain assets – principally gas peakers – outside its core markets (*Reuters*, 12/13).
- **AES** will invest \$50 million next year to install emissions control systems on the 84 MW Unit 8 at the Westover coal-fired power station near Binghamton, N.Y. The project is expected to be completed in 2008 (*Reuters*, 12/13).
- **Mississippi Power** is considering building a \$1.8 billion plant in Kemper County, Miss., that would convert locally mined lignite into a gas for lower-emission electricity generation. The company is receiving \$133 million in federal tax incentives for the proposed project (*Associated Press*, 12/13).
- **TXU** has made a minority investment in **Skyonic Corp.**, an Austin company that has technology designed to reduce greenhouse gases and other emissions. The investment will help fund a field-test of the technology at TXU's Big Brown facility in central Texas. Financial terms of the agreement were not disclosed (*Dallas Business Journal*, 12/12).
- **El Paso Electric** is seeking proposals to supply 600 MW of power a year by 2013, to determine if it is more cost-effective to purchase power or build more plants (*El Paso Times*, 12/12).
- **Kinder Morgan Energy Partners** plans to build a 500-mile natural gas pipeline from Oklahoma to Alabama costing nearly \$1.3 billion. **Energy Transfer Partners** will be a partner in the Midcontinent Express Pipeline, the latest project designed to move gas from Texas' Barnett Shale region (*Houston Chronicle*, 12/14).
- **Arizona Public Service** has named CFO **Donald Brandt** president and announced that **Jim Levine**, the head of its nuclear unit, plans to retire (*Associated Press*, 12/14).
- The **California Public Utilities Commission** has issued a proposed greenhouse gas emissions performance standard designed to last until an emissions cap-and-trade system is in place by 2012. It calls for electricity providers not to sign new contracts for power generated at plants, mainly coal-fired, that cannot meet California emissions standards (*Reuters*, 12/13).
- **Mirant** has reached a \$3.42 billion deal to sell its Philippine business to a consortium including **The Tokyo Electric Power Company**. The deal, expected to close in the second quarter 2007, is part of the IPP's effort to shed assets and businesses to return cash to shareholders (*Associated Press*, 12/11).
- **Competitive Energy Services** has received local approval for construction of a \$10 million, small-scale wind power project in Freedom, Maine (*Associated Press*, 12/10).
- **Duke Energy's** board has formally approved the spinoff of its **Spectra Energy** natural gas unit (*Associated Press*, 12/8).

## Exelon Boston Dials Down Pricing On \$2.1B Refi

Credit Suisse and Goldman Sachs have flexed pricing down due to demand on its \$2.1 billion refinancing for the 3 GW Exelon Boston Generating portfolio. A banker following the deal says pricing was cut to LIBOR plus 225 basis points on the \$1.4 billion first lien portion from the 300 basis points originally pitched.

The leads hope to complete syndication in the next few days. The debt was marketed to a wide array of institutional owners but the original debt holders, consisting largely of hedge funds and private equity shops, held priority in taking pieces, an official notes.

The \$1.4 billion first lien tranche comprises a \$1.08 billion term loan, due 2013, to recapitalize the facilities; a \$70 million revolver for working capital, due 2011, and a \$250 million synthetic letter-of-credit, due 2013, for posting collateral to counterparties (PFR, 12/4). Officials at Credit Suisse declined to comment and officials at manager partner K-Road Power were not returned.

Second lien pricing fell to 425 basis points from 500 and a mezzanine (payment-in-kind) portion of debt was dialed down to LIBOR plus 700 basis points, the banker says. The second-lien consists of a \$400 million term loan, due 2014. The

mezzanine portion is \$300 million of 10-year holding company notes.

The refinancing initiative comes ahead of the expected sale of the predominantly merchant, oil- and gas-fired generation via Lehman Brothers.

## Entegra Taps Pair To Fire Up Refi

Entegra Power Group has tapped a pair of lenders to lead the refinancing of \$1.325 billion in project-level debt tied to Gila River Power Station just south of Phoenix and the Union Power Station in El Dorado, Ark. Joff Mitchell, interim president of holding entity Entegra Power Group in New York, declined to disclose the identity of the lenders.

Rumored to be in the mix are Citigroup, which handled an earlier refinancing for Entegra (PFR, 4/20), and Credit Suisse. Officials at those banks declined comment.

Entegra owners, consisting of some 40 hedge funds and private equity entities, are asking that payment-in-kind notes that comprise the debt be essentially reworked into at least two tranches—a cash-pay tranche and tranche with a payment-in-kind option component. The original financing included \$1.675 billion of non-recourse debt and \$500 million in equity bridge loans.

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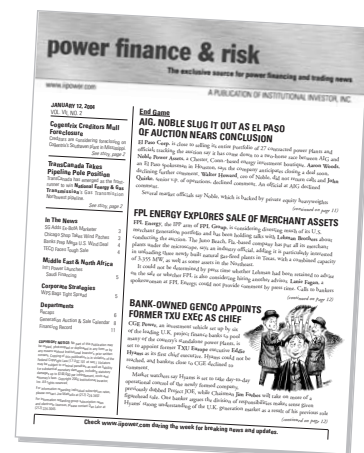
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## GOLDMAN, CARGILL

(continued from page 1)

formulate an exit strategy. Officials at Kroll declined comment, as did a Goldman official, and Cargill executives did not return a call for comment.

Teesside was placed in operation in 1993 and was funded using the second largest project financing ever organized in the U.K. It became a distressed asset in the wake of the collapse of Enron and **British Energy**, the largest offtaker. It now operates under the name **Teesside Power Holding** and also has a fund-raising subsidiary known as **Teesside Power Financing**.

The owners are hoping that Kroll can apply many of the lessons it learned in reworking the 2.2 GW portfolio of **Entegra Power Group**.  
—*Mark DeCambre*

## CONN. ENERGY

(continued from page 1)

Supercritical coal units feature advanced emissions-reducing technology.

Banks are due to be selected shortly because ground breaking is slated to begin next month. The plant, which is the first development to be financed by the new entity, will be built in Maidsville, with commercial operation scheduled to being in late 2010. First Reserve is expected to provide the equity for the project. The firm closed its \$7.8 billion Fund XI in July (PFR, 8/21).

Needham, Mass.-based GenPower Holdings plans to sell a portion of Longview's output to various parties under intermediate-term PPAs, and sell the remainder into the PJM market on a merchant basis if it does not obtain long-term contracts.  
—*Katy Burne*

## IBERDROLA READIES

(continued from page 1)

The Spanish utility funded construction of the plants on balance sheet, bankers say. Aside from monetizing its investment, a portion of the funds will be used for other purposes which could not be immediately ascertained.

The loan is broken down into two tranches: a five-year portion that has been priced at 32.5 basis points over LIBOR, and a 10-year component bearing pricing of 62.5, a banker says. The exact U.S. dollar figure of each tranche could not be learned. The loan is expected to draw strong interest given the security provided by PPAs with Mexico's **Comision Federal de Electricidad**, says a potential participant.

The portfolio includes the 120 MW Enertek gas-fired cogeneration plant in Tamaulipas, and gas-fired combined-cycle plants in Monterrey (1.04 GW), La Laguna (500 MW) in Durango and Altamira IV (1.04 GW) and V (1.12 GW) in

Tamaulipas. The package also includes the 1.14 GW Tamazunchale plant, which is under construction in San Luis Potosi.

Iberdrola expects to have reached 5.5 GW of generation by 2009. The company holds 36% of the CFE's outstanding electricity contracts.  
—*Ben Miller*

## LONG ISLAND

(continued from page 1)

protesting and a case of NIMSBY (i.e., Not in My Senator's Back Yard) on the part of the wealthy inhabitants of the area.

**Dennis Quaranta**, president of Winergy, believes the outlook for his fresh assault on the market is promising. "[Plum Island] has already gone through a final environmental impact statement and it's a restricted use site so it doesn't affect local fishermen," he says, referring to the 10.8MW Plum Island test site for the planned rollout. One lender is not so sanguine, however. "There's more than one way to get resistance on these projects," he notes.

Still Quaranta says Winergy is close to obtaining permits for the unit. Plum Island will be built at a cost of about \$30 million two miles off Jones Beach and be connected to shore via a 23.5 kV cable.

**CCMP Capital Advisors**, formerly **JPMorgan Partners**, which has an 85% stake in Winergy, will finance a large chunk of its development pipeline, but debt offerings and participation by additional equity and partners are under consideration. Tax equity partners also will be sought late next year or early 2008, with CCMP running the search. **Carty Chock**, an official at CCMP, did not respond to requests for comment.  
—*K.B.*

## Quote Of The Week

*"[Plum Island] has already gone through a final environmental impact statement and it's a restricted use site so it doesn't affect local fishermen."*—**Dennis Quaranta**, president of Hauppauge, L.I., developer **Winergy Power**, explaining why Winergy is confident in pursuing its plan to build a wind farm in a Long Island (see story, page 1).

## One Year Ago In Power Finance & Risk

**GE Energy Financial Services**, **JPMorgan Chase** and **Credit Suisse** were jockeying to prep a debtor-in-possession financing worth \$2-2.5 billion for **Calpine**, at that time teetering on the verge of Chapter 11. [**Deutsche Bank** and **Credit Suisse** launched syndication of the \$2 billion DIP package in January (PFR, 1/20), consisting of a \$1 billion term loan, split into a two-year, \$350 million first-lien and a two-year \$650 million second-lien, and a two-year \$1 billion first-lien revolver. High demand saw the \$1 billion term loan upsized by \$50 million (PFR, 2/10). **Calpine** is still working its way out of bankruptcy.]