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Wind Co. Propels IPO Plans

Crownbutte Wind Power hopes to raise $120 million on the **NASDAQ** to fund its development pipeline for wind projects in Montana and the Dakotas.

See story, page 2

Biomass Co. Readies Equity Raise

North Carolina-based **Rollcast Energy** has tapped boutique **Fieldstone** to raise capital for projects through the sale of equity in the company.

See story, page 3

At Press Time

In The News

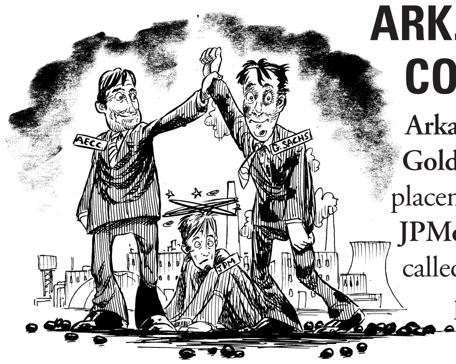
Corporate Strategies

GA. NUKE PARTNERS DRAW UP FINANCING PLANS

Georgia Power and **Oglethorpe Power** are looking to fund their total $10.6 billion contribution to the expansion of the Vogtle nuclear plant via the **Department of Energy**'s Loan Guarantee Program and also the private sector.

Tom Brandier, manager of banking and investor relations at OPC in Tucker, says the co-op is in talks with banks to provide interim financing for its 30% contribution by the first quarter. OPC will also use some proceeds from a planned $500 million bond offering in December toward preliminary project costs and site work.

(continued on page 7)



ARK. CO-OP SNUBS JPM OVER COAL STANCE

Arkansas Electric Cooperative Corp. has tapped **Goldman Sachs** as dealer for an upcoming private placement of $50 million in commercial paper and rejected **JPMorgan** because the bank has signed up for the so-called Carbon Principles. "There are only a couple of players with co-op experience and that's Goldman and JPMorgan," says **Michael Henderson**, v.p. and

(continued on page 8)

Seven On Tap

VA. DEVELOPMENT CO. READIES EQUITY, DEBT FOR INAUGURAL PROJECT

Al Naqvi

Herndon, Va.-based **Restructuring, Inc.** is looking for equity to back a 250 MW coal-fired project in Honduras—the first of seven projects it has under development in as many countries. **Al Naqvi**, president, explains the company is looking for two key things in an equity partner. "Number one, the most important thing would be someone who understands energy," Naqvi says. "And

(continued on page 8)

ENEL UNIT HUNTS PORTFOLIO TAX EQUITY

Enel North America is looking for $300-400 million in tax equity for a portfolio of renewable projects and is considering its maiden debt project financing. "We are in the market for Smoky II and a couple of geothermal projects," says **Michael Storch**, executive v.p. of strategy and development for the Andover, Mass.-based unit of Italian energy giant **Enel**. **BNP Paribas** affiliate **Capstar Partners** is serving as an advisor and is set to send out tax equity documents this week.

The company expects to have a commitment from an investor in 60-90 days for the

(continued on page 7)

At Press Time

Bids Due For First Jordanian Wind Project

The **Ministry of Energy and Mineral Resources** of Jordan accepted final bids Aug. 31 to build, own and operate the 30-40 MW Al-Kamshah farm near Jarash. The project will be the country's first operational wind farm.

Shortlisted bidders **SUEZ-TRACTEBEL**, Spanish **ENHOL** subsidiary **Eólica Navarra**, Greek **Terna Energy**, **Mitsui & Co.**, Russia's **INTER RAO UES**, U.K.-based **Wind Prospect**, Danish **European Wind Farms** and Italian **Asja** were expected to submit final bids.

As *PFR* was going to press, an official at Terna in Athens said the company was preparing its final bid, declining to elaborate. **Boris Zverev**, a spokesman for INTER RAO UES in Moscow, confirmed the company would submit a final bid and had financial backing in place, but also declined to elaborate.

Officials at SUEZ and European Wind Farms were unable to comment and an official at Wind Prospect did not return a call. Officials at ENHOL, Mitsui, Asja and the sponsor could not be reached.

Midwest Wind Developer Plots IPO

Crownbutte Wind Power is planning an initial public offering to partially fund the build out of its 460 MW development pipeline. "Going public is anytime," says **Dan Gefroh**, cfo at the Mandan, N.D.-based wind developer in Bismarck, N.D. **Strasbourger Pearson Tulcin Wolff**, a New York-based boutique investment bank, is underwriter for the offering, which will raise about $120 million on the **NASDAQ** later this year.

Proceeds from the IPO will be used to fund the planned $40 million, 20 MW Gascoyne I wind farm in southwestern North Dakota and at least two planned wind projects in Montana, says **Tim Simons**, ceo and founder in Mandan.

Gascoyne I is planned to come online next year. It will be followed by a 20 MW farm in Elgin, N.D., a 20 MW farm in Wibaux, Mont., a 60 MW in New England, N.D., and a 60 MW project in Berthold, N.D. Crownbutte also has a $40 million, 20 MW project planned for Scobey, Mont., and another $40 million, 20 MW project planned in Montana.

It is also developing 200 MW Gascoyne II in southwestern North Dakota, which is expected to cost about $400 million. Gefroh says the company is planning to set up a special purpose vehicle to fund construction of this project. However, the project isn't set to come online for at least a couple of years due to transmission issues. "There's not enough unused capacity," he says of the transmission lines in the area, noting additional ones are needed if Gascoyne II is to be connected to the grid.

Although the company's goal is to build and own at least one 20 MW farm, it may sell off the projects. "We would like to hold the parks," says Simons. "There are a couple of utilities interested in our parks," he says, declining to disclose names.

Crownbutte developed 3 MW Chamberlain Wind Park located four miles northeast of Chamberlain, South Dakota—the first utility-sized wind farm to be built in the Dakotas—for **East River Electric Cooperative.** It sold 20 MW Baker Wind Park ten miles southeast of Baker, Montana, now called Diamond Willow, to **Montana Dakota Utilities Co**.

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UBS Tapped To Sell Gas Distribution Co.

ArcLight Capital Partners and **IGS Utilities** have hired UBS to sell their jointly owned natural gas distribution company, **Mountaineer Gas**. As first reported by *PFR*, the pair was considering offloading the company, but had not disclosed if an advisor had been chosen to run the process (PFR, 6/20).

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.

A timeline for the process or possible bidders could not be determined.

Dan Revers, managing director at ArcLight in Boston, and **Tom Taylor**, president of IGS in Tulsa, Okla., did not return calls. An official an UBS declined to comment.

Babcock To Invest In Generation, Sell Assets

Babcock & Brown International will look at how it can deploy $3.2 billion of committed capital, especially in generation, as part of an ongoing strategic review. **Deutsche Bank** and **Goldman Sachs JBWere** are advising on the review in which the company has decided to focus on infrastructure, real estate and operating leasing investments.

It has several investment opportunities in renewable generation and transmission in North America—in particular Canada—and Europe and gas-fired generation and hydro opportunities in Asia and the Pacific. The review is also examining selling non-core assets to address balance sheet leverage. It is expected to be complete next quarter, says **Anthony Kennaway**, a spokesman at B&B in London.

A number of management changes have already been made as well. **Peter Hofbauer** has been hired in the newly created position of chief investment officer. He formerly served as global head of infrastructure in Sydney. The company is considering both external and internal candidates for the position of cfo to replace **Michael Larkin**, who has been appointed managing director and ceo effective immediately. He replaces **Phil Green** who is resigning to become executive director, ultimately transitioning to non-executive director.

Separately, **Babcock & Brown Infrastructure**, a listed fund of the parent company, is looking to sell up to a 50% stake of its energy distribution company **Powerco** in the first quarter of next year. The sale comes as an effort to unlock growth and reduce leverage, says Kennaway. New Zealand's second largest utility was given an enterprise value of AUD1.7 billion ($1.45 billion) when it was purchased by BBI in November 2004. BBI is self-advising on the sale process.

N.C. Biomass Co. Preps Equity Sale

Biomass developer **Rollcast Energy** is perparing a sale of equity in the company to finance its 400 MW portfolio of projects. "We're open to anything, but I would expect it would be a minority stake," says **Penn Cox**, ceo in Charlotte, N.C. "A lot depends on who the investors are and what their constraints are," he adds, noting the company has been in preliminary talks with some potential investors he declined to name.

As first reported by *PFR* last Wednesday, the developer has engaged boutique **Fieldstone Private Capital** for the deal. "We are still finalizing things, but we hope that they will be sending out information shortly after the holiday," Cox says, noting details have not yet been determined. Calls to Fieldstone were not returned.

The company is aiming to have 400 MW under development across six to eight biomass projects in the Southeast by 2014. Several of the projects have offtake agreements in place, while others are working on getting air permits.

First up is its $170 million, 50 MW Greenway Renewable Power project in Heard County, Ga., for which it looked to line up financing (PFR, 2/15). That financing is on hold as it waits to see if federal tax credits for renewable projects will be renewed. "We're just letting it stew to see what happens there. That's a big slug of capital," Cox says, noting it would provide up to $20 million. "It's not essential, but it certainly helps."

Developer Targets Polish Wind Project Financing

Continental Wind Partners is looking to mandate a bank to arrange financing for a planned circa EUR300 million ($440.3 million) wind farm in Poland.

CWP has permits for 100 MW of the planned 160 MW wind project and is in talks with an undisclosed Polish player for a 20-year PPA for the facility. The company expects to mandate a bank early next year and reach financial close by the second quarter. "We are basically open to any banks that have a presence in that country," says **Adam de Sola Pool**, ceo of CWP in Warsaw, noting the company works with a number of international banks. Project financing will make up 80%, or about EUR240 million, of the total project cost, he says. Construction on the project is expected to begin in the spring of 2010.

Good Energies, a 20% shareholder in CWP, will provide the equity for the project and has agreed to provide the equity for the developer's first gigawatt of development in the pipeline, says **Andrew Lee**, managing director at Good Energies in London. Whether CWP will own and operate its 4.5 GW development pipeline or instead sell a majority stake in the projects once completed, is under review. "We have to decide if it's going to be a pure developer or an IPP," says Lee.

The Wilmington, Del.-based CWP also last week agreed to sell the largest planned onshore wind farm in Europe to **CEZ Group** for an undisclosed sum. The Czech company is buying the Fantanele and Cogealac wind farms, which total 600 MW and are located north of Constanta, Romania. **ABN Amro** advised CWP and **Deloitte** advised CEZ, says de Sola Pool. The transaction is expected to close Friday.

Good Energies had initially agreed to buy the wind project in Romania, but instead decided to sell it because of an expiring wind tariff in the country. The tariff expires in Romania in 2012, and has not yet been approved for renewal, making project financing difficult to obtain, Lee says. The first 347.5 MW stage of the Romanian wind farm is expected to come online by the end of next year and the remaining 252.5 MW in 2010. CEZ' total investment in the project is expected to reach EUR1.1 billion ($1.61 billion).

CWP is also developing projects in Australia and New Zealand with U.K.-based developer **Wind Prospect** and is looking to develop farms in Croatia, Bulgaria, Turkey and Ukraine.

Officials at CEZ could not be reached.

Staten Island Wind Project Waits On Parks Dept. Approval

Paul Curran

BQ Energy is looking to construct a wind farm on Staten Island in New York City, but needs approval from the **New York City Department of Parks & Recreation** before construction can begin. "They are becoming the new boss," says **Paul Curran**, managing director at the renewable energy developer in Patterson, N.Y., noting the Fresh Kills landfill site for the project is city-owned.

BQ Energy conducted a feasibility study with the **New York State Energy Research and Development Authority** determining there was enough wind power for a 17.5 MW farm at the site. NYSERDA provided $200,000 for the study, says **Sal Graven**, spokesman for NYSERDA in Albany, N.Y.

The project will have seven turbines, though BQ has not selected what kind. Curran says the total project cost will be about $40 million, estimating a 15 MW farm. "It's more expensive to build a wind farm in New York City." The project will be funded from money from the private sector. "We've got a number of investors interested in such a prominent project."

Eloise Hirsh, Fresh Kills Park administrator at the Department of Parks, says any party that wishes to build an energy project at the site would need to respond to the **New York City Economic Development Corp.**'s request for expressions of interest by Sept. 19. "It's a long way off, but the door is definitely open," she says, of a potential wind farm.

The City will hold a public meeting this week to discuss redeveloping the Fresh Kills site, in which alternative energy will be only one aspect under consideration. When construction could begin or an online date is too hard to estimate, Curran says. "It's a political process. It could happen tomorrow or years from now."

Iberdrola, Energy East Await Acquisition Ruling

The **New York State Public Service Commission** is expected to make its decision this Wednesday regarding Iberdrola's proposed $4.5 billion acquisition of **Energy East Corp**. The five commissioners and the senior advisory team were set to make a final decision last Wednesday, but the meeting was delayed when two commissioners could not attend, says **Jim Denn**, a spokesman for the Public Service Commission in Albany.

The federal government and regulators in Connecticut, Maine and New Hampshire have approved the transaction. The PSC trial staff, composed of attorneys who litigated the case, recommended the commission vote against the acquisition, based on the consumers' best interest. If the deal is approved, the Spanish utility will be vertically integrated, controlling both electricity distribution through Energy East subsidiaries **New York State Electric & Gas** and **Rochester Gas and Electric** and owning wind generation in the state, which could lead to price maneuvering.

However, the PSC senior advisory staff, made up of attorneys and other professionals that sit above the trial staff, has recommended the approval of the deal, and has presented three possible options to the Commission:

- Positive Benefit Adjustments at $223-250 million with earning share
- PBA at $202 million with a more stringent earning share or
- PBA at $275 million that requires Iberdrola to file for a rate case with the PSC within 12-18 months.

The Commission can reject, modify or ignore the recommendations, says Denn. "The Commission listens to information from all sources," he says, noting it does not hold one recommendation from one staff higher than another. Although a decision is expected to be made Wednesday, the

Commission is not required to hand one down.

Jan Johnson, a spokeswoman at **Iberdrola Renewables** in Portland, Ore., did not return a call and officials at Iberdrola in Bilbao, Spain could not be reached. **Bob Kump**, cfo at Energy East in New Gloucester, Maine did not return a call.

Eskom Invites IPPs To Build Generation

Requests for qualification are due Friday for IPPs to build, own and operate plants for the first development of generation through the private sector in South Africa. Eskom is seeking IPPs to build, own and operate a total of 2.1-4.5 GW of baseload capacity. **HSBC** is financial advisor to Eskom on the tender (PFR, 5/23).

Plants must be 200 MW or greater and each IPP selected will benefit from a 25-year PPA with the state-owned utility.

No parties have submitted requests yet, notes a dealwatcher, but global IPP developers and mining companies are expected to submit qualification documents. Requests for proposals are due next month with final bids being due in May. Financial close is targeted for December of next year, with the first project expected to come online in 2013. The timeline was pushed back to account for South African environmental law procedure.

On Sept. 5, 2007 the South African government designated Eskom as the single buyer of power from IPPs in the country, after deciding in 2003 that generating capacity would be divided in favor of the utility (70%) rather than IPPs (30%).

Officials at Eskom could not be reached and an official at HSBC declined to comment.

Wind Co. Plots Inaugural Solar Financing

Cannon Solar Partners will look for financing in roughly 18 months for its 750 MW of solar projects in Lucerne Valley, Calif. **Gary Hardke**, president and managing director of parent and wind developer **Cannon Power Group** in Rancho Santa Fe, says the development timeline will depend on permits and an undisclosed manufacturing partner. "It's a question of how quickly the solar vendor can produce the panels," he says.

The project would be built in phases over several years, Hardke says, adding that the specific sizes and times have not yet been firmed up. He declined to reveal the cost of the farm. Last winter, Hardke told *PFR* that the farm will use concentrated photovoltaic technology. "Instead of just having one panel, it would involve a lens material that concentrates the suns rays into a very small chip, or solar cell."

Cannon started its solar unit early last year. The company has developed around 4 GW of wind projects in the western U.S., Mexico and Europe since 1980, including the 1 GW Aubanel wind farm in Mexico (PFR, 1/25) and the 500 MW Windy Point farm in Klickitat County, Wash., (PFR, 8/15). **HSH Nordbank** is syndicating financing for a portion of the Windy Point project, but did not return calls.

Rural Co-ops Hold Steady

Claudia Phillips

The electric co-operatives that provide power to much of the rural U.S. have kept their financial footing despite rising power costs, according to the 2007 Key Ratio Trend Analysis completed by the **National Rural Utilities Cooperative Finance Corp**. "It's a very typical trend," says **Claudia Phillips**, v.p. for programs and planning analysis in Herndon Va. "They manage to maintain more stability than some of the other utility environments such as the investor-owned or the municipal-owned because of the way they are run and the way they gather information to maintain how they are doing," she says.

Co-ops serve about 12% of the country and are owned by customers instead of investors or a municipality. Last year their power costs rose by 4% compared to the year before, after 2006 saw a 9.4% rise. "There's not a lot of volatility," says Phillips. "It's going to track where the economy is, but on a much milder scale," Phillips notes.

The co-ops had a times interest earned ratio for last year of 2.24. That number was down from 2.29 in 2006, but stayed over its 1.25 requirement set by the **U.S. Department of Agriculture**'s **Rural Utilities Service**. Their equity as a percentage of assets dropped slightly to 41.14, down from 42.01 in 2006. At the same time, the median growth for the average co-op of kilowatt hours sold rose 3.7 %, surpassing the five-year average of 2.64%.

Ontario Power Authority Launches Green Tender

Ontario Power Authority has issued a request for proposals on 500 MW of renewable projects in efforts to meet the Ontario **Ministry of Energy**'s directives to diversify the utility's generation portfolio and phase out coal plants. "There's wind here; there's solar power; there's water power and biomass potential," says **Jim MacDougall**, manager of distributed generation for OPA.

OPA will award 10-199 MW projects with 20-year PPAs based on project maturity and cost. Developers are responsible for construction, ownership, operation and transmission costs. "We try to get them to do all the development work and we simply offer them the counter-party contract, the offtake," MacDougall explains. Applicants must have at least 20% equity of the project cost, though financing does not need to be in place at the time of submission. The registration deadline is Sept. 4 and the submission deadline is Oct. 28. Preferred bidders will be announced on Dec. 3.

RES III is the third in a series of tenders that OPA has issued as it aims to shutter or convert its coal plants, which make up 18% of the portfolio and generated 28.8 terawatt hours last year, by 2014.

Corporate Strategies

Entergy Issues $300M For Re-powering Project

Entergy Louisiana is planning to use the proceeds from an offering of $300 million in 10-year, 6.5% first-mortgage bonds for capital expenditures, including the re-powering of a plant. The deal priced Aug. 11 and closed Aug. 18. "There is a large forward calendar building for utility debt issuances after Labor Day, so we sought a window of opportunity to get this issuance done," says **Michael Burns**, a spokesman for parent **Entergy Corp**. in New Orleans.

Joint bookrunning managers were **KeyBanc Capital Markets**, **Lehman Brothers** and **Wachovia Securities**. **Calyon**, **Citi** and **Lazard Capital Markets** were co-managers.

The subsidiary's main capital spending project is the planned re-powering of the 530 MW petcoke-fired Little Gypsy 3 plant in Montz, La., says **Sharon Bonelli**, managing director at **Fitch Ratings** in New York. Fitch has assigned a BBB+ rating to the issue.

Standard & Poor's has assigned an A- to the issue. "This reflects the senior secured rating of the company," says **Dimitri Nikas**, director at S&P in New York. "This is the initial funding for the 2008 program," he says, noting the project is expected to cost over $1 billion. It is expected to come online in 2012.

ArcLight Hands Houston IPP Equity

NuCoastal, a Houston-based IPP, has received an undisclosed amount of equity from **ArcLight Capital Partners** to bring five plants online in Texas. "It's a valuation issue. We'll end up with 1,500 MW in a region that's growing. They see the opportunity," says **Roy Hart**, head of project development at NuCoastal in Houston.

Although this is ArcLight's first investment in the company, it has a long-standing relationship with the private equity firm. "We had a range of people—pure equity funds all the way to utilities," says Hart, noting the type of investors that considered providing equity. "We came back to them," he says, noting the two have unsuccessfully made joint bids for undisclosed projects in the past. ArcLight may provide additional equity to the company down the line. "It's an ongoing relationship."

The first plant to be brought online will be the 300 MW combined cycle, gas-fired Victoria facility near Houston next quarter. **Calyon** provided an $87 million term loan and a $10 million letter of credit for the plant, both with tenors of seven and half years (PFR, 11/9/07). NuCoastal is in exclusive talks with the bank to provide a similar amount for the 300 MW Lon C. Hill facility set to come online in next summer near Corpus Christi.

The three remaining plants—182 MW gas-fired J.L. Bates in McAllen, 225 MW gas-fired La Palma near Harlingen and 300 MW petcoke-fired E.S. Joslin in Port Comfort, are set to come online in 2010, 2011 and 2012, respectively. NuCoastal bought the projects last year from **Topaz Power Group**, a 50/50 joint venture between **Sempra Energy** and **Carlyle/Riverstone**.

Southern Sub To Seek Lead For $250M Offering

Georgia Power, the largest subsidiary of **Southern Co.**, will seek a bank to lead a $250 million offering planned for the fourth quarter. **David Brooks**, managing director of capital markets in Atlanta, says several firms will be considered, including **JPMorgan** and **Lehman Brothers**, which lead a $600 million tender for Southern in June (PFR, 8/22). "For business, what we try to do is pick the banks that can do the best of selling what we're trying to sell."

Brooks notes the deal will likely be syndicated and depending on the type of issue, Southern may consider the retail market for the offer.

Christine Thom, director of finance, says, "It looks like a 10-year bond is the most likely scenario right now, but that can change as the markets change." Thom also notes it is also considering whether to remarket or re-issue $84 million of tax exempt bonds that will be redeemed sometime in the fourth quarter.

Proceeds from the fourth quarter issue will be for general corporate purposes, including a construction program, transmission, environmental and new generation costs.

The utility has several projects downstream, including its $6.4 billion stake in the addition of two 1.1 GW reactors to its Vogtle plant (see story, page 1), a $102.8 million conversion of its Mitchell plant from coal fuel to biomass and fitting scrubbers on to several of its coal plants in order to meet current and future environmental standards. Brooks says projects will be funded continually through Southern's general construction program, instead of specifically financing each project.

GA. NUKE

(continued from page 1)

Up to 80% of the cost of adding two 1.1GW reactors to the 2.2 GW facility near Waynesboro, could be financing by the **Federal Financing Bank** and guaranteed by the DOE.

Georgia Power, the largest subsidiary of **Southern Co.**, has a 45% stake in Vogtle and is the current operator. **David Brooks**, managing director of capital markets for Southern, says Georgia Power will also apply to the DOE program and will finance any remaining project costs through stock and bond offerings. "We wouldn't look at it as a project financing. It would just be a financing as any other part of the construction…We don't track funds. We look at our needs on an overall basis."

A bank will be selected by the end of next month to lead the OPC December offering, which Brandier says will likely be a combination of variable and fixed-rate pollution control revenue bonds. **JPMorgan** led a $255 million bond offering for OPC last month (PFR, 8/22) but **Anne Appleby**, v.p. and treasurer, is noncommittal on the upcoming financing.

The DOE will likely decide on OPC's application by year-end, Appleby says, and notes that OPC will scout the remaining equity in capital markets. "We would likely access the capital markets for any difference and will probably seek bridge financing for construction and short term facilities to be converted into permanent financing."

If OPC receives the required **Nuclear Regulatory Commission** permits, the four and a half year construction process could start as early as 2011 and the reactors would go online by 2016. OPC's 38 member systems have contracted to use the additional capacity.

The remaining Vogtle stakes are held by the **Municipal Electric Authority of Georgia** and the City of Dalton.

—Sara Rosner

ENEL UNIT

(continued from page 1)

portfolio, which contains the 148.5 MW Smoky Hills II wind project near Salina, Kan., and the combined 50 MW Stillwater and Salt Wells geothermal projects in Nevada. All are set to come online before the end of the year. Smoky Hills II is under development by **TradeWind Energy** and will use 99 turbines from **General Electric**. Enel is a "substantial equity investor" in TradeWind and provides all of the funding needed for development and construction from its corporate balance sheet. When TradeWind's projects reach a certain point in development, Enel has the first right of refusal to purchase the project before it could be sold to another company.

"We haven't used project financing yet other than in the form of tax equity. That's something that may change over time," says Storch of future projects. "I would expect leverage to be done on a portfolio basis," he adds, explaining that nothing has been decided yet. Leverage at a holding company level would be preferable for debt service if there were no debt at the project level. "Lenders can look to a number of projects to secure the borrowing," he notes. The decision to lever up any projects will depend on the company's growth in North America.

—T.R.

VA. DEVELOPMENT

(continued from page 1)

number two, someone who has enough capital that they would be willing to look at the other six projects also… The other projects are coming up so fast."

The company and its financial advisor, **Blue Sky Capital Strategies**, are in talks with firms from Saudi Arabia and the United Arab Emirates to take a 20-30% equity stake worth $102 million to become sponsor of **General Water & Energy Company**'s coal-fired plant in Puerto Cortes, Honduras. "We have made some significant progress with equity investors in Saudi Arabia," Naqvi says, declining to name the firms, but adding it wants the equity in place as soon as possible. Project level debt would cover the remaining 70-80% of the cost, says Naqvi, who notes talks are underway with **Credit Suisse** and **JPMorgan**. Restructuring would serve as project manager for the plant set to come online around the end of 2010. Details of an offtake agreement with **Empresa Nacional de Energía Eléctrica**, the state-owned utility of Honduras, will be hammered out over the next two weeks. Coal for the plant will come from Colombia. Officials at the banks did not return calls.

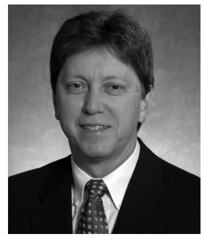
Naqvi served as a v.p. of **AES Corp.**, where he managed the global supply chain during a company turnaround earlier this decade. "The goal that I have is to build a global portfolio of assets," he explains, "I want to build a mini AES essentially." The company is also developing a 225 MW diesel-fired plant in Pakistan set to come online by 2012 and is working toward landing the development rights to three 225 MW oil-fired units to be built in Iraq. "There is significant development going on in northern Iraq," he says. "There is capital flowing in and the energy needs are evolving. If we were to get them, we would need to finish them in three years."

Additionally, Restructuring is developing a 500 MW wind project in Turkey, a roughly 700 MW wind project in the northwestern U.S., and 500 MW of wind in Morocco to be developed in a 200 MW first phase and a 300 MW second phase. These projects have offtake agreements in place and will come online over the course of the next five years. The company is also pursuing opportunities to acquire privately built wind farms in India. "The number of megawatts is open-ended. It's as many as we can buy," he says, noting that the company has already identified 100 MW of undisclosed projects. "All of these projects are ready to go a soon as the financing comes in… Even in Iraq, I believe that the areas that we have identified are very safe and the ways we will go about this are very safe also."

—Thomas Rains

ARK. CO-OP

(continued from page 1)



Henderson: "Ill-thought out"

cfo in Little Rock. "[AECC] just thought that was one of the most ill-thought out principles you could take," he says about JPMorgan's adoption of the Principles along with **Bank of America**, **Citi**, **Credit Suisse**, **Morgan Stanley** and **Wells Fargo**.

The Carbon Principles are climate change guidelines adopted by financial institutions which encourage clients to invest in low-carbon power generation and renewable technologies. "We think all of our clients understand that due diligence is protecting our assets in a market with a lot of uncertainty around it," says a senior banker at one of the Carbon Principles-member banks.

But the co-op relies on coal as one of its largest resources. "We think coal should be further developed. Do you think a group of investment banks is going to know how to build a more environmentally-friendly plant than we do? They have adopted something they really don't know anything about," says Henderson.

AECC is planning to issue 30-day paper shortly after Labor Day. "We're using it just to test the system," he says. The notes are expected to be priced 30 basis points below LIBOR. The co-op can issue up to $210.5 million under the program, but Henderson notes the limit may be increased to near $500 million by 2010. **U.S. Bank** is paying agent and the **National Rural Utilities Cooperative Finance Corp**. is providing a three-year, $185.5 million back-up credit facility.

AECC is planning on adding environmental controls on its plants and is looking at new generation. It has 2.9 GW of generation in Arkansas and a $650 million capital expenditure program over the next five years.

Fitch Ratings has assigned a F1 rating to the program, citing solid power sales contracts and a diversified generating mix as strengths and slower demand growth and higher than anticipated costs as weaknesses that contributed to the rating.

—Katie Hale

Quote Of The Week

"Do you think a group of investment banks is going to know how to build a more environmentally friendly plant than we do?"—**Michael Henderson**, *v.p. and cfo at* ***Arkansas Electric Cooperative Corp.*** *in Little Rock, on the Carbon Principles banks (see story, page 1).*