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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JUNE 23, 2008
VOL. XI, NO. 25

Intermountain Auction Details Emerge

Players interested in acquiring **Intermountain Gas Co**. reportedly include **IDACORP**, **Avista**, **MDU Resources** and **Alinda Capital**.

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MAINE UTILITIES HUNT TRANSMISSION FINANCING

Maine & Maritimes Corp. and **Central Maine Power Co.** are in talks with lenders to raise financing for their planned $400-500 million, 150-200 mile transmission line. M&M subsidiary **Maine Public Service** took initial proposals on the Maine Power Connection project earlier this month.

Howard Koon, director of corporate finance with CMP parent **Energy East**, says, "We're doing some preliminary planning for financing this project," and adds that while it is not yet

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MOUNTAIN STATE DISTRIBUTION CO. IN PLAY

ArcLight Capital Partners and **IGS Utilities** are considering selling their jointly owned natural gas distribution company, **Mountaineer Gas**. "We're looking at what our options are," says **Dan Revers**, managing partner at ArcLight in Boston. Asked if the pair is being advised, he added, "Not really. We're in no rush."

Richard Roberts, treasurer of Mountaineer Gas in Tulsa, Okla., where IGS is headquartered, would not confirm the possible sale, but noted, "Anything's for sale at the right price."

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MIDSTREAM CO. REPORTEDLY REVIEWS GAS STORAGE HOLDING

EnergySouth Midstream is reportedly reviewing whether to sell all or part of its 60% stake in **Mississippi Hub**, a gas storage development company it bought last year with **Fortress Investment Group**, to raise expansion capital. As first reported on *PFR*'s Web site last Tuesday, **JPMorgan** is advising, according to an industry official contacted about the process. It is unclear whether Fortress is also reviewing its

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CPV, ARCLIGHT PREP WASTE COAL FINANCING

Competitive Power Ventures and **ArcLight Capital Partners** have begun talks to finance a 250-300 MW waste coal facility under development in Washington County, Pa. Bankers estimate a waste coal project of this size will cost at least $500 million, potentially running up to $1 billion factoring in emissions control equipment. The development is being undertaken by project entity **Robinson Power**, after Robinson Township, where it will be located.

The sponsors have reportedly told banks they intend to come to market later this year,

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

At Press Time

Bidders In Intermountain Gas Auction Emerge

Parties lining up second-round bids for **Intermountain Gas Company** reportedly include infrastructure fund **Alinda Capital**, **Avista**, **MDU Resources**, Portland, Ore.-based gas distributor **NW Natural** and Boise-based **IDACORP**. Bellevue, Wash.-based **Puget Energy** has not expressed an interest, according to one deal tracker, since it has its hands full finalizing its buyout by a group of infrastructure investors.

The auction, being run by **Citigroup**, is in the second round and the business, which is the primary gas distributor in Idaho, is expected to fetch about $300-350 million. Details of the company's intent to sell emerged in April.

Bill Glynn, president of the company and its parent **Intermountain Industries**, declined to comment on the auction but says it has seen "a lot of interest" and is on schedule to close late this summer or in early fall. Consolidation in the sector was the primary driver for selling, he adds. "Given the level of interest in energy and in distribution in particular, it seemed like it was the right time given our size. To take it to a new level is going to take someone with even larger resources than what we have."

Calls to **Craig Wellen**, director, and **Paul Murphy**, managing director, at Citigroup were not returned. Officials and spokespeople at the bidders either declined to comment or did not return calls.

Caribbean IPP To Finance $2.4B Geothermal Drive

Kerry McDonald

West Indies Power Holdings, an IPP based on Nevis in the Caribbean, is looking to debt finance the bulk of its $2.4 billion geothermal development pipeline. **Kerry McDonald**, ceo in Charlestown, the island's capital, says the company will begin looking for financing in August for its $119 million, 150 MW Nevis Spring Hill 1 facility set to come online next year.

"We want to finance as much as possible by debt," notes McDonald, adding, "We'll be talking to the multilaterals." The company will look to the U.S. **ExIm-Bank** and **Inter-American Development Bank** for a portion of the financing, and to large banks and infrastructure funds for the remainder.

West Indies Power also has a 140 MW project planned on Saba, an island in the Netherlands Antilles, with a potential capacity of up to 250-300 MW onsite. Phase one is expected to come online in 2010-2011 at a cost of $534 million, with an additional $348 million needed for transmission between from Saba to St. Maarten. Next up will be a $507 million, 100 MW unit on Dominica, needing transmission between Guadeloupe and Martinique. A further 450 MW is planned for Nevis at an estimated $888 million.

PPAs should be easy to obtain, says McDonald, pointing to the 25-year PPA the first facility has with the **Nevis Electricity Company** on Nevis and the **St. Kitts Electricity Department** on St. Kitts. "We have been approached by most of the utilities in the Caribbean," he says. The IPP was set up in 2003 as a special purpose vehicle by a group of undisclosed European banks.

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Alinda Taps Macquarie Originator

Richard Klapow, an origination executive at **Macquarie Capital Advisors** in New York, is joining **Alinda Capital Partners**. He left Macquarie about two weeks ago to join the infrastructure fund. He is on an undetermined period of gardening leave.

Alinda is run by **Chris Beale**, managing partner, who was formerly global head of project finance at **Citigroup**. Beale did not return a call about the hire, nor did a spokeswoman at Macquarie about his departure.

Mitsui Taps Three For Mexican LNG Financing

A **Mitsui**-led consortium developing a 500 million cubic feet per day regasification terminal in Manzanillo City, Mexico, has mandated **Calyon** to join a club financing with the **Korean Export-Import Bank** and financial advisor **Mizuho Corporate Bank**. The debt package will be roughly $740 million for the $900 million project.

Mexico's state-owned utility **Comisión Federal de Electricidad** awarded Mitsui the mandate in March to build and operate the facility for 20 years on the Pacific coast with project partners **Korea Gas** and **Samsung**. Commercial operation is expected in 2011, at which time CFE will distribute the gas to power the 1,200 MW Manzanillo I and 700 MW Manzanillo II thermal plants nearby (PFR, 12/7).

In September, **Repsol** won a 15-year contract worth $15 billion to supply LNG to the facility, beginning in 2011. Details of the financing could not be learned and officials at the banks declined to comment. A spokeswoman at Mitsui declined to make any official available.

Merrill Bags Granite Ridge Sale Mandate

Merrill Lynch has been tapped to sell the 752 MW Granite Ridge facility in Londonderry, N.H., and has begun dispatching teasers with a view to taking first-round bids late next month. "The investors are always looking to maximize their value and the company feels now is the appropriate time to at least investigate that option," says **Jim Carlton**, coo at the recently formed project company, **Granite Ridge Energy**.

As first reported by *PFR*, the owners, led by **CarVal Investors**, began shopping for an auctioneer last month after nixing a planned recapitalization (PFR, 5/23). Recipients of the marketing material will include a handful of names that had shown an interest when **Morgan Stanley** was selling the plant last year, before the owners felt a recap would bring more value (PFR, 11/6/06).

Appetite is expected to be robust because the combined-cycle, gas-fired generator is located in the prized NEPOOL zone and because it has a heat rate lower than 7,000 Btu/kWh, which is attractive in areas where gas sets the marginal price 74% of the time. In addition, it is available more than 92% of the year and its service factor is in the 80% range, Carlton says. "The company has invested a tremendous amount of capital in critical spare parts to enhance performance and we believe it's a superior performer now." There is scope to developer a further 540 MW onsite.

Allco Preps Aussie Sale, Offloads U.S. Wind

Allco Finance Group is in discussions to sell a circa 1 GW wind development portfolio in Australia and New Zealand by the end of next quarter. As reported by *PFR* last Tuesday, it agreed to sell 3.1 GW in Tehachapi, Calif., to **ArcLight Capital Partners** and its renewable energy affiliate **Terra-Gen Power** for $325 million.

The **Australian Securities Exchange**-listed financial services firm previously sold 27.7 MW of wind in Germany and France to Dutch infrastructure fund **DIF Renewable Energy** (PFR, 5/23) and, according to a spokeswoman in Sydney, a sale of the remaining 68 MW it has operating in Europe will be announced imminently.

Allco will receive after tax-proceeds of $155.2 million (A$165 million) from the Tehachapi facility to pay down senior debt. The sale conditions also release Allco from obligations under a A$65 million letter of credit. Its borrowings total A$935 million and with this sale and others, it hopes to shrink that tally to A$675 million by July 31.

Terra-Gen already owns six facilities in Tehachapi, all contracted to **Southern California Edison** through to the middle of the next decade or beyond:

- an 18.4 MW project known as 251
- 60 MW Cameron Ridge
- 23 MW Oak Creek
- 47 MW Pacific Crest
- 38 MW Ridgetop, and
- 6.75 MW Victory Garden Repower.

A call to **Jim Pagano**, ceo of Terra-Gen, was not returned.

Allco separately signed a PPA with SCE for 1,550 MW of output from its Tehachapi facility last December. **Marathon Capital** advised on the sale of the development, but the seller is marketing its antipodean assets itself.

Kleen Draws 13 In Retail

Some 13 lenders filled out the **Goldman Sachs**-led retail syndication of $985 million in financing for **Kleen Energy Systems**' 620 MW plant in Middletown, Conn.

Allied Irish Bank, **Banco Espírito Santo**, **GE Capital**, **Hartford Life Insurance** and **Landesbank Baden-Württemberg** were the last batch to join the deal, which wrapped June 13.

CoBank, **Commonwealth Bank of Australia**, **DZ Bank**, **Erste Bank**, **MetLife**, **SE Banken**, **Sumitomo Mitsui Banking Corp**. and **Toronto-Dominion Bank** also participated at the retail level (PFR, 6/6). **BNP Paribas**, **Dexia Crédit Local**, **HSH Nordbank**, **ING Capital**, **Natixis**, **Scotia Capital**, **Union Bank of California** and **WestLB** were joint lead arrangers with around $75 million each. Goldman was administration agent on the deal, Natixis was syndication agent and BNP, ING and UBoC were documentation agents. Officials at Goldman and the joint leads either declined to comment or did not return calls.

Tickets of $50 million and $25 million were offered with fees of 75 basis points on the larger ticket and 35 bps on the smaller. The financing package consisted of:

- a $435 million term loan A maturing in 2018, priced at 175 bps for any amount drawn and 87.5 for any undrawn portion,
- a $295 million B loan maturing in 2024, priced at 250 for what is drawn and 125 for anything undrawn, and
- a $255 million revolver and letter of credit maturing in 2018, priced at 175.

Minn. Wind Farm Interests Up For Grabs


Jack Levi

Investment bank **Delphi Financial Corp**. is marketing roughly 14% of a proposed 300 MW wind farm known as High Country Energy in Dodge, Olmsted and Mower Counties, Minn., exclusively to state-based residents and businesses in order to finance its development. The deal is the first intrastate public offering of its kind, according to **Jack Levi**, president of Delphi and co-chairman of community wind developer **National Wind**, which owns 30-40% of the farm. "This is probably the most efficient way to give access to [locals] who would otherwise not be able to invest. By registering it with the state, you're able to offer it widely to anyone in the state," he says.

Delphi was selected as the placement agent after National Wind contacted other broker dealers who said the deal was either too small or they wanted to charge more than what the sponsor was willing to pay. "It was rather unusual," explains Levi. "Without Delphi, they would not have been able to do it. We charged less than the market rate." The deal, which is set to close later this month or next, is expected to pull in close to $3 million. Each participant is required to invest a minimum of $10,000, paying $62.50 per unit.

National Wind finances construction of its projects via tax equity players that have turbines held in reserve. "There are probably 20-40 investors who have put money down [on turbines] in the hope developers like us will come and say, 'We have transmission, site control and permits—come join us.'" It has one asset online so far, a 50 MW project in Cottonwood County, Minn., known as Jeffers 20. **Edison Mission Group** invested in that farm and the sponsor plans to fund other projects the same way.

On deck are 630 MW of construction-ready farms and another 1 GW expected to be ready for construction in 2011. These include:

- a 200 MW facility in Emmet Co., Iowa, funds for which are already in place with an unidentified investor,
- 430 MW M-Power in Steele Co., N.D., the first 150 MW of which is being marketed to potential tax equity investors now,
- 750 MW Dakota Wind Energy in Roberts Co., S.D.,
- 250 MW Root River in southern Minnesota, and
- 300 MW Lake County Energy west of Minneapolis.

National Wind ensures landowners hold a majority ownership in all its wind farms.

Falcon Gas To Shortlist Banks For Storage Deal

Falcon Gas Storage held talks with banks in New York last week to narrow its list of potential lenders on a $400 million financing for its **MoBay Storage Hub** development. "We'll be interviewing a smaller group for the next round and will give [potential] MLAs documents to come back with more detailed commitments," says **Luke Saban**, cfo in Houston, noting the deal will be on a best efforts basis. "There's no reason to pay for a full underwrite when it's not really worth it in this market."

Non-binding proposals were taken last month from banks (PFR, 5/30), including **WestLB** and **Barclays Capital**, who together arranged $335 million for sister development **NorTex Gas Storage** (PFR, 2/16/07). But Saban says **ING**, which participated in the NorTex deal is also a candidate to lead, as are some new entrants that are relationship banks to parent company **Arcapita**. **Tudor, Pickering, Holt & Co**. and **Royal Bank of Scotland** are advisors to Falcon Gas on MoBay, but RBS is also able to pitch for an arranger role on a pro-rata basis.

A pair of joint bookrunners will be named by July 9, closely

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followed by two to three agents, says Saban. The debt will need to close sometime next month, when construction is slated to commence on the first phase of the 50 billion cubic feet per day facility. Around $300 million of the financing will be used for offshore components, such as wells, pipelines, platform refurbishments and pad gas for the storage reservoir. Another $150 million will be needed for onshore units, such as compressor stations and interconnections and the balance will be ancillary facilities for working capital.

PSEG To Unload More LatAm Assets

PSEG Global is still trying to sell 169 MW of international generation as part of a divestiture program it outlined in 2002, after this week agreeing to sell Chilean subsidiary **SAESA** to **Morgan Stanley Infrastructure** and **Ontario Teachers' Pension Plan**. "If we can get a good value, we'll look to sell these assets," says spokeswoman **Jenn Kramer** in Newark, N.J.

After fetching $685 million from **AEI** for its 50% stake in Chilean electric distributor **Chilquinta Energia** and a 38% stake in Peruvian electric distributor **Luz del Sur** last fall, the company asked **Credit Suisse** to advise on selling SAESA (PFR, 12/20). The buyers were advised by **Morgan Stanley** and **Dresdner Kleinwort** on the acquisition for $870 million, plus the assumption of $400 million in debt.

The remaining assets PSEG plans to sell are:

- 50% of two gas plants in Venezuela: 60 MW Turboven Cagua and 60 MW Turboven Maracay, jointly owned by **Corporacion Industrial de Energia**,
- 20% of 330 MW gas-fired Pillaiperumalnallur in India, co-owned by **Marubeni** (26%) and **Apollo Infrastructure Projects Finance Co**. (54%), and
- Stakes in **Bioenergie**'s biomass plants in Italy: 85% of a 20 MW unit in Bando d'Argenta, 45% of a 20 MW unit in Crotone and 43% of a 40 MW unit in Strongoli.

An official at Bioenergie declined to comment on the possibility of it selling out of the biomass plants and officials at the other co-owners could not be reached.

PSEG Global parent **Public Service Enterprise Group** has not decided how it will use the $600 million after-tax proceeds from the SAESA sale, but it is considering debt reduction, share buybacks and new acquisitions. The 50:50 venture between Morgan Stanley and OTTP will finance its acquisition with equal slugs of equity, says **Stephen Dowd**, v.p. of OTPP in Toronto, adding, "We'll be raising additional debt funds in Chile." He declined to elaborate on the financing. The deal is OPTT's third investment in Chile and its first investment in power in the country. Officials at Morgan were unavailable for comment, but a spokeswoman says the deal is the firm's first investment in Latin America.

Constellation Revisits Merchant Mart

Constellation Energy is testing the merchant market in the West via its purchase of the 200 MW West Valley peaker in a southwestern suburb of Salt Lake City from **Iberdrola Renewables** subsidiary **West Valley Leasing**. "We saw it as an opportunity to re-enter merchant, wholly-owned power," says **John Long**, president of generation in Baltimore. Neither company had an advisor on the $87.5 million transaction.

In the late 1990s the company had a new build program that added eight merchant gas facilities to its fleet for a combined output of 3.9 GW. Seven of those were sold at what Constellation felt was an opportune time—six to **Tenaska Power Fund** (PFR, 10/10/06). It is now looking to get more steel in the ground to support its commodities arm, which can trade around such assets, says a spokesman.

PacifiCorp has leased the West Valley peaker since it came online in 2002. It decided last year not to extend its lease beyond this month. Constellation also owns part of the 26 MW Sunnyside Cogeneration plant near Price, Utah, which it bought in 1993 from engineer **The Babcock & Wilcox Co**. PacifiCorp has had a PPA with Sunnyside, which expires in 2023.

Constellation is also developing the 85 MW Grand Prairie peaking plant in northern Alberta, because the electricity market there is unconstrained, says Long. The project is due to come online at year-end. "It's all opportunistic. We don't have a specific growth program," he says. **Jan Johnson**, a spokeswoman for Iberdrola Renewables in Portland, did not return calls.

RBS Kicks Off Black Hills Retail

Royal Bank of Scotland launched retail syndication last Tuesday afternoon of $560 million in financing bankrolling **Hastings Funds Management** (55%) and **IIF BH Investment**'s (45%) acquisition of power assets from **Black Hills Corp**.

Calyon, **GE Energy Financial Services**, **Natixis**, **Union Bank of California** and **WestLB** all commited $125 million for senior managing agent roles. The lead is said to be looking to bring in five to 10 lenders by the time commitments are due July 11. Roughly 10 banks attended the bank meeting at the InterContinental Hotel in New York, with more on the phone.

Tickets of $50 million, $35 million and $20 million are on offer with upfront fees of 125, 80 and 45 basis points, respectively. The financing, priced at LIBOR plus 325 bps, consists of a $460 million term loan and $20 million letter of credit, both with seven-year tenors, and an additional $80 million working capital revolver over five-years.

The 974 MW portfolio being acquired for $840 million is predominantly contracted, though some of the PPAs end before the seven-year debt matures (PFR, 5/30). The buyers are looking to structure a hedge for the 98 MW Harbor, a combined cycle plant in Long Beach, Calif. Officials at the banks and Hastings either declined to comment or did not return calls.

Leads Ready ConEd Retail

Barclays Capital launched retail syndication of financing supporting the acquisition of 1.7 GW of generation from **Consolidated Edison Development** at a 9:00 a.m. bank meeting last Thursday at the New York Palace Hotel in midtown Manhattan. Further details—including ticket sizes and upfront fees—could not be learned, but commitments will likely be due early next month.

CoBank is the latest to join as a senior managing agent in wholesale syndication, with a $60 million commitment, following **Commonwealth Bank of Australia**, **Dexia Crédit Local**, **GE Energy Financial Services** and **ING** (PFR, 6/09). One or two banks working on the deal note they may still join on the top tier (PFR, 6/13).

Barclays is sole lead arranger, after underwriting **Infrastructure Funds Management**'s $1.477 billion purchase of the plants.

Puerto Rican Utility Eyes Renewable Assets


Jorge Rodríguez

The **Puerto Rican Electric Power Authority** is looking to diversify its generating fleet, which is predominantly dependent on fuel oil. **Jorge Rodríguez**, executive director in San Juan, says, "We're on an aggressive plan to reduce our dependence on fuel oil."

In 2002 PREPA's fleet was 99% dependent on fuel oil but it is targeting 62% fuel oil dependence by next year, 49% by 2010 and 32% by 2017. Gas, coal, wind, biogas and wave power are preferred means of generation. "We're set up to use natural gas in the southwest and northern part of the island," notes Rodríguez.

The utility serves the entire island from five plants totally 4,393 MW. It is in the process of marketing $800 million in fixed-rate power revenue bonds for an array of infrastructure upgrades, including a 100 MW expansion at its 184 MW gas-fired Mayagüez facility and transmission line replacements. The deal was set to price last week with an expected coupon of 5.2-5.25% and is scheduled to wrap Thursday.

JPMorgan leads the deal, with **Morgan Stanley** and **Wachovia** acting as co-managers. The **Government Development Bank for Puerto Rico** approves a list of banks PREPA can use, says **Luis Figueroa**, cfo, and PREPA has been using JPMorgan for more than five years. The utility comes to market roughly every 15 months. Its load growth last year was just 1-1.7% and this year has been flat, says Rodríguez.

Chilean LNG Financing Nears Wrap

The $1.1 billion financing for **GNL Quintero**'s liquefied natural gas receiving and regasification terminal under development in Quintero Bay, Chile, was expected to reach financial close by the end of last week, ahead of funding to the sponsor and syndication of the debt.

The 18-year deal consists of a roughly $660 million senior loan from leads **Banesto**, **BBVA Bancomer**, **Calyon**, **Fortis**, **ING**, **Intesa SanPaolo**, **Mizuho Corporate Bank**, **Grupo Santander** and **West LB** and a senior loan from **BG Group**—one of the project sponsors.

The banks were mandated in March (PFR, 3/14) by the project company, owned by BG (40%) as well as **ENAP**, **Metrogas** and **Endesa Chile**, each with 20%. Specifics of the upcoming syndication have not yet been decided due to the focus on closing the deal, say deal trackers. Officials at the leads either declined to comment or did not return calls. Advisor **HSBC** directed calls to the sponsor, which did not return calls.

The project will be Chile's first LNG receiving and regas terminal and will have an annual capacity of 2.5 million tons—1.7 million of which will be contracted to BG for 21 years when construction is complete next year.

Turkish Co. Inks First Of Four Project Financings

Enerjisa Power Generating, a joint venture between **Sabanci Holding** and **Österreichische Elektrizitätswirtschafts-Aktiengesellschaft**, will look to finance three additional chunks of development projects over the coming years, after closing a EUR865 million ($1.34 billion) loan for the first phase of its investment program.

Enerjisa aims to have 5 GW of capacity installed by 2015 and a 10% share of the domestic power market. The recent financing supports 908 MW of planned hydro in the Seyhan, Ceyhan and Cambasi basins and a 900 MW gas plant in Bandirma. The deal is a first for a Turkish company since the market was privatized and is also the largest of its kind for a private entity in the country, says **Christian Ayres**, associate director of loan syndications and project finance at WestLB in London. WestLB, as well as **Akbank** and **International Finance Corp.**, were global coordinators on the deal.

A EUR140 million A loan, with a 12-year tenor, was arranged and held by IFC. WestLB and IFC also arranged and syndicated a 12-year, EUR305 million B loan to mandated lead arrangers:

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Bank Austria Creditanstalt, **Erste Bank der oesterreichischen Sparkassen**, **KfW IPEX-Bank**, **Raiffeisen Zentralbank Öesterreich** and **Société Générale**. A further EUR18 million C loan was arranged and held by IFC, while Akbank arranged a parallel EUR402 million financing over 12 years, which was sold down to the **National Bank of Greece**. Ticket sizes and pricing could not be learned. An official at Enerjisa could not be reached and officials at the other banks declined to comment or could not be reached.

HSH Plots Wind Polish Syndication

HSH Nordbank is preparing to syndicate a EUR285 million ($442 million) loan supporting construction of four Polish wind farms totaling 146 MW for sponsor **Vortex Polska**. Syndication of the deal—the bank's first renewable energy financing in Poland—is expected to launch within three to four months with the aim of targeting two to three European banks.

HSH was sole mandated lead arranger on the debt, which includes a 13-year, EUR187.7 million term loan. The remaining EUR97.3 million consists of short-term debt, including a VAT facility. Further details could not be learned.

Denmark's **Scan Energy** is purchasing the farms via a share purchase agreement for an unknown sum from Vortex once construction is complete around the middle of next year.

An official at the bank declined to comment and an official at Scan Energy denied the company's involvement. Officials at the sponsor's parent Germany, **Vortex Energy Group**, could not be reached.

Norwegian Co. To Broaden Swedish Front

Haakon Alfstad

Norwegian power producer **Statkraft** is looking to expand its investment in wind and hydro in Sweden, following its acquisition of 11.8% of local developer **Arise Windpower**. It hopes to increase that stake should the opportunity present itself.

"The timing is perfect for investors to come in and invest in wind power. Compared to Norway, Sweden has a sustainable support system," says **Haakon Alfstad**, senior v.p. of wind energy at state-owned Skatkraft in Oslo, referring to Sweden's renewable energy certificates. The undisclosed investment is being financed on balance sheet, he says.

The state-owned energy company signed an agreement last September to develop 1.1 GW of wind in Sweden with global consumer goods company **Svenska Cellulosa Aktiebolaget**. Arise has its own pipeline of 900 MW, but no farms operational. It has begun construction on a 36 MW project, expected to come online at the end of next year. "[Arise] is good at getting wind permits and good with landowners," says Alfstad.

Corporate Strategies

Dynegy Tackles Gas Price Hikes With $300M LC

Dynegy Holdings closed on a new, $300 million unsecured bilateral contingent letter of credit facility last week, anticipating potential rising natural gas prices next year. "You can point to the rising commodity price environment. We saw that and thought we should get ahead of that," says **Rick Evans**, v.p. of finance and assistant treasurer in Houston. "It'll give us a chance to pursue additional commercial opportunities that we might not otherwise have been able to pursue."

The LC, which accrues interest at 3.2% annually, becomes available if the price of natural gas next year rises above $13 per MMBtu and provides $40 million for each dollar increase over that. "It's a contingent facility, so if prices rise then it kicks in," says Evans, adding, "Our objective was to have something in place that would deliver incremental liquidity in that scenario." He declined to comment on how the company decided on the strike price, but the spot price of natural gas has risen from below $10 per MMBtu in February to over $12 this month, according to the U.S. Department of Energy's Energy Information Administration.

Morgan Stanley Capital Group is arranger, lender, issuer and collateral agent on the LC, which will fully amortize by March 20, 2010. "They had a fairly well developed financial product that best fit our needs that we were looking to do," says Evans. At the end of March, Dynegy Holdings had $5.9 billion in long-term debt.

Lone Star Co-op Targets Reliability With Sandy Creek Deal

The **Lower Colorado River Authority**'s decision to sign a PPA with 900 MW Sandy Creek in Riesel, Texas, and buy an 11% stake in the plant reflects its desire to diversify further into coal to ensure better reliability and lower rates for its wholesale customers.

"We're always worried about our costs but we do our best to manage them," says **Brady Edwards**, treasurer and interim cfo in Austin, Texas.

The deal gives the LCRA about 100 MW of output from the plant over a 30-year period and another 100 MW of ownership rights. At present, the authority gets 40-45% of its power from gas-fired facilities but is enhancing its wind and hydro power, which is more predictable from a cost perspective than gas, says **Robert Cullick**, LCRA spokesman.

LCRA had been in discussions with several coal-based power providers for about two years. Although it has considered and will continue thinking about building its own plant, for the time being it feels agreements with units developed by others better suits its needs. "We need additional capacity and [Sandy Creek] is being built quicker than we can build our own," says Edwards.

Sandy Creek, now under construction near Waco, is a joint venture between **Dynegy** and **LS Power**. "You should assume that we're continuing to pursue other transactions that could involve a sale of equity in the project or a PPA," says **David Byford**, a Dynegy spokesman in Houston. Dynegy plans to use proceeds from the deal to repay project costs, reducing its obligations by around $50 million. "We've said all along that our strategy with this joint venture is to monetize a portion of our interests in projects to ensure they stay self-funded and to harvest value for our investors," Byford adds.

SCANA Sub Goes Private For Upgrades

SCANA subsidiary **South Carolina Generating Co**. has closed the first tranche of a $160 million private placement of senior secured notes with **Prudential Capital Group** to fund environmental upgrades on its 650 MW coal-fired Williams Station near Charleston. "We're matching up our cash resources with our cash requirements," says **Mark Cannon**, risk management officer and treasurer for SCANA, on the timing and two-tranche structure of the offer. "We're building the scrubbers now."

The first 10-year, $80 million tranche closed at the end of last month, says Cannon, and the second $80 million will close in October for the genco, which owns the Williams plant. All power from the unit is sold to SCANA sister company **South Carolina Electric & Gas**. Cannon declined to comment on the pricing of the notes. He says Prudential was chosen due to its historical relationship with the issuer. "They've been previously involved with financing for the genco."

Williams' upgrades will add desulphurization equipment to remove sulfur dioxide. "We're doing it so we can meet the requirements of the Clean Air Act," says Cannon, noting that the offering is unrelated to SCE&G's development of two 1.1 GW nuclear facilities at the 966 MW V.C. Summer Nuclear Station, near Jenkinsville, S.C. Proposals for those units are at the beginning of a three- to four-year licensing period. Last week, SCE&G sold $110 million of first mortgage bonds due 2038, priced at 6.05%, in a reopening of a previous series, using proceeds to repay short-term debt. **Wachovia Capital Markets** managed the sale.

SCANA has a debt-to-equity ratio of around 55:45 and $3.3 billion in debt outstanding.

TVA Goes Long For Refinancing

John Hoskins

The **Tennessee Valley Authority** sold $500 million in 30-year bonds as part of its plan to refinance an aggregate $2 billion in 10-year debt that is set to mature this November. The offering, which is the third the TVA has done since January, will save the nation's largest power producer about $10.6 million a year in interest expenses.

With interest rates at historical lows and participation from several overseas accounts and new investors, the sale went smoothly, says **John Hoskins**, v.p. and treasurer in Knoxville, Tenn. "The bonds priced just in line where we expected them to," he says on landing a 5.5% coupon. "There's been a lot of volatility in the market, especially in the last two to three weeks, but the end of last week and beginning of this week saw more stable conditions, especially in the bond market, so we saw a window of opportunity."

The notes were expected to be rated Aaa by **Moody's Investors Service** and AAA by both **Fitch Ratings** and **Standard & Poor's**. **Barclays Capital** and **Morgan Stanley** led the deal, along with **Banc of America Securities**, **Deutsche Bank Securities**, **Lehman Brothers** and **Merrill Lynch**, who were co-managers. "We're very pleased with the results of all three transactions and that we have locked this in at this time," says Hoskins.

The first of TVA's issues under its refinancing program was a series of $500 million in 40-year global bullet bonds in January (PFR, 1/25) and the second was its sale of $1 billion in 4.5%, 10-year global power bonds in March (PFR, 3/14).

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Renewable Energy Finance Forum

Around 650 developers, bankers, investors and suppliers attended last week's **Fifth Anniversary Renewable Energy Finance Forum—Wall Street** *at the Waldorf Astoria in New York, hosted by* PFR *parent* ***Euromoney*** *and the* ***American Council on Renewable Energy****. Associate Reporter* ***Katie Hale*** *and Reporter* ***Thomas Rains*** *filed the following stories.*

Equity Mart Bullish On Renewables

Renewable investors looking for an exit may find an initial public offering more promising than divesting. "The public markets have been volatile. But to say only a few renewable energy companies could tap the market is a misnomer," said **Ray Wood**, co-head of the renewable energy group at **Credit Suisse**, on an M&A panel.

The first quarter was shut down for equity deals in general, but things have shifted. "We've seen that [space] open up with a bang. We've got an enormous backlog of equity deals," said Wood. Added **Kevin Genieser**, managing director at **Morgan Stanley**, "The markets are coming back. The institutional investor community is very excited for the next crop of IPOs." CS prepares a dual track system for clients so they can compare whether an IPO or sale would prove more beneficial.

Tapping the equity capital markets is considered a more efficient way of raising large sums of capital, while M&A targets are scant and valuations are high. "There aren't that many platform acquisitions left for people to go after. The scarcest resource in that market is capital," said **Brian Bolster**, managing director at **Goldman Sachs**.

Low-Cost Solar Spotted On Horizon

Conference goers zeroed in on ways to bring the cost of solar photovoltaic and solar thermal energy down to a level competitive with conventional generation. **Sven Hansen**, cio at renewables investor **Good Energies**, predicted that, "In 50 years, [solar] PV will be a big chunk of power."

SunPower CEO **Thomas Werner** laid out a formula for lowering the cost of PV to a target of around 15 cents per kWh by 2012 from around 30 cents today. "The cost of silicon is less than it was previously… and the amount of silicon needed is 40% less for cells [to produce the same amount of energy]," he explained. Federal tax credits may not be needed after eight more years, he added, if the cost becomes competitive.

Options for more efficiency in solar thermal revolve around storage. "The ability to deliver power consistently and reliably is an important component," said **John Woolard**, ceo and president of **BrightSource Energy**. The problem with tower technology, which heats a solution in a tank similar to a water tower by reflecting the sun's rays off mirrors, is the lack of competition driving research and development, says **Santiago Seage**, ceo of **Abengoa Solar**. "We need more competition and people actually building towers," he said.

To get around the costs, Abengoa is developing 150 MW and 470 MW integrated solar combined-cycle plants in Hassi-R'mel, Algeria and in Ain-Ben-Mathar, Morocco, which will combine concentrating solar power with gas turbines. "It's a good way for many countries to get familiar with the technology, while providing fossil fuel power the countries need," Seage said, adding the blended cost is lower than for pure solar.

Industry To Feds: Renew The Tax Credits!

Renewable energy developers and financiers attending the *Fifth Anniversary Renewable Energy Finance Forum—Wall Street* conference at the Waldorf Astoria in New York last week continued their clamor for renewed incentives. "The lack of extensions of the production tax credits is at the tipping point," said **John Eber**, managing director of energy investments at **JPMorgan Capital**.

Others warned of the risks to the industry and the nation's energy security of inaction. "You take that benefits out of the project and there is not enough economics for it to work," said **Kevin Walsh**, managing director of renewable energy at **GE Energy Financial Services**, on the conference sidelines. **Peter Duprey**, ceo of **Acciona Energy North America**, said it is a race against time. "It's a global environment, and if it doesn't happen here, it will happen in Spain…If we don't do it, someone else will."

Rhone Resch, president of the **Solar Energy Industries Association**, predicted the amount of installed capacity in the U.S. would grow by 80% after four years with renewed tax credits and said an eight-year extension would allow for technological advancements to bring down the cost of solar so much that it could exist without subsidies.

The march of renewable energy players is also threatened by the lack of transmission that officials say could be solved with national renewable portfolio standards. **Dan Reicher**, director of climate change and energy initiatives at **Google.org**, noted that, "If we're going to crack the code on these infrastructure challenges…it's going to take a coalition of companies large and small in Washington." A federal transmission authority, uniting all state-level efforts, is needed, added **Michael Eckhart**, president of the **American Council On Renewable Energy**.

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call **Katy Burne**, Managing Editor, at (212) 224-3165 or e-mail kburne@iinews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Acciona Energia	Eurus (250 MW Wind)	Oaxaca, Mexico	BBVA	TBA	TBA	TBA	BBVA tipped as lead (PFR, 6/2).
Allegheny Energy	TrAIL (180-Mile 500kV wire)	Pa., W.Va., Va.	Citigroup, BNP	TBA	TBA	TBA	Leads mandated (PFR, 6/2).
Babcock & Brown Power,	Trans Bay Cable (400 MW,	San Francisco, Calif.	BayernLB	Construction Loan	$299M	33-yr	Syndication of subordinate
Pittsburg Power	two 200 kV cables)			Construction Loan	$188M	7-yr	tranche ongoing.
Babcock & Brown	2009 Turbine Supply	Various	TBA	Turbine supply	TBA	TBA	Selecting lenders.
	2008 Portfolio (638 MW Wind)	Various	TBA	TBA	TBA	TBA	Seeking tax equity (PFR, 4/4)
Baha Power, Grupo	Genermax (142 MW Gas)	Nuevo León, Mexico	TBA	TBA	TBA	TBA	Near close on debt, equity
Garza Ponce							(PFR, 6/16).
Biomass Group	South Point (200 MW Biomass)	South Point, Ohio	WestLB	Construction Loan	$265-300M	TBA	Syndication expected.
Borealis Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ontario	Scotia, Dexia	TBA	C$750M ($710M)	TBA	Leads considering relaunch in U.S.
				HoldCo Loan	$100M	TBA	
BP, Dominion	Fowler Ridge (750 MW Wind)	Indiana	TBA	TBA	TBA	TBA	Selecting leads (PFR, 3/31).
Brick Power Holdings	Tiverton (265 MW Gas)	Tiverton, R.I.	Credit Suisse, Merrill Lynch	Recapitalization	TBA	TBA	Timeline unclear.
	Rumford (265 MW Gas)	Rumford, Maine			TBA	TBA	
BrightSource Energy	Various (3.5 GW Solar)	Southwest	TBA	TBA	TBA	TBA	Will seek project financing.
Broadway Gen Funding	Various	Ga., Nev.	GE, ING	Term Loan	$290M	7-yr	Commitments due mid-June
				Revolver/LC	$110M	5-yr	(PFR, 5/20).
Caletta Renewable Energy	Port Erie (90 MW Tires)	Erie, Pa.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/7).
Carlyle/Riverstone	Topaz (1.5 GW Gas)	Various, Texas	Morgan Stanley, Dexia,	Construction Loan	$615M	6-yr	Deadline extended to early June
			ING, Natixis	Working Capital facility	$75M	6-yr	(PFR, 5/27).
				Letter of Credit	$50M	2-yr	
Central Maine Power,	Maine Power Connection	Maine	TBA	TBA	TBA	TBA	Beginning talks for financing
Maine & Maritimes	(150-200-Mile 345 kV wire)						(PFR, 6/18).
CPV	Sentinel (800 MW Gas)	Desert Hot Springs, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/14).
EarthFirst Canada	Dokie I (144 MW Wind)	Peace River, British Columbia	WestLB	TBA	$212M	17-yr	Syndication to launch 7/1
							(PFR, 6/9).
Econergy International	La Gloria (50 MW Wind)	Costa Rica	NordLB	Term Loan,	$125M	TBA	Timeline unclear.
EdF Energias Nouvelles	La Ventosa (67.5 MW Wind)	Oaxaca, Mexico	TBA	TBA	TBA	TBA	Near mandating lead (PFR, 6/2).
Edison Mission	Walnut Creek (500 MW Gas)	City of Industry, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR 5/5).
Empresas ICA	La Yesca (750 MW Hydro)	Nayarit, Mexico	WestLB, Citibank/Banamex,	Construction Loan	$910M	4-yr, 9m	Syndication ongoing.
			HSBC, BBVA Bancomer,	Revolver	$80M		
			Santander, NordLB				
Energy Investors Fund	Hot Springs (48MW Geo)	Elko, Nev.	DZ Bank, Fortis Capital	TBA	$120M	TBA	Timeline unclear.
Energy Management	Various (Biomass)	Various	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/2).
ENMAX Energy	Calgary (1.2 GW Gas)	Calgary, Alberta	TBA	TBA	TBA	TBA	Timeline unclear.
Eurus Energy Americas	Bull Creek (180 MW Wind)	Borden County, Texas	TBA	TBA	TBA	TBA	Seeking tax equity investors.
Everpower Renewables	2009 Turbine Supply	Midwest, Pacific N.W.	KeyBanc Capital Markets	Turbine supply	$140M		Looking for long-term financing
							(PFR, 5/23).
	Highland II (50-70 MW Wind)	Krayn, Pa.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Howard (50-63 MW Wind)	Steuben County, N.Y.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Buckeye (300 MW Wind)	Ohio	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
Excelsior Energy	Mesaba Energy (603 MW IGCC)	Minn.	TBA	TBA	TBA	TBA	Barclays advising.
Falcon Gas Storage	MoBay (50Bcf Gas Storage)	Mobile County, Ala.	TBA	TBA	$400M	TBA	Sponsor taking pitches (PFR, 6/2).
20 MW Wind)	Prince Edward County, Ontario	TBA	TBA	TBA	TBA	Selecting lenders.	
GNL Quintero	LNG Receiving/Regasification	Quintero Bay, Chile	Banesto, BBVA, Caylon,	TBA	$1B	TBA	Reached finacial close (PFR, 6/23).
			Fortis, ING, Intesa SanPaolo,				
			Mizuho Santander, WestLB				
Green Rock Energy	Green Rock (Gasification)	St. James Parish, La.	TBA	TBA	$1B	TBA	Selecting lenders.
Hunton Energy	Freeport (400 MW Gas, Steam)	Freeport, Texas	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 4/2).
Kleen Energy Systems	Middletown (520 MW)	Middletown, Conn.	Goldman Sachs	Term Loan A	$400-450M	10-yr	Wrapped 6/13, (PFR, 6/19).
				Term Loan B	$300-325M	17-yr	
				Revolver/LC	$250M	TBA	
Kruger Energy	Port Alma (101.2 MW Wind)	Ontario	Scotia Capital	TBA	TBA	TBA	In syndication (PFR, 5/16).
LVE Energy Partners	LVE Energy Center	Las Vegas, Nev.	Sumitomo Mitsui	Term Loan	$145M		Timeline unclear.
	(16 MW backup power)		Banking Corp.	Letter of Credit	$20M		
				Letter of Credit	$100M		
Martin Resources	Arcadia Gas Storage (15.5 Bcf)	Arcadia, La.	CIT	Construction/Term Loan	$125M	8-yr	Syndication ongoing (PFR, 4/10).
Martin Reources, ECP	Cardinal (Gas Storage)	Southeast	TBA	TBA	TBA	TBA	Looking for debt (PFR, 5/12).
Mesa Power	Mesa Power (4 GW Wind)	Texas	TBA	Turbine Supply Loan	TBA	TBA	Timeline unclear (PFR, 2/22).
Mitsui, Korea	Manzanillo (500 bcf LNG Regas)	Manzanillo, Mexico	Mizuho, KEXIM, Calyon	TBA	TBA	TBA	Calyon added to club financing
Gas, Samsung							(PFR, 6/19).

For a complete listing of the Project Finance Deal Book, please go to iipower.com

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Ocean Thermal Concern Plots Test Facility

Sea Solar Power is working on a 20-30 MW pilot facility for an ocean thermal project, which harnesses the temperature difference between surface and deep seawater and converts it to electricity. The facility would be in a yet-to-be determined location. The company is looking to sign up a long-term offtaker for the $170-190 million facility, which **Jim Anderson**, president in Jacobus, Pa., says would be the first continuously operating commercial ocean thermal unit. He has been developing the technology since 1962.

The developer has initial backing from **The Abell Foundation** in Baltimore, but Anderson says it has fallen through on its commitment to get a PPA for the project. "They have failed to get a contract," he says. "That is a problem for us and for them." As part of a licensing agreement between the pair, the foundation is obliged to continue the development of Sea Solar's technology and to market it to potential offtakers. "If we had a PPA, we think we could get this financed." **Bob Nicholson**, president at Abell subsidiary **Sea Solar International**, declined to comment.

Some 87.5% of the eventual financing would be guaranteed under a federal loan guarantee program if the project is built in a U.S. shipyard. Anderson says the remaining $25-30 million in equity would likely come from venture capital and individual investors, declining to name interested parties. Anderson says people are trying to persuade him to develop the project abroad, however. "I've got people desperately offering me to go to China," he says.

EarthFirst Hires TransAlta Exec As CEO

Victoria, B.C., wind developer **EarthFirst Canada** has tapped **Linda Chambers** from TransAlta as president and ceo, effective July 2, in a bid to free up its founders to expand the business. **Ron Percival** and **Robert Toole**, who created the company and were previously serving as president and ceo, respectively, will continue to be actively involved in EarthFirst's growth as well as new projects.

"Ron and Rob have other things they are looking after," says CFO **Derren Newell**, who will report to Chambers when she comes on board. "There was a desire by everyone to bring on an additional resource to help support the team on a full-time basis." He says Chambers brings unique experience to the team, after serving in several senior roles at Calgary, Alberta-based TransAlta, including president of its U.S. operations and executive v.p. of generation technology. "She's run maintenance and been responsible for building and maintaining their fleet."

EarthFirst listed on the **Toronto Stock Exchange** in December, raising $140 million. Its priority project is the 144 MW Dokie I in the Peace River region of northeast British Columbia. A $142 million financing is about to launch for Dokie, led by **WestLB** (PFR, 6/6).

News In Brief

News In Brief 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.

Americas

- The Public Counsel Section of the Washington Attorney General's office warned that the state should not approve the sale of **Puget Sound Energy** to a group of infrastructure funds, saying the deal is not in the public interest (*Puget Sound Business Journal*, 6/18).
- **Williams** and **TransCanada** agreed to sell **Sempra Energy** a stake in a pipeline they are developing to bring cheap Rocky Mountain natural gas to the West Coast (*CNNmoney.com*, 6/16).
- **AEI** has acquired **Tipitapa Power Co.**, a generation outfit with operations in Nicaragua, for an undisclosed sum (*Trading Markets*, 6/13).
- Power meter specialist **Landis+Gyr** secured a $1.1 billion, five-year credit facility via 13 lenders, including **Barclays Capital**, **Lloyds TSB**, **Credit Suisse** and **Goldman Sachs** (*Financial Times*, 6/18).
- German solar module maker **Solon** has bought a 16% stake in U.S. solar cell maker **SpectraWatt** (*Reuters*, 6/16).
- **SunEdison** has named **Brian Jacolick** its general manager for North America. He was previously v.p. of sales (*Solarindustrymag.com*, 6/13).
- **GE Energy** became a major shareholder in **Primestar Solar**, a maker of thin-film solar technology (*SustainableBusiness.com*, 6/13).

Europe

- European utility champion **GDF Suez** says it would join a bid for Spain's **Gas Natural** if asked by its Spanish partner **La Caixa** (*Financial Times*, 6/18).
- **Babcock & Brown Wind Partners** took bids for its European wind assets on Monday and **Unión Fenosa** is said to be bidding for the portfolio, which could fetch up to $3 billion (*Bloomberg*, 6/18).

MOUNTAIN STATE

(continued from page 1)

Mountaineer Gas operates about 4,900 miles of gas pipeline and serves about 226,000 customers in West Virginia, making it the largest distribution company in the state. **Allegheny Energy** sold the company to ArcLight and IGS in 2005 for $130 million, plus the assumption of $87 million in debt.

—Katie Hale, K.B.

MAINE UTILITIES

(continued from page 1)

actively seeking financing, "We'll be using a combination of bank credit and the capital markets." A spokeswoman for M&M declined to make **Michael Williams**, cfo, available.

The sponsors expect to begin the application processes to federal and state regulators in the next couple of months. Financial close is tentatively set for the middle of next year. No timeline for mandates or the financing structure have been mapped out but up to 80% debt is considered likely.

Bankers note transmission projects are typically attractive to investors because they offer diversity from generation and a steady, regulated income stream.

The 345 kV line, set to be complete in 2012, would stretch from Limestone to the Detroit area west of Bangor, connecting northern Maine, which gets power through New Brunswick in Canada, directly to the U.S. grid. Additionally, it would provide transmission for 800 MW of proposed wind in the state.

—Thomas Rains

MIDSTREAM CO.

(continued from page 1)

holding or if it has right of first refusal.

Houston-based EnergySouth Midstream is also general partner and holder of a 90.9% stake in **Bay Gas Storage Co**. Whether a review is also under way for this storage subsidiary could not be determined. Calls to Fortress were not returned, nor were calls to JPMorgan. **Charles Huffman**, cfo of EnergySouth in Mobile, Ala., said via a spokesman that the company is "focused on fully developing Mississippi Hub and Bay Gas Storage but with respect to any other [M&A or financing] activity would not comment."

Mississippi Hub is under construction at the Bond Salt Dome in Simpson and Jefferson Davis Counties, Miss., and has permits to construct and operate two caverns with total working capacity of 12 Bcf. EnergySouth and Fortress paid $140 million for the business last year (PFR, 11/2). **Merrill Lynch** advised the sellers and EnergySouth was advised by **Bryant Park Capital**.

JPMorgan was part of a four-bank lender syndicate that arranged $250 million in financing for the deal and future capital expenditures, alongside **Regions Bank**, **SunTrust Robinson Humphrey** and **Union Bank of California**. Earnings for EnergySouth Midstream dropped $0.18 per diluted share for the six months ended Mar. 31, compared with the same period last year, due to operating expenses relating to expansions at Mississippi Hub and a new salt dome gas storage cavern built by Bay Gas Storage, according to company earnings statements.

Bay Gas has three high deliverability salt dome gas storage caverns in service with a combined working capacity of 11.4 Bcf. It is drilling for a fourth and fifth cavern that will raise the total capacity by 10 Bcf. Daily injection capacity is 425,000 MMcf and daily withdrawal capacity is 1,200,000 MMcf.

—Katy Burne

CPV, ARCLIGHT

(continued from page 1)

but deal trackers note the project is still in early stages and will likely face stiff opposition from environmental groups. "Coal is clearly the fuel of choice for the PJM [Interconnection]. So the question is how many banks are able or willing to lend to coal given the environmental focus?" says one banker. "You have a significant amount of carbon risk if you're looking into [waste coal] assets," adds another. "No one has a specific view on how that will play out, but it's a concern from a credit perspective."

Calls to **Sean Finnerty**, senior v.p. at CPV and **John Seker**, v.p. of commercialization and development at the Braintree, Mass., company, were not returned. Nor were calls to **Matt LeBlanc**, president at ArcLight.

—T.R.

Quote Of The Week

"Anything's for sale at the right price."—**Richard Roberts**, *treasurer of* ***Mountaineer Gas*** *in Tulsa, Okla., on the W.Va.-based gas distribution company, which owners* ***IGS Utilities*** *and* ***ArcLight Capital Partners*** *are considering offloading (see story, page 1).*

One Year Ago In Power Finance & Risk

Goldman Sachs, **Credit Suisse**, **Deutsche Bank** and **Morgan Stanley** were set to provide an additional $3 billion in exit financing for bankrupt IPP **Calpine** on top of its existing $5 billion debtor-in-possession facility. [The $8 billion package was reduced to $7.6 million after the arrangers raised concerns the IPP would not be able to meet some of its loan covenants (PFR, 12/19). The upsized credit was launched in January and the company emerged from Chapter 11 Jan. 31. Its stock is now trading at $22.87.]

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