

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● PROJECT FINANCE

## ● MERGERS & ACQUISITIONS

## ● PEOPLE & FIRMS

### Developer Seeks to Expand St. Joseph Project

The developer of the 700 MW combined-cycle gas-fired St. Joseph project is seeking to double the size of the facility.

Page 2

### Texas Cities Edge Closer to Coal Plant Sale

A second city council has approved a potential sale process of a jointly-owned 450 MW coal-fired plant in Texas.

Page 6

### Group Head to Leave Rabobank

The head of project finance in the Americas is leaving the bank to pursue other renewable investing activities.

Page 12

## MidAmerican Plots \$3.6B Wind Project

Olivia Feld

**MidAmerican Energy Co.** has won approval from the **Iowa Utilities Board** to build the \$3.6 billion 2 GW Wind XI project across several sites in the Midwestern state.

The Wind XI facility is now fully permitted, a spokesperson for the IUB

tells *PFR* by e-mail. The state board approved the project on Aug. 26.

MidAmerican plans to finance the project with “a combination of internally generated cash flows and debt financing, including taking advantage of production tax credits and other income tax benefits from the project”, says a company spokes-

PAGE 5 »

### MidAmerican Energy Wind Generation Added by Year

Year	MW Installed	In-Service Investment
2008	611.3	\$1,314,552
2009	-	-
2010	-	-
2011	593.4	\$971,761
2012	406.9	\$661,014
2013	44.6	\$64,026
2014	511.4	\$823,657
2015	608.0	\$971,155
2016	599.6	\$954,654
<b>Total</b>	<b>3,375.2</b>	<b>\$5,760,819</b>

Source: MidAmerica

## Mitsubishi Lands Debut Solar C&I Investment

Olivia Feld

**Mitsubishi Corp.** is making its debut investment in the solar commercial and industrial space by indirectly acquiring close to a majority interest in distributed solar company **Nexamp Inc.**

**Diamond Generating Corp.**, a wholly-owned subsidiary of Mitsubishi Corp., is taking a just under 50% stake in Boston-based Nexamp. Together, Mitsubishi and Diamond's subsidiary **Rising Sun Solar** plan to develop C&I and commu-

nity solar projects in the U.S.

Los Angeles-based Diamond identified C&I and community solar as major growth areas for the business following a strategic review last year.

“We had very specific criteria, a very long list of what we wanted in a company. For example, we wanted somebody in some states, we wanted them to be vertically integrated” **Paula Zagrecki**, v.p., project finance and distributed energy at Diamond tells *PFR* from Los Angeles.

“We wanted them to not have strategic money backing, so we weren't in some bidding war. We wanted them to have some operational assets so there was some proof of principle before we invested,” adds Zagrecki.

Diamond talked to

PAGE 6 »

## Korean Utility Acquires Carlyle Project, Plots J.V.

Fotios Tsarouhis

**Korean Electric Power Corp.** is acquiring a solar project in Colorado from a subsidiary of **The Carlyle Group**. The companies have also announced plans to form a jointly owned independent power producer in the U.S.

Naju, South Korea-based KEPCO has agreed to purchase the 30 MW Alamosa solar project in Mosca, Colo., from Carlyle subsidiary **Cogentrix Energy** for approximately \$35 million, a representative for KEPCO tells *PFR* from Fort Lee, N.J.

KEPCO will initially acquire the project before transferring a 49.9% interest in the project to the **National Pension Service**. The utility plans to retain a 50.1% stake.

**Barclays** is serving as financial adviser to KEPCO on the Alamosa deal. **Allen & Overy** is KEPCO's

PAGE 7 »



## ● IN THIS ISSUE

### PROJECT FINANCE

- 5 | North Carolina Solar Developer Markets Stakes in 3 GW Portfolio

### MERGERS & ACQUISITIONS

- 6 | Sale of Texas Coal-fired Plant Wins Approval
- 7 | Hydro Company Buys Two Projects in N.Y.
- 8 | Southern Power Seals Third Oklahoma Wind Acquisition
- 8 | Calpine to Sell Minnesota Gas-fired Plant
- 9 | Odebrecht Finds Potential Buyer for Peru Pipeline Stake

### STRATEGIES

- 11 | Rating Agencies Downgrade Canadian Solar
- 12 | TerraForm Power Seals Reporting Deadline Extension

### PEOPLE & FIRMS

- 12 | Emmons to Exit Rabobank

### DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 12 | Alternating Current

## ● AT PRESS TIME

# Developer Seeks to Double Size of Indiana Gas-fired Project

The developer of a 700 MW combined-cycle gas-fired project under construction in Indiana is set to seek approvals and tax abatements for a second phase which would double the size of the facility.

**Willard Ladd**, principal for **Development Partners**, told the *South Bend Tribune* that he expected to have approval from the **Midcontinent Independent System Operator** for phase two of the St. Joseph Energy Center near New Carlisle by the end of the year.

The White Plains, N.Y.-based developer would then seek the approval of New Carlisle town officials and a tax abatement from St. Joseph County before commencing construction on the second phase. Each phase has a construction cost of about \$500 million.

The first phase of the project, which is backed by funds of **Ares-EIF** and **Toyota Tsusho Corp.**, sealed \$400 million in debt financing in November last year. **BNP Paribas** and **Crédit Agricole** were the coordinating lead arrangers on the deal (PFR, 11/25).

Construction on the first phase of the project is expected to be completed by March 2018, and commercial operations are expected to begin in June of the same year.

Like the first phase, the second phase will consist of two gas turbines, two heat recovery steam generators and a steam turbine. The first phase of the project will be fitted with **Siemens** turbines and the second phase will use turbines made by either Siemens or **General Electric**.

While the first phase will be interconnected to **AEP's Indiana Michigan Power Company** and the **PJM Interconnection** transmission system, the second is expected to be interconnected to **Northern Indiana Public Service Company** and **MISO**. Development Partners is in discussions with several potential offtakers for phase two.

### PROJECT FINANCING

The division of the project into two phases "facilitates the financing of a given phase on the most favourable terms available at the time it is built," Ladd told the **Indiana Utility Regulatory Commission** in direct testimony submitted in February in support of a request to transfer the assets and rights associated with phase two of the project to a separate holding company, **St. Joseph Phase II, LLC**.

The transfer is required to allow the second phase to be financed and construction of the first phase to continue on schedule, according to the filing.

Phase two will be financed with non-recourse project debt, according to Ladd's testimony. "Development Partners and EIF maintain strong commercial relationships with all the major investment and commercial banks and will lead the ultimate construction financing of the project," he wrote in February.

Construction on phase two is expected to begin in the next 12 to 18 months. ■

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Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.  
A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

## Generation Sale ■ DATABASE

Seller	Assets	Location	Advisor	Status/Comment
● Apex Clean Energy	Grant Plains (147 MW Wind)	Grant County, Okla.		Southern Power, which owns two adjacent wind facilities, has acquired the project (see story, page 8).
ArcLight Capital Partners	New Covert (1.04 GW Gas)	Van Buren County, Mich.	Whitehall & Co.	ArcLight is planning to sell the project (PFR, 8/29).
Blackstone Group	Vineyard (Capacity unknown, Wind)	Off the coast of Massachusetts		A fund managed by Copenhagen Infrastructure Partners has acquired the company that owns the lease (PFR, 8/29).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (Seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
● Calpine Corp.	Mankato Energy Center I (375 MW Gas) Mankato Energy Center II (345 MW Gas)	Mankato, Minn.		Southern Power is acquiring the project, the second unit of which is under development. It will be the company's first asset in the MISO market (see story, page 8).
● Cogentrix Energy	Alamosa (30 MW Solar)	Mosca, Colo.	Barclays (buyer)	Korean Electric Power Corp. is purchasing the project from the Carlyle subsidiary (see story, page 1).
Duke Energy	Latin America portfolio (4.4 GW Hydro, Gas, Oil)	Brazil, Argentina, Chile, Ecuador, El Salvador, Guatemala, Peru	Credit Suisse, JP Morgan	Duke has moved into a second round of bidding (PFR, 8/15).
Dynegy	Elwood (1,320 MW Gas)	Elwood, Ill.	JP Morgan (seller)	Dynegy is selling a 50% interest in the project to J-POWER to help finance its acquisition of a U.S. portfolio from Engie (PFR, 8/15).
Enel Green Power North America	Portfolio (16.4 MW Hydro)	Maine, Massachusetts, New Hampshire, Vermont		Green Mountain Power is acquiring the assets from the Enel subsidiary (PFR, 8/29).
Energy Capital Partners	Broad River (850.5 MW Dual-Fuel)	Gaffney, S.C.	Credit Suisse (seller)	ECP is selling the project to a fund managed by Arroyo Energy Investors (PFR, 8/15).
First Energy	Bay Shore Unit 1 (136 MW Coal)	Lucas County, Ohio		FirstEnergy is soliciting offers for the plant (PFR, 8/1).
GE EFS	CPV Towantic (750 MW Gas)	Oxford, Conn.		A fund managed by Ullico is acquiring a 13.7% stake in the project from GE EFS (PFR, 8/22).
Macquarie Infrastructure Partners III	Lordstown (940 MW Gas)	Lordstown, Ohio	Whitehall & Co.	The fund has hired a financial adviser and is considering bids for its 73% stake in the project (PFR, 8/15).
NextEra Energy Resources	Marcus Hook (790 MW Gas) Marcus Hook 50 (50 MW Gas)	Marcus Hook, Pa.	Barclays	Starwood Energy Group Global is acquiring the projects from a NextEra subsidiary (PFR, 8/8).
● Odebrecht	Gasoducto Sur Peruano (700-mile pipeline, 55%)	Peru		A Semptra International-led consortium has entered into exclusive negotiations to acquire Odebrecht's 55% stake in the pipeline (see story, page 9).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
Petrobras	Nova Transportadora do Sudeste (1,150 mile pipeline)	São Paulo, Rio de Janeiro, and Minas Gerais states, Brazil		A Brookfield-led consortium that includes China Investment Corp., GIC and First Reserve is close to acquiring the pipeline network, say Brookfield officials (PFR, 8/8).
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas) Nevada Cogeneration Associates 2 (85 MW Gas)	Dade City, Fla. Las Vegas	Merit Capital Partners (Seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
● Seneca Falls Power Corp.	Seneca Falls (8 MW Hydro) Waterloo (2 MW Hydro)	Seneca County, N.Y.		Gravity Renewables has acquired the projects (see story, page 7).
● Sumitomo Corporation of Japan	Desert Sunlight (550 MW Solar, 25%)	Riverside County, Calif.		Harbert Management Corporation has closed its purchase of Sumitomo's 25% stake in the project (PFR, 2/29).
SunEdison	C&I Portfolio (136 MW Solar)	Various, Minn.	Rothschild (seller)	SoCore Energy, a subsidiary of Edison International, is the stalking horse bidder for the SunEdison assets (PFR, 8/29).
SunEdison	Portfolio Residential Platform	California, Hawaii, Maine, Texas, Utah, Washington U.S.	Rothschild (seller)	NRG Energy has moved to acquire the portfolio for a proposed purchase price of \$144 million; Crius Solar is seeking to acquire the residential platform for \$1.5 million (PFR, 8/15).
● Texas Municipal Power Agency	Gibbons Creek (450 MW Coal)	Grimes County, Texas		Two of the four cities that co-own the project through TMPA have approved a sale to an undisclosed buyer (see story, page 6).

## ● New or updated listing

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 Fotios Tsarouhis at (212) 224 3294 or e-mail [fotios.tsarouhis@powerfinancerisk.com](mailto:fotios.tsarouhis@powerfinancerisk.com)

## ● PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerfinancerisk.com/Data.html>

### Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables	Redwood 4 (28 MW Solar)	Kern County, Calif.	TBA	Debt, Tax Equity	\$45M	TBA	8minutenergy Renewables is planning to finance a number of projects in the coming months (PFR, 8/8).
	SpringBok 3 (100 MW+ Solar)			TBA	TBA	TBA	
Advanced Power	Cricket Valley (1.1 GW Gas)	Dover, N.Y.	BlackRock	Equity			BlackRock is buying a minority stake in the project (PFR, 8/22).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Avenue Capital Partners	Desert Power (830 MW Gas)	Victorville, Calif.	Goldman Sachs	Term Loan B	\$310M	6-yr	Avenue Capital is refinancing the portfolio, which it acquired from Tenaska earlier this year (PFR, 8/8).
	Big Sandy (300 MW Gas)	Kenova, W.Va.					
	Wolf Hills (250 MW Gas)	Bristol, Va.		Revolver	\$30M	5-yr	
Development Partners	St. Joseph Energy Center (700 MW Gas)	New Carlisle, Ind.	TBA	TBA	TBA	TBA	Construction of the second phase of the 1.4 GW St. Joseph project is expected to begin within the next 12 to 18 months (see story, page 2).
Enel Green Power	Parque Solar Villanueva (427 MW Solar)	Coahuila, Mexico	TBA	TBA	TBA	TBA	Enel has approached banks to request proposals for project finance backing the projects (PFR, 8/8).
	Parque Solar Villanueva III (327 MW Solar)						
	Parque Solar Don José (238 MW Solar)	Guanajuato, Mexico					
Innovative Solar Systems	Portfolio (3 GW Solar)	U.S.	TBA	TBA	TBA	TBA	The developer is seeking equity investors for the development-stage solar portfolio (see story, page 5).
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	\$450M	17-yr	The sponsor is in the late stages of negotiations (PFR, 6/20).
MidAmerican Energy	Wind XI (2 GW Wind)	Iowa	TBA	TBA	TBA	TBA	The Berkshire Hathaway subsidiary has obtained all the required permits for the \$3.6 billion project (see story, page 1).
Northern Star Generation	Vandolah (680 MW Dual-Fuel)	Hardee County, Fla.	MUFG	Term Loan	\$200M	9-yr	Northern Star Generation is refinancing the projects with a term loan (PFR, 8/8).
	Orlando (125 MW Gas, 50%)	Orlando, Fla.					
	Mullberry (115 MW Dual-Fuel)	Bartow, Fla.					
	Orange (104 MW Gas)	Bartow, Fla.					
	NCA 1 (90 MW Gas)	Las Vegas					
NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	Debt	\$650-\$850M	TBA	Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).
NTE Energy	Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas)	Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio	TBA	Debt	\$2B		NTE is planning to raise \$2 billion to finance the three projects (PFR, 4/25).
Quantum Utility Generation	Moundsville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	\$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
SaskPower	Unnamed (350 MW Gas)	Saskatchewan, Canada					The utility is planning to build a gas-fired combined-cycle project, having won an RFP tender (PFR, 8/29).
Sempra Energy	Black Oak Getty (78 MW Wind)	Stearns County, Minn.	MUFG (63.5%)	Tax Equity			Bankers Commercial Corp. and Citizens Asset Finance are purchasing tax equity stakes in the project (PFR, 8/29).
			Citizens Financial Group (36.5%)				
Transmisora Eléctrica del Norte	TEN (379 mile Transmission)	Chile	KfW-IPEX Bank, MUFG, Mizuho, Sumitomo-Mitsui Trust Group	Term Loan	\$739M	18-yr	Debt financing could close as soon as this month (PFR, 8/8).
			Santander, Banco de Chile, Banco Estado de Chile, Banco BCI	Term Loan (Chilean Peso)			

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## MidAmerican Plots \$3.6B Wind Project

◀ FROM PAGE 1

person via e-mail, adding that the company has not mandated a financial adviser to raise capital for the project.

The Des Moines, Iowa-based company announced plans to build the Wind XI project, which will consist of 1,000 wind turbines, in April.

The facility will span several sites in the state which are still being finalized. The project is expected to come online over a three-year period from 2017 to 2019. Grid interconnections and upgrades to the existing transmission system are also slated to be completed by 2019.

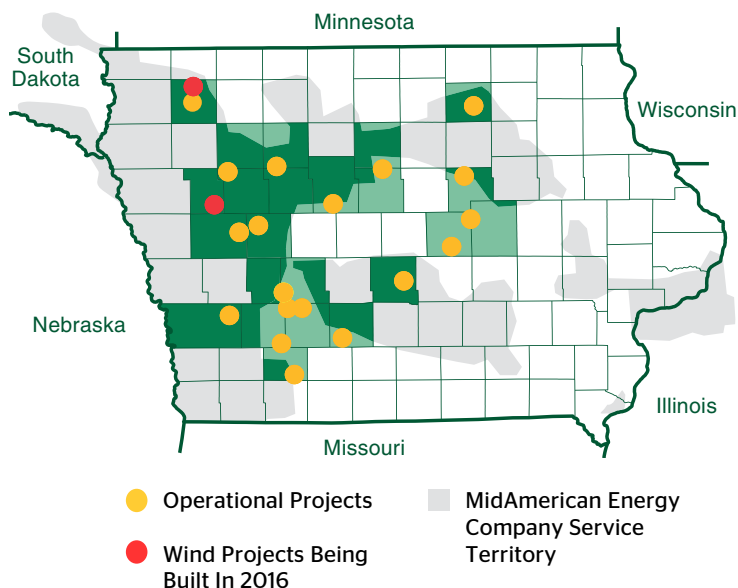
The company is not seeking to secure purchase power agreements for the project, says the spokesperson, adding that

some generation will be sold on the wholesale market to non-MidAmerican customers and the revenue from those sales will help to pay for part of the project costs.

MidAmerican has 18 operational wind projects in the state of Iowa. The **Berkshire Hathaway Energy** subsidiary is building two further wind projects in Iowa, both slated to be completed by the end of the year, the 301 MW Ida Grove facility in Ida County and the 250.3 MW O'Brien project in O'Brien County.

MidAmerican serves customers in Illinois, South Dakota and Nebraska as well as Iowa. In April the company announced that it plans to be solely reliant on renewable generation. ■

### Wind Projects in Iowa Owned by MidAmerican



Source: MidAmerican Energy / PFR

## N.C. Developer Seeks Investors for 3 GW Solar Fund

A North Carolina-based developer is seeking equity investors for a 3 GW portfolio of development-stage solar projects in seven U.S. states, with the option to purchase the projects from the portfolio as they approach construction.

Asheville-headquartered **Innovative Solar Systems** is looking for strategic and financial investors to invest between \$5 million and \$30 million in its solar fund, Innovative Solar Ventures I, which owns 68 solar projects at various stages of development in South Carolina, Alabama, Texas, New Mexico, Arizona and Montana.

The projects are spread across different states including regulated and deregulated markets, which helps to mitigate the risk of investing in development-stage

solar projects, says **Craig Sherman**, who joined the company as cfo in March.

The opportunity for investors to cherry pick and acquire the highest quality shovel-ready projects from the portfolio is fundamental to the appeal of the offer, he adds.

Of the 68 projects, all of which are between 20 MW and 200 MW, 11 are close to obtaining notice to proceed, says Sherman.

The company has not engaged a financial adviser for the equity offering or asset sales, but has worked with investment banks on a referral basis. Sherman declined to identify the banks.

Previous buyers of ISS projects have included Dallas-based **Principal Solar** and **FLS Energy**, which, like ISS, is headquartered in Asheville.

ISS put plans for an initial pub-

lic offering on hold last year, as publicly listed solar companies began to suffer in the stock market (PFR, 12/7). Those plans are unlikely to be revived soon. "We don't see the value of doing one at this point," says Sherman.

Sherman served as cfo of **Gravitas Capital Partners**, a private hedge fund, and financial operations manager of **The Middelsbury Group**, an investment advisory firm and broker dealer, until June this year. ■



Most of Innovative Solar Systems' projects are between 25 MW and 100 MW in size.

Photo: Fotolia

## ● MERGERS & ACQUISITIONS

# Mitsubishi Lands Debut Solar C&I Investment

◀ FROM PAGE 1

approximately 30 companies before identifying Nexamp as the target of its equity investment earlier this year. The deal was announced earlier this month.

**CohnReznick Capital Markets Securities** is serving as financial advisor to Diamond. Nexamp did not use a financial adviser.

Diamond owns a number of gas-fired and wind projects in California, Texas, Alabama, Idaho and Georgia. As well as its expansion into distributed solar, Diamond is weighing diversifying further into the storage market, says Zagrecki.

Founded in 2007, Nexamp has a pipeline of projects in the northeast spanning Massachusetts, Rhode Island, Vermont, New York and Connecticut.

The company, which initially focused on energy efficiency consulting services, has concentrated entirely on C&I solar in the last three years and is eying expansion into Maryland,

New Jersey and Georgia and a number of areas west of Mississippi.

Diamond will be an active partner in Nexamp, says **Zaid Ashai**, ceo of Nexamp, adding that the company will retain a number institutional investors, including Boston-based **Point Judith Capital**. Ashai declined to share the size of Nexamp's portfolio.

### TAX EQUITY CHALLENGES

Diamond had previously considered moving into utility-scale solar. "It didn't make sense for us before," says Zagrecki. "Tax equity is expensive and scarce. Not having to find it opens doors and makes debt financing so much easier."

Nexamp, which has an internal project finance team, typically elects to approach potential tax equity investors directly rather than using syndicators, says Ashai.

However, the five-year extension of the investment tax credit has, in the short term,

made it more challenging to secure tax equity investors.

"There really is scarcity of tax equity. The reason being that folks thought this would be the last year so they over committed," adds Ashai. "Now that we have five more years I'm sure that you'll see more tax equity players come in but there's definitely a flight to quality."

Mitsubishi's indirect investment in Nexamp will help to open doors for the developer to finance its development pipeline, say both Ashai and Zagrecki.

"For debt providers there can be challenges on how do you interact with tax equity in a capitalization stack. Given that we have a tax efficient investor that eliminates concerns for certain investors," says Ashai.

"We can bring that 800-pound gorilla to bear on this space and bring Nexamp into banks who weren't really interested in this space before," adds Zagrecki. ■

# Texas Cities Move Toward Sale of 450 MW Coal-fired Plant

Four cities have come a step closer to offloading a jointly-owned 450 MW coal-fired plant in Texas after a second city council approved a potential sale process.

Greenville became the second of the four Texas cities to approve the proposed sale of the single-unit Gibbons Creek facility in Grimes County when council members voted unanimously in favor of the deal at a meeting on Aug. 29.

**Denton City Council** approved the sale in June and the two other cities, Garland and Bryan, are expected to vote on the transaction by September.

The coal-fired project and associated transmission assets are held by the cities through the **Texas Municipal Power Agency**.

The TMPA issued a request for proposals for the sale of the assets

earlier this year and has received responses from potential buyers that it wishes to accept, according to paperwork attached to the agenda for the Greenville council meeting.

The prospective buyer or buyers of the generation and transmission assets could not immediately be identified and the proposed purchase price and timeline for the sale could not be established.

"The details are confidential until the sale is finalized," said **Bob Kahn**, general manager of the TMPA, via e-mail. Kahn also declined to comment on whether the TMPA is using a financial adviser.

As part of the deal approved by Denton and Greenville, the TMPA will refinance the debt associated with the project.

The agency will issue up to \$225

million of bonds and commercial paper with maturities of up to two years to refinance the coal-fired facility and up to \$275 million of bonds and commercial paper with maturities of up to 34 years to refinance the transmission assets.

The cities will continue to purchase the generation from the plant until 2018, under the agreement.

The project's mechanical lifespan extends to about 2030. However, **Phil Williams**, general manager of **Denton Municipal Electric**, questioned the plant's economic viability in the low gas-price environment in a Denton city council meeting on June 21.

As it ends its reliance on the coal-fired plant, the city of Denton plans to increase the proportion of generation it obtains from wind and solar projects from 40% to 70% by 2019.

The city already has a PPA with **NextEra Energy's** 112.5 MW Wolf Ridge wind project in Cooke

County, which has been online since 2008.

Denton also plans to build a 225 MW gas-fired peaker called the Denton Energy Center, which will be financed with the issuance of revenue bonds. The project is expected to cost \$265 million to construct.

**Greenville Electric Utility System**, **Garland Power & Light** and **Bryan Texas Utilities** have also taken steps to acquire generation from renewable sources.

The three companies have signed 25-year power purchase agreements with **Duke Energy Renewables** for the generation from 110 MW Los Vientos V wind project in Starr County, Texas. The Los Vientos V project has been online since 2015.

TMPA, created by the four cities in 1975, developed and built the Gibbons Creek project to serve their respective municipal utility companies. ■

## MERGERS &amp; ACQUISITIONS ●

## Hydro Co. Acquires N.Y Projects

A Boulder, Colo.,-based hydro sponsor has acquired two projects in New York state.

**Gravity Renewables** bought the 8 MW Seneca Falls project and the 2 MW Waterloo project, both located on the Seneca River in Seneca County, from **Seneca Falls Power Corp.**

The purchase is the company's fourth acquisition in New York in as many years.

The Seneca Falls and Waterloo projects have been online since 1916 and 1917, respectively (see story, page 12).

The Waterloo facility has an offtake agreement with Tompkins County. Whether the Seneca Falls project has a power purchase agreement in place could

not be immediately established.

The purchase price for the assets could not be learned by press time.

Gravity Renewables owns an approximately 30 MW portfolio consisting of 12 hydro projects in Connecticut, New York, Rhode Island and Vermont.

The company's shareholders include institutional investors, family offices and private equity firms, according to a filing with the U.S. **Federal Energy Regulatory Commission.**

Gravity Renewables ceo **Ted Rose**, in Boulder, Colo., did not immediately reply to inquiries. Seneca Falls Power Corp. president **Scott Goodwin** could not be reached for comment. ■

## KEPCO Buys Colo. Solar Project

« FROM PAGE 1 legal counsel.

Whether Carlyle used external advisers could not immediately be learned. A spokesperson for The Carlyle Group in Washington, D.C., declined to comment.

Alamosa, which has been online since May 2012, is contracted with **Colorado Power** under a long-term power purchase agreement.

The project was constructed with a \$90.6 million loan from the **Federal Financing Bank**, under a program of the U.S. **Department of Energy** (PFR, 5/12/11, PFR, 9/19/11).

In addition to signing a memorandum of understanding for the Alamosa deal, KEPCO and Congentrix have agreed to a second memorandum of understanding

to form a renewables-focused IPP in the U.S.

KEPCO is active in 22 countries, with an international portfolio that includes thermal, wind, solar and nuclear assets. While its subsidiaries own generation assets in the U.S., the Alamosa project will be the first to be owned directly by the parent company, adds the spokesperson for KEPCO.

KEPCO first entered the U.S. market in 2010 (PFR, 11/10/10). The following year, the KEPCO subsidiary **EWP Renewable Corp.** agreed to purchase two gas-fired projects in California (PFR, 5/23/11).

Details pertaining to the ownership structure of the planned IPP could not immediately be established. ■

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## ● MERGERS & ACQUISITIONS

# Southern Co. Unit Closes Third Oklahoma Wind Acquisition

**Southern Power** has acquired a third Oklahoma wind project from **Apex Clean Energy**, the 147 MW Grant Plains project in Grant County.

The **Southern Company** subsidiary acquired two adjacent projects—the 299 MW Kay Wind project and the 152 MW Grant Wind project—from Apex last year (PFR, 1/5/15, PFR, 9/10).

The Grant Plains project has one utility and one non-utility offtaker. The **Oklahoma Municipal Power Authority** has a power purchase agreement for 41.4 MW of its output, and **Steelcase**, a Michigan-based office furniture manufacturer, has a 12-year PPA for an additional 25 MW. The PPA will satisfy 70% of Steelcase's U.S. power needs (PFR, 12/22, PFR, 2/11).

Whether the project has secured additional PPAs for the remaining 80 MW of capacity could not immediately be determined.

The purchase price and whether the buyer

and seller used financial advisers could not be learned by press time.

Representatives of Southern Power in Atlanta did not immediately respond to inquiries. Officials at Apex in Charlottesville, Va., were not immediately available for comment.

**IEA Renewable Energy**, a subsidiary of **Infrastructure and Energy Alternatives**, is serving as the engineering, procurement and construction contractor for Grant Plains, having broken ground in the first quarter of this year. The facility is expected online in December. Apex will provide operations and maintenance services for the facility.

Like Grant Plains, the two wind projects Southern Power acquired from Apex last year both have multiple offtakers. Grant Wind has power purchase agreements with **Western Farmers Electric Cooperative**, **East Texas Electric Cooperative** and **Northeast Texas Electric Cooperative**. Kay Wind has long-

## Kay Wind project under construction



Source: Apex Clean Energy

term power purchase agreements with **Westar Energy** and **Grand River Dam Authority**. ■

# Southern Power to Enter MISO With Minn. Gas-fired Purchase

Southern Power is acquiring a 375 MW gas-fired project in Minnesota that would be its first in the **Midcontinent Independent System Operator** market.

**Calpine Corp.**, which is selling the Mankato Energy Center in Mankato, Minn., to the **Southern Company** subsidiary, is planning an expansion of the facility that will add a second 345 MW unit to the project by June 2019.

Both units are contracted with **Xcel Energy** subsidiary **Northern States Power** under two separate power purchase agreements.

The output of the operational unit is committed to Northern States Power through 2026, with

the unit under development contracted for 20 years after commercial operations begin.

How construction of the second unit will be financed could not immediately be learned. Representatives of Southern Power and Calpine did not respond to inquiries by press time.

Houston-based Calpine closed a \$460 million refinancing for the Mankato facility and the 250 MW Freeport Energy Center in Freeport, Texas, which are collectively known as the Steamboat Holdings portfolio, in November (PFR, 11/24).

## ATTEMPTED SALE

Calpine previously considered offloading the Mankato project in 2011, alongside the 850.5 MW

gas-fired Broad River project in Gaffney, S.C. **Barclays** was mandated to run a sale, but the process was cancelled when early bids were deemed unattractive (PFR, 8/3/11).

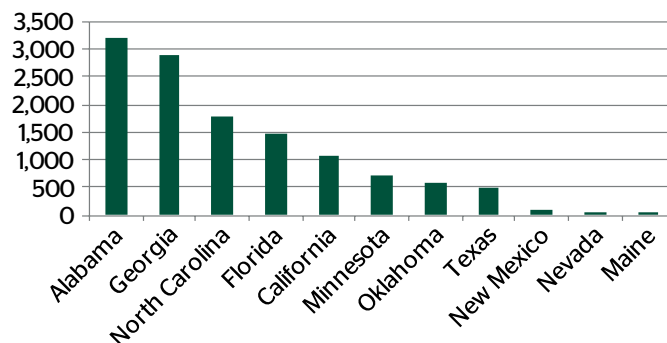
Calpine did not disclose whether it had used a financial adviser for the sale of the project to Southern Power.

The independent power producer sold the Broad River proj-

ect to **Energy Capital Partners** in 2012. Earlier this year, ECP agreed to sell the project to a fund managed by **Arroyo Energy Investors** (PFR, 11/6/12, PFR, 8/10).

The Mankato facility will be the tenth gas-fired asset owned by Southern Power and will bring the total capacity of its five-state gas-fired portfolio to 9.3 GW. ■

## Southern Power Capacity by State (MW)



Source: Southern Power



## MERGERS &amp; ACQUISITIONS ●

# Odebrecht Finds Potential Buyer for Peru Pipeline

A consortium led by a **Semptra Energy** subsidiary has agreed to enter into exclusive negotiations with Odebrecht to buy its 55% stake in a 700-mile gas pipeline under construction in Peru.

**Enagás** and **Graña y Montero** own the remaining 25% and 20% interests in **Gasoducto Sur Peruano**, which, in turn, owns the pipeline.

**Semptra International** intends to acquire a 50% ownership stake in the pipeline, with **Tecpetrol** acquiring the remaining 5%. Odebrecht's 71% stake in the construction consortium building the pipeline would be sold to **Techint**, which would act as engineering procurement construction contractor for the project. The remaining 29% interest in the construction consortium is held by Graña y Montero.

The search for a buyer has been an "ongoing process, being carried out with the approval of the board of directors," says one deal watcher familiar with the proceedings.

Details pertaining to the acquisition financing, and whether financial advisers had been used, could not immediately be learned.

The owners of **Gasoducto Sur Peruano** assigned 14 book runners finance the construction of the pipeline in 2015 (PFR, 4/10/15).

The sale is one of many planned by the Salvador, Brazil-based conglomerate.

Earlier this year, Odebrecht told *PFR* that the company was weighing the sale of its 406 MW Chaglla hydro project in Peru's Huánuco region, among other assets (PFR, 4/6).

## ECONOMIC, POLITICAL TURMOIL

The global asset divestiture comes during a period of economic and political upheaval in Brazil, fueled by scandals that have engulfed Odebrecht.

The company's ceo, **Marcelo Odebrecht**, was sentenced to 19 years in prison in March, as part of a corruption probe that began with state-owned petroleum company **Petrobras** and spread to other major Brazilian businesses. Executives at the oil company have been accused of skimming money off inflated oil contracts, and funnelling the excess cash to politicians and Petrobras executives.

Several Petrobras executives and political

leaders who had been implicated were also arrested.

On Aug. 31, President **Dilma Rousseff** was removed from office by Brazil's **Federal Senate** by a vote of 61-20, the culmination of proceedings that began with her April 17 impeachment by the **Chamber of Deputies** over charges of manipulating the federal budget. Rousseff attributed the campaign against her, at least in part, to her refusal to quash the corruption investigations.

Earlier this year, a consortium led by **Brookfield Infrastructure Partners** that includes **China Investment Corp.**, **First Reserve** and Singaporean sovereign wealth fund GIC entered into an agreement to acquire Petrobras' 1,550-mile Nova Transportadora do Sudeste pipeline system (PFR, 4/4).

Odebrecht, which comprises businesses focusing on engineering, infrastructure, chemicals and petrochemicals, is active in 27 countries in the Americas, Europe, Africa and Asia.

Spokespeople for Odebrecht in São Paulo, Brazil, and **Semptra LNG & Midstream** in San Diego, Calif., declined to comment. ■

## POWER TWEETS ●

**Siemens\_Energy @Siemens\_Energy**

#Siemens signs 16-yr service deal with @CFEmx for 4 #power plants #energy #CFE #Mexico

**American Wind Energy @AWEA**

US voters' support for wind energy rises as wind eclipses 75 GW and costs drop #windworks #Elections2016 <http://bit.ly/2bRfkcV>

**Bryan Anderson @BAndersonDC**

.@SouthernPowerCo now owns 2,400+ MW of #renewable #energy from 31 #solar #wind and #biomass facilities

**UN Climate Action @UNFCCC**

#Naturalgas overtakes #coal as biggest source of greenhouse gas emissions in US: <http://bit.ly/2bRpHSt> @ENERGY

**Energy Department @ENERGY**

MAP: Track how #hurricanes and tropical storms could impact energy infrastructure <http://www.eia.gov/special/disruptions/> ... @EIAgov

**SaskPower @SaskPower**

The new natural gas power plant in Swift Current will help us power the future <http://bit.ly/2bnki47> #PowerToGrow

**PJM Interconnection @pjminternconnect**

PJM Releases Analysis of Clean Power Plan - <http://insidelines.pjm.com/pjm-releases-analysis-of-clean-power-plan/> ...

**Evan Kirstel @evankirstel**

#CostaRica celebrates 113 days of 100-percent #renewable energy (and counting) <http://buff.ly/2bCmLHb>



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## Canadian Solar Downgraded by Rating Agencies

**Moody's Investors Service** and **S&P Global Ratings** have downgraded their outlooks for Canadian Solar.

"We lowered the rating because we expect CSI's [Canadian Solar's] leverage and profitability to deteriorate in the coming 12 months," said S&P in a note published on Aug. 31.

Both rating agencies cite the company's decision to abandon its plans to launch a yield company as part of the reason why they expect the company's leverage to remain high.

Canadian Solar announced in its second quarter earnings that it would instead take a build-and-sell approach to solar project development and that it plans to sell a number of projects.

"This decision came after a prolonged period of waiting for a green light from the market, but the market remains unfavorable and now we have decided to move forward to monetize our assets," said **Hui-feng Chang**, cfo of the company in the call with investors on Aug. 18.

The developer had been contemplating launching a yieldco ever since it announced its acquisition of **Recurrent Energy** in mid-2015 (PFR, 2/6/15).

"We expect CSI to use the proceeds [of asset sales] to sharply lower its debt level over the next 12 months," said S&P in the note issued on Aug. 31, warning that project sales are uncertain and could be tempered by adverse and volatile market conditions.

In the same report, S&P lowered Canadian Solar's long-term corporate credit rating from BB to BB-. Moody's affirmed the company's Ba2 corporate family rating in its latest note, published on Aug. 30.

The Ontario-based company has seen strong interest in its solar projects, said ceo **Shawn Qu** on the earnings call, declining to identify projects so as not to "change the market dynamics."

Canadian Solar recently tested the market by putting a 100 MW portfolio of North American assets up for sale, said Qu on the call.

The company received 16 bids for the portfolio with the top five exceeding internal expectations, he added, declining to

identify the projects or bidders.

Earlier this year, Canadian Solar said it was considering selling \$2.5 billion of assets or a embarking on a securitization deal as alternatives to creating a yield company (PFR, 3/10).

Canadian Solar's late-stage development pipeline includes projects in the U.S., Canada, Mexico and Brazil.

In the U.S., Canadian Solar subsidiary **Recurrent** is building seven projects: Barren Ridge, Mustang, Tranquillity, Astoria 1, Astoria 2, Garland and Roserock. All are slated to be completed by the end of the year and were financed in the fall of last year (PFR, 1/5).

Representatives for Canadian Solar did not respond to inquiries by press time. ■

## TerraForm Power Buys Time to File Accounts

◀ FROM PAGE 12

the first quarter of this year in July.

The bondholder consents came at a price. TerraForm Power agreed to permanently increase the coupon on the bonds and pay each bondholder who consented to the deal a consent fee of \$5 for each \$1,000 bond held.

As of Sept. 6, the interest rate on the bonds maturing in 2023 will rise from 5.878% to 6.375% and on the bonds maturing in 2025 from 6.125% to 6.625%, according to a filing with the SEC.

In addition, TerraForm Power will pay "special interest" to holders of both series of bonds at a rate of 3% per annum for the period between Sept. 6 and Dec. 6 this year.

TerraForm Power's inaugural \$800 million eight-year unsecured bond deal was considered a sign of its status and recognition in the capital markets when it was priced in January, 2015 (PFR, 1/27).

**Moody's Investors Service** and **S&P Global Ratings** rated the notes B1 and BB- respectively.

The yieldco followed up with a \$300 million 10-year issuance in July of the same year, but after market confidence in the yieldco model evaporated and investors reacted negatively to SunEdison and TerraForm Power's proposed joint acquisition of rooftop solar firm **Vivint Solar**, the bonds suffered successive downgrades.

Moody's lowered its rating to B3 in November and to Caa1 in February, while S&P downgraded the bonds to B+ in November and B- in December (PFR, 12/21).

### BUYERS CIRCLE YIELDCO

Several potential buyers have been talking with SunEdison about acquiring the bankrupt sponsor's controlling stake in the yieldco (PFR, 7/26).

**Brookfield Asset Management** and **Appaloosa Management** have said they will make a joint offer for the stake. Other companies reportedly considering a bid for SunEdison's interest include New York-based asset manager **D.E. Shaw** and Chinese solar panel man-

ufacturer **Golden Concord Holdings**.

On Aug. 31, a fund owned by **Madison Dearborn Partners** disclosed that it has a 6.7% stake in TerraForm Power's common stock. The Chicago-based private equity firm obtained the shares as part of a debt-for-equity swap (PFR, 1/14).

The firm spelled out several options it may pursue with regard to its interest in TerraForm Power in the filing, including taking control of the yieldco, participating in a deal that would take the publicly listed company into private ownership and providing financing for such a transaction.

A spokesperson for Madison Dearborn in New York declined to comment further on the firm's intentions.

Under the amended terms of the TerraForm Power bonds, if SunEdison's stake in the yieldco is acquired, it must offer to repurchase the debt at a 1% premium to face value.

SunEdison is also marketing its emerging markets yieldco, **TerraForm Global**, to potential buyers (PFR, 7/20). ■



## ● PEOPLE &amp; FIRMS

## Emmons to Depart Rabobank

**Thomas Emmons**, head of project finance in the Americas, is leaving Rabobank.

Emmons is leaving banking to “pursue other investing activities in renewable energy and sustainable infrastructure”, according to a statement issued by the bank on Tuesday.

**Gregory Hutton**, a senior member of Rabobank’s New York-based project finance team since 2012, will replace Emmons.

Emmons founded the project finance team in New York in 2009. Prior to joining the Dutch bank, he was a senior vice president and head of energy origination in the Americas at **HSH Nordbank** for six years, according to his **LinkedIn** profile.

Before joining Rabobank in 2010, Hutton was a v.p. in project and community finance at **UniCredit Bank AG** for two years. Prior to that, he was a v.p. in the energy group at HSH Nordbank for two years.

Hutton’s promotion means that **Tony Muoser**, managing director and senior relationship banker at Rabobank, will play a more significant role in client coverage and group strategy, says the statement issued by the bank.

Rabobank’s 12-person project finance

team in New York oversees \$2.5 billion in assets and has committed over \$5 billion in more than 100 financings worth upwards of \$21 billion, adds the statement. The transactions have included financings for wind, solar and biomass projects.

Earlier this summer, Rabobank served as a co-arranger for a loan backing the **Pattern Development** 324



Thomas Emmons

Gregory Hutton

MW Broadview wind project in Curry County, N.M., (PFR, 7/17). Rabobank was also co-arranger for a \$160 million financing for Pattern Development’s yield company, **Pattern Energy Group** (PFR, 2/17, PFR, 7/1/16).

In March, Rabobank was left lead on a deal backing the **TerraForm Power** 211 MW Bishop Hill 1 project in Henry County, Ill., (PFR, 3/10).

Emmons declined to comment on the identity of his new employer. ■

## ● STRATEGIES

## TerraForm Power Buys Time to File Accounts

TerraForm Power avoided a technical default on its bonds after bondholders agreed to give the **SunEdison** yield company until December to file its annual accounts for 2015.

The yieldco announced that it had obtained waivers for the original reporting covenants on two series of bonds on Aug. 30.

The yieldco has until Dec. 6 to file its 10-K report for 2015 and its 10-Q for the first quarter of 2016 with the U.S. **Securities and Exchange Commission**, under the amended terms of the bonds.

The company presented preliminary, unaudited financial information for the fourth quarter of 2015 and

PAGE 11 ►

## ● ALTERNATING CURRENT

## Project Finance 100 Years Ago



Hydro projects have long lifespans and a number of assets that are changing hands today were financed more than a century ago, when project finance transactions were a little different.

For example, the Seneca Falls and Waterloo projects recently acquired by **Gravity Renewables** (see story, page 5) were originally financed with 30-year first mortgage gold bonds issued in 1916 and 1915, respectively. Interest payments on bonds were typically paid in U.S. gold coins at the time.

The details of the financings can be found in old copies of *Poor’s Government and Municipal Supplement* and *Moody’s Manual of Railroads and Corporate Securities*, which were published annually by the forerunners of today’s bond rating agencies.

The Seneca Falls project was financed with \$450,000 of ‘First Gold 6s’, which came in denominations of \$100, \$500 and \$1,000. **Metropolitan Trust Co. of New York** is listed as the trustee, but the bond manuals are silent on the bank or banks that worked on the deal.

Perhaps a reader with a long memory can fill in the blanks for us.

The bonds had a simple amortization schedule. “The mortgage provides that \$2,000 bonds must be cancelled each year,” reads the **Poor’s** supplement.

Besides the financial instruments, the terminology and units of power have moved on a bit since the early twentieth century.

In the **Poor’s** supplement, Seneca Falls is described as “a modern hydro-electric development” with a capacity of 10,400 horse power.

Under a 50-year lease agreement with the then-owner of the plant, **Seneca Power Corp.**, **Central New York Gas & Electric Co.** (later known as **Empire Gas & Electric Co.**) operated and maintained the facility.

Seneca paid a minimum rent of \$50,000 a year for the first five years and \$75,000 a year for the rest of the lease, with a maximum price of 7½ mills (three quarters of a cent) per kilowatt-hour. ■

